



FLOW OF FUNDS

EXHIBIT VV 4

**PHETOLO
RAMOSEBUDI**



**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

2nd floor, Hillside House
17 Empire Road,
Parktown
Johannesburg
2193
Tel: (010) 214 to 0651
Email: inquiries@sastatecapture.org.za
Website: www.sastatecapture.org.za

INDEX: EXHIBIT VV 4

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2.	Regulation 10(6) Directive issued to Phetlolo Ramosebudi to provide the Commission with an affidavit dated 05 October 2020	008 to 013	006 to 011
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2nd Floor, Hillside House
17 Empire Road Parktown
Johannesburg
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**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

**CHAIRPERSON'S DIRECTIVE IN TERMS OF REGULATION 10(6) OF THE
REGULATIONS OF THE COMMISSION**

TO : MR PHETOLO RAMOSEBUDI

**ADDRESS : 926 ASHBY ESTATE
BOWLING AVENUE
WOODMEAD
JOHANNESBURG
2191**

TEL : 011 308 2613 / 083 263 0591

EMAIL : phetolo@riskmaths.co.za

1. By virtue of the powers vested in me in my capacity as Chairperson of the above-mentioned Commission by Regulation 10(6)* of the Regulations of the Judicial Commission of Inquiry Into Allegations of State Capture, Corruption and Fraud In the Public Sector Including Organs of State, I hereby direct you, **Mr Phetolo Ramosebudi**, to:

*Regulations 10(6) of the Regulations of the Commission reads: "For the purposes of conducting an investigation the Chairperson may direct any person to submit an affidavit or affirmed declaration or to appear before the Commission to give evidence or to produce any document in his or her possession or under his or her control which has a bearing on the matter being investigated, and may examine such person."

1.1 appear before the Commission at **The Old Council Chamber of the Municipality of the City of Johannesburg, 158 Civic Boulevard Braamfontein, Johannesburg**, on **26 November 2020 at 10h00** to give oral evidence and answer questions on:

- (a) Your relationship (past or present) with the following entities and individuals
 - (i) Regiments Capital (Pty) Ltd
 - (ii) McKinsey and Company
 - (iii) Albatime (Pty) Ltd
 - (iv) Eric Wood
 - (v) Salim Essa
 - (vi) Kuben Moodley
 - (vii) Riskstats Consulting,
 - (viii) Ka Ditlou Health Services trading as Rams Pharmacy,
 - (ix) Rams Capital CC, and
 - (x) Azana Capital Markets (Pty) Ltd trading as Venus Liquor Store;
- (b) Payments made by Standard Bank and Nedbank to Regiments Capital in respect of derivative transactions concluded between those banks and ACSA in the period May 2009 to March 2010;
- (c) The tender process, bid award and contract implementation process in respect of the SAA bid no RFP 085/13 "Appointment of a Consultant to assist the SAA

Group with the Unlocking of Working Capital” which bid was awarded to a McKinsey and Company and Regiments Capital;

- (d) The SAA procurement process, in respect of bid number GSM 019/14 for aircraft transactional advisory services;
- (e) The appointments of Regiments Capital to provide services to Transnet in relation to
 - (i) the raising of a loan from the China Development Bank in 2015, and
 - (ii) interest swap transactions concluded by Transnet with Nedbank Limited and the Transnet Second Defined Benefit Fund in the period December 2015 to April 2016
- (f) All payments made to, or at the instance of, Regiments Capital in respect of the two appointments in (e) above;
- (g) The onward laundering to entities associated with the Gupta family of payments made to Regiments Capital by SAA and Transnet in respect of the appointments described in (c) and (e) above;
- (h) The role played by Trillian in relation to the negotiation of the Club Loan to Transnet in the second half of 2015 and the payment by Transnet in December 2015 of R93 million to Trillian Asset Management in this regard;
- (i) Payments made by Regiments Capital and/or its subsidiaries over the period 2009 to 2016 to
 - (i) Yourself

- (ii) Any of the entities described in (a)(vii) to (x) above; and/or
 - (iii) Any other entities in which you have an interest.
- (j) Payments made by companies within the Trillian Group over the period 2015 to 2017 to
 - (i) Yourself
 - (ii) Any of the entities described in (a)(vii) to (x) above; and/or
 - (iii) Any other entities in which you have an interest.

4. This directive is issued for the purpose of pursuing the investigation of the Commission.
5. Your attention is drawn to Regulations 8(2), 11(3)(a) and (b) and 12(2)(c)(d) and (e) of the Regulations of the Commission, as amended. Regulation 8(2) reads:

- “8 (1) ...
- (2) A self-incriminating answer or a statement given by a witness before the Commission shall not be admissible as evidence against that person in any criminal proceedings brought against that person instituted in any court, except in criminal proceedings where the person concerned is charged with an offence in terms of section 6 of the Commissions Act, 1947 (Act No. 8 of 1947).”

Regulation 11(3)(a) and (b) reads:

- “11 (1) ...
- (2) ...
- (3) No person shall without the written permission of the Chairperson—
- (a) disseminate any document submitted to the Commission by any person in connection with the inquiry or publish the contents or any portion of the contents of such document; or

- (b) peruse any document, including any statement, which is destined to be submitted to the Chairperson or intercept such document while it is being taken or forwarded to the Chairperson.”

Regulation 12(2)(c)(d) and (e) reads:

“12 (1) . . .

(2) Any person who

(a) . . .

(b) . . .

(c) . . . wilfully hinders, resists or obstructs the Chairperson or any officer in the exercise of any power contemplated in regulation 10(1) or (2);

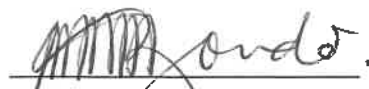
(d) refuses or fails, without sufficient cause, to submit, within a period fixed by the Chairperson or at all, an affidavit or affirmed declaration pursuant to a directive issued by the Chairperson under regulation 10(6); or

(e) contravenes a provision of regulation 11, is guilty of an offence and liable on conviction -

(i) in the case of an offence referred to in paragraph (a), (c), (d) or (e), to a fine, or to imprisonment for a period not exceeding 12 months; or

(ii) in the case of an offence referred to in paragraph (b), to a fine, or to imprisonment for a period not exceeding six months.”

SIGNED IN JOHANNESBURG ON THIS 17th DAY OF September 2020



JUSTICE RMM ZONDO

DEPUTY CHIEF JUSTICE OF THE REPUBLIC OF SOUTH AFRICA

and

CHAIRPERSON: JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE



2nd Floor, Hillside House
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**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

**CHAIRPERSON'S DIRECTIVE IN TERMS OF REGULATION 10(6) OF THE
REGULATIONS OF THE COMMISSION**

TO : MR PHETOLO RAMOSEBUDI

ADDRESS : 931 LIVINGSTONE FALL CRESCENT
WATERFALL COUNTRY ESTATE
MIDRAND
1685

TEL : 083 263 0591

EMAIL : phetolo@riskmaths.co.za

1. By virtue of the powers vested in me in my capacity as Chairperson of the above-mentioned Commission by Regulation 10(6)* of the Regulations of the Judicial Commission of Inquiry Into Allegations of State Capture, Corruption and Fraud In the Public Sector Including Organs of State, I hereby direct you, **Mr Phetolo Ramosebudi**, to:

*Regulations 10(6) of the Regulations of the Commission reads: "For the purposes of conducting an investigation the Chairperson may direct any person to submit an affidavit or affirmed declaration or to appear before the Commission to give evidence or to produce any document in his or her possession or under his or her control which has a bearing on the matter being investigated, and may examine such person."

1.1 to deliver on or before **7th November 2020** to the Secretary or Acting Secretary of the Commission at the address given above an affidavit or affirmed declaration in which you provide particulars of:

(a) Your relationship (past or present) with the following entities and individuals

- (i) Regiments Capital (Pty) Ltd
- (ii) McKinsey and Company
- (iii) Albatime (Pty) Ltd
- (iv) Eric Wood
- (v) Salim Essa
- (vi) Kuben Moodley
- (vii) Riskstats Consulting,
- (viii) Ka Ditlou Health Services trading as Rams Pharmacy,
- (ix) Rams Capital CC, and
- (x) Azana Capital Markets (Pty) Ltd trading as Venus Liquor Store;

(b) Payments made by Standard Bank and Nedbank to Regiments Capital in respect of derivative transactions concluded between those banks and ACSA in the period May 2009 to March 2010;

(c) The tender process, bid award and contract implementation process in respect of the SAA bid no RFP 085/13 "Appointment of a Consultant to assist the SAA

Group with the Unlocking of Working Capital” which bid was awarded to McKinsey and Company and Regiments Capital;

- (d) The SAA procurement process in respect of bid number GSM 019/14 for aircraft transactional advisory services;
- (e) The appointments of Regiments Capital to provide services to Transnet in relation to
 - (i) the raising of a loan from the China Development Bank in 2015, and
 - (ii) interest swap transactions concluded by Transnet with Nedbank Limited and the Transnet Second Defined Benefit Fund in the period December 2015 to April 2016;
- (f) All payments made to, or at the instance of, Regiments Capital in respect of the two appointments in (e) above;
- (g) The onward laundering to entities associated with the Gupta family of payments made to Regiments Capital by SAA and Transnet in respect of the appointments described in (c) and (e) above;
- (h) The role played by Trillian in relation to the negotiation of the Club Loan to Transnet in the second half of 2015 and the payment by Transnet in December 2015 of R93 million to Trillian Asset Management in this regard;
- (i) Payments made by Regiments Capital and/or its subsidiaries over the period 2009 to 2016 to
 - (i) Yourself

- (ii) Any of the entities described in (a)(vii) to (x) above; and/or
 - (iii) Any other entities in which you have an interest.
 - (j) Payments made by companies within the Trillian Group over the period 2015 to 2017 to
 - (i) Yourself
 - (ii) Any of the entities described in (a)(vii) to (x) above; and/or
 - (iii) Any other entities in which you have an interest.
2. If you would like assistance from the Commission in order to prepare the affidavit or affirmed declaration, you must, within five days (excluding weekends and public holidays) of receipt of this directive, contact, or, communicate with, the Secretary or Acting Secretary of the Commission and indicate that you would like such assistance in which case the Commission will provide someone to assist you with the preparation of the affidavit or affirmed declaration. In such a case you will not pay anything for such assistance. In this regard, please contact Mabongi Masilo (mabongim@commissionsc.org.za)
3. If, in order to prepare the affidavit, or affirmed declaration, you do not need any assistance from the Commission, you must, with or without the assistance of a lawyer of your own choice, prepare the affidavit or affirmed declaration and have it delivered to the Secretary or Acting Secretary of the Commission on or before the date given above for the delivery of the affidavit. If you make use of a lawyer of your own choice to assist you to prepare such affidavit or affirmed declaration, the Commission will not be responsible for the payment of your lawyer's fees or costs.

4. This directive is issued for the purpose of pursuing the investigation of the Commission.
5. Your attention is drawn to Regulations 8(2), 11(3)(a) and (b) and 12(2)(c)(d) and (e) of the Regulations of the Commission, as amended. Regulation 8(2) reads:

“8 (1) . . .

(2) A self-incriminating answer or a statement given by a witness before the Commission shall not be admissible as evidence against that person in any criminal proceedings brought against that person instituted in any court, except in criminal proceedings where the person concerned is charged with an offence in terms of section 6 of the Commissions Act, 1947 (Act No. 8 of 1947).”

Regulation 11(3)(a) and (b) reads:

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(2) . . .

(3) No person shall without the written permission of the Chairperson—

(a) disseminate any document submitted to the Commission by any person in connection with the inquiry or publish the contents or any portion of the contents of such document; or

(b) peruse any document, including any statement, which is destined to be submitted to the Chairperson or intercept such document while it is being taken or forwarded to the Chairperson.”

Regulation 12(2)(c)(d) and (e) reads:

“12 (1) . . .

(2) Any person who

(a) . . .

(b) . . .

(c) . . . wilfully hinders, resists or obstructs the Chairperson or any officer in the exercise of any power contemplated in regulation 10(1) or (2);

(d) refuses or fails, without sufficient cause, to submit, within a period fixed by the Chairperson or at all, an affidavit or affirmed

- declaration pursuant to a directive issued by the Chairperson under regulation 10(6); or
- (e) contravenes a provision of regulation 11, is guilty of an offence and liable on conviction -
- (i) in the case of an offence referred to in paragraph (a), (c), (d) or (e), to a fine, or to imprisonment for a period not exceeding 12 months; or
 - (ii) in the case of an offence referred to in paragraph (b), to a fine, or to imprisonment for a period not exceeding six months."

SIGNED IN JOHANNESBURG ON THIS 5th DAY OF October 2020



JUSTICE RMM ZONDO
DEPUTY CHIEF JUSTICE OF THE REPUBLIC OF SOUTH AFRICA

and

CHAIRPERSON: JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE

**DECLARATION IN TERMS OF
REGULATION 10(6) OF THE
JUDICIAL COMMISSION OF
INQUIRY INTO ALLEGATIONS
OF STATE CAPTURE,
CORRUPTION AND FRAUD IN
THE PUBLIC SECTOR
INCLUDING ORGANS OF STATE**

TO : COMMISSION OF INQUIRY INTO STATE CAPTURE
FROM : PHETOLO RAMOSEBUDI C/O MAYET VITTEE INC. ATTORNEYS

INTRODUCTION

MY EMPLOYMENT BACKGROUND

1. I, Phetolo Ramosebudi, with identity number: 6809025491083, do hereby state as follows:
2. I was employed by Transnet in the capacity of Group Treasurer from or about March 2015 to or about October 2018.
3. I served in the same capacity at South African Airways from or about December 2012 to or about February 2015.
4. Prior thereto, I served as Group Treasurer at Airports South Africa (ACSA) from or about June 2007 to or about November 2011.
5. I was also employed by Transnet in the capacity of Deputy Treasurer (Middle Office) and my responsibility included risk management from or about 2006 to or about May 2007.
6. My experience in the Public Sector span from or about 1998 to or about 1999, where I was employed by the (then) Department of Finance as the Deputy Director of Debt Management, and thereafter at the Development Bank of Southern Africa from or about 1999 to or about 2002, and at the National Housing Finance Corporation from or about 2002 to or about 2006.

MY QUALIFICATIONS

7. I qualified with a Bachelor of Science (BSc), in Physics and Chemistry at the University of Venda (Univen).

8. I thereafter obtained an MBA in Financial and Investment Management from the University of Pretoria (UP) and I also obtained a professional qualification in Financial Risk Management (FRM) which was conferred upon me by the Global Association of Risk Professionals (GARP) in the United States of America.
9. I am also in possession of further qualifications from the South African Institute of Financial Markets.

MY DUTIES AND RESPONSIBILITIES AS GROUP TREASURER OF TRANSNET

10. As Group Treasurer, my main responsibilities included:
 - 10.1. funding the organisation as per the funding/borrowing plans approved by the Board, concurred by the Department of Public Enterprises as well as National Treasury;
 - 10.2. investing surplus funds in line with the PFMA, Treasury Regulations and Board approved Financial Risk Management Policy framework (FRMPF);
 - 10.3. managing financial risk management through hedging;
 - 10.4. accounting and reporting to the relevant stakeholders.
11. At all material times, I performed these responsibilities within my delegation which was approved by the Board's Delegation of Authority (DOA) and the job description assigned to the Group Treasurer.

RESPONSE TO PARTICULARS REQUESTED (which I hereby reserve my right to supplement during the hearing)

12. My relationship (past or Present) with the following entities and individuals are as follows:

(i) Regiments Capital (Pty) Ltd

In or about 2006 and/or 2007, Airports Company South Africa (ACSA) appointed Regiments Capital as the Transaction Advisor in respect of various mandates. Regiments Capital was required to advise on *inter alia* deal structuring, financing and risk management. In or about 2008, the (then) Financial Director of ACSA; Priscilla Mabelane continued working with Regiments Capital on mandates within the Treasury of ACSA, and I was the coordinator in respect thereof. I further encountered Regiments Capital at South African Airways (SAA) and thereafter at Transnet, wherein they were appointed to assist on various mandates.

(ii) McKinsey and Company

I encountered McKinsey and Company at SAA when they were appointed or acted alongside Regiments Capital during a mandate Regiments Capital held concerning Working Capital Optimisation.

(iii) Albatime

I had no working relationship with Albatime.

(iv) Eric Wood

I had a working relationship with Mr. Wood during my time with ACSA, SAA and Transnet.

(v) Salim Essa

I had no working relationship with Salim Essa.

(vi) Kuben Moodley

I had no working relationship with Kuben Moodley.

(vii) Riskstats Consulting

Riskstats Consulting was a subsidiary trading entity within Riskmaths (Pty) Ltd which was an entity I had an interest in.

(viii) Ka Dittlou Health Services (Pty) Ltd trading as Rams Pharmacy

This is an entity which trades as a Pharmacy which my brother has an interest in.

(ix) Rams Capital CC

This is a trading entity which I have an interest in.

(x) Azana Capital Markets trading as Venus Liquor Store

This was a trading entity, trading in the purchase and supply of liquor and other beverages, which I had an interest in.

13. **Payment made by Standard Bank and Nedbank to Regiments Capital in respect of derivatives transactions concluded between the banks and ACSA during the period May 2009 to March 2010.**

I am aware that Regiments Capital received payment from the banks as fees in respect of the derivative transactions.

14. **The tender process, bid award and contract implementation process in respect to SAA bid no RFP085/13 "Appointment of Consultant to assist the SAA Group with Unlocking of Working Capital" which bid was awarded to McKinsey and Regiments Consortium.**

Further information in this regard will be provided during the hearing.

15. **The SAA Procurement process in respect of bid number GSM019/14 for Aircraft transactional advisory services.**

Further information in this regard will be provided during the hearing.

16. **The appointment of Regiments Capital to provide Services to Transnet in relation to:**

(1)the China Development Loan in 2015;

In or about 2013 to 2014, Transnet finalised procurement of the 1064 Locomotives from the four OEM suppliers. The procurement contract was concluded in the currency; ZAR, alternatively, the procurement contract was Rand based. The transaction was approved by the Board of Transnet in or about August 2014.

According to my knowledge, subsequent to conclusion of the procurement contract, Transnet and Regiments Capital began sourcing funding for the locomotives as per the mandate.

My knowledge on the transaction commenced not too long after joining Transnet, as a signing ceremony for the participating banks took place on or about the 2nd March 2015 at the Essellen Park Campus.

(2)Interest rate swap between Transnet, and Nedbank and TSDBF

17. **All payment made to Regiments In respect to the above.**

Regiments were paid an amount of R166 million excluding VAT for the arranging and execution of the \$1.5 billion loan obtained from the China Development Bank.

The Fund Managers of Regiments Capital were paid an arranging fee of 20 bps (0.2%) for each swap deal transacted upon.

18. **Onward laundering to entities with the Gupta family of payments to Regiments Capital by SAA and Transnet in respect of (8) and (10) above.**

I have no knowledge in respect of the above.

19. **The role played by Trillian Asset Management in relation to the negotiation of the Club Loan to Transnet and the payment by Transnet in December 2015 of R93 million to Trillian Asset Management.**

Regiments Capital was appointed as a 1064 locomotive Funding Advisor with SD obligations to Transnet as per the contract. One of their SD initiatives was the development of other smaller black owned organisations in the industry and Trillian Asset Management was one of the beneficiaries of this initiative.

20. **Payments made by Regiments Capital to and/or its Subsidiaries to:**

(i) myself

No payment received

(ii) to my entities

Further information in this regard will be provided during the hearing

(iii) any other entities that I have interest in

Further information in this regard will be provided during the hearing

21. **Payments made by Trillian to and/or its subsidiaries to**

(i) myself

No payment received

(ii) to my entities

No payment received

(iii) any other entities that I have interest in

No payment received

In closing, I reserve my right to supplement the information provided herein at the hearing.

Signed at Johannesburg on this the 7th day of November 2020.

(signed electronically)

P RAMOSEBUDI



REGIMENTS CAPITAL™

91 Central Street Houghton 2198
 Postnet Suite 25 Private Bag x 11 Birnam Park 2015
 Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: ACSA 04/09
VAT #: 4620216665
Date: 25 September 2009

Mrs. Priscillah Mabelane
Executive Director - Finance
Airports Company South Africa Limited
The Maples, Riverwoods
24 Johnson Road
Bedfordview
2008
VAT #: 4930138393

ACSA Funding Plan – Phase 4

Final outstanding Funding Invoice (*) **R 683,610.00**

VAT (14%) **R 95,705.40**

Total **R 779,315.40**

(*)

Total agreed outstanding fee per Phase 4 as per Mandate	50% of Outstanding Funding invoice - Final Billing	Amount including VAT
R 2,734,440.00	R 683,610.00	R 779,315.40

Should you choose to make payment electronically, please use the following banking details:

Bank: Nedbank Limited
Account Name: Regiments Capital (Pty) Ltd
Account Number: 146 91 42856
Branch: Northrand
Branch Code: 146905

Ntokozo Zama

From: Visnenza, M. (Mario) <MarioV@Nedbank.co.za>
Sent: Thursday, 01 October 2009 15:31
To: Eric Wood
Cc: Brickman, M. (Moss); Britz, E. (Elize)
Subject: ACSA interest rate swaps

Hi Eric,

Here are the current indicative rates on these transactions, bearing in mind the strategy of staggering the trades over a few days:

R1.75bln swap

ACSA pays fixed rate: 10.91% nacq (mid rate: 10.76%)
 ACSA receives floating rate: 3m Jibar + 1.92%
 Notional amount: R 1,750,000,000
 Start Date: 01 Oct 2009
 End Date: 30 Sep 2020
 Reset dates: 31 Mar, 30 Jun, 30 Sep, 31 Dec (modified following)

R250mio swap

ACSA pays fixed rate: 10.81% nacq (mid rate: 10.66%)
 ACSA receives floating rate: 3m Jibar + 1.90%
 Notional amount: R 250,000,000 amortising as per schedule
 Start Date: 01 Oct 2009
 End Date: 30 Nov 2023
 Reset dates: 28 Feb, 31 May, 31 Aug, 30 Nov (modified following)

We leave it up to you to include a margin for us to share on the usual 50/50 agreement.

Regards,
 Mario

Mario Visnenza
 Nedbank Capital Treasury | Structured Products | Structured Solutions
 Tel: +27 11 535 4001 | Fax: 086 528 15832 | mariov@nedbank.co.za

Nedbank Ltd · 135 Rivonia Road · Sandown · Johannesburg · South Africa
www.nedbank.co.za

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Ntokozo Zama

From: Visnenza, M. (Mario) <MarioV@Nedbank.co.za>
Sent: Monday, 05 October 2009 11:30
To: Eric Wood
Cc: Brickman, M. (Moss)
Subject: Fee calculations on ACSA swaps
Attachments: Regiments fee.xls

Hi Eric,

I have attached the spreadsheet with the calculation of the fee due to Regiments on the 2 ACSA swaps dealt last week. You will see that the calculation was done on the same basis as the previous ACSA transaction. The 10bp due to Regiments over the life of the transactions equates to a PV amount of R11,548,551.00

On the invoice to Nedbank, pls include a line confirming that you agree to Nedbank clawing back a portion of the fee should the transaction to ACSA terminate early, as well as confirming that ACSA is aware that a fee is being paid by Nedbank to Regiments on these transactions.

Let me know if you have any queries.

Regards,
Mario

Mario Visnenza
Nedbank Capital Treasury | Structured Products | Structured Solutions
Tel: +27 11 535 4001 | Fax: 086 528 15832 | mariov@nedbank.co.za

Nedbank Ltd · 135 Rivonia Road · Sandown · Johannesburg · South Africa
www.nedbank.co.za

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[avast! Antivirus](#): Inbound message clean.

Virus Database (VPS): 091004-0, 2009/10/04
Tested on: 2009/10/05 11:24:37 AM
avast! - copyright (c) 1988-2009 ALWIL Software.



REGIMENTS CAPITAL™

91 Central Street Houghton 2198
Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: NED 04/09
VAT #: 4620216665
Date: 05 Oct 2009

Mr. Moss Brickman
Nedbank Limited
Private Bag X25
Benmore
2010

Your VAT #: 4320116074

	R
Services rendered (*)	11,548,551.00
Vat @ 14%	1,616,797.14
Total	13,165,348.14

(*) Origination and facilitation of R2billion interest rate swap between Nedbank Capital and ACSA. The service amount was determined as per agreement with Nedbank Capital. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Nedbank Capital dated 30 June 2009. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

Should you choose to make payment electronically, please use the following banking details :

Bank: Nedbank Limited
Account Name: Regiments Capital (Pty) Ltd
Account Number: 146 91 42856
Branch: Northrand
Branch Code: 146905

Ntokozo Zama

From: Tebogo Leballo
Sent: Monday, 05 October 2009 16:57
To: Brickman, M. (Moss)
Cc: Eric Wood
Subject: ACSA Swap Invoice
Attachments: Nedbank Limited 04-2009.pdf

Dear Moss

Please find attached the ACSA swap invoice.

Regards



TEBOGO LEBALLO Group Financial Manager
91 Central Street, Houghton, 2198
Postnet Suite 25, Private Bag x 11 Birnam Park, 2015
Tel + 27 11 715 0300 Direct + 27 11 715 0340 Fax + 27 86 650 9125
Mobile + 27 82 471 7733 Email tebogol@regiments.co.za

Regiments Capital (Pty) Ltd is an authorised financial services provider. FSP number 16831. Reg No 2004/0.

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ACSA pay fixed **10,98%** nacq
 ACSA rec **3m Jibar + 1.92%**

Regiments Fee Margin	0,10%

Date	Days	Capital	Regiments Margin
02-Oct-09 Fri		1 750 000 000	
31-Dec-09 Thu	90	1 750 000 000	431 507
31-Mar-10 Wed	90	1 750 000 000	431 507
30-Jun-10 Wed	91	1 750 000 000	436 301
30-Sep-10 Thu	92	1 750 000 000	441 096
31-Dec-10 Fri	92	1 750 000 000	441 096
31-Mar-11 Thu	90	1 750 000 000	431 507
30-Jun-11 Thu	91	1 750 000 000	436 301
30-Sep-11 Fri	92	1 750 000 000	441 096
30-Dec-11 Fri	91	1 750 000 000	436 301
30-Mar-12 Fri	91	1 750 000 000	436 301
29-Jun-12 Fri	91	1 750 000 000	436 301
28-Sep-12 Fri	91	1 750 000 000	436 301
31-Dec-12 Mon	94	1 750 000 000	450 685
28-Mar-13 Thu	87	1 750 000 000	417 123
28-Jun-13 Fri	92	1 750 000 000	441 096
30-Sep-13 Mon	94	1 750 000 000	450 685
31-Dec-13 Tue	92	1 750 000 000	441 096
31-Mar-14 Mon	90	1 750 000 000	431 507
30-Jun-14 Mon	91	1 750 000 000	436 301
30-Sep-14 Tue	92	1 750 000 000	441 096
31-Dec-14 Wed	92	1 750 000 000	441 096
31-Mar-15 Tue	90	1 750 000 000	431 507
30-Jun-15 Tue	91	1 750 000 000	436 301
30-Sep-15 Wed	92	1 750 000 000	441 096
31-Dec-15 Thu	92	1 750 000 000	441 096
31-Mar-16 Thu	91	1 750 000 000	436 301
30-Jun-16 Thu	91	1 750 000 000	436 301
30-Sep-16 Fri	92	1 750 000 000	441 096
30-Dec-16 Fri	91	1 750 000 000	436 301
31-Mar-17 Fri	91	1 750 000 000	436 301
30-Jun-17 Fri	91	1 750 000 000	436 301
29-Sep-17 Fri	91	1 750 000 000	436 301
29-Dec-17 Fri	91	1 750 000 000	436 301
29-Mar-18 Thu	90	1 750 000 000	431 507
29-Jun-18 Fri	92	1 750 000 000	441 096
28-Sep-18 Fri	91	1 750 000 000	436 301
31-Dec-18 Mon	94	1 750 000 000	450 685
29-Mar-19 Fri	88	1 750 000 000	421 918
28-Jun-19 Fri	91	1 750 000 000	436 301
30-Sep-19 Mon	94	1 750 000 000	450 685
31-Dec-19 Tue	92	1 750 000 000	441 096
31-Mar-20 Tue	91	1 750 000 000	436 301
30-Jun-20 Tue	91	1 750 000 000	436 301
30-Sep-20 Wed	92		441 096
Totals			19 254 795

Discounting the Margin paid to Regiments

Base rate	8,75% nacq
Reserving	0,40%
Liquidity	1,00%
Credit margin	2,25%
All-in	12,40% nacq

Amount paid up-front	R	10 430 886

Date	Margin	Q Period	DF	PV
02-Oct-09				
31-Dec-09	431 507	0,99	0,97034	418 707
31-Mar-10	431 507	1,97	0,94156	406 288
30-Jun-10	436 301	2,97	0,91332	398 483
30-Sep-10	441 096	3,98	0,88564	390 651
31-Dec-10	441 096	4,99	0,85879	378 810
31-Mar-11	431 507	5,97	0,83332	359 583
30-Jun-11	436 301	6,97	0,80833	352 676
30-Sep-11	441 096	7,98	0,78383	345 744
30-Dec-11	436 301	8,98	0,76032	331 731
30-Mar-12	436 301	9,97	0,73752	321 783
29-Jun-12	436 301	10,97	0,71541	312 134
28-Sep-12	436 301	11,97	0,69396	302 774
31-Dec-12	450 685	13,00	0,67247	303 073
28-Mar-13	417 123	13,95	0,65318	272 456
28-Jun-13	441 096	14,96	0,63338	279 382
30-Sep-13	450 685	15,99	0,61377	276 618
31-Dec-13	441 096	17,00	0,59517	262 526
31-Mar-14	431 507	17,98	0,57751	249 201
30-Jun-14	436 301	18,98	0,56020	244 414
30-Sep-14	441 096	19,99	0,54322	239 610
31-Dec-14	441 096	21,00	0,52675	232 347
31-Mar-15	431 507	21,98	0,51113	220 554
30-Jun-15	436 301	22,98	0,49580	216 317
30-Sep-15	441 096	23,99	0,48077	212 066
31-Dec-15	441 096	25,00	0,46620	205 638
31-Mar-16	436 301	25,99	0,45222	197 303
30-Jun-16	436 301	26,99	0,43866	191 387
30-Sep-16	441 096	28,00	0,42536	187 625
30-Dec-16	436 301	29,00	0,41261	180 020
31-Mar-17	436 301	29,99	0,40023	174 622
30-Jun-17	436 301	30,99	0,38823	169 386
29-Sep-17	436 301	31,99	0,37659	164 306
29-Dec-17	436 301	32,99	0,36530	159 379
29-Mar-18	431 507	33,97	0,35446	152 952
29-Jun-18	441 096	34,98	0,34372	151 612
28-Sep-18	436 301	35,98	0,33341	145 467
31-Dec-18	450 685	37,01	0,32309	145 611
29-Mar-19	421 918	37,97	0,31371	132 362
28-Jun-19	436 301	38,97	0,30431	132 769
30-Sep-19	450 685	40,00	0,29489	132 900
31-Dec-19	441 096	41,01	0,28595	126 130
31-Mar-20	436 301	42,01	0,27737	121 018
30-Jun-20	436 301	43,00	0,26906	117 389
30-Sep-20	441 096	44,01	0,26090	115 082
Totals	19 254 795			10 430 886

ACSA pay fixed **10,98% nacq**
 ACSA rec **3m Jibar + 1.90%**

Regiments Fee Margin	0,10%

Date	Days	Capital	Regiments Margin
30-Nov-09 Mon		250 000 000,00	
26-Feb-10 Fri	88	250 000 000,00	60 274
31-May-10 Mon	94	250 000 000,00	64 384
31-Aug-10 Tue	92	250 000 000,00	63 014
30-Nov-10 Tue	91	250 000 000,00	62 329
28-Feb-11 Mon	90	245 192 307,69	61 644
31-May-11 Tue	92	240 384 615,38	61 802
31-Aug-11 Wed	92	235 576 923,08	60 590
30-Nov-11 Wed	91	230 769 230,77	58 733
29-Feb-12 Wed	91	225 961 538,46	57 534
31-May-12 Thu	92	221 153 846,15	56 955
31-Aug-12 Fri	92	216 346 153,85	55 743
30-Nov-12 Fri	91	211 538 461,54	53 938
28-Feb-13 Thu	90	206 730 769,23	52 160
31-May-13 Fri	92	201 923 076,92	52 107
30-Aug-13 Fri	91	197 115 384,62	50 342
29-Nov-13 Fri	91	192 307 692,31	49 144
28-Feb-14 Fri	91	187 500 000,00	47 945
30-May-14 Fri	91	182 692 307,69	46 747
29-Aug-14 Fri	91	177 884 615,38	45 548
28-Nov-14 Fri	91	173 076 923,08	44 349
27-Feb-15 Fri	91	168 269 230,77	43 151
29-May-15 Fri	91	163 461 538,46	41 952
31-Aug-15 Mon	94	158 653 846,15	42 097
30-Nov-15 Mon	91	153 846 153,85	39 555
29-Feb-16 Mon	91	149 038 461,54	38 356
31-May-16 Tue	92	144 230 769,23	37 566
31-Aug-16 Wed	92	139 423 076,92	36 354
30-Nov-16 Wed	91	134 615 384,62	34 760
28-Feb-17 Tue	90	129 807 692,31	33 193
31-May-17 Wed	92	125 000 000,00	32 719
31-Aug-17 Thu	92	120 192 307,69	31 507
30-Nov-17 Thu	91	115 384 615,38	29 966
28-Feb-18 Wed	90	110 576 923,08	28 451
31-May-18 Thu	92	105 769 230,77	27 871
31-Aug-18 Fri	92	100 961 538,46	26 660
30-Nov-18 Fri	91	96 153 846,15	25 171
28-Feb-19 Thu	90	91 346 153,85	23 709
31-May-19 Fri	92	86 538 461,54	23 024
30-Aug-19 Fri	91	81 730 769,23	21 575
29-Nov-19 Fri	91	76 923 076,92	20 377
28-Feb-20 Fri	91	72 115 384,62	19 178
29-May-20 Fri	91	67 307 692,31	17 979
31-Aug-20 Mon	94	62 500 000,00	17 334
30-Nov-20 Mon	91	57 692 307,69	15 582
26-Feb-21 Fri	88	52 884 615,38	13 909
31-May-21 Mon	94	48 076 923,08	13 620
31-Aug-21 Tue	92	43 269 230,77	12 118
30-Nov-21 Tue	91	38 461 538,46	10 788
28-Feb-22 Mon	90	33 653 846,15	9 484
31-May-22 Tue	92	28 846 153,85	8 483
31-Aug-22 Wed	92	24 038 461,54	7 271
30-Nov-22 Wed	91	19 230 769,23	5 993
28-Feb-23 Tue	90	14 423 076,92	4 742
31-May-23 Wed	92	9 615 384,62	3 635
31-Aug-23 Thu	92	4 807 692,31	2 424
30-Nov-23 Thu	91	-	1 199
		Totals	1 907 034

Discounting the Margin paid to Regiments

Base rate	8,65% nacq
Reserving	0,40%
Liquidity	1,00%
Credit margin	2,25%
All-in	12,30% nacq

Amount paid up-front	R	1 117 666

Date	Margin	Q Period	DF	PV
02-Oct-09				
30-Nov-09		0,65	0,98061	
26-Feb-10	60 274	1,61	0,95238	57 404
31-May-10	64 384	2,64	0,92313	59 434
31-Aug-10	63 014	3,65	0,89536	56 420
30-Nov-10	62 329	4,65	0,86872	54 147
28-Feb-11	61 644	5,63	0,84316	51 975
31-May-11	61 802	6,64	0,81780	50 542
31-Aug-11	60 590	7,65	0,79321	48 060
30-Nov-11	58 733	8,65	0,76961	45 201
29-Feb-12	57 534	9,64	0,74671	42 961
31-May-12	56 955	10,65	0,72425	41 250
31-Aug-12	55 743	11,66	0,70247	39 158
30-Nov-12	53 938	12,66	0,68157	36 763
28-Feb-13	52 160	13,64	0,66151	34 505
31-May-13	52 107	14,65	0,64162	33 433
30-Aug-13	50 342	15,65	0,62253	31 340
29-Nov-13	49 144	16,65	0,60401	29 683
28-Feb-14	47 945	17,64	0,58604	28 098
30-May-14	46 747	18,64	0,56860	26 580
29-Aug-14	45 548	19,64	0,55168	25 128
28-Nov-14	44 349	20,64	0,53527	23 739
27-Feb-15	43 151	21,63	0,51934	22 410
29-May-15	41 952	22,63	0,50389	21 139
31-Aug-15	42 097	23,66	0,48841	20 561
30-Nov-15	39 555	24,66	0,47388	18 744
29-Feb-16	38 356	25,65	0,45978	17 636
31-May-16	37 566	26,66	0,44596	16 753
31-Aug-16	36 354	27,67	0,43254	15 725
30-Nov-16	34 760	28,67	0,41968	14 588
28-Feb-17	33 193	29,65	0,40732	13 520
31-May-17	32 719	30,66	0,39507	12 926
31-Aug-17	31 507	31,67	0,38319	12 073
30-Nov-17	29 966	32,67	0,37179	11 141
28-Feb-18	28 451	33,65	0,36085	10 267
31-May-18	27 871	34,66	0,35000	9 755
31-Aug-18	26 660	35,67	0,33947	9 050
30-Nov-18	25 171	36,67	0,32937	8 291
28-Feb-19	23 709	37,65	0,31968	7 579
31-May-19	23 024	38,66	0,31006	7 139
30-Aug-19	21 575	39,66	0,30084	6 491
29-Nov-19	20 377	40,66	0,29189	5 948
28-Feb-20	19 178	41,65	0,28320	5 431
29-May-20	17 979	42,65	0,27478	4 940
31-Aug-20	17 334	43,68	0,26634	4 617
30-Nov-20	15 582	44,68	0,25841	4 027
26-Feb-21	13 909	45,64	0,25098	3 491
31-May-21	13 620	46,67	0,24327	3 313
31-Aug-21	12 118	47,68	0,23595	2 859
30-Nov-21	10 788	48,68	0,22893	2 470
28-Feb-22	9 484	49,67	0,22219	2 107
31-May-22	8 483	50,67	0,21551	1 828
31-Aug-22	7 271	51,68	0,20903	1 520
30-Nov-22	5 993	52,68	0,20281	1 215
28-Feb-23	4 742	53,67	0,19684	933
31-May-23	3 635	54,67	0,19092	694
31-Aug-23	2 424	55,68	0,18518	449
30-Nov-23	1 199	56,68	0,17967	215
Totals	1 907 034			1 117 666

Ntokozo Zama

From: Mosilo Mothepu
Sent: Friday, 22 January 2010 20:04
To: Eric Wood
Subject: FW: Acsa Invoice 4
Attachments: Acsa Invoice 4.docx; avast info; avast info

Hi Eric,

The last outstanding ACSA invoice was processed.

Thanks

Mosilo



MOSILO MOTHEPU Associate Director
91 Central Street, Houghton, 2198
Postnet Suite 2S, Private Bag x 11 Birnam Park, 2015
Tel + 27 11 715 0300 Direct +27 11 715 0345 Fax + 27 86 654 7358
Mobile + 27 82 601 9613 Email mosilom@regiments.co.za

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www.regiments.co.za

From: Phetolo Ramosebudi [<mailto:Phetolo.Ramosebudi@airports.co.za>]
Sent: 22 January 2010 05:31 PM
To: Anele Mayekiso
Cc: Mosilo Mothepu
Subject: FW: Acsa Invoice 4

Was this processed.

Regards

Phetolo Ramosebudi
Treasurer
Corporate Office
Airports Company South Africa

Direct: +27 (0) 11 723 1442
Main: +27 (0) 11 723 1400
Fax to E-Mail: +27 (0) 86 661 7654
E-Mail: Phetolo.Ramosebudi@airports.co.za
Web: www.acsa.co.za

Please consider the environment before printing this email

From: Mosilo Mothepu [<mailto:MosiloM@regiments.co.za>]
Sent: 10 December 2009 01:56
To: Phetolo Ramosebudi
Subject: Acsa Invoice 4

Dear Phet.

Attached please find the last invoice for the services rendered by Regiments for the originating and structuring of GBFs.

Dankie papa



REGIMENTS CAPITAL™

91 Central Street Houghton 2198
 Postnet Suite 25 Private Bag x 11 Birnam Park 2015
 Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: ACSA 04/09
VAT #: 4620216665
Date: 25 September 2009

Mrs. Priscillah Mabelane
Executive Director - Finance
Airports Company South Africa Limited
The Maples, Riverwoods
24 Johnson Road
Bedfordview
2008
VAT #: 4930138393

ACSA Funding Plan – Phase 4

Final outstanding Funding Invoice (*) **R 683,610.00**

VAT (14%) **R 95,705.40**

Total **R 779,315.40**

(*)

Total agreed outstanding fee per Phase 4 as per Mandate	50% of Outstanding Funding invoice - Final Billing	Amount including VAT
R 2,734,440.00	R 683,610.00	R 779,315.40

Should you choose to make payment electronically, please use the following banking details:

Bank: Nedbank Limited
Account Name: Regiments Capital (Pty) Ltd
Account Number: 146 91 42856
Branch: Northrand
Branch Code: 146905

Ntokozo Zama

From: Visnenza, M. (Mario) <MarioV@Nedbankcapital.co.za>
Sent: Tuesday, 16 February 2010 12:31
To: Eric Wood
Cc: Brickman, M. (Moss)
Subject: ACSA interest rate swap
Attachments: Swap Profile.xls

Hi Eric,

Current indicative rate on the interest rate swap is as follows:

R1.5bln swap

ACSA pays fixed rate: 11.445% nacq (mid rate: 11.325%)
ACSA receives floating rate: 3m Jibar + 2.60%
Notional amount: R 1,500,000,000 amortising as per attached schedule
Start Date: 31 Mar 2010
End Date: 18 Mar 2024
Reset dates: 31 Mar, 30 Jun, 30 Sep, 31 Dec (modified following)

We leave it up to you to include a margin for us to share on the usual 50/50 agreement.

Regards,
Mario

Mario Visnenza
Nedbank Capital Treasury | Structured Products | Structured Solutions
Tel: +27 11 535 4001 | Fax: 086 528 15832 | mariov@nedbank.co.za

Nedbank Ltd · 135 Rivonia Road · Sandown · Johannesburg · South Africa
www.nedbank.co.za

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[<http://www.nedbank.co.za/terms/EmailDisclaimer.htm>]

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	Date	Days	Capital
	31-Mar-10 Wed		1 500 000 000,00
	30-Jun-10 Wed	91	1 500 000 000,00
	30-Sep-10 Thu	92	1 500 000 000,00
	31-Dec-10 Fri	92	1 500 000 000,00
	31-Mar-11 Thu	90	1 500 000 000,00
1	30-Jun-11 Thu	91	1 471 153 846,15
2	30-Sep-11 Fri	92	1 442 307 692,31
3	30-Dec-11 Fri	91	1 413 461 538,46
4	30-Mar-12 Fri	91	1 384 615 384,62
5	29-Jun-12 Fri	91	1 355 769 230,77
6	28-Sep-12 Fri	91	1 326 923 076,92
7	31-Dec-12 Mon	94	1 298 076 923,08
8	28-Mar-13 Thu	87	1 269 230 769,23
9	28-Jun-13 Fri	92	1 240 384 615,38
10	30-Sep-13 Mon	94	1 211 538 461,54
11	31-Dec-13 Tue	92	1 182 692 307,69
12	31-Mar-14 Mon	90	1 153 846 153,85
13	30-Jun-14 Mon	91	1 125 000 000,00
14	30-Sep-14 Tue	92	1 096 153 846,15
15	31-Dec-14 Wed	92	1 067 307 692,31
16	31-Mar-15 Tue	90	1 038 461 538,46
17	30-Jun-15 Tue	91	1 009 615 384,62
18	30-Sep-15 Wed	92	980 769 230,77
19	31-Dec-15 Thu	92	951 923 076,92
20	31-Mar-16 Thu	91	923 076 923,08
21	30-Jun-16 Thu	91	894 230 769,23
22	30-Sep-16 Fri	92	865 384 615,38
23	30-Dec-16 Fri	91	836 538 461,54
24	31-Mar-17 Fri	91	807 692 307,69
25	30-Jun-17 Fri	91	778 846 153,85
26	29-Sep-17 Fri	91	750 000 000,00
27	29-Dec-17 Fri	91	721 153 846,15
28	29-Mar-18 Thu	90	692 307 692,31
29	29-Jun-18 Fri	92	663 461 538,46
30	28-Sep-18 Fri	91	634 615 384,62
31	31-Dec-18 Mon	94	605 769 230,77
32	29-Mar-19 Fri	88	576 923 076,92
33	28-Jun-19 Fri	91	548 076 923,08
34	30-Sep-19 Mon	94	519 230 769,23
35	31-Dec-19 Tue	92	490 384 615,38
36	31-Mar-20 Tue	91	461 538 461,54
37	30-Jun-20 Tue	91	432 692 307,69
38	30-Sep-20 Wed	92	403 846 153,85
39	31-Dec-20 Thu	92	375 000 000,00
40	31-Mar-21 Wed	90	346 153 846,15
41	30-Jun-21 Wed	91	317 307 692,31
42	30-Sep-21 Thu	92	288 461 538,46
43	31-Dec-21 Fri	92	259 615 384,62
44	31-Mar-22 Thu	90	230 769 230,77
45	30-Jun-22 Thu	91	201 923 076,92
46	30-Sep-22 Fri	92	173 076 923,08
47	30-Dec-22 Fri	91	144 230 769,23

48	31-Mar-23 Fri	91	115 384 615,38
49	30-Jun-23 Fri	91	86 538 461,54
50	29-Sep-23 Fri	91	57 692 307,69
51	29-Dec-23 Fri	91	28 846 153,85
52	18-Mar-24 Mon	80	0,00

Ntokozo Zama

From: Visnenza, M. (Mario) <MarioV@Nedbankcapital.co.za>
Sent: Wednesday, 17 March 2010 14:46
To: Eric Wood
Cc: Brickman, M. (Moss); Britz, E. (Elize)
Subject: RE: ACSA Inflation linked Swaps
Attachments: ACSA cpi swaps 17Mar10.xls

Hi Eric,

Finally the revised schedules and rates for the proposed inflation-linked swaps with ACSA (see attached spreadsheet).

Swap1 is based on a notional amount of R1.5bln amortising on the Jibar leg to match the underlying loan, whilst the notional on the cpi leg is a constant amount of R1.5bln, adjusted by cpi. The estimated future cashflows are shown in columns F and I. A key point to note is that the cpi interest payments due by ACSA terminate on 29Sep2017, whilst the Jibar-linked interest payments due to ACSA continue until 18Mar2024. The reason that we are able to shorten the cpi leg of the swap is due to the fact that the notional is a constant R1.5bln instead of being amortised as on the Jibar leg.

Swap2a, swap2b and swap2c have been structured in order to replicate the amortising nature of the underlying loan. We have now calculated the notional amounts such that the real rate is the same on all 3 swaps. The interest payments to ACSA on the Jibar legs of the swaps will add up to the interest payments on the underlying amortising loan.

Mechanics are as described below ie besides quarterly exchange of interest payments, ACSA will also be required to make a capital payment on the cpi leg of the swap calculated as the difference between the adjusted notional amount on maturity date and the initial notional amount on inception date.

I hope this latest proposal makes more sense and is more attractive from a pricing point of view.

I will give you a call to make sure it's all clear.

Regards,
Mario

From: Visnenza, M. (Mario)
Sent: 10 March 2010 03:49 PM
To: 'Eric Wood'
Cc: Brickman, M. (Moss); Britz, E. (Elize)
Subject: ACSA Inflation linked Swaps

Hi Eric,

The attached spreadsheet illustrates the estimated future cashflows on the proposed swaps, based on today's swap and cpi curves.

On the Jibar legs of the swaps, Nedbank will pay ACSA a quarterly interest payment calculated as 3m Jibar + 2.60% on the amortising notional profile. Nedbank will not pay any capital amount.

On the CPI leg of the swaps, ACSA will pay Nedbank a quarterly interest payment calculated as the quoted real rates on the adjusted CPI notional amounts. The notional amounts on this leg of the swap are therefore adjusted by the change in the CPI level over the transaction period. Please note that ACSA will also have to pay Nedbank a capital amount on maturity of the swaps, this amount being calculated as the difference between the adjusted notional

amount on maturity date and the initial notional amount on inception. This capital settlement is as per standard CPI swap convention.

I hope that the mechanics of the CPI swaps are now clearer, but call me if you have further queries.

Regards,
Mario

Nedbank Limited Reg No 1951/000009/06. The following link displays the names of the Nedbank Board of Directors and Company Secretary.
[<http://www.nedbank.co.za/terms/DirectorsNedbank.htm>]
This email is confidential and is intended for the addressee only.
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Swap 1							
ACSA rec from Ned			3m Jibar + 2.60%		nacq		
ACSA pays Ned fixed			4,113%		real nacq		
Date	Days	Implied fwd	Jibar Notional	Ned Pays ACSA	cpi Notional	Est Future cpi Not	ACSA pays Ned
31-Mar-10 Wed		9,617	1 500 000 000,00		1 500 000 000,00		
30-Jun-10 Wed	91	9,559	1 500 000 000,00	35 964 945	1 500 000 000,00	1 530 044 334,24	15 689 578
30-Sep-10 Thu	92	9,594	1 500 000 000,00	36 141 633	1 500 000 000,00	1 546 580 965,64	16 033 426
31-Dec-10 Fri	92	9,748	1 500 000 000,00	36 272 071	1 500 000 000,00	1 560 670 057,85	16 179 488
31-Mar-11 Thu	90	10,019	1 500 000 000,00	36 054 616	1 500 000 000,00	1 577 470 033,30	15 998 139
30-Jun-11 Thu	91	10,177	1 471 153 846,15	37 468 689	1 500 000 000,00	1 597 607 210,26	16 382 390
30-Sep-11 Fri	92	10,494	1 442 307 692,31	37 737 474	1 500 000 000,00	1 619 256 417,13	16 786 853
30-Dec-11 Fri	91	10,799	1 413 461 538,46	37 734 555	1 500 000 000,00	1 642 354 273,14	16 841 241
30-Mar-12 Fri	91	11,027	1 384 615 384,62	38 053 618	1 500 000 000,00	1 666 876 457,93	17 092 699
29-Jun-12 Fri	91	11,233	1 355 769 230,77	38 064 082	1 500 000 000,00	1 692 677 746,07	17 357 274
28-Sep-12 Fri	91	11,386	1 326 923 076,92	37 970 093	1 500 000 000,00	1 719 738 494,43	17 634 764
31-Dec-12 Mon	94	11,467	1 298 076 923,08	38 907 457	1 500 000 000,00	1 748 688 594,49	18 522 780
28-Mar-13 Thu	87	11,597	1 269 230 769,23	35 480 358	1 500 000 000,00	1 776 080 363,72	17 411 962
28-Jun-13 Fri	92	11,727	1 240 384 615,38	37 100 304	1 500 000 000,00	1 805 855 708,33	18 721 331
30-Sep-13 Mon	94	11,807	1 211 538 461,54	37 460 587	1 500 000 000,00	1 837 205 573,48	19 460 386
31-Dec-13 Tue	92	11,844	1 182 692 307,69	36 056 128	1 500 000 000,00	1 868 636 948,58	19 372 185
31-Mar-14 Mon	90	11,909	1 153 846 153,85	34 540 383	1 500 000 000,00	1 899 947 291,77	19 268 589
30-Jun-14 Mon	91	11,975	1 125 000 000,00	34 259 055	1 500 000 000,00	1 932 436 095,77	19 815 835
30-Sep-14 Tue	92	12,014	1 096 153 846,15	33 955 656	1 500 000 000,00	1 966 034 037,88	20 381 902
31-Dec-14 Wed	92	12,026	1 067 307 692,31	33 192 475	1 500 000 000,00	2 000 018 592,01	20 734 220
31-Mar-15 Tue	90	12,062	1 038 461 538,46	31 648 509	1 500 000 000,00	2 033 275 144,13	20 620 752
30-Jun-15 Tue	91	12,094	1 009 615 384,62	31 229 532	1 500 000 000,00	2 066 928 232,26	21 194 962
30-Sep-15 Wed	92	12,099	980 769 230,77	30 775 854	1 500 000 000,00	2 101 125 540,16	21 782 397
31-Dec-15 Thu	92	12,079	951 923 076,92	29 908 657	1 500 000 000,00	2 135 557 424,85	22 139 353
31-Mar-16 Thu	91	12,084	923 076 923,08	28 666 467	1 500 000 000,00	2 169 913 675,06	22 251 008
30-Jun-16 Thu	91	12,082	894 230 769,23	27 809 984	1 500 000 000,00	2 204 653 945,10	22 607 246
30-Sep-16 Fri	92	12,047	865 384 615,38	27 232 693	1 500 000 000,00	2 240 061 724,83	23 222 751
30-Dec-16 Fri	91	11,983	836 538 461,54	25 991 599	1 500 000 000,00	2 275 179 704,47	23 330 441
31-Mar-17 Fri	91	11,918	807 692 307,69	24 991 316	1 500 000 000,00	2 310 191 177,52	23 689 460
30-Jun-17 Fri	91	11,869	778 846 153,85	23 999 260	1 500 000 000,00	2 344 599 811,76	24 042 297
29-Sep-17 Fri	91	11,832	750 000 000,00	23 047 579	1 500 000 000,00	2 378 842 457,33	903 235 890
29-Dec-17 Fri	91	11,806	721 153 846,15	22 124 593			
29-Mar-18 Thu	90	11,806	692 307 692,31	20 993 816			
29-Jun-18 Fri	92	11,778	663 461 538,46	20 600 535			
28-Sep-18 Fri	91	11,714	634 615 384,62	19 482 103			
31-Dec-18 Mon	94	11,601	605 769 230,77	19 144 308			
29-Mar-19 Fri	88	11,496	576 923 076,92	16 943 667			
28-Jun-19 Fri	91	11,410	548 076 923,08	16 535 055			
30-Sep-19 Mon	94	11,340	519 230 769,23	16 105 476			
31-Dec-19 Tue	92	11,292	490 384 615,38	14 841 180			
31-Mar-20 Tue	91	11,242	461 538 461,54	13 805 386			
30-Jun-20 Tue	91	11,186	432 692 307,69	12 935 655			
30-Sep-20 Wed	92	11,128	403 846 153,85	12 199 367			
31-Dec-20 Thu	92	11,068	375 000 000,00	11 327 139			
31-Mar-21 Wed	90	11,011	346 153 846,15	10 234 017			
30-Jun-21 Wed	91	10,952	317 307 692,31	9 502 471			
30-Sep-21 Thu	92	10,892	288 461 538,46	8 759 532			
31-Dec-21 Fri	92	10,830	259 615 384,62	7 919 295			
31-Mar-22 Thu	90	10,763	230 769 230,77	6 932 478			
30-Jun-22 Thu	91	10,695	201 923 076,92	6 192 411			
30-Sep-22 Fri	92	10,629	173 076 923,08	5 443 446			
30-Dec-22 Fri	91	10,568	144 230 769,23	4 586 573			
31-Mar-23 Fri	91	10,509	115 384 615,38	3 799 993			
30-Jun-23 Fri	91	10,454	86 538 461,54	3 023 195			
29-Sep-23 Fri	91	10,402	57 692 307,69	2 255 508			
29-Dec-23 Fri	91	10,348	28 846 153,85	1 496 221			
18-Mar-24 Mon	80			654 221			

			Swap2a				
ACSA rec			ACSA rec	3m Jibar + 2.60%	nacq		
ACSA pays fixed			ACSA pays fixed	4,082%	real nacq		
			442 307 692,31		466 611 714		
Date	Days	Implied fwd	Jibar Swap2a Not	Ned Pays ACSA	cpi Swap2a	Est Future cpi Not	ACSA pays Ned
31-Mar-10 Wed		9,617	500 000 000,00		466 611 714		
30-Jun-10 Wed	91	9,559	500 000 000,00	11 988 315	466 611 714	475 957 740	4 843 841
30-Sep-10 Thu	92	9,594	500 000 000,00	12 047 211	466 611 714	481 101 863	4 949 998
31-Dec-10 Fri	92	9,748	500 000 000,00	12 090 690	466 611 714	485 484 620	4 995 091
31-Mar-11 Thu	90	10,019	500 000 000,00	12 018 205	466 611 714	490 710 664	4 939 104
30-Jun-11 Thu	91	10,177	490 384 615,38	12 489 563	466 611 714	496 974 826	5 057 733
30-Sep-11 Fri	92	10,494	480 769 230,77	12 579 158	466 611 714	503 709 341	5 182 603
30-Dec-11 Fri	91	10,799	471 153 846,15	12 578 185	466 611 714	510 894 495	5 199 394
30-Mar-12 Fri	91	11,027	461 538 461,54	12 684 539	466 611 714	518 522 721	5 277 027
29-Jun-12 Fri	91	11,233	451 923 076,92	12 688 027	466 611 714	526 548 843	5 358 709
28-Sep-12 Fri	91	11,386	442 307 692,31	12 656 698	466 611 714	534 966 751	5 444 379
31-Dec-12 Mon	94	11,467	432 692 307,69	12 969 152	466 611 714	543 972 388	5 718 536
28-Mar-13 Thu	87	11,597	423 076 923,08	11 826 786	466 611 714	552 493 268	5 375 593
28-Jun-13 Fri	92	11,727	413 461 538,46	12 366 768	466 611 714	561 755 618	5 779 834
30-Sep-13 Mon	94	11,807	403 846 153,85	12 486 862	466 611 714	571 507 761	6 008 003
31-Dec-13 Tue	92	11,844	394 230 769,23	12 018 709	466 611 714	581 285 260	5 980 772
31-Mar-14 Mon	90	11,909	384 615 384,62	11 513 461	466 611 714	591 025 108	5 948 789
30-Jun-14 Mon	91	11,975	375 000 000,00	11 419 685	466 611 714	601 131 546	6 117 740
30-Sep-14 Tue	92	12,014	365 384 615,38	11 318 552	466 611 714	611 583 008	6 292 502
31-Dec-14 Wed	92	12,026	355 769 230,77	11 064 158	466 611 714	622 154 735	6 401 273
31-Mar-15 Tue	90	12,062		10 549 503	466 611 714	632 500 000	172 254 528
30-Jun-15 Tue	91	12,094					
30-Sep-15 Wed	92	12,099					
31-Dec-15 Thu	92	12,079					
31-Mar-16 Thu	91	12,084					
30-Jun-16 Thu	91	12,082					
30-Sep-16 Fri	92	12,047					
30-Dec-16 Fri	91	11,983					
31-Mar-17 Fri	91	11,918					
30-Jun-17 Fri	91	11,869					
29-Sep-17 Fri	91	11,832					
29-Dec-17 Fri	91	11,806					
29-Mar-18 Thu	90	11,806					
29-Jun-18 Fri	92	11,778					
28-Sep-18 Fri	91	11,714					
31-Dec-18 Mon	94	11,601					
29-Mar-19 Fri	88	11,496					
28-Jun-19 Fri	91	11,410					
30-Sep-19 Mon	94	11,340					
31-Dec-19 Tue	92	11,292					
31-Mar-20 Tue	91	11,242					
30-Jun-20 Tue	91	11,186					
30-Sep-20 Wed	92	11,128					
31-Dec-20 Thu	92	11,068					
31-Mar-21 Wed	90	11,011					
30-Jun-21 Wed	91	10,952					
30-Sep-21 Thu	92	10,892					
31-Dec-21 Fri	92	10,830					
31-Mar-22 Thu	90	10,763					
30-Jun-22 Thu	91	10,695					
30-Sep-22 Fri	92	10,629					
30-Dec-22 Fri	91	10,568					
31-Mar-23 Fri	91	10,509					
30-Jun-23 Fri	91	10,454					
29-Sep-23 Fri	91	10,402					
29-Dec-23 Fri	91	10,348					
18-Mar-24 Mon	80						

Swaps2				
ACSA rec		Swap2b		
ACSA pays fixed		3m Jibar + 2.60%	nacq	real nacq
412 259 615,38		4,082%	450 000 000	
Jibar Swap2b Not	Ned Pays ACSA	cpi Swap2b	Est Future cpi Not	ACSA pays Ned
500 000 000,00		453 917 932		
500 000 000,00	11 988 315	453 917 932	463 009 707	4 712 069
500 000 000,00	12 047 211	453 917 932	468 013 889	4 815 337
500 000 000,00	12 090 690	453 917 932	472 277 417	4 859 204
500 000 000,00	12 018 205	453 917 932	477 361 290	4 804 739
490 384 615,38	12 489 563	453 917 932	483 455 041	4 920 142
480 769 230,77	12 579 158	453 917 932	490 006 350	5 041 615
471 153 846,15	12 578 185	453 917 932	496 996 037	5 057 949
461 538 461,54	12 684 539	453 917 932	504 416 743	5 133 470
451 923 076,92	12 688 027	453 917 932	512 224 522	5 212 930
442 307 692,31	12 656 698	453 917 932	520 413 428	5 296 269
432 692 307,69	12 969 152	453 917 932	529 174 074	5 562 968
423 076 923,08	11 826 786	453 917 932	537 463 151	5 229 354
413 461 538,46	12 366 768	453 917 932	546 473 526	5 622 599
403 846 153,85	12 486 862	453 917 932	555 960 370	5 844 560
394 230 769,23	12 018 709	453 917 932	565 471 880	5 818 070
384 615 384,62	11 513 461	453 917 932	574 946 764	5 786 957
375 000 000,00	11 419 685	453 917 932	584 778 265	5 951 312
365 384 615,38	11 318 552	453 917 932	594 945 403	6 121 320
355 769 230,77	11 064 158	453 917 932	605 229 536	6 227 132
519 230 769,23	10 549 503	453 917 932	615 293 366	6 193 054
504 807 692,31	15 614 766	453 917 932	625 477 193	6 365 507
490 384 615,38	15 387 927	453 917 932	635 825 707	6 541 932
475 961 538,46	14 954 329	453 917 932	646 245 207	6 649 137
461 538 461,54	14 333 234	453 917 932	656 641 819	6 682 671
447 115 384,62	13 904 992	453 917 932	667 154 640	6 789 660
432 692 307,69	13 616 347	453 917 932	677 869 458	6 974 515
418 269 230,77	12 995 800	453 917 932	688 496 578	7 006 858
403 846 153,85	12 495 658	453 917 932	699 091 468	7 114 683
389 423 076,92	11 999 630	453 917 932	709 503 932	7 220 651
375 000 000,00	11 523 790	453 917 932	719 866 166	7 326 108
360 576 923,08	11 062 297	453 917 932	730 432 133	7 433 638
346 153 846,15	10 496 908	453 917 932	741 345 396	7 461 794
331 730 769,23	10 300 268	453 917 932	753 132 429	7 748 887
317 307 692,31	9 741 051	453 917 932	765 201 961	7 787 492
302 884 615,38	9 572 154	453 917 932	777 786 529	8 176 518
288 461 538,46	8 471 834	453 917 932	789 378 004	7 768 691
274 038 461,54	8 267 527	453 917 932	801 158 721	8 153 425
259 615 384,62	8 052 738	453 917 932	813 250 303	8 549 333
245 192 307,69	7 420 590	453 917 932	825 090 636	8 489 256
	6 902 693	453 917 932	836 887 019	391 486 121

Swap2c				
ACSA rec	3m Jibar + 2.60%	nacq		
ACSA pays fixed	4,082%	real nacq		
364 526 098,90		400 000 000		
Jibar Swap2c Not	Ned Pays ACSA	cpi Swap2c	Est Future cpi Not	ACSA pays Ned
500 000 000,00		422 712 417		
500 000 000,00	11 988 315	422 712 417	431 179 159	4 388 128
500 000 000,00	12 047 211	422 712 417	435 839 319	4 484 297
500 000 000,00	12 090 690	422 712 417	439 809 741	4 525 148
500 000 000,00	12 018 205	422 712 417	444 544 114	4 474 428
490 384 615,38	12 489 563	422 712 417	450 218 937	4 581 897
480 769 230,77	12 579 158	422 712 417	456 319 862	4 695 019
471 153 846,15	12 578 185	422 712 417	462 829 030	4 710 230
461 538 461,54	12 684 539	422 712 417	469 739 584	4 780 559
451 923 076,92	12 688 027	422 712 417	477 010 601	4 854 556
442 307 692,31	12 656 698	422 712 417	484 636 544	4 932 166
432 692 307,69	12 969 152	422 712 417	492 794 921	5 180 530
423 076 923,08	11 826 786	422 712 417	500 514 149	4 869 852
413 461 538,46	12 366 768	422 712 417	508 905 087	5 236 062
403 846 153,85	12 486 862	422 712 417	517 739 739	5 442 764
394 230 769,23	12 018 709	422 712 417	526 597 361	5 418 095
384 615 384,62	11 513 461	422 712 417	535 420 874	5 389 121
375 000 000,00	11 419 685	422 712 417	544 576 488	5 542 177
365 384 615,38	11 318 552	422 712 417	554 044 667	5 700 497
355 769 230,77	11 064 158	422 712 417	563 621 795	5 799 035
519 230 769,23	10 549 503	422 712 417	572 993 767	5 767 300
504 807 692,31	15 614 766	422 712 417	582 477 486	5 927 897
490 384 615,38	15 387 927	422 712 417	592 114 570	6 092 194
475 961 538,46	14 954 329	422 712 417	601 817 760	6 192 029
461 538 461,54	14 333 234	422 712 417	611 499 636	6 223 257
447 115 384,62	13 904 992	422 712 417	621 289 732	6 322 891
432 692 307,69	13 616 347	422 712 417	631 267 937	6 495 038
418 269 230,77	12 995 800	422 712 417	641 164 475	6 525 157
403 846 153,85	12 495 658	422 712 417	651 030 997	6 625 569
389 423 076,92	11 999 630	422 712 417	660 727 635	6 724 252
375 000 000,00	11 523 790	422 712 417	670 377 496	6 822 459
360 576 923,08	11 062 297	422 712 417	680 217 084	6 922 597
346 153 846,15	10 496 908	422 712 417	690 380 093	6 948 817
331 730 769,23	10 300 268	422 712 417	701 356 802	7 216 174
317 307 692,31	9 741 051	422 712 417	712 596 589	7 252 125
302 884 615,38	9 572 154	422 712 417	724 316 005	7 614 407
288 461 538,46	8 471 834	422 712 417	735 110 601	7 234 616
274 038 461,54	8 267 527	422 712 417	746 081 428	7 592 901
259 615 384,62	8 052 738	422 712 417	757 341 750	7 961 591
245 192 307,69	7 420 590	422 712 417	768 368 095	7 905 645
461 538 461,54	6 902 693	422 712 417	779 353 512	7 931 513
432 692 307,69	12 935 655	422 712 417	790 373 707	8 043 666
403 846 153,85	12 199 367	422 712 417	801 517 552	8 246 715
375 000 000,00	11 327 139	422 712 417	812 685 219	8 361 618
346 153 846,15	10 234 017	422 712 417	823 644 756	8 290 154
317 307 692,31	9 502 471	422 712 417	834 785 873	8 495 650
288 461 538,46	8 759 532	422 712 417	846 124 536	8 705 671
259 615 384,62	7 919 295	422 712 417	857 561 645	8 823 346
230 769 230,77	6 932 478	422 712 417	868 870 900	8 745 364
201 923 076,92	6 192 411	422 712 417	880 423 276	8 960 104
173 076 923,08	5 443 446	422 712 417	892 210 048	9 179 839
144 230 769,23	4 586 573	422 712 417	903 965 529	9 199 694
115 384 615,38	3 799 993	422 712 417	915 808 817	9 320 224
86 538 461,54	3 023 195	422 712 417	927 726 314	9 441 509
57 692 307,69	2 255 508	422 712 417	939 705 172	9 563 418
28 846 153,85	1 496 221	422 712 417	951 739 161	9 685 889
	654 221	422 712 417	962 348 901	548 246 475



Airports Company of South Africa

March 2010

Re: DBSA Loan Restructuring through a Swap agreement with an Intermediary Bank

Introduction

Airports Company of South Africa (ACSA) has entered into a ZAR 1.5bn loan with the Development Bank of South Africa (DBSA) for 14 years. This is an amortising loan repaid at the Johannesburg Interbank Agreement Rate (Jibar) + 260 basis points. The repayments are made up of a capital amount which is fixed and will only be paid from the 30 June 2011 plus the interest amount. The Amortizing and Repayment structures are represented graphically in figure 1 and figure 2 respectively below.

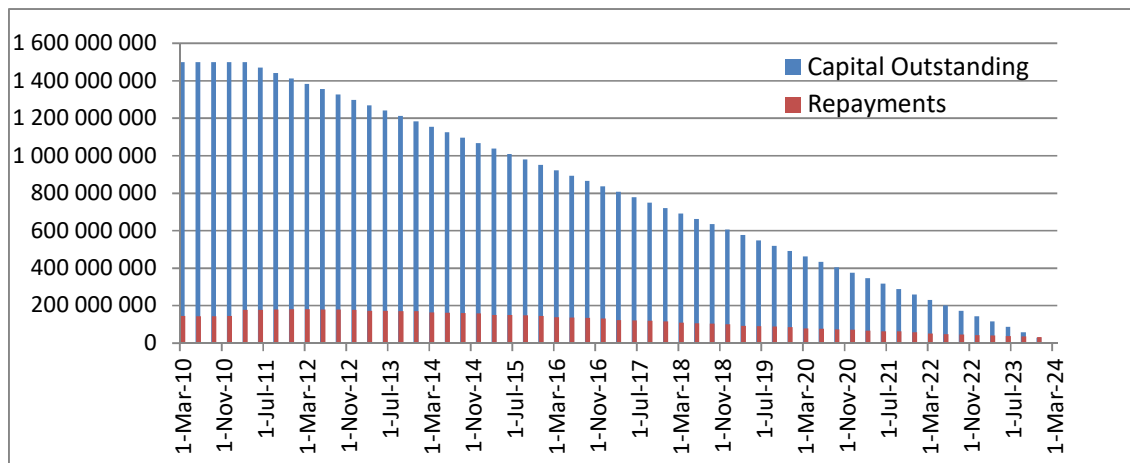


Figure 1: DBSA Loan, Amortizing Structure

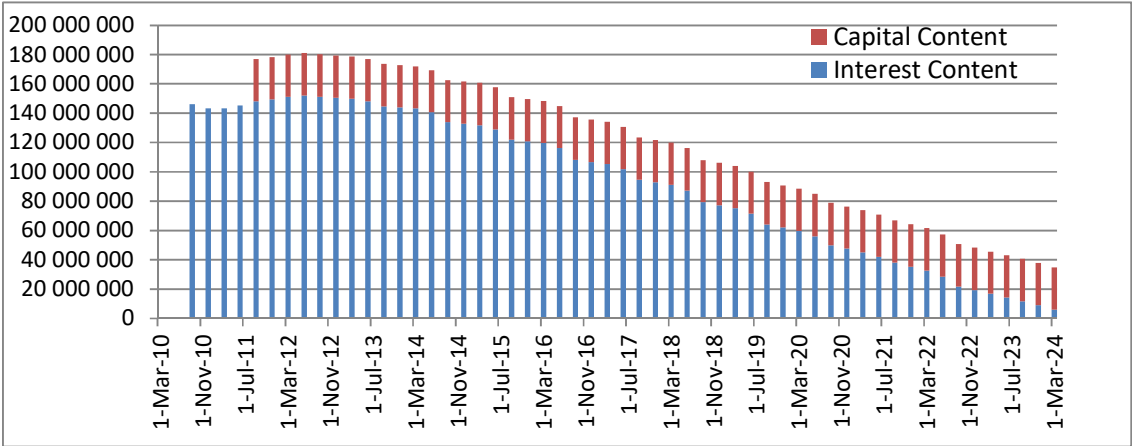


Figure 2: DBSA Loan, Repayment Structure

I feel that ACSA can get better value by changing the profile of the Loan, proposing that ACSA enters into a Swap agreement with an Intermediary Bank. A swap is an agreement between two entities to exchange cash flows in the future. The agreement defines the dates when the cash flows are to be paid and the way in which they are to be calculated. The proposed swap agreement will change the cash flows associated with the loan by reducing the quarterly repayments from ACSA to DBSA with the payments at the end of the swaps being the only big payments that ACSA is going to make. This is illustrated in the graph below:

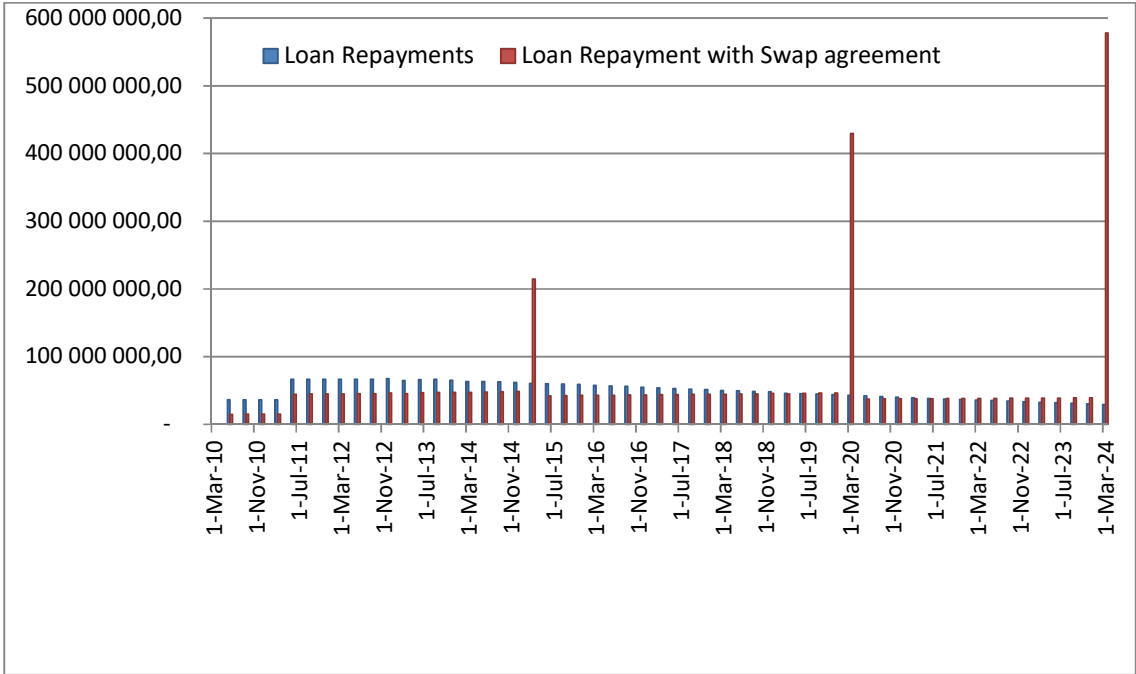
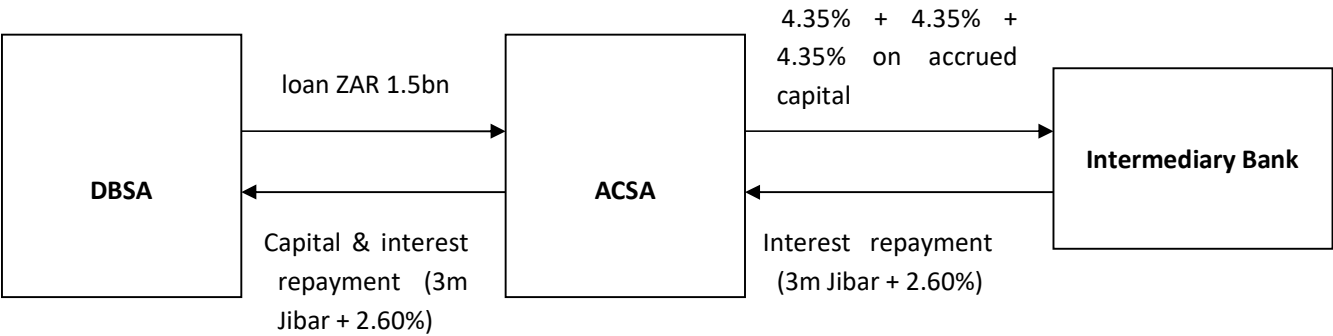


Figure 3: Loan Repayments

Proposal

It is proposed herein that ACSA enters into a transaction involving a series of 3 Swaps with an Intermediary Bank. The Bank will assume the interest portion of the amortizing profile of the loan for a series of CPI linked payments separated into 3 Swaps that run concurrently. The new structure of the loan as proposed is represented in a diagram below.



The Swap agreement between ACSA and the Bank will be structured into 3 swaps with nominal values ZAR 466.6 million, ZAR 450 million and ZAR 400 million having maturities (31 Mar 2015, 31 Mar 2020 and 18 Mar 2024) with the same real rate of 4.35% for all the swaps. ACSA will be paying the Bank the fixed real rate multiplied to the nominal value of the swap accrued by CPI and, the outstanding CPI accrued capital at the maturity of the swap while the Bank will be paying ACSA 3month Jibar + 2.60% (which covers the interest portion of the DBSA loan). As with the amortizing Loan with DBSA, these swap payments take place quarterly. The graph below shows the Cash flows as discussed above:

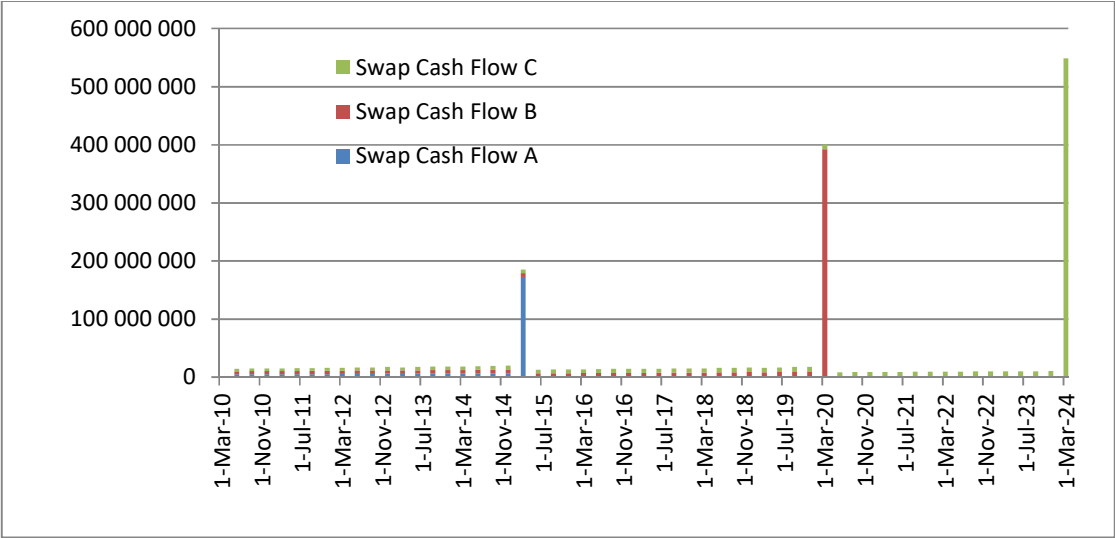


Figure 4: Swaps Cash Flows from ACSA to the Bank

The small payments which are almost indistinguishable are the real rate payments on the outstanding CPI accruing capital and the large payments are the final payments of the accrued capital minus the initial nominal amounts. The long term CPI is assumed to be at about 6%

Benefits

The first notable benefit is that duration (the time weighted cash flow) has been extended. This means that on average the time it would take to pay the amortizing cash flows on the loan has been extended to the average time it would take to pay the real rate Swap, since the durations of the combined swaps is larger than the duration of the amortizing profile. Using the JIBAR curve on the 17 March 2010 we found the duration of the amortizing profile to be 5.26 years and the duration of the combined swaps to be 7.29 years, meaning that the concentration of the cash flows has been extended from 5 years to 7 years.

Secondly and perhaps more importantly the imbedded fixed rate of the Jibar + 260 basis points that ACSA is paying to DBSA as the interest portion has been reduced by entering into the swaps transaction with the Bank as proposed. The imbedded fixed rate is the traded market fixed rate for swapping Jibar + 260 basis points that ACSA is paying on the amortizing loan. This reduction has been calculated to be 75 basis points on a ZAR 1.5bn loan. This means that the money that ACSA will be getting from the Bank is cheaper than the imbedded market fixed rate.

Conclusion

It is recommended that ACSA should consider the above proposal as the proposed swaps will reduce the burden on ACSA's cash flows by 2.03 years. The tenor of the loan repayments will then be extended to match ACSA's general asset profile. The deal is also competitive in the market as the transaction between ACSA and the Bank will yield a beneficial outcome. ACSA will be saving 100 basis points on the amortizing loan with DBSA.

Ntokozo Zama

From: Thabo Letlaka
Sent: Friday, 19 March 2010 18:35
To: Phetolo Ramosebudi
Subject: The ACSA Swap on the DBSA Loan
Attachments: Swap_JIBAR Calculation DBSA Loan.xls; Airports Company of South Africa.docx

Hi Sir

Please find attached the DBSA CPI-JIBAR Swap spreadsheet that contains the detail/breakdown of the Swap. Also find a draft proposal write up for your review and mark-up.

Regards
Thabo



Thabo Letlaka
Risk Associate

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Regiments Fund Managers Reg No 2005/014462/07



DBSA Deal	
Date	17-Mar-10
Nominal Amount	1 500 000 000
Fixed Rate	10.993651% Based on Mid Rates
Market Rate on Offer	11.293651%
Spread	260.00
SwapPV	- 0.00

Count	Fixed Cashflow		Cashflow		Overall Cashflow		Capital Amounts	
	Date	Cashflow	NPV	- 911 313 502	NPV	- 0	Balance	Equal Pricip Amounts
	30-Jun-09						30-Jun-09	1 500 000 000
0	30-Sep-09		30-Sep-09		30-Sep-09		30-Sep-09	1 500 000 000
1	31-Dec-09		31-Dec-09		31-Dec-09		31-Dec-09	1 500 000 000
2	31-Mar-10	40 661 449	31-Mar-10 -	36 353 836	31-Mar-10	4 307 613	31-Mar-10	1 500 000 000
3	30-Jun-10	41 113 243	30-Jun-10 -	36 427 218	30-Jun-10	4 686 025	30-Jun-10	1 500 000 000
4	30-Sep-10	41 565 036	30-Sep-10 -	36 236 768	30-Sep-10	5 328 268	30-Sep-10	1 500 000 000
5	31-Dec-10	41 565 036	31-Dec-10 -	36 397 610	31-Dec-10	5 167 426	31-Dec-10	1 500 000 000
6	31-Mar-11	40 661 449	31-Mar-11 -	36 045 385	31-Mar-11	4 616 064	31-Mar-11	1 500 000 000
7	30-Jun-11	41 113 243	30-Jun-11 -	37 114 877	30-Jun-11	3 998 365	30-Jun-11	1 471 153 846
8	30-Sep-11	40 765 709	30-Sep-11 -	37 744 803	30-Sep-11	3 020 906	30-Sep-11	1 442 307 692
9	30-Dec-11	39 531 964	30-Dec-11 -	37 777 079	30-Dec-11	1 754 885	30-Dec-11	1 413 461 538
10	30-Mar-12	38 741 325	30-Mar-12 -	38 034 095	30-Mar-12	707 229	30-Mar-12	1 384 615 385
11	29-Jun-12	37 950 685	29-Jun-12 -	37 919 294	29-Jun-12	31 392	29-Jun-12	1 355 769 231
12	28-Sep-12	37 160 046	28-Sep-12 -	37 734 396	28-Sep-12 -	574 349	28-Sep-12	1 326 923 077
13	31-Dec-12	37 568 398	31-Dec-12 -	38 809 009	31-Dec-12 -	1 240 610	31-Dec-12	1 298 076 923
14	28-Mar-13	34 014 866	28-Mar-13 -	35 598 068	28-Mar-13 -	1 583 202	28-Mar-13	1 269 230 769
15	28-Jun-13	35 170 415	28-Jun-13 -	36 502 826	28-Jun-13 -	1 332 410	28-Jun-13	1 240 384 615
16	30-Sep-13	35 118 285	30-Sep-13 -	37 102 090	30-Sep-13 -	1 983 805	30-Sep-13	1 211 538 462
17	31-Dec-13	33 571 760	31-Dec-13 -	36 108 246	31-Dec-13 -	2 536 486	31-Dec-13	1 182 692 308
18	31-Mar-14	32 059 988	31-Mar-14 -	34 825 024	31-Mar-14 -	2 765 036	31-Mar-14	1 153 846 154
19	30-Jun-14	31 625 571	30-Jun-14 -	33 441 864	30-Jun-14 -	1 816 293	30-Jun-14	1 125 000 000
20	30-Sep-14	31 173 777	30-Sep-14 -	33 559 830	30-Sep-14 -	2 386 053	30-Sep-14	1 096 153 846
21	31-Dec-14	30 374 450	31-Dec-14 -	33 307 421	31-Dec-14 -	2 832 971	31-Dec-14	1 067 307 692
22	31-Mar-15	28 932 185	31-Mar-15 -	31 994 417	31-Mar-15 -	3 062 232	31-Mar-15	1 038 461 538
23	30-Jun-15	28 463 014	30-Jun-15 -	30 301 063	30-Jun-15 -	1 836 049	30-Jun-15	1 009 615 385
24	30-Sep-15	27 976 467	30-Sep-15 -	30 327 163	30-Sep-15 -	2 350 696	30-Sep-15	980 769 231
25	31-Dec-15	27 177 139	31-Dec-15 -	30 014 616	31-Dec-15 -	2 837 477	31-Dec-15	951 923 077
26	31-Mar-16	26 091 096	31-Mar-16 -	29 024 928	31-Mar-16 -	2 933 832	31-Mar-16	923 076 923
27	30-Jun-16	25 300 457	30-Jun-16 -	26 824 628	30-Jun-16 -	1 524 171	30-Jun-16	894 230 769
28	30-Sep-16	24 779 156	30-Sep-16 -	26 748 721	30-Sep-16 -	1 969 565	30-Sep-16	865 384 615
29	30-Dec-16	23 719 178	30-Dec-16 -	26 077 405	30-Dec-16 -	2 358 226	30-Dec-16	836 538 462
30	31-Mar-17	22 928 539	31-Mar-17 -	25 357 105	31-Mar-17 -	2 428 566	31-Mar-17	807 692 308
31	30-Jun-17	22 137 900	30-Jun-17 -	23 159 036	30-Jun-17 -	1 021 136	30-Jun-17	778 846 154
32	29-Sep-17	21 347 261	29-Sep-17 -	22 724 163	29-Sep-17 -	1 376 903	29-Sep-17	750 000 000
33	29-Dec-17	20 556 621	29-Dec-17 -	22 277 778	29-Dec-17 -	1 721 157	29-Dec-17	721 153 846
34	29-Mar-18	19 548 773	29-Mar-18 -	21 393 531	29-Mar-18 -	1 844 757	29-Mar-18	692 307 692
35	29-Jun-18	19 183 863	29-Jun-18 -	19 938 489	29-Jun-18 -	754 626	29-Jun-18	663 461 538
36	28-Sep-18	18 184 703	28-Sep-18 -	19 228 510	28-Sep-18 -	1 043 807	28-Sep-18	634 615 385
37	31-Dec-18	17 967 495	31-Dec-18 -	19 349 794	31-Dec-18 -	1 382 299	31-Dec-18	605 769 231
38	29-Mar-19	16 056 059	29-Mar-19 -	17 390 332	29-Mar-19 -	1 334 273	29-Mar-19	576 923 077
39	28-Jun-19	15 812 786	28-Jun-19 -	15 976 204	28-Jun-19 -	163 419	28-Jun-19	548 076 923
40	30-Sep-19	15 517 382	30-Sep-19 -	15 946 723	30-Sep-19 -	429 341	30-Sep-19	519 230 769
41	31-Dec-19	14 387 897	31-Dec-19 -	15 041 139	31-Dec-19 -	653 242	31-Dec-19	490 384 615
42	31-Mar-20	13 440 868	31-Mar-20 -	14 096 095	31-Mar-20 -	655 227	31-Mar-20	461 538 462
43	30-Jun-20	12 650 228	30-Jun-20 -	12 436 188	30-Jun-20	214 040	30-Jun-20	432 692 308
44	30-Sep-20	11 989 914	30-Sep-20 -	11 976 143	30-Sep-20	13 771	30-Sep-20	403 846 154
45	31-Dec-20	11 190 587	31-Dec-20 -	11 361 842	31-Dec-20 -	171 255	31-Dec-20	375 000 000
46	31-Mar-21	10 165 362	31-Mar-21 -	10 383 920	31-Mar-21 -	218 557	31-Mar-21	346 153 846
47	30-Jun-21	9 487 671	30-Jun-21 -	9 298 145	30-Jun-21	189 526	30-Jun-21	317 307 692
48	30-Sep-21	8 792 604	30-Sep-21 -	8 754 489	30-Sep-21	38 115	30-Sep-21	288 461 538
49	31-Dec-21	7 993 276	31-Dec-21 -	8 089 023	31-Dec-21 -	95 747	31-Dec-21	259 615 385
50	31-Mar-22	7 037 558	31-Mar-22 -	7 036 899	31-Mar-22	659	31-Mar-22	230 769 231
51	30-Jun-22	6 325 114	30-Jun-22 -	5 424 755	30-Jun-22	900 359	30-Jun-22	201 923 077
52	30-Sep-22	5 595 293	30-Sep-22 -	4 859 691	30-Sep-22	735 603	30-Sep-22	173 076 923
53	30-Dec-22	4 743 836	30-Dec-22 -	4 173 028	30-Dec-22	570 808	30-Dec-22	144 230 769
54	31-Mar-23	3 953 196	31-Mar-23 -	3 509 475	31-Mar-23	443 721	31-Mar-23	115 384 615
55	30-Jun-23	3 162 557	30-Jun-23 -	2 783 767	30-Jun-23	378 790	30-Jun-23	86 538 462
56	29-Sep-23	2 371 918	29-Sep-23 -	2 115 249	29-Sep-23	256 669	29-Sep-23	57 692 308
57	29-Dec-23	1 581 279	29-Dec-23 -	1 429 117	29-Dec-23	152 161	29-Dec-23	28 846 154
58	29-Mar-24	790 639	29-Mar-24 -	725 072	29-Mar-24	65 567	29-Mar-24	0

Forward Curve

Date	Days	Implied fwd
31-Mar-10 Wed		
30-Jun-10 Wed	91	9,617
30-Sep-10 Thu	92	9,559
31-Dec-10 Fri	92	9,594
31-Mar-11 Thu	90	9,748
30-Jun-11 Thu	91	10,019
30-Sep-11 Fri	92	10,177
30-Dec-11 Fri	91	10,494
30-Mar-12 Fri	91	10,799
29-Jun-12 Fri	91	11,027
28-Sep-12 Fri	91	11,233
31-Dec-12 Mon	94	11,386
28-Mar-13 Thu	87	11,467
28-Jun-13 Fri	92	11,597
30-Sep-13 Mon	94	11,727
31-Dec-13 Tue	92	11,807
31-Mar-14 Mon	90	11,844
30-Jun-14 Mon	91	11,909
30-Sep-14 Tue	92	11,975
31-Dec-14 Wed	92	12,014
31-Mar-15 Tue	90	12,026
30-Jun-15 Tue	91	12,062
30-Sep-15 Wed	92	12,094
31-Dec-15 Thu	92	12,099
31-Mar-16 Thu	91	12,079
30-Jun-16 Thu	91	12,084
30-Sep-16 Fri	92	12,082
30-Dec-16 Fri	91	12,047
31-Mar-17 Fri	91	11,983
30-Jun-17 Fri	91	11,918
29-Sep-17 Fri	91	11,869
29-Dec-17 Fri	91	11,832
29-Mar-18 Thu	90	11,806
29-Jun-18 Fri	92	11,806
28-Sep-18 Fri	91	11,778
31-Dec-18 Mon	94	11,714
29-Mar-19 Fri	88	11,601
28-Jun-19 Fri	91	11,496
30-Sep-19 Mon	94	11,410
31-Dec-19 Tue	92	11,340
31-Mar-20 Tue	91	11,292
30-Jun-20 Tue	91	11,242
30-Sep-20 Wed	92	11,186
31-Dec-20 Thu	92	11,128
31-Mar-21 Wed	90	11,068
30-Jun-21 Wed	91	11,011
30-Sep-21 Thu	92	10,952
31-Dec-21 Fri	92	10,892
31-Mar-22 Thu	90	10,830
30-Jun-22 Thu	91	10,763
30-Sep-22 Fri	92	10,695
30-Dec-22 Fri	91	10,629
31-Mar-23 Fri	91	10,568
30-Jun-23 Fri	91	10,509
29-Sep-23 Fri	91	10,454
29-Dec-23 Fri	91	10,402
18-Mar-24 Mon	80	10,348

Swap A						
ACSA rec		3m Jibar + 2.60%		nacq		
ACSA pays fixed		4,3500%		real nacq		
Date	Ned Pays ACSA	cpi Swap2a	Est Future cpi Not	Date	ACSA pays Ned	
500 000 000,00	31-Mar-10 Wed		466 611 714	31-Mar-10 Wed		
500 000 000,00	30-Jun-10 Wed	11 988 315	466 611 714	30-Jun-10 Wed	5 161 859	
500 000 000,00	30-Sep-10 Thu	12 047 211	466 611 714	30-Sep-10 Thu	5 274 985	
500 000 000,00	31-Dec-10 Fri	12 090 690	466 611 714	31-Dec-10 Fri	5 323 040	
500 000 000,00	31-Mar-11 Thu	12 018 205	466 611 714	31-Mar-11 Thu	5 263 376	
490 384 615,38	30-Jun-11 Thu	12 489 563	466 611 714	30-Jun-11 Thu	5 389 794	
480 769 230,77	30-Sep-11 Fri	12 579 158	466 611 714	30-Sep-11 Fri	5 522 862	
471 153 846,15	30-Dec-11 Fri	12 578 185	466 611 714	30-Dec-11 Fri	5 540 756	
461 538 461,54	30-Mar-12 Fri	12 684 539	466 611 714	30-Mar-12 Fri	5 623 485	
451 923 076,92	29-Jun-12 Fri	12 688 027	466 611 714	29-Jun-12 Fri	5 710 530	
442 307 692,31	28-Sep-12 Fri	12 656 698	466 611 714	28-Sep-12 Fri	5 801 824	
432 692 307,69	31-Dec-12 Mon	12 969 152	466 611 714	31-Dec-12 Mon	6 093 981	
423 076 923,08	28-Mar-13 Thu	11 826 786	466 611 714	28-Mar-13 Thu	5 728 523	
413 461 538,46	28-Jun-13 Fri	12 366 768	466 611 714	28-Jun-13 Fri	6 159 304	
403 846 153,85	30-Sep-13 Mon	12 486 862	466 611 714	30-Sep-13 Mon	6 402 453	
394 230 769,23	31-Dec-13 Tue	12 018 709	466 611 714	31-Dec-13 Tue	6 373 435	
384 615 384,62	31-Mar-14 Mon	11 513 461	466 611 714	31-Mar-14 Mon	6 339 352	
375 000 000,00	30-Jun-14 Mon	11 419 685	466 611 714	30-Jun-14 Mon	6 519 395	
365 384 615,38	30-Sep-14 Tue	11 318 552	466 611 714	30-Sep-14 Tue	6 705 631	
355 769 230,77	31-Dec-14 Wed	11 064 158	466 611 714	31-Dec-14 Wed	6 821 543	
-	31-Mar-15 Tue	10 549 503	466 611 714	31-Mar-15 Tue	172 672 498	

Swaps			Swap B			
ACSA rec	3m Jibar + 2.60%	nacq				
ACSA pays fixed	4,3500%	real nacq				
	Date	Ned Pays ACSA	cpi Swap2b	Est Future cpi Not	Date	ACSA pays Ned
500 000 000,00	31-Mar-10 Wed		453 917 932	453 917 932	31-Mar-10 Wed	
500 000 000,00	30-Jun-10 Wed	11 988 315	453 917 932	463 009 707	30-Jun-10 Wed	5 021 435
500 000 000,00	30-Sep-10 Thu	12 047 211	453 917 932	468 013 889	30-Sep-10 Thu	5 131 484
500 000 000,00	31-Dec-10 Fri	12 090 690	453 917 932	472 277 417	31-Dec-10 Fri	5 178 231
500 000 000,00	31-Mar-11 Thu	12 018 205	453 917 932	477 361 290	31-Mar-11 Thu	5 120 190
490 384 615,38	30-Jun-11 Thu	12 489 563	453 917 932	483 455 041	30-Jun-11 Thu	5 243 169
480 769 230,77	30-Sep-11 Fri	12 579 158	453 917 932	490 006 350	30-Sep-11 Fri	5 372 618
471 153 846,15	30-Dec-11 Fri	12 578 185	453 917 932	496 996 037	30-Dec-11 Fri	5 390 024
461 538 461,54	30-Mar-12 Fri	12 684 539	453 917 932	504 416 743	30-Mar-12 Fri	5 470 503
451 923 076,92	29-Jun-12 Fri	12 688 027	453 917 932	512 224 522	29-Jun-12 Fri	5 555 180
442 307 692,31	28-Sep-12 Fri	12 656 698	453 917 932	520 413 428	28-Sep-12 Fri	5 643 991
432 692 307,69	31-Dec-12 Mon	12 969 152	453 917 932	529 174 074	31-Dec-12 Mon	5 928 199
423 076 923,08	28-Mar-13 Thu	11 826 786	453 917 932	537 463 151	28-Mar-13 Thu	5 572 683
413 461 538,46	28-Jun-13 Fri	12 366 768	453 917 932	546 473 526	28-Jun-13 Fri	5 991 745
403 846 153,85	30-Sep-13 Mon	12 486 862	453 917 932	555 960 370	30-Sep-13 Mon	6 228 279
394 230 769,23	31-Dec-13 Tue	12 018 709	453 917 932	565 471 880	31-Dec-13 Tue	6 200 051
384 615 384,62	31-Mar-14 Mon	11 513 461	453 917 932	574 946 764	31-Mar-14 Mon	6 166 895
375 000 000,00	30-Jun-14 Mon	11 419 685	453 917 932	584 778 265	30-Jun-14 Mon	6 342 040
365 384 615,38	30-Sep-14 Tue	11 318 552	453 917 932	594 945 403	30-Sep-14 Tue	6 523 210
355 769 230,77	31-Dec-14 Wed	11 064 158	453 917 932	605 229 536	31-Dec-14 Wed	6 635 969
519 230 769,23	31-Mar-15 Tue	10 549 503	453 917 932	615 293 366	31-Mar-15 Tue	6 599 654
504 807 692,31	30-Jun-15 Tue	15 614 766	453 917 932	625 477 193	30-Jun-15 Tue	6 783 429
490 384 615,38	30-Sep-15 Wed	15 387 927	453 917 932	635 825 707	30-Sep-15 Wed	6 971 437
475 961 538,46	31-Dec-15 Thu	14 954 329	453 917 932	646 245 207	31-Dec-15 Thu	7 085 680
461 538 461,54	31-Mar-16 Thu	14 333 234	453 917 932	656 641 819	31-Mar-16 Thu	7 121 415
447 115 384,62	30-Jun-16 Thu	13 904 992	453 917 932	667 154 640	30-Jun-16 Thu	7 235 429
432 692 307,69	30-Sep-16 Fri	13 616 347	453 917 932	677 869 458	30-Sep-16 Fri	7 432 421
418 269 230,77	30-Dec-16 Fri	12 995 800	453 917 932	688 496 578	30-Dec-16 Fri	7 466 887
403 846 153,85	31-Mar-17 Fri	12 495 658	453 917 932	699 091 468	31-Mar-17 Fri	7 581 791
389 423 076,92	30-Jun-17 Fri	11 999 630	453 917 932	709 503 932	30-Jun-17 Fri	7 694 716
375 000 000,00	29-Sep-17 Fri	11 523 790	453 917 932	719 866 166	29-Sep-17 Fri	7 807 096
360 576 923,08	29-Dec-17 Fri	11 062 297	453 917 932	730 432 133	29-Dec-17 Fri	7 921 687
346 153 846,15	29-Mar-18 Thu	10 496 908	453 917 932	741 345 396	29-Mar-18 Thu	7 951 691
331 730 769,23	29-Jun-18 Fri	10 300 268	453 917 932	753 132 429	29-Jun-18 Fri	8 257 633
317 307 692,31	28-Sep-18 Fri	9 741 051	453 917 932	765 201 961	28-Sep-18 Fri	8 298 772
302 884 615,38	31-Dec-18 Mon	9 572 154	453 917 932	777 786 529	31-Dec-18 Mon	8 713 340
288 461 538,46	29-Mar-19 Fri	8 471 834	453 917 932	789 378 004	29-Mar-19 Fri	8 278 737
274 038 461,54	28-Jun-19 Fri	8 267 527	453 917 932	801 158 721	28-Jun-19 Fri	8 688 731
259 615 384,62	30-Sep-19 Mon	8 052 738	453 917 932	813 250 303	30-Sep-19 Mon	9 110 631
245 192 307,69	31-Dec-19 Tue	7 420 590	453 917 932	825 090 636	31-Dec-19 Tue	9 046 610
-	31-Mar-20 Tue	6 902 693	453 917 932	836 887 019	31-Mar-20 Tue	392 045 299

ACSA rec		3m Jibar + 2.60%		Swap C	
ACSA pays fixed		4,3500%		nacq real nacq	
Date	Ned Pays ACSA	cpi Swap2c	Est Future cpi Not	Date	ACSA pays Ned
500 000 000,00	31-Mar-10 Wed		422 712 417	31-Mar-10 Wed	
500 000 000,00	30-Jun-10 Wed	11 988 315	422 712 417	30-Jun-10 Wed	4 676 227
500 000 000,00	30-Sep-10 Thu	12 047 211	422 712 417	30-Sep-10 Thu	4 778 709
500 000 000,00	31-Dec-10 Fri	12 090 690	422 712 417	31-Dec-10 Fri	4 822 243
500 000 000,00	31-Mar-11 Thu	12 018 205	422 712 417	31-Mar-11 Thu	4 768 192
490 384 615,38	30-Jun-11 Thu	12 489 563	422 712 417	30-Jun-11 Thu	4 882 717
480 769 230,77	30-Sep-11 Fri	12 579 158	422 712 417	30-Sep-11 Fri	5 003 266
471 153 846,15	30-Dec-11 Fri	12 578 185	422 712 417	30-Dec-11 Fri	5 019 476
461 538 461,54	30-Mar-12 Fri	12 684 539	422 712 417	30-Mar-12 Fri	5 094 422
451 923 076,92	29-Jun-12 Fri	12 688 027	422 712 417	29-Jun-12 Fri	5 173 278
442 307 692,31	28-Sep-12 Fri	12 656 698	422 712 417	28-Sep-12 Fri	5 255 983
432 692 307,69	31-Dec-12 Mon	12 969 152	422 712 417	31-Dec-12 Mon	5 520 653
423 076 923,08	28-Mar-13 Thu	11 826 786	422 712 417	28-Mar-13 Thu	5 189 578
413 461 538,46	28-Jun-13 Fri	12 366 768	422 712 417	28-Jun-13 Fri	5 579 831
403 846 153,85	30-Sep-13 Mon	12 486 862	422 712 417	30-Sep-13 Mon	5 800 104
394 230 769,23	31-Dec-13 Tue	12 018 709	422 712 417	31-Dec-13 Tue	5 773 815
384 615 384,62	31-Mar-14 Mon	11 513 461	422 712 417	31-Mar-14 Mon	5 742 939
375 000 000,00	30-Jun-14 Mon	11 419 685	422 712 417	30-Jun-14 Mon	5 906 044
365 384 615,38	30-Sep-14 Tue	11 318 552	422 712 417	30-Sep-14 Tue	6 074 758
355 769 230,77	31-Dec-14 Wed	11 064 158	422 712 417	31-Dec-14 Wed	6 179 766
519 230 769,23	31-Mar-15 Tue	10 549 503	422 712 417	31-Mar-15 Tue	6 145 947
504 807 692,31	30-Jun-15 Tue	15 614 766	422 712 417	30-Jun-15 Tue	6 317 088
490 384 615,38	30-Sep-15 Wed	15 387 927	422 712 417	30-Sep-15 Wed	6 492 171
475 961 538,46	31-Dec-15 Thu	14 954 329	422 712 417	31-Dec-15 Thu	6 598 561
461 538 461,54	31-Mar-16 Thu	14 333 234	422 712 417	31-Mar-16 Thu	6 631 839
447 115 384,62	30-Jun-16 Thu	13 904 992	422 712 417	30-Jun-16 Thu	6 738 015
432 692 307,69	30-Sep-16 Fri	13 616 347	422 712 417	30-Sep-16 Fri	6 921 464
418 269 230,77	30-Dec-16 Fri	12 995 800	422 712 417	30-Dec-16 Fri	6 953 560
403 846 153,85	31-Mar-17 Fri	12 495 658	422 712 417	31-Mar-17 Fri	7 060 565
389 423 076,92	30-Jun-17 Fri	11 999 630	422 712 417	30-Jun-17 Fri	7 165 727
375 000 000,00	29-Sep-17 Fri	11 523 790	422 712 417	29-Sep-17 Fri	7 270 382
360 576 923,08	29-Dec-17 Fri	11 062 297	422 712 417	29-Dec-17 Fri	7 377 094
346 153 846,15	29-Mar-18 Thu	10 496 908	422 712 417	29-Mar-18 Thu	7 405 036
331 730 769,23	29-Jun-18 Fri	10 300 268	422 712 417	29-Jun-18 Fri	7 689 945
317 307 692,31	28-Sep-18 Fri	9 741 051	422 712 417	28-Sep-18 Fri	7 728 256
302 884 615,38	31-Dec-18 Mon	9 572 154	422 712 417	31-Dec-18 Mon	8 114 324
288 461 538,46	29-Mar-19 Fri	8 471 834	422 712 417	29-Mar-19 Fri	7 709 598
274 038 461,54	28-Jun-19 Fri	8 267 527	422 712 417	28-Jun-19 Fri	8 091 406
259 615 384,62	30-Sep-19 Mon	8 052 738	422 712 417	30-Sep-19 Mon	8 484 303
245 192 307,69	31-Dec-19 Tue	7 420 590	422 712 417	31-Dec-19 Tue	8 424 683
461 538 461,54	31-Mar-20 Tue	6 902 693	422 712 417	31-Mar-20 Tue	8 452 249
432 692 307,69	30-Jun-20 Tue	12 935 655	422 712 417	30-Jun-20 Tue	8 571 765
403 846 153,85	30-Sep-20 Wed	12 199 367	422 712 417	30-Sep-20 Wed	8 788 146
375 000 000,00	31-Dec-20 Thu	11 327 139	422 712 417	31-Dec-20 Thu	8 910 592
346 153 846,15	31-Mar-21 Wed	10 234 017	422 712 417	31-Mar-21 Wed	8 834 436
317 307 692,31	30-Jun-21 Wed	9 502 471	422 712 417	30-Jun-21 Wed	9 053 424
288 461 538,46	30-Sep-21 Thu	8 759 532	422 712 417	30-Sep-21 Thu	9 277 234
259 615 384,62	31-Dec-21 Fri	7 919 295	422 712 417	31-Dec-21 Fri	9 402 635
230 769 230,77	31-Mar-22 Thu	6 932 478	422 712 417	31-Mar-22 Thu	9 319 533
201 923 076,92	30-Jun-22 Thu	6 192 411	422 712 417	30-Jun-22 Thu	9 548 371
173 076 923,08	30-Sep-22 Fri	5 443 446	422 712 417	30-Sep-22 Fri	9 782 533
144 230 769,23	30-Dec-22 Fri	4 586 573	422 712 417	30-Dec-22 Fri	9 803 692
115 384 615,38	31-Mar-23 Fri	3 799 993	422 712 417	31-Mar-23 Fri	9 932 135
86 538 461,54	30-Jun-23 Fri	3 023 195	422 712 417	30-Jun-23 Fri	10 061 383
57 692 307,69	29-Sep-23 Fri	2 255 508	422 712 417	29-Sep-23 Fri	10 191 296
28 846 153,85	29-Dec-23 Fri	1 496 221	422 712 417	29-Dec-23 Fri	10 321 807
0,00	18-Mar-24 Mon	654 221	422 712 417	18-Mar-24 Mon	548 811 756

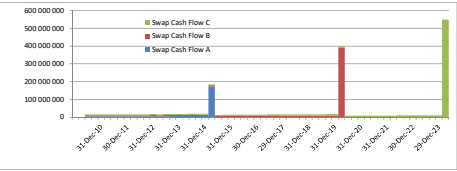
Index	Day Number	Date	Forward Rates	Repayment	Interest Content	Capital Content	Capital Outstanding
1		31-Mar-10 Wed					1 500 000 000,00
2	91	30-Jun-10 Wed	9,6170%	36 427 217,78	35 964 945,21	-	1 500 000 000,00
3	92	30-Sep-10 Thu	9,5592%	36 236 768,12	36 141 632,88	-	1 500 000 000,00
4	92	31-Dec-10 Fri	9,5937%	36 397 610,19	36 272 071,23	-	1 500 000 000,00
5	90	31-Mar-11 Thu	9,7481%	36 045 384,61	36 054 616,44	-	1 500 000 000,00
6	91	30-Jun-11 Thu	10,0191%	65 961 031,22	37 468 689,04	28 846 153,85	1 471 153 846,15
7	92	30-Sep-11 Fri	10,1770%	66 590 956,82	37 737 474,18	28 846 153,85	1 442 307 692,31
8	91	30-Dec-11 Fri	10,4938%	66 623 232,99	37 734 554,79	28 846 153,85	1 413 461 538,46
9	91	30-Mar-12 Fri	10,7985%	65 961 031,22	38 053 618,15	28 846 153,85	1 384 615 384,62
10	91	29-Jun-12 Fri	11,0265%	66 765 447,75	38 064 082,19	28 846 153,85	1 355 769 230,77
11	91	28-Sep-12 Fri	11,2333%	66 580 549,45	37 970 092,81	28 846 153,85	1 326 923 076,92
12	94	31-Dec-12 Mon	11,3855%	67 655 162,49	38 907 456,80	28 846 153,85	1 298 076 923,08
13	87	28-Mar-13 Thu	11,4673%	64 444 221,99	35 480 357,88	28 846 153,85	1 269 230 769,23
14	92	28-Jun-13 Fri	11,5969%	65 348 979,42	37 100 303,90	28 846 153,85	1 240 384 615,38
15	94	30-Sep-13 Mon	11,7269%	65 948 244,34	37 460 587,30	28 846 153,85	1 211 538 461,54
16	92	31-Dec-13 Tue	11,8072%	64 954 399,92	36 056 128,13	28 846 153,85	1 182 692 307,69
17	90	31-Mar-14 Mon	11,8442%	63 671 178,16	34 540 383,03	28 846 153,85	1 153 846 153,85
18	91	30-Jun-14 Mon	11,9091%	62 288 017,66	34 259 054,79	28 846 153,85	1 125 000 000,00
19	92	30-Sep-14 Tue	11,9747%	62 405 984,27	33 955 656,16	28 846 153,85	1 096 153 846,15
20	92	31-Dec-14 Wed	12,0136%	62 153 574,87	33 192 475,45	28 846 153,85	1 067 307 692,31
21	90	31-Mar-15 Tue	12,0258%	60 840 570,65	31 648 509,48	28 846 153,85	1 038 461 538,46
22	91	30-Jun-15 Tue	12,0622%	59 147 216,44	31 229 531,51	28 846 153,85	1 009 615 384,62
23	92	30-Sep-15 Wed	12,0937%	59 173 316,37	30 775 854,06	28 846 153,85	980 769 230,77
24	92	31-Dec-15 Thu	12,0986%	58 860 769,67	29 908 657,11	28 846 153,85	951 923 076,92
25	91	31-Mar-16 Thu	12,0788%	57 871 082,18	28 666 467,12	28 846 153,85	923 076 923,08
26	91	30-Jun-16 Thu	12,0841%	55 670 782,16	27 809 983,56	28 846 153,85	894 230 769,23
27	92	30-Sep-16 Fri	12,0822%	55 594 875,14	27 232 693,15	28 846 153,85	865 384 615,38
28	91	30-Dec-16 Fri	12,0469%	54 923 558,52	25 991 599,32	28 846 153,85	836 538 461,54
29	91	31-Mar-17 Fri	11,9827%	54 203 258,47	24 991 316,10	28 846 153,85	807 692 307,69
30	91	30-Jun-17 Fri	11,9180%	52 005 189,59	23 999 260,27	28 846 153,85	778 846 153,85
31	91	29-Sep-17 Fri	11,8693%	51 570 317,17	23 047 579,11	28 846 153,85	750 000 000,00
32	91	29-Dec-17 Fri	11,8322%	51 123 932,16	22 124 593,15	28 846 153,85	721 153 846,15
33	90	29-Mar-18 Thu	11,8063%	50 239 684,61	20 993 815,86	28 846 153,85	692 307 692,31
34	92	29-Jun-18 Fri	11,8055%	48 784 642,91	20 600 535,30	28 846 153,85	663 461 538,46
35	91	28-Sep-18 Fri	11,7780%	48 074 663,81	19 482 102,74	28 846 153,85	634 615 384,62
36	94	31-Dec-18 Mon	11,7137%	48 195 947,66	19 144 308,43	28 846 153,85	605 769 230,77
37	88	29-Mar-19 Fri	11,6014%	46 236 486,08	16 943 667,44	28 846 153,85	576 923 076,92
38	91	28-Jun-19 Fri	11,4958%	44 822 358,31	16 535 054,79	28 846 153,85	548 076 923,08
39	94	30-Sep-19 Mon	11,4103%	44 792 876,99	16 105 476,13	28 846 153,85	519 230 769,23
40	92	31-Dec-19 Tue	11,3400%	43 887 293,29	14 841 180,19	28 846 153,85	490 384 615,38
41	91	31-Mar-20 Tue	11,2918%	42 942 248,78	13 805 385,62	28 846 153,85	461 538 461,54
42	91	30-Jun-20 Tue	11,2417%	41 282 342,08	12 935 654,79	28 846 153,85	432 692 307,69
43	92	30-Sep-20 Wed	11,1857%	40 822 297,32	12 199 367,23	28 846 153,85	403 846 153,85
44	92	31-Dec-20 Thu	11,1278%	40 207 995,79	11 327 138,88	28 846 153,85	375 000 000,00
45	90	31-Mar-21 Wed	11,0679%	39 230 073,41	10 234 017,12	28 846 153,85	346 153 846,15
46	91	30-Jun-21 Wed	11,0108%	38 144 299,03	9 502 471,23	28 846 153,85	317 307 692,31
47	92	30-Sep-21 Thu	10,9523%	37 600 642,43	8 759 531,82	28 846 153,85	288 461 538,46
48	92	31-Dec-21 Fri	10,8919%	36 935 176,80	7 919 295,05	28 846 153,85	259 615 384,62
49	90	31-Mar-22 Thu	10,8295%	35 883 052,88	6 932 477,61	28 846 153,85	230 769 230,77
50	91	30-Jun-22 Thu	10,7630%	34 270 908,80	6 192 410,96	28 846 153,85	201 923 076,92
51	92	30-Sep-22 Fri	10,6953%	33 705 844,70	5 443 445,63	28 846 153,85	173 076 923,08
52	91	30-Dec-22 Fri	10,6292%	33 019 181,67	4 586 572,60	28 846 153,85	144 230 769,23
53	91	31-Mar-23 Fri	10,5676%	32 355 628,77	3 799 993,15	28 846 153,85	115 384 615,38
54	91	30-Jun-23 Fri	10,5092%	31 629 921,23	3 023 194,52	28 846 153,85	86 538 461,54
55	91	29-Sep-23 Fri	10,4541%	30 961 402,96	2 255 507,88	28 846 153,85	57 692 307,69
56	91	29-Dec-23 Fri	10,4023%	30 275 271,04	1 496 221,23	28 846 153,85	28 846 153,85
57	80	18-Mar-24 Mon	10,3476%	29 481 916,24	654 221,29	28 846 153,85	0,00

Jibar Structure				Swap Structure				Net	Accrued Net		
Date	Recommendations	Date	Total Amount	Capital Content	Swap Total	Swap Cash Flow A	Swap Cash Flow B				
31-Mar-10 Wed	-	31-Mar-10 Wed	-	-	-	-	-	-	-	601 309 287.84	10.261%
30-Jun-10 Wed	36 427 217.78	30-Jun-10 Wed	14 859 521.47	-	14 859 521.47	5 161 859.48	5 021 435.41	4 676 226.58	-	21 567 698.50	-
30-Sep-10 Thu	36 236 768.12	30-Sep-10 Thu	15 185 178.62	-	15 185 178.62	5 274 985.36	5 131 483.79	4 778 709.48	-	21 051 589.50	-
31-Dec-10 Fri	36 397 610.19	31-Dec-10 Fri	15 323 513.04	-	15 323 513.04	5 303 039.59	5 178 230.75	4 822 242.70	-	21 074 097.15	-
31-Mar-11 Thu	36 045 384.61	31-Mar-11 Thu	15 151 758.65	-	15 151 758.65	5 263 376.03	5 120 189.28	4 768 192.34	-	20 902 857.79	-
30-Jun-11 Thu	65 961 031.22	30-Jun-11 Thu	44 361 834.09	28 846 153.85	15 515 680.24	5 389 794.10	5 243 169.26	4 882 716.88	-	21 953 008.80	-
30-Sep-11 Fri	66 590 956.82	30-Sep-11 Fri	44 744 899.84	28 846 153.85	15 698 745.99	5 522 862.42	5 372 617.57	5 003 266.00	-	21 838 728.19	-
30-Dec-11 Fri	66 623 232.99	30-Dec-11 Fri	44 789 409.69	28 846 153.85	15 950 255.85	5 540 755.78	5 380 024.15	5 019 475.93	-	21 784 298.95	-
30-Mar-12 Fri	65 961 031.22	30-Mar-12 Fri	45 034 564.84	28 846 153.85	16 188 410.99	5 623 485.45	5 470 503.23	5 094 422.31	-	21 865 207.16	-
29-Jun-12 Fri	66 705 447.75	29-Jun-12 Fri	45 285 142.41	28 846 153.85	16 438 588.57	5 710 530.40	5 555 160.19	5 173 277.98	-	21 625 053.63	-
28-Sep-12 Fri	66 580 546.45	28-Sep-12 Fri	45 547 851.64	28 846 153.85	16 701 797.79	5 801 624.34	5 643 990.56	5 255 982.90	-	21 288 295.01	-
31-Dec-12 Mon	67 655 162.49	31-Dec-12 Mon	46 388 987.59	28 846 153.85	17 542 833.75	6 093 981.08	5 928 199.42	5 520 653.24	-	21 964 623.05	-
28-Mar-13 Thu	64 444 221.99	28-Mar-13 Thu	45 336 937.04	28 846 153.85	16 490 783.19	5 728 522.67	5 572 663.00	5 198 577.52	-	18 989 574.65	-
28-Jun-13 Fri	65 348 979.42	28-Jun-13 Fri	46 577 033.83	28 846 153.85	17 730 879.99	6 159 304.07	5 991 745.35	5 579 830.57	-	19 369 423.91	-
30-Sep-13 Mon	65 948 244.34	30-Sep-13 Mon	47 276 989.41	28 846 153.85	18 430 635.59	6 402 452.70	6 228 279.32	5 800 103.54	-	19 929 751.74	-
31-Dec-13 Tue	64 954 989.32	31-Dec-13 Tue	47 193 454.42	28 846 153.85	18 347 300.57	6 373 434.54	6 200 050.58	5 773 815.44	-	17 708 627.56	-
31-Mar-14 Mon	63 671 178.16	31-Mar-14 Mon	47 095 339.06	28 846 153.85	18 249 185.22	6 166 894.74	5 742 938.97	-	-	16 291 197.82	-
30-Jun-14 Mon	62 288 017.96	30-Jun-14 Mon	47 613 633.34	28 846 153.85	19 767 479.49	6 519 395.14	6 342 040.44	5 906 043.92	-	15 491 575.30	-
30-Sep-14 Tue	62 405 984.27	30-Sep-14 Tue	48 149 752.36	28 846 153.85	19 303 596.52	6 705 630.68	6 523 209.60	6 074 758.24	-	14 652 057.85	-
31-Dec-14 Wed	62 153 574.87	31-Dec-14 Wed	48 483 431.32	28 846 153.85	19 637 277.48	6 821 543.15	6 635 968.77	6 179 765.55	-	13 555 167.97	-
31-Mar-15 Tue	60 840 570.65	31-Mar-15 Tue	48 264 282.94	28 846 153.85	18 548 098.69	6 566 653.50	6 145 946.84	-	-	153 789 989.21	-
30-Jun-15 Tue	59 147 216.44	30-Jun-15 Tue	41 946 670.55	28 846 153.85	13 100 516.70	6 783 428.68	6 317 088.02	-	-	18 129 014.81	-
30-Sep-15 Wed	59 173 316.37	30-Sep-15 Wed	42 309 762.04	28 846 153.85	13 463 008.19	6 971 436.93	6 492 171.26	-	-	17 312 245.87	-
31-Dec-15 Thu	58 860 789.67	31-Dec-15 Thu	42 530 364.93	28 846 153.85	13 684 241.08	7 056 660.32	6 588 560.76	-	-	16 224 416.03	-
31-Mar-16 Thu	57 871 082.18	31-Mar-16 Thu	42 599 408.50	28 846 153.85	13 753 254.68	7 121 415.45	6 631 839.20	-	-	14 913 212.47	-
30-Jun-16 Thu	55 670 782.16	30-Jun-16 Thu	42 819 597.81	28 846 153.85	13 973 443.96	7 235 429.16	6 738 014.60	-	-	13 836 539.60	-
30-Sep-16 Fri	55 594 875.14	30-Sep-16 Fri	43 200 038.38	28 846 153.85	14 353 084.53	7 432 420.74	6 921 463.79	-	-	12 878 808.62	-
30-Dec-16 Fri	54 923 558.52	30-Dec-16 Fri	43 286 601.18	28 846 153.85	14 420 447.33	7 466 886.86	6 953 560.47	-	-	11 571 151.98	-
31-Mar-17 Fri	54 203 258.47	31-Mar-17 Fri	43 489 520.41	28 846 153.85	14 642 355.56	7 581 790.62	7 060 564.84	-	-	10 348 960.53	-
30-Jun-17 Fri	52 005 189.59	30-Jun-17 Fri	43 706 596.75	28 846 153.85	14 860 442.91	7 694 715.93	7 165 726.97	-	-	9 138 817.37	-
29-Sep-17 Fri	51 570 317.17	29-Sep-17 Fri	43 923 632.03	28 846 153.85	15 077 478.19	7 807 096.49	7 270 381.70	-	-	7 970 100.02	-
29-Dec-17 Fri	51 123 832.16	29-Dec-17 Fri	44 144 934.46	28 846 153.85	15 298 760.62	7 921 696.57	7 377 094.05	-	-	6 825 812.53	-
29-Mar-18 Thu	50 239 684.61	29-Mar-18 Thu	44 202 880.66	28 846 153.85	15 356 726.82	7 951 691.03	7 405 035.79	-	-	5 637 089.04	-
28-Jun-18 Fri	48 784 642.91	28-Jun-18 Fri	44 793 731.67	28 846 153.85	15 947 577.82	8 207 632.83	7 689 944.99	-	-	4 652 957.48	-
28-Sep-18 Fri	48 074 663.81	28-Sep-18 Fri	44 873 182.78	28 846 153.85	16 027 028.93	8 298 772.50	7 728 256.43	-	-	3 455 073.81	-
31-Dec-18 Mon	48 195 947.66	31-Dec-18 Mon	45 673 817.57	28 846 153.85	16 627 063.73	8 713 340.04	8 114 323.68	-	-	2 316 644.70	-
29-Mar-19 Fri	46 236 486.08	29-Mar-19 Fri	44 634 480.13	28 846 153.85	15 988 335.28	8 278 736.98	7 709 598.30	-	-	865 332.16	-
28-Jun-19 Fri	44 822 358.31	28-Jun-19 Fri	45 626 291.19	28 846 153.85	16 780 137.34	8 688 730.95	8 091 406.39	-	-	245 082.55	-
30-Sep-19 Mon	44 752 876.99	30-Sep-19 Mon	46 441 087.84	28 846 153.85	17 594 933.99	9 110 631.48	8 484 302.51	-	-	1 489 457.86	-
31-Dec-19 Tue	43 887 293.29	31-Dec-19 Tue	46 317 446.57	28 846 153.85	17 471 292.72	9 046 610.21	8 424 682.51	-	-	2 630 112.53	-
31-Mar-20 Tue	42 942 248.78	31-Mar-20 Tue	429 343 791.47	28 846 153.85	400 497 547.62	392 045 298.65	8 452 248.98	-	-	386 692 162.81	-
30-Jun-20 Tue	41 282 342.08	30-Jun-20 Tue	37 417 919.10	28 846 153.85	8 571 765.26	-	8 571 765.26	-	-	4 363 889.54	-
30-Sep-20 Wed	40 822 297.32	30-Sep-20 Wed	37 634 299.72	28 846 153.85	8 788 145.87	-	8 788 145.87	-	-	3 411 221.36	-
31-Dec-20 Thu	40 207 995.79	31-Dec-20 Thu	37 756 746.30	28 846 153.85	8 910 592.45	-	8 910 592.45	-	-	2 416 546.43	-
31-Mar-21 Wed	39 230 073.41	31-Mar-21 Wed	37 660 660.06	28 846 153.85	8 834 436.22	-	8 834 436.22	-	-	1 399 580.91	-
30-Jun-21 Wed	38 144 299.03	30-Jun-21 Wed	37 899 578.17	28 846 153.85	9 053 424.33	-	9 053 424.33	-	-	449 046.91	-
30-Sep-21 Thu	37 600 842.43	30-Sep-21 Thu	38 123 387.80	28 846 153.85	9 277 233.96	-	9 277 233.96	-	-	517 702.13	-
31-Dec-21 Fri	36 935 176.80	31-Dec-21 Fri	38 248 788.64	28 846 153.85	9 402 634.80	-	9 402 634.80	-	-	1 483 339.75	-
31-Mar-22 Thu	35 883 052.88	31-Mar-22 Thu	38 165 686.92	28 846 153.85	9 319 533.07	-	9 319 533.07	-	-	2 387 056.47	-
30-Jun-22 Thu	34 270 969.80	30-Jun-22 Thu	38 394 525.18	28 846 153.85	9 548 371.34	-	9 548 371.34	-	-	3 355 860.35	-
30-Sep-22 Fri	33 705 844.70	30-Sep-22 Fri	38 628 687.03	28 846 153.85	9 782 533.18	-	9 782 533.18	-	-	4 339 087.58	-
30-Dec-22 Fri	33 019 181.67	30-Dec-22 Fri	38 640 945.75	28 846 153.85	9 803 691.91	-	9 803 691.91	-	-	5 217 119.31	-
31-Mar-23 Fri	32 355 628.77	31-Mar-23 Fri	38 778 288.64	28 846 153.85	9 932 134.80	-	9 932 134.80	-	-	6 132 141.64	-
30-Jun-23 Fri	31 629 821.23	30-Jun-23 Fri	38 907 536.35	28 846 153.85	10 061 382.50	-	10 061 382.50	-	-	7 038 187.98	-
29-Sep-23 Fri	30 961 402.96	29-Sep-23 Fri	39 037 443.53	28 846 153.85	10 191 295.68	-	10 191 295.68	-	-	7 935 787.81	-
29-Dec-23 Fri	30 275 271.04	29-Dec-23 Fri	39 167 960.61	28 846 153.85	10 321 806.76	-	10 321 806.76	-	-	8 825 585.53	-
18-Mar-24 Mon	29 481 916.24	18-Mar-24 Mon	877 687 909.73	28 846 153.85	548 811 755.88	-	548 811 755.88	-	-	548 187 534.60	-

Net
601 309 287.84
10.261%

Accrued Net
21 567 698.50
21 051 589.50
21 074 097.15
20 902 857.79
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19 369 423.91
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17 708 627.56
16 291 197.82
15 491 575.30
14 652 057.85
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153 789 989.21
18 129 014.81
17 312 245.87
16 224 416.03
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245 082.55
1 489 457.86
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3 411 221.36
2 416 546.43
1 399 580.91
449 046.91
517 702.13
1 483 339.75
2 387 056.47
3 355 860.35
4 339 087.58
5 217 119.31
6 132 141.64
7 038 187.98
7 935 787.81
8 825 585.53
548 187 534.60

Duration of Total in Quarter Years									
Date	Jibar Repayments	D*	21.06		Date	Swap Total Payments	D*	29.17	
31-Mar-10 Wed	-				31-Mar-10 Wed	-			
30-Jun-10 Wed	35 964 945.21	35 337 885.47	0.02		30-Jun-10 Wed	14 859 521.47	14 600 441.21	0.01	
30-Sep-10 Thu	36 141 632.88	69 779 283.19	0.04		30-Sep-10 Thu	15 165 178.62	29 319 290.15	0.02	
31-Dec-10 Fri	36 272 071.23	103 218 183.94	0.06		31-Dec-10 Fri	15 323 513.04	43 805 593.33	0.02	
31-Mar-11 Thu	36 054 616.44	134 586 680.20	0.08		31-Mar-11 Thu	15 151 758.65	56 559 328.52	0.03	
30-Jun-11 Thu	66 314 842.89	303 653 248.53	0.18		30-Jun-11 Thu	44 381 534.09	203 131 521.39	0.12	
30-Sep-11 Fri	66 583 628.03	358 663 107.02	0.21		30-Sep-11 Fri	44 744 899.84	241 025 388.27	0.14	
30-Dec-11 Fri	66 590 708.54	410 833 057.73	0.24		30-Dec-11 Fri	44 796 459.89	276 414 086.69	0.16	
30-Mar-12 Fri	66 899 772.00	482 351 712.97	0.27		30-Mar-12 Fri	45 034 564.84	311 238 851.42	0.18	
29-Jun-12 Fri	66 910 236.04	509 598 329.89	0.30		29-Jun-12 Fri	45 285 142.41	344 898 393.86	0.20	
28-Sep-12 Fri	66 816 246.65	553 630 000.81	0.32		28-Sep-12 Fri	45 547 851.64	377 403 906.49	0.22	
31-Dec-12 Mon	67 753 610.64	600 161 547.45	0.35		31-Dec-12 Mon	46 388 987.59	410 913 696.18	0.23	
28-Mar-13 Thu	64 326 511.72	618 678 800.74	0.36		28-Mar-13 Thu	45 336 537.04	436 041 082.98	0.25	
28-Jun-13 Fri	65 946 457.74	683 696 562.92	0.39		28-Jun-13 Fri	46 577 033.83	469 759 328.74	0.27	
30-Sep-13 Mon	66 308 741.15	698 416 796.74	0.41		30-Sep-13 Mon	47 276 989.41	497 974 156.64	0.28	
31-Dec-13 Tue	64 902 281.98	720 165 580.63	0.42		31-Dec-13 Tue	47 193 454.42	523 665 739.74	0.30	
31-Mar-14 Mon	63 386 536.88	738 220 278.97	0.43		31-Mar-14 Mon	47 095 330.06	548 487 676.58	0.31	
30-Jun-14 Mon	63 105 208.64	761 024 044.65	0.45		30-Jun-14 Mon	47 613 633.34	574 201 727.60	0.33	
30-Sep-14 Tue	62 801 810.01	780 725 002.68	0.46		30-Sep-14 Tue	48 149 752.36	598 577 087.81	0.34	
31-Dec-14 Wed	62 038 629.29	795 137 046.74	0.47		31-Dec-14 Wed	48 483 431.32	621 402 710.47	0.35	
31-Mar-15 Tue	60 494 663.33	804 271 816.92	0.47		31-Mar-15 Tue	214 264 252.54	2 848 626 477.21	1.63	
30-Jun-15 Tue	60 075 685.35	816 327 829.21	0.48		30-Jun-15 Tue	41 846 670.55	569 864 916.67	0.33	
30-Sep-15 Wed	59 622 007.90	825 308 683.30	0.48		30-Sep-15 Wed	42 309 762.04	585 666 521.91	0.33	
31-Dec-15 Thu	58 754 810.96	830 303 386.79	0.49		31-Dec-15 Thu	42 530 394.93	601 025 352.22	0.34	
31-Mar-16 Thu	57 512 620.97	832 621 534.22	0.49		31-Mar-16 Thu	42 599 406.50	616 720 021.93	0.35	
30-Jun-16 Thu	56 656 137.41	835 543 570.31	0.49		30-Jun-16 Thu	42 819 597.81	631 487 448.11	0.36	
30-Sep-16 Fri	56 078 847.00	835 615 626.10	0.49		30-Sep-16 Fri	43 200 038.38	643 712 161.98	0.37	
30-Dec-16 Fri	54 837 753.16	833 992 569.34	0.49		30-Dec-16 Fri	43 266 601.18	658 014 265.79	0.38	
31-Mar-17 Fri	53 837 469.94	829 359 064.80	0.49		31-Mar-17 Fri	43 498 559.41	669 934 704.08	0.38	
30-Jun-17 Fri	52 845 414.12	824 850 985.35	0.48		30-Jun-17 Fri	43 706 596.75	682 205 447.70	0.39	
29-Sep-17 Fri	51 893 732.96	819 340 371.87	0.48		29-Sep-17 Fri	43 923 632.03	693 501 950.15	0.40	
29-Dec-17 Fri	50 970 747.00	812 730 754.90	0.48		29-Dec-17 Fri	44 144 934.46	703 862 880.25	0.40	
29-Mar-18 Thu	49 839 969.70	807 597 784.53	0.47		29-Mar-18 Thu	44 202 880.66	716 255 421.17	0.41	
29-Jun-18 Fri	49 446 689.15	796 150 321.85	0.47		29-Jun-18 Fri	44 793 731.67	721 232 189.63	0.41	
28-Sep-18 Fri	48 338 256.59	790 224 745.79	0.46		28-Sep-18 Fri	44 873 182.78	733 730 160.30	0.42	
31-Dec-18 Mon	47 990 462.28	770 168 709.41	0.45		31-Dec-18 Mon	45 673 817.57	732 990 337.36	0.42	
29-Mar-19 Fri	45 769 821.29	777 024 907.71	0.46		29-Mar-19 Fri	44 834 489.13	760 815 512.67	0.43	
28-Jun-19 Fri	45 381 208.64	755 421 094.89	0.44		28-Jun-19 Fri	45 626 291.19	759 500 768.62	0.43	
30-Sep-19 Mon	44 951 629.98	732 125 062.81	0.43		30-Sep-19 Mon	46 441 087.84	756 383 623.22	0.43	
31-Dec-19 Tue	43 687 334.04	727 239 407.22	0.43		31-Dec-19 Tue	46 317 446.57	771 021 467.15	0.44	
31-Mar-20 Tue	42 651 539.46	718 968 246.93	0.42		31-Mar-20 Tue	429 343 701.47	7 237 358 657.31	4.13	
30-Jun-20 Tue	41 781 868.84	707 431 974.27	0.41		30-Jun-20 Tue	37 417 919.10	633 544 435.85	0.36	
30-Sep-20 Wed	41 045 521.07	690 447 306.45	0.40		30-Sep-20 Wed	37 634 299.72	635 065 440.29	0.36	
31-Dec-20 Thu	40 173 252.73	677 250 554.04	0.40		31-Dec-20 Thu	37 750 748.00	636 511 861.76	0.36	
31-Mar-21 Wed	39 080 170.97	673 668 830.28	0.39		31-Mar-21 Wed	37 880 590.06	649 542 681.16	0.37	
30-Jun-21 Wed	38 348 625.08	655 710 676.81	0.38		30-Jun-21 Wed	37 899 576.17	648 032 568.68	0.37	
30-Sep-21 Thu	37 605 685.67	636 947 313.84	0.37		30-Sep-21 Thu	38 123 387.80	645 715 907.65	0.37	
31-Dec-21 Fri	36 765 448.89	622 869 684.14	0.37		31-Dec-21 Fri	38 248 788.94	648 000 000.51	0.37	
31-Mar-22 Thu	35 778 631.45	620 092 606.65	0.36		31-Mar-22 Thu	38 165 686.92	661 463 541.93	0.38	
30-Jun-22 Thu	35 038 564.81	602 662 023.53	0.35		30-Jun-22 Thu	38 394 525.18	660 384 416.34	0.38	
30-Sep-22 Fri	34 289 599.47	584 702 975.27	0.34		30-Sep-22 Fri	38 628 687.03	658 692 681.84	0.38	
30-Dec-22 Fri	33 432 726.45	576 126 865.31	0.34		30-Dec-22 Fri	38 649 845.75	668 342 595.63	0.38	
31-Mar-23 Fri	32 646 147.00	565 487 471.71	0.33		31-Mar-23 Fri	38 776 288.84	671 708 722.49	0.38	
30-Jun-23 Fri	31 869 348.37	552 880 379.75	0.32		30-Jun-23 Fri	38 907 536.35	674 981 277.44	0.39	
29-Sep-23 Fri	31 101 661.72	540 032 446.58	0.32		29-Sep-23 Fri	39 037 448.53	677 625 177.49	0.39	
29-Dec-23 Fri	30 342 375.08	526 958 197.75	0.31		29-Dec-23 Fri	39 167 990.61	680 232 772.70	0.39	
18-Mar-24 Mon	29 500 375.13	589 843 647.68	0.35		18-Mar-24 Mon	577 657 909.73	11 549 948 688.18	6.60	



Duration of Interest Payments in Quarter Years									
Date	Interest Content	D*	16.51	Date	ACSA nav Swao	D*	32.20		
31-Mar-10 Wed				31-Mar-10 Wed					
30-Jun-10 Wed	35 964 945,21	35 337 885,47	0,04	30-Jun-10 Wed	14 859 521,47	14 800 441,21	0,04		
30-Sep-10 Thu	36 141 832,88	69 779 283,19	0,08	30-Sep-10 Thu	15 185 178,62	29 318 290,15	0,03		
31-Dec-10 Fri	36 272 071,23	103 218 183,94	0,12	31-Dec-10 Fri	15 323 513,04	43 605 593,33	0,05		
31-Mar-11 Thu	36 054 616,44	134 586 680,20	0,15	31-Mar-11 Thu	15 151 756,85	56 559 328,52	0,06		
30-Jun-11 Thu	37 468 689,04	171 567 761,46	0,20	30-Jun-11 Thu	15 515 680,24	71 045 734,32	0,08		
30-Sep-11 Fri	37 737 474,18	203 276 796,04	0,23	30-Sep-11 Fri	15 688 745,99	85 641 077,29	0,09		
30-Dec-11 Fri	37 734 554,79	232 839 253,97	0,26	30-Dec-11 Fri	15 950 255,85	98 420 265,93	0,11		
30-Mar-12 Fri	38 053 618,15	262 992 757,84	0,30	30-Mar-12 Fri	16 188 410,99	111 879 896,29	0,12		
29-Jun-12 Fri	38 064 092,19	289 801 723,00	0,33	29-Jun-12 Fri	16 438 588,57	125 201 786,97	0,14		
28-Sep-12 Fri	37 970 092,81	314 614 636,43	0,36	28-Sep-12 Fri	16 701 797,79	138 389 742,11	0,15		
31-Dec-12 Mon	38 907 456,80	344 642 289,27	0,39	31-Dec-12 Mon	17 542 833,75	155 394 438,00	0,17		
28-Mar-13 Thu	35 480 357,88	341 242 596,61	0,39	28-Mar-13 Thu	16 490 783,16	159 604 869,05	0,17		
28-Jun-13 Fri	37 100 303,90	373 383 876,72	0,42	28-Jun-13 Fri	17 730 879,99	178 446 644,55	0,19		
30-Sep-13 Mon	37 460 587,30	394 576 824,84	0,45	30-Sep-13 Mon	18 430 635,56	194 134 184,73	0,21		
31-Dec-13 Tue	36 090 126,13	400 084 275,33	0,46	31-Dec-13 Tue	18 347 300,37	203 584 434,43	0,22		
31-Mar-14 Mon	34 540 383,03	402 268 564,50	0,46	31-Mar-14 Mon	18 249 185,22	212 535 962,11	0,23		
30-Jun-14 Mon	34 259 554,79	413 150 752,64	0,47	30-Jun-14 Mon	18 767 479,49	226 328 435,60	0,25		
30-Sep-14 Tue	33 955 656,16	422 122 173,49	0,48	30-Sep-14 Tue	19 303 596,52	239 974 068,63	0,26		
31-Dec-14 Wed	33 192 475,45	425 421 502,73	0,48	31-Dec-14 Wed	19 637 277,48	251 687 166,46	0,27		
31-Mar-15 Tue	31 648 520,48	420 764 457,86	0,48	31-Mar-15 Tue	~~185 418 098,49~~	2 465 119 116,25	2,67		
30-Jun-15 Tue	31 229 531,51	424 356 867,59	0,48	30-Jun-15 Tue	13 100 516,70	178 014 055,05	0,19		
30-Sep-15 Wed	30 775 854,06	426 010 134,22	0,48	30-Sep-15 Wed	13 463 608,19	186 367 972,83	0,20		
31-Dec-15 Thu	29 968 657,11	422 659 164,24	0,48	31-Dec-15 Thu	13 684 241,08	193 381 129,68	0,21		
31-Mar-16 Thu	28 666 467,12	415 010 087,08	0,47	31-Mar-16 Thu	13 753 254,66	199 108 574,79	0,22		
30-Jun-16 Thu	27 809 883,56	410 131 256,83	0,47	30-Jun-16 Thu	13 973 443,96	206 075 136,63	0,22		
30-Sep-16 Fri	27 232 680,15	405 787 041,84	0,46	30-Sep-16 Fri	14 353 884,53	213 883 375,83	0,23		
30-Dec-16 Fri	25 991 599,32	395 289 730,97	0,45	30-Dec-16 Fri	14 420 447,33	219 311 427,42	0,24		
31-Mar-17 Fri	24 991 316,10	384 987 000,95	0,44	31-Mar-17 Fri	14 642 355,56	226 560 540,23	0,24		
30-Jun-17 Fri	23 999 260,27	374 598 511,80	0,43	30-Jun-17 Fri	14 860 442,91	231 952 974,14	0,25		
29-Sep-17 Fri	23 047 579,11	363 893 883,96	0,41	29-Sep-17 Fri	15 077 478,19	238 055 462,24	0,26		
29-Dec-17 Fri	22 124 593,15	352 777 590,14	0,40	29-Dec-17 Fri	15 298 780,62	243 939 715,49	0,26		
29-Mar-18 Thu	20 893 815,86	340 179 965,53	0,39	29-Mar-18 Thu	15 356 726,82	248 837 602,18	0,27		
28-Jun-18 Fri	20 600 535,30	331 693 043,41	0,38	28-Jun-18 Fri	15 947 577,82	258 774 911,19	0,28		
28-Sep-18 Fri	19 482 102,74	318 555 660,24	0,36	28-Sep-18 Fri	16 027 028,93	262 061 074,74	0,28		
31-Dec-18 Mon	19 144 308,43	307 234 950,79	0,35	31-Dec-18 Mon	16 627 063,73	270 056 578,74	0,29		
29-Mar-19 Fri	16 943 687,44	287 523 542,54	0,33	29-Mar-19 Fri	15 988 335,28	271 312 147,59	0,29		
28-Jun-19 Fri	16 535 054,79	275 244 524,58	0,31	28-Jun-19 Fri	16 780 137,34	279 324 198,31	0,30		
30-Sep-19 Mon	16 105 476,13	262 309 135,71	0,30	30-Sep-19 Mon	17 594 533,99	286 567 686,12	0,31		
31-Dec-19 Tue	14 841 180,19	247 053 094,95	0,28	31-Dec-19 Tue	17 471 292,72	290 835 154,88	0,31		
31-Mar-20 Tue	13 805 385,62	232 714 551,92	0,26	31-Mar-20 Tue	400 497 547,62	6 751 104 962,31	7,31		
30-Jun-20 Tue	12 935 654,79	219 021 055,03	0,25	30-Jun-20 Tue	8 571 705,26	145 133 516,62	0,16		
30-Sep-20 Wed	12 199 367,23	205 211 677,74	0,23	30-Sep-20 Wed	8 788 145,87	147 829 811,58	0,16		
31-Dec-20 Thu	11 327 136,88	190 995 497,12	0,22	31-Dec-20 Thu	8 510 562,45	150 216 804,85	0,16		
31-Mar-21 Wed	10 234 017,12	176 415 255,45	0,20	31-Mar-21 Wed	8 834 436,22	152 289 106,33	0,16		
30-Jun-21 Wed	9 502 471,23	162 479 667,28	0,18	30-Jun-21 Wed	9 053 424,33	154 801 560,15	0,17		
30-Sep-21 Thu	8 759 531,82	148 364 886,17	0,17	30-Sep-21 Thu	9 277 233,96	157 133 359,98	0,17		
31-Dec-21 Fri	7 919 295,05	134 166 424,00	0,15	31-Dec-21 Fri	9 402 634,80	159 296 740,37	0,17		
31-Mar-22 Thu	6 802 477,61	120 149 316,39	0,14	31-Mar-22 Thu	9 319 533,07	161 520 251,66	0,17		
30-Jun-22 Thu	6 192 410,96	106 509 240,31	0,12	30-Jun-22 Thu	9 548 371,34	164 221 635,12	0,18		
30-Sep-22 Fri	5 443 445,63	92 821 114,84	0,11	30-Sep-22 Fri	9 782 533,18	166 810 821,51	0,18		
30-Dec-22 Fri	4 586 572,80	79 312 132,84	0,09	30-Dec-22 Fri	9 893 891,91	169 527 633,16	0,18		
31-Mar-23 Fri	3 799 893,15	65 822 423,69	0,07	31-Mar-23 Fri	9 932 134,80	172 041 674,46	0,19		
30-Jun-23 Fri	3 023 194,52	52 447 414,84	0,06	30-Jun-23 Fri	10 081 382,50	174 548 312,53	0,19		
29-Sep-23 Fri	2 255 507,88	39 163 419,88	0,04	29-Sep-23 Fri	10 191 295,68	176 958 150,79	0,19		
29-Dec-23 Fri	1 496 221,23	25 984 981,14	0,03	29-Dec-23 Fri	10 321 806,76	179 259 556,09	0,19		
18-Mar-24 Mon	654 221,29	13 080 791,95	0,01	18-Mar-24 Mon	548 811 758,88	10 973 186 833,46	11,88		

	Swap 2a	Inflation Curve	
31-Mar-10 Wed	1 500 000 000,00		
30-Jun-10 Wed	1 530 044 334,24	8,034%	
30-Sep-10 Thu	1 546 580 965,64	4,288%	
31-Dec-10 Fri	1 560 670 057,85	3,614%	
31-Mar-11 Thu	1 577 470 033,30	4,366%	
30-Jun-11 Thu	1 597 607 210,26	5,120%	
30-Sep-11 Fri	1 619 256 417,13	5,376%	
30-Dec-11 Fri	1 642 354 273,14	5,721%	
30-Mar-12 Fri	1 666 876 457,93	5,989%	
29-Jun-12 Fri	1 692 677 746,07	6,209%	
28-Sep-12 Fri	1 719 738 494,43	6,412%	
31-Dec-12 Mon	1 748 688 594,49	6,537%	
28-Mar-13 Thu	1 776 080 363,72	6,572%	
28-Jun-13 Fri	1 805 855 708,33	6,651%	
30-Sep-13 Mon	1 837 205 573,48	6,741%	
31-Dec-13 Tue	1 868 636 948,58	6,788%	
31-Mar-14 Mon	1 899 947 291,77	6,795%	
30-Jun-14 Mon	1 932 436 095,77	6,859%	
30-Sep-14 Tue	1 966 034 037,88	6,898%	
31-Dec-14 Wed	2 000 018 592,01	6,858%	
31-Mar-15 Tue	2 033 275 144,13	6,744%	
30-Jun-15 Tue	2 066 928 232,26	6,639%	
30-Sep-15 Wed	2 101 125 540,16	6,564%	
31-Dec-15 Thu	2 135 557 424,85	6,502%	
31-Mar-16 Thu	2 169 913 675,06	6,453%	
30-Jun-16 Thu	2 204 653 945,10	6,422%	
30-Sep-16 Fri	2 240 061 724,83	6,372%	
30-Dec-16 Fri	2 275 179 704,47	6,288%	
31-Mar-17 Fri	2 310 191 177,52	6,172%	
30-Jun-17 Fri	2 344 599 811,76	5,974%	
29-Sep-17 Fri	2 378 842 457,33	5,858%	6,338%

Ntokozo Zama

From: Brickman, M. (Moss) <MossB@Nedbankcapital.co.za>
Sent: Tuesday, 23 March 2010 15:06
To: Eric Wood
Cc: Visnenza, M. (Mario)
Subject: ACSA Fee calcs per bps

Hi Eric

Below is the schedule of fee payments that we should be able to capture on the proposed ACSA transaction
 The values in the table are per basis point - actual - on the prescribed dates

ACSA	Payment of Fees to Regiments
31-Mar-10	R 573,342
31-Mar-11	R 71,487
30-Mar-12	R 75,965
28-Mar-13	R 80,188
31-Mar-14	R 85,844
31-Mar-15	R 91,867
31-Mar-16	R 46,485
31-Mar-17	R 49,066
29-Mar-18	R 51,699
29-Mar-19	R 52,730
Total per basis point	R 1,178,673

Trust this is of assistance

Regards

Moss Brickman
Head: Balance Sheet Management
Nedbank Capital, Treasury

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Website 🌐: www.nedbank.co.za

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Ntokozo Zama

From: Phetolo Ramosebudi <Phetolo.Ramosebudi@airports.co.za>
Sent: Tuesday, 23 March 2010 15:41
To: Eric Wood; Niven Pillay
Subject: RE: Dates/times for Mr. Gao's availability

Dear Eric,

I would like to borrow E18 stock from Regiments Fund Mangers, and could repo the st0ck with Repo Trader.I am gonna trade the cash in the money market which will be collateralized with Regiments.There is no risk from Regiment point of view. I can do this trade under Regiments.

Regards

Phetolo Ramosebudi
 Treasurer
 Corporate Office
 Airports Company South Africa

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 Fax to E-Mail: +27 (0) 86 661 7654
 E-Mail: Phetolo.Ramosebudi@airports.co.za
 Web: www.acsa.co.za

Please consider the environment before printing this email

From: Eric Wood [mailto:EricW@regiment.co.za]
Sent: 26 May 2009 04:42
To: Phetolo Ramosebudi
Cc: petrusvdm@CCBJHB.CO.ZA; Mosilo Mothepu
Subject: FW: Dates/times for Mr. Gao's availability
Importance: High

Hi Phetolo

As discussed please could we facilitate an urgent meeting for China Construction Bank as per the attached e-mail

Regards

Eric



ERIC WOOD Executive Director
 91 Central Street, Houghton, 2198
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 Tel + 27 11 715 0300 Fax + 27 86 650 0998
 Mobile + 27 83 626 0857 Email ericw@regiments.co.za

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www.regiments.co.za

From: Petrus van der Merwe [mailto:petrusvdm@CCBJHB.CO.ZA]
Sent: Tuesday, May 26, 2009 4:31 PM
To: Eric Wood
Cc: Rong Gao; Zhanqing Chen; Janice Wilkie
Subject: FW: Dates/times for Mr. Gao's availability
Importance: High

Eric,

As discussed telephonically, we would like to meet with ACSA as a matter of urgency, in order to discuss the possibility of establishing some form of a Chinese link to the CCB funding of ACSA. [Possible opening of construction/project tenders, to Chinese companies etc].

The Meeting would be attended by the following attendees from our side:

1. Mr. Rong Gao - Deputy General manager.
2. Robert Chen - Manager
3. Petrus van der Merwe - Credit Manager

We are available on Thursday the 28th of May from 15h30 to 16h30 or Friday between 16h00 and 17h00.

Could you please set up accordingly?

Regards,

Petrus van der Merwe

Credit

China Construction Bank Corporation – Johannesburg Branch

Tel: +27 11 520 9400

Fax: +27 11 520 9411

Website: www.ccbjhb.co.za

The views expressed in this email are, unless otherwise stated, those of the author and not those of China Construction Bank Corporation – JHB, or their management. This email is confidential. If it is not intended for you, please delete it and notify the sender. If you are not the intended recipient, you must not use, disclose, distribute or copy this email.

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Virus Database (VPS): 100322-0, 2010/03/22

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Ntokozo Zama

From: Rose Mabusela
Sent: Friday, 26 March 2010 16:01
To: mossb@nedbankcapital.co.za
Cc: Eric Wood
Subject: No Subject-1178.EML
Attachments: Nedbank Limited 05-2010.pdf

Hi Moss

Attached please find the amended invoice for interest rate swap transactions as requested.

Kind regards,



Rose Mabusela
Financial Accountant

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0346 Fax: +27 11 715 0352
Mobile: +27 73 546 2939 E-mail: rosem@regiments.co.za www.regiments.co.za
Regiments Capital (Pty) Ltd is an authorised financial services provider FSP Number 16831 Reg. No. 2004/023761/07

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Virus Database (VPS): 100325-1, 2010/03/25
Tested on: 2010/03/26 04:00:42 PM
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REGIMENTS CAPITAL™

91 Central Street Houghton 2198
Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: NED 05/10
VAT #: 4620216665
Date: 31 Mar 2010

Mr. Moss Brickman
Nedbank Limited
Private Bag X25
Benmore
2010

Your VAT #: 4320116074

Services rendered (*)	R 9,460,142.00
Vat @ 14%	R 1,324,419.88
Total	R 10,784,561.88

(*) Origination and facilitation of R1.5 billion interest rate swap transactions between Nedbank Capital and ACSA. The service amount was determined as per agreement with Nedbank Capital. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Nedbank Capital dated 30 June 2009. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

Should you choose to make payment electronically, please use the following banking details :

Bank: Nedbank Limited

Account Name: Regiments Capital (Pty) Ltd

Account Number: 146 91 42856

Branch: Northrand

Branch Code: 146905



Airports Company of South Africa

March 2010

Re: DBSA Loan Restructuring through a Swap agreement with an Intermediary Bank

Introduction

Airports Company of South Africa (ACSA) has entered into a ZAR 1.5bn loan with the Development Bank of South Africa (DBSA) for 14 years. This is an amortising loan repaid at the Johannesburg Interbank Agreement Rate (Jibar) + 260 basis points. The repayments are made up of a capital amount which is fixed and will only be paid from the 30 June 2011 plus the interest amount. The Amortizing and Repayment structures are represented graphically in figure 1 and figure 2 respectively below.

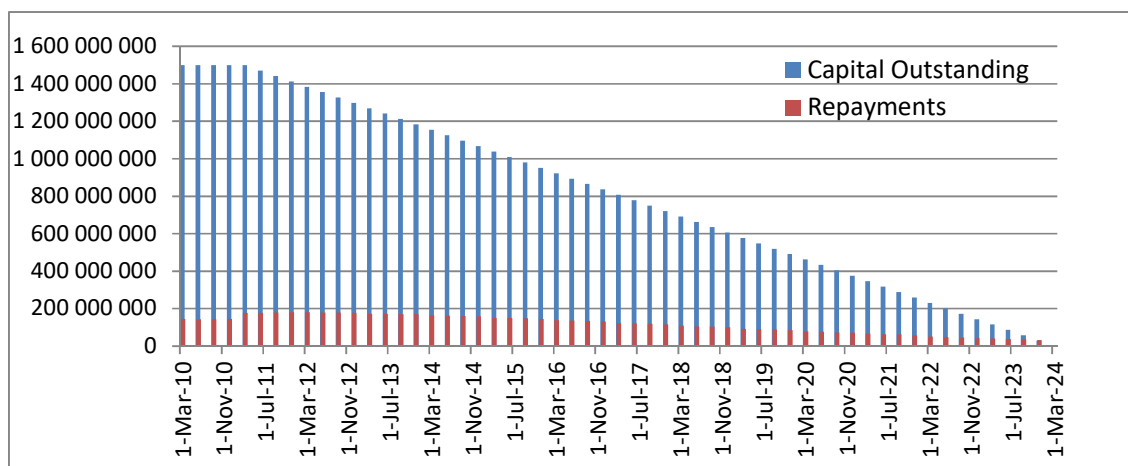


Figure 1: DBSA Loan, Amortizing Structure

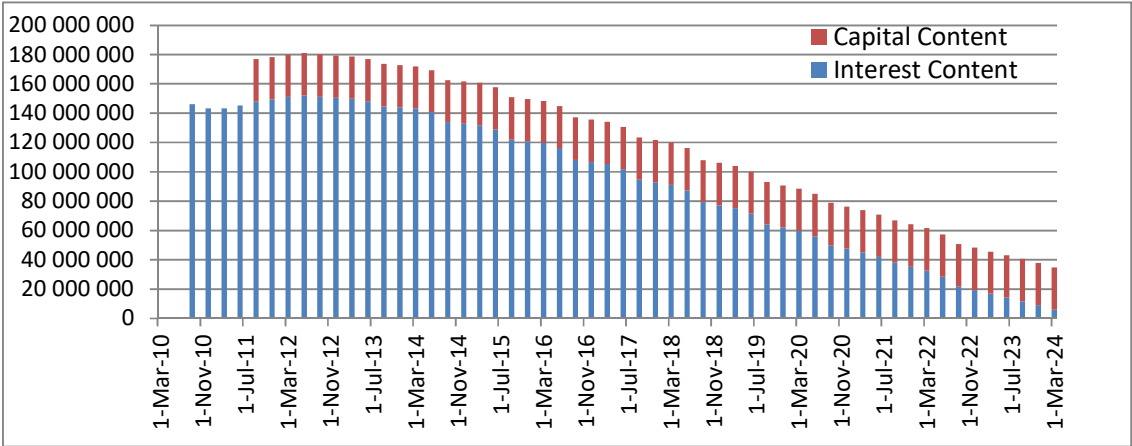


Figure 2: DBSA Loan, Repayment Structure

I feel that ACSA can get better value by changing the profile of the Loan, proposing that ACSA enters into a Swap agreement with an Intermediary Bank. A swap is an agreement between two entities to exchange cash flows in the future. The agreement defines the dates when the cash flows are to be paid and the way in which they are to be calculated. The proposed swap agreement will change the cash flows associated with the loan by reducing the quarterly repayments from ACSA to DBSA with the payments at the end of the swaps being the only big payments that ACSA is going to make. This is illustrated in the graph below:

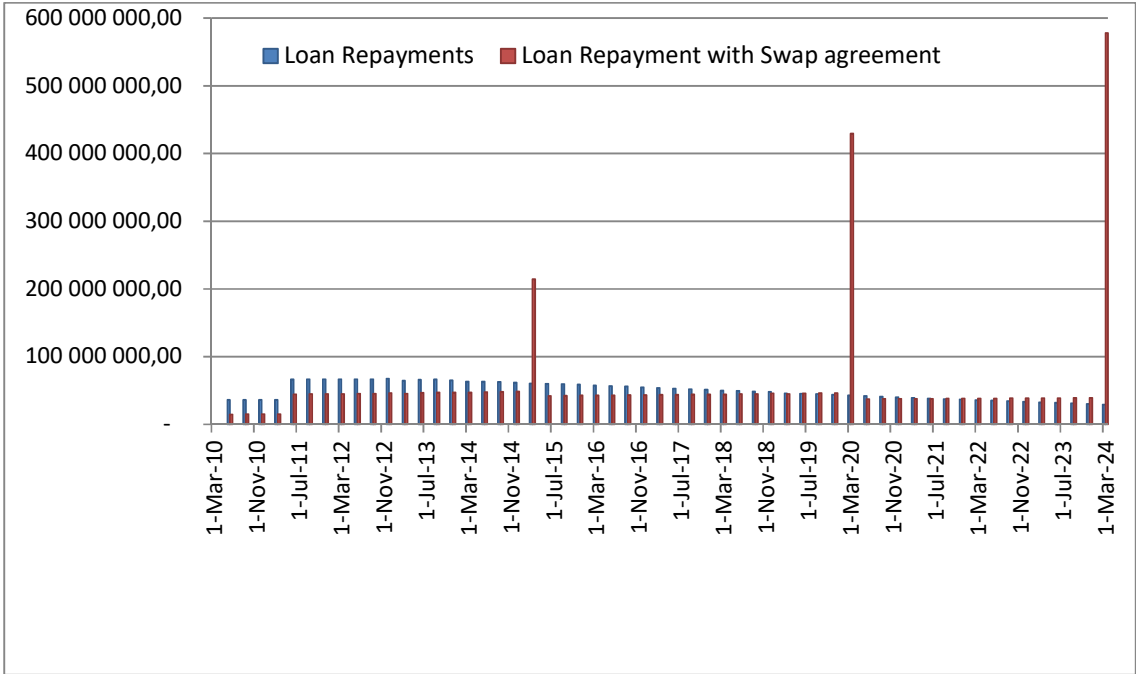
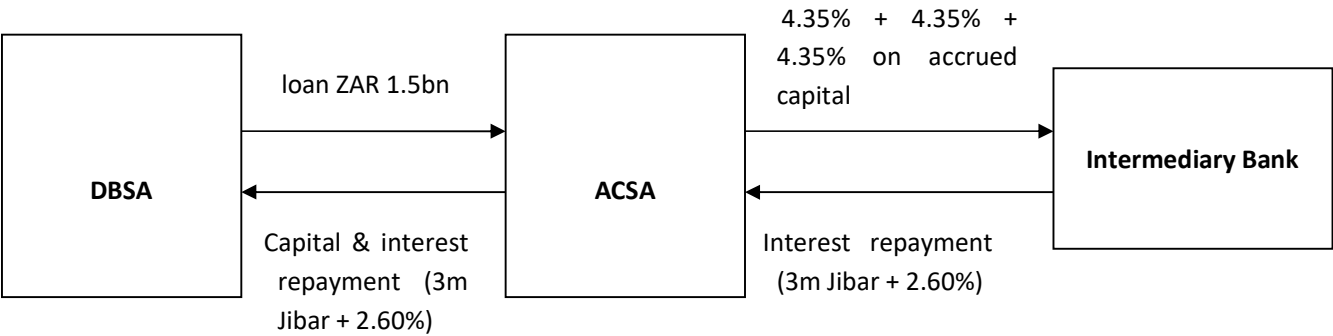


Figure 3: Loan Repayments

Proposal

It is proposed herein that ACSA enters into a transaction involving a series of 3 Swaps with an Intermediary Bank. The Bank will assume the interest portion of the amortizing profile of the loan for a series of CPI linked payments separated into 3 Swaps that run concurrently. The new structure of the loan as proposed is represented in a diagram below.



The Swap agreement between ACSA and the Bank will be structured into 3 swaps with nominal values ZAR 466.6 million, ZAR 450 million and ZAR 400 million having maturities (31 Mar 2015, 31 Mar 2020 and 18 Mar 2024) with the same real rate of 4.35% for all the swaps. ACSA will be paying the Bank the fixed real rate multiplied to the nominal value of the swap accrued by CPI and, the outstanding CPI accrued capital at the maturity of the swap while the Bank will be paying ACSA 3month Jibar + 2.60% (which covers the interest portion of the DBSA loan). As with the amortizing Loan with DBSA, these swap payments take place quarterly. The graph below shows the Cash flows as discussed above:

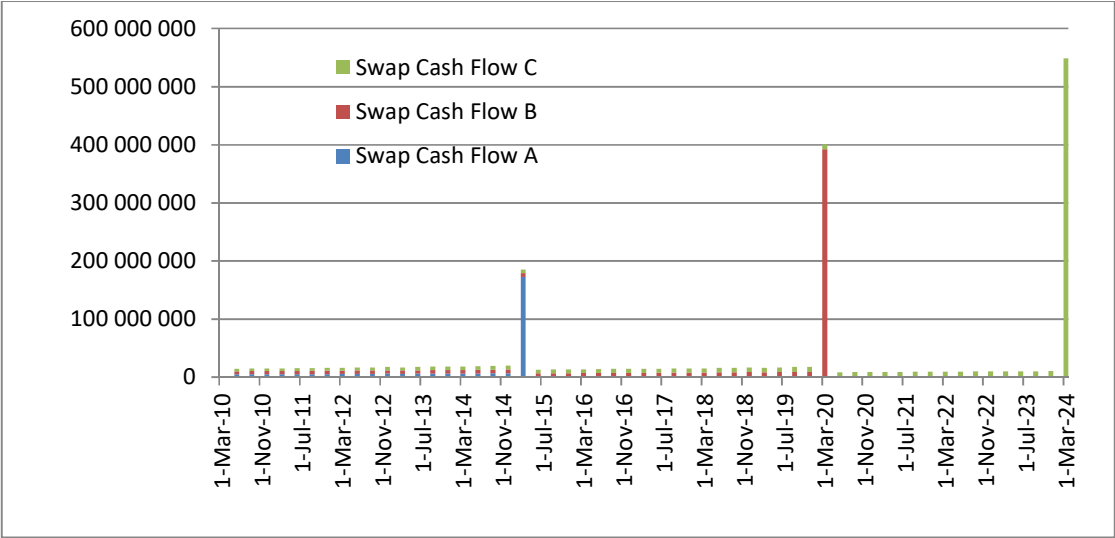


Figure 4: Swaps Cash Flows from ACSA to the Bank

The small payments which are almost indistinguishable are the real rate payments on the outstanding CPI accruing capital and the large payments are the final payments of the accrued capital minus the initial nominal amounts. The long term CPI is assumed to be at about 6%

Benefits

The first notable benefit is that duration (the time weighted cash flow) has been extended. This means that on average the time it would take to pay the amortizing cash flows on the loan has been extended to the average time it would take to pay the real rate Swap, since the durations of the combined swaps is larger than the duration of the amortizing profile. Using the JIBAR curve on the 17 March 2010 we found the duration of the amortizing profile to be 5.26 years and the duration of the combined swaps to be 7.29 years, meaning that the concentration of the cash flows has been extended from 5 years to 7 years.

Secondly and perhaps more importantly the imbedded fixed rate of the Jibar + 260 basis points that ACSA is paying to DBSA as the interest portion has been reduced by entering into the swaps transaction with the Bank as proposed. The imbedded fixed rate is the traded market fixed rate for swapping Jibar + 260 basis points that ACSA is paying on the amortizing loan. This reduction has been calculated to be 75 basis points on a ZAR 1.5bn loan. This means that the money that ACSA will be getting from the Bank is cheaper than the imbedded market fixed rate.

Conclusion

It is recommended that ACSA should consider the above proposal as the proposed swaps will reduce the burden on ACSA's cash flows by 2.03 years. The tenor of the loan repayments will then be extended to match ACSA's general asset profile. The deal is also competitive in the market as the transaction between ACSA and the Bank will yield a beneficial outcome. ACSA will be saving 100 basis points on the amortizing loan with DBSA.

Ntokoza Zama

From: Thabo Letlaka
Sent: Monday, 12 April 2010 09:44
To: Neo Mohohlo
Subject: FW: The ACSA Swap on the DBSA Loan
Attachments: Swap_JIBAR Calculation DBSA Loan.xls; Airports Company of South Africa.docx

**Thabo Letlaka**
Risk Associate

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0303 Fax: +27 11 715 0352
Mobile: +27 73 209 1222 E-mail: thabol@regiments.co.za www.regiments.co.za
Regiments Fund Managers Reg No 2005/014462/07



From: Thabo Letlaka
Sent: 19 March 2010 06:36 PM
To: 'Phetolo.Ramosebudi@airports.co.za'
Subject: The ACSA Swap on the DBSA Loan

Hi Sir

Please find attached the DBSA CPI-JIBAR Swap spreadsheet that contains the detail/breakdown of the Swap.
Also find a draft proposal write up for your review and mark-up.

Regards
Thabo

**Thabo Letlaka**
Risk Associate

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0303 Fax: +27 11 715 0352
Mobile: +27 73 209 1222 E-mail: thabol@regiments.co.za www.regiments.co.za
Regiments Fund Managers Reg No 2005/014462/07



DBSA Deal	
Date	17-Mar-10
Nominal Amount	1 500 000 000
Fixed Rate	10.993651% Based on Mid Rates
Market Rate on Offer	11.293651%
Spread	260,00
SwapPV	- 0,00

Count	Fixed Cashflow		Cashflow		Overall Cashflow		Capital Amounts	
	Date	Cashflow	NPV		NPV		Balance	Equal Pricip Amounts
	NPV	911 313 502	NPV	- 911 313 502	NPV	- 0		
0	30-Jun-09						30-Jun-09	1 500 000 000
1	30-Sep-09		30-Sep-09		30-Sep-09		30-Sep-09	1 500 000 000
2	31-Dec-09		31-Dec-09		31-Dec-09		31-Dec-09	1 500 000 000
3	31-Mar-10	40 661 449	31-Mar-10 -	36 353 836	31-Mar-10	4 307 613	31-Mar-10	1 500 000 000
4	30-Jun-10	41 113 243	30-Jun-10 -	36 427 218	30-Jun-10	4 686 025	30-Jun-10	1 500 000 000
5	30-Sep-10	41 565 036	30-Sep-10 -	36 236 768	30-Sep-10	5 328 268	30-Sep-10	1 500 000 000
6	31-Dec-10	41 565 036	31-Dec-10 -	36 397 610	31-Dec-10	5 167 426	31-Dec-10	1 500 000 000
7	31-Mar-11	40 661 449	31-Mar-11 -	36 045 385	31-Mar-11	4 616 064	31-Mar-11	1 500 000 000
8	30-Jun-11	41 113 243	30-Jun-11 -	37 114 877	30-Jun-11	3 998 365	30-Jun-11	1 471 153 846
9	30-Sep-11	40 765 709	30-Sep-11 -	37 744 803	30-Sep-11	3 020 906	30-Sep-11	1 442 307 692
10	30-Dec-11	39 531 964	30-Dec-11 -	37 777 079	30-Dec-11	1 754 885	30-Dec-11	1 413 461 538
11	30-Mar-12	38 741 325	30-Mar-12 -	38 034 095	30-Mar-12	707 229	30-Mar-12	1 384 615 385
12	29-Jun-12	37 950 685	29-Jun-12 -	37 919 294	29-Jun-12	31 392	29-Jun-12	1 355 769 231
13	28-Sep-12	37 160 046	28-Sep-12 -	37 734 396	28-Sep-12 -	574 349	28-Sep-12	1 326 923 077
14	31-Dec-12	37 568 398	31-Dec-12 -	38 809 009	31-Dec-12 -	1 240 610	31-Dec-12	1 298 076 923
15	28-Mar-13	34 014 866	28-Mar-13 -	35 598 068	28-Mar-13 -	1 583 202	28-Mar-13	1 269 230 769
16	28-Jun-13	35 170 415	28-Jun-13 -	36 502 826	28-Jun-13 -	1 332 410	28-Jun-13	1 240 384 615
17	30-Sep-13	35 118 285	30-Sep-13 -	37 102 090	30-Sep-13 -	1 983 805	30-Sep-13	1 211 538 462
18	31-Dec-13	33 571 760	31-Dec-13 -	36 108 246	31-Dec-13 -	2 536 486	31-Dec-13	1 182 692 308
19	31-Mar-14	32 059 988	31-Mar-14 -	34 825 024	31-Mar-14 -	2 765 036	31-Mar-14	1 153 846 154
20	30-Jun-14	31 625 571	30-Jun-14 -	33 441 864	30-Jun-14 -	1 816 293	30-Jun-14	1 125 000 000
21	30-Sep-14	31 173 777	30-Sep-14 -	33 559 830	30-Sep-14 -	2 386 053	30-Sep-14	1 096 153 846
22	31-Dec-14	30 374 450	31-Dec-14 -	33 307 421	31-Dec-14 -	2 932 971	31-Dec-14	1 067 307 692
23	31-Mar-15	28 932 185	31-Mar-15 -	31 994 417	31-Mar-15 -	3 062 232	31-Mar-15	1 038 461 538
24	30-Jun-15	28 463 014	30-Jun-15 -	30 301 063	30-Jun-15 -	1 838 049	30-Jun-15	1 009 615 385
25	30-Sep-15	27 976 467	30-Sep-15 -	30 327 163	30-Sep-15 -	2 350 696	30-Sep-15	980 769 231
26	31-Dec-15	27 177 139	31-Dec-15 -	30 014 616	31-Dec-15 -	2 837 477	31-Dec-15	951 923 077
27	31-Mar-16	26 091 096	31-Mar-16 -	29 024 928	31-Mar-16 -	2 933 832	31-Mar-16	923 076 923
28	30-Jun-16	25 300 457	30-Jun-16 -	26 624 628	30-Jun-16 -	1 524 171	30-Jun-16	894 230 769
29	30-Sep-16	24 779 156	30-Sep-16 -	26 748 721	30-Sep-16 -	1 969 565	30-Sep-16	865 384 615
30	30-Dec-16	23 719 178	30-Dec-16 -	26 077 405	30-Dec-16 -	2 358 226	30-Dec-16	836 538 462
31	31-Mar-17	22 928 539	31-Mar-17 -	25 357 105	31-Mar-17 -	2 428 566	31-Mar-17	807 692 308
32	30-Jun-17	22 137 900	30-Jun-17 -	23 159 036	30-Jun-17 -	1 021 136	30-Jun-17	778 846 154
33	29-Sep-17	21 347 261	29-Sep-17 -	22 724 163	29-Sep-17 -	1 376 903	29-Sep-17	750 000 000
34	29-Dec-17	20 556 621	29-Dec-17 -	22 277 778	29-Dec-17 -	1 721 157	29-Dec-17	721 153 846
35	29-Mar-18	19 548 773	29-Mar-18 -	21 393 531	29-Mar-18 -	1 844 757	29-Mar-18	692 307 692
36	29-Jun-18	19 183 863	29-Jun-18 -	19 938 489	29-Jun-18 -	754 626	29-Jun-18	663 461 538
37	28-Sep-18	18 184 703	28-Sep-18 -	19 228 510	28-Sep-18 -	1 043 807	28-Sep-18	634 615 385
38	31-Dec-18	17 967 495	31-Dec-18 -	19 349 794	31-Dec-18 -	1 382 299	31-Dec-18	605 769 231
39	29-Mar-19	16 056 059	29-Mar-19 -	17 390 332	29-Mar-19 -	1 334 273	29-Mar-19	576 923 077
40	28-Jun-19	15 812 786	28-Jun-19 -	15 976 204	28-Jun-19 -	163 419	28-Jun-19	548 076 923
41	30-Sep-19	15 517 382	30-Sep-19 -	15 946 723	30-Sep-19 -	429 341	30-Sep-19	519 230 769
42	31-Dec-19	14 387 897	31-Dec-19 -	15 041 139	31-Dec-19 -	653 242	31-Dec-19	490 384 615
43	31-Mar-20	13 440 868	31-Mar-20 -	14 096 095	31-Mar-20 -	655 227	31-Mar-20	461 538 462
44	30-Jun-20	12 650 228	30-Jun-20 -	12 436 188	30-Jun-20 -	214 040	30-Jun-20	432 692 308
45	30-Sep-20	11 989 914	30-Sep-20 -	11 976 143	30-Sep-20 -	13 771	30-Sep-20	403 846 154
46	31-Dec-20	11 190 587	31-Dec-20 -	11 361 842	31-Dec-20 -	171 255	31-Dec-20	375 000 000
47	31-Mar-21	10 165 362	31-Mar-21 -	10 383 920	31-Mar-21 -	218 557	31-Mar-21	346 153 846
48	30-Jun-21	9 487 671	30-Jun-21 -	9 298 145	30-Jun-21 -	189 526	30-Jun-21	317 307 692
49	30-Sep-21	8 792 604	30-Sep-21 -	8 754 489	30-Sep-21 -	38 115	30-Sep-21	288 461 538
50	31-Dec-21	7 993 276	31-Dec-21 -	8 089 023	31-Dec-21 -	95 747	31-Dec-21	259 615 385
51	31-Mar-22	7 037 558	31-Mar-22 -	7 036 899	31-Mar-22 -	659	31-Mar-22	230 769 231
52	30-Jun-22	6 325 114	30-Jun-22 -	5 424 755	30-Jun-22 -	900 359	30-Jun-22	201 923 077
53	30-Sep-22	5 595 293	30-Sep-22 -	4 859 691	30-Sep-22 -	735 603	30-Sep-22	173 076 923
54	30-Dec-22	4 743 836	30-Dec-22 -	4 173 028	30-Dec-22 -	570 808	30-Dec-22	144 230 769
55	31-Mar-23	3 953 196	31-Mar-23 -	3 509 475	31-Mar-23 -	443 721	31-Mar-23	115 384 615
56	30-Jun-23	3 162 557	30-Jun-23 -	2 783 767	30-Jun-23 -	378 790	30-Jun-23	86 538 462
57	29-Sep-23	2 371 918	29-Sep-23 -	2 115 249	29-Sep-23 -	256 669	29-Sep-23	57 692 308
58	29-Dec-23	1 581 279	29-Dec-23 -	1 429 117	29-Dec-23 -	152 161	29-Dec-23	28 846 154
	29-Mar-24	790 639	29-Mar-24 -	725 072	29-Mar-24	65 567	29-Mar-24	0

Forward Curve

Date	Days	Implied fwd
31-Mar-10 Wed		
30-Jun-10 Wed	91	9,617
30-Sep-10 Thu	92	9,559
31-Dec-10 Fri	92	9,594
31-Mar-11 Thu	90	9,748
30-Jun-11 Thu	91	10,019
30-Sep-11 Fri	92	10,177
30-Dec-11 Fri	91	10,494
30-Mar-12 Fri	91	10,799
29-Jun-12 Fri	91	11,027
28-Sep-12 Fri	91	11,233
31-Dec-12 Mon	94	11,386
28-Mar-13 Thu	87	11,467
28-Jun-13 Fri	92	11,597
30-Sep-13 Mon	94	11,727
31-Dec-13 Tue	92	11,807
31-Mar-14 Mon	90	11,844
30-Jun-14 Mon	91	11,909
30-Sep-14 Tue	92	11,975
31-Dec-14 Wed	92	12,014
31-Mar-15 Tue	90	12,026
30-Jun-15 Tue	91	12,062
30-Sep-15 Wed	92	12,094
31-Dec-15 Thu	92	12,099
31-Mar-16 Thu	91	12,079
30-Jun-16 Thu	91	12,084
30-Sep-16 Fri	92	12,082
30-Dec-16 Fri	91	12,047
31-Mar-17 Fri	91	11,983
30-Jun-17 Fri	91	11,918
29-Sep-17 Fri	91	11,869
29-Dec-17 Fri	91	11,832
29-Mar-18 Thu	90	11,806
29-Jun-18 Fri	92	11,806
28-Sep-18 Fri	91	11,778
31-Dec-18 Mon	94	11,714
29-Mar-19 Fri	88	11,601
28-Jun-19 Fri	91	11,496
30-Sep-19 Mon	94	11,410
31-Dec-19 Tue	92	11,340
31-Mar-20 Tue	91	11,292
30-Jun-20 Tue	91	11,242
30-Sep-20 Wed	92	11,186
31-Dec-20 Thu	92	11,128
31-Mar-21 Wed	90	11,068
30-Jun-21 Wed	91	11,011
30-Sep-21 Thu	92	10,952
31-Dec-21 Fri	92	10,892
31-Mar-22 Thu	90	10,830
30-Jun-22 Thu	91	10,763
30-Sep-22 Fri	92	10,695
30-Dec-22 Fri	91	10,629
31-Mar-23 Fri	91	10,568
30-Jun-23 Fri	91	10,509
29-Sep-23 Fri	91	10,454
29-Dec-23 Fri	91	10,402
18-Mar-24 Mon	80	10,348

Swap A						
ACSA rec		3m Jibar + 2.60%		nacq		
ACSA pays fixed		4,3500%		real nacq		
Date	Ned Pays ACSA	cpi Swap2a	Est Future cpi Not	Date	ACSA pays Ned	
500 000 000,00	31-Mar-10 Wed		466 611 714	31-Mar-10 Wed		
500 000 000,00	30-Jun-10 Wed	11 988 315	466 611 714	30-Jun-10 Wed	5 161 859	
500 000 000,00	30-Sep-10 Thu	12 047 211	466 611 714	30-Sep-10 Thu	5 274 985	
500 000 000,00	31-Dec-10 Fri	12 090 690	466 611 714	31-Dec-10 Fri	5 323 040	
500 000 000,00	31-Mar-11 Thu	12 018 205	466 611 714	31-Mar-11 Thu	5 263 376	
490 384 615,38	30-Jun-11 Thu	12 489 563	466 611 714	30-Jun-11 Thu	5 389 794	
480 769 230,77	30-Sep-11 Fri	12 579 158	466 611 714	30-Sep-11 Fri	5 522 862	
471 153 846,15	30-Dec-11 Fri	12 578 185	466 611 714	30-Dec-11 Fri	5 540 756	
461 538 461,54	30-Mar-12 Fri	12 684 539	466 611 714	30-Mar-12 Fri	5 623 485	
451 923 076,92	29-Jun-12 Fri	12 688 027	466 611 714	29-Jun-12 Fri	5 710 530	
442 307 692,31	28-Sep-12 Fri	12 656 698	466 611 714	28-Sep-12 Fri	5 801 824	
432 692 307,69	31-Dec-12 Mon	12 969 152	466 611 714	31-Dec-12 Mon	6 093 981	
423 076 923,08	28-Mar-13 Thu	11 826 786	466 611 714	28-Mar-13 Thu	5 728 523	
413 461 538,46	28-Jun-13 Fri	12 366 768	466 611 714	28-Jun-13 Fri	6 159 304	
403 846 153,85	30-Sep-13 Mon	12 486 862	466 611 714	30-Sep-13 Mon	6 402 453	
394 230 769,23	31-Dec-13 Tue	12 018 709	466 611 714	31-Dec-13 Tue	6 373 435	
384 615 384,62	31-Mar-14 Mon	11 513 461	466 611 714	31-Mar-14 Mon	6 339 352	
375 000 000,00	30-Jun-14 Mon	11 419 685	466 611 714	30-Jun-14 Mon	6 519 395	
365 384 615,38	30-Sep-14 Tue	11 318 552	466 611 714	30-Sep-14 Tue	6 705 631	
355 769 230,77	31-Dec-14 Wed	11 064 158	466 611 714	31-Dec-14 Wed	6 821 543	
-	31-Mar-15 Tue	10 549 503	466 611 714	31-Mar-15 Tue	172 672 498	

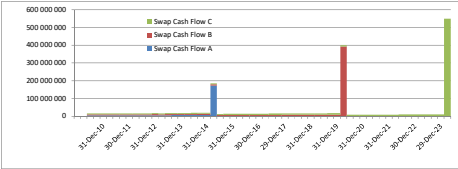
Swaps					
ACSA rec ACSA pays fixed			Swap B nacq real nacq		
3m Jibar + 2.60% 4,3500%					
Date	Ned Pays ACSA	cpi Swap2b	Est Future cpi Not	Date	ACSA pays Ned
500 000 000,00	31-Mar-10 Wed		453 917 932	31-Mar-10 Wed	
500 000 000,00	30-Jun-10 Wed	11 988 315	453 917 932	30-Jun-10 Wed	5 021 435
500 000 000,00	30-Sep-10 Thu	12 047 211	453 917 932	30-Sep-10 Thu	5 131 484
500 000 000,00	31-Dec-10 Fri	12 090 690	453 917 932	31-Dec-10 Fri	5 178 231
500 000 000,00	31-Mar-11 Thu	12 018 205	453 917 932	31-Mar-11 Thu	5 120 190
490 384 615,38	30-Jun-11 Thu	12 489 563	453 917 932	30-Jun-11 Thu	5 243 169
480 769 230,77	30-Sep-11 Fri	12 579 158	453 917 932	30-Sep-11 Fri	5 372 618
471 153 846,15	30-Dec-11 Fri	12 578 185	453 917 932	30-Dec-11 Fri	5 390 024
461 538 461,54	30-Mar-12 Fri	12 684 539	453 917 932	30-Mar-12 Fri	5 470 503
451 923 076,92	29-Jun-12 Fri	12 688 027	453 917 932	29-Jun-12 Fri	5 555 180
442 307 692,31	28-Sep-12 Fri	12 656 698	453 917 932	28-Sep-12 Fri	5 643 991
432 692 307,69	31-Dec-12 Mon	12 969 152	453 917 932	31-Dec-12 Mon	5 928 199
423 076 923,08	28-Mar-13 Thu	11 826 786	453 917 932	28-Mar-13 Thu	5 572 683
413 461 538,46	28-Jun-13 Fri	12 366 768	453 917 932	28-Jun-13 Fri	5 991 745
403 846 153,85	30-Sep-13 Mon	12 486 862	453 917 932	30-Sep-13 Mon	6 228 279
394 230 769,23	31-Dec-13 Tue	12 018 709	453 917 932	31-Dec-13 Tue	6 200 051
384 615 384,62	31-Mar-14 Mon	11 513 461	453 917 932	31-Mar-14 Mon	6 166 895
375 000 000,00	30-Jun-14 Mon	11 419 685	453 917 932	30-Jun-14 Mon	6 342 040
365 384 615,38	30-Sep-14 Tue	11 318 552	453 917 932	30-Sep-14 Tue	6 523 210
355 769 230,77	31-Dec-14 Wed	11 064 158	453 917 932	31-Dec-14 Wed	6 635 969
519 230 769,23	31-Mar-15 Tue	10 549 503	453 917 932	31-Mar-15 Tue	6 599 654
504 807 692,31	30-Jun-15 Tue	15 614 766	453 917 932	30-Jun-15 Tue	6 783 429
490 384 615,38	30-Sep-15 Wed	15 387 927	453 917 932	30-Sep-15 Wed	6 971 437
475 961 538,46	31-Dec-15 Thu	14 954 329	453 917 932	31-Dec-15 Thu	7 085 680
461 538 461,54	31-Mar-16 Thu	14 333 234	453 917 932	31-Mar-16 Thu	7 121 415
447 115 384,62	30-Jun-16 Thu	13 904 992	453 917 932	30-Jun-16 Thu	7 235 429
432 692 307,69	30-Sep-16 Fri	13 616 347	453 917 932	30-Sep-16 Fri	7 432 421
418 269 230,77	30-Dec-16 Fri	12 995 800	453 917 932	30-Dec-16 Fri	7 466 887
403 846 153,85	31-Mar-17 Fri	12 495 658	453 917 932	31-Mar-17 Fri	7 581 791
389 423 076,92	30-Jun-17 Fri	11 999 630	453 917 932	30-Jun-17 Fri	7 694 716
375 000 000,00	29-Sep-17 Fri	11 523 790	453 917 932	29-Sep-17 Fri	7 807 096
360 576 923,08	29-Dec-17 Fri	11 062 297	453 917 932	29-Dec-17 Fri	7 921 687
346 153 846,15	29-Mar-18 Thu	10 496 908	453 917 932	29-Mar-18 Thu	7 951 691
331 730 769,23	29-Jun-18 Fri	10 300 268	453 917 932	29-Jun-18 Fri	8 257 633
317 307 692,31	28-Sep-18 Fri	9 741 051	453 917 932	28-Sep-18 Fri	8 298 772
302 884 615,38	31-Dec-18 Mon	9 572 154	453 917 932	31-Dec-18 Mon	8 713 340
288 461 538,46	29-Mar-19 Fri	8 471 834	453 917 932	29-Mar-19 Fri	8 278 737
274 038 461,54	28-Jun-19 Fri	8 267 527	453 917 932	28-Jun-19 Fri	8 688 731
259 615 384,62	30-Sep-19 Mon	8 052 738	453 917 932	30-Sep-19 Mon	9 110 631
245 192 307,69	31-Dec-19 Tue	7 420 590	453 917 932	31-Dec-19 Tue	9 046 610
-	31-Mar-20 Tue	6 902 693	453 917 932	31-Mar-20 Tue	392 045 299

ACSA rec ACSA pays fixed		3m Jibar + 2.60% 4,3500%		Swap C nacq real nacq			
Date	Ned Pays ACSA	cpi Swap2c	Est Future cpi Not	Date	ACSA pays Ned		
500 000 000,00	31-Mar-10 Wed		422 712 417	422 712 417	31-Mar-10 Wed		
500 000 000,00	30-Jun-10 Wed	11 988 315	422 712 417	431 179 159	30-Jun-10 Wed	4 676 227	
500 000 000,00	30-Sep-10 Thu	12 047 211	422 712 417	435 839 319	30-Sep-10 Thu	4 778 709	
500 000 000,00	31-Dec-10 Fri	12 090 690	422 712 417	439 809 741	31-Dec-10 Fri	4 822 243	
500 000 000,00	31-Mar-11 Thu	12 018 205	422 712 417	444 544 114	31-Mar-11 Thu	4 768 192	
490 384 615,38	30-Jun-11 Thu	12 489 563	422 712 417	450 218 937	30-Jun-11 Thu	4 882 717	
480 769 230,77	30-Sep-11 Fri	12 579 158	422 712 417	456 319 862	30-Sep-11 Fri	5 003 266	
471 153 846,15	30-Dec-11 Fri	12 578 185	422 712 417	462 829 030	30-Dec-11 Fri	5 019 476	
461 538 461,54	30-Mar-12 Fri	12 684 539	422 712 417	469 739 584	30-Mar-12 Fri	5 094 422	
451 923 076,92	29-Jun-12 Fri	12 688 027	422 712 417	477 010 601	29-Jun-12 Fri	5 173 278	
442 307 692,31	28-Sep-12 Fri	12 656 698	422 712 417	484 636 544	28-Sep-12 Fri	5 255 983	
432 692 307,69	31-Dec-12 Mon	12 969 152	422 712 417	492 794 921	31-Dec-12 Mon	5 520 653	
423 076 923,08	28-Mar-13 Thu	11 826 786	422 712 417	500 514 149	28-Mar-13 Thu	5 189 578	
413 461 538,46	28-Jun-13 Fri	12 366 768	422 712 417	508 905 087	28-Jun-13 Fri	5 579 831	
403 846 153,85	30-Sep-13 Mon	12 486 862	422 712 417	517 739 739	30-Sep-13 Mon	5 800 104	
394 230 769,23	31-Dec-13 Tue	12 018 709	422 712 417	526 597 361	31-Dec-13 Tue	5 773 815	
384 615 384,62	31-Mar-14 Mon	11 513 461	422 712 417	535 420 874	31-Mar-14 Mon	5 742 939	
375 000 000,00	30-Jun-14 Mon	11 419 685	422 712 417	544 576 488	30-Jun-14 Mon	5 906 044	
365 384 615,38	30-Sep-14 Tue	11 318 552	422 712 417	554 044 667	30-Sep-14 Tue	6 074 758	
355 769 230,77	31-Dec-14 Wed	11 064 158	422 712 417	563 621 795	31-Dec-14 Wed	6 179 766	
519 230 769,23	31-Mar-15 Tue	10 549 503	422 712 417	572 993 767	31-Mar-15 Tue	6 145 947	
504 807 692,31	30-Jun-15 Tue	15 614 766	422 712 417	582 477 486	30-Jun-15 Tue	6 317 088	
490 384 615,38	30-Sep-15 Wed	15 387 927	422 712 417	592 114 570	30-Sep-15 Wed	6 492 171	
475 961 538,46	31-Dec-15 Thu	14 954 329	422 712 417	601 817 760	31-Dec-15 Thu	6 598 561	
461 538 461,54	31-Mar-16 Thu	14 333 234	422 712 417	611 499 636	31-Mar-16 Thu	6 631 839	
447 115 384,62	30-Jun-16 Thu	13 904 992	422 712 417	621 289 732	30-Jun-16 Thu	6 738 015	
432 692 307,69	30-Sep-16 Fri	13 616 347	422 712 417	631 267 937	30-Sep-16 Fri	6 921 464	
418 269 230,77	30-Dec-16 Fri	12 995 800	422 712 417	641 164 475	30-Dec-16 Fri	6 953 560	
403 846 153,85	31-Mar-17 Fri	12 495 658	422 712 417	651 030 997	31-Mar-17 Fri	7 060 565	
389 423 076,92	30-Jun-17 Fri	11 999 630	422 712 417	660 727 635	30-Jun-17 Fri	7 165 727	
375 000 000,00	29-Sep-17 Fri	11 523 790	422 712 417	670 377 496	29-Sep-17 Fri	7 270 382	
360 576 923,08	29-Dec-17 Fri	11 062 297	422 712 417	680 217 084	29-Dec-17 Fri	7 377 094	
346 153 846,15	29-Mar-18 Thu	10 496 908	422 712 417	690 380 093	29-Mar-18 Thu	7 405 036	
331 730 769,23	29-Jun-18 Fri	10 300 268	422 712 417	701 356 802	29-Jun-18 Fri	7 689 945	
317 307 692,31	28-Sep-18 Fri	9 741 051	422 712 417	712 596 589	28-Sep-18 Fri	7 728 256	
302 884 615,38	31-Dec-18 Mon	9 572 154	422 712 417	724 316 005	31-Dec-18 Mon	8 114 324	
288 461 538,46	29-Mar-19 Fri	8 471 834	422 712 417	735 110 601	29-Mar-19 Fri	7 709 598	
274 038 461,54	28-Jun-19 Fri	8 267 527	422 712 417	746 081 428	28-Jun-19 Fri	8 091 406	
259 615 384,62	30-Sep-19 Mon	8 052 738	422 712 417	757 341 750	30-Sep-19 Mon	8 484 303	
245 192 307,69	31-Dec-19 Tue	7 420 590	422 712 417	768 368 095	31-Dec-19 Tue	8 424 683	
461 538 461,54	31-Mar-20 Tue	6 902 693	422 712 417	779 353 512	31-Mar-20 Tue	8 452 249	
432 692 307,69	30-Jun-20 Tue	12 935 655	422 712 417	790 373 707	30-Jun-20 Tue	8 571 765	
403 846 153,85	30-Sep-20 Wed	12 199 367	422 712 417	801 517 552	30-Sep-20 Wed	8 788 146	
375 000 000,00	31-Dec-20 Thu	11 327 139	422 712 417	812 685 219	31-Dec-20 Thu	8 910 592	
346 153 846,15	31-Mar-21 Wed	10 234 017	422 712 417	823 644 756	31-Mar-21 Wed	8 834 436	
317 307 692,31	30-Jun-21 Wed	9 502 471	422 712 417	834 785 873	30-Jun-21 Wed	9 053 424	
288 461 538,46	30-Sep-21 Thu	8 759 532	422 712 417	846 124 536	30-Sep-21 Thu	9 277 234	
259 615 384,62	31-Dec-21 Fri	7 919 295	422 712 417	857 561 645	31-Dec-21 Fri	9 402 635	
230 769 230,77	31-Mar-22 Thu	6 932 478	422 712 417	868 870 900	31-Mar-22 Thu	9 319 533	
201 923 076,92	30-Jun-22 Thu	6 192 411	422 712 417	880 423 276	30-Jun-22 Thu	9 548 371	
173 076 923,08	30-Sep-22 Fri	5 443 446	422 712 417	892 210 048	30-Sep-22 Fri	9 782 533	
144 230 769,23	30-Dec-22 Fri	4 586 573	422 712 417	903 965 529	30-Dec-22 Fri	9 803 692	
115 384 615,38	31-Mar-23 Fri	3 799 993	422 712 417	915 808 817	31-Mar-23 Fri	9 932 135	
86 538 461,54	30-Jun-23 Fri	3 023 195	422 712 417	927 726 314	30-Jun-23 Fri	10 061 383	
57 692 307,69	29-Sep-23 Fri	2 255 508	422 712 417	939 705 172	29-Sep-23 Fri	10 191 296	
28 846 153,85	29-Dec-23 Fri	1 496 221	422 712 417	951 739 161	29-Dec-23 Fri	10 321 807	
0,00	18-Mar-24 Mon	654 221	422 712 417	962 348 901	18-Mar-24 Mon	548 811 756	

Index	Day Number	Date	Forward Rates	Repayment	Interest Content	Capital Content	Capital Outstanding
1		31-Mar-10 Wed					1 500 000 000,00
2	91	30-Jun-10 Wed	9,6170%	36 427 217,78	35 964 945,21	-	1 500 000 000,00
3	92	30-Sep-10 Thu	9,5592%	36 236 768,12	36 141 632,88	-	1 500 000 000,00
4	92	31-Dec-10 Fri	9,5937%	36 397 610,19	36 272 071,23	-	1 500 000 000,00
5	90	31-Mar-11 Thu	9,7481%	36 045 384,61	36 054 616,44	-	1 500 000 000,00
6	91	30-Jun-11 Thu	10,0191%	65 961 031,22	37 468 689,04	28 846 153,85	1 471 153 846,15
7	92	30-Sep-11 Fri	10,1770%	66 590 956,82	37 737 474,18	28 846 153,85	1 442 307 692,31
8	91	30-Dec-11 Fri	10,4938%	66 623 232,99	37 734 554,79	28 846 153,85	1 413 461 538,46
9	91	30-Mar-12 Fri	10,7985%	65 961 031,22	38 053 618,15	28 846 153,85	1 384 615 384,62
10	91	29-Jun-12 Fri	11,0265%	66 765 447,75	38 064 082,19	28 846 153,85	1 355 769 230,77
11	91	28-Sep-12 Fri	11,2333%	66 580 549,45	37 970 092,81	28 846 153,85	1 326 923 076,92
12	94	31-Dec-12 Mon	11,3855%	67 655 162,49	38 907 456,80	28 846 153,85	1 298 076 923,08
13	87	28-Mar-13 Thu	11,4673%	64 444 221,99	35 480 357,88	28 846 153,85	1 269 230 769,23
14	92	28-Jun-13 Fri	11,5969%	65 348 979,42	37 100 303,90	28 846 153,85	1 240 384 615,38
15	94	30-Sep-13 Mon	11,7269%	65 948 244,34	37 460 587,30	28 846 153,85	1 211 538 461,54
16	92	31-Dec-13 Tue	11,8072%	64 954 399,92	36 056 128,13	28 846 153,85	1 182 692 307,69
17	90	31-Mar-14 Mon	11,8442%	63 671 178,16	34 540 383,03	28 846 153,85	1 153 846 153,85
18	91	30-Jun-14 Mon	11,9091%	62 288 017,66	34 259 054,79	28 846 153,85	1 125 000 000,00
19	92	30-Sep-14 Tue	11,9747%	62 405 984,27	33 955 656,16	28 846 153,85	1 096 153 846,15
20	92	31-Dec-14 Wed	12,0136%	62 153 574,87	33 192 475,45	28 846 153,85	1 067 307 692,31
21	90	31-Mar-15 Tue	12,0258%	60 840 570,65	31 648 509,48	28 846 153,85	1 038 461 538,46
22	91	30-Jun-15 Tue	12,0622%	59 147 216,44	31 229 531,51	28 846 153,85	1 009 615 384,62
23	92	30-Sep-15 Wed	12,0937%	59 173 316,37	30 775 854,06	28 846 153,85	980 769 230,77
24	92	31-Dec-15 Thu	12,0986%	58 860 769,67	29 908 657,11	28 846 153,85	951 923 076,92
25	91	31-Mar-16 Thu	12,0788%	57 871 082,18	28 666 467,12	28 846 153,85	923 076 923,08
26	91	30-Jun-16 Thu	12,0841%	55 670 782,16	27 809 983,56	28 846 153,85	894 230 769,23
27	92	30-Sep-16 Fri	12,0822%	55 594 875,14	27 232 693,15	28 846 153,85	865 384 615,38
28	91	30-Dec-16 Fri	12,0469%	54 923 558,52	25 991 599,32	28 846 153,85	836 538 461,54
29	91	31-Mar-17 Fri	11,9827%	54 203 258,47	24 991 316,10	28 846 153,85	807 692 307,69
30	91	30-Jun-17 Fri	11,9180%	52 005 189,59	23 999 260,27	28 846 153,85	778 846 153,85
31	91	29-Sep-17 Fri	11,8693%	51 570 317,17	23 047 579,11	28 846 153,85	750 000 000,00
32	91	29-Dec-17 Fri	11,8322%	51 123 932,16	22 124 593,15	28 846 153,85	721 153 846,15
33	90	29-Mar-18 Thu	11,8063%	50 239 684,61	20 993 815,86	28 846 153,85	692 307 692,31
34	92	29-Jun-18 Fri	11,8055%	48 784 642,91	20 600 535,30	28 846 153,85	663 461 538,46
35	91	28-Sep-18 Fri	11,7780%	48 074 663,81	19 482 102,74	28 846 153,85	634 615 384,62
36	94	31-Dec-18 Mon	11,7137%	48 195 947,66	19 144 308,43	28 846 153,85	605 769 230,77
37	88	29-Mar-19 Fri	11,6014%	46 236 486,08	16 943 667,44	28 846 153,85	576 923 076,92
38	91	28-Jun-19 Fri	11,4958%	44 822 358,31	16 535 054,79	28 846 153,85	548 076 923,08
39	94	30-Sep-19 Mon	11,4103%	44 792 876,99	16 105 476,13	28 846 153,85	519 230 769,23
40	92	31-Dec-19 Tue	11,3400%	43 887 293,29	14 841 180,19	28 846 153,85	490 384 615,38
41	91	31-Mar-20 Tue	11,2918%	42 942 248,78	13 805 385,62	28 846 153,85	461 538 461,54
42	91	30-Jun-20 Tue	11,2417%	41 282 342,08	12 935 654,79	28 846 153,85	432 692 307,69
43	92	30-Sep-20 Wed	11,1857%	40 822 297,32	12 199 367,23	28 846 153,85	403 846 153,85
44	92	31-Dec-20 Thu	11,1278%	40 207 995,79	11 327 138,88	28 846 153,85	375 000 000,00
45	90	31-Mar-21 Wed	11,0679%	39 230 073,41	10 234 017,12	28 846 153,85	346 153 846,15
46	91	30-Jun-21 Wed	11,0108%	38 144 299,03	9 502 471,23	28 846 153,85	317 307 692,31
47	92	30-Sep-21 Thu	10,9523%	37 600 642,43	8 759 531,82	28 846 153,85	288 461 538,46
48	92	31-Dec-21 Fri	10,8919%	36 935 176,80	7 919 295,05	28 846 153,85	259 615 384,62
49	90	31-Mar-22 Thu	10,8295%	35 883 052,88	6 932 477,61	28 846 153,85	230 769 230,77
50	91	30-Jun-22 Thu	10,7630%	34 270 908,80	6 192 410,96	28 846 153,85	201 923 076,92
51	92	30-Sep-22 Fri	10,6953%	33 705 844,70	5 443 445,63	28 846 153,85	173 076 923,08
52	91	30-Dec-22 Fri	10,6292%	33 019 181,67	4 586 572,60	28 846 153,85	144 230 769,23
53	91	31-Mar-23 Fri	10,5676%	32 355 628,77	3 799 993,15	28 846 153,85	115 384 615,38
54	91	30-Jun-23 Fri	10,5092%	31 629 921,23	3 023 194,52	28 846 153,85	86 538 461,54
55	91	29-Sep-23 Fri	10,4541%	30 961 402,96	2 255 507,88	28 846 153,85	57 692 307,69
56	91	29-Dec-23 Fri	10,4023%	30 275 271,04	1 496 221,23	28 846 153,85	28 846 153,85
57	80	18-Mar-24 Mon	10,3476%	29 481 916,24	654 221,29	28 846 153,85	0,00

Jibar Structure		Swap Structure							Net	Accrued Net
Date	Repayments	Date	Total Amount	Capital Content	Swap Total	Swap Cash Flow A	Swap Cash Flow B	Swap Cash Flow C	601 309 287.84	10.261%
31-Mar-10 Wed	36 427 217,78	31-Mar-10 Wed	-	-	-	-	-	-	-	-
30-Sep-10 Thu	36 236 768,12	30-Sep-10 Thu	14 859 524,27	-	14 859 524,27	5 161 859,48	5 021 436,41	4 676 226,58	-	21 967 698,30
31-Dec-10 Fri	36 397 610,19	31-Dec-10 Fri	15 185 178,62	-	15 185 178,62	5 274 985,36	5 131 483,79	4 779 709,48	-	21 051 589,50
31-Mar-11 Thu	36 045 384,61	31-Mar-11 Thu	15 323 513,04	-	15 323 513,04	5 323 039,59	5 178 230,75	4 822 242,70	-	21 074 097,15
30-Jun-11 Thu	65 961 031,22	30-Jun-11 Thu	15 151 758,65	-	15 151 758,65	5 263 376,03	5 120 180,28	4 768 192,34	-	20 902 857,79
30-Sep-11 Fri	65 961 031,22	30-Sep-11 Fri	44 361 834,09	28 846 153,85	15 515 680,24	5 389 794,10	5 243 169,26	4 882 716,88	-	21 953 008,80
30-Dec-11 Fri	66 520 232,99	30-Dec-11 Fri	66 590 956,82	28 846 153,85	15 698 745,99	5 522 862,42	5 372 617,57	5 003 266,00	-	21 838 728,19
30-Mar-12 Fri	65 961 031,22	30-Mar-12 Fri	66 520 232,99	28 846 153,85	15 698 745,99	5 540 755,78	5 380 024,15	5 019 475,93	-	21 784 288,95
29-Jun-12 Fri	66 765 447,75	29-Jun-12 Fri	45 034 564,84	28 846 153,85	16 188 410,99	5 623 485,45	5 470 503,23	5 094 422,31	-	21 865 207,18
28-Sep-12 Fri	66 580 549,45	28-Sep-12 Fri	45 285 142,41	28 846 153,85	16 438 689,57	5 710 530,40	5 555 180,19	5 173 277,98	-	21 625 063,63
31-Dec-12 Mon	67 655 162,49	31-Dec-12 Mon	45 547 851,84	28 846 153,85	16 701 797,79	5 801 824,34	5 643 990,56	5 255 862,90	-	21 269 295,01
28-Mar-13 Thu	64 444 221,59	28-Mar-13 Thu	46 388 987,59	28 846 153,85	17 542 833,75	6 093 981,08	5 928 199,42	5 520 653,24	-	21 364 623,05
28-Jun-13 Fri	65 348 979,42	28-Jun-13 Fri	45 336 937,04	28 846 153,85	16 490 783,19	5 728 522,87	5 572 683,00	5 186 577,52	-	18 869 574,69
30-Sep-13 Mon	65 948 244,34	30-Sep-13 Mon	46 577 033,83	28 846 153,85	17 730 879,99	6 159 304,07	5 991 745,35	5 579 830,57	-	19 369 423,91
31-Dec-13 Tue	64 954 369,92	31-Dec-13 Tue	47 276 989,41	28 846 153,85	18 430 835,56	6 402 452,70	6 228 279,32	5 800 103,54	-	19 529 751,74
31-Mar-14 Mon	63 671 178,16	31-Mar-14 Mon	47 150 454,42	28 846 153,85	18 347 300,37	6 373 434,54	6 200 050,58	5 773 815,44	-	17 708 607,56
30-Jun-14 Mon	62 288 017,96	30-Jun-14 Mon	47 095 339,06	28 846 153,85	18 249 185,22	6 339 351,50	6 166 894,74	5 742 938,97	-	16 291 197,82
30-Sep-14 Tue	62 405 984,27	30-Sep-14 Tue	47 613 633,34	28 846 153,85	19 767 479,49	6 519 395,14	6 342 040,44	5 906 042,92	-	15 491 575,30
31-Mar-15 Tue	62 153 574,87	31-Mar-15 Tue	48 149 752,36	28 846 153,85	19 303 598,52	6 705 630,68	6 523 209,60	6 074 758,24	-	14 652 057,85
30-Jun-15 Tue	60 840 570,65	30-Jun-15 Tue	48 483 431,32	28 846 153,85	19 637 277,48	6 821 543,15	6 635 968,77	6 179 765,55	-	13 555 197,97
30-Jun-15 Tue	59 147 216,44	31-Mar-16 Tue	214 264 282,54	28 846 153,85	185 418 098,69	172 672 498,35	6 586 653,50	6 145 946,84	153 749 869,21	335 744 330,71
30-Sep-15 Wed	58 860 769,67	30-Jun-15 Tue	41 946 670,55	28 846 153,85	13 100 516,70	6 783 428,68	6 317 088,02	-	-	18 129 014,81
30-Jun-16 Fri	57 871 082,18	30-Sep-15 Wed	42 309 762,04	28 846 153,85	13 603 008,19	6 971 436,93	6 492 171,26	-	-	17 312 245,87
30-Sep-16 Fri	55 670 762,16	31-Dec-15 Tue	42 530 384,93	28 846 153,85	13 694 241,08	7 055 660,32	6 588 550,76	-	-	16 224 416,03
30-Dec-16 Fri	55 594 875,14	31-Mar-16 Thu	42 599 408,50	28 846 153,85	13 753 254,66	7 121 415,45	6 631 839,20	-	-	14 913 212,47
30-Dec-16 Fri	54 203 558,47	30-Jun-16 Fri	42 819 597,81	28 846 153,85	13 973 443,96	7 235 426,16	6 738 014,80	-	-	13 836 539,60
30-Jun-17 Fri	52 005 189,59	30-Sep-16 Fri	43 200 038,38	28 846 153,85	14 353 884,53	7 432 420,74	6 921 463,79	-	-	12 678 806,82
29-Sep-17 Thu	51 570 317,17	30-Dec-16 Fri	43 296 601,18	28 846 153,85	14 420 447,33	7 466 886,86	6 953 560,47	-	-	11 571 151,98
29-Mar-18 Fri	48 784 642,91	31-Mar-17 Fri	43 488 509,41	28 846 153,85	14 642 355,56	7 581 750,62	7 060 564,94	-	-	10 348 900,53
28-Sep-18 Mon	48 074 663,81	30-Jun-17 Fri	43 706 596,75	28 846 153,85	14 660 442,91	7 694 715,93	7 165 726,97	-	-	9 138 817,37
28-Mar-18 Fri	48 195 947,66	29-Sep-17 Thu	43 923 632,03	28 846 153,85	15 077 478,19	7 867 096,49	7 270 381,70	-	-	7 970 100,02
28-Jun-18 Fri	44 822 358,31	29-Dec-17 Fri	44 144 934,46	28 846 153,85	15 298 770,62	7 921 696,57	7 377 084,05	-	-	6 825 812,53
30-Sep-19 Mon	44 792 876,99	28-Mar-18 Thu	44 202 880,66	28 846 153,85	15 359 726,82	7 951 691,03	7 405 035,79	-	-	5 637 089,04
31-Dec-19 Tue	43 887 293,29	29-Jun-18 Fri	44 793 731,67	28 846 153,85	15 947 577,62	8 257 632,83	7 689 944,99	-	-	4 652 967,48
31-Mar-20 Tue	42 842 248,78	28-Sep-18 Mon	44 873 182,78	28 846 153,85	16 027 028,93	8 298 772,50	7 728 256,43	-	-	3 455 073,81
30-Jun-20 Tue	41 282 342,08	31-Dec-18 Mon	45 673 817,57	28 846 153,85	16 627 663,73	8 713 340,04	8 114 323,68	-	-	2 316 644,70
30-Sep-20 Wed	40 822 267,32	28-Mar-18 Fri	46 834 480,13	28 846 153,85	15 988 335,28	8 278 736,98	7 709 598,30	-	-	865 332,16
31-Dec-20 Thu	40 207 995,79	28-Jun-18 Fri	46 626 291,19	28 846 153,85	16 780 137,34	8 688 730,95	8 091 406,39	-	-	245 082,55
31-Mar-21 Wed	39 230 073,41	30-Sep-19 Mon	46 441 087,84	28 846 153,85	17 594 933,99	9 110 631,48	8 484 302,51	-	-	1 489 657,86
30-Jun-21 Thu	37 800 842,43	31-Dec-19 Tue	46 317 446,57	28 846 153,85	17 471 292,72	9 046 610,21	8 424 682,51	-	-	2 630 112,53
31-Dec-21 Fri	36 935 176,80	31-Mar-20 Tue	429 343 791,47	28 846 153,85	400 497 547,62	352 045 298,65	8 452 248,98	-	-	386 692 162,61
31-Mar-22 Thu	35 883 052,88	30-Jun-20 Tue	37 417 919,10	28 846 153,85	8 371 765,26	8 571 765,26	-	-	-	4 363 889,54
30-Jun-22 Thu	34 270 968,80	30-Sep-20 Wed	37 634 299,72	28 846 153,85	8 788 145,87	8 788 145,87	-	-	-	3 411 221,36
30-Sep-22 Fri	33 705 844,70	31-Dec-20 Thu	37 756 746,30	28 846 153,85	8 910 592,45	8 910 592,45	-	-	-	2 416 546,46
31-Dec-22 Fri	33 019 181,67	31-Mar-21 Wed	37 680 560,06	28 846 153,85	8 834 436,22	8 834 436,22	-	-	-	1 399 680,91
30-Jun-23 Fri	32 355 628,77	30-Jun-21 Thu	37 899 578,17	28 846 153,85	9 053 424,33	9 053 424,33	-	-	-	449 048,91
30-Jun-23 Fri	31 629 621,23	30-Sep-21 Thu	38 123 387,80	28 846 153,85	9 277 233,96	9 277 233,96	-	-	-	517 702,13
29-Sep-23 Fri	30 961 402,96	31-Dec-21 Fri	38 248 788,64	28 846 153,85	9 402 634,80	9 402 634,80	-	-	-	1 483 339,75
29-Dec-23 Fri	30 275 271,04	31-Mar-22 Thu	38 165 686,92	28 846 153,85	9 319 533,07	9 319 533,07	-	-	-	2 387 055,47
18-Mar-24 Mon	29 481 916,24	30-Jun-22 Thu	38 384 525,18	28 846 153,85	9 548 371,34	9 548 371,34	-	-	-	3 355 860,35
		30-Sep-22 Fri	38 626 687,03	28 846 153,85	9 782 533,18	9 782 533,18	-	-	-	4 339 087,59
		30-Dec-22 Fri	38 640 846,75	28 846 153,85	9 803 691,91	9 803 691,91	-	-	-	5 217 119,31
		31-Mar-23 Fri	38 778 288,64	28 846 153,85	9 932 134,80	9 932 134,80	-	-	-	6 132 141,64
		30-Jun-23 Fri	38 907 536,35	28 846 153,85	10 001 382,50	10 001 382,50	-	-	-	7 038 187,98
		29-Sep-23 Fri	39 037 440,53	28 846 153,85	10 191 295,68	10 191 295,68	-	-	-	7 955 787,81
		29-Dec-23 Fri	39 167 960,61	28 846 153,85	10 321 806,76	10 321 806,76	-	-	-	8 825 585,53
		18-Mar-24 Mon	877 657 909,73	28 846 153,85	548 811 755,88	548 811 755,88	-	-	-	548 187 534,60

Duration of Total in Quarter Years									
Date	Jibar Repayments	D*	21.06		Date	Swap Total Payments	D*	28.17	
31-Mar-10 Wed					31-Mar-10 Wed				
30-Jun-10 Wed	35 964 945,21	35 337 885,47	0.02		30-Jun-10 Wed	14 859 521,47	14 800 441,21	0.01	
30-Sep-10 Thu	36 141 632,88	69 779 283,19	0.04		30-Sep-10 Thu	15 185 178,62	29 318 290,15	0.02	
31-Dec-10 Fri	36 272 071,23	103 219 183,94	0.06		31-Dec-10 Fri	15 323 513,04	43 605 593,39	0.02	
31-Mar-11 Thu	36 054 616,44	134 586 680,20	0.08		31-Mar-11 Thu	15 151 758,65	66 559 328,52	0.03	
30-Jun-11 Thu	66 314 842,89	303 653 248,53	0.18		30-Jun-11 Thu	44 361 634,09	203 131 221,39	0.12	
30-Sep-11 Fri	66 583 628,03	358 663 107,02	0.21		30-Sep-11 Fri	44 744 899,84	241 025 388,27	0.14	
30-Dec-11 Fri	66 580 708,64	410 833 057,73	0.24		30-Dec-11 Fri	44 796 409,69	276 414 089,69	0.16	
30-Mar-12 Fri	66 599 772,00	462 351 712,87	0.27		30-Mar-12 Fri	45 034 564,84	311 236 851,42	0.18	
29-Jun-12 Fri	66 910 236,04	509 598 329,89	0.30		29-Jun-12 Fri	45 265 142,41	348 888 303,86	0.20	
28-Sep-12 Fri	66 816 246,65	553 630 000,81	0.32		28-Sep-12 Fri	45 547 651,64	377 403 906,49	0.22	
31-Dec-12 Mon	67 753 610,64	600 161 547,45	0.35		31-Dec-12 Mon	46 388 987,59	410 913 686,18	0.23	
28-Mar-13 Thu	64 326 511,72	618 678 800,74	0.36		28-Mar-13 Thu	45 336 937,04	436 041 082,98	0.25	
28-Jun-13 Fri	65 946 457,74	663 696 562,92	0.39		28-Jun-13 Fri	46 577 033,83	468 759 326,74	0.27	
30-Sep-13 Mon	66 306 741,15	698 416 796,74	0.41		30-Sep-13 Mon	47 276 889,41	497 874 126,64	0.28	
31-Dec-13 Tue	64 902 281,98	720 165 580,63	0.42		31-Dec-13 Tue	47 193 454,42	523 665 739,74	0.30	
31-Mar-14 Mon	63 366 536,89	738 220 278,97	0.43		31-Mar-14 Mon	47 055 339,36	548 487 676,58	0.31	
30-Jun-14 Mon	63 105 208,64	761 024 044,65	0.45		30-Jun-14 Mon	47 613 833,34	574 201 727,60	0.33	
30-Sep-14 Tue	62 801 810,01	780 725 202,68	0.46		30-Sep-14 Tue	48 149 752,36	598 577 097,81	0.34	
31-Dec-14 Wed	62 038 629,29	795 137 046,74	0.47		31-Dec-14 Wed	48 453 431,32	621 402 710,47	0.35	
31-Mar-15 Tue	60 494 663,33	804 271 816,92	0.47		31-Mar-15 Tue	214 264 252,54	2 848 626 477,21	1.63	
30-Jun-15 Tue	60 075 065,35	816 327 625,21	0.48		30-Jun-15 Tue	41 946 670,55	569 984 916,67	0.33	
30-Sep-15 Wed	59 622 007,80	825 308 663,30	0.48		30-Sep-15 Wed	42 309 762,04	585 666 521,91	0.33	
31-Dec-15 Thu	59 754 810,96	830 303 386,79	0.49		31-Dec-15 Thu	42 530 394,93	601 025 352,22	0.34	
31-Mar-16 Thu	57 512 620,97	832 521 534,22	0.49		31-Mar-16 Thu	42 599 408,50	616 720 021,93	0.35	
30-Jun-16 Thu	56 656 137,41	835 543 570,31	0.49		30-Jun-16 Thu	42 819 597,81	631 487 448,11	0.36	
30-Sep-16 Fri	56 078 847,00	835 615 628,10	0.49		30-Sep-16 Fri	43 200 038,38	643 712 161,98	0.37	
30-Dec-16 Fri	54 837 753,16	833 992 569,34	0.49		30-Dec-16 Fri	43 266 601,18	659 014 265,79	0.38	
31-Mar-17 Fri	53 837 469,94	829 359 064,80	0.49		31-Mar-17 Fri	43 488 509,41	669 934 704,08	0.38	
30-Jun-17 Fri	52 845 414,12	824 850 985,35	0.48		30-Jun-17 Fri	43 706 596,75	682 205 447,70	0.39	
28-Sep-17 Fri	51 893 732,06	819 340 371,87	0.48		28-Sep-17 Fri	43 923 632,03	693 501 956,15	0.40	
28-Dec-17 Fri	50 870 747,00	812 730 754,90	0.48		28-Dec-17 Fri	44 144 934,46	703 892 880,25	0.40	
29-Mar-18 Thu	49 639 669,70	807 597 784,53	0.47		29-Mar-18 Thu	44 202 880,66	716 255 421,17	0.41	
29-Jun-18 Fri	49 446 689,15	796 150 321,85	0.47		29-Jun-18 Fri	44 793 731,67	721 232 189,63	0.41	
28-Sep-18 Fri	48 328 256,59	790 224 745,79	0.46		28-Sep-18 Fri	44 873 162,78	733 730 160,30	0.42	
31-Dec-18 Mon	47 990 462,28	770 168 709,41	0.45		31-Dec-18 Mon	45 073 817,57	752 960 337,36	0.42	
29-Mar-19 Fri	45 789 821,29	777 024 907,71	0.46		29-Mar-19 Fri	44 834 489,13	760 813 512,67	0.43	
28-Jun-19 Fri	45 381 208,64	755 421 094,89	0.44		28-Jun-19 Fri	45 626 291,19	759 900 786,62	0.43	
30-Sep-19 Mon	44 951 629,98	732 125 092,81	0.43		30-Sep-19 Mon	46 441 087,84	756 383 823,22	0.43	
31-Dec-19 Tue	43 687 334,04	727 239 407,22	0.43		31-Dec-19 Tue	46 317 446,57	771 021 467,15	0.44	
31-Mar-20 Tue	42 651 539,46	718 868 246,93	0.42		31-Mar-20 Tue	42 934 701,47	727 358 667,31	0.43	
30-Jun-20 Tue	41 781 868,64	707 431 974,27	0.41		30-Jun-20 Tue	37 417 919,10	633 544 435,85	0.36	
30-Sep-20 Wed	41 045 521,07	690 447 306,45	0.40		30-Sep-20 Wed	37 634 299,72	633 065 446,29	0.36	
31-Dec-20 Thu	40 173 262,73	677 250 554,04	0.40		31-Dec-20 Thu	37 766 746,30	636 511 661,76	0.36	
31-Mar-21 Wed	39 080 170,97	673 668 830,28	0.39		31-Mar-21 Wed	37 680 590,06	649 542 681,16	0.37	
30-Jun-21 Wed	38 348 625,08	655 710 676,81	0.38		30-Jun-21 Wed	37 899 578,17	648 032 566,68	0.37	
30-Sep-21 Thu	37 605 665,67	636 947 313,84	0.37		30-Sep-21 Thu	38 123 387,80	645 715 907,65	0.37	
31-Dec-21 Fri	36 765 448,89	622 869 684,14	0.37		31-Dec-21 Fri	38 248 788,64	648 000 000,51	0.37	
31-Mar-22 Thu	35 778 631,45	620 092 606,65	0.36		31-Mar-22 Thu	38 165 686,92	661 463 541,93	0.38	
30-Jun-22 Thu	35 038 564,81	602 662 023,53	0.35		30-Jun-22 Thu	38 394 525,18	660 384 418,34	0.38	
30-Sep-22 Fri	34 289 599,47	584 702 975,27	0.34		30-Sep-22 Fri	38 629 687,03	658 692 691,84	0.38	
30-Dec-22 Fri	33 432 726,45	578 126 865,31	0.34		30-Dec-22 Fri	38 649 845,75	668 342 565,63	0.38	
31-Mar-23 Fri	32 648 147,00	565 487 471,71	0.33		31-Mar-23 Fri	38 778 288,64	671 706 722,49	0.38	
30-Jun-23 Fri	31 869 348,37	552 880 379,75	0.32		30-Jun-23 Fri	38 907 536,35	674 981 277,44	0.39	
29-Sep-23 Fri	31 101 661,72	540 032 446,58	0.32		29-Sep-23 Fri	39 037 449,53	677 825 177,49	0.39	
29-Dec-23 Fri	30 342 375,08	526 958 197,75	0.31		29-Dec-23 Fri	39 167 960,61	680 232 772,70	0.39	
18-Mar-24 Mon	29 500 375,13	589 843 647,68	0.35		18-Mar-24 Mon	277 657 909,73	11 549 849 686,18	6.60	



Duration of Interest Payments in Quarter Years					ACSA pay Swap				
Date	Interest Content	D*	16.51	Date	D*	32.26			
31-Mar-10 Wed				31-Mar-10 Wed					
30-Jun-10 Wed	35 964 845,21	35 337 885,47	0,04	30-Jun-10 Wed	14 859 521,47	14 800 441,21	0,04		
30-Sep-10 Thu	36 141 632,88	69 779 283,19	0,08	30-Sep-10 Thu	15 185 178,62	29 318 290,15	0,03		
31-Dec-10 Fri	36 272 071,23	103 218 183,94	0,12	31-Dec-10 Fri	15 323 513,04	43 605 593,33	0,05		
31-Mar-11 Thu	36 054 616,44	134 586 680,20	0,15	31-Mar-11 Thu	15 151 759,65	50 559 329,52	0,06		
30-Jun-11 Thu	37 468 689,04	171 567 761,46	0,20	30-Jun-11 Thu	15 515 680,24	71 045 734,32	0,08		
30-Sep-11 Fri	37 737 474,18	203 278 796,04	0,23	30-Sep-11 Fri	15 698 745,99	85 641 077,29	0,09		
30-Dec-11 Fri	37 734 054,79	232 939 253,97	0,26	30-Dec-11 Fri	15 950 255,85	98 420 265,93	0,11		
30-Mar-12 Fri	38 053 618,15	262 962 757,84	0,30	30-Mar-12 Fri	16 188 410,99	111 879 896,29	0,12		
29-Jun-12 Fri	38 094 082,19	289 901 723,00	0,33	29-Jun-12 Fri	16 438 689,57	125 201 786,97	0,14		
28-Sep-12 Fri	37 970 092,81	314 614 636,43	0,36	28-Sep-12 Fri	16 701 797,79	138 389 742,11	0,15		
31-Dec-12 Mon	38 907 456,80	344 642 289,27	0,39	31-Dec-12 Mon	17 542 833,75	155 394 438,00	0,17		
28-Mar-13 Thu	35 480 357,88	341 242 596,61	0,39	28-Mar-13 Thu	16 490 783,19	158 604 860,05	0,17		
28-Jun-13 Fri	37 100 303,90	373 383 878,72	0,42	28-Jun-13 Fri	17 730 879,99	178 446 644,55	0,19		
30-Sep-13 Mon	37 460 587,30	394 576 824,84	0,45	30-Sep-13 Mon	18 430 835,56	194 134 184,73	0,21		
31-Dec-13 Tue	36 096 126,13	400 084 275,33	0,46	31-Dec-13 Tue	18 347 300,37	203 584 434,43	0,22		
31-Mar-14 Mon	34 540 383,03	402 268 564,50	0,46	31-Mar-14 Mon	18 249 185,22	212 535 962,11	0,23		
30-Jun-14 Mon	34 259 054,79	413 150 752,64	0,47	30-Jun-14 Mon	18 767 479,49	226 328 435,60	0,25		
30-Sep-14 Tue	33 955 656,16	422 122 173,49	0,48	30-Sep-14 Tue	19 303 598,52	239 974 068,63	0,26		
31-Dec-14 Wed	33 192 475,45	425 421 502,73	0,48	31-Dec-14 Wed	19 637 277,48	251 687 166,46	0,27		
31-Mar-15 Tue	31 648 509,43	420 764 457,96	0,48	31-Mar-15 Tue	185 418 908,69	2 465 115 116,25	2,67		
30-Jun-15 Tue	31 229 531,51	424 356 967,59	0,48	30-Jun-15 Tue	13 100 516,70	178 014 055,05	0,19		
30-Sep-15 Wed	30 775 854,06	426 010 134,22	0,48	30-Sep-15 Wed	13 463 608,19	186 387 972,83	0,20		
31-Dec-15 Thu	29 908 657,11	422 659 164,24	0,48	31-Dec-15 Thu	13 694 241,08	193 381 129,68	0,21		
31-Mar-16 Thu	28 666 467,12	415 010 087,08	0,47	31-Mar-16 Thu	13 753 254,66	199 108 574,79	0,22		
30-Jun-16 Thu	27 809 983,56	410 131 256,83	0,47	30-Jun-16 Thu	13 973 443,96	206 075 136,63	0,22		
30-Sep-16 Fri	27 232 693,15	405 787 041,84	0,46	30-Sep-16 Fri	14 353 884,53	213 883 375,83	0,23		
30-Dec-16 Fri	25 991 599,32	395 289 730,97	0,45	30-Dec-16 Fri	14 420 447,33	219 311 427,42	0,24		
31-Mar-17 Fri	24 991 316,10	384 987 900,95	0,44	31-Mar-17 Fri	14 642 355,56	225 560 540,23	0,24		
30-Jun-17 Fri	23 999 260,27	374 598 511,80	0,43	30-Jun-17 Fri	14 860 442,91	231 952 974,14	0,25		
29-Sep-17 Fri	23 047 579,11	363 893 883,96	0,41	29-Sep-17 Fri	15 077 478,19	238 095 462,24	0,26		
29-Dec-17 Fri	22 124 593,15	352 777 590,14	0,40	29-Dec-17 Fri	15 298 780,62	243 939 715,49	0,26		
29-Mar-18 Thu	20 993 815,86	340 179 965,53	0,39	29-Mar-18 Thu	15 359 729,82	248 637 602,18	0,27		
29-Jun-18 Fri	20 600 535,30	331 693 943,41	0,38	29-Jun-18 Fri	15 947 577,62	258 774 911,19	0,28		
28-Sep-18 Fri	19 482 102,74	318 555 660,24	0,36	28-Sep-18 Fri	16 027 028,93	262 061 074,74	0,28		
31-Dec-18 Mon	19 144 308,43	307 234 950,79	0,35	31-Dec-18 Mon	16 827 663,73	270 056 579,74	0,29		
29-Mar-19 Fri	16 943 687,44	287 523 542,54	0,33	29-Mar-19 Fri	15 988 335,28	271 312 147,50	0,29		
28-Jun-19 Fri	16 535 054,79	275 244 524,58	0,31	28-Jun-19 Fri	16 780 137,34	279 324 198,31	0,30		
30-Sep-19 Mon	16 105 476,13	262 309 135,71	0,30	30-Sep-19 Mon	17 594 933,99	286 967 866,12	0,31		
31-Dec-19 Tue	14 841 180,19	247 053 094,95	0,28	31-Dec-19 Tue	17 471 292,72	290 835 154,88	0,31		
31-Mar-20 Tue	13 805 385,62	232 714 551,92	0,26	31-Mar-20 Tue	400 497 547,62	6 791 104 962,31	7,31		
30-Jun-20 Tue	12 935 654,79	219 021 050,03	0,25	30-Jun-20 Tue	8 571 765,26	145 133 516,62	0,16		
30-Sep-20 Wed	12 199 367,23	205 211 677,74	0,23	30-Sep-20 Wed	8 788 145,87	147 629 811,58	0,16		
31-Dec-20 Thu	11 327 158,86	190 955 497,12	0,22	31-Dec-20 Thu	8 910 562,45	150 216 804,85	0,16		
31-Mar-21 Wed	10 234 017,12	176 415 255,45	0,20	31-Mar-21 Wed	8 834 436,22	152 289 106,33	0,16		
30-Jun-21 Wed	9 502 471,23	162 479 667,28	0,18	30-Jun-21 Wed	9 053 424,33	154 801 560,15	0,17		
30-Sep-21 Thu	8 759 531,82	148 364 806,17	0,17	30-Sep-21 Thu	9 277 233,96	157 132 399,98	0,17		
31-Dec-21 Fri	7 919 295,05	134 166 424,00	0,15	31-Dec-21 Fri	9 402 634,80	159 296 740,37	0,17		
31-Mar-22 Thu	6 932 477,61	120 149 316,39	0,14	31-Mar-22 Thu	9 319 533,07	161 520 251,66	0,17		
30-Jun-22 Thu	6 192 410,96	106 509 240,31	0,12	30-Jun-22 Thu	9 548 371,34	164 231 635,12	0,18		
30-Sep-22 Fri	5 443 445,63	92 821 114,94	0,11	30-Sep-22 Fri	9 782 533,18	166 810 821,51	0,18		
30-Dec-22 Fri	4 596 572,60	79 312 132,84	0,09	30-Dec-22 Fri	9 803 691,91	169 527 833,16	0,18		
31-Mar-23 Fri	3 799 963,15	65 822 423,69	0,07	31-Mar-23 Fri	9 932 134,80	172 041 674,46	0,19		
30-Jun-23 Fri	3 023 194,52	52 447 414,84	0,06	30-Jun-23 Fri	10 061 382,50	174 548 312,53	0,19		
29-Sep-23 Fri	2 255 507,88	39 163 419,88	0,04	29-Sep-23 Fri	10 191 295,68	176 959 150,79	0,19		
29-Dec-23 Fri	1 496 221,23	25 984 981,14	0,03	29-Dec-23 Fri	10 321 806,76	179 259 556,09	0,19		
18-Mar-24 Mon	654 221,29	13 080 791,95	0,01	18-Mar-24 Mon	548 811 758,88	10 973 186 833,46	11,88		

	Swap 2a	Inflation Curve	
31-Mar-10 Wed	1 500 000 000,00		
30-Jun-10 Wed	1 530 044 334,24	8,034%	
30-Sep-10 Thu	1 546 580 965,64	4,288%	
31-Dec-10 Fri	1 560 670 057,85	3,614%	
31-Mar-11 Thu	1 577 470 033,30	4,366%	
30-Jun-11 Thu	1 597 607 210,26	5,120%	
30-Sep-11 Fri	1 619 256 417,13	5,376%	
30-Dec-11 Fri	1 642 354 273,14	5,721%	
30-Mar-12 Fri	1 666 876 457,93	5,989%	
29-Jun-12 Fri	1 692 677 746,07	6,209%	
28-Sep-12 Fri	1 719 738 494,43	6,412%	
31-Dec-12 Mon	1 748 688 594,49	6,537%	
28-Mar-13 Thu	1 776 080 363,72	6,572%	
28-Jun-13 Fri	1 805 855 708,33	6,651%	
30-Sep-13 Mon	1 837 205 573,48	6,741%	
31-Dec-13 Tue	1 868 636 948,58	6,788%	
31-Mar-14 Mon	1 899 947 291,77	6,795%	
30-Jun-14 Mon	1 932 436 095,77	6,859%	
30-Sep-14 Tue	1 966 034 037,88	6,898%	
31-Dec-14 Wed	2 000 018 592,01	6,858%	
31-Mar-15 Tue	2 033 275 144,13	6,744%	
30-Jun-15 Tue	2 066 928 232,26	6,639%	
30-Sep-15 Wed	2 101 125 540,16	6,564%	
31-Dec-15 Thu	2 135 557 424,85	6,502%	
31-Mar-16 Thu	2 169 913 675,06	6,453%	
30-Jun-16 Thu	2 204 653 945,10	6,422%	
30-Sep-16 Fri	2 240 061 724,83	6,372%	
30-Dec-16 Fri	2 275 179 704,47	6,288%	
31-Mar-17 Fri	2 310 191 177,52	6,172%	
30-Jun-17 Fri	2 344 599 811,76	5,974%	
29-Sep-17 Fri	2 378 842 457,33	5,858%	6,338%

Ntokozo Zama

From: Brickman, M. (Moss) <MossB@Nedbankcapital.co.za>
Sent: Wednesday, 19 May 2010 12:08
To: Eric Wood
Subject: The VAT issue

Hi Eric

Here is the response from the Tax Department on the ACSA trading transactions – they refer to a particular invoice but the principle applies to all of the similar ones

Having scrutinised the agreement between Nedbank Limited and Regiment Capital (Pty) Ltd as well as Invoice NED 05/10 issued by Regiment Capital (Pty) Ltd and advice as follows:

1. The agreement is silent on Value Added Tax and as such any amount charged in terms of paragraph 2 of the agreement will be deemed to include Value Added Tax in terms of section 64C of the Value Added Tax Act no.89 of 1991.
2. To qualify as input tax, three requirements must be met, namely –
 - a. the goods or services supplied must be acquired by the vendor wholly or partly for consumption, use or supply in the course of making taxable supplies; and
 - b. VAT at the standard rate must have been charged on the taxable supply; and
 - c. the appropriate documentation must be held by the vendor.

It is important that input tax is only claimed insofar as the supplies are utilised for the purposes of making taxable supplies in the course or furtherance of the enterprise. Input tax may not be claimed where goods or services are acquired for private purposes or for exempt supplies. The VAT charged on invoice no: NED 05/10 dated 31 March 2010 of R1,324,419.88 can not be claimed by Nedbank Ltd as the supplies (services rendered by Regiment Capital) were used in the making of exempt supplies i.e. financial services as explained to me during our meeting, by Nedbank Ltd.

As a possible solution we could consider the issue of a Credit back to Nedbank – allowing the transaction to be reversed and for you to claim back the VAT already paid and then we should look at amending the invoice to more accurately reflect a share in the trading proceeds being paid across to Regiments free of VAT

As discussed please would you refer and discuss the concerns and possible solutions with your accounting persons

The invoices affected are all the ACSA invoices for 2010 thus far only

Regards**Moss Brickman**

*Head: Balance Sheet Management
Nedbank Capital, Treasury*

Group Tel ☎: +27(0) 11 535 4001
Direct Tel ☎: +27(0) 11 294 4488
Cell ☎: +27(0) 82 900 0276
Email ✉: mossb@nedbankcapital.co.za

Nedbank Ltd. • Registration No 1951/000009/06
Office: 135 Rivonia Rd • Block F • 6th floor • Sandown • Johannesburg • Gauteng • South Africa

Website 🌐: www.nedbank.co.za

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The following link will take you to Nedbank's legal notice.
[<http://www.nedbank.co.za/terms/EmailDisclaimer.htm>]

Ntokozo Zama

From: Moola, Zaid Z <Zaid.Moola@standardbank.co.za>
Sent: Wednesday, 19 May 2010 17:00
To: Eric Wood
Cc: Roos, Johan J
Subject: FW: ISDA

Importance: High

Hi Eric,

Thank you for your assistance in securing this deal, we really appreciate it

The following are outstanding from ACSA.

Pls can you chase it up for us.

Can you also please send us some documentation disclosing the agreement between yourself and ACSA and the fee disclosure. Our Legal head would like it on file.

Much appreciated
Zaid

From: Moola, Zaid Z
Sent: 19 May 2010 16:54 PM
To: 'Phetolo Ramosebudi'
Cc: Nakene, Kgomotso K; Mvandaba, Sinethemba; Seaka, Stephen LS
Subject: RE: ISDA
Importance: High

Thanks Phetolo & thank you for your valuable business.

So far we have received:

1. The facility letter

The following is still outstanding:

1. The signed ISDA agreement(as agreed)
2. The resolution that was sent back to us did not have a 'place' and 'date' on it. Pls can you complete that and return it to us.
3. The signed PFMA compliance letter with the correct date referencing the facility letter(last line paragraph 1)

Pls can you arrange to send this to us as soon as possible.

Many thanks
Zaid

From: Phetolo Ramosebudi [mailto:Phetolo.Ramosebudi@airports.co.za]
Sent: 19 May 2010 14:19 PM
To: Moola, Zaid Z

Cc: Anele Mayekiso
Subject: ISDA

Dear Zaid,

The ISDA agreement has long been submitted to Priscillah for signing, and soon as she get hold of it it will be signed. The Credit Facility and Resolution were signed and forwarded to SBSA.

Standard Bank email disclaimer and confidentiality note

Please go to <http://www.standardbank.co.za/site/homepage/emaildisclaimer.html> to read our email disclaimer and confidentiality note. Kindly email disclaimer@standardbank.co.za (no content or subject line necessary) if you cannot view that page and we will email our email disclaimer and confidentiality note to you.

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Tested on: 2010/05/19 05:00:19 PM
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Ntokozo Zama

From: Eric Wood
Sent: Thursday, 20 May 2010 10:12
To: 'Phetolo.Ramosebudi@airports.co.za'
Cc: 'johann.erasmus@standardbank.co.za'; 'Zaid.Moola@standardbank.co.za'; 'Roos, Johan J'
Subject: Interest rate swap

Hi Phetolo

The following interest rate swap was transacted between ACSA and Standard Bank on 19/05/2010

R1.75bn swap transacted on 19/05/2010

Nature of underlying liability: Nedbank bullet loan (quarterly interest servicing)

Client : Airports Company

Nature of swap: client receives 10.98%nacq and pays CPI plus real rate of 4.61% (client pays real rate quarterly with CPI rate accruing to final principal)

Regiments Fee: 11bp

Person at client informed of Regiments Fee: Phetolo Ramosebudi (treasurer)

Date informed: WED 19/05/2010 – telephonic verbal

Should you require any further information or assistance please contact myself

Regards

Eric Wood



Eric Wood
Executive Director

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0339 Fax: +27 11 715 0352
Mobile: +27 83 626 0857 E-mail: ericw@regiments.co.za www.regiments.co.za
Regiments Capital (Pty) Ltd is an authorised financial services provider FSP Number 16831 Reg. No. 2004/023761/07

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Virus Database (VPS): 100519-0, 2010/05/19

Tested on: 2010/05/20 10:11:30 AM

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Ntokozo Zama

From: Eric Wood
Sent: Thursday, 20 May 2010 10:12
To: 'Phetolo.Ramosebudi@airports.co.za'
Cc: 'johann.erasmus@standardbank.co.za'; 'Zaid.Moola@standardbank.co.za'; 'Roos, Johan J'
Subject: Interest rate swap

Hi Phetolo

The following interest rate swap was transacted between ACSA and Standard Bank on 19/05/2010

R1.75bn swap transacted on 19/05/2010

Nature of underlying liability: Nedbank bullet loan (quarterly interest servicing)

Client : Airports Company

Nature of swap: client receives 10.98%nacq and pays CPI plus real rate of 4.61% (client pays real rate quarterly with CPI rate accruing to final principal)

Regiments Fee: 11bp

Person at client informed of Regiments Fee: Phetolo Ramosebudi (treasurer)

Date informed: WED 19/05/2010 – telephonic verbal

Should you require any further information or assistance please contact myself

Regards

Eric Wood



Eric Wood
Executive Director

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0339 Fax: +27 11 715 0352
Mobile: +27 83 626 0857 E-mail: ericw@regiments.co.za www.regiments.co.za
Regiments Capital (Pty) Ltd is an authorised financial services provider FSP Number 16831 Reg. No. 2004/023761/07

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Virus Database (VPS): 100519-0, 2010/05/19

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91 Central Street Houghton 2198
Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: STD 01/10
VAT #: 4620216665
Date: 20 May 2010

Mr. Johan Roos
Standard Bank of South Africa Limited
3 Simmonds Street
Johannesburg
2001

Your VAT #: 4100105461

Services rendered (*)	R 19,527,002.00
Vat @ 14%	R 2,733,780.28
Total	R 22,260,782.28

(*) Origination and facilitation of R1.75 billion interest rate swap transactions between Standard Bank of South Africa and ACSA. The service amount was determined as per agreement with Standard Bank of South Africa. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Standard Bank of South Africa dated 04 May 2010. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

Should you choose to make payment electronically, please use the following banking details :

Bank: Nedbank Limited
Account Name: Regiments Capital (Pty) Ltd
Account Number: 146 91 42856
Branch: Northrand
Branch Code: 146905

Ntokoza Zama

From: Phetolo <phetolo@riskmaths.co.za>
Sent: Wednesday, 26 May 2010 14:38
To: Eric Wood
Cc: Eric Wood
Subject: Fwd: Invoice with tax calculation2.xls
Attachments: Invoice with tax calculation2.xls; ATT01386.htm

Sent from my iPhone
Phetolo Ramosebudi

Begin forwarded message:

From: Phetolo Ramosebudi <Phetolo.Ramosebudi@airports.co.za>
Date: 26 May 2010 12:20:18 PM SAST
To: "<phetolo@riskmaths.co.za>" <phetolo@riskmaths.co.za>
Subject: Invoice with tax calculation2.xls

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Registered as Azana Capital Markets Cc

BILL TO: Niven Pillay
Regiments Capital
91 Central street
Houghton, 2198
011 715 03100
vat #: 4620216665

DESCRIPTION		AMOUNT
Provision of Liquor bevarages and Catering services for the function at Regiments Capital		257 362,37
SUBTOTAL		R 257 362,37
VAT RATE		14,00%
VAT		36 030,73
OTHER		-
TOTAL		R 293 393,10

Make all cheque payable to Azana Capital markets. If you like to make electronic payments, please make payments to Nedbank , Accout # 1908851333, fox street,other any questions concerning this invoice, contact Metja at 011 312 1417

Make all cheque payable to Azana Capital markets. If you like to make electronic payments, please make payments to Nedbank , Account # 1908851333, fox street, other any questions concerning this invoice, contact Metja at 011 312 1417

Riskstats Consulting

BILL TO: Accounts
Regiments Capital
91 Central street
Houghton, 2198
011 715 03100
vat #: 4620216665

Box 728
Midrand, 1685
Tel: 011 312 1317
Fax: 011 312 1317

[illegible]

Riskstats Consulting

BILL TO: Accounts
Regiments Capital
91 Central street
Houghton, 2198
011 715 03100
vat #: 4620216665

DESCRIPTION		AMOUNT
Final Invoiceon the contract		
Developing of the risk monitoring methodology for and onbehalf of Regiments capital		307 492,73
SUBTOTAL		R 307 492,73
VAT RATE		14,00%
VAT		43 048,98
OTHER		-
TOTAL		R 350 541,71

Make all cheque payable to Riskmaths Solutiions. If you like to make electronic payments,
please make payments to FNB, Accout # 62241878555, Killarney

THANK YOU FOR YOUR BUSINESS!

Riskstats Consulting

BILL TO: Accounts
Regiments Capital
91 Central street
Houghton, 2198
011 715 03100
vat #: 4620216665

[illegible]

Riskstats Consulting

BILL TO: Accounts
Regiments Capital
91 Central street
Houghton, 2198
011 715 03100
vat #: 4620216665

DESCRIPTION	AMOUNT
Actuarial and Risk management consulting on behalf of Regiments Capital	546 014,30
SUBTOTAL	R 546 014,30
VAT RATE	14,00%
VAT	76 442,00
OTHER	-
THANK YOU FOR YOUR BUSINESS!	TOTAL R 622 456,30

Riskstats Consulting

BILL TO: Accounts
Regiments Capital
91 Central street
Houghton, 2198
011 715 03100
vat #: 4620216665

DESCRIPTION		AMOUNT
Actuarial and Risk management consulting on behalf of Regiments Capital		400 000,00
<i>SUBTOTAL</i>		R 400 000,00
<i>VAT RATE</i>		14,00%
<i>VAT</i>		56 000,00
<i>OTHER</i>		-
<i>TOTAL</i>		R 456 000,00

Make all cheque payable to Riskmaths Solutiions. If you like to make electronic payments,
please make payments to FNB, Accout # 62241878555, Killarney

THANK YOU FOR YOUR BUSINESS!

Ntokozo Zama

From: Brickman, M. (Moss) <MossB@Nedbankcapital.co.za>
Sent: Monday, 31 May 2010 11:21
To: Rose Mabusela
Cc: Eric Wood; Visnenza, M. (Mario)
Subject: VAT due
Attachments: Nedbank Limited 05-2010.pdf; ATT03263.txt

Hi Rose

In my discussions with Eric the enclosed invoice Ned 05/10 and the invoice Ned 04/09 are both VAT exempt
No VAT is due on transactions where the income is derived from Trading and not from Fees earned

We thought it quickest and best if the invoices were reversed with Credit Notes and replaced with Invoices for the services rendered amounts only and then resubmitted along with a repayment of the VAT overcharge – R 2,941,217

Going forward, so as to avoid this in future, all invoices for ACSA and where ever we transact Swaps – the calculated and agreed margin must be invoiced as the inclusive amount

Please advise when we might expect these amounts to be settled.

June is our half year end and I am away from the 15th so it would be most appreciated if we could complete this during this week

Thanks
Moss

From: Rose Mabusela [mailto:RoseM@regiments.co.za]
Sent: 26 March 2010 04:01 PM
To: Brickman, M. (Moss)
Cc: Eric Wood
Subject:

Hi Moss

Attached please find the amended invoice for interest rate swap transactions as requested.

Kind regards,



Rose Mabusela
Financial Accountant

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0346 Fax: +27 11 715 0352
Mobile: +27 73 546 2939 E-mail: rosem@regiments.co.za www.regiments.co.za
Regiments Capital (Pty) Ltd is an authorised financial services provider FSP Number 16831 Reg. No. 2004/023761/07



REGIMENTS CAPITAL™

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Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: NED 05/10
VAT #: 4620216665
Date: 31 Mar 2010

Mr. Moss Brickman
Nedbank Limited
Private Bag X25
Benmore
2010

Your VAT #: 4320116074

Services rendered (*)	R 9,460,142.00
Vat @ 14%	R 1,324,419.88
Total	R 10,784,561.88

(*) Origination and facilitation of R1.5 billion interest rate swap transactions between Nedbank Capital and ACSA. The service amount was determined as per agreement with Nedbank Capital. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Nedbank Capital dated 30 June 2009. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

Should you choose to make payment electronically, please use the following banking details :

Bank: Nedbank Limited

Account Name: Regiments Capital (Pty) Ltd

Account Number: 146 91 42856

Branch: Northrand

Branch Code: 146905

Ntokozo Zama

From: Rose Mabusela
Sent: Monday, 31 May 2010 11:59
To: johan.roos@standardbank.co.za; zaid.moola@standardbank.co.za
Cc: Eric Wood
Subject: Invoices - Amended
Attachments: Standard Bank of SA Limited 01-2010.pdf; Standard Bank of SA Limited 02-2010.pdf; Standard Bank of SA Limited 03-2010.pdf; Standard Bank of SA Limited 04-2010.pdf; Standard Bank of SA Limited 05-2010.pdf

Hi

Attached please find the amended invoices as discussed with Eric Wood.

Regards,



Rose Mabusela
Group Financial Manager

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0346 Fax: +27 11 715 0352

Mobile: +27 73 546 2939 E-mail: rosem@regiments.co.za www.regiments.co.za

Regiments Capital (Pty) Ltd is an authorised financial services provider FSP Number 16831 Reg. No. 2004/023761/07





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Tel + 27 11 715 0300 Fax + 27 11 715 0535
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Tax Invoice

Invoice: STD 04/10
VAT #: 4620216665
Date: 31 May 2010

Mr. Johan Roos
Standard Bank of South Africa Limited
3 Simmonds Street
Johannesburg
2001

Your VAT #: 4100105461

Services rendered (*)	R 3,612,495.37
Vat @ 14%	R 505,749.35
Total	R 4,118,244.72

(*) Origination and facilitation of R1.75 billion interest rate swap transactions between Standard Bank of South Africa and ACSA. The service amount was determined as per agreement with Standard Bank of South Africa. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Standard Bank of South Africa dated 04 May 2010. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

Should you choose to make payment electronically, please use the following banking details :

Bank: Nedbank Limited
Account Name: Regiments Capital (Pty) Ltd
Account Number: 146 91 42856
Branch: Northrand
Branch Code: 146905



REGIMENTS CAPITAL™

91 Central Street Houghton 2198
Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: STD 01/10
VAT #: 4620216665
Date: 31 May 2010

Mr. Johan Roos
Standard Bank of South Africa Limited
3 Simmonds Street
Johannesburg
2001

Your VAT #: 4100105461

Services rendered (*)	R 4,295,940.44
Vat @ 14%	R 601,431.66
Total	R 4,897,372.10

(*) Origination and facilitation of R1.75 billion interest rate swap transactions between Standard Bank of South Africa and ACSA. The service amount was determined as per agreement with Standard Bank of South Africa. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Standard Bank of South Africa dated 04 May 2010. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

Should you choose to make payment electronically, please use the following banking details :

Bank: Nedbank Limited
Account Name: Regiments Capital (Pty) Ltd
Account Number: 146 91 42856
Branch: Northrand
Branch Code: 146905



REGIMENTS CAPITAL™

91 Central Street Houghton 2198
Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: STD 02/10
VAT #: 4620216665
Date: 31 May 2010

Mr. Johan Roos
Standard Bank of South Africa Limited
3 Simmonds Street
Johannesburg
2001

Your VAT #: 4100105461

Services rendered (*)	R 3,905,400.40
Vat @ 14%	R 546,756.06
Total	R 4,452,156.46

(*) Origination and facilitation of R1.75 billion interest rate swap transactions between Standard Bank of South Africa and ACSA. The service amount was determined as per agreement with Standard Bank of South Africa. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Standard Bank of South Africa dated 04 May 2010. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

Should you choose to make payment electronically, please use the following banking details :

Bank: Nedbank Limited
Account Name: Regiments Capital (Pty) Ltd
Account Number: 146 91 42856
Branch: Northrand
Branch Code: 146905



REGIMENTS CAPITAL™

91 Central Street Houghton 2198
Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: STD 03/10
VAT #: 4620216665
Date: 31 May 2010

Mr. Johan Roos
Standard Bank of South Africa Limited
3 Simmonds Street
Johannesburg
2001

Your VAT #: 4100105461

Services rendered (*)	R 4,100,670.42
Vat @ 14%	R 574,093.86
Total	R 4,674,764.28

(*) Origination and facilitation of R1.75 billion interest rate swap transactions between Standard Bank of South Africa and ACSA. The service amount was determined as per agreement with Standard Bank of South Africa. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Standard Bank of South Africa dated 04 May 2010. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

Should you choose to make payment electronically, please use the following banking details :

Bank: Nedbank Limited
Account Name: Regiments Capital (Pty) Ltd
Account Number: 146 91 42856
Branch: Northrand
Branch Code: 146905



REGIMENTS CAPITAL™

91 Central Street Houghton 2198
Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: STD 05/10
VAT #: 4620216665
Date: 31 May 2010

Mr. Johan Roos
Standard Bank of South Africa Limited
3 Simmonds Street
Johannesburg
2001

Your VAT #: 4100105461

Services rendered (*)	R 3,612,495.37
Vat @ 14%	R 505,749.35
Total	R 4,118,244.72

(*) Origination and facilitation of R1.75 billion interest rate swap transactions between Standard Bank of South Africa and ACSA. The service amount was determined as per agreement with Standard Bank of South Africa. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Standard Bank of South Africa dated 04 May 2010. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

Should you choose to make payment electronically, please use the following banking details :

Bank: Nedbank Limited
Account Name: Regiments Capital (Pty) Ltd
Account Number: 146 91 42856
Branch: Northrand
Branch Code: 146905

Ntokozo Zama

From: Mvandaba, Sinethemba <Mxolisi.Mvandaba@standardbank.co.za>
Sent: Wednesday, 20 October 2010 16:06
To: phetolo.ramosebudi@airports.co.za
Cc: Eric Wood; Moola, Zaid Z
Subject: Inflation Swap Breakdown



Hi Phetolo,

As per your discussion with Zaid, please see below for the breakdown of the real rate agreed between ACSA and Standard Bank on 19 May 2010.

Mid-Market Rate: 4.16% nacq
Hedging Costs: 0.24% (24 basis points)
Credit: 0.10% (10 basis points)
Regiments Fee: 0.11% (11 basis points)
All-in Rate: 4.61% nacq

Rand per point: R1,582,860

Please feel free to contact us, should you need anything further.

Regards
Sinethemba Mvandaba

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Corporate & Investment Banking | 3 Simmonds Street | Johannesburg | 2001 | PO Box 4425 | Johannesburg | 2000
☎ +27 (0) 11 378 7216 | 📠 +27 (0) 11 378 7920 | www.standardbank.co.za
✉ Mxolisi.Mvandaba@standardbank.co.za

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Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: NED 02/11
VAT #: 4620216665
Date: 31 Mar 2011

Mr. Moss Brickman
Nedbank Limited
Private Bag X25
Benmore
2010

Your VAT #: 4320116074

Services rendered (*) R 1,179,539.00

Total	R 1,179,539.00

(*) Origination and facilitation of R1.5 billion interest rate swap transactions between Nedbank Capital and ACSA. The service amount was determined as per agreement with Nedbank Capital. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Nedbank Capital dated 30 June 2009. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

Should you choose to make payment electronically, please use the following banking details :

Bank: Nedbank Limited

Account Name: Regiments Capital (Pty) Ltd

Account Number: 146 91 42856

Branch: Northrand

Branch Code: 146905

Ntokozo Zama

From: Eric Wood
Sent: Tuesday, 19 July 2011 13:44
To: 'phetolo@riskmaths.co.za'
Subject: FW: MTM 30 June 2011



Eric Wood
Executive Director

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0339 Fax: +27 11 715 0352
Mobile: +27 83 626 0857 E-mail: ericw@regiments.co.za www.regiments.co.za
Regiments Capital (Pty) Ltd is an authorised financial services provider FSP Number 16831 Reg. No. 2004/023761/07

From: Visnzena, M. (Mario) [<mailto:MarioV@Nedbankcapital.co.za>]
Sent: 19 July 2011 01:08 PM
To: Eric Wood
Cc: Brickman, M. (Moss)
Subject: FW: MTM 30 June 2011

FYI

From: Visnzena, M. (Mario)
Sent: 19 July 2011 01:07 PM
To: 'William Tlou'
Cc: 'Phetolo Ramosebudi'
Subject: RE: MTM 30 June 2011

Hi William,

Unwind valuations as at 30Jun11 were as follows:

Trade 9,085,799
R -126,360,593

Trade 9,085,706
R -100,513,459

Trade 9,085,565
R -65,834,239

Unwinding these transactions is unfortunately expensive because of the illiquid nature of the cpi swap market; our proposed restructuring solution is a more efficient way of addressing the negative mark- to-market valuations.

Regards,
Mario

From: William Tlou [mailto:William.Tlou@airports.co.za]
Sent: 17 July 2011 11:24 PM
To: Visnzena, M. (Mario)
Subject: RE: MTM 30 June 2011
Importance: High

Dear Mario

Can I please ask you to provide us with unwind valuations for the SWAPS below as at 30 June 2011.

Thanks

Regards
William

William Tlou
Group Specialist: Finance
Corporate Office
Airports Company South Africa

Direct: +27 (0) 11 723 1587
Main: +27 (0) 11 723 1400
E-Mail: William.Tlou@airports.co.za
Web: www.airports.co.za
Mobi: m.airports.co.za
[Join us on Facebook and Twitter](#)

Please consider the environment before printing this email

From: Visnzena, M. (Mario) [mailto:MarioV@Nedbankcapital.co.za]
Sent: 05 April 2011 12:07
To: Aubrey Matlabhe
Cc: Phetolo Ramosebudi; William Tlou; Solomon Kuwaza; Brickman, M. (Moss)
Subject: RE: MTM 30 September 2010 / 30 June 2010

Hi Aubrey,

Unwind valuations of the CPI swaps as at 31 Mar 2011 were as follows:

Trade 9,085,799
R -93,423,295

Trade 9,085,706
R -73,295,235

Trade 9,085,565
R -45,481,153

As previously discussed, we are happy to provide unwind valuations of these swaps but you need to contact your financial advisors Regiments for the fair values and the related calculations.

Regards,
Mario

From: Aubrey Matlabe [mailto:Aubrey.Matlabe@airports.co.za]
Sent: 01 April 2011 12:02 PM
To: Visnzena, M. (Mario)
Cc: Brickman, M. (Moss); Phetolo Ramosebudi; William Tlou; Solomon Kuwaza
Subject: RE: MTM 30 September 2010 / 30 June 2010

Morning Mario;

Please send us fair values for all swaps between ourselves as at 31 March 2011.

Send us the detailed calculations as well as this is our financial year end.

Regards
Aubrey

Nedbank Limited Reg No 1951/000009/06. The following link displays the names of the Nedbank Board of Directors and Company Secretary.

[<http://www.nedbank.co.za/terms/DirectorsNedbank.htm>]

This email is confidential and is intended for the addressee only.

The following link will take you to Nedbank's legal notice.

[<http://www.nedbank.co.za/terms/EmailDisclaimer.htm>]

Nedbank Limited Reg No 1951/000009/06. The following link displays the names of the Nedbank Board of Directors and Company Secretary.

[<http://www.nedbank.co.za/terms/DirectorsNedbank.htm>]

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REGIMENTS CAPITAL™

91 Central Street Houghton 2198
Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Tax Invoice

Invoice: NED 02/12
VAT #: 4620216665
Date: 30 Mar 2012

Mr. Moss Brickman
Nedbank Limited
Private Bag X25
Benmore
2010

Your VAT #: 4320116074

Services rendered (*) R 1,253,426.00

Total	R 1,253,426.00

(*) Origination and facilitation of R1.5 billion interest rate swap transactions between Nedbank Capital and ACSA. The service amount was determined as per agreement with Nedbank Capital. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Nedbank Capital dated 30 June 2009. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

Should you choose to make payment electronically, please use the following banking details :

Bank: Nedbank Limited

Account Name: Regiments Capital (Pty) Ltd

Account Number: 146 91 42856

Branch: Northrand

Branch Code: 146905



REGIMENTS CAPITAL™

91 Central Street Houghton 2198
Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Invoice

Invoice: NED 03/13-2
VAT #: 4620216665
Date: 28 Mar 2013

Mr. Moss Brickman
Nedbank Limited
Private Bag X25
Benmore
2010

Your VAT #: 4320116074

Services rendered (*)	R 1,323,105.00
Total	R 1,323,105.00

(*) Origination and facilitation of R1.5 billion interest rate swap transactions between Nedbank Capital and ACSA. The service amount was determined as per agreement with Nedbank Capital. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Nedbank Capital dated 30 June 2009. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

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Account Name: Regiments Capital (Pty) Ltd

Account Number: 146 91 42856

Branch: Northrand

Branch Code: 146905



REGIMENTS CAPITAL™

91 Central Street Houghton 2198
Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Invoice

Invoice: NED 03/14
VAT #: 4620216665
Date: 31 Mar 2014

Mr. Moss Brickman
Nedbank Limited
Private Bag X25
Benmore
2010

Your VAT #: 4320116074

Services rendered (*)	R 1,416,424.00
Total	R 1,416,424.00

(*) Origination and facilitation of R1.5 billion interest rate swap transactions between Nedbank Capital and ACSA. The service amount was determined as per agreement with Nedbank Capital. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Nedbank Capital dated 30 June 2009. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

This invoice is payable upon receipt.

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Account Name: Regiments Capital (Pty) Ltd
Account Number: 146 91 42856
Branch: Northrand
Branch Code: 146905



REGIMENTS CAPITAL™

91 Central Street Houghton 2198
Postnet Suite 25 Private Bag x 11 Birnam Park 2015
Tel + 27 11 715 0300 Fax + 27 11 715 0535
www.regiments.co.za

Invoice

Invoice: NED 03/15
VAT #: 4620216665
Date: 31 Mar 2015

Mr. Moss Brickman
Nedbank Limited
Private Bag X25
Benmore
2010

Your VAT #: 4320116074

Services rendered (*)	R 1,515,799.00

Total	R 1,515,799.00

(*) Origination and facilitation of R1.5 billion interest rate swap transactions between Nedbank Capital and ACSA. The service amount was determined as per agreement with Nedbank Capital. This invoice is issued under the "Introduction of Derivative Transactions" agreement between Regiments Capital (Pty) Ltd and Nedbank Capital dated 30 June 2009. Regiments Capital (Pty) Ltd has informed its client that it is earning a fee for the facilitation of the above transaction.

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Account Name: Regiments Capital (Pty) Ltd

Account Number: 146 91 42856

Branch: Northrand

Branch Code: 146905

Client	Date	Transaction Details	Amount/Tenor	Date	
ACSA	25-Mar-10	Inflation-linked Swap	R1.5bln 14y	31-Mar-10	R 9 460 142,00
				31-Mar-11	R 1 179 539,00
				30-Mar-12	R 1 253 426,00
				28-Mar-13	R 1 323 105,00
				31-Mar-14	R 1 416 424,00
				31-Mar-15	R 1 515 799,00
				31-Mar-16	R 767 010,00
				31-Mar-17	R 809 581,00
				29-Mar-18	R 853 034,00
				29-Mar-19	R 870 045,00
Tshwane	14-Dec-12	Prime-linked Swap	R943mio 13.5y	20-Feb-13	R 5 892 208,50
				30-Jun-14	R 868 958,56
				30-Jun-15	R 868 724,68
				30-Jun-16	R 868 844,75
				30-Jun-17	R 868 844,75
				29-Jun-18	R 868 598,24
				28-Jun-19	R 868 598,24
				30-Jun-20	R 868 844,75
				30-Jun-21	R 868 844,75
Tshwane	01-Mar-13	Term Loan (DBSA 14)	R641mio 10y	30-Aug-13	R 543 357,26
				28-Feb-14	R 524 931,20
				01-Sep-14	R 514 117,92
				27-Feb-15	R 478 191,13
				01-Sep-15	R 475 442,53
				01-Mar-16	R 444 122,37
				01-Sep-16	R 426 430,81
				01-Mar-17	R 396 582,54
				01-Sep-17	R 378 694,51
				01-Mar-18	R 347 758,49
				31-Aug-18	R 325 343,18
				01-Mar-19	R 296 569,81
				30-Aug-19	R 268 443,27
				28-Feb-20	R 239 211,16
				01-Sep-20	R 213 419,70
				01-Mar-21	R 176 460,20
				01-Sep-21	R 146 176,30
				01-Mar-22	R 109 941,96
				01-Sep-22	R 75 912,19
				01-Mar-23	R 38 076,76
Tshwane	01-Mar-13	Term Loan (DBSA 15)	R361mio 10y	30-Aug-13	R 954 029,04
				28-Feb-14	R 922 169,78
				01-Sep-14	R 903 664,59
				27-Feb-15	R 841 001,31
				01-Sep-15	R 836 616,94
				01-Mar-16	R 781 975,17
				01-Sep-16	R 751 261,50
				01-Mar-17	R 699 100,42
				01-Sep-17	R 667 962,22
				01-Mar-18	R 613 779,10
				31-Aug-18	R 574 567,42
				01-Mar-19	R 524 085,31
				30-Aug-19	R 474 683,10
				28-Feb-20	R 423 265,13
				01-Sep-20	R 377 875,52
				01-Mar-21	R 312 653,80
				01-Sep-21	R 259 168,99
				01-Mar-22	R 195 062,68
				01-Sep-22	R 134 778,06
				01-Mar-23	R 67 652,24

Ntokozo Zama

From: Eric Wood
Sent: Tuesday, 08 December 2015 11:24
To: Boitumelo Mapasa
Subject: FW: Cash flow schedule
Attachments: Regiments - Summary of payments.xlsx

From: Visnena, M. (Mario) [mailto:MarioV@Nedbank.co.za]
Sent: 08 December 2015 10:24 AM
To: Tebogo Leballo <Tebogol@regiments.co.za>
Cc: Eric Wood <EricW@regiments.co.za>; Brickman, M. (Moss) <MossB@Nedbank.co.za>
Subject: RE: Cash flow schedule

Good morning Tebogo,

Please see attached summary spreadsheet.

Regards,

Mario

Mario Visnena

Markets | Nedbank Corporate and Investment Banking

6th Floor Block F Nedbank 135 Rivonia Campus 135 Rivonia Road Sandown Sandton 2196 South Africa | PO Box 1144
Johannesburg 2000 South Africa

t +27 (0)11 535 4001 f +27 (0)86 528 1583 c +27 (0)83 326 5512 @ mariov@nedbank.co.za
<mailto:mariov@nedbank.co.za>

Website: nedbank.co.za

THINK BEFORE YOU PRINT – At Nedbank we are committed to minimising environmental impact and encourage the preservation of natural capital.

From: Tebogo Leballo [mailto:Tebogol@regiments.co.za]
Sent: 07 December 2015 05:40 PM
To: Visenza, M. (Mario)
Cc: Eric Wood
Subject: Cash flow schedule

Dear Mario

As discussed, please send me the cashflow schedule for Regiments Capital detailing the amounts and the expected timing of the cash flows.

Tebogo Leballo

Chief Financial Officer

T +27 11 715 0300 C +27 82 471 7733 E tebogol@regiments.co.za <<mailto:tebogol@regiments.co.za>> W
www.regiments.co.za <<http://www.regiments.co.za>>
35 Ferguson Road, Illovo, Johannesburg, SA, 2196 | Postnet Suite 25, Private Bag X11 Birnam Park, 2015

MCKINSEY CONSULTATION DOCUMENTS

SECTION A

Innocentia Ngubeni

From: Phetolo <phetolo@ramscap.co.za>
Sent: Monday, 14 October 2013 14:29
To: Eric Wood
Subject: Fwd: Working Capital - Scope of Work
Attachments: image001.jpg; ATT00001..htm; image002.jpg; ATT00002..htm; image003.jpg; ATT00003..htm; line.jpg; ATT00004..htm; skytrax.jpg; ATT00005..htm; line3.jpg; ATT00006..htm; Working Capital - Scope of Work.docx; ATT00007..htm

Regards
Phetolo Ramosebudi
0832630591

Begin forwarded message:

From: Phetolo Ramosebudi <PhetoloRamosebudi@flysaa.com>
Date: 14 October 2013 at 14:21:53 SAST
To: 'Phetolo' <Phetolo@ramscap.co.za>
Subject: FW: Working Capital - Scope of Work

Phetolo Ramosebudi | Group Treasurer | Finance: Treasury

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This message has been scanned for viruses and dangerous content by **Pinpoint Securemail**, and is believed to be clean.



Working Capital Management

Scope of Work

1. Introduction

SAA is operating in a challenging, dynamic and highly competitive trading environment exacerbated by organisation specific weaknesses and inefficiencies which make its business model unsustainable in the long run. SAA's Balance Sheet is weak primarily caused by operating losses, hedging losses, and high fuel prices. This materially curtails SAA's ability to raise the capital required to finance its operations. SAA has relied on financial support from the Shareholder over the past decade. During this period, there were two major capital interventions by the Shareholder. The first one being R 8.5 billion in FY2006/07 primarily to restore the capital base in response to the hedging and translations losses incurred at the time and the second being R 1.5 billion in FY2009/10. In both instances, the intervention was a conversion of debt into equity. Subsequent to FY2009/10, Shareholder support to SAA had been granted in the form of guarantees, which enable SAA to borrow to finance the working capital requirements.

SAA commenced a major Cost Compression Programme in April 2012, to give momentum to one of the "seven major strategic initiatives, which addresses systemic competitive or structural issues" in the 2012-15 Corporate Plan. Of major concern was the increase in SAA's controllable costs (such as labour, catering and crew accommodation costs) and the increase in "uncontrollable" costs, primarily fuel and regulated airport and air navigation charges. Major airlines, such as Lufthansa, Qantas, and British Airways have all found a way to re-engineer their non-fuel CASK downward and have recently announced even further measures to relentlessly focus on unit cost reduction in a renewed period of high fuel costs.

The primary objective of the Cost Compression Programme is to reduce SAA's cost base by reducing non-fuel CASK 20% in 2014 to USD 5.64 cents. This had to be achieved, without negatively affecting the other main strategies initiatives of the group or negatively impacting the demand-side Revenue per Available Seat Kilometre (RASK). For FY2013 this programme yielded sustainable benefits in excess of R 700 million, with a consequential reduction in non-fuel CASK of USD 0.58 cents.



2. Business Rationale

Working capital management is concerned with the problems that arises in attempting to manage the current assets, current liabilities and the inter relationship that exist between the, thus the efficient management of working capital is an important indicator of sound health of the organisation which requires reduction of unnecessary blocking of capital in order to bring down costs of financing.

More business fails for lack of cash than for wanting profit. The goal of working capital management is to manage the company current assets and current liabilities in such a way that the satisfactory level of working capital is sustained.

3. Project Goals

1. To conduct an internal assessment, of the various components of working capital in the group;
2. To analyse the liquidity trends;
3. To analyse working capital trends;
4. To analyse the operating and cash cycle of the group;
5. To appraise the utilisation of current asset and current liabilities and establish short comings;
6. To suggest measures for effective management of working capital.

4. Project Stakeholders

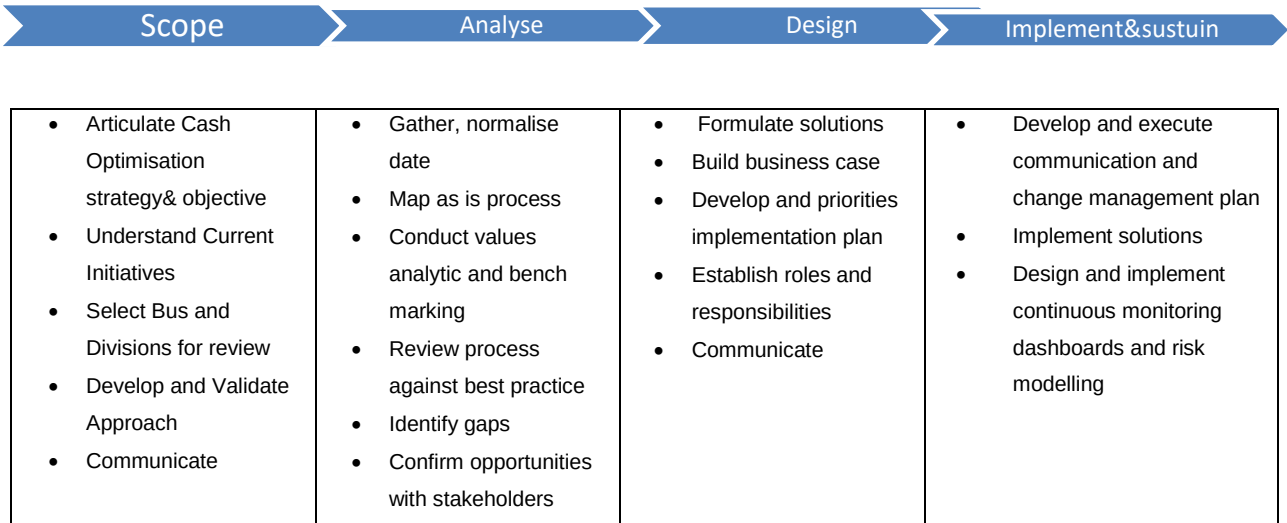
- 5.1. Subsidiaries such as SAAT, Cargo, Air chefs, Voyager, and Mango
- 5.2. Group Finance
- 5.3. Group Supply Management
- 5.4. Executive Committee



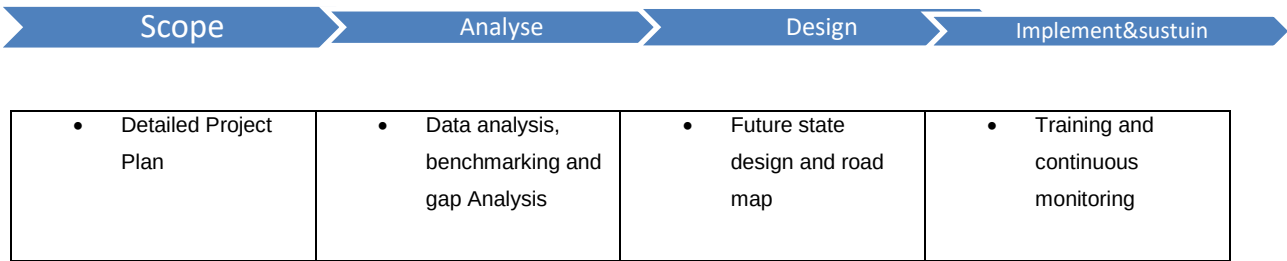
5. Time Table

5.1 Project Plan

0 - 8 Weeks Project



6. Project Deliverables



7. Scope Exclusion,

The project will not determine or test the profitability of the group or the effective costs structure of the group.

Innocentia Ngubeni

From: Phetolo <phetolo@ramscap.co.za>
Sent: Thursday, 24 October 2013 18:39
To: Eric Wood
Subject: Fwd: EVALUATION CRITERIA
Attachments: line.jpg; ATT00001..htm; skytrax.jpg; ATT00002..htm; line3.jpg; ATT00003..htm; EVALUATION CRITERIA.docx; ATT00004..htm

Please review and comment

Regards
Phetolo Ramosebudi
0832630591

Begin forwarded message:

From: Phetolo Ramosebudi <PhetoloRamosebudi@flysaa.com>
Date: 24 October 2013 at 18:38:11 SAST
To: 'Phetolo' <Phetolo@ramscap.co.za>
Subject: EVALUATION CRITERIA

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--

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REVISED EVALUATION CRITERIA (Annexure 1)**Methodology:**

- **Phase 1-** Evaluation of the critical criteria. Bidders must fully comply with all critical criteria; failure to comply will lead to disqualification. It is also required that the bidders complete the table for phase 1 below.
- **Phase 2** – Bidders evaluated against the evaluation criteria will be short listed and proceed to phase 3. Short listed bidders will be required to do a presentation.
- **Phase 3** - Phase 3 will consist of the Price and BBBEE evaluation.

Phase 1: Critical Evaluation Criteria:

Bidders must fully comply with all the Critical Criteria listed below; while failure to comply shall lead to the Bidder disqualification:

#	ELEMENTS	Yes	No
1	Tenderers that appear on the list of Restricted Tenderers as published by the Department of Treasury will not be considered		
2	Evidence of working capital management experience working with a global group with global operations		
3	Commitment to start the project within one week after award of project.		
4	Evidence of relevant Working Capital Management experience that is more than 5 years		
5	Submission of a list of at least three contactable signed business references (on company letterheads) outlining the similar scope of work and benefits realised		
6	Intellectual property to remain the property of SAA		

NB

Bidders that fail to meet the Critical Criteria will be eliminated from further assessment/evaluation and not invited to the Tender Briefing Session.

Phase 2: Functional Requirements and Weightings:

#	ELEMENTS	MEASURE	WEIGHT
1	Demonstration of working capital management capability and the methodology to be used.	Demonstrate working capital management methodology and approach adopted in previous projects or as proposed for SAA.	20%
2	Evaluation of three contactable references (on company letterheads) outlining executed scope of work and benefits	Evaluation of the scope of work and benefits realised in relation to the relevance of what is required for SAA.	15%

	realised	• 3 Group references = 15 • 2 Group level references and one small group reference = 10 • 2 Small group references and one big group reference = 5	
3	Demonstration of working capital management capabilities indicating the resources to be used.	Tenderer demonstrates the ability to conduct global research and benchmarking based on the team structure and expertise employed as well as a display of the relevant networks that the tenderer can access to support research.	10%
4	Demonstrate experience of working at senior management level in re-discovering working capital	Demonstrate experience of working at senior management level in re-discovering working capital capabilities by outlining methodology and approach utilised in similar projects as well as proposal for SAA. Tenderer must show a good grasp of sensitivities associated with the re-discovering of working capital and competency requirements	10%
5	Demonstration of unbundling working capital management capability and methodology to be used.	Demonstrate unbundling of working capital capability by outlining methodology and approach adopted in previous projects or as proposed for SAA. This should be indicated in terms of the various elements that will be addressed in working capital unbundling management as well as how this will be developed for SAA	10%
6	Years of experience in working capital management	One year = 2 points Two years = 4 points Three years = 6 points Four years = 8 points Five years = 10 points	10%
7	Proposal on project post implementation	Tenderer must provide a proposal on how they will address issues that will arise post implementation of this initiative.	10%
8	Demonstration of Project Management Methodology to be used.	Demonstrate project management capability by outlining methodology and approach adopted in previous projects and as proposed for SAA. This should be indicated in terms of	5%

		the various elements that will be addressed in project management as well as what elements will be included to ensure the success of this project.	
9	Knowledge transfer framework to SAA (during and after the project)	Tenderer must outline their framework to be utilised in ensuring knowledge transfer happens with key internal stakeholders.	10%
Total:			100%

Threshold: The minimum qualifying score for the Functional Requirements is 80%; while experience of all listed elements is required.

Phase 3

Preference Point System

#	CRITERIA	POINTS
1	Price	90
2	BBBEE	10
TOTAL		100 Points

Innocentia Ngubeni

From: Eric Wood
Sent: Monday, 28 October 2013 16:19
To: Phetolo
Subject: FW: EVALUATION CRITERIA - SAA
Attachments: EVALUATION CRITERIA - SAA.docx

**Eric Wood**
Executive Director

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0339 Fax: +27 11 715 0352
Mobile: +27 83 626 0857 E-mail: ericw@regiments.co.za www.regiments.co.za
Regiments Capital (Pty) Ltd is an authorised financial services provider PSP Number 16831 Reg. No. 2004/023761/07

From: Indheran Pillay
Sent: 28 October 2013 03:56 PM
To: Eric Wood
Cc: Tewodros Gebreselasie
Subject: EVALUATION CRITERIA - SAA

REVISED EVALUATION CRITERIA (Annexure 1)**Methodology:**

- **Phase 1** - Evaluation of the critical criteria. Bidders must fully comply with all critical criteria; failure to comply will lead to disqualification. It is also required that the bidders complete the table for phase 1 below.
- **Phase 2** – Bidders evaluated against the evaluation criteria will be short listed and proceed to phase 3. Short listed bidders will be required to do a presentation.
- **Phase 3** - Phase 3 will consist of the Price and BBEE evaluation.

Phase 1: Critical Evaluation Criteria:

Bidders must fully comply with all the Critical Criteria listed below; while failure to comply shall lead to the Bidder disqualification:

#	ELEMENTS	Yes	No
1	Tenderers that appear on the list of Restricted Tenderers as published by the Department of Treasury will not be considered		
2	Evidence of working capital management experience working with a global group with global operations		
3	Commitment to start the project within one week after award of project.		
4	Evidence of relevant Working Capital Management experience that is more than 5 years		
5	Submission of a list of at least three contactable signed business references (on company letterheads) outlining the similar scope of work and benefits realised		
6	Intellectual property to remain the property of SAA		

NB

Bidders that fail to meet the Critical Criteria will be eliminated from further assessment/evaluation and not invited to the Tender Briefing Session.

Phase 2: Functional Requirements and Weightings:

#	ELEMENTS	MEASURE	WEIGHT
1	Demonstration of working capital management capability and the methodology to be used.	Demonstrate working capital management methodology and approach adopted in previous projects or as proposed for SAA.	20%
2	Evaluation of three contactable references (on company letterheads) outlining executed scope	Evaluation of the scope of work and benefits realised in relation to the relevance of what is required for SAA.	15%

	of work and benefits realised	• 3 Group references = 15 • 2 Group level references and one small group reference = 10 • 2 Small group references and one big group reference = 5	
3	Demonstration of working capital management capabilities indicating the resources to be used.	Tenderer demonstrates the ability to conduct global research and benchmarking based on the team structure and expertise employed as well as a display of the relevant networks that the tenderer can access to support research.	10%
4	Demonstrate experience of working at senior management level in re-discovering working capital	Demonstrate experience of working at senior management level in re-discovering working capital capabilities by outlining methodology and approach utilised in similar projects as well as proposal for SAA. Tenderer must show a good grasp of sensitivities associated with the re-discovering of working capital and competency requirements	10%
5	Demonstration of unbundling working capital management capability and methodology to be used.	Demonstrate unbundling of working capital capability by outlining methodology and approach adopted in previous projects or as proposed for SAA. This should be indicated in terms of the various elements that will be addressed in working capital unbundling management as well as how this will be developed for SAA	10%
6	Years of experience in working capital management	One year = 2 points Two years=4 points Three years= 6 points Four years= 8 points Five years=10 points	10%
7	Proposal on project post implementation	Tenderer must provide a proposal on how they will address issues that will arise post implementation of this initiative.	10%
8	Demonstration of Project Management Methodology to be used.	Demonstrate project management capability by outlining methodology and approach adopted in previous projects and as proposed for SAA. This should be indicated in terms of	5%

		the various elements that will be addressed in project management as well as what elements will be included to ensure the success of this project.	
9	Knowledge transfer framework to SAA (during and after the project)	Tenderer must outline their framework to be utilised in ensuring knowledge transfer happens with key internal stakeholders.	10%
Total:			100%

Threshold: The minimum qualifying score for the Functional Requirements is 80%; while experience of all listed elements is required.

Phase 3

Preference Point System

#	CRITERIA	POINTS
1	Price	90
2	BBBEE	10
TOTAL		100 Points

REVISED EVALUATION CRITERIA (Annexure 1)

Methodology:

- **Phase 1** - Evaluation of the critical criteria. Bidders must fully comply with all critical criteria to proceed to phase 2; failure to comply will lead to disqualification. It is also required that the bidders complete the table below for phase 1 below.
- **Phase 2** – Bidders evaluated against the evaluation criteria will be short listed and proceed advanced to phase 3. Short listed bidders will be required to do a presentation.
- **Phase 3** - Phase 3 will consist of the Price and BBBEE evaluation.

Phase 1: Critical Evaluation Criteria:

Bidders must fully comply with all the Critical Criteria listed below; while failure to comply shall lead to the Bidder disqualification:

#	ELEMENTS	Yes	No
1	~~Tenderers that appear~~ <u>Tenderer</u> on the list of Restricted Tenderers as published by the Department of Treasury ~~will not be considered.~~		
2	Evidence of working capital management experience ~~working with a global group with global operations~~		
3	<u>Submission of a list of at least three contactable signed business references (on company letterheads) outlining the similar scope of work and benefits realised</u> ~~Commitment to start the project within one week after award of project.~~		
4	~~Evidence of relevant Working Capital Management experience that is more than 5 years~~ <u>Proven track record with state owned entities</u>		
5	<u>Demonstrable understanding and experience in Public Finance Management Act (PFMA)</u> ~~Submission of a list of at least three contactable signed business references (on company letterheads) outlining the similar scope of work and benefits realised~~		
6	Intellectual property to remain the property of SAA		

NB

: Bidders that fail to meet the Critical Criteria will be eliminated from further assessment/evaluation and not invited to the Tender Briefing Session.

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Phase 2: Functional Requirements and Weightings:

#	ELEMENTS	MEASURE	WEIGHT
1	Demonstration of working capital management capability	Demonstrate working capital management methodology and approach adopted in previous projects or as proposed for SAA.	~~20~~ <u>30</u> %

	and the methodology to be used.		
2	Evaluation of three contactable references (on company letterheads) outlining executed scope of work and benefits realised	Evaluation of the scope of work and benefits realised in relation to the relevance of what is required for SAA. • 3 ~~Group~~ references = 15 • 2 ~~Group level~~ references and one small group reference = 10 • 2 ~~Small group references and one big group~~1 reference = 5	15%
3	~~Demonstration of working capital management capabilities indicating the resources to be used.~~	~~Tenderer demonstrates the ability to conduct global research and benchmarking based on the team structure and expertise employed as well as a display of the relevant networks that the tenderer can access to support research.~~	40%
43	Demonstrate experience of working at senior management level in re-discovering working capital	Demonstrate experience of working at senior management level in re-discovering working capital capabilities by outlining methodology and approach utilised in similar projects as well as proposal for SAA. Tenderer must show a good grasp of sensitivities associated with the re-discovering of working capital and competency requirements	4015%
5	~~Demonstration of unbundling working capital management capability and methodology to be used.~~	~~Demonstrate unbundling of working capital capability by outlining methodology and approach adopted in previous projects or as proposed for SAA. This should be indicated in terms of the various elements that will be addressed in working capital unbundling management as well as how this will be developed for SAA~~	40%
64	Years of experience in working capital management <u>and balance sheet optimisation</u>	One year = 23 points Two years=46 points Three years= 69 points Four years= 812 points Five years=1015 points	4015%
75	Proposal on project post implementation	Tenderer must provide a proposal on how they will address issues that will arise post implementation of this initiative.	10%

6	<u>Knowledge transfer framework to SAA (during and after the project)</u>	<u>Tenderer must outline their framework to be utilised in ensuring knowledge transfer happens with key internal stakeholders.</u>	10%
87	Demonstration of Project Management Methodology to be used.	Demonstrate project management capability by outlining methodology and approach adopted in previous projects and as proposed for SAA. This should be indicated in terms of the various elements that will be addressed in project management as well as what elements will be included to ensure the success of this project.	5%
9	<u>Knowledge transfer framework to SAA (during and after the project)</u>	<u>Tenderer must outline their framework to be utilised in ensuring knowledge transfer happens with key internal stakeholders.</u>	10%
Total:			100%

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Threshold: ~~The To proceed to Phase 3, Tenderers must score a minimum qualifying score of 80% for the Functional Requirements is 80%; while experience of all listed elements is required.~~

Phase 3

Preference Point System

#	CRITERIA	POINTS
1	Price	90
2	BBBEE	10
TOTAL		100 Points

Innocentia Ngubeni

From: Phetolo <phetolo@ramscap.co.za>
Sent: Tuesday, 29 October 2013 17:20
To: Eric Wood
Subject: Fwd: Book2.xlsx
Attachments: line3.jpg; ATT00001..htm; Book2.xlsx; ATT00002..htm

--

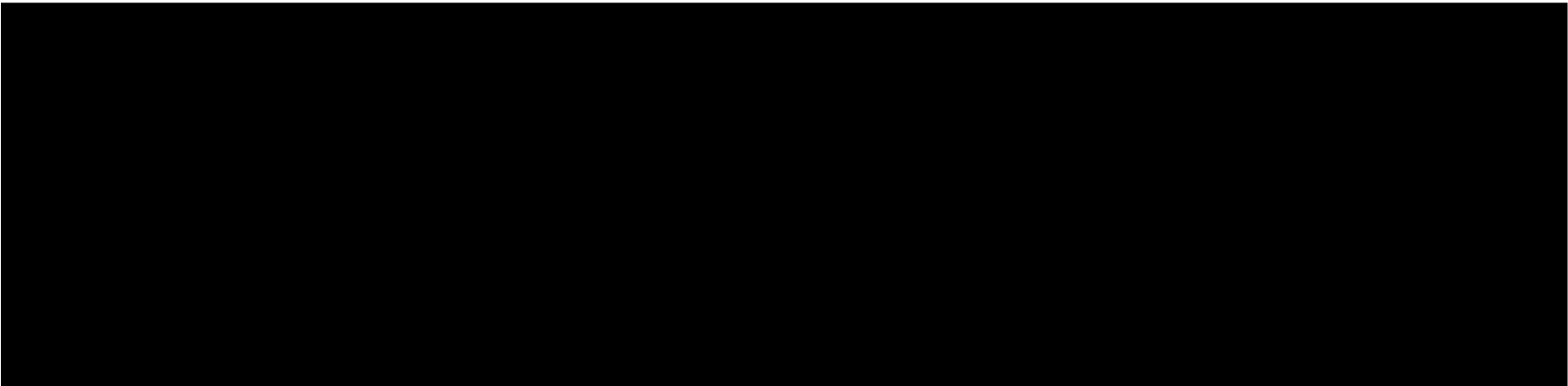
This message has been scanned for viruses and dangerous content by **Pinpoint Securemail**, and is believed to be clean.

Rams Capital cc

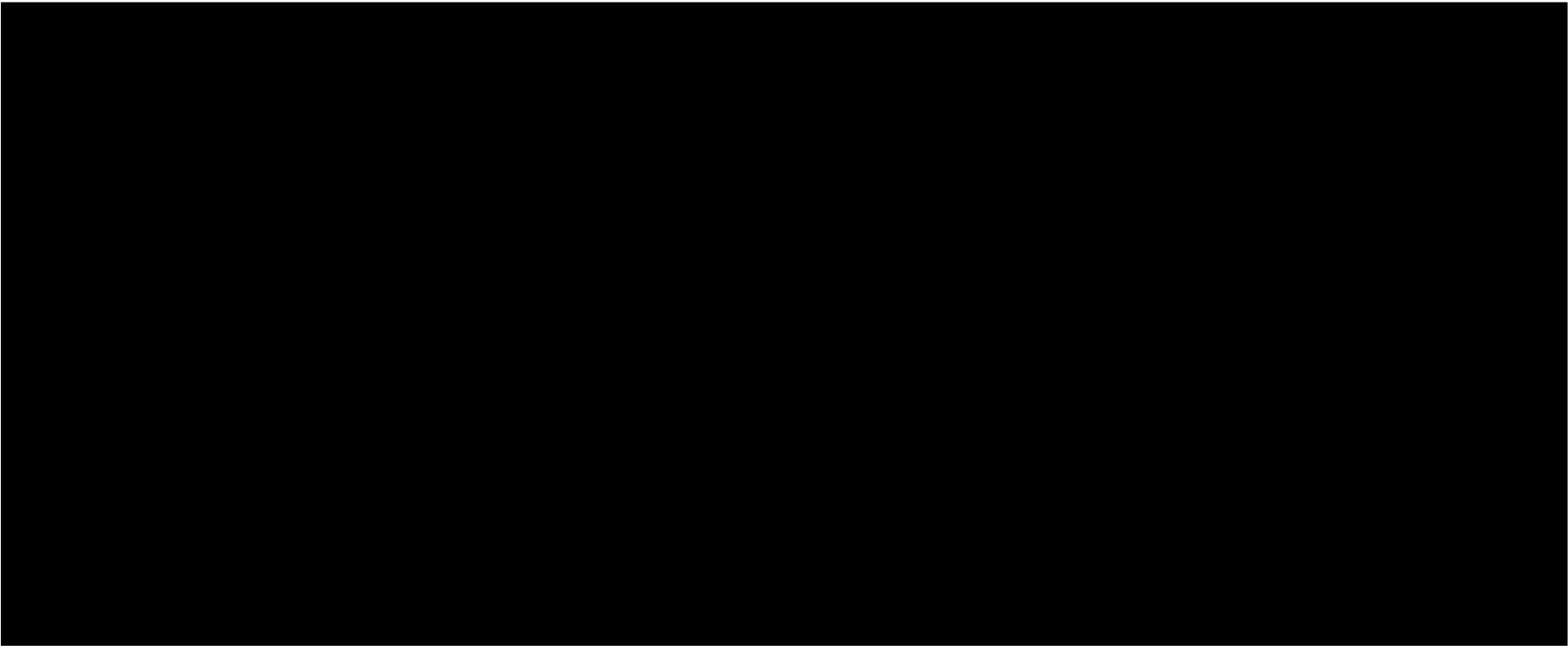
BILL TO: Accounts
Regiments Capital
91 Central street
Houghton, 2198
011 715 03100
vat #: 4620216665

Make all cheque payable to Rams Capital. If you like to make electronic payments, please make payments to FNB, Account # 62241878555, Killarney

THANK YOU FOR YOUR BUSINESS!



200477757000	2013-11-07	-375606,00	RAMS CAPITAL FSF11 16:00



Innocentia Ngubeni

From: Niven Pillay
Sent: Tuesday, 19 November 2013 16:39
To: Andile Nyhonyha; Eric Wood; Indheran Pillay; Mahommed Bobat
Subject: Fwd: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.
Attachments: RFP Working Capital nn.doc; RFP-GSM -13 -NDA.docx
Importance: High

Sent from Samsung Mobile

----- Original message -----

From: Reinette Slabbert <ReinetteSlabbert@flysaa.com>
Date: 19/11/2013 16:28 (GMT+02:00)
To: jschoefer@relconsultancy.com, Eric Wood <EricW@regiments.co.za>, Litha Nyhonyha <LithaN@regiments.co.za>, Niven Pillay <NivenP@regiments.co.za>, nhlamu.dlomu@kpmg.co.za, thpillay@deloitte.co.za, solly@xabiso.co.za, bashier@nexia-sabt.co.za, suzel@zeelie.com, edgarr@rakoma.co.za, lmabokela@sekela.co.za, victors@sng.co.za, a.craker@iqgro up.net, Christina_Planert@mckinsey.com, "Wuest Martin (Wuest.Martin@bcg.com)" <Wuest.Martin@bcg.com>
Cc: Shireen Subroyen <ShireenSubroyen@flysaa.com>
Subject: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Dear Bidders,

Good afternoon everybody.

Attached herewith please find the following documents:

- RFP 085/13.
- NDA related to the RFP.

There is confidential financial information available that will be submitted but it will only be submitted once the NDA agreement has been signed and e-mailed back.

Please take note of the funding point that forms part of the scope of work (Part 3) of the RFP document.

All correspondence needs to be via e-mail and we will respond as soon as possible to all questions.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

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Directors

DC Myeni* (Chairperson), M Kalawe (Chief Executive Officer), WH Meyer (Chief Financial Officer), A Khumalo*, N. Kubeka*, Y Kwinana*, R Lepule*, A Mabizela*, B Mpondo*, R Naithani*(Indian), LG Nkosi-Thomas*, C Roskruge*

*Non-Executive Director

Company Secretary - Sandile Dlamini

South African Airways SOC Ltd Reg. No. 1997/022444/30



SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

**REQUEST FOR PROPOSAL FOR THE APPOINTMENT OF
A CONSULTANT TO ASSIST THE SOUTH AFRICAN
AIRWAYS GROUP WITH THE UNLOCKING OF WORKING
CAPITAL**

BID NO: RFP 085/13



SOUTH AFRICAN AIRWAYS (SOC) LIMITED

REGISTRATION NO.: 1997/022444/30

OR TAMBO INTERNATIONAL AIRPORT
(Hereinafter referred to as "SAA")

1. INVITATION TO BID

You are hereby invited to submit a proposal for the following:

RFP NUMBER: GSM 085/13

RFP DESCRIPTION: **Request for Proposal for the appointment of a consultant to assist the SAA Group with the unlocking of working capital.**

Issue Date	19 November 2013
Closing Date for Questions	29 November 2013@16h00
Closing Date for RFP	04 December 2013
Closing Time	11H00
Compulsory Briefing	No
Date/Time/Place for the Briefing	N/A
Validity Period of Proposal Submission	(Minimum period of 120 days)

2. PROPRIETARY INFORMATION

SAA considers this *RFP GSM 085/13* and all related information, either written or verbal, which is provided to the respondents, to be proprietary to SAA. It shall be kept confidential by the respondent and its officers, employees, agents and representatives. The respondent shall not disclose, publish or advertise this specification or related information to any third party without the prior written consent of SAA.

3. GROUNDS FOR DISQUALIFICATION

All communication and attempts to obtain information of any kind with regards to this Proposal should be channeled to Reinette Slabbert, Commodity Manager e-mail reinetteslabbert@flysaa.com and Shireen Subroyen, Sourcing Specialist, e-mail shireensubroyen@flysaa.com

SAA reserves the right to **disqualify** any respondent from this Bid process if any attempts are made by that respondent to solicit information of any kind relative to this Bid/Proposal or subsequent evaluation from any other source in SAA other than the contact person as mentioned above.



SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

TABLE OF CONTENTS FOR *RFPGSM 085/13*

Part	Title
	Invitation to Bid
	Proprietary Information
	Grounds for Disqualification
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2	Bid Conditions and Instructions to Bidders
3	Scope of Work / Specification
4	Evaluation Criteria
5	Declaration of Interest
6	Vendor Information Form
7	Deviations From the Request for Bid/Proposal
8	Tax Clearance Requirements
9	Pre-Bid Briefing / Site Inspection Certificate
10	General Conditions of Contract and/or Special Conditions of Contract
11	Preference Claim Form
12	Declaration Certificate for Local Production and Content
13	Certificate of Independent Bid Determination
14	National Industrial Participation Programme
15	Non Disclosure Agreement



INFORMATION SCHEDULE

FOR

RFP NO.: GSM 085/13

TO ENSURE THAT YOU RECEIVE ALL INFORMATION RELATING TO THIS BID AND ANY ADDITIONAL INFORMATION, PLEASE COMPLETE THIS PAGE AND RETURN BY FACSIMILE OR E-MAIL TO THE INDICATED NUMBER

TO : Reinette Slabbert and Shireen Subroyen
South African Airways (Proprietary) Limited
Global Supply Management

E-MAIL : reinetteslabbert@flysaa.com and shireensubroyen@flysaa.com

RE : RFP GSM 085/13

DATE : _____

NAME OF BIDDER : _____

ENTITY NAME : _____

CONTACT PERSON : _____

TEL NUMBER : _____

FACSIMILE NUMBER : _____

CELLULAR NUMBER : _____

E-MAIL ADDRESS : _____



BID CONDITIONS AND INSTRUCTIONS TO BIDDERS

FOR

RFP GSM 085/13

1.0 INTRODUCTION

South African Airways has a proud history of excellence, competing with many Local, Regional and International carriers, and is considered by consumers to be a premium world class airline. This is confirmed by the long list of awards the airline has received. SAA is the finest in Africa with more routes to African destinations than any other airline. This has been historically expressed through the payoff line "Bringing the world to Africa & taking Africa to the world"

We are inspired by our unqualified belief in service excellence, integrity, accountability, quality, safety, people development and value to our shareholders.

All our business relations are guided by these values and business practice. Our business partners and suppliers are expected to uphold, promote and share the same values and vision.

The quality, price and service that we provide our customers can only be as good as what we receive from our suppliers.

We strive for continuous improvement in our critical business areas and seek to establish relationships with suppliers that are equally passionate in their quest for better quality, price and service.

Procurement Philosophy

It is the policy of SAA, when purchasing products, services and works, to follow a course of optimum value and efficiency by adopting best purchasing practices in Supply Chain Management, ensuring where possible that open and fair competition has prevailed, with due regard being had to the importance of:

- The Public Finance Management Act (PFMA) and the Preferential Procurement Policy Framework Act (PPFFA);
- The promotion, development and support of businesses from Exempted Micro Enterprises and Qualifying Small Enterprises, that are 50% Black Owned, 30% Black Women Owned, 50% Black Youth Owned, 50% Black People Living in Rural Areas (towns and cities outside of the Tshwane, Johannesburg, eThekweni and Cape Town Metros) and 50% Black People with Disabilities.
- The promotion of domestic suppliers and agents before considering overseas suppliers and where purchases are from abroad, fostering development of local suppliers by the foreign suppliers in terms of setting aside 25% of the purchase for developing the local supplier; as well as
- The development, promotion and support for the moral values that underpin the above, in terms of SAA's Business Ethics and Guidelines which requires that all commercial conduct be based on ethical and moral values and sound business practice. This value system governs all commercial behaviour within SAA.

2.0 CONDITIONS OF BID & CONTRACT

- 2.1 The Bidder/s accepts that this document and its associated documents do not constitute any contractual relationship between SAA and the Bidder/s and the acceptance of any Bid/s by SAA will not constitute any contractual relationship between SAA and any Bidder/s. The acceptance of any Bid/s will only indicate without any obligations on the part of either SAA and/or a Bidder/s, the willingness of such Parties to enter into negotiations, which may or may not result in a Contract.

- 2.2 SAA reserves the right to undertake physical evaluations on shortlisted Bidder/s.
- 2.3 The Bidder/s agree that during the contract period prices based on the impact of volumes, productivity improvements and sharing of risk may be negotiated.
- 2.4 The Agreement will be a non-exclusive Agreement and SAA reserves the right to purchase at its discretion service from any other service provider. SAA does not warrant that it will use any minimum quantity of the service from the successful Bidder/s.
- 2.5 During evaluation of the bids, additional information may be requested in writing from bidders. Replies to such request must be submitted, within 5 (five) working days or as otherwise indicated. Failure to comply, may lead to your bid being disqualified.

3.0 INTELLECTUAL PROPERTY, INVENTIONS AND COPYRIGHT

- 3.1 The specification is the intellectual property of SAA.
- 3.2 Copyright of all documentation relating to this assignment belongs to SAA. The successful bidders may not disclose any information, documentation or products to other clients without the written approval of the accounting authority or the delegate.
- 3.3 All the intellectual property rights arising from the execution of this Agreement shall vest in SAA and the Bidder undertakes to honour such intellectual property rights and all future rights by keeping the know-how and all published and unpublished material confidential.
- 3.4 In the event that the Bidder would like to use any information or data generated in terms of the Services, the prior written permission must be obtained from SAA.
- 3.5 SAA shall own all materials produced by the Bidder during the course of, or as part of the Services including without limitation, deliverables, computer programmes (source code and object code), programming aids and tools, documentation, reports, data, designs, concepts, know-how and other information whether capable of being copyrighted or not ("IP") which IP SAA shall be entitled to freely cede and assign to parties nominated by SAA.
- 3.6 This clause 3.0 shall survive termination of this Agreement.

4.0 GUIDELINE ON COMPLETION OF SUBMISSION

- 4.1 Bidders must indicate compliance or non-compliance on a paragraph-by-paragraph basis. Indicate compliance with the relevant bid requirements by marking the YES box and non-compliance by marking the NO box. If the contents of the paragraph only need to be noted, please mark the NOTED box. The bidder must clearly state if a deviation from these requirements are offered and the reason therefor. If an explanatory note is provided, the paragraph reference must be attached as an appendix to the bid submission. Bids not completed in this manner may be considered incomplete and rejected. Should bidders fail to indicate agreement/compliance or otherwise, SAA will assume that the bidder is not in compliance or agreement with the statement(s) as specified in this bid.
- 4.2 SAA will interpret YES as full compliance/acceptance to the applicable paragraph. NO will be interpreted that the Bidder/s has/have read and understood the paragraph, but the Bidder/s does/do not comply/accept the content of the applicable paragraph.
- 4.3 Alternative Bids by the Bidder/s or any non-compliance to the specification will be evaluated and considered at SAA's sole discretion.

5.0 PREPARATION COSTS

All costs incurred in the preparation, presentation and demonstration of the response shall be for the account of the Bidder. All supporting documentation and manuals submitted with the Bid will become SAA property unless otherwise stated by the Bidder/s at the time of submission.

6.0 COPIES REQUIRED

6.1 It is a condition that the Bidder/s shall furnish an offer comprising of the original response document plus 2 (two) copy. The Bidder/s shall ensure that all the relevant information and documentation is submitted with the original as well as the copy. SAA shall not be liable should it become evident that a Bidder/s offer/s is/are not accepted and the reason for such non-acceptance is as a result of the Bidder/s failure to include the information in both copies.

6.2 **BIDDER/S SHALL KEEP A COPY OF THEIR BID AND RESPONSE FOR FUTURE REFERENCE.**

7.0 SPECIFIC INFORMATION REQUIRED

For ease of reference and evaluating purposes, please furnish replies under the same headings and refer individually to all specific paragraph numbers. Please be clear in your response and use definite answers.

8.0 ENQUIRIES

Enquiries regarding this Bid should be submitted in writing to SAA at the following address:

Attention: Reinette Slabbert and Shireen Subroyen
Email: reinetteslabbert@flysaa.com and shireensubroyen@flysaa.com

9.0 QUESTIONS AND CLARIFICATIONS

9.1 Enquiries should reference the specific Bid number, section, document and paragraph number, where appropriate.

9.2 The questions and clarifications must be emailed to the details in 8.0 above.

9.3 If appropriate, the clarifying information will be made available to all bidders by e-mail only.

9.4 The closing date for questions is as mentioned in the Cover Sheet.

9.5 **No questions or clarifications will be entertained without receipt of the signed NDA duly signed by the bidder.**

10.0 INSTRUCTIONS FOR THE SUBMISSION OF A BID

10.1 Bids must be submitted in a sealed enveloped marked:

Tender number : (RFP GSM 085/13)

Tender for : The appointment of a consultant to assist the SAA Group with the unlocking of Working capital.
 Closing Date / Time : 04 December 2013 at 11h00
 Name & Address of the Bidder : (Postal or Physical Address)

10.2 Bids must be deposited in the Bid Box situated at:

**South Africa Airways – Main Reception Gate
 Airways Park
 Jones Road
 OR Tambo International Airport
 Johannesburg**

Or by e-mail to tenders@flysaa.com or mandycoetser@flysaa.com

- 10.3 Bids can be delivered between 08H00 and 16H30, Monday to Friday, prior to the closing date and between 08H 00 and 11H 00 on the closing date.
- 10.4 Submissions will be kept unopened in safe custody until the closing date & time for the Bid. Where a Bid is received without a Bid number on it, it will be opened, the Bid number ascertained, the envelope sealed and the Bid number written on the envelope.
- 10.5 As stipulated in the bid documents, tenders can be submitted by means of e-mail or deposited into the Tender Box.
- 10.6 All bids must be submitted in English.
- 10.7 **On submission of the completed bid document, a non-refundable fee of R1 000.00 will be charged. This fee should be deposited directly into SAA's bank account and the deposit slip should be supplied with the bid. The banking details are as follows:**

**Standard Bank Greenstone
 Branch Code: 016342
 Account Number: 022771263
 Reference: 1028**

**Bidders should ensure that bids are delivered before the closing date and time to the correct address.
 If the bid is late, it will not be accepted for consideration.**

11.0 LATE BID SUBMISSIONS

- 11.1 Late submissions of Bids will NOT be considered for evaluation and will be returned un-opened to the Bidder/s at the Bidders' own costs accompanied by an explanation to the effect that it is late.
- 11.2 A submission will be considered late if it arrives one second after 11:00 or any time thereafter. The bid box shall be locked at exactly 11:00 and bids arriving late will not be accepted under any circumstances. Bidders are therefore strongly advised to ensure that bids be dispatched allowing enough time for any unforeseen events that may delay the delivery of the bid.

12.0 PAYMENT TERMS RELATED TO THIS TENDER

- 12.1 Final payment terms will be negotiated with the successful bidder before awarding the bid.

- 12.2 The successful Bidder shall be responsible for accounting to the appropriate authorities for its Income Tax, VAT or other moneys required to be paid in terms of applicable law.

13.0 WARRANTIES

- 13.1 The Bidder warrants that it is able to conclude and deliver on this Agreement to the satisfaction of SAA.
- 13.2 Although the Bidder will be entitled to provide products or services to persons other than SAA, the Bidder shall not without the prior written consent of SAA, be involved in any manner whatsoever, directly or indirectly, in any business or venture which competes or conflicts with the obligations of the Bidder to provide the products or services.

14.0 RETENTION

- 14.1 On termination of this agreement, the successful bidder shall on demand hand over all documentation, information, software, etc., without the right of retention, to SAA.
- 14.2 No agreement to amend or vary a contract or order or the conditions, stipulations or provisions thereof shall be valid and of any force and effect unless such agreement to amend or vary is entered into in writing and signed by the contracting parties. Any waiver of the requirement that the agreement to amend or vary shall be in writing, shall also be in writing.

15.0 SELECTION

- 15.1 SAA reserves the right to evaluate and consider any Bid/s that does not comply strictly with this Bid process.
- 15.2 Before the award of this Bid, SAA reserves the right to enter into a phase of negotiation to ensure the optimum solution in terms of the specified requirement for SAA with Bidder/s in order to establish a mutually acceptable solution. SAA will however not be bound to enter into any contract with any party, should negotiations fail to produce mutually acceptable conditions.
- 15.3 Should SAA consider it necessary, the Bidder/s shall agree to an inspection of the resources and works of the Bidder.
- 15.4 SAA may request documentary proof of any information supplied by the Bidder/s. Failure to comply with request will lead to disqualification.
- 15.5 Should SAA consider it necessary, SAA will visit the Bidder's customer sites.
- 15.6 SAA reserves the right:
- 15.6.1 to cancel this Bid or any part thereof at any time;
 - 15.6.2 not to accept any Bids;
 - 15.6.4 to accept one or more Bids for further negotiation
 - 15.6.5 to contact any Bidder/s during the evaluation period, to clarify information only, without informing any other Bidder/s.

- 15.6.6 to either appoint one or more Bidder/s on a national basis, or award the contract on a regional basis to one or more Bidder/s.

16.0 NEGOTIATIONS

- 16.1 SAA has the right to enter into negotiation with a prospective bidder or prospective bidders regarding any terms and conditions, prices, BEE, technical/functionality requirements, etc.
- 16.2 SAA shall not be obliged to accept the lowest priced bid, quotation, offer or proposal.

17.0 BID PRESENTATIONS

- 17.1 SAA reserves the right to invite bidders for presentations before the award of the bid.

18.0 FORMAT OF BIDS

- 18.1 Fully comprehensive service documentation shall be supplied in English by each Bidder, which shall explicitly and in detail describe the service/s offered. This documentation shall include sufficient detail to clearly give the reader a precise and unambiguous description of the service/s offered. Incomplete or incomprehensible service documentation will result in rejection of the offer.
- 18.2 The following documentation forms part of the Bid and must be duly completed & returned in the Bidders response to this RFB

18.2.1 Part 1: Information Schedule

Bidders must complete and submit the Information Schedule.

18.2.2 Part 2: Technical/Functionality Proposal & Compliance

18.2.3 Part 3: SARS Tax Clearance Certificate(s)

A valid original SARS Tax Clearance Certificate must accompany the proposal. In case of a consortium/joint venture, or where sub-contractors are utilised, a valid original SARS Tax Clearance Certificate for each consortium/ joint venture member and/or sub-contractor (individual) must be submitted.

Each consortium/joint venture must submit its own valid original Tax Clearance Certificate.

18.2.4 Part 4: Declaration of Interest

Bidders must complete and submit the Declaration of Interest Form.

18.2.5 Part 5: Briefing Session or Site Inspection Certificate

Bidders must submit a signed certificate of the Briefing Session or Site Inspection which is a compulsory requirement.

18.2.6 Part 6: BEE Submission

Bidders must submit their B-BBEE Certificate.

Consortiums or joint ventures must submit a consolidated B-BBEE Certificate. Each member organisation must submit the percentage income split as per the consortium or joint venture agreement. The workload split must also be clearly defined and indicated.

18.2.7 Part 7: Pricing Schedule

Bidders must submit a detailed costing schedule. All prices submitted must include all applicable taxes.

18.2.8 Part 8: Vendor Information Form

Bidders must complete & submit the Vendor Information Form and source documents. Banking details will only be required from the successful bidder.



SCOPE OF WORK
FOR
RFP NO.: GSM 085/13

Introduction

SAA is operating in a challenging, dynamic and highly competitive trading environment exacerbated by organisation specific weaknesses and inefficiencies which make its business model unsustainable in the long run. SAA's Balance Sheet is weak primarily caused by operating losses, hedging losses, and high fuel prices. This materially curtails SAA's ability to raise the capital required to finance its operations. SAA has relied on financial support from the Shareholder over the past decade. During this period, there were two major capital interventions by the Shareholder. The first one being R 8.5 billion in FY2006/07 primarily to restore the capital base in response to the hedging and translations losses incurred at the time and the second being R 1.5 billion in FY2009/10. In both instances, the intervention was a conversion of debt into equity. Subsequent to FY2009/10, Shareholder support to SAA had been granted in the form of guarantees, which enable SAA to borrow to finance the working capital requirements.

1. Business Rationale

Working capital management is concerned with the problems that arise in attempting to manage the current assets, current liabilities and the inter relationship that exist between them, thus the efficient management of working capital is an important indicator of sound health of the organisation which requires reduction of unnecessary blocking of capital in order to bring down costs of financing.

More business fails for lack of cash than for wanting profit. The goal of working capital management is to manage the company current assets and current liabilities in such a way that the satisfactory level of working capital is sustained.

2. Project Goals

1. To conduct an internal assessment, of the various components of working capital in the group;
2. To analyse the liquidity trends;
3. To analyse working capital trends;
4. To analyse the operating and cash cycle of the group;
5. To appraise the utilisation of current assets and current liabilities and establish short comings;
6. To suggest measures for effective management of working capital.

3. Project funding

SAA would prefer considering a profit share option based on the positive outcome of the advice rather than paying a fixed rate to the appointed service provider.

4. SAA confidential financial information

This information will NOT be submitted to bidders without the signed NDA agreement that forms part of this document.

5.

**SOUTH AFRICAN AIRWAYS**

A STAR ALLIANCE MEMBER

PART 4**EVALUATION CRITERIA FOR
RFP GSM 085/13**

EVALUATION CRITERIA AND METHODOLOGY

Methodology:

- **Phase 1- Evaluation of the critical criteria.** Bidders must fully comply with all critical criteria in order to proceed to phase 2; failure to comply will lead to disqualification. It is also required that the bidders complete the table below for phase 1.
- **Phase 2 – Bidders evaluated against the evaluation criteria will be short listed and advanced to phase 3.** Short listed bidders will be required to do a presentation.
- **Phase 3 - Phase 3 will consist of the Price and BBBEE evaluation.**

Phase 1: Critical Evaluation Criteria:

Bidders must fully comply with all the Critical Criteria listed below. Failure to comply shall lead to the Bidder disqualification (a 'no' answer will immediately disqualify a bidder from proceeding to the functional criteria phase):

#	ELEMENTS	Yes	No
1	Tenderer on the list of Restricted Tenderers as published by the Department of Treasury.		
2	Evidence of working capital management experience		
3	Submission of a list of at least three contactable signed business references (on company letterheads) outlining a similar scope of work and benefits realised		
4	Demonstrable understanding and experience in transactions dealing with Public Finance Management Act (PFMA)		
5	Intellectual property to remain the property of SAA		

NB: Bidders that fail to meet the Critical Criteria will be eliminated from further assessment/evaluation and not invited to the Tender Briefing Session.

Phase 2: Functional Requirements and Weightings:

#	ELEMENTS	MEASURE	WEIGHT
1	Demonstration of working capital management capability and the methodology to be used.	Demonstrate working capital management methodology and approach adopted in previous projects or as proposed for SAA.	30%
2	Evaluation of three contactable references (on company letterheads) outlining executed scope of work and benefits realised	Evaluation of the scope of work and benefits realised in relation to the relevance of what is required for SAA. • 3 references = 15 • 2 references = 10 • 1 reference = 5	15%
3	Demonstrate experience	Demonstrate experience of	15%

	of working at senior management level in re-discovering working capital	working at senior management level in re-discovering working capital capabilities by outlining methodology and approach utilised in similar projects as well as proposal for SAA. Tenderer must show a good grasp of sensitivities associated with the re-discovering of working capital and competency requirements	
4	Years of experience in working capital management and balance sheet optimisation	One year = 3 points Two years=6 points Three years= 9 points Four years= 12 points Five years=15 points	15%
5	Proposal on project post implementation	Tenderer must provide a proposal on how they will address issues that will arise post implementation of this initiative.	10%
6	Knowledge transfer framework to SAA (during and after the project)	Tenderer must outline their framework to be utilised in ensuring knowledge transfer happens with key internal stakeholders.	10%
7	Demonstration of Project Management Methodology to be used.	Demonstrate project management capability by outlining methodology and approach adopted in previous projects and as proposed for SAA. This should be indicated in terms of the various elements that will be addressed in project management as well as what elements will be included to ensure the success of this project.	5%
Total:			100%

Threshold: To proceed to Phase 3, Tenderers must score a minimum of 80% for the Functional Requirements.

Phase 3

Preference Point System

#	CRITERIA	POINTS
1	Price	90
2	BBBEE	10
TOTAL		100 Points

TRANSFORMATIONAL IMPERATIVES

SAA will give preference to bidders who are:

- 51% or more black owned companies
- 30% black women owned companies
- Black youth owned companies
- Companies owned by people with disabilities



PART 5

DECLARATION OF INTEREST

1. Any legal person, including persons employed by the principal, or persons having a kinship with persons employed by the principal, including a blood relationship, may make an offer or offers in terms of this invitation to bid. In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons employed by the principal, or to persons connected with or related to them, it is required that the bidder or his/her authorised representative declare his/her position in relation to the evaluating/adjudicating authority and/or take an oath declaring his/her interest, where:

- ☐ the bidder is employed by the principal; and/or
- ☐ the bidder is a board member
- ☐ the legal person on whose behalf the bidding document is signed, has a relationship with persons/a person who are/is involved in the evaluation and or adjudication of the bid(s), or where it is known that such a relationship exists between the person or persons for or on whose behalf the declarant acts and persons who are involved with the evaluation and or adjudication of the bid.

2. In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.

2.1 Are you or any person connected with the bidder, employed by the principal? YES/NO

2.1.2 If so, state particulars.

2.2 Do you, or any person connected with the bidder, have any relationship (family, friend, other) with a person employed by the principal and who may be involved with the evaluation and or adjudication of this bid? YES/NO

2.2.1 If so, state particulars

2.3 Are you, or any person connected with the bidder, aware of any relationship (family, friend, other) between the bidder and any person employed by the principal who may be involved with the evaluation and or adjudication of this bid? YES/NO

2.3.1 If so, state particulars

3. DECLARATION

I _____, THE UNDERSIGNED CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPH 2.1 TO 2.3.1 ABOVE IS CORRECT. I ACCEPT THAT THE PRINCIPAL MAY ACT AGAINST ME IN TERMS OF PARAGRAPH 23 OF THE GENERAL CONDITIONS OF CONTRACT SHOULD THIS DECLARATION PROVE TO BE FALSE.

Signature

Date

Position

Name of Bidder

Bid Number



VENDOR INFORMATION FORM

FOR

RFP NO.: GSM 085/13

You are kindly requested to complete this document accurately as the information contained herein is required for the following purposes:

To support SAA in the implementation of a system of preferences as required by the Preferential Procurement Policy Framework Act (No 5 of 2000).

Failure to complete the form in full may result in the supplier not being considered for the awarding of any orders or contracts by SAA.

PAGES – PLEASE COMPLETE ALL PAGES.

Name of Company:	
Company Registration No:	
Vat Registration number:	
Tax registration No:	

Postal Address:	

Physical Address:	

Telephone No:		Mobile Telephone No:	
Fax No:		E-mail address:	

DOCUMENTS TO BE SUBMITTED

Certified Company Registration documents.

Certified Share Certificates.

Certified copies of Shareholders' Identity Documents.

Signed Joint Venture or Consortium agreement (where applicable).

Cancelled cheque or stamped bank confirmation letter not older than a year.

An original valid Tax Clearance Certificate must be attached to this form –. Failure to do so may disqualify the bid.

An original valid B-BBEE Certificate or a letter from the Auditor or Accounting Officer or a certified copy thereof.

In the case of a Joint Venture or Consortium, a joint B-BBEE Certificate fulfilling the above requirements should be submitted

In case of a consortium/joint venture, full details on consortium/joint venture members (if applicable):

Name of Company:	
Vat Registration number:	
Tax registration No:	

Name of Company:	
Vat Registration number:	

Tax registration No:	

Name of contracting entity in case of a consortium/joint venture (if applicable):

Name of Company:	
Postal address:	
Street address:	
Contact person on behalf of a consortium/joint venture:	
Telephone number:	
Cellphone number:	
Email address:	

1. Participation capacity (tick one box)

☐	Prime contractor	☐	Supplier
☐	Sub-contractor	☐	Professional services
☐	Manufacturer	☐	Joint Venture partner
☐	Other, specify		

2. Type of firm (tick one box)

☐	Partnership	☐	One person business/sole trader
☐	Close corporation	☐	Company
☐	Pty Ltd.	☐	
☐	Other, specify		

3. State business activities (tick one box)

☐	Security	☐	Construction
☐	Catering	☐	Consulting
☐	Manufacturer	☐	Retailer/Distributor
☐	Other, specify		

4. Business sector (tick one box)

☐	Agriculture	☐	Mining and Quarrying
☐	Manufacturing	☐	Electricity, Gas and Water
☐	Retail and motor trade repair services	☐	Construction
☐	Wholesale trade, commercial agents & allied	☐	Community, social and personal services
☐	Commercial Agents and other trade	☐	Transport, storage and communication
☐	Finance and business services	☐	Commercial Agents and other trade
☐	Other, specify		

5. Company classification (tick one box)

☐	Contractor who generates more than 75% of turnover as a prime contractor	☐	Contractor who generates less than 75% of turnover as a prime contractor
☐	Labour – only sub-contractor	☐	Manufacturer
☐	Supplier	☐	Professional service provider
☐	Other, specify		

Products or services to offer to SAA (fill in)

6. Total number of years the firm has been in business: _____

7. Total number of employees

Full time: _____ **Part time:** _____

8. Street address of all facilities used by the Firm (e.g. Warehouse, storage space, offices, etc.)

9. Do you share any facilities? YES/NO

If yes, which facilities are shared? _____

With whom do you share facilities? (Name of firm/individuals).

10. Is the firm registered or does it have a business license(s)?

YES/NO (if yes, give details and quote relevant reference numbers and dates)

11. Detail all trade associations in which you have a membership:

12. Did the firm exist under a previous name? YES / NO

If yes, what was its previous name? _____

Who were the owners/partners/directors?

13. Identify any owner or management officer who has an interest in another firm:

Name	Duties as employee in	Name and address of other firm	Type of business of other firm

14 Indicate whether your company is an:

- a. Exempted Micro Enterprise (EME)
b. Qualifying Small Enterprise (QSE)

c. Generic/ Large Supplier

15 What is the enterprise's average annual turnover (excl. VAT) during the lesser of the period for which the business has been operating or the previous three financial years?

R

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NB. Please submit your most recent set of annual financial statements (AFS) that are audited/independently reviewed not older than twelve months. If these financial statements are older than twelve months, please submit your most recent management accounts (Income Statement, Balance Sheet and Cash Flow) signed by the directors/members.

Please complete the following:

Checklist for required financial statements	Response	Comments
For a company and co-operative - Submission of most recent set of audited annual financial statements (AFS) signed by the directors and auditors. For a Close Corporation – Submission of the most recent set of annual financial statements (AFS) signed by the member(s) and accounting officer / independent reviewer.	☐ Yes ☐ No	
Do the AFS have: 1. Signed audit/accounting office report and directors/members report 2. Balance sheet 3. Income statement 4. Cash flow statement	☐ Yes ☐ No	
If annual set of AFS is older than twelve months, most recent set of interim results or management accounts signed by the directors have been submitted.	☐ Yes ☐ No	
Do the Management accounts or interim AFS have: 1. Balance sheet 2. Income statement 3. Cash flow statement	☐ Yes ☐ No	

AFS Language Medium is English	☐ Yes ☐ No	
Obtain letter of support for subsidiary company if holding company's AFS was supplied	☐ Yes ☐ No	
Did we get the following for a Joint Venture or Partnership: 1. Copy of each participant's AFS 2. Joint venture or partnership agreement	☐ Yes ☐ No	

16 The financial manager/ external auditor/ CEO/Accounting Officer (whichever is relevant to your type of business) needs to confirm the following:

The business/entity is:

☐ A Going Concern	Yes / No
☐ In a Sound Financial Condition	Yes / No
☐ Have the financial & operational capacity to fulfil the contract requirements	Yes / No

Signature_____

Capacity_

17 Identify by name, HDI status and length of service, those individuals in the firm (including owners and non-owners) responsible for the day-to-day management and business decisions

ACTIVITY	NAME	RACE W/B	GENDER M / F	DISABLED? YES / NO *	LIVING IN RURAL AREA? Y/N
FINANCING DECISIONS					
Cheque Signing					
Acquisition of lines of credit					
Sureties					
Major Purchase or Acquisitions					
Signing Contracts					

18 BLACK EQUITY OWNERSHIP

NAME	GENDER M / F	DISABLED? YES / NO *	I.D. NUMBER	NATIONALITY	% BLACK OWNERSHIP

- 19 List the four largest contracts/assignments completed by your firm in the last three years. Please provide projects that are similar to SAA's requirement.**

Work performed	For whom	Contact person and telephone number	Contract fee/amount

*** Payment transactions:**

Alternative payee (This field is only to be filled in if payments are not to be made directly to the vendor to whom the payment is owed)	

*** Contact person: (Sales person)**

Name		Telephone number	

Bank Details:

Country (Where bank is located)	
Name of bank	
Bank key (Branch Number)	
Bank account (Account Number)	
Account holder (Only to be filled in if the name of the account holder is not the same as the name of the vendor)	
Name of account (Type of account)	

Date stamp of bank
Certified as correct

Initials and Surname (Bank official): _____

Signature (Bank official): _____

Telephone Number (Bank Official): _____

Signature _____ duly authorised to sign on behalf of
_____ (Name of organisation) address

Telephone no. _____ Date _____

COMMISSIONER OF OATHS:

Signature: _____ Date: _____



**STAMP
MUST BE DATE STAMPED AND SIGNED BY A
COMMISSIONER OF OATHS**



DEVIATIONS FROM THE REQUEST FOR BID/PROPOSAL

FOR

RFP NO.: GSM 085/13

Should the Bidder desire to make any departures from, or modifications to this Request for Bid or to qualify its Bidder in any way, it shall clearly set out its proposals hereunder or alternatively state them in a covering letter attached to its bid and referred to hereunder, failing which the Bid shall be deemed to be unqualified and conforms exactly with the requirements of this Request for Bid.

If no departures or modifications are desired, the Schedule hereunder is to be marked "NIL" and signed by the Bidder.

Unless otherwise specified specifically and stipulated in writing, the Contract constitutes the sole memorial of the Contract between the parties and any terms and conditions forming part of the Bidder's Bid or other documentation.

PAGE NUMBER	CLAUSE NUMBER	DEVIATION

SIGNATURE OF BIDDER

DATE



TAX CLEARANCE REQUIREMENTS
FOR
RFP NO.: GSM 085/13

1. IT IS A CONDITION OF BIDDING THAT

- 1.1 The taxes of the successful bidder **must** be in order, or that satisfactory arrangements have been made with the Receiver of Revenue to meet his/her tax obligations.
- 1.2 The attached form "Application for Tax Clearance Certificate (in respect of bidders)" must be completed in all respects and submitted to the Receiver of Revenue where the bidder is registered for tax purposes. The Receiver of Revenue will then furnish the bidder with a Tax Clearance Certificate that will be valid for a period of twelve (12) months from date of issue. This Tax Clearance Certificate must be submitted in the original together with the bid. Failure to submit the original and valid Tax Clearance Certificate **may** invalidate the bid.
- 1.3 In bids where Consortia/Joint Ventures/Sub-contractors are involved, each party must submit a separate Tax Clearance Certificate. Copies of the Application for Tax Clearance Certificates are available at any Receiver's office.

Application for Tax Clearance Certificate (IN RESPECT OF BIDDERS)

- Signature of contact person requiring Tax Clearance Certificate:

Telephone number:	Code	Number
011	011	011
012	012	012
013	013	013
014	014	014
015	015	015
016	016	016
017	017	017
018	018	018
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040	040	040
041	041	041
042	042	042
043	043	043
044	044	044
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046	046	046
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048	048	048
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116	116	116
117	117	117
118	118	118
119	119	119
120	120	120
121	121	121
122	122	122
123	123	123
124	124	124
125	125	125
126	126	126
127	127	127
128	128	128
129	129	129

Address:

Date: 20...../...../.....

PLEASE NOTE THAT THE COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE (SARS) WILL NOT EXERCISE HIS DISCRETIONARY POWERS IN FAVOUR OF ANY PERSON WITH REGARD TO ANY INTEREST, PENALTIES AND / OR ADDITIONAL TAX LEVIABLE DUE TO THE LATE- OR UNDERPAYMENT OF TAXES, DUTIES OR LEVIES OR THE RENDITION RETURNS BY ANY PERSON AS A RESULT OF ANY SYSTEM NOT BEING YEAR 2000 COMPLIANT.



PRE-BID BRIEFING / SITE INSPECTION

FOR

RFP NO.: GSM 085/13

NOT APPLICABLE TO THIS TENDER.

South African Airways (SOC) Ltd

This is to certify that I, _____

representing and duly authorised by (Bidder) _____

of (Address) _____

Attended the bid briefing/site inspection on (Date) _____

Having prior to this bid briefing/site inspection carefully examined the bid document; I confirm that I was given unrestricted access to inspect those sections of the Site necessary for the execution and or delivery of goods, services or works.

I further confirm that I am completely satisfied with the scope of Purchase as explained by the SAA representatives, and I am fully aware of all Site conditions and regulations of whatsoever nature that could influence the preparation of our bid.

I therefore append my signature below in agreement that we will not institute any claim against SAA, after submission of our bid based on lack of knowledge of site conditions or regulations appertaining to the execution of the Contract.

For and on behalf of the Bidder, being duly authorised;

Name

Date

Signature

For and on behalf of SAA:

Name

Date

Signature



**GENERAL CONDITIONS OF CONTRACT
and/or
SPECIAL CONDITIONS OF CONTRACT
FOR
RFP NO.: GSM 085/13**

This information will be given to the appointed service provider.



PREFERENCE CLAIM FORM

FOR

RFP NO.: GSM 085/13

PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2011

This preference form must form part of all bids invited. It contains general information and serves as a claim form for preference points for Broad-Based Black Economic Empowerment (B-BBEE) Status Level of Contribution

NB: BEFORE COMPLETING THIS FORM, BIDDERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF B-BBEE, AS PRESCRIBED IN THE PREFERENTIAL PROCUREMENT REGULATIONS, 2011.

1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to all bids:

- the 80/20 system for requirements with a Rand value of up to R500 000 (all applicable taxes included); and
- the 90/10 system for requirements with a Rand value above R500 000 (all applicable taxes included).

1.2 The value of this bid is estimated to exceed/not exceed R1 000 000 (all applicable taxes included) and therefore the ... (insert appropriate system, e.g. 90/10) system shall be applicable.

1.3 Preference points for this bid shall be awarded for:

- (a) Price; and
- (b) B-BBEE Status Level of Contribution.

1.3.1 The maximum points for this bid are allocated as follows:

POINTS (insert appropriate points)

1.3.1.1 **PRICE (insert appropriate points)**

1.3.1.2 **B-BBEE STATUS LEVEL OF CONTRIBUTION**

Total points for Price and B-BBEE must not exceed 100

1.4 Failure on the part of a bidder to fill in and/or to sign this form and submit a B-BBEE Verification Certificate from a Verification Agency accredited by the South African Accreditation System (SANAS) or a Registered Auditor approved by the Independent Regulatory Board of Auditors (IRBA) or an Accounting Officer as contemplated in the Close Corporation Act (CCA) together with the bid, will be interpreted to mean that preference points for B-BBEE status level of contribution are not claimed.

1.5. The purchaser reserves the right to require of a bidder, either before a bid is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the purchaser.

2. DEFINITIONS

2.1 **“all applicable taxes”** includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies;

- 2.2 **“B-BBEE”** means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;
- 2.3 **“B-BBEE status level of contributor”** means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
- 2.4 **“bid”** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive bidding processes or proposals;
- 2.5 **“Broad-Based Black Economic Empowerment Act”** means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- 2.6 **“comparative price”** means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration;
- 2.7 **“consortium or joint venture”** means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract;
- 2.8 **“contract”** means the agreement that results from the acceptance of a bid by an organ of state;
- 2.9 **“EME” or exempt micro enterprise** means any enterprise with an annual turnover of up to R5 million.
- 2.10 **“Firm price”** means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;
- 2.11 **“functionality”** means the measurement according to predetermined norms, as set out in the bid documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder;
- 2.12 **“non-firm prices”** means all prices other than “firm” prices;
- 2.13 **“person”** includes a juristic person;
- 2.14 **“rand value”** means the total estimated value of a contract in South African currency, calculated at the time of bid invitations, and includes all applicable taxes and excise duties;
- 2.15 **“sub-contract”** means the primary contractor’s assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of the contract;
- 2.16 **“total revenue”** bears the same meaning assigned to this expression in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act and promulgated in the *Government Gazette* on 9 February 2007;
- 2.17 **“trust”** means the arrangement through which the property of one person is made over or

bequeathed to a trustee to administer such property for the benefit of another person; and

- 2.18 “**trustee**” means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

3. ADJUDICATION USING A POINT SYSTEM

- 3.1 The bidder obtaining the highest number of total points will be awarded the contract.
- 3.2 Preference points shall be calculated after prices have been brought to a comparative basis taking into account all factors of non-firm prices and all unconditional discounts;.
- 1.3 Points scored must be rounded off to the nearest 2 decimal places.
- 1.4 In the event that two or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE.
- 1.5 However, when functionality is part of the evaluation process and two or more bids have scored equal points including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality.
- 1.6 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.

4. POINTS AWARDED FOR PRICE

4.1 THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

A maximum of 80 or 90 points is allocated for price on the following basis:

80/20 or 90/10

$$P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right) \text{ or } P_s = 90 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

P_s = Points scored for comparative price of bid under consideration

P_t = Comparative price of bid under consideration

$P_{\min}$ = Comparative price of lowest acceptable bid

5. Points awarded for B-BBEE Status Level of Contribution

- 5.1 In terms of Regulation 5 (2) and 6 (2) of the Preferential Procurement Regulations, 2011 preference points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (90/10 system)	Number of points (80/20 system)
1	10	20
2	9	18

3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant contributor	0	0

- 5.2 Bidders who qualify as EMEs in terms of the B-BBEE Act must submit a certificate issued by an Accounting Officer as contemplated in the CCA or a Verification Agency accredited by SANAS or a Registered Auditor. Registered auditors do not need to meet the prerequisite for IRBA's approval for the purpose of conducting verification and issuing EMEs with B-BBEE Status Level Certificates.
- 5.3 Bidders other than EMEs must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating issued by a Registered Auditor approved by IRBA or a Verification Agency accredited by SANAS.
- 5.4 A trust, consortium or joint venture, will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.
- 5.5 A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-B-BEE scorecard as if they were a group structure and that such a consolidated B-B-BEE scorecard is prepared for every separate bid.
- 5.6 Tertiary institutions and public entities will be required to submit their B-BBEE status level certificates in terms of the specialised scorecard contained in the B-BBEE Codes of Good Practice.
- 5.7 A person will not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a bidder qualifies for, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.
- 5.8 A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the person concerned, unless the contract is sub-contracted to an EME that has the capability and ability to execute the sub-contract.

6. BID DECLARATION

- 6.1 Bidders who claim points in respect of B-BBEE Status Level of Contribution must complete the following:

7. B-BBEE STATUS LEVEL OF CONTRIBUTION CLAIMED IN TERMS OF PARAGRAPHS 1.3.1.2 AND 5.1

7.1 B-BBEE Status Level of Contribution: = ...(maximum of 10 or 20 points)

(Points claimed in respect of paragraph 7.1 must be in accordance with the table reflected in paragraph 5.1 and must be substantiated by means of a B-BBEE certificate issued by a Verification Agency accredited by SANAS or a Registered Auditor approved by IRBA or an Accounting Officer as contemplated in the CCA), the said certificate may be a certified copy thereof.

8. SUB-CONTRACTING

8.1 Will any portion of the contract be sub-contracted? YES / NO (delete which is not applicable)

8.1.1 If yes, indicate:

- (i) what percentage of the contract will be subcontracted?%
- (ii) the name of the sub-contractor?
.....
- (iii) the B-BBEE status level of the sub-contractor?
.....
- (iv) whether the sub-contractor is an EME?
YES / NO (delete which is not applicable)

9. DECLARATION WITH REGARD TO COMPANY/FIRM

9.1 Name of firm

9.2 VAT registration number :

9.3 Company registration number

9.4 TYPE OF COMPANY/ FIRM

- ☐ Partnership/Joint Venture / Consortium
- ☐ One person business/sole propriety
- ☐ Close corporation
- ☐ Company
- ☐ (Pty) Limited

[TICK APPLICABLE BOX]

9.5 DESCRIBE STATE BUSINESS ACTIVITIES

.....
.....
.....

9.6 COMPANY CLASSIFICATION

- ☐ Manufacturer
- ☐ Supplier

- ☐ Professional service provider
☐ Other service providers, e.g. transporter, etc.
 [TICK APPLICABLE BOX]

9.7 MUNICIPAL INFORMATION

Municipality where business is situated
 Registered Account Number
 Stand Number

9.8 TOTAL NUMBER OF YEARS THE COMPANY/FIRM HAS BEEN IN BUSINESS?

.....

- 9.9 I/we, the undersigned, who is / are duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the B-BBE status level of contribution indicated in paragraph 7 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we acknowledge that:

- (i) The information furnished is true and correct;
- (ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form.
- (iii) In the event of a contract being awarded as a result of points claimed as shown in paragraph 7, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct;
- (iv) If the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the purchaser may, in addition to any other remedy it may have –
 - (a) disqualify the person from the bidding process;
 - (b) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;
 - (c) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
 - (d) restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and
 - (e) forward the matter for criminal prosecution

WITNESSES:

1.

.....

SIGNATURE(S) OF BIDDER(S)

2.

DATE:.....

ADDRESS

.....

.....

.....



**DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND
CONTENT**

FOR

RFP NO.: GSM 085/13

Not applicable to this bid

DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT FOR DESIGNATED SECTORS

This Standard Bidding Document (SBD) must form part of all bids invited. It contains general information and serves as a declaration form for local content (local production and local content are used interchangeably).

Before completing this declaration, bidders must study the General Conditions, Definitions, Directives applicable in respect of Local Content as prescribed in the Preferential Procurement Regulations, 2011, the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 (Edition 1) and the Guidance on the Calculation of Local Content together with the Local Content Declaration Templates [Annex C (Local Content Declaration: Summary Schedule), D (Imported Content Declaration: Supporting Schedule to Annex C) and E (Local Content Declaration: Supporting Schedule to Annex C)].

1. General Conditions

- 1.1. Preferential Procurement Regulations, 2011 (Regulation 9) makes provision for the promotion of local production and content.
- 1.2. Regulation 9.(1) prescribes that in the case of designated sectors, where in the award of bids local production and content is of critical importance, such bids must be advertised with the specific bidding condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 1.3. Where necessary, for bids referred to in paragraph 1.2 above, a two stage bidding process may be followed, where the first stage involves a minimum threshold for local production and content and the second stage price and B-BBEE.
- 1.4. A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- 1.5. The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 2011 as follows:

$$LC = [1 - x / y] * 100$$

Where

x is the imported content in Rand

y is the bid price in Rand excluding value added tax (VAT)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by South African Reserve Bank (SARB) at 12:00 on the date of advertisement of the bid as indicated in paragraph 4.1 below.

The SABS approved technical specification number SATS 1286:2011 is accessible on [http://www.thedti.gov.za/industrial development/ip.jsp](http://www.thedti.gov.za/industrial%20development/ip.jsp) at no cost.

1.6A bid may be disqualified if –

- (a) this Declaration Certificate and the Annex C (Local Content Declaration: Summary Schedule) are not submitted as part of the bid documentation; and
- (b) the bidder fails to declare that the Local Content Declaration Templates (Annex C, D and E) have been audited and certified as correct.

2. Definitions

- 2.1. **“bid”** includes written price quotations, advertised competitive bids or proposals;
- 2.2. **“bid price”** price offered by the bidder, excluding value added tax (VAT);
- 2.3. **“contract”** means the agreement that results from the acceptance of a bid by an organ of state;
- 2.4. **“designated sector”** means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content;
- 2.5. **“duly signed”** in relation to a Declaration Certificate for Local Content means the said document has been signed by the Chief Financial Officer or other legally responsible person nominated in writing by the Chief Executive, or senior member / person with management responsibility(close corporation, partnership or individual).
- 2.6. **“imported content”** means that portion of the bid price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its subcontractors) and which costs are inclusive of the costs abroad (this includes labour or intellectual property costs), plus freight and other direct importation costs, such as landing costs, dock duties, import duty, sales duty or other similar tax or duty at the South African port of entry;
- 2.7. **“local content”** means that portion of the bid price which is not included in the imported content, provided that local manufacture does take place;
- 2.8. **“stipulated minimum threshold”** means that portion of local production and content as determined by the Department of Trade and Industry; and
- 2.9. **“sub-contract”** means the primary contractor’s assigning, leasing, making out work to, or employing another person to support such primary contractor in the execution of part of a project in terms of the contract.

3. The stipulated minimum threshold(s) for local production and content (refer to Annex A of SATS 1286:2011) for this bid is/are as follows:

<u>Description of services, works or goods</u>	<u>Stipulated minimum threshold</u>
_____	_____ %
_____	_____ %
_____	_____ %

**4. Does any portion of the services, works or goods offered have any imported content?
(Tick applicable box)**

YES	☐	NO	☐

4.1 If yes, the rate(s) of exchange to be used in this bid to calculate the local content as prescribed in paragraph 1.5 of the general conditions must be the rate(s) published by SARB for the specific currency at 12:00 on the date of advertisement of the bid.

The relevant rates of exchange information is accessible on www.reservebank.co.za.

Indicate the rate(s) of exchange against the appropriate currency in the table below (refer to Annex A of SATS 1286:2011):

Currency	Rates of exchange
US Dollar	
Pound Sterling	
Euro	
Yen	
Other	

NB: Bidders must submit proof of the SARB rate (s) of exchange used.

**5. Were the Local Content Declaration Templates (Annex C, D and E) audited and certified as correct?
(Tick applicable box)**

YES	☐	NO	☐

5.1. If yes, provide the following particulars:

- (a) Full name of auditor:
- (b) Practice number:
- (c) Telephone and cell number:
- (d) Email address:

(Documentary proof regarding the declaration will, when required, be submitted to the satisfaction of the Accounting Officer / Accounting Authority)

6. Where, after the award of a bid, challenges are experienced in meeting the stipulated minimum threshold for local content the dti must be informed accordingly in order for the dti to verify and in consultation with the AO/AA provide directives in this regard.

LOCAL CONTENT DECLARATION
(REFER TO ANNEX B OF SATS 1286:2011)

LOCAL CONTENT DECLARATION BY CHIEF FINANCIAL OFFICER OR OTHER LEGALLY RESPONSIBLE PERSON NOMINATED IN WRITING BY THE CHIEF EXECUTIVE OR SENIOR MEMBER/PERSON WITH MANAGEMENT RESPONSIBILITY (CLOSE CORPORATION, PARTNERSHIP OR INDIVIDUAL)

IN RESPECT OF BID NO.

ISSUED BY: (Procurement Authority / Name of Institution):

NB

- 1 The obligation to complete, duly sign and submit this declaration cannot be transferred to an external authorized representative, auditor or any other third party acting on behalf of the bidder.
- 2 Guidance on the Calculation of Local Content together with Local Content Declaration Templates (Annex C, D and E) is accessible on <http://www.thedti.gov.za/industrialdevelopment/ip.jsp>. Bidders should first complete Declaration D. After completing Declaration D, bidders should complete Declaration E and then consolidate the information on Declaration C. **Declaration C should be submitted with the bid documentation at the closing date and time of the bid in order to substantiate the declaration made in paragraph (c) below.** Declarations D and E should be kept by the bidders for verification purposes for a period of at least 5 years. The successful bidder is required to continuously update Declarations C, D and E with the actual values for the duration of the contract.

I, the undersigned, ... (full names),
 do hereby declare, in my capacity as
 of(name of bidder entity), the following:

- (a) The facts contained herein are within my own personal knowledge.
- (b) I have satisfied myself that:
 - (i) the goods/services/works to be delivered in terms of the above-specified bid comply with the minimum local content requirements as specified in the bid, and as measured in terms of SATS 1286:2011; and
 - (ii) the declaration templates have been audited and certified to be correct.
- (c) The local content percentage (%) indicated below has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E which has been consolidated in Declaration C:

Bid price, excluding VAT (y)	R
Imported content (x), as calculated in terms of SATS 1286:2011	R
Stipulated minimum threshold for local content (paragraph 3 above)	

Local content %, as calculated in terms of SATS 1286:2011	

If the bid is for more than one product, the local content percentages for each product contained in Declaration C shall be used instead of the table above. The local content percentages for each product has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E.

(d) I accept that the Procurement Authority / Institution has the right to request that the local content be verified in terms of the requirements of SATS 1286:2011.

(e) I understand that the awarding of the bid is dependent on the accuracy of the information furnished in this application. I also understand that the submission of incorrect data, or data that are not verifiable as described in SATS 1286:2011, may result in the Procurement Authority / Institution imposing any or all of the remedies as provided for in Regulation 13 of the Preferential Procurement Regulations, 2011 promulgated under the Preferential Policy Framework Act (PPPFA), 2000 (Act No. 5 of 2000).

SIGNATURE: _____ **DATE:** _____

WITNESS No. 1 _____ **DATE:** _____

WITNESS No. 2 _____ **DATE:** _____



CERTIFICATE OF INDEPENDENT BID DETERMINATION

FOR

RFP NO.: GSM 085/13

- 1 This Standard Bidding Document (SBD) must form part of all bids¹ invited.
- 2 Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive bidding (or bid rigging).² Collusive bidding is a *per se* prohibition meaning that it cannot be justified under any grounds.
- 3 Treasury Regulation 16A9 prescribes that accounting officers and accounting authorities must take all reasonable steps to prevent abuse of the supply chain management system and authorises accounting officers and accounting authorities to:
 - a. disregard the bid of any bidder if that bidder, or any of its directors have abused the institution's supply chain management system and or committed fraud or any other improper conduct in relation to such system.
 - b. cancel a contract awarded to a supplier of goods and services if the supplier committed any corrupt or fraudulent act during the bidding process or the execution of that contract.
- 4 This SBD serves as a certificate of declaration that would be used by institutions to ensure that, when bids are considered, reasonable steps are taken to prevent any form of bid-rigging.
- 5 In order to give effect to the above, the attached Certificate of Bid Determination must be completed and submitted with the bid:

¹ Includes price quotations, advertised competitive bids, limited bids and proposals.

² Bid rigging (or collusive bidding) occurs when businesses, that would otherwise be expected to compete, secretly conspire to raise prices or lower the quality of goods and / or services for purchasers who wish to acquire goods and / or services through a bidding process. Bid rigging is, therefore, an agreement between competitors not to compete.

I, the undersigned, in submitting the accompanying bid:

(Bid Number and Description)

in response to the invitation for the bid made by:

(Name of Institution)

do hereby make the following statements that I certify to be true and complete in every respect:

I certify, on behalf of: _____ that:

(Name of Bidder)

1. I have read and I understand the contents of this Certificate;
2. I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;
3. I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;
4. Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign the bid, on behalf of the bidder;
5. For the purposes of this Certificate and the accompanying bid, I understand that the word "competitor" shall include any individual or organization, other than the bidder, whether or not affiliated with the bidder, who:
 - (a) has been requested to submit a bid in response to this bid invitation;
 - (b) could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and
 - (c) provides the same goods and services as the bidder and/or is in the same line of business as the bidder
6. The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However communication between partners in a joint venture or consortium³ will not be construed as collusive bidding.
7. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:
 - (a) prices;
 - (b) geographical area where product or service will be rendered (market allocation)
 - (c) methods, factors or formulas used to calculate prices;

- (d) the intention or decision to submit or not to submit, a bid;
 - (e) the submission of a bid which does not meet the specifications and conditions of the bid; or
 - (f) bidding with the intention not to win the bid.
8. In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications and conditions or delivery particulars of the products or services to which this bid invitation relates.
9. The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.

³ Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

10. I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

.....	
Signature	Date
.....	
Position	Name of Bidder



NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME

FOR

RFP NO.: GSM 085/13

The NIPP form to be inserted where applicable

THE NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME INTRODUCTION

The National Industrial Participation (NIP) Programme, which is applicable to all government procurement contracts that have an imported content, became effective on the 1 September 1996. The NIP policy and guidelines were fully endorsed by Cabinet on 30 April 1997. In terms of the Cabinet decision, all state and parastatal purchases / lease contracts (for goods, works and services) entered into after this date, are subject to the NIP requirements. NIP is obligatory and therefore must be complied with. The Industrial Participation Secretariat (IPS) of the Department of Trade and Industry (DTI) is charged with the responsibility of administering the programme.

1 PILLARS OF THE PROGRAMME

1.1 The NIP obligation is benchmarked on the imported content of the contract. Any contract having an imported content equal to or exceeding US\$ 10 million or other currency equivalent to US\$ 10 million will have a NIP obligation. This threshold of US\$ 10 million can be reached as follows:

- (a) Any single contract with imported content exceeding US\$10 million or
- (b) Multiple contracts for the same goods, works or services each with imported content exceeding US\$3 million awarded to one seller over a 2 year period which in total exceeds US\$10 million or
- (c) A contract with a renewable option clause, where should the option be exercised the total value of the imported content will exceed US\$10 million or
- (d) Multiple suppliers of the same goods, works or services under the same contract, where the value of the imported content of each allocation is equal to or exceeds US\$ 3 million worth of goods, works or services to the same government institution, which in total over a two (2) year period exceeds US\$10 million.

1.2 The NIP obligation applicable to suppliers in respect of sub-paragraphs 1.1 (a) to 1.1 (c) above will amount to 30 % of the imported content whilst suppliers in respect of paragraph 1.1 (d) shall incur 30% of the total NIP obligation on a pro-rata basis.

1.3 To satisfy the NIP obligation, the DTI would negotiate and conclude agreements such as investments, joint ventures, sub-contracting, licensee production, export promotion, sourcing arrangements and research and development (R&D) with partners or suppliers.

1.4 A period of seven years has been identified as the time frame within which to discharge the obligation.

2 REQUIREMENTS OF THE DEPARTMENT OF TRADE AND INDUSTRY

2.1 In order to ensure effective implementation of the programme, successful bidders (contractors) are required to, immediately after the award of a contract that is in excess of **R10 million** (ten million Rands), submit details of such a contract to the DTI for reporting purposes.

2.2 The purpose for reporting details of contracts in excess of the amount of R10 million (ten million Rands) is to cater for multiple contracts for the same goods, works or services; renewable contracts and multiple suppliers for the same goods, works or services under the same contract as provided for in paragraphs 1.1.(b) to 1.1. (d) above.

3 BID SUBMISSION AND CONTRACT REPORTING REQUIREMENTS OF BIDDERS AND

SUCCESSFUL BIDDERS (CONTRACTORS)

- 3.1 Bidders are required to sign and submit this bidding document together with the bid on the closing date and time.
- 3.2 In order to accommodate multiple contracts for the same goods, works or services; renewable contracts and multiple suppliers for the same goods, works or services under the same contract as indicated in sub-paragraphs 1.1(b) to 1.1 (d) above and to enable the DTI in determining the NIP obligation, successful bidders (contractors) are required, immediately after being officially notified about any successful bid with a value in excess of R10 million (ten million Rands), to contact and furnish the DTI with the following information:
- Bid / contract number.
 - Description of the goods, works or services.
 - Date on which the contract was accepted.
 - Name, address and contact details of the government institution.
 - Value of the contract.
 - Imported content of the contract, if possible.
- 3.3 The information required in paragraph 3.2 above must be sent to the Department of Trade and Industry, Private Bag X 84, Pretoria, 0001 for the attention of Mr Elias Malapane within five (5) working days after award of the contract. Mr Malapane may be contacted on telephone (012) 394 1401, facsimile (012) 394 2401 or e-mail at Elias@thedti.gov.za for further details about the programme.

4 PROCESS TO SATISFY THE NIP OBLIGATION

- 4.1 Once the successful bidder (contractor) has made contact with and furnished the DTI with the information required, the following steps will be followed:
- a. the contractor and the DTI will determine the NIP obligation;
 - b. the contractor and the DTI will sign the NIP obligation agreement;
 - c. the contractor will submit a performance guarantee to the DTI;
 - d. the contractor will submit a business concept for consideration and approval by the DTI;
 - e. upon approval of the business concept by the DTI, the contractor will submit detailed business plans outlining the business concepts;
 - f. the contractor will implement the business plans; and
 - g. the contractor will submit bi-annual progress reports on approved plans to the DTI.
- 4.2 The NIP obligation agreement is between the DTI and the successful bidder (contractor) and, therefore, does not involve the purchasing institution.

Bid number:	Closing date:
Name of bidder:	
Postal address:	
.....	
.....	
.....	
Signature.....Name (in print).....	
Date.....	

The National Industrial Participation (NIP) Programme, which is applicable to all government procurement contracts that have an imported content, became effective on the 1 September 1996. The NIP policy and guidelines were fully endorsed by Cabinet on 30 April 1997. In terms of the Cabinet decision, all state and parastatal purchases / lease contracts (for goods, works and services) entered into after this date, are subject to the NIP requirements. NIP is obligatory and therefore must be complied with. The Industrial Participation Secretariat (IPS) of the Department of Trade and Industry (DTI) is charged with the responsibility of administering the programme. The NIP obligation is benchmarked on the imported content of the contract. Any contract having an imported content equal to or exceeding US\$ 10 million or other currency equivalent to US\$ 10 million will have a NIP obligation. Embedded NIP Form to be completed by Bidder(s):

PART 15

NON DISCLOSURE AGREEMENT RELATING TO RFP

Innocentia Ngubeni

From: david_fine@mckinsey.com
Sent: Thursday, 05 December 2013 20:15
To: Eric Wood
Subject: Fwd: Final iteration: SAA LOP
Attachments: 20131205_SAA LOP Execsum v4.docx

Part 1

Sent from my iPhone

Begin forwarded message:

> From: "Johanna Jochim" <Johanna_Jochim@mckinsey.com>
> To: "Norbert Dörr" <norbert_doerr@mckinsey.com>, "Nomfanelo Magwentshu" <nomfanelo_magwentshu@external.mckinsey.com>, "Christina Planert" <christina_planert@mckinsey.com>, "David Fine" <david_fine@mckinsey.com>
> Subject: Final iteration: SAA LOP
>

+=====+
This email is confidential and may be privileged. If you have received it
in error, please notify us immediately and then delete it. Please do not
copy it, disclose its contents or use it for any purpose.
+=====+

McKinsey & Company

Request for proposal for the appointment of a consultant to assist the South African Airways Group with the unlocking of working capital

South African Airways

Letter of proposal - Response to RFP 085/13

CONFIDENTIAL AND PROPRIETARY

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CONFIDENTIAL

Executive summary

Thank you for inviting McKinsey & Company and Regiments Capital to propose how we could assist the South African Airways Group in unlocking working capital. We feel privileged to respond to your request for quotation, as we have deep insights into this important topic – and we also appreciate the important role of a healthy and thriving SAA in the future economic and social development of South Africa and the continent.

In the brief summary below we lay out the essence of our proposal as follows:

- Our understanding of your context and objectives
- Why we believe McKinsey and Regiments is the best possible combination of partners to support you
- Our proposed approach and tested methodology
- Our proposed team structure and professional arrangements
- Our distinctive approach to ensuring successful implementation
- Our unrivalled experience of supporting working capital management programmes, the airline industry in general and SAA in particular

This document is a summary of our proposal only. Please refer to the accompanying slide document for the full proposal, including our detailed explanation of how we meet and exceed your technical requirements.

Our understanding of your context and objectives

South African Airways operates in a challenging, dynamic and highly competitive environment. This challenging context has historically been exacerbated by organisation-specific weaknesses and inefficiencies, which ultimately make SAA's current business model unsustainable in the long term.

In particular, SAA is facing severe cash needs, having asked the shareholder and Treasury for multiple cash injections over recent years to avoid going concern issues. Growth is a key pillar of SAA's Long Term Turnaround Strategy (LTTS), and cash needs to be freed up to fund this growth. Better management of working capital will be critical in this regard, while financial reporting – and specifically systems capability to produce accurate and timely information – require urgent attention. A cash forecasting model might be required to obtain an accurate view on the cash burn and to 'avoid surprises'.

Good working capital management will thus provide an important lever for addressing historical shortcomings, by ensuring that SAA's current assets and liabilities are managed in an optimal way. Accordingly, SAA is seeking to appoint a consultant to suggest measures to optimise the management of its working capital, based on:

- An internal assessment of the various components of working capital in the group
- An analysis of liquidity trends, working capital trends, and SAA's operating and cash cycle
- An appraisal of the utilisation of current assets and current liabilities

McKinsey and Regiments: A unique partnership to support SAA

Regiments Capital and McKinsey propose to enter this engagement as equal partners, each leveraging the other's unique and considerable strengths. We believe McKinsey & Company and Regiments Capital is the best possible combination of partners to support you in this important effort, for five reasons:

- **We have a diverse team that combines the best global and local expertise and a long history of serving SAA.** We have access to industry expertise throughout our global footprint to bring global best practice to SAA, and we also have local experts with extensive relevant experience to provide ongoing support on the ground
- **We have a global knowledge network of dedicated research professionals with access to a wide range of information sources and databases.** In addition to access to our global network of 1,600 professionals, SAA will benefit from research conducted by McKinsey's dedicated Sub-Saharan Africa research team, the McKinsey Global Institute and Regiments' research team
- **We have an unrivalled track record in delivering projects of a similar size and nature, on time and within budget.** McKinsey and Regiments have deep understanding of the airline industry, its economics and capital requirements, including conducting multiple projects on working capital/cash management. We have in-depth industry knowledge and functional expertise, as well as proven experience in supporting similar projects throughout the globe
- **Extensive global consulting experience, with a long history of and commitment to servicing public and private clients in South Africa.** McKinsey has had an operation in South Africa for 17 years, and has worked on 906 consulting engagements across a wide range of industries and functions. Regiments Capital was established 7 years ago and has worked on many public and private sector engagements in SA over that time

- **Deep understanding of SAA, its processes and its people.** McKinsey has worked together with SAA and the DPE on more than 10 engagements since 1999, while Regiments has 9 years of working experience with SAA

Our proposed approach and tested methodology

Our initial, outside-in comparison to airline peers supports the hypothesis that working capital improvement can represent an important lever for SAA, especially in terms of accounts receivable. Indeed, our analysis suggests that bringing SAA's level of working capital management in line with the industry average would correspond to ~R1.5bn in cash freed up.

Apart from better management of accounts payable and receivable, in our experience there are also many key levers for working capital management that are specific to the airline industry. These include, for example, managing the cash flow impact of high and low traffic seasons; reducing technical inventories such as spares (in careful collaboration with Maintenance); cash pooling to reduce imbalances between regions and improve the discipline of regional operations; and offering incentives to passengers to make early bookings. Therefore, a critical element in designing a programme such as this one is careful prioritisation of which specific levers to address.

Given the significant 'size of the prize' and SAA's need to improve sustainability, we have designed our approach to the working capital programme based on the following overall principles:

- **Get maximum benefit for least effort.** Prioritise those levers and areas that drive significant opportunity, but balance these choices using an assessment of risk, disruption and 'do-ability'
- **Ensure the fastest possible rollout.** Don't wait for completion of all analyses to begin rollout, but rather begin to move as soon as there is enough clarity on design and buy-in for a particular division/area. Continue to refine the approach and design based on impact
- **Make the effort business-friendly.** Maintain a low overhead to project interactions with the business (e.g., minimise template filling exercises). Maintain current levels of business health KPIs (e.g., customer satisfaction) while reducing working capital, and ensure transparency on what is happening, when, and why
- **Build internal capability for implementation.** Ensure true apprenticeship for South African Airways staff working on the project, transferring the tool-kit and codified knowledge from the initiative. Begin a "train the trainer" programme in phase I, which will be cascaded to build a pool of internal SAA experts to lead implementation

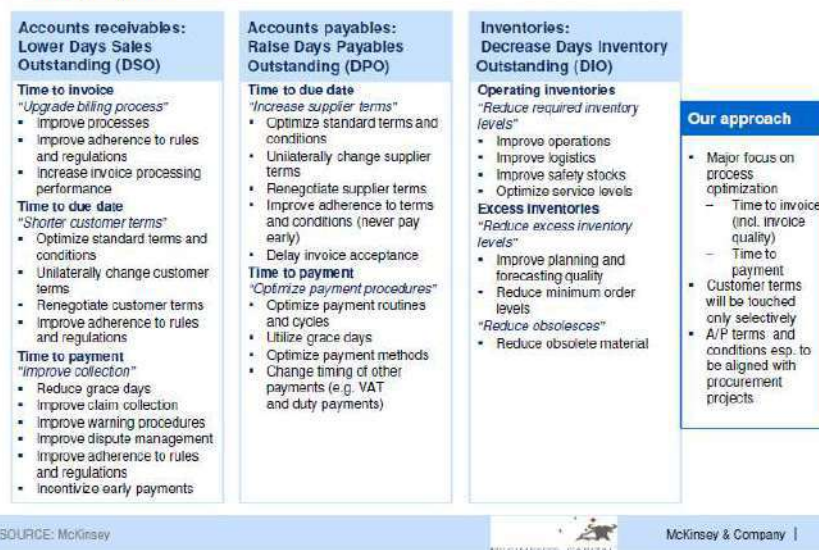
- **Focus strongly on open communication.** Over-invest in communication, addressing feedback and other elements of change management to ensure all issues are surfaced and addressed and all learnings are shared across all workstreams

Based on these overall principles, and on our extensive experience in this field, we have developed a methodology that captures the major levers to reduce net working capital, using three main angles of attack:

1. For **accounts receivable**, reducing Days Sales Outstanding (DSO) by upgrading billing processes, optimising customer terms, and improving the efficiency of collections
2. For **accounts payable**, raising Days Payables Outstanding (DPO) by optimising supplier terms and payment procedures
3. For **inventories**, decreasing Days Inventory Outstanding (DIO) by reducing required inventory levels, as well as excess and obsolescent inventory

Exhibit 1: Major levers framework

We have developed a framework capturing the major levers to reduce net working capital based

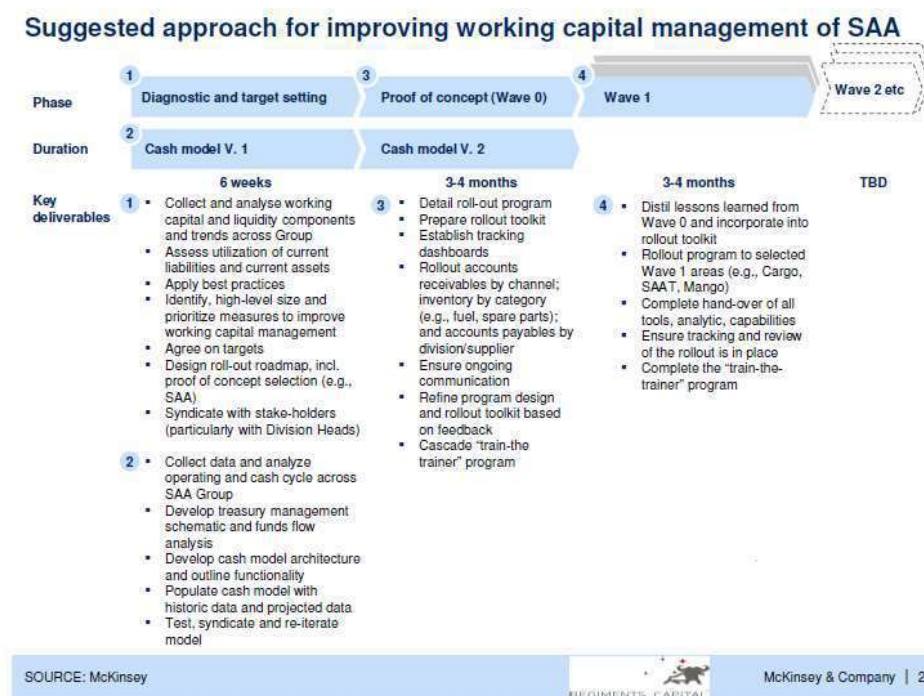


Our proposed approach would thus place its major focus on process optimisation, including achieving better speed and quality of invoicing and time to payment. Accounts payable terms and conditions would especially be aligned with procurement projects, while customer terms would be touched only selectively and inventories would be addressed only with minor focus..

To ensure tight focus on the most value-adding levers – and to lock in early capture of benefits – our proposed workplan would encompass the following:

- During the first ~6 weeks we would conduct a **thorough diagnostic** of current working capital management practices; prioritise measures to improve working capital management and agree on targets; and **design the roll-out** roadmap. In parallel we would also develop the architecture and functionality for an improved **cash model**, and populate the new cash model with historical and projected data
- In the following 3-4 months we would conduct a **trial rollout ('Wave 0')** of the new approach to working capital management across accounts receivable by selected channel; inventory by selected category; and accounts payable by selected division/supplier. We would use the results of these pilot rollouts to refine the programme design and rollout toolkit, as well as the overall cash model. During this period we would also begin a **"train-the-trainer"** programme to embed the required implementation capabilities among SAA personnel
- In the subsequent 3-4 months we would **roll out the programme** to selected Wave 1 areas (e.g., Cargo, SAAT, Mango); complete hand-over of all tools and analytic capabilities; ensure tracking and review of the rollout is in place; and complete the "train-the-trainer" programme. In this way we can ensure that SAA is set up to conduct subsequent rollout waves without external support

Exhibit 2: Project timelines



This focused approach would ensure that the proof of concept phase of the effort could get under way within six weeks of project kickoff (and already begin capturing benefits), and the first full wave of SAA's working capital management improvements could be rolled out within 4-6 months, with monthly continuation decisions.

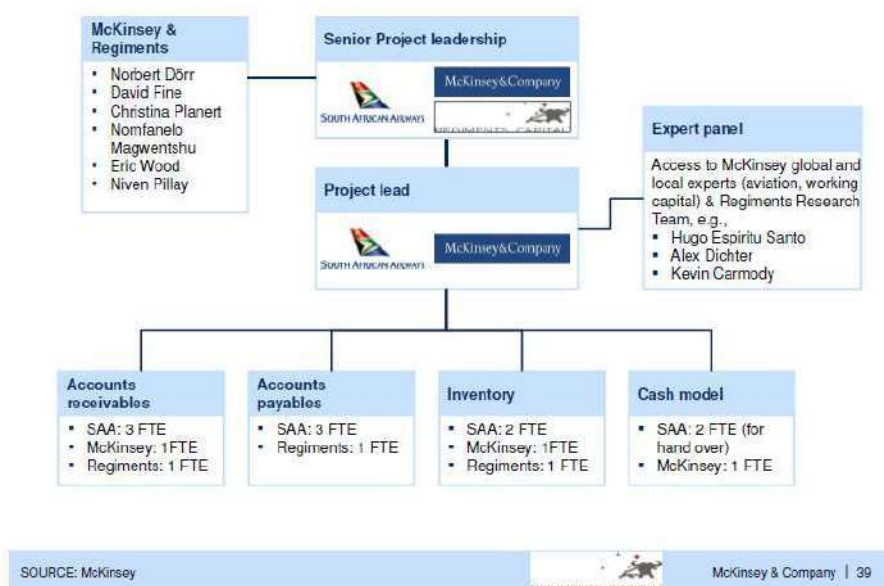
Proposed team structure and professional arrangements

To support this ambitious and exciting programme, we propose setting up an integrated working team consisting of representatives from SAA, McKinsey and Regiments:

- Overall project leadership would be jointly provided on a part-time basis by senior leaders from both McKinsey and Regiments
- The project team would have access as required to an expert panel consisting of both McKinsey's global and local experts (e.g., in aviation, working capital) and the Regiments Research Team
- The full-time working team on the ground would be led by an engagement manager from McKinsey, with the workstreams jointly staffed by full-time resources appointed by SAA and appropriately skilled consultants from McKinsey and Regiments

Exhibit 3: Joint team structure

Suggested integrated project team



We are convinced that substantial value is at stake in this programme, and also that McKinsey and Regiments are ideally positioned to deliver rapid and significant value for SAA. We are therefore prepared to discuss a fee arrangement in terms of which both risk and upside would be shared between SAA and ourselves.

For the programme design and team configuration described above, our proposed professional fees would therefore be constituted as follows:

■ **Phase 1: Diagnostic**

- Team composition: 1 full-time McKinsey engagement manager, 3 full time McKinsey and 3 full time Regiment's Capital consultants, supported by local leadership and all required additional part-time resources in the form of expert advisors, research teams, visual graphics and executive assistant support
- We would charge **no professional fees** for this 6-week phase of the engagement – fees for the diagnostic phase would be covered from savings realised in the implementation phase
- A 'breaker fee' of R4 million would apply should SAA decide during or after the diagnostic phase that it wishes to terminate the contract and not continue jointly with the implementation phase. This would represent an hourly rate of R1075
- SAA would reimburse all out of pocket cash expenses, including travel, accommodation and services in support of the engagement

■ **Phase 2: Implementation**

- Team configuration: 1 full-time McKinsey engagement manager, 3 full time McKinsey (2 after the cash model has been handed over to SAA) and 3 full time Regiment's Capital consultants, supported by local leadership and all required additional part-time resources in the form of expert advisors, research teams, visual graphics and executive assistant support
- Professional fees and non-cash expenses would be 8% of savings identified, capped at R120 million
- SAA would reimburse all out of pocket cash expenses, including travel, accommodation and services in support of the engagement, where required, on a monthly basis

Please regard this fee breakdown as a proposal for further discussion. We would need to agree upon the final details regarding financial arrangements prior to commencement of the project.

Setting up from the start for successful implementation

Given the importance of improved working capital management to SAA's future success it is imperative that this effort does not remain a purely theoretical exercise, but that it rapidly and sustainably 'takes flight' in the form of tangible, widespread and lasting changes to how the business is run.

As stated earlier, our approach to programmes such as this includes a strong focus on building the internal capabilities SAA will need to implement the required changes effectively. We have extensive experience in how to do this – our implementation experience spans multiple large-scale transformation portfolios as well as numerous complex projects in multiple industries. As a result, we can offer distinctive implementation support to our clients:

- **Unique, fully integrated consulting and implementation model.** Our support model links business strategy, organisational complexities, transformation programme design and on-the-ground implementation support, and our integrated leadership team includes experienced implementation experts
- **Distinctive, experienced implementation practitioners.** We have proven and experienced practitioners with solid implementation experience and specific implementation-focused skills and profiles
- **Simple and robust approach with proven proprietary tools.** Our distinctive approach is based on our expert experience in large scale transformations, and focuses on technical aspects, management infrastructure and organisational health using proprietary toolkits
- **Focus on coaching and capability building.** We ensure daily on-the-job coaching for line managers and change agents based on adult learning research – linking classroom training to real business problems – as well as skill building in communication, performance dialogues, influencing, feedback and role modelling
- **Supporting line management.** Our focus is on working through the line organisation and building ownership of all initiatives with line managers

Our unrivalled experience in working capital management and in the airline industry

The partnership between McKinsey and Regiments Capital brings the full complement of experiences and expertise required to ensure SAA's success in this important and challenging endeavour:

- **Proven track record in working capital.** In the last 10 years McKinsey has successfully implemented over 3,800 large corporate finance and working capital cost reduction programmes globally across all industries including the aviation industry. We have conducted more than 120 engagements on working capital management and optimisation over the past ten years, with significant impact achieved in all client cases. Regiments nurtures black intellectual capital to create a depth of skills and resources unparalleled in the South African financial services industry, with particular expertise in contract negotiation, developing balance sheet products and factoring payments
- **Deep understanding of the airline industry,** its economics and capital requirements. McKinsey's credentials include multiple projects on working capital/cash management, having served 15 of the 20 largest airlines globally over the last five years. We address our clients' most important and complex problems and are able to deliver fundamental, measurable, and lasting impact by applying a unique blend of global industry, functional, and regional expertise, as well as distinctive problem solving approaches and working methods.
- **Extensive experience of the South African public sector.** McKinsey has served South African public sector clients for 17 years, and Regiments similarly has built a successful track record in providing tailor-made solutions to the public sector since 2004, including clients such as ACSA, Transnet and Eskom
- **Proven McKinsey proprietary Working Capital Reduction toolkit,** which includes planning guide, 8+ templates, 6+ checklists, interview guides, an idea generation template and catalogue, a risk assessment tool, and a rollout toolkit
- **Strong existing relationship with South African Airways** with inherent knowledge of the company culture and working relationships with many of the key stakeholders, including an in-depth understanding of the LTTS, as a result of multiple engagements with SAA and the DPE since 1999

□ □ □

We fully appreciate the importance to SAA of achieving better management of its working capital, and are confident that McKinsey and Regiments can offer distinctive and rapid support rooted in our deep understanding of SAA and our extensive experience of supporting many airlines across the world facing comparable challenges. The suggested risk and upside sharing arrangements in our fee proposal reflect our belief in the value that is at stake, and in our ability to deliver significant value for SAA.

We would be most willing to discuss any of the elements of this proposal further with you, and to tailor them in such a way as to most closely reflect your needs.

Sincerely,



David Fine

Eric Wood



Nomfanelo Magwentshu



Christina Planert

Innocentia Ngubeni

From: Phetolo <phetolo@ramscap.co.za>
Sent: Wednesday, 22 January 2014 19:44
To: Eric Wood
Subject: Fwd: Final Recommendation Working Capital rev1 nn
Attachments: 114012217244500943; ATT00001.htm; Final Recommendation Working Capital rev1 nn.doc; ATT00002.htm

Regards
Phetolo Ramosebudi
0832630591

Begin forwarded message:

From: Phetolo Ramosebudi <PhetoloRamosebudi@flysaa.com>
Date: 22 January 2014 at 17:24:42 SAST
To: 'Phetolo' <Phetolo@ramscap.co.za>
Subject: Final Recommendation Working Capital rev1 nn

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Final Supplier Selection
Recommendation for:
The appointment of a consultant to
assist the SAA Group with the
unlocking of working capital.

Tender description
RFP-GSM085/13

Global Supply Management
24 January 2014

Bid Number: RFB GSM 085/13..

SAA BAC Recommendation

Bid Name: Appointment of a consultant to assist the SAA Group with the unlocking of working capital

Contents

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Bid Number: RFB GSM 085/13..

SAA BAC Recommendation

Bid Name: Appointment of a consultant to assist the SAA Group with the unlocking of working capital

Summary of Evaluation

Detailed evaluation worksheets are available for review.

ACTIVITY	DETAIL
Tender ref no	RFP-GSM 085/13
Advertising date (Sunday Times)	19 November 2013
Compulsory briefing session	No
Closing date	06 December 2013
Validity period from the closing date	120 days
Number of responses received on time	Five (5)
Names of bidders who responded	Oliver Wyman IQ Business KPMG McKinsey Inc Boston Group
Late responses	No late responses received
Approved budget	No budget. Costs to be funded from savings gain share

1. Purpose

The purpose of this submission is to seek BAC support for approval as per the DOA to appoint McKinsey Incorporated to assist the SAA Group with the unlocking of working capital for a period of six months.

2. Background

SAA is operating in a challenging, dynamic and highly competitive trading environment exacerbated by organisation specific weaknesses and inefficiencies which make its business model unsustainable in the long run. SAA's Balance Sheet is weak primarily caused by operating losses, hedging losses, and high fuel prices. This materially curtails SAA's ability to raise the capital required to finance its operations. SAA has relied on financial support from the Shareholder over the past decade. During this period, there were two major capital interventions by the Shareholder. The first one being in the amount of R 8.5 billion in FY2006/07 primarily to restore the capital base in response to the hedging and translations losses incurred at the time and the second being an amount R 1.5 billion in FY2009/10. In both instances, the intervention was a conversion of debt into equity. Subsequent to FY2009/10, Shareholder support to SAA had been granted in the form of guarantees, which enable SAA to borrow to finance its working capital requirements.

Bid Number: RFB GSM 085/13..

SAA BAC Recommendation

Bid Name: Appointment of a consultant to assist the SAA Group with the unlocking of working capital

SAA commenced a major Cost Compression Programme in April 2012, to give momentum to one of the “seven major strategic initiatives, which addresses systemic competitive or structural issues” in the 2012-15 Corporate Plan. Of major concern were the increase in SAA’s controllable costs (such as labour, catering and crew accommodation costs) and the increase in “uncontrollable” costs, primarily fuel and regulated airport and air navigation charges. Major airlines, such as Lufthansa, Qantas, and British Airways have all found a way to re-engineer their non-fuel CASK downward and have recently announced even further measures to relentlessly focus on unit cost reduction in a renewed period of high fuel costs.

The primary objective of the Cost Compression Programme is to reduce SAA’s cost base by reducing non-fuel CASK 20% in 2014 to USD 5.64 cents. This had to be achieved, without negatively affecting the other main strategies initiatives of the group or negatively impacting the demand-side Revenue per Available Seat Kilometre (RASK). For FY2013 this programme yielded sustainable benefits in excess of R 700 million, with a consequential reduction in non-fuel CASK of USD 0.58 cents.

3. Objective of the Project

Working capital management is concerned with the problems that arise in attempting to manage the current assets and current liabilities of the airline and the inter relationship that exists between them. The efficient management of working capital is thus an important indicator of the sound health of the organisation and same requires a reduction of any unnecessary blocking of capital in order to bring down costs of financing.

A number of businesses fail for lack of cash rather than for wanting profit. The goal of working capital management is to manage the company’s current assets and current liabilities in such a way that a satisfactory level of working capital is sustained.

4. Scope of Work

The scope of work will consist of the following:

1. To conduct an internal assessment, of the various components of working capital in the group;
2. To analyse the liquidity trends;
3. To analyse working capital trends;
4. To analyse the operating and cash cycle of the group;
5. To appraise the utilisation of current asset and current liabilities and establish short comings;
6. To suggest measures for effective management of working capital; and
7. Implement necessary steps to unlock the cash in the business process.

5. Contract Duration

Bid Number: RFB GSM 085/13..

SAA BAC Recommendation

Bid Name: Appointment of a consultant to assist the SAA Group with the unlocking of working capital

6 months

6. CFST members

Name & surname	Designation	Division	Signatures
Shireen Subroyen	Sourcing Specialist	GSM	
Reinette Slabbert	Commodity Manager	GSM	
Viwe Soga	Legal Advisor	GSM	
Phetolo Ramosebudi	HOD	Treasury	
Nthabiseng Ntshalintshali	HOD	Risk and Compliance	
Lindsay Olitzki	HOD	Finance	

Note: All the aforesaid supported this BAC recommendation.

7. Critical Criteria and Functional Criteria with Weightings

The BAC approved the following critical criteria and the evaluation criteria on 15 November 2013.

Phase 1: Critical Evaluation Criteria:

Bidders must fully comply with all the Critical Criteria listed below. Failure to comply shall lead to the Bidder disqualification (a 'no' answer will immediately disqualify a bidder from proceeding to the functional criteria phase):

#	ELEMENTS	Yes	No
1	Tenderer on the list of Restricted Tenderers as published by the Department of Treasury.		
2	Evidence of working capital management experience		
3	Submission of a list of at least three contactable signed business references (on company letterheads) outlining a similar scope of work and benefits realised		
4	Demonstrable understanding and experience in transactions dealing with Public Finance Management Act (PFMA)		
5	Intellectual property to remain the property of SAA		

NB: Bidders that fail to meet the Critical Criteria will be eliminated from further assessment/evaluation and not invited to the Tender Briefing Session.

Phase 2: Functional Requirements and Weightings:

Page 5 of 12 Pages	Confidential	BAC Final Recommendation Template GSM-SS-012 Version 2, November 2013

Bid Number: RFB GSM 085/13..

SAA BAC Recommendation

Bid Name: Appointment of a consultant to assist the SAA Group with the unlocking of working capital

#	ELEMENTS	MEASURE	WEIGHT
1	Demonstration of working capital management capability and the methodology to be used.	Demonstrate working capital management methodology and approach adopted in previous projects or as proposed for SAA.	30%
2	Evaluation of three contactable references (on company letterheads) outlining executed scope of work and benefits realised	Evaluation of the scope of work and benefits realised in relation to the relevance of what is required for SAA. 3 references = 15 2 references = 10 1 reference = 5	15%
3	Demonstrate experience of working at senior management level in re-discovering working capital	Demonstrate experience of working at senior management level in re-discovering working capital capabilities by outlining methodology and approach utilised in similar projects as well as proposal for SAA. Tenderer must show a good grasp of sensitivities associated with the re-discovering of working capital and competency requirements	15%
4	Years of experience in working capital management and balance sheet optimisation	One year = 3 points Two years=6 points Three years= 9 points Four years= 12 points Five years=15 points	15%
5	Proposal on project post implementation	Tenderer must provide a proposal on how they will address issues that will arise post implementation of this initiative.	10%
6	Knowledge transfer framework to SAA (during and after the project)	Tenderer must outline their framework to be utilised in ensuring knowledge transfer happens with key internal stakeholders.	10%
7	Demonstration of Project Management Methodology to be used.	Demonstrate project management capability by outlining methodology and approach adopted in previous projects and as proposed for SAA. This should be indicated in terms of	5%

Bid Number: RFB GSM 085/13..

SAA BAC Recommendation

Bid Name: Appointment of a consultant to assist the SAA Group with the unlocking of working capital

		the various elements that will be addressed in project management as well as what elements will be included to ensure the success of this project.	
Total:			100%

Threshold: To proceed to Phase 3, Tenderers must score a minimum of 80% for the Functional Requirements.

Phase 3

Preference Point System

#	CRITERIA	POINTS
1	Price	90
2	BBBEE	10
TOTAL		100 Points

TRANSFORMATIONAL IMPERATIVES

SAA will give preference to bidders who are:

- 51% or more black owned companies
- 30% black women owned companies
- Black youth owned companies
- Companies owned by people with disabilities

8. Evaluation Process

8.1 Phase 1: Critical criteria

Please refer to the attached Annexure A.

The following bidders did not qualify to proceed to phase two of the evaluation process for the reasons mentioned below:

- Oliver Wyman did not submit a list of at least three contactable signed business references (on company letterheads) outlining a similar scope of work and benefits realised;
- KPMG did not submit a list of at least three contactable signed business references (on company letterheads) outlining a similar scope of work and benefits realised as well as intellectual property will not remain the property of SAA.

8.2 Phase 2: Functional Evaluation Summary

Page 7 of 12 Pages	Confidential	BAC Final Recommendation Template GSM-SS-012 Version 2, November 2013

Bid Number: RFB GSM 085/13..

SAA BAC Recommendation

Bid Name: Appointment of a consultant to assist the SAA Group with the unlocking of working capital

Please refer to the attached Annexure B

McKinsey, BCG and IQ Business qualified to proceed to phase three of the evaluation process.

8.3 Phase 3: Price and BBBEE

#	CRITERIA	POINTS	McKinsey	BCG	IQ Business
1	Price	90	90	-157.5	-157.5
2	BBBEE	10	8	7	7
TOTAL		100 Points	98	-150.5	-150.5

8.4: BBBEE and Black Ownership status of the shortlisted bidders

The BBBEE and Black ownership status are as follows:

- **McKinsey Incorporated:**

Black Ownership: 25%;

Black Woman Ownership: 10%

- **IQ Group:**

Black Ownership: 23.13%;

Black Woman Ownership: 7.66%

- **Boston Consulting Group:**

Black Ownership: 25%;

Black Woman Ownership: 10%

9. Pricing Schedule

SAA indicated in the tender document that preference will be given to bidders that are prepared to conduct the analysis at no cost and then take part in a gain share should any working capital be found to be unlocked.

The pricing structure quoted by the shortlisted bidders were confirmed with all three shortlisted bidders and are as follows:

- **McKinsey Incorporated:**

McKinsey Incorporated quoted to perform the diagnostic phase free of charge as the fees for the diagnostic phase will be recovered from savings realised in the implementation phase.

During the implementation phase, the professional fees and non-cash expenses would be 8% of the savings identified, capped at R 120 million.

Bid Number: RFB GSM 085/13..

SAA BAC Recommendation

Bid Name: Appointment of a consultant to assist the SAA Group with the unlocking of working capital

- **IQ Group:**

The IQ Group quoted a fixed fee of R 4.9 million for phase 1 (same which they designated as the 'diagnostic phase'.

IQ Group proposed a variable gain share model to be used further to the implementation stage. IQ Group will, furthermore and towards the end of the diagnostic phase, submit a consulting and implementation support proposal and 70% of the proposed fee will be a fixed fee and 30% of the said fee will be the gain share portion.

- **Boston Consulting Group:**

Boston Consulting Group quoted a fee of R14 million which consists of a variable portion of 70% based on the satisfaction of SAA at the end of the project and target benefits realised in priority initiative implementation.

The pricing expectation was a risk based pricing and only one bidder (i.e McKinsey Incorporated) met that expectation. McKinsey Incorporated has confirmed that in the event that no working capital is found to be unlocked, the risk will be on their side and no fees will be payable by SAA to them.

McKinsey confirmed that should SAA decide to terminate or not to proceed with the implementation phase, during or after the diagnostic phase, a "breaker fee" of R4 million (excl Vat) will be applicable.

10. Financial Information

McKinsey Incorporated (South African branch)			Medium		
The bidder is a privately held entity in the USA and as such does not disclose its Annual Financial Statements due to confidentiality reasons. The entity's auditors, PWC, have provided us with the current ratio (1.6) and the liquidity ratio (1.6) and based on this we can note that the entity appears to be a going concern as at 31 December 2012. Furthermore we have no other knowledge of the financial position or performance of the entity. Based on the above the risk for this entity has been assessed as MEDIUM .					

11. Risk and mitigation factors:

None

12. Approval process required

- BAC;
- CEO

Bid Number: RFB GSM 085/13..

SAA BAC Recommendation

Bid Name: Appointment of a consultant to assist the SAA Group with the unlocking of working capital

13. Details of the Recommended Bidder

Name of the awarded bidder	McKinsey Incorporated
Company registration number	1995/002398/10
VAT registration number	4710150048
BBBEE Level	2
% Black Ownership	25%
% Black Women Ownership	10%
% Black Youth Owned	0%
% Black People with Disabilities	0%
% Black People Living in Rural Areas	0%

14. National Treasury Register for Tender Defaulters and Database of Restricted Suppliers

As at 20 January 2014, GSM has verified that McKinsey Incorporated is not listed on the above database as a defaulter.

15. Final Recommendation

To recommend to the BAC to support the approval as per the DOA to appoint Mc Kinsey Incorporated to assist SAA with the unlocking of working capital for a period of six months.

16. Signatures**1. Compiled by:**

Shireen Subroyen
Sourcing Specialist

Date

2. Verified that the stipulated evaluation criteria is in line with SAA SCM Policy

Reinette Slabbert
Commodity Manager

Date

3. Recommended by:

Bid Number: RFB GSM 085/13..

SAA BAC Recommendation

Bid Name: Appointment of a consultant to assist the SAA Group with the unlocking of working capital

Phetolo Ramosebudi
Group Treasurer

Date

Wolf Meyer
CFO

Date

4. Supported by:

Reinette Slabbert
Acting Strategic Sourcing Manager

Date

Bid Number: RFB GSM 085/13..

SAA BAC Recommendation

Bid Name: Appointment of a consultant to assist the SAA Group with the unlocking of working capital

Innocentia Ngubeni

From: Phetolo <phetolo@ramscap.co.za>
Sent: Friday, 24 January 2014 10:50
To: Eric Wood; Tewodros Gebreselasie
Subject: Fwd: WORKING CAPITAL BAC FINAL RECOMMENDATION

Regards
Phetolo Ramosebudi
0832630591

Begin forwarded message:

From: Phetolo Ramosebudi <PhetoloRamosebudi@flysaa.com>
Date: 24 January 2014 at 10:44:40 SAST
To: "phetolo@ramscap.co.za (phetolo@ramscap.co.za)" <phetolo@ramscap.co.za>
Subject: FW: WORKING CAPITAL BAC FINAL RECOMMENDATION

Phetolo Ramosebudi | Group Treasurer | Finance: Treasury

 Phone: +2711-978-5398 |  Fax: +2711-978-1201 |  E-Mail: PhetoloRamosebudi@flysaa.com
4th Floor, Block A, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

From: Phetolo Ramosebudi
Sent: 24 January 2014 10:43 AM
To: Reinette Slabbert; Viwe Soga; Nthabiseng Ntshalintshali; Lindsay Olitzki; Shireen Subroyen
Subject: RE: WORKING CAPITAL BAC FINAL RECOMMENDATION

Colleagues,

Submission has been referred back for rework. We need to discuss the pricing wrt to delegation of authority. If McKinsey is approved as is I will have to go to board and timing will be an issue. So what's the correct approach to still recommend to McKinsey without breaching the procurement process. Would McKinsey reducing the cap level be the appropriate way to do, or should we go back to all for BAFO with a limit below Board approval.

Don't forget Boston was R14 million with 30 variable, IQ is R5,5 million with %age savings but no cap and McKensy is zero fixed but 8% on savings with R120 million which is above CEO delegation.

Lets quickly reflect on this. We need to go for Round robin early next week.

Regards

Phetolo Ramosebudi | Group Treasurer | Finance: Treasury

 Phone: +2711-978-5398 |  Fax: +2711-978-1201 |  E-Mail: PhetoloRamosebudi@flysaa.com
4th Floor, Block A, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

From: Reinette Slabbert
Sent: 22 January 2014 12:08 PM
To: Viwe Soga; Nthabiseng Ntshalintshali; Phetolo Ramosebudi; Lindsay Olitzki; Shireen Subroyen
Subject: RE: WORKING CAPITAL BAC FINAL RECOMMENDATION

Dear Viwe,

Good afternoon to you.

Thanks for the inputs.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Viwe Soga
Sent: 22 January 2014 11:59 AM
To: Reinette Slabbert; Nthabiseng Ntshalintshali; Phetolo Ramosebudi; Lindsay Olitzki; Shireen Subroyen
Subject: RE: WORKING CAPITAL BAC FINAL RECOMMENDATION

Dear Reinette

Please find attached my comments and suggestions to the submission (which I made on the draft circulated by Nthabiseng with her comments). There are some areas which need to be clarified.

Regards,

Viwe Soga | Legal Advisor | Legal

 Mobile: 082 228 6949 |  Phone: +2711-978-6763 |  Fax: +2711-978-1807 |  E-Mail:
ViweSoga@flysaa.com
Room 508, Floor 5, Block E, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

From: Reinette Slabbert
Sent: 22 January 2014 11:40 AM
To: Nthabiseng Ntshalintshali; Phetolo Ramosebudi; Viwe Soga; Lindsay Olitzki; Shireen Subroyen
Subject: RE: WORKING CAPITAL BAC FINAL RECOMMENDATION

Dear Nthabiseng,

Good morning to you.

Thanks for your valuable inputs.

Viwe, please submit your comments as well as a matter of urgency for us to finalise the document.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Nthabiseng Ntshalintshali
Sent: 22 January 2014 10:34 AM
To: Reinette Slabbert; Phetolo Ramosebudi; Viwe Soga; Lindsay Olitzki; Shireen Subroyen
Subject: RE: WORKING CAPITAL BAC FINAL RECOMMENDATION
Importance: High

Hi Reinette,

Attached please find the cosmetic comments on the document. With noted comments, otherwise I am happy with the document.

Kind regards,

Nthabiseng Ntshalintshali | Chief Risk & Compliance Officer | Legal, Risk and Compliance

 Mobile: 2778-304-4041 |  Phone: 2711-978-2952 |  Fax: 011-978-1436 |  E-Mail:
NthabisengNtshalintshali@flysaa.com
Room 430, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

From: Reinette Slabbert
Sent: 22 January 2014 08:40 AM
To: Phetolo Ramosebudi; Viwe Soga; Nthabiseng Ntshalintshali; Lindsay Olitzki; Shireen Subroyen
Subject: WORKING CAPITAL BAC FINAL RECOMMENDATION

Dear Team,

Good morning everybody.

Attached herewith please find the final document that will be circulated for signatures this morning as we are trying to include the document into the BAC agenda for Friday

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

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Directors

DC Myeni* (Chairperson), M Kalawe (Chief Executive Officer), WH Meyer (Chief Financial Officer), A Khumalo*, N. Kubeka*, Y Kwinana*, R Lepule*, A Mabizela*, B Mpondo*, R Naithani*(Indian), LG Nkosi-Thomas*, C Roskruge*

*Non-Executive Director

Company Secretary - Sandile Dlamini

South African Airways SOC Ltd Reg. No. 1997/022444/30

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Innocentia Ngubeni

From: Phetolo <phetolo@ramscap.co.za>
Sent: Friday, 24 January 2014 18:35
To: Eric Wood
Subject: Fwd: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Regards
Phetolo Ramosebudi
0832630591

Begin forwarded message:

From: Phetolo Ramosebudi <PhetoloRamosebudi@flysaa.com>
Date: 24 January 2014 at 12:21:22 SAST
To: 'Phetolo' <Phetolo@ramscap.co.za>
Subject: FW: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Phetolo Ramosebudi | Group Treasurer | Finance: Treasury

 Phone: +2711-978-5398 |  Fax: +2711-978-1201 |  E-Mail: PhetoloRamosebudi@flysaa.com
4th Floor, Block A, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

From: Reinette Slabbert
Sent: 16 January 2014 05:04 PM
To: Phetolo Ramosebudi; Nthabiseng Ntshalintshali; Lindsay Olitzki; Viwe Soga; Shireen Subroyen
Subject: FW: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Dear Team,

Attached herewith please find the response from McKinsey.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: christina_planert@mckinsey.com [mailto:christina_planert@mckinsey.com]
Sent: 16 January 2014 05:00 PM
To: Reinette Slabbert

Cc: Shireen Subroyen; nomfanelo_magwentshu@external.mckinsey.com; david_fine@mckinsey.com
Subject: Re: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Hello Reinette,

Thank you very much for your email.

I wanted to confirm your understanding of our pricing proposal: In the event that no savings are identified, we will charge no fees. This is the spirit of 100% aligned incentives between SAA and ourselves.

Thank you very much - please let me know should you have further questions,
Christina

Christina Planert | Principal
McKinsey & Company | Sandown Mews, East, 88 Stella Street | 2196 Sandown | Republic of South Africa
Direct +27 11 506-8138 | Fax +27 11 506-9138 | Mobile +27 82 329-8138 | Internal 327-8138
christina_planert@mckinsey.com

Assistant **Marlene Vorster** | Direct +27 11 506-8081 | Fax +27 11 506-9081 | Mobile +27 83 320-4606 | Internal 327-8081
marlene_vorster@mckinsey.com

▼ Reinette Slabbert ---2014/01/16 10:10:35 AM---Dear Christina, Good morning to you.

From: Reinette Slabbert <ReinetteSlabbert@flysaa.com>
To: "Christina Planert <Christina_Planert@mckinsey.com>" <Christina_Planert@mckinsey.com>, "nomfanelo_magwentshu@external.mckinsey.com" <nomfanelo_magwentshu@external.mckinsey.com>,
Cc: Shireen Subroyen <ShireenSubroyen@flysaa.com>
Date: 2014/01/16 10:10 AM
Subject: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Dear Christina,

Good morning to you.

Please submit the following clarification most urgently by close of business today:

- Pricing proposal (Part 7)

According to the proposal, no professional fee will be charged for the diagnostic phase.

According to our understanding, should it happen that no savings opportunities are identified in the diagnostic phase, no implementation will take place and no professional fee will be due to McKinsey.

Awaiting your most urgent response.

Thanks

Reinette Slabbert | Commodity Manager | GSM

Mobile: 083 700 5809 | Phone: +2711-978-3753 | E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

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Directors

DC Myeni* (Chairperson), M Kalawe (Chief Executive Officer), WH Meyer (Chief Financial Officer), A Khumalo*, N. Kubeka*, Y Kwinana*, R Lepule*, A Mabizela*, B Mpondo*, R Naithani*(Indian), LG Nkosi-Thomas*, C Roskrug*

*Non-Executive Director

Company Secretary - Sandile Dlamini

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Innocentia Ngubeni

From: Phetolo <phetolo@ramscap.co.za>
Sent: Friday, 24 January 2014 16:22
To: Eric Wood
Subject: Fwd: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Regards
Phetolo Ramosebudi
0832630591

Begin forwarded message:

From: Phetolo Ramosebudi <PhetoloRamosebudi@flysaa.com>
Date: 24 January 2014 at 12:21:34 SAST
To: 'Phetolo' <Phetolo@ramscap.co.za>
Subject: FW: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Phetolo Ramosebudi | Group Treasurer | Finance: Treasury

 Phone: +2711-978-5398 |  Fax: +2711-978-1201 |  E-Mail: PhetoloRamosebudi@flysaa.com
4th Floor, Block A, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

From: Reinette Slabbert
Sent: 16 January 2014 05:03 PM
To: Phetolo Ramosebudi; Nthabiseng Ntshalintshali; Viwe Soga; Shireen Subroyen; Lindsay Olitzki
Subject: FW: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Dear Team,

Good afternoon all.

I have done the clarification of the rates with each of the shortlisted bidders.

Attached herewith please find the response from Boston Group.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Wuest Martin [<mailto:Wuest.Martin@bcg.com>]
Sent: 16 January 2014 03:32 PM
To: Reinette Slabbert
Cc: Shireen Subroyen; Ermias, Tenbite
Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Dear Reinette,

I trust you have been well.

Response to your question as follows:

Variable component in option 1:

The 70% refers to the fixed fee proposed to this option; i.e. 70% of the proposed fees are variable depending on:

1. your satisfaction with the project and
2. actual targets achieved (i.e. gains achieved)

The evaluation terms for both 1 and 2 above to be jointly agreed with you at the beginning of the project

Variable component in option 2:

The 60% refers to the fixed fee, 60% of the proposed fees are variable depending on your satisfaction at the end of the project

Evaluation terms to be jointly agreed with you at the beginning of the project

Should you require any further information, please do not hesitate to get in touch with me.

Kind Regards,

Martin Wuest
Principal
THE BOSTON CONSULTING GROUP
Tel. +27 11 245 1647 • Mobile +27 83 657 8352

From: Reinette Slabbert [<mailto:ReinetteSlabbert@flysaa.com>]
Sent: Thursday, January 16, 2014 10:39 AM
To: Wuest Martin
Cc: Shireen Subroyen
Subject: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.
Importance: High

Dear Martin,

Good morning to you.

Please submit the following clarification most urgently by close of business today:

- **Pricing options (Part 7)**

Please clarify the variable costs in terms of each option. Does this refer to a reduction of the fixed fee or gain share relating to the implementation phase?

Awaiting your most urgent response.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Wuest Martin [<mailto:Wuest.Martin@bcg.com>]

Sent: 06 December 2013 08:34 AM

To: Reinette Slabbert

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 5. REMINDER OF THE CLOSING DATE OF THE TENDER

Dear Reinette,

Just to let you know we will be submitting our response as a hard copy document this morning (due to soft copy file size being quite large which may be over your email limit size).

Please do not hesitate to get in touch should you require any further information.

Kind Regards,

Martin Wuest

Principal

THE BOSTON CONSULTING GROUP

Tel. +27 11 245 1647 • Mobile +27 83 657 8352

From: Reinette Slabbert [<mailto:ReinetteSlabbert@flysaa.com>]

Sent: Thursday, December 05, 2013 5:50 PM

To: jschoefer@relconsultancy.com; ericw@regiments.co.za; lithan@regiments.co.za; nivenp@regiments.co.za; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za; solly@xabiso.co.za; bashier@nexia-sabt.co.za; suzel@zeelie.com; edgarr@rakoma.co.za; lmabokela@sekela.co.za; victors@sng.co.za; a.craker@iqgroup.net; Christina_Planert@mckinsey.com; Wuest Martin; Kasimu, Gerald (gerald.kasimu@kpmg.co.za); rob.bezuidenhout@kpmg.co.za; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com; pbhana@deloitte.co.za; smda@deloitte.co.za

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 5. REMINDER OF THE CLOSING DATE OF THE TENDER

Importance: High

Dear Bidders,

Good afternoon everybody.

Just a reminder that the abovementioned tender is closing tomorrow morning, 06 December 2013 at 11h00 local time.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:
ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 04 December 2013 07:23 AM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; 'nhlamu.dlomu@kpmg.co.za'; 'thpillay@deloitte.co.za'; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; 'a.craker@iggroup.net'; 'Christina_Planert@mckinsey.com'; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); 'vikram.krishnan@oliverwyman.com'; 'pbhana@deloitte.co.za'; 'smda@deloitte.co.za'

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 5. PAYMENT OF NON REFUNDABLE TENDER FEE

Importance: High

Dear Bidders,

Just a reminder that there is a non-refundable tender fee of ZAR 1,000.00 applicable and proof of payment must be submitted with the tender document.

Reagrds

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:
ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 02 December 2013 12:30 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; 'nhlamu.dlomu@kpmg.co.za'; 'thpillay@deloitte.co.za'; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; 'a.craker@iggroup.net'; 'Christina_Planert@mckinsey.com'; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); 'vikram.krishnan@oliverwyman.com'

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 4
EXTENSION OF CLOSING DATE

Importance: High

Dear Bidders,

Good afternoon everybody.

This serves to confirm that the closing date and time of the above RFP is extended to 06 December 2013 at 11h00 local time. No other extension will be considered.

Please also remember bids can also be submitted via e-mail to tenders@flysaa.com or mandycoetser@flysaa.com

It remains the responsibility of the bidders to ensure bids get submitted on time .

Please acknowledge receipt.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:
ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 01 December 2013 05:16 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; 'nhlamu.dlomu@kpmg.co.za'; 'thpillay@deloitte.co.za'; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; 'a.craker@iggroup.net'; 'Christina_Planert@mckinsey.com'; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. RESPONSE TO QUESTIONS SERIAL NUMBER 3 (DUPLICATION)

Importance: High

Dear Bidders,

Serial nr 3 was duplicated.

Attached herewith please find the question as well as the SAA responses to the duplicated serial nr 3.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 01 December 2013 05:10 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; 'nhlamu.dlomu@kpmg.co.za'; 'thpillay@deloitte.co.za'; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; 'a.craker@iggroup.net'; 'Christina_Planert@mckinsey.com'; Wuest Martin ('Wuest.Martin@bcg.com'); Kasimu, Gerald ('gerald.kasimu@kpmg.co.za'); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi ('refilwem@motheoca.co.za'); 'Paul Serote' ('pauls@motheoca.co.za'); Lilo Mkhwanazi ('LiloM@sng.za.com'); 'vikram.krishnan@oliverwyman.com'

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. RESPONSE TO QUESTIONS SERIAL NUMBER 2

Importance: High

Dear Bidders,

Attached herewith please find the question posed as serial nr 2 and the SAA response.

Can I please ask an urgent question: For the client references, the RFP states on "company letterhead" - which letterhead is meant here, ours as bidder ? Or the client's letterhead? The logistics of procuring on clients' letterhead would be very challenging given the short deadline.

SAA response:

This references needs to be on client letter heads.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 01 December 2013 05:05 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; 'nhlamu.dlomu@kpmg.co.za'; 'thpillay@deloitte.co.za'; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com';

'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za';
a.craker@iqgroup.net; Christina_Planert@mckinsey.com; Wuest Martin
 (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za);
 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul
 Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com);
vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST
 THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. RESPONSE TO
 QUESTIONS SERIAL NUMBER 1

Importance: High

Dear Bidders,

Attached herewith please find the questions and SAA response to this set of questions.

We have a question regarding the Project Scope and Goals:

Is it correct to assume that SAA expects a proposal that ranges beyond the mere
 analysis and suggestion of measures to SAA, but particularly includes assisting SAA in
 the design and implementation of these measures, for example through

- Extensive SAA staff involvement, training and coaching for sustainable results
- Design & Implementation of process improvements/solutions that remain with SAA
- Progress monitoring through implemented KPIs
- The implementation phase would then provide the foundation for a profit share/variable payment option based on results achieved.

SAA response:

Answer to all the questions are yes as per the scope of work.

Reinette Slabbert | Commodity Manager | GSM



Mobile: 083 700 5809 |



Phone: +2711-978-3753 |



E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 01 December 2013 04:56 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za';
 'nivenp@regiments.co.za'; 'nhlamu.dlomu@kpmg.co.za'; 'thpillay@deloitte.co.za';
 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com';
 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za';
a.craker@iqgroup.net; Christina_Planert@mckinsey.com; Wuest Martin
 (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za);
 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul
 Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com);
vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST
 THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. RESPONSE TO
 QUESTIONS SERIAL NUMBER 3

Importance: High

Dear Bidders,

Attached herewith please find the questions and answers posed as serial nr 3.

Thanks

I have a few clarification questions relating to the RFP unlocking of working capital (GSM 085/13)

The questions are in relation to the confidential information you sent. I would appreciate if you could kindly provide clarification on the following points relating to information in the spreadsheet you provided:

1. If the totals of the five worksheets are added (i.e., SAA, Cargo, SAAT, SATC, Air Chef) does this then constitute the SAA group total? **Essentially yes.**
2. What is the unit for each of the worksheets? (i.e. is the unit for the "SAA" and "Mango" worksheet in ZAR '000?) **R000**
3. What are the reasons for accounts payable always being negative for "Cargo"? **Ignore – the “,” indicates a credit**
4. What are the reasons for inventories being zero for "Cargo" and "SATC"? **No inventory**
5. What are the reasons for total revenue always being negative for "SATC"? **“-“ reflects credit**
6. Is the data for South African Express Airways included in the data? If yes, under which worksheet is it included? **No – not part of the SAA Group.**

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 01 December 2013 04:53 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; 'nhlamu.dlomu@kpmg.co.za'; 'thpillay@deloitte.co.za'; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; 'a.craker@iqgroup.net'; 'Christina_Planert@mckinsey.com'; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. RESPONSE TO QUESTIONS SERIAL NUMBER 4

Importance: High

Dear Bidders,

Four sets of questions was posed by bidders during the tender process.

Attached herewith please find the questions and response to the questions posed as serial nr 4.

Thank you for the information and for awarding our firm the opportunity to submit our proposal. Edgar and I are busy on the proposal and we had a few questions with regards to the financials as below which will assist us in the preparation:

SAA

1. Do you have a further breakdown of what else constitutes Receivables besides the Trade Receivables?
2. What is the percentage of Receivables that's past due?
3. What is the nature of the inventory?
4. Are there any long term commitments (loans and capital) that are payable in the current period?
5. Do you have the breakdown of the nature of the other payables excluding the Trade payables already specified?

SATC

6. In some months, the Trade receivables are greater than the receivables balance.

General / All

7. Will you be able to provide consolidated financial statements?
8. Please may we have the net profit figure excluding the non-cash items?

Response from SAA;

Please visit our website www.flysaa.com and bidders can find all the Annual Financial reports posted there until 2012.

SATC is not a concern at this stage.

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 29 November 2013 03:44 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; 'nhlamu.dlomu@kpmg.co.za'; 'thpillay@deloitte.co.za'; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com';

'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za';
a.craker@iqgroup.net; Christina_Planert@mckinsey.com; Wuest Martin
 (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za);
 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul
 Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com);
vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST
 THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 3.
 CLOSING DATE OF RFP

Importance: High

Dear Bidders,

Good afternoon everybody.

There was requests for extension of the closing date. The CFST was deliberating on this
 but unfortunately the date cannot be extended and will remain 04 December 2013 at
 11h00 local time.

Just a reminder that you can also submit your bids via e-mail to tenders@flysaa.com or
mandycoetser@flysaa.com

We are looking forward in receiving your bids.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 26 November 2013 01:18 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za';
 'nivenp@regiments.co.za'; 'nhlamu.dlomu@kpmg.co.za'; thpillay@deloitte.co.za;
 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com';
 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za';
a.craker@iqgroup.net; Christina_Planert@mckinsey.com; Wuest Martin
 (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za);
 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul
 Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com);
vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST
 THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 2

Dear Bidders,

Good afternoon everybody.

There is a considerable amount of NDA's outstanding.

Please submit the signed NDA's most urgently.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 21 November 2013 11:54 AM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; 'nhlamu.dlomu@kpmg.co.za'; 'thpillay@deloitte.co.za'; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; 'a.craker@iqgroup.net'; 'Christina_Planert@mckinsey.com'; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com)

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 1

Dear Bidders,

Good morning to you.

- 1) SAA annual report for 2013:

This report is not available as yet and will only be available after the Annual General Meeting of which the date is not known at this stage.

- 2) SAA Confidential Financial Information:

This will be available shortly and will only be distributed to bidders that have submitted the signed NDA documents.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 19 November 2013 04:22 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; 'nhlamu.dlomu@kpmg.co.za'; 'thpillay@deloitte.co.za'; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; 'a.craker@iqgroup.net'; 'Christina_Planert@mckinsey.com'; Wuest Martin

(Wuest.Martin@bcg.com)

Cc: Shireen Subroyen

Subject: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Importance: High

Dear Bidders,

Good afternoon everybody.

Attached herewith please find the following documents:

- RFP 085/13.
- NDA related to the RFP.

There is confidential financial information available that will be submitted but it will only be submitted once the NDA agreement has been signed and e-mailed back.

Please take note of the funding point that forms part of the scope of work (Part 3) of the RFP document.

All correspondence needs to be via e-mail and we will respond as soon as possible to all questions.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

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For the 11th consecutive year

Directors

DC Myeni* (Chairperson), M Kalawe (Chief Executive Officer), WH Meyer (Chief Financial Officer), A Khumalo*, N. Kubeka*, Y Kwinana*, R Lepule*, A Mabizela*, B Mpondo*, R Naithani*(Indian), LG Nkosi-Thomas*, C Roskruge*

*Non-Executive Director

Company Secretary - Sandile Dlamini

South African Airways SOC Ltd Reg. No. 1997/022444/30

The Boston Consulting Group, Inc.

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Innocentia Ngubeni

From: Phetolo <phetolo@ramscap.co.za>
Sent: Friday, 24 January 2014 16:22
To: Eric Wood
Subject: Fwd: SAA GSM 085/13: RFP TO APPOINT A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Regards
Phetolo Ramosebudi
0832630591

Begin forwarded message:

From: Phetolo Ramosebudi <PhetoloRamosebudi@flysaa.com>
Date: 24 January 2014 at 12:21:05 SAST
To: 'Phetolo' <Phetolo@ramscap.co.za>
Subject: FW: SAA GSM 085/13: RFP TO APPOINT A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Phetolo Ramosebudi | Group Treasurer | Finance: Treasury

 Phone: +2711-978-5398 |  Fax: +2711-978-1201 |  E-Mail: PhetoloRamosebudi@flysaa.com
4th Floor, Block A, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

From: Reinette Slabbert
Sent: 16 January 2014 05:07 PM
To: Phetolo Ramosebudi; Nthabiseng Ntshalintshali; Viwe Soga; Lindsay Olitzki; Shireen Subroyen
Subject: FW: SAA GSM 085/13: RFP TO APPOINT A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Dear Team,

Attached herewith please find the response from the IQ Group regarding the question of IQ Group, REL Consulting and The Hackard Group.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Schoefer, Jonas [<mailto:jschofer@relconsultancy.com>]
Sent: 16 January 2014 01:04 PM

To: Reinette Slabbert
Cc: Shireen Subroyen
Subject: RE: SAA GSM 085/13: RFP TO APPOINT A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Dear Reinette,

Apologies.

The confirmed fixed fee for Phase 1 is 4.9m ZAR plus VAT (ZAR 5,586,000 incl. VAT).

Kind regards,

Jonas Schofer

Jonas Schofer | Director Southern Africa | **The Hackett Group** | IQ Business Park | No. 3 Third Avenue | Rivonia, 2128 Gauteng, South Africa | mobile: +27 730 919674 | email: jschofer@thehackettgroup.com | web: www.thehackettgroup.com
CASH FLOW DELIVERED

The Hackett Group is a BBBEE Level 3 supporter through it's South African Performance Partner IQ Business Group

From: Reinette Slabbert [<mailto:ReinetteSlabbert@flysaa.com>]
Sent: 16 January 2014 01:01 PM
To: Schofer, Jonas
Cc: Shireen Subroyen
Subject: RE: SAA GSM 085/13: RFP TO APPOINT A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL
Importance: High

Dear Jonas,

Thanks for your response.

Please confirm what is the proposed fixed fee for phase 1.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Schofer, Jonas [<mailto:jschofer@relconsultancy.com>]
Sent: 16 January 2014 12:41 PM
To: Reinette Slabbert
Cc: Shireen Subroyen
Subject: RE: SAA GSM 085/13: RFP TO APPOINT A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Dear Reinette,

Thank you for your request for clarification:

- 1) IQ Business (Pty) Ltd and The Hackett Group, Inc. have entered into an exclusive Alliance Agreement since July 2009 where IQ Business (Pty) Ltd and The Hackett Group, Inc. are able to market each other's services. Under this Alliance Agreement IQ Business (Pty) Ltd is able to market all Intellectual Property and services of The Hackett Group, Inc. in Sub-Saharan Africa. The required services will be delivered through IQ Business (Pty) Ltd under the guidance of The Hackett Group, Inc. It must be noted that the REL Group is a wholly owned subsidiary of The Hackett Group, Inc.
- 2) You are correct, we proposed a fixed rate for Phase 1 and then a variable gain share model during Phase 2 – to elaborate: Towards the end of Phase 1, we will submit a consulting and implementation support proposal for Phase 2, based on effort from IQ/Hackett needed for Phase 2 to unlock the results (e.g. trainings, developments, etc). We proposed to base 30% of this baseline fee on the success of Phase 2 (gain share) and 70% of this baseline fee as a fixed fee engagement.

30% gain share DOES NOT mean that we charge SAA 30% of all released cash results, which would be an astronomical fee.

Example (this is not a proposal, just for illustration): Total Effort needed for Support for Phase 2: R 10m → Fixed Fee: R 7m + Gain Share Fee: R 3m, if the defined targets are reached to 100%. Under- or Overperformance will lead to a pro rata adjustment of the R 3m.

I hope this clarifies the points in question to your satisfaction, I am happy to assist further on short notice.

Kind regards,

Jonas Schofer

Jonas Schoefer | Director Southern Africa | **The Hackett Group** | IQ Business Park | No. 3 Third Avenue | Rivonia, 2128 Gauteng, South Africa | mobile: +27 730 919674 | email: jschoefer@thehackettgroup.com | web: www.thehackettgroup.com
CASH FLOW DELIVERED

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From: Reinette Slabbert [<mailto:ReinetteSlabbert@flysaa.com>]

Sent: 16 January 2014 10:31 AM

To: Schoefer, Jonas

Cc: Shireen Subroyen

Subject: SAA GSM 085/13: RFP TO APPOINT A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Importance: High

Dear Jonas,

Good morning to you.

Please submit the following clarifications by close of business today:

- 1) Are REL Group and the IQ Group both subsidiaries of the Hackard Group or is there a JV between REL and The IQ Group?

- 2) Pricing proposal: Please clarify if there will be a fixed rate for phase 1 and a 30% gain share during phase 2. If there will be fixed rate applicable for phase 1, please confirm the rate.

Awaiting your most urgent response.

Thanks

Reinette Slabbert | Commodity Manager | GSM

Mobile: 083 700 5809 | Phone: +2711-978-3753 | E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

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*Non-Executive Director

Company Secretary - Sandile Dlamini

South African Airways SOC Ltd Reg. No. 1997/022444/30

--

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Innocentia Ngubeni

From: Reinette Slabbert
Sent: Tuesday, 28 January 2014 13:01
To: Phetolo Ramosebudi; Viwe Soga; Shireen Subroyen; Nthabiseng Ntshalintshali; Lindsay Olitzki
Subject: FW: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Dear Team,

Good afternoon everybody.

Please refer to the response from McKinsey but they did not confirm if the capped amount of R 120 million will remain.

I have revert back to them to confirm this and will inform all as soon as they respond.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: christina_planert@mckinsey.com [mailto:christina_planert@mckinsey.com]
Sent: 28 January 2014 12:41 PM
To: Reinette Slabbert
Cc: Shireen Subroyen; david_fine@mckinsey.com; nomfanelo_magwentshu@external.mckinsey.com
Subject: Re: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Hello Reinette,

Apologies for the delay. As you can imagine this was an important discussion where we needed all consortium partners involved.

Here is what we agreed that we could offer as a sign of our commitment to SAA:

- Reduction of breaker fee to from R4m to 3m (excl. VAT) after the diagnostics phase
- Reduction of our professional fees to 7% of working capital savings identified for SAA. Assuming that we identify savings of R1 - 1.15 billion for SAA, this would amount to professional fees of R70-80.5 million

We trust that this offer demonstrates our confidence in the value potential at stake for SAA and in our ability to unlock this for SAA.

Thanks,
Christina

Christina Planert | Principal

McKinsey & Company | Sandown Mews, East, 88 Stella Street | 2196 Sandown | Republic of South Africa
Direct +27 11 506-8138 | Fax +27 11 506-9138 | Mobile +27 82 329-8138 | Internal 327-8138
christina_planert@mckinsey.com

Assistant **Marlene Vorster** | Direct +27 11 506-8081 | Fax +27 11 506-9081 | Mobile +27 83 320-4606 | Internal 327-8081
marlene_vorster@mckinsey.com

▼ Reinette Slabbert ---2014/01/28 10:23:44 AM---Dear Christina and team, Awaiting your most urgent response please.

From: Reinette Slabbert <ReinetteSlabbert@flysaa.com>
To: "christina_planert@mckinsey.com" <christina_planert@mckinsey.com>,
Cc: "nomfanelo_magwentshu@external.mckinsey.com" <nomfanelo_magwentshu@external.mckinsey.com>, Shireen Subroyen
<ShireenSubroyen@flysaa.com>, "david_fine@mckinsey.com" <david_fine@mckinsey.com>, Reinette Slabbert <ReinetteSlabbert@flysaa.com>
Date: 2014/01/28 10:23 AM
Subject: Re: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Dear Christina and team,

Awaiting your most urgent response please.

Thanks

From: Reinette Slabbert
Sent: Monday 27 January 2014 7:00 PM
To: christina_planert@mckinsey.com
Cc: nomfanelo_magwentshu@external.mckinsey.com; Shireen Subroyen; david_fine@mckinsey.com; Reinette Slabbert
Subject: Re: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Dear Christina,

This will be perfect.

Thanks

From: christina_planert@mckinsey.com
Sent: Monday 27 January 2014 6:33 PM
To: Reinette Slabbert
Cc: nomfanelo_magwentshu@external.mckinsey.com; Shireen Subroyen; david_fine@mckinsey.com
Subject: Re: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Hello Reinette,
I haven't been able to close the discussion fully with our consortium partners. I am hoping I can revert first thing in the morning with a final answer.
Thx for bearing with us,
Christina

Christina Planert
Principal

McKinsey & Company
+27823298138

=====+
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in error, please notify us immediately and then delete it. Please do not
copy it, disclose its contents or use it for any purpose.
=====+

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Directors

DC Myeni* (Chairperson), M Kalawe (Chief Executive Officer), WH Meyer (Chief Financial Officer), A Khumalo*, N. Kubeka*, Y Kwinana*, R Lepule*, A Mabizela*, B Mpondo*, R Naithani*(Indian), LG Nkosi-Thomas*, C Roskrug*

*Non-Executive Director

Company Secretary - Sandile Dlamini

South African Airways SOC Ltd Reg. No. 1997/022444/30

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Innocentia Ngubeni

From: Reinette Slabbert
Sent: Tuesday, 28 January 2014 13:21
To: Phetolo Ramosebudi; Lindsay Olitzki; Shireen Subroyen; Viwe Soga; Nthabiseng Ntshalintshali
Subject: FW: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL
Importance: High

Dear Team,

Please refer to the clarification from McKinsey regarding the capped amount.

I suggest the following to bring the bidders in line with the McKinsey pricing:

Boston Group and IQ Group to submit their complete pricing based on the unlocking of R 1.2 billion savings.

Please confirm urgently if you are all in agreement with my suggestion.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: christina_planert@mckinsey.com [mailto:christina_planert@mckinsey.com]
Sent: 28 January 2014 01:15 PM
To: Reinette Slabbert
Cc: Shireen Subroyen; david_fine@mckinsey.com; nomfanelo_magwentshu@external.mckinsey.com
Subject: RE: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Hello Reinette,
Thanks. As per the below, the capped amount will reduce to R70-80.5 million assuming we unlock savings of R1-1.2 billion.
Thx
Christina

Christina Planert | Principal
McKinsey & Company | Sandown Mews, East, 88 Stella Street | 2196 Sandown | Republic of South Africa
Direct +27 11 506-8138 | Fax +27 11 506-9138 | Mobile +27 82 329-8138 | Internal 327-8138
christina_planert@mckinsey.com

Assistant **Marlene Vorster** | Direct +27 11 506-8081 | Fax +27 11 506-9081 | Mobile +27 83 320-4606 | Internal 327-8081
marlene_vorster@mckinsey.com

▼ Reinette Slabbert ---2014/01/28 12:57:09 PM---Dear Christina, Good afternoon to you.

From: Reinette Slabbert <ReinetteSlabbert@flysaa.com>
To: "christina_planert@mckinsey.com" <christina_planert@mckinsey.com>,
Cc: Shireen Subroyen <ShireenSubroyen@flysaa.com>, "david_fine@mckinsey.com" <david_fine@mckinsey.com>,
"nomfanelo_magwentshu@external.mckinsey.com" <nomfanelo_magwentshu@external.mckinsey.com>
Date: 2014/01/28 12:57 PM
Subject: RE: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Dear Christina,

Good afternoon to you.

Thanks for the info.

Please confirm urgently if the capped amount of R 120 million will be reduced as well and if so to what amount?

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: christina_planert@mckinsey.com [mailto:christina_planert@mckinsey.com]

Sent: 28 January 2014 12:41 PM

To: Reinette Slabbert

Cc: Shireen Subroyen; david_fine@mckinsey.com; nomfanelo_magwentshu@external.mckinsey.com

Subject: Re: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Hello Reinette,

Apologies for the delay. As you can imagine this was an important discussion where we needed all consortium partners involved.

Here is what we agreed that we could offer as a sign of our commitment to SAA:

- Reduction of breaker fee to from R4m to 3m (excl. VAT) after the diagnostics phase
- Reduction of our professional fees to 7% of working capital savings identified for SAA. Assuming that we identify savings of R1 - 1.15 billion for SAA, this would amount to professional fees of R70-80.5 million

We trust that this offer demonstrates our confidence in the value potential at stake for SAA and in our ability to unlock this for SAA.

Thanks,
Christina

Christina Planert | Principal
McKinsey & Company | Sandown Mews, East, 88 Stella Street | 2196 Sandown | Republic of South Africa
Direct +27 11 506-8138 | Fax +27 11 506-9138 | Mobile +27 82 329-8138 | Internal 327-8138
christina_planert@mckinsey.com

Assistant **Marlene Vorster** | Direct +27 11 506-8081 | Fax +27 11 506-9081 | Mobile +27 83 320-4606 | Internal 327-8081
marlene_vorster@mckinsey.com

▼ Reinette Slabbert ---2014/01/28 10:23:44 AM---Dear Christina and team, Awaiting your most urgent response please.

From: Reinette Slabbert <ReinetteSlabbert@flysaa.com>
To: "christina_planert@mckinsey.com" <christina_planert@mckinsey.com>,
Cc: "nomfanelo_magwentshu@external.mckinsey.com" <nomfanelo_magwentshu@external.mckinsey.com>, Shireen Subroyen
<ShireenSubroyen@flysaa.com>, "david_fine@mckinsey.com" <david_fine@mckinsey.com>, Reinette Slabbert <ReinetteSlabbert@flysaa.com>
Date: 2014/01/28 10:23 AM
Subject: Re: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Dear Christina and team,

Awaiting your most urgent response please.

Thanks

From: Reinette Slabbert
Sent: Monday 27 January 2014 7:00 PM
To: christina_planert@mckinsey.com
Cc: nomfanelo_magwentshu@external.mckinsey.com; Shireen Subroyen; david_fine@mckinsey.com; Reinette Slabbert
Subject: Re: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Dear Christina,

This will be perfect.

Thanks

From: christina_planert@mckinsey.com
Sent: Monday 27 January 2014 6:33 PM
To: Reinette Slabbert
Cc: nomfanelo_magwentshu@external.mckinsey.com; Shireen Subroyen; david_fine@mckinsey.com
Subject: Re: SAA GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL

Hello Reinette,
I haven't been able to close the discussion fully with our consortium partners. I am hoping I can revert first thing in the morning with a final answer.
Thx for bearing with us,
Christina

Christina Planert
Principal
McKinsey & Company
+27823298138

+=====+
 This email is confidential and may be privileged. If you have received it
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Best Airline in Africa
 For the 11th consecutive year



Directors

DC Myeni* (Chairperson), M Kalawe (Chief Executive Officer), WH Meyer (Chief Financial Officer), A Khumalo*, N. Kubeka*, Y Kwinana*, R Lepule*, A Mabizela*, B Mpondo*, R Naithani*(Indian), LG Nkosi-Thomas*, C Roskrug*

*Non-Executive Director

Company Secretary - Sandile Dlamini

South African Airways SOC Ltd Reg. No. 1997/022444/30

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 copy it, disclose its contents or use it for any purpose.
 +=====+

Innocentia Ngubeni

From: Reinette Slabbert
Sent: Wednesday, 29 January 2014 08:50
To: Phetolo Ramosebudi; Nthabiseng Ntshalintshali; Lindsay Olitzki; Shireen Subroyen; Viwe Soga
Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Dear Team,

This is not the case people. This was just trying to get an understanding of what the costing would be.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Phetolo Ramosebudi
Sent: 29 January 2014 08:41 AM
To: Reinette Slabbert; Nthabiseng Ntshalintshali; Lindsay Olitzki; Shireen Subroyen; Viwe Soga
Subject: Re: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Colleagues

I am seriously very unhappy the way this tender is run, Reinette seems to be biased and we can't BAFO after BAFO because someone didn't price the way Reinette expected.

Sent from my BlackBerry 10 smartphone.

From: Reinette Slabbert
Sent: Wednesday 29 January 2014 7:56 AM
To: Phetolo Ramosebudi; Nthabiseng Ntshalintshali; Lindsay Olitzki; Shireen Subroyen; Viwe Soga
Subject: FW: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Dear Team,

Attached herewith please find the response from BCG should there be an amount of R 1.2 billion to be unlocked.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Wuest Martin [<mailto:Wuest.Martin@bcg.com>]
Sent: 28 January 2014 11:21 PM

To: Reinette Slabbert

Cc: Shireen Subroyen; Ermias, Tenbite

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Dear Reinette,

Thank you for your enquiry for clarification.

We proposed 2 options in the proposal for SAA to consider – so I will provide feedback on your question for each of the options.

Option 1: Benchmarking, opportunity identification, SAA Enablement, priority initiative implementation

Phases

1. Benchmarking and top-down target setting
2. Target validation & setting the size of the prize
3. Roll-out of initiatives for prioritized levers
4. Enablement / Up-skilling of SAA

Variable component

70% of the fees are variable, based on your satisfaction at the end of the project and target benefits realised in priority initiative implementation

Evaluation terms to be jointly agreed with you at the beginning of the project

If we assume that BCG identifies and unlocks capital to the value of R1.2 billion as part of the prioritised project roll out – then the maximum cost to SAA would be R14.0m

Note: it could be less depending on the exact evaluation terms that are agreed with you before commencement.

Option 2: Benchmarking, opportunity identification, SAA Enablement, monitor initiative implementation

Phases

1. Benchmarking and top-down target setting
2. Target validation & setting the size of the prize
3. Monitoring roll-out of initiatives by SAA
4. Enablement / Up-skilling of SAA

Variable component

60% of the fees are variable, based on your satisfaction at the end of the project

Evaluation terms to be jointly agreed with you at the beginning of the project

If we assume that BCG identifies and monitors the roll out of the initiatives by SAA to unlock capital to the value of R1.2 billion – then the maximum cost to SAA would be R10.2m

Note: it could be less depending on the exact evaluation terms that are agreed with you before commencement.

I hope this provides clarity - please do not hesitate to get in touch should you require more information.

Kind Regards,

Martin Wuest

Principal

THE BOSTON CONSULTING GROUP

Tel. +27 11 245 1647 • Mobile +27 83 657 8352

From: Reinette Slabbert [<mailto:ReinetteSlabbert@flysaa.com>]
Sent: Tuesday, January 28, 2014 1:24 PM
To: Wuest Martin
Cc: Shireen Subroyen; Ermias, Tenbite
Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.
Importance: High

Dear Martin,

Good afternoon to you.

Please confirm most urgently what will the total cost be if we assume BCG unlock capital to the value of R 1.2 billion.

Awaiting your most urgent response as we are in the process of finalising the approval of the tender.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Wuest Martin [<mailto:Wuest.Martin@bcg.com>]
Sent: 27 January 2014 09:48 PM
To: Reinette Slabbert
Cc: Shireen Subroyen; Ermias, Tenbite
Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Dear Reinette,

Thank you for getting in touch regarding our best and final offer for this RFP.

After careful review and consideration we have confirmed that the submission we made to you in our proposal is the best and final offer.

Should you require any further information or clarification, please do not hesitate to get in touch with me.

Kind Regards,

Martin Wuest
Principal
THE BOSTON CONSULTING GROUP
Tel. +27 11 245 1647 • Mobile +27 83 657 8352

From: Reinette Slabbert [<mailto:ReinetteSlabbert@flysaa.com>]
Sent: Monday, January 27, 2014 9:53 AM
To: Wuest Martin
Cc: Shireen Subroyen; Ermias, Tenbite
Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Dear Martin,

Good morning to you.

Please confirm your very best and final offer by close of business today, 27 January 2014

Awaiting your most urgent response.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Wuest Martin [<mailto:Wuest.Martin@bcg.com>]

Sent: 16 January 2014 03:32 PM

To: Reinette Slabbert

Cc: Shireen Subroyen; Ermias, Tenbite

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Dear Reinette,

I trust you have been well.

Response to your question as follows:

Variable component in option 1:

The 70% refers to the fixed fee proposed to this option; i.e. 70% of the proposed fees are variable depending on:

1. your satisfaction with the project and
2. actual targets achieved (i.e. gains achieved)

The evaluation terms for both 1 and 2 above to be jointly agreed with you at the beginning of the project

Variable component in option 2:

The 60% refers to the fixed fee, 60% of the proposed fees are variable depending on your satisfaction at the end of the project

Evaluation terms to be jointly agreed with you at the beginning of the project

Should you require any further information, please do not hesitate to get in touch with me.

Kind Regards,

Martin Wuest

Principal

THE BOSTON CONSULTING GROUP

Tel. +27 11 245 1647 • Mobile +27 83 657 8352

From: Reinette Slabbert [<mailto:ReinetteSlabbert@flysaa.com>]
Sent: Thursday, January 16, 2014 10:39 AM
To: Wuest Martin
Cc: Shireen Subroyen
Subject: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.
Importance: High

Dear Martin,

Good morning to you.

Please submit the following clarification most urgently by close of business today:

- **Pricing options (Part 7)**

Please clarify the variable costs in terms of each option. Does this refer to a reduction of the fixed fee or gain share relating to the implementation phase?

Awaiting your most urgent response.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com
Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Wuest Martin [<mailto:Wuest.Martin@bcg.com>]
Sent: 06 December 2013 08:34 AM
To: Reinette Slabbert
Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 5. REMINDER OF THE CLOSING DATE OF THE TENDER

Dear Reinette,

Just to let you know we will be submitting our response as a hard copy document this morning (due to soft copy file size being quite large which may be over your email limit size).

Please do not hesitate to get in touch should you require any further information.

Kind Regards,

Martin Wuest
Principal
THE BOSTON CONSULTING GROUP
Tel. +27 11 245 1647 • Mobile +27 83 657 8352

From: Reinette Slabbert [<mailto:ReinetteSlabbert@flysaa.com>]
Sent: Thursday, December 05, 2013 5:50 PM
To: jschoefer@relconsultancy.com; ericw@regiments.co.za; lithan@regiments.co.za; nivenp@regiments.co.za; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za;

solly@xabiso.co.za; bashier@nexia-sabt.co.za; suzel@zeelie.com; edgarr@rakoma.co.za; lmabokela@sekela.co.za; victors@sng.co.za; a.craker@iqgroup.net; Christina_Planert@mckinsey.com; Wuest Martin; Kasimu, Gerald (gerald.kasimu@kpmg.co.za); rob.bezuidenhout@kpmg.co.za; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com; pbhana@deloitte.co.za; smda@deloitte.co.za

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 5. REMINDER OF THE CLOSING DATE OF THE TENDER

Importance: High

Dear Bidders,

Good afternoon everybody.

Just a reminder that the abovementioned tender is closing tomorrow morning, 06 December 2013 at 11h00 local time.

Thanks

Reinette Slabbert | Commodity Manager | GSM



Mobile: 083 700 5809 |



Phone: +2711-978-3753 |



E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 04 December 2013 07:23 AM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; a.craker@iqgroup.net; Christina_Planert@mckinsey.com; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com; 'pbhana@deloitte.co.za'; 'smda@deloitte.co.za'

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 5. PAYMENT OF NON REFUNDABLE TENDER FEE

Importance: High

Dear Bidders,

Just a reminder that there is a non-refundable tender fee of ZAR 1,000.00 applicable and proof of payment must be submitted with the tender document.

Reagrds

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |
  Phone: +2711-978-3753 |
  E-Mail:
ReinetteSlabbert@flysaa.com
 Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert
Sent: 02 December 2013 12:30 PM
To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; a.craker@iggroup.net; Christina.Planert@mckinsey.com; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com
Cc: Shireen Subroyen
Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 4
Importance: High

Dear Bidders,

Good afternoon everybody.

This serves to confirm that the closing date and time of the above RFP is extended to 06 December 2013 at 11h00 local time. No other extension will be considered.

Please also remember bids can also be submitted via e-mail to tenders@flysaa.com or mandycoetser@flysaa.com

It remains the responsibility of the bidders to ensure bids get submitted on time .

Please acknowledge receipt.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |
  Phone: +2711-978-3753 |
  E-Mail:
ReinetteSlabbert@flysaa.com
 Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert
Sent: 01 December 2013 05:16 PM
To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; a.craker@iggroup.net; Christina.Planert@mckinsey.com; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. RESPONSE TO QUESTIONS SERIAL NUMBER 3 (DUPLICATION)

Importance: High

Dear Bidders,

Serial nr 3 was duplicated.

Attached herewith please find the question as well as the SAA responses to the duplicated serial nr 3.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 01 December 2013 05:10 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; a.craker@iqgroup.net; Christina.Planert@mckinsey.com; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. RESPONSE TO QUESTIONS SERIAL NUMBER 2

Importance: High

Dear Bidders,

Attached herewith please find the question posed as serial nr 2 and the SAA response.

Can I please ask an urgent question: For the client references, the RFP states on "company letterhead" - which letterhead is meant here, ours as bidder ? Or the client's letterhead? The logistics of procuring on clients' letterhead would be very challenging given the short deadline.

SAA response:

This references needs to be on client letter heads.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 01 December 2013 05:05 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; a.craker@iqgroup.net; Christina.Planert@mckinsey.com; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. RESPONSE TO QUESTIONS SERIAL NUMBER 1

Importance: High

Dear Bidders,

Attached herewith please find the questions and SAA response to this set of questions.

We have a question regarding the Project Scope and Goals:

Is it correct to assume that SAA expects a proposal that ranges beyond the mere analysis and suggestion of measures to SAA, but particularly includes assisting SAA in the design and implementation of these measures, for example through

- Extensive SAA staff involvement, training and coaching for sustainable results
- Design & Implementation of process improvements/solutions that remain with SAA
- Progress monitoring through implemented KPIs
- The implementation phase would then provide the foundation for a profit share/variable payment option based on results achieved.

SAA response:

Answer to all the questions are yes as per the scope of work.

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 01 December 2013 04:56 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; a.craker@iggroup.net; Christina.Planert@mckinsey.com; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. RESPONSE TO QUESTIONS SERIAL NUMBER 3

Importance: High

Dear Bidders,

Attached herewith please find the questions and answers posed as serial nr 3.

Thanks

I have a few clarification questions relating to the RFP unlocking of working capital (GSM 085/13)

The questions are in relation to the confidential information you sent. I would appreciate if you could kindly provide clarification on the following points relating to information in the spreadsheet you provided:

1. If the totals of the five worksheets are added (i.e., SAA, Cargo, SAAT, SATC, Air Chef) does this then constitute the SAA group total? **Essentially yes.**
2. What is the unit for each of the worksheets? (i.e. is the unit for the "SAA" and "Mango" worksheet in ZAR '000?) **R000**
3. What are the reasons for accounts payable always being negative for "Cargo"? **Ignore – the “,” indicates a credit**
4. What are the reasons for inventories being zero for "Cargo" and "SATC"? **No inventory**
5. What are the reasons for total revenue always being negative for "SATC"? **“-“ reflects credit**
6. Is the data for South African Express Airways included in the data? If yes, under which worksheet is it included? **No – not part of the SAA Group.**

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail: ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 01 December 2013 04:53 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za';

'nivenp@regiments.co.za'; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; a.craker@iqgroup.net; Christina.Planert@mckinsey.com; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. RESPONSE TO QUESTIONS SERIAL NUMBER 4

Importance: High

Dear Bidders,

Four sets of questions was posed by bidders during the tender process.

Attached herewith please find the questions and response to the questions posed as serial nr 4.

Thank you for the information and for awarding our firm the opportunity to submit our proposal. Edgar and I are busy on the proposal and we had a few questions with regards to the financials as below which will assist us in the preparation:

SAA

1. Do you have a further breakdown of what else constitutes Receivables besides the Trade Receivables?
2. What is the percentage of Receivables that's past due?
3. What is the nature of the inventory?
4. Are there any long term commitments (loans and capital) that are payable in the current period?
5. Do you have the breakdown of the nature of the other payables excluding the Trade payables already specified?

SATC

6. In some months, the Trade receivables are greater than the receivables balance.

General / All

7. Will you be able to provide consolidated financial statements?
8. Please may we have the net profit figure excluding the non-cash items?

Response from SAA;

Please visit our website www.flysaa.com and bidders can find all the Annual Financial reports posted there until 2012.

SATC is not a concern at this stage.

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 29 November 2013 03:44 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; a.craker@iggroup.net; Christina.Planert@mckinsey.com; Wuest Martin (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za); 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com); vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 3. CLOSING DATE OF RFP

Importance: High

Dear Bidders,

Good afternoon everybody.

There was requests for extension of the closing date. The CFST was deliberating on this but unfortunately the date cannot be extended and will remain 04 December 2013 at 11h00 local time.

Just a reminder that you can also submit your bids via e-mail to tenders@flysaa.com or mandycoetser@flysaa.com

We are looking forward in receiving your bids.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 26 November 2013 01:18 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com';

'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za';
a.craker@iqgroup.net; Christina.Planert@mckinsey.com; Wuest Martin
 (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za);
 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul
 Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com);
vikram.krishnan@oliverwyman.com

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST
 THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 2

Dear Bidders,

Good afternoon everybody.

There is a considerable amount of NDA's outstanding.

Please submit the signed NDA's most urgently.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:

ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 21 November 2013 11:54 AM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za';
 'nivenp@regiments.co.za'; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za;
 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com';
 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za';
a.craker@iqgroup.net; Christina.Planert@mckinsey.com; Wuest Martin
 (Wuest.Martin@bcg.com); Kasimu, Gerald (gerald.kasimu@kpmg.co.za);
 'rob.bezuidenhout@kpmg.co.za'; Refilwe Mabihi (refilwem@motheoca.co.za); 'Paul
 Serote' (pauls@motheoca.co.za); Lilo Mkhwanazi (LiloM@sng.za.com)

Cc: Shireen Subroyen

Subject: RE: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST
 THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL. UPDATE NR 1

Dear Bidders,

Good morning to you.

- 1) SAA annual report for 2013:

This report is not available as yet and will only be available after the Annual General Meeting of which the date is not known at this stage.

- 2) SAA Confidential Financial Information:

This will be available shortly and will only be distributed to bidders that have submitted the signed NDA documents.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:
ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

From: Reinette Slabbert

Sent: 19 November 2013 04:22 PM

To: 'jschoefer@relconsultancy.com'; 'ericw@regiments.co.za'; 'lithan@regiments.co.za'; 'nivenp@regiments.co.za'; nhlamu.dlomu@kpmg.co.za; thpillay@deloitte.co.za; 'solly@xabiso.co.za'; 'bashier@nexia-sabt.co.za'; 'suzel@zeelie.com'; 'edgarr@rakoma.co.za'; 'lmabokela@sekela.co.za'; 'victors@sng.co.za'; a.craker@iqggroup.net; Christina.Planert@mckinsey.com; Wuest Martin (Wuest.Martin@bcg.com)

Cc: Shireen Subroyen

Subject: GSM 085/13: RFP FOR THE APPOINTMENT OF A CONSULTANT TO ASSIST THE SAA GROUP WITH THE UNLOCKING OF WORKING CAPITAL.

Importance: High

Dear Bidders,

Good afternoon everybody.

Attached herewith please find the following documents:

- RFP 085/13.
- NDA related to the RFP.

There is confidential financial information available that will be submitted but it will only be submitted once the NDA agreement has been signed and e-mailed back.

Please take note of the funding point that forms part of the scope of work (Part 3) of the RFP document.

All correspondence needs to be via e-mail and we will respond as soon as possible to all questions.

Thanks

Reinette Slabbert | Commodity Manager | GSM

 Mobile: 083 700 5809 |  Phone: +2711-978-3753 |  E-Mail:
ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

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Best Airline in Africa
For the 11th consecutive year

Directors

DC Myeni* (Chairperson), M Kalawe (Chief Executive Officer), WH Meyer (Chief Financial Officer), A Khumalo*, N. Kubeka*, Y Kwinana*, R Lepule*, A Mabizela*, B Mpondo*, R Naithani*(Indian), LG Nkosi-Thomas*, C Roskrugue*

*Non-Executive Director

Company Secretary - Sandile Dlamini

South African Airways SOC Ltd Reg. No. 1997/022444/30

The Boston Consulting Group, Inc.

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Innocentia Ngubeni

From: christina_planert@mckinsey.com
Sent: Thursday, 06 February 2014 11:08
To: Reinette Slabbert
Cc: Phetolo Ramosebudi; nomfanelo_magwentshu@external.mckinsey.com; marlene_vorster@mckinsey.com
Subject: Re: GSM 085/13: APPOINTMENT OF A CONSULTANT TO ASSIST SAA WITH THE UNLOCKING OF WORKING CAPITAL: LETTER OF APPOINTMENT
Attachments: 20140205 appointment letter SAA_signed McK.pdf

Dear Reinette,

Thank you very much again for the appointment and the trust in our partnership.

Please find attached the signed appointment letter.

I know we are trying to connect to find a suitable slot for the meeting next week.

Ahead of this meeting, would you be able to give us an indication as to when SAA would like to start the work, i.e., for when should we try to have a full time team on the ground?

Thank you very much,
Christina

(See attached file: 20140205 appointment letter SAA_signed McK.pdf)

Christina Planert | Principal
McKinsey & Company | Sandown Mews, East, 88 Stella Street | 2196 Sandown | Republic of South Africa
Direct +27 11 506-8138 | Fax +27 11 506-9138 | Mobile +27 82 329-8138 | Internal 327-8138
christina_planert@mckinsey.com

Assistant **Marlene Vorster** | Direct +27 11 506-8081 | Fax +27 11 506-9081 | Mobile +27 83 320-4606 | Internal 327-8081
marlene_vorster@mckinsey.com

▼ **Reinette Slabbert** ---2014/02/05 04:05:51 PM---Dear Christina, Good afternoon to you.

From: Reinette Slabbert <ReinetteSlabbert@flysaa.com>
To: "Christina_Planert@mckinsey.com" <Christina_Planert@mckinsey.com>,
Cc: "nomfanelo_magwentshu@external.mckinsey.com" <nomfanelo_magwentshu@external.mckinsey.com>, Phetolo Ramosebudi <PhetoloRamosebudi@flysaa.com>
Date: 2014/02/05 04:05 PM
Subject: GSM 085/13: APPOINTMENT OF A CONSULTANT TO ASSIST SAA WITH THE UNLOCKING OF WORKING CAPITAL: LETTER OF APPOINTMENT

Dear Christina,

Good afternoon to you.

Attached herewith please find the above Letter of Appointment for your review and signature.

A "kick off" meeting will be scheduled for early next week to discuss the appointment and execution of the project.

Please submit the signed copy of the document a.s.a.p

Thanks

Reinette Slabbert | Commodity Manager | GSM



Mobile: 083 700 5809 |



Phone: +2711-978-3753 |



E-Mail: ReinetteSlabbert@flysaa.com

Open Plan Office, 4th Floor Block A, Airways Park- Johannesburg- South Africa

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Directors

DC Myeni* (Chairperson), M Kalawe (Chief Executive Officer), WH Meyer (Chief Financial Officer), A Khumalo*, N. Kubeka*, Y Kwinana*, R Lepule*, A Mabizela*, B Mpondo*, R Naithani*(Indian), LG Nkosi-Thomas*, C Roskrige*

*Non-Executive Director

Company Secretary - Sandile Dlamini

South African Airways SOC Ltd Reg. No. 1997/022444/30

[attachment "img-205154904-0001.pdf" deleted by Christina Planert/JOH/Africa/MCKINSEY]

+=====+
This email is confidential and may be privileged. If you have received it in error, please notify us immediately and then delete it. Please do not copy it, disclose its contents or use it for any purpose.
+=====+

Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB
Sent: Monday, 20 April 2015 12:51
To: Danie Smit Transnet JHB
Subject: Regiments 1064 locomotive mandate
Attachments: Regiments 1064 locomotive mandate.docx

Hi Danie,

Please put on the memo to Anoj from me

17th April 2015

Regiments was mandated as a Transaction Advisor in March 2014 to assist Transnet in all the commercial and financial aspects related to the acquisition and subsequent funding of the 1064 locomotives to be acquired as part of its capital expenditure program.

The commercial negotiations resulted in the selection of four locomotives suppliers, namely General Electric, Bombardier, China South Rail and China North Rail. In this regard Regiments provided all the necessary technical support, including building cost escalation models and total cost of ownership models, to inform and guide the negotiation process.

Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives Transnet from GE, Bombardier, CNR and CSR. Regiments prepared a detailed funding plan for Transnet considering the following:

- Evaluation of all funding sources;
 - Matching of assets and liabilities;
 - Evaluation of the useful life of all underlying assets
 - Identification and management of all financial risks (including liquidity, interest rate, credit and currency risks).
- As part of the prepared funding plan, Regiments assisted in the evaluation and comparative analysis of a number of funding sources including:
 - US Exim funding for the GE locomotives
 - EDC funding for the Bombardier Funding
 - Bond issuance under Transnet's DMTN and GMTN
 - China Development Bank (CDB), Sinosure, China Exim funding for the Chinese locomotives
- Regiments assisted Transnet in the negotiations with all of the identified Chinese potential funders (as identified above), and in particular with the detailed and protracted negotiations with CDB
- Regiments assistance in these detailed negotiations with CDB resulted in the following tangible outcomes:
 - A fifteen year amortising profile was negotiated, as opposed to CDB's proposed 10 year amortising profile (the longer duration provides a better asset/liability match)
 - The capital grace period was extended from 36 months to 54 months, thereby lengthening the duration of the loan profile further- in line with the asset/liability matching requirements
 - CDB's initial pricing of 300bp over 6 month Libor, was successfully negotiated to the final agreed margin of 257bp over Libor- a saving of 43bp **(a net present value benefit of \$64.5m- based on the \$2,5bn facility)**

- The reference interest rate for the CDB loan was 6 month Libor. Regiments assisted Transnet in negotiating for a change of the reference interest rate from 6 month Libor to 3 month Libor. This change translates to a significant financial benefit when the liability is converted from a USD loan to a ZAR loan (as required by Transnet FRM framework) and, the interest rate then convert the ZAR loan from floating to fixed. The benefit derived from the change of the 6 month libor to the 3 month libor is expected to be in the region of 40 bps at the point that Transnet chooses to fix the resulting 3 month Jibar linked interest rate. (The current market pricing difference between a NACQ and NACS swap of float to fixed for this loan profile amounts to a pricing premium of approx. 40bp on the NACS profile). This NPV difference is approx. R720m- for the \$2.5bn loan
- In the course of the commercial negotiations with CDB, CDB decided (on its own initiative) to test the cross currency swap pricing on this transaction with 8 banks. The effect of this unauthorised action (given the illiquid nature of the ZAR CCS market), was to cause an adverse pricing move for Transnet. Subsequent to this Regiments assisted Transnet in evaluating all options that would allow for Transnet to complete this transaction at fair pricing. Regiments advised Transnet that the transaction should be hedged with a single counterpart of substance, willing to place balance sheet behind the transaction. It is in this light that Regiments assisted Transnet in the selection of J P Morgan as the CCS counterpart.
- In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Regiments recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS)
- Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Framework (FRM). The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, and the 3 month (as opposed to the 6 month Jibar), have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure of the interest cover ratio, or the company cash flows
- Regiments has assisted Transnet in negotiating with a number of potential Chinese sources of ZAR funding for the ZAR syndicated loan facility, including:
 - ICBC (R2bn funding- term sheet to be provided this week)
 - Bank Of China (R6bn – term sheet to be provided this week)
 - China Construction Bank (Potential of R2bn- negotiations to be finalised)
 - Sinasure- (Pursued the potential for a ZAR guarantee)

The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of between 15 and 25 bps on the yield as reflected in the NPV calculation below. This success fee was to be added to the Cross Currency Swap and included in the ZAR yield payable by Transnet

This final success fee in bps will be mutually agreed between Transnet and Regiments, and the table below illustrates the NPV of the success fee for a range of fee outcomes.

Success fee in bps	Success fee in Rand (NPV)
15	166.3 mil
20	221.7 mil
25	277.2 mil

Ntokozo Zama

From: Danie Smit Transnet JHB
Sent: Monday, 20 April 2015 17:08
To: Phetolo Ramosebudi Transnet Corporate JHB
Subject: Fwd: Regiments_Loco_funding_20 April 2015
Attachments: PAYMENT OF FEES REGIMENTS AS TRANSACTION ADVISORS.docx; ATT00001.htm

Sent from my iPhone

Begin forwarded message:

From: "Betsie van_Heerden Transnet JHB" <Betsie.van_Heerden@transnet.net>
Date: 20 April 2015 at 3:46:16 PM SAST
To: "Danie Smit Transnet JHB" <Danie.Smit@transnet.net>
Subject: RE: Regiments_Loco_funding_20 April 2015

Done!

From: Danie Smit Transnet JHB
Sent: 20 April 2015 03:23 PM
To: Betsie van_Heerden Transnet JHB
Subject: Regiments_Loco_funding_20 April 2015

Hi Betsie,

Cosmetics and mail back to me pse.

Tx

Danie

Transnet SOC Ltd
Registration
Number
1990/000900/30

Carlton Centre
150 Commissioner
Str. Johannesburg
2001

P.O. Box 72501
Parkview
South Africa, 2122
T +27 11 308 2613
F +27 11 308 2699



MEMORANDUM

www.transnet.net

To : **Anoj Singh**, Group Chief Financial Officer

From : **Phetolo Ramosebudi**, Group Treasurer

SUBJECT : **PAYMENT OF FEES – REGIMENTS AS TRANSACTION ADVISORS
TO ACQUIRE FUNDING FOR 1064 LOCO'S**

PURPOSE:

1. To obtain the approval from the Group Chief Financial Officer to authorise the fee structure with Regiments as transaction advisors on the 1064 locomotive funding structures.

BACKGROUND:

2. Regiments was mandated as a Transaction Advisor in March 2014 to assist Transnet in all the commercial and financial aspects related to the acquisition and subsequent funding of the 1064 locomotives to be acquired as part of its capital expenditure program. The commercial negotiations resulted in the selection of four locomotives suppliers, namely General Electric, Bombardier, China South Rail and China North Rail. In this regard Regiments provided all the necessary technical support, including building cost escalation models and total cost of ownership models, to inform and guide the negotiation process. Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives Transnet from GE, Bombardier, CNR and CSR. Regiments prepared a detailed funding plan for Transnet considering the following:
 - 2.1 Evaluation of all funding sources;
 - 2.2 Matching of assets and liabilities;
 - 2.3 Evaluation of the useful life of all underlying assets; *and*
 - 2.4 Identification and management of all financial risks (including liquidity, interest rate, credit and currency risks).

DISCUSSION:

3. As part of the prepared funding plan, Regiments assisted in the evaluation and comparative analysis of a number of funding sources including:
 - 3.1 US Exim funding for the GE locomotives;
 - 3.2 EDC funding for the Bombardier Funding;
 - 3.3 Bond issuance under Transnet's DMTN and GMTN; *and*
 - 3.4 China Development Bank (CDB), Sinasure, China Exim funding for the Chinese locomotives.
4. Regiments assisted Transnet in the negotiations with all of the identified Chinese potential funders (as identified above), and in particular with the detailed and protracted negotiations with CDB.
5. Regiments assistance in these detailed negotiations with CDB resulted in the following tangible outcomes:
 - 5.1 A fifteen year amortising profile was negotiated, as opposed to CDB's proposed 10 year amortising profile (the longer duration provides a better asset/liability match).
 - 5.2 The capital grace period was extended from 36 months to 54 months, thereby lengthening the duration of the loan profile further- in line with the asset/liability matching requirements.
 - 5.3 CDB's initial pricing of 300bp over 6 month Libor, was successfully negotiated to the final agreed margin of 257bp over Libor- a saving of 43bp (a net present value benefit of \$64.5m- based on the \$2.5bn facility)
 - 5.4 The reference interest rate for the CDB loan was 6 month Libor. Regiments assisted Transnet in negotiating for a change of the reference interest rate from 6 month Libor to 3 month Libor. This change translates to a significant financial benefit when the liability is converted from a USD loan to a ZAR loan (as required by Transnet FRM framework) and, the interest rate then convert the ZAR loan from floating to fixed. The benefit derived from the change of the 6 month libor to the 3 month libor is expected to be in the region of 40 bps at the point that Transnet chooses to fix the resulting 3 month Jibar linked interest rate. (The current market pricing difference between a NACQ and NACS swap of float to fixed for this loan profile amounts to a pricing premium of approx. 40bp on the NACS profile). This NPV difference is approx. R720m- for the \$2.5bn loan
 - 5.5 In the course of the commercial negotiations with CDB, CDB decided (on its own initiative) to test the cross currency swap pricing on this transaction with 8 banks.

The effect of this unauthorised action (given the illiquid nature of the ZAR CCS market), was to cause an adverse pricing move for Transnet. Subsequent to this Regiments assisted Transnet in evaluating all options that would allow for Transnet to complete this transaction at fair pricing. Regiments advised Transnet that the transaction should be hedged with a single counterpart of substance, willing to place balance sheet behind the transaction. It is in this light that Regiments assisted Transnet in the selection of J P Morgan as the CCS counterpart.

- 6. In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Regiments recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS).
- 7. Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet’s Financial Risk Framework (FRMF). The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, and the 3 month (as opposed to the 6 month Jibar), have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure of the interest cover ratio, or the company cash flows.
- 8. Regiments has assisted Transnet in negotiating with a number of potential Chinese sources of ZAR funding for the ZAR syndicated loan facility, including:
 - 8.1 ICBC (R2bn funding- term sheet to be provided this week);
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 - 8.3 China Construction Bank (Potential of R2bn- negotiations to be finalised); *and*
 - 8.4 Sinosure- (Pursued the potential for a ZAR guarantee).
- 9. The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of between 15 and 25 bps on the yield as reflected in the NPV calculation below. This success fee was to be added to the Cross Currency Swap and included in the ZAR yield payable by Transnet.
- 10. This final success fee in bps will be mutually agreed between Transnet and Regiments, and the table below illustrates the NPV of the success fee for a range of fee outcomes.

Success fee in bps	Success fee in Rand (NPV)
15	166.3 mil
20	221.7 mil
25	277.2 mil

BUDGET IMPLICATIONS:

11. The success fee explained above is included in the budget of the office of the GCFO.

FINANCIAL IMPLICATIONS:

12. The financial implications are covered in paragraph 4 above and the final amount will be dependent on the outcome of discussions with Regiments.

RECOMMENDATION:

13. It is recommended that the Group Chief Financial Officer authorises the fee structure with Regiments as transaction advisors on the 1064 locomotive funding structures.

Compiled by:

Phetolo Ramosebudi

Group Treasurer

Date:

Approved/Not Approved:

Anoj Singh

Group Chief Financial Officer

Date:

Transnet SOC Ltd
Registration
Number
1990/000900/30

Carlton Centre
150 Commissioner
Str. Johannesburg
2001

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Parkview
South Africa, 2122
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F +27 11 308 2699



MEMORANDUM

www.transnet.net

To : **Anoj Singh**, Group Chief Financial Officer

From : **Phetolo Ramosebudi**, Group Treasurer

SUBJECT : **PAYMENT OF FEES – REGIMENTS AS TRANSACTION ADVISORS
TO ACQUIRE FUNDING FOR 1064 LOCO'S**

PURPOSE:

1. To obtain the approval from the Group Chief Financial Officer to authorise the fee structure with Regiments as transaction advisors on the 1064 locomotive funding structures.

BACKGROUND:

2. Regiments was mandated as a Transaction Advisor in March 2014 to assist Transnet in all the commercial and financial aspects related to the acquisition and subsequent funding of the 1064 locomotives to be acquired as part of its capital expenditure program. The commercial negotiations resulted in the selection of four locomotives suppliers, namely General Electric, Bombardier, China South Rail and China North Rail. In this regard Regiments provided all the necessary technical support, including building cost escalation models and total cost of ownership models, to inform and guide the negotiation process. Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives Transnet from GE, Bombardier, CNR and CSR. Regiments prepared a detailed funding plan for Transnet considering the following:
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DISCUSSION:

3. As part of the prepared funding plan, Regiments assisted in the evaluation and comparative analysis of a number of funding sources including:
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RECOMMENDATION:

13. It is recommended that the Group Chief Financial Officer authorises the fee structure with Regiments as transaction advisors on the 1064 locomotive funding structures.

Compiled by:

Phetolo Ramosebudi

Group Treasurer

Date:

Approved/Not Approved:

Anoj Singh

Group Chief Financial Officer

Date:

17th April 2015

Regiments was mandated as a Transaction Advisor in March 2014 to assist Transnet in all the commercial and financial aspects related to the acquisition and subsequent funding of the 1064 locomotives to be acquired as part of its capital expenditure program.

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21 April 2015

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- Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Regiments' has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
- Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Framework (FRM).
- Regiments has assisted Transnet in negotiating with a number of potential Chinese sources of ZAR funding for the ZAR syndicated loan facility, including:
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- Regiments' advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market.

The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 2.7 billion.

In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%. The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.

The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of 15 bps on the yield as reflected in the NPV calculation below, payable on conclusion of the funding and hedging documents with CDB and JP Morgan.

This final success fee in bps will be mutually agreed between Transnet and Regiments, and the table below illustrates the NPV of the success fee.

Success fee in bps	Success fee in Rand (NPV)
15	166.3 mil

Ntokozo Zama

From: Tewodros Gebreselasie
Sent: Tuesday, 21 April 2015 18:07
To: Anoj Singh Corporate JHB; Phetolo Ramosebudi Transnet Corporate JHB
Cc: Eric Wood
Subject: Regiments 1064 locomotive mandate 2015 04 21v2
Attachments: Regiments 1064 locomotive mandate 2015 04 21v2.docx

Dear Anoj and Phetolo,

Please find attached the updated document on Regiments role on the funding from Chinese locomotive suppliers.

Kind regards

TED

21 April 2015

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Ntokozo Zama

From: Eric Wood
Sent: Wednesday, 22 April 2015 10:45
To: Anoj Singh Corporate JHB; Phetolo Ramosebudi Transnet Corporate JHB
Cc: Tewodros Gebreselasie
Subject: Regiments 1064
Attachments: Regiments 1064 locomotive mandate 2015 04 21v2.docx

Hi Anoj and Phetolo
I have attached the JP doc with the discussed updates
Regards
Eric

Eric Wood
Executive Director
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CAPITAL MARKETS | REAL ESTATE | INVESTMENTS



REGIMENTS
Enabling Progress

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21 April 2015

Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives Transnet from GE, Bombardier, CNR and CSR. Regiments prepared a detailed funding plan for Transnet considering the following:

- Evaluation of all funding sources;
 - Matching of assets and liabilities;
 - Evaluation of the useful life of all underlying assets
 - Identification and management of all financial risks (including liquidity, interest rate, credit and currency risks).
- As part of the prepared funding plan, Regiments assisted in the evaluation and comparative analysis of a number of funding sources including:
 - US Exim funding for the GE locomotives
 - EDC funding for the Bombardier Funding
 - Bond issuance under Transnet's DMTN and GMTN
 - China Development Bank (CDB), Sinosure, China Exim funding for the Chinese locomotives
- Regiments assisted Transnet in the negotiations with all of the identified Chinese potential funders (as identified above), and in particular with the detailed and protracted negotiations with CDB
- Regiments assistance in these detailed negotiations with CDB resulted in the following tangible outcomes:
 - A fifteen year amortising profile was negotiated, as opposed to CDB's proposed 10 year amortising profile (the longer duration provides a better asset/liability match)
 - The capital grace period was extended from 36 months to 54 months, thereby lengthening the duration of the loan profile further, in line with the asset/liability matching requirements
 - CDB's initial pricing of 300bps over 6 month Libor, was successfully negotiated to the final agreed margin of 257bps over Libor - a saving of 43bps (**a net present value benefit of \$64.5m based on the \$2.5bn facility**)
 - The reference interest rate for the CDB loan was 6 month Libor. Regiments assisted Transnet in negotiating for a change of the reference interest rate from 6 month Libor to 3 month Libor. This change translates to a significant financial benefit when the liability is converted from a USD loan to a ZAR loan (as required by Transnet FRM framework) and, the interest rate then convert the ZAR loan from floating to fixed. The benefit derived from the change of the 6 month libor to the 3 month libor is expected to be in the region of 40 bps at the point that Transnet chooses to fix the resulting 3 month Jibar linked interest rate. (The current market pricing difference between a NACQ and NACS swap of float to fixed for this loan profile amounts to a pricing premium of approx. 40bp on the NACS profile). This NPV difference is approx. R720m- for the \$2.5bn loan
 - In the course of the commercial negotiations with CDB, CDB decided (on its own initiative) to test the cross currency swap pricing on this transaction with 8 banks. The effect of this unauthorised action (given the illiquid nature of the ZAR CCS market), caused an adverse pricing move for Transnet. Subsequent to this Regiments assisted Transnet in evaluating all options that would allow for Transnet to complete this transaction at fair pricing. Regiments advised Transnet that the transaction should be

hedged with a single counterpart of substance, willing to place balance sheet behind the transaction. It is in this light that Regiments assisted Transnet in the selection of J P Morgan as the CCS counterparty.

- In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Regiments recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS).
- In order to further reduce the effective cost of the foreign sourced funding from CDB, Regiments proposed a number of enhancement solutions (including currency options, credit default swaps and extinguishing swaps). Regiments assisted Transnet in the evaluation and negotiation of the final selected enhancement solution (CCDS). This enhancement solution has the effect of reducing the effective ZAR cost of the CDB by 112bp (a net present value benefit to Transnet of approx. R1.2bn)
- Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Regiments' has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
- Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Framework (FRM).
- Regiments has assisted Transnet in negotiating with a number of potential Chinese sources of ZAR funding for the ZAR syndicated loan facility, including:
 - ICBC (R2bn funding- term sheet to be provided this week)
 - Bank Of China (R6bn – term sheet to be provided this week)
 - China Construction Bank (Potential of R2bn- negotiations to be finalised)
 - Sinosure - (Pursued the potential for a ZAR guarantee)
- Regiments' advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market.

The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, the change in the applicable reference rate (3 month as opposed to the 6 month Jibar), and the application of the CCDS structure have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 3.9 billion.

In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%. The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.

The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of 15 bps on the yield as reflected in the NPV calculation below, payable on conclusion of the funding and hedging documents with CDB and JP Morgan.

This final success fee in bps will be mutually agreed between Transnet and Regiments, and the table below illustrates the NPV of the success fee.

Success fee in bps	Success fee in Rand (NPV)
15	166.3 mil

Ntokozo Zama

From: Yusuf Mahomed Transnet Corporate JHB
Sent: Thursday, 23 April 2015 07:59
To: Phetolo Ramosebudi Transnet Corporate JHB; Danie Smit Transnet JHB
Cc: Norman Mbazo Corporate JHB
Subject: JP and Reg Confinement 20042015
Attachments: JP and Reg Confinement 20042015.docx

Hi

Pleaser review and track the attached and add to the highlighted section.

Need this back before 10 am please

Regards
Yusuf

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MEMORANDUM

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TO : The Acquisitions and Disposals Committee

FROM : Siyabonga Gama, Acting Group Chief Executive

SUBJECT : REQUEST TO APPOINT JP MORGAN AND REGIMENTS CAPITAL TO CONCLUDE ON THE CHINA DEVELOPMENT BANK LOAN (CDB)

PURPOSE OF SUBMISSION:

1. The purpose of the submission is to request the Acquisitions and Disposals Committee (ADC) to:
 - 1.1. Approve the appointment of JP MORGAN to hedge the US\$ 2,5 billion exposure back into ZAR;
 - 1.2. Approve the payment of a maximum of R166 million to Regiments Capital for the support to Transnet for the funding plan including the following:
 - 1.2.1. Evaluation of all funding sources;
 - 1.2.2. Matching of assets and liabilities;
 - 1.2.3. Evaluation of the useful life of all underlying assets
 - 1.2.4. Identification and management of all financial risks (including liquidity, interest rate, credit and currency risks).
 - 1.3. Delegate authority to the GCE to approve all documentation related to this confinement.

DISCUSSION:

JP MORGAN

2. Transnet has signed the mandate letter and Term sheet for the US\$2.5 billion 15-year amortizing loan from China Development Bank ("CDB") to finance 232 and 359 locomotives from China North Railways ("CNR") and China South Railways ("CSR"), respectively.
3. The Board approved the transaction during August 2014.
4. Transnet's risk management policies require the currency exposure to be hedged back into Rand
5. The size and tenor of the loan is exceptionally large for the South African market. To quantify this:
6. A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion
7. The USD:ZAR basis market which can easily move up or down by 25bps in a single day, equivalent to R370 million on a loan of \$2.5 billion
8. There are two ways to execute a hedge of this magnitude:

- 8.1. Transnet could approach a number of banks and ask for quotes, and then select the bank (or banks) with the lowest quotes, or
- 8.2. Transnet could work in strict confidence with one bank to execute the hedge so that the market is entirely unaware of the hedge until after it is concluded
9. Transnet should choose the route that delivers the lowest Rand funding for Transnet
10. The first route (approach a number of banks) is optically attractive – banks are put into open competition – but it is certain to lead to materially higher Rand funding for Transnet as the basis swap may increase.
11. We are confident in this assertion because unfortunately, this exact route was tested and proven by CDB with disastrous results in April 2014:
 - 11.1. In April 2014, CDB evaluated providing the loan in ZAR to Transnet, and approached several banks for an indicative price on a USD:ZAR cross currency swap.
 - 11.2. This immediately moved the basis swap market on the screen by 25bps against Transnet and resulted in 15bps wider bid-offers.
 - 11.3. Since each 1bps move costs Transnet R15 million in a higher Rand interest rate, the cumulative cost to Transnet would have been R600 million.
 - 11.4. Prudently, Transnet opted not to proceed and communicated to CDB and to the market that it would pursue other funding avenues for the financing.
 - 11.5. This powerfully demonstrated that absolute confidentiality is critical to obtain the best pricing, and a completely different approach to risk management is required to secure this pricing.
12. To secure the lowest Rand funding, Transnet should instead work with a single bank with a balance sheet large enough to warehouse the risk and execute the currency hedge quietly and in strict confidence
13. In this way the market is completely unaware that the currency hedge is being executed; so complete confidentiality is maintained at all times
14. At the same time, Transnet and the bank agree pricing in advance, so Transnet has complete certainty around the cost of the hedge up front and can deem it to be fair and reasonable
15. J.P. Morgan, with one of the largest bank balance sheets globally, will provide this confidential solution to Transnet. In so doing, we will assume significant market risk.
16. It is therefore vital that the transaction is executed in strict confidence.
17. There are two types of risk that need to be carefully managed in executing this swap:
18. Market risk: A single basis point (0.01%) move up or down during execution represents a R15 million gain or loss to Transnet
 - 18.1. J.P. Morgan can do this because of the large appetite they have to warehouse risk, and because we have a superior ability to tap into several liquidity pools to exit the risk quickly but also smoothly
19. Credit risk: The resulting credit and tenor exposure and on the hedge is significant. We will address this as follows:
 - 19.1. J.P. Morgan has a large appetite and could underwrite the entire transaction whilst holding a significant quantum
 - 19.2. Distribute the rest of the credit risk.
20. What work has JP morgan done for tnet before and successfully executed.

Regiments Capital

21. Post the successful completion of the 1064 locomotive transaction, Regiments was tasked with developing a detailed funding plan on a pure risk basis.
22. Regiments was required to evaluate a number of funding sources including:
 - 22.1. US Exim funding for the GE locomotives
 - 22.2. EDC funding for the Bombardier Funding
 - 22.3. Bond issuance under Transnet's DMTN and GMTN

- 22.4. China Development Bank (CDB), Sinosure, China Exim funding for the Chinese locomotives
23. Assist Transnet with detailed negotiations to achieve the following tangible outcomes:
 - 23.1. Negotiating a better asset/liability match as opposed to CDB's proposed 10 year amortising profile as well as extending the capital grace period thereby lengthening the duration of the loan profile.
 - 23.2. Work with management to reduce the overall CDB's initial pricing of 300bp over 6 month Libor.
 - 23.3. Evaluating all options that would allow for Transnet to complete the CDB transaction at fair pricing.
24. In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Regiments recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS).
25. Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Regiments' has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
26. Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Framework (FRM).
27. Regiments has assisted Transnet in negotiating with a number of potential Chinese sources of ZAR funding for the ZAR syndicated loan facility, including:
 - 27.1. ICBC (R2bn funding- term sheet to be provided)
 - 27.2. Bank Of China (R6bn – term sheet to be provided)
 - 27.3. China Construction Bank (Potential of R2bn- negotiations to be finalised)
 - 27.4. Sinosure- (Pursued the potential for a ZAR guarantee)
28. Regiments' advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market.
29. The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 2.7 billion.
30. In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%. The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.
31. The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction.

32. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of 15 bps on the yield as reflected in the NPV calculation below, payable on conclusion of the funding and hedging documents with CDB and JP Morgan.
33. This final success fee in bps will be mutually agreed between Transnet and Regiments, and the table below illustrates the NPV of the success fee.

Success fee in bps	Success fee in Rand (NPV)
15	R166 million

APPLICABILITY OF THE APPROVED GROUNDS FOR CONFINEMENT:

34. Appended below, for ease of reference, is an extract from the current Procurement Procedure Manual, par 15.1.2, which sets out the grounds for confinement.
- a) Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;
 - b) The goods/services are only obtainable from one supplier/limited number of suppliers. For instance, patented/proprietary goods or OEM spares and components. Operating Divisions are however required to satisfy themselves that there are no new entrants on the market who could also be tested;
 - c) For reasons of standardization or compatibility with existing products and services. A case must be made that deviation from existing standardized goods or services will cause major operational disruption. If not, confinements based on "standardization" will not be considered' or
 - d) When goods or services being procured are highly specialized and largely identical to those previously executed by that supplier and it is not in the interest of the public or the organisation to solicit other tender offers as it would result in wasted money and/or time for Transnet. When this particular ground is intended to be used as a ground for confinement, it is important to note that all prerequisites must be satisfied i.e. the goods or services must be highly specialized, almost identical to previous work done and approaching the market again would result in wasted money and time.
35. We are of the view that this matter continues to comply with ground (a) and (d) as set out below, and the request for confinement is therefore fully supported.

Ground for confinement per Par 15.1.2	Confinement considerations
a. Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;	• Genuine unforeseeable urgency has arisen to close the CDB transaction at current rates in light of the economic circumstances, Eskom credit rating and the impact on the sovereign. • The Transnet`s risk management policies require the currency exposure to be hedged back into Rand • The size and tenor of the loan is exceptionally large for the South African market. • A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion.

	• This could translate into additional costs of R600 million. • Uncertainty of counterparty unwillingness could delay full execution, leaving Transnet exposed to broader FX and rate risks on the USD exposure.

Confidentiality in terms of PPM

36. In light of the risks we have highlighted, Transnet’s key objective should therefore be to engage with a counterparty that is:
- 36.1. Qualified and capable to execute the market risk components efficiently
 - 36.1.1.– Transnet should be offered best advice but also the possibility for full risk transfer on the market risk
 - 36.1.2.– The right trade-off between transparency and confidentiality to ensure a fair and proper outcome
 - 36.2. Prepared to fully underwrite the credit risk arising from the hedge
 - 36.3. Prepared to reduce the credit costs and therefore all-in pricing from the hedge through optimisation of the position
37. There is clearly a trade-off between transparency and confidentiality, in particular, as regards to the market risk components
38. Relying on one price from one bank protects the confidentiality and potential front-running.
39. However, Transnet must avoid a messy execution environment, as seen when CDB asked for indicative pricing from a number of banks for the full transaction earlier this year. We saw the basis swap move 25bps against Transnet within hours, while bid-offers from banks increased dramatically (c. 15bps).
40. If Transnet had been transacting then, this would have crystallised additional transaction costs of c. ZAR600mm, clearly the opposite effect that Transnet would have been seeking through a competitive bidding/procurement process.
41. Moreover, if Transnet had wanted to wait for the market to become ‘unaffected’ again, this would have delayed execution for several months, exposing Transnet to broader market volatility.
42. To secure the lowest Rand funding, Transnet must work with a single bank with a balance sheet large enough to warehouse the risk and execute the currency hedge quietly and in strict confidence.
43. In this way the market is completely unaware that the currency hedge is being executed; so complete confidentiality is maintained at all times.
44. At the same time, Transnet and the bank agree pricing in advance, so Transnet has complete certainty around the cost of the hedge up front and can deem it to be fair and reasonable.
45. It is not in the public interest as there would be additional cost to Transnet.

ENTERPRISE AND SUPPLIER DEVELOPMENT AND BBBEE

46. Supplier development will not be applicable.

DELEGATIONS

47. The appointment of JP Morgan for purposes of the said transaction is silent in the PPM.
48. The GCE has delegations to approve confinements up to R250 million.
49. The ADC’s delegations to approve confinements is from R250 million to R1 billion.

FINANCIAL IMPLICATIONS

50. Given the invaluable contribution of Regiments to the successful conclusion of funding transaction, Regiments is due a success based fee of between 15 and 25 bps on the yield to be added to the Cross Currency Swap and included in the ZAR yield payable by Transnet subject to a maximum of R166 million.
51. The fees for JP Morgan will be part of the market related cost to hedge the exposure to ZAR.

BUDGET IMPLICATIONS

52. The costs have been budgeted as part of the funding plan for 2015/16.

RECOMMENDATION:

53. That the Acquisitions and Disposals Committee (ADC):
- 53.1. Approve the appointment of JP MORGAN to hedge the US\$ 2,5 billion exposure back into ZAR;
 - 53.2. Approve the payment of a maximum of R166 million to Regiments Capital for the support to Transnet for the funding plan including the following:
 - 53.2.1.Evaluation of all funding sources;
 - 53.2.2.Matching of assets and liabilities;
 - 53.2.3.Evaluation of the useful life of all underlying assets
 - 53.2.4.Identification and management of all financial risks (including liquidity, interest rate, credit and currency risks).
 - 53.3. Delegate authority to the GCE to approve all documentation related to this confinement.
- 54.

Compiled by

Phetolo Ramosebudi
Group Treasurer
Date:

Recommended/Not Recommended

Garry Pita
Group Chief Supply Chain Officer
Date:

Recommended/Not Recommended

Anoj Singh
Group Chief Financial Officer
Date:

Recommended/Not Recommended

Siyabonga Gama,
Acting Group Chief Executive
Date:

Ntokozo Zama

From: Danie Smit Transnet JHB
Sent: Thursday, 23 April 2015 08:49
To: Phetolo Ramosebudi Transnet Corporate JHB
Subject: JP and Reg Confinement 20042015
Attachments: JP and Reg Confinement 20042015.docx

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MEMORANDUM

www.transnet.net

TO : The Acquisitions and Disposals Committee

FROM : Siyabonga Gama, Acting Group Chief Executive

SUBJECT : REQUEST TO APPOINT JP MORGAN AND REGIMENTS CAPITAL TO CONCLUDE ON THE CHINA DEVELOPMENT BANK LOAN (CDB)

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DISCUSSION:

JP MORGAN

2. Transnet has signed the mandate letter and Term sheet for the US\$2.5 billion 15-year amortizing loan from China Development Bank ("CDB") to finance 232 and 359 locomotives from China North Railways ("CNR") and China South Railways ("CSR"), respectively.
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10. The first route (approach a number of banks) is optically attractive – banks are put into open competition – but it is certain to lead to materially higher Rand funding for Transnet as the basis swap may increase.
11. We are confident in this assertion because unfortunately, this exact route was tested and proven by CDB with disastrous results in April 2014:
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18. Market risk: A single basis point (0.01%) move up or down during execution represents a R15 million gain or loss to Transnet
 - 18.1. J.P. Morgan can do this because of the large appetite they have to warehouse risk, and because we have a superior ability to tap into several liquidity pools to exit the risk quickly but also smoothly
19. Credit risk: The resulting credit and tenor exposure and on the hedge is significant. We will address this as follows:
 - 19.1. J.P. Morgan has a large appetite and could underwrite the entire transaction whilst holding a significant quantum
 - 19.2. Distribute the rest of the credit risk.
20. Transnet has executed three large cross currency swaps with J P Morgan to hedge currency risk exposures.
 - 20.1. AFLAC loan of JPY 15 billion, hedged in Nov 09 with maturity of 15 Nov 19.
 - 20.2. USD 750 million GMTN issuance, hedged in Feb 11 with maturity of 10 Feb 16.
 - 20.3. USD 500 million GMTN issuance, hedged in Jul 12, with maturity of 26 July 22.
21. Apart from the swaps above, forward exchange contracts are done with J P Morgan on a regular basis for operational and capital imports.
22. J P Morgan has

Regiments Capital

23. Post the successful completion of the 1064 locomotive transaction, Regiments was tasked with developing a detailed funding plan on a pure risk basis.
24. Regiments was required to evaluate a number of funding sources including:
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 - 25.2. Work with management to reduce the overall CDB's initial pricing of 300bp over 6 month Libor.
 - 25.3. Evaluating all options that would allow for Transnet to complete the CDB transaction at fair pricing.
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27. Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Regiments' has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
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 - 29.2. Bank Of China (R6bn – term sheet to be provided)
 - 29.3. China Construction Bank (Potential of R2bn- negotiations to be finalised)
 - 29.4. Sinosure- (Pursued the potential for a ZAR guarantee)
30. Regiments' advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market.
31. The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 2.7 billion.
32. In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current

- weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%. The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.
33. The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction.
34. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of 15 bps on the yield as reflected in the NPV calculation below, payable on conclusion of the funding and hedging documents with CDB and JP Morgan.
35. This final success fee in bps will be mutually agreed between Transnet and Regiments, and the table below illustrates the NPV of the success fee.

Success fee in bps	Success fee in Rand (NPV)
15	R166 million

APPLICABILITY OF THE APPROVED GROUNDS FOR CONFINEMENT:

36. Appended below, for ease of reference, is an extract from the current Procurement Procedure Manual, par 15.1.2, which sets out the grounds for confinement.
- a) Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;
 - b) The goods/services are only obtainable from one supplier/limited number of suppliers. For instance, patented/proprietary goods or OEM spares and components. Operating Divisions are however required to satisfy themselves that there are no new entrants on the market who could also be tested;
 - c) For reasons of standardization or compatibility with existing products and services. A case must be made that deviation from existing standardized goods or services will cause major operational disruption. If not, confinements based on "standardization" will not be considered' or
 - d) When goods or services being procured are highly specialized and largely identical to those previously executed by that supplier and it is not in the interest of the public or the organisation to solicit other tender offers as it would result in wasted money and/or time for Transnet. When this particular ground is intended to be used as a ground for confinement, it is important to note that all prerequisites must be satisfied i.e. the goods or services must be highly specialized, almost identical to previous work done and approaching the market again would result in wasted money and time.
37. We are of the view that this matter continues to comply with ground (a) and (d) as set out below, and the request for confinement is therefore fully supported.

Ground for confinement per Par 15.1.2	Confinement considerations
a. Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;	- Genuine unforeseeable urgency has arisen to close the CDB transaction at current rates in light of the economic circumstances, Eskom credit rating and the impact on the sovereign. - The Transnet`s risk management policies require the currency exposure

	to be hedged back into Rand • The size and tenor of the loan is exceptionally large for the South African market. • A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion. • This could translate into additional costs of R600 million. • Uncertainty of counterparty unwillingness could delay full execution, leaving Transnet exposed to broader FX and rate risks on the USD exposure.

Confidentiality in terms of PPM

38. In light of the risks we have highlighted, Transnet’s key objective should therefore be to engage with a counterparty that is:
- 38.1. Qualified and capable to execute the market risk components efficiently
 - 38.1.1.– Transnet should be offered best advice but also the possibility for full risk transfer on the market risk
 - 38.1.2.– The right trade-off between transparency and confidentiality to ensure a fair and proper outcome
 - 38.2. Prepared to fully underwrite the credit risk arising from the hedge
 - 38.3. Prepared to reduce the credit costs and therefore all-in pricing from the hedge through optimisation of the position
39. There is clearly a trade-off between transparency and confidentiality, in particular, as regards to the market risk components
40. Relying on one price from one bank protects the confidentiality and potential front-running.
41. However, Transnet must avoid a messy execution environment, as seen when CDB asked for indicative pricing from a number of banks for the full transaction earlier this year. We saw the basis swap move 25bps against Transnet within hours, while bid-offers from banks increased dramatically (c. 15bps).
42. If Transnet had been transacting then, this would have crystallised additional transaction costs of c. ZAR600mm, clearly the opposite effect that Transnet would have been seeking through a competitive bidding/procurement process.
43. Moreover, if Transnet had wanted to wait for the market to become ‘unaffected’ again, this would have delayed execution for several months, exposing Transnet to broader market volatility.
44. To secure the lowest Rand funding, Transnet must work with a single bank with a balance sheet large enough to warehouse the risk and execute the currency hedge quietly and in strict confidence.
45. In this way the market is completely unaware that the currency hedge is being executed; so complete confidentiality is maintained at all times.
46. At the same time, Transnet and the bank agree pricing in advance, so Transnet has complete certainty around the cost of the hedge up front and can deem it to be fair and reasonable.
47. It is not in the public interest as there would be additional cost to Transnet.

ENTERPRISE AND SUPPLIER DEVELOPMENT AND BBBEE

48. Supplier development will not be applicable.

DELEGATIONS

49. The appointment of JP Morgan for purposes of the said transaction is silent in the PPM.

50. The GCE has delegations to approve confinements up to R250 million.

51. The ADC's delegations to approve confinements is from R250 million to R1 billion.

FINANCIAL IMPLICATIONS

52. Given the invaluable contribution of Regiments to the successful conclusion of funding transaction, Regiments is due a success based fee of between 15 and 25 bps on the yield to be added to the Cross Currency Swap and included in the ZAR yield payable by Transnet subject to a maximum of R166 million.

53. The fees for JP Morgan will be part of the market related cost to hedge the exposure to ZAR.

BUDGET IMPLICATIONS

54. The costs have been budgeted as part of the funding plan for 2015/16.

RECOMMENDATION:

55. That the Acquisitions and Disposals Committee (ADC):
- 55.1. Approve the appointment of JP MORGAN to hedge the US\$ 2,5 billion exposure back into ZAR;
 - 55.2. Approve the payment of a maximum of R166 million to Regiments Capital for the support to Transnet for the funding plan including the following:
 - 55.2.1.Evaluation of all funding sources;
 - 55.2.2.Matching of assets and liabilities;
 - 55.2.3.Evaluation of the useful life of all underlying assets
 - 55.2.4.Identification and management of all financial risks (including liquidity, interest rate, credit and currency risks).
 - 55.3. Delegate authority to the GCE to approve all documentation related to this confinement.
- 56.

Compiled by

Phetolo Ramosebudi
Group Treasurer
Date:

Recommended/Not Recommended

Garry Pita
Group Chief Supply Chain Officer
Date:

Recommended/Not Recommended

Anoj Singh
Group Chief Financial Officer
Date:

Recommended/Not Recommended

Siyabonga Gama,
Acting Group Chief Executive
Date:

Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB
Sent: Thursday, 23 April 2015 09:01
To: Yusuf Mahomed Transnet Corporate JHB
Subject: JP and Reg Confinement 20042015 (3)
Attachments: JP and Reg Confinement 20042015 (3).docx

Hi,

Please receive as requested.

Regards

Transnet SOC Ltd
Registration
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1990/000900/30

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MEMORANDUM

www.transnet.net

TO : The Acquisitions and Disposals Committee

FROM : Siyabonga Gama, Acting Group Chief Executive

SUBJECT : REQUEST TO APPOINT JP MORGAN AND REGIMENTS CAPITAL TO CONCLUDE ON THE CHINA DEVELOPMENT BANK LOAN (CDB)

PURPOSE OF SUBMISSION:

1. The purpose of the submission is to request the Acquisitions and Disposals Committee (ADC) to:
 - 1.1. Approve the appointment of JP MORGAN to hedge the US\$ 2,5 billion exposure back into ZAR;
 - 1.2. Approve the payment of a maximum of R166 million to Regiments Capital for the support to Transnet for the funding plan including the following:
 - 1.2.1. Evaluation of all funding sources;
 - 1.2.2. Matching of assets and liabilities;
 - 1.2.3. Evaluation of the useful life of all underlying assets
 - 1.2.4. Identification and management of all financial risks (including liquidity, interest rate, credit and currency risks).
 - 1.3. Delegate authority to the GCE to approve all documentation related to this confinement.

DISCUSSION:

JP MORGAN

2. Transnet has signed the mandate letter and Term sheet for the US\$2.5 billion 15-year amortizing loan from China Development Bank ("CDB") to finance 232 and 359 locomotives from China North Railways ("CNR") and China South Railways ("CSR"), respectively.
3. The Board approved the transaction during August 2014.
4. Transnet's risk management policies require the currency exposure to be hedged back into Rand
5. The size and tenor of the loan is exceptionally large for the South African market. To quantify this:
6. A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion
7. The USD:ZAR basis market which can easily move up or down by 25bps in a single day, equivalent to R370 million on a loan of \$2.5 billion
8. There are two ways to execute a hedge of this magnitude:

- 8.1. Transnet could approach a number of banks and ask for quotes, and then select the bank (or banks) with the lowest quotes, or
- 8.2. Transnet could work in strict confidence with one bank to execute the hedge so that the market is entirely unaware of the hedge until after it is concluded
9. Transnet should choose the route that delivers the lowest Rand funding for Transnet
10. The first route (approach a number of banks) is optically attractive – banks are put into open competition – but it is certain to lead to materially higher Rand funding for Transnet as the basis swap may increase.
11. We are confident in this assertion because unfortunately, this exact route was tested and proven by CDB with disastrous results in April 2014:
 - 11.1. In April 2014, CDB evaluated providing the loan in ZAR to Transnet, and approached several banks for an indicative price on a USD:ZAR cross currency swap.
 - 11.2. This immediately moved the basis swap market on the screen by 25bps against Transnet and resulted in 15bps wider bid-offers.
 - 11.3. Since each 1bps move costs Transnet R15 million in a higher Rand interest rate, the cumulative cost to Transnet would have been R600 million.
 - 11.4. Prudently, Transnet opted not to proceed and communicated to CDB and to the market that it would pursue other funding avenues for the financing.
 - 11.5. This powerfully demonstrated that absolute confidentiality is critical to obtain the best pricing, and a completely different approach to risk management is required to secure this pricing.
12. To secure the lowest Rand funding, Transnet should instead work with a single bank with a balance sheet large enough to warehouse the risk and execute the currency hedge quietly and in strict confidence
13. In this way the market is completely unaware that the currency hedge is being executed; so complete confidentiality is maintained at all times
14. At the same time, Transnet and the bank agree pricing in advance, so Transnet has complete certainty around the cost of the hedge up front and can deem it to be fair and reasonable
15. J.P. Morgan, with one of the largest bank balance sheets globally, will provide this confidential solution to Transnet. In so doing, we will assume significant market risk.
16. It is therefore vital that the transaction is executed in strict confidence.
17. There are two types of risk that need to be carefully managed in executing this swap:
18. Market risk: A single basis point (0.01%) move up or down during execution represents a R15 million gain or loss to Transnet
 - 18.1. J.P. Morgan can do this because of the large appetite they have to warehouse risk, and because we have a superior ability to tap into several liquidity pools to exit the risk quickly but also smoothly
19. Credit risk: The resulting credit and tenor exposure and on the hedge is significant. We will address this as follows:
 - 19.1. J.P. Morgan has a large appetite and could underwrite the entire transaction whilst holding a significant quantum
 - 19.2. Distribute the rest of the credit risk.
20. Transnet has executed three large cross currency swaps with J P Morgan to hedge currency risk exposures.
 - 20.1. AFLAC loan of JPY 15 billion, hedged in Nov 09 with maturity of 15 Nov 19.
 - 20.2. USD 750 million GMTN issuance, hedged in Feb 11 with maturity of 10 Feb 16.
 - 20.3. USD 500 million GMTN issuance, hedged in Jul 12, with maturity of 26 July 22.
21. Apart from the swaps above, forward exchange contracts are done with J P Morgan on a regular basis for operational and capital imports.
22. J P Morgan has provided its balance sheet to Transnet.

Regiments Capital

23. Post the successful completion of the 1064 locomotive transaction, Regiments was tasked with developing a detailed funding plan on a pure risk basis.
24. Regiments was required to evaluate a number of funding sources including:
 - 24.1. US Exim funding for the GE locomotives
 - 24.2. EDC funding for the Bombardier Funding
 - 24.3. Bond issuance under Transnet's DMTN and GMTN
 - 24.4. China Development Bank (CDB), Sinosure, China Exim funding for the Chinese locomotives
25. Assist Transnet with detailed negotiations to achieve the following tangible outcomes:
 - 25.1. Negotiating a better asset/liability match as opposed to CDB's proposed 10 year amortising profile as well as extending the capital grace period thereby lengthening the duration of the loan profile.
 - 25.2. Work with management to reduce the overall CDB's initial pricing of 300bp over 6 month Libor.
 - 25.3. Evaluating all options that would allow for Transnet to complete the CDB transaction at fair pricing.
26. In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Regiments recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS).
27. Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Regiments' has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
28. Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Framework (FRM).
29. Regiments has assisted Transnet in negotiating with a number of potential Chinese sources of ZAR funding for the ZAR syndicated loan facility, including:
 - 29.1. ICBC (R2bn funding- term sheet to be provided)
 - 29.2. Bank Of China (R6bn – term sheet to be provided)
 - 29.3. China Construction Bank (Potential of R2bn- negotiations to be finalised)
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30. Regiments' advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market.
31. The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 2.7 billion.
32. In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current

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33. The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction.
34. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of 15 bps on the yield as reflected in the NPV calculation below, payable on conclusion of the funding and hedging documents with CDB and JP Morgan.
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Success fee in bps	Success fee in Rand (NPV)
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APPLICABILITY OF THE APPROVED GROUNDS FOR CONFINEMENT:

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37. We are of the view that this matter continues to comply with ground (a) and (d) as set out below, and the request for confinement is therefore fully supported.

Ground for confinement per Par 15.1.2	Confinement considerations
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ENTERPRISE AND SUPPLIER DEVELOPMENT AND BBBEE

48. Supplier development will not be applicable.

DELEGATIONS

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BUDGET IMPLICATIONS

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RECOMMENDATION:

55. That the Acquisitions and Disposals Committee (ADC):
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 - 55.3. Delegate authority to the GCE to approve all documentation related to this confinement.
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Compiled by

Phetolo Ramosebudi
Group Treasurer
Date:

Recommended/Not Recommended

Garry Pita
Group Chief Supply Chain Officer
Date:

Recommended/Not Recommended

Anoj Singh
Group Chief Financial Officer
Date:

Recommended/Not Recommended

Siyabonga Gama,
Acting Group Chief Executive
Date:

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MEMORANDUM

www.transnet.net

TO : The Acquisitions and Disposals Committee

FROM : Siyabonga Gama, Acting Group Chief Executive

SUBJECT : REQUEST TO APPOINT JP MORGAN AND REGIMENTS CAPITAL TO CONCLUDE ON THE CHINA DEVELOPMENT BANK LOAN (CDB)

PURPOSE OF SUBMISSION:

1. The purpose of the submission is to request the Acquisitions and Disposals Committee (ADC) to:
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DISCUSSION:

JP MORGAN

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 - 19.2. Distribute the rest of the credit risk.
20. What work has JP morgan done for tnet before and successfully executed.

Regiments Capital

21. Post the successful completion of the 1064 locomotive transaction, Regiments was tasked with developing a detailed funding plan on a pure risk basis.
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23. Assist Transnet with detailed negotiations to achieve the following tangible outcomes:
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25. Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Regiments' has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
26. Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Framework (FRM).
27. Regiments has assisted Transnet in negotiating with a number of potential Chinese sources of ZAR funding for the ZAR syndicated loan facility, including:
 - 27.1. ICBC (R2bn funding- term sheet to be provided)
 - 27.2. Bank Of China (R6bn – term sheet to be provided)
 - 27.3. China Construction Bank (Potential of R2bn- negotiations to be finalised)
 - 27.4. Sinosure- (Pursued the potential for a ZAR guarantee)
28. Regiments' advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market.
29. The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 2.7 billion.
30. In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%. The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.
31. The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction.

32. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of 15 bps on the yield as reflected in the NPV calculation below, payable on conclusion of the funding and hedging documents with CDB and JP Morgan.
33. This final success fee in bps will be mutually agreed between Transnet and Regiments, and the table below illustrates the NPV of the success fee.

Success fee in bps	Success fee in Rand (NPV)
15	R166 million

APPLICABILITY OF THE APPROVED GROUNDS FOR CONFINEMENT:

34. Appended below, for ease of reference, is an extract from the current Procurement Procedure Manual, par 15.1.2, which sets out the grounds for confinement.
- Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;
 - The goods/services are only obtainable from one supplier/limited number of suppliers. For instance, patented/proprietary goods or OEM spares and components. Operating Divisions are however required to satisfy themselves that there are no new entrants on the market who could also be tested;
 - For reasons of standardization or compatibility with existing products and services. A case must be made that deviation from existing standardized goods or services will cause major operational disruption. If not, confinements based on "standardization" will not be considered' or
 - When goods or services being procured are highly specialized and largely identical to those previously executed by that supplier and it is not in the interest of the public or the organisation to solicit other tender offers as it would result in wasted money and/or time for Transnet. When this particular ground is intended to be used as a ground for confinement, it is important to note that all prerequisites must be satisfied i.e. the goods or services must be highly specialized, almost identical to previous work done and approaching the market again would result in wasted money and time.
35. We are of the view that this matter continues to comply with ground (a) and (d) as set out below, and the request for confinement is therefore fully supported.

Ground for confinement per Par 15.1.2	Confinement considerations
a. Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;	- Genuine unforeseeable urgency has arisen to close the CDB transaction at current rates in light of the economic circumstances, Eskom credit rating and the impact on the sovereign. - The Transnet's risk management policies require the currency exposure to be hedged back into Rand - The size and tenor of the loan is exceptionally large for the South African market. - A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion.

	• This could translate into additional costs of R600 million. • Uncertainty of counterparty unwillingness could delay full execution, leaving Transnet exposed to broader FX and rate risks on the USD exposure.

Confidentiality in terms of PPM

36. In light of the risks we have highlighted, Transnet's key objective should therefore be to engage with a counterparty that is:
- 36.1. Qualified and capable to execute the market risk components efficiently
 - 36.1.1. – Transnet should be offered best advice but also the possibility for full risk transfer on the market risk
 - 36.1.2. – The right trade-off between transparency and confidentiality to ensure a fair and proper outcome
 - 36.2. Prepared to fully underwrite the credit risk arising from the hedge
 - 36.3. Prepared to reduce the credit costs and therefore all-in pricing from the hedge through optimisation of the position
37. There is clearly a trade-off between transparency and confidentiality, in particular, as regards to the market risk components
38. Relying on one price from one bank protects the confidentiality and potential front-running.
39. However, Transnet must avoid a messy execution environment, as seen when CDB asked for indicative pricing from a number of banks for the full transaction earlier this year. We saw the basis swap move 25bps against Transnet within hours, while bid-offers from banks increased dramatically (c. 15bps).
40. If Transnet had been transacting then, this would have crystallised additional transaction costs of c. ZAR600mm, clearly the opposite effect that Transnet would have been seeking through a competitive bidding/procurement process.
41. Moreover, if Transnet had wanted to wait for the market to become 'unaffected' again, this would have delayed execution for several months, exposing Transnet to broader market volatility.
42. To secure the lowest Rand funding, Transnet must work with a single bank with a balance sheet large enough to warehouse the risk and execute the currency hedge quietly and in strict confidence.
43. In this way the market is completely unaware that the currency hedge is being executed; so complete confidentiality is maintained at all times.
44. At the same time, Transnet and the bank agree pricing in advance, so Transnet has complete certainty around the cost of the hedge up front and can deem it to be fair and reasonable.
45. It is not in the public interest as there would be additional cost to Transnet.

ENTERPRISE AND SUPPLIER DEVELOPMENT AND BBBEE

46. Supplier development will not be applicable.

DELEGATIONS

47. The appointment of JP Morgan for purposes of the said transaction is silent in the PPM.
48. The GCE has delegations to approve confinements up to R250 million.
49. The ADC's delegations to approve confinements is from R250 million to R1 billion.

FINANCIAL IMPLICATIONS

50. Given the invaluable contribution of Regiments to the successful conclusion of funding transaction, Regiments is due a success based fee of between 15 and 25 bps on the yield to be added to the Cross Currency Swap and included in the ZAR yield payable by Transnet subject to a maximum of R166 million.
51. The fees for JP Morgan will be part of the market related cost to hedge the exposure to ZAR.

BUDGET IMPLICATIONS

52. The costs have been budgeted as part of the funding plan for 2015/16.

RECOMMENDATION:

53. That the Acquisitions and Disposals Committee (ADC):
- 53.1. Approve the appointment of JP MORGAN to hedge the US\$ 2,5 billion exposure back into ZAR;
 - 53.2. Approve the payment of a maximum of R166 million to Regiments Capital for the support to Transnet for the funding plan including the following:
 - 53.2.1. Evaluation of all funding sources;
 - 53.2.2. Matching of assets and liabilities;
 - 53.2.3. Evaluation of the useful life of all underlying assets
 - 53.2.4. Identification and management of all financial risks (including liquidity, interest rate, credit and currency risks).
 - 53.3. Delegate authority to the GCE to approve all documentation related to this confinement.
- 54.

Compiled by

Phetolo Ramosebudi
Group Treasurer
Date:

Recommended/Not Recommended

Garry Pita
Group Chief Supply Chain Officer
Date:

Recommended/Not Recommended

Anoj Singh
Group Chief Financial Officer
Date:

Recommended/Not Recommended

Siyabonga Gama,
Acting Group Chief Executive
Date:

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MEMORANDUM

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TO : The Acquisitions and Disposals Committee

FROM : Siyabonga Gama, Acting Group Chief Executive

SUBJECT : REQUEST TO APPOINT JP MORGAN AND REGIMENTS CAPITAL TO CONCLUDE ON THE CHINA DEVELOPMENT BANK LOAN (CDB)

PURPOSE OF SUBMISSION:

1. The purpose of the submission is to request the Acquisitions and Disposals Committee (ADC) to:
 - 1.1. Approve the confined appointment of JP MORGAN to hedge the financial risks (interest *rate*; credit and currency risk) emanating from the US\$ 1,5 billion China Development Bank (CDB) loan back into ZAR ;
 - 1.2. Approve the confined appointment of JP MORGAN to lead and underwrite the equivalent syndicated ZAR loan of \$1,5 billion;
 - 1.3. Approve the contract extension from R99,5 million to R265,5 million for the appointment of Regiments Capital for transaction advisory services and support to Transnet on the 1064 locomotive transaction, and
 - 1.4. Delegate authority to the Acting GCE to approve all documentation related to this confinement.

EXECUTIVE SUMMARY AND BENEFITS

2. By favourably considering the recommendation above, Transnet will be able to achieve significant benefits.
3. Approximately ~R46 billion (at R11/\$) of the required R50 billion (excluding contingencies) to fund the locomotive supplier agreements will be concluded on a committed basis (92% secured funding).
4. This is critical to mitigate liquidity risk due to the high levels of committed capital – which is a major area of focus for rating agencies specifically Standard and Poor's (A/B ratio).
5. The overall cost of debt will be within an acceptable levels with the overall cost of the Chinese portion of the debt at approximately 10.5% compared to the current weight average cost of debt of 9,7% with an average repayment profile of 7 years, subject to market conditions at time of execution.
6. Matching the asset and liability profile with longer dated funding structures (10 - 15 years) for long dated assets such as locomotives that have 30 year useful lives.
7. Enabling Transnet to enter into fixed rate funding (50%) for a portion of the borrowing to better manage interest rate risk and volatility.
8. Transnet and other Chinese financial institutions will be able to give effect to the BRICS commitments of both countries within commercial acceptable terms and conditions.

A handwritten signature in black ink, appearing to be a stylized 'S' or 'G'.

9. By utilising Chinese funding sources Transnet is able to conserve its use of its domestic credit lines with local financial institutions which can be used in the event of a financial crisis similar to 2008.

DISCUSSION:

10. Transnet has signed a MOU with CDB during 2014 for the provision of funding of up to \$5 billion, however this was non-binding on either party.
11. This MOU was signed in the presence of the Honourable Presidents of the Republic of South Africa and the Peoples Republic of China as part of the respective countries BRICS commitments.
12. Transnet awarded the locomotive supplier agreements relating to the supply of 1064 locomotives during March 2014 following a rigorous open tender process.
13. The award was made to General Electric; Bombardier Transport; China South Railways and China North Railways with a contract value of R54,5 billion including contingencies.
14. Due to the rating agency requirements of matching commitment capital to committed funding sources to reduce liquidity risk Transnet needed to identify appropriate and cost effective funding sources.
15. To this end Transnet successfully concluded committed funding facilities with USEXIM and EDC to fund the GE and BT portions of the locomotive contracts. These facilities have provided approximately R13 billion of the required funding.
16. Given the above Transnet engaged with CDB during 2014 to conclude a possible loan agreement to fund the Chinese portion of the locomotive supplier agreements.
17. The Board of Directors approved the potential loan from CDB during August 2014 - refer **annexure A**.
18. Consequently Transnet signed a Term sheet (term sheet 1) for the US\$2.5 billion 15-year amortizing loan from CDB to finance 232 and 359 locomotives from CNR and CSR, respectively during August 2014.
19. This term sheet was subject to Transnet being satisfied with the cost of hedging as this is significant cost associated with a foreign denominated loan.
20. Transnet's risk management policies require the currency exposure to be hedged back into Rand
21. The size and tenor of the loan is exceptionally large for the South African market. To quantify this:
 - 21.1. A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion
 - 21.2. The USD:ZAR basis market which can easily move up or down by 25bps in a single day, equivalent to R370 million on a loan of \$2.5 billion.
22. Due to CDBs lack of knowledge of the local financial markets they approached various banks in the local and international market to hedge the possible exposure which resulted in adverse financial consequences for Transnet as the cost of the hedge was unacceptable – see paragraph 30 below.
23. Prudently, Transnet opted not to proceed and communicated to CDB and to the market that it would pursue other funding avenues for the financing.
24. Transnet should choose the route that delivers the lowest Rand funding for Transnet as there is tremendous pressure on its cash interest cover ratio.

JP MORGAN – cross currency swap

25. There are two ways to execute a hedge of this magnitude:
26. Transnet could approach a number of banks and ask for quotes, and then select the bank (or banks) with the lowest quotes – similar to approach used by CDB above which resulted in adverse pricing impacts for Transnet, or
27. Transnet could work in strict confidence with one bank that is of sufficient financial substance (balance sheet) to execute the hedge so that the market is entirely unaware of the hedge until after it is concluded.
28. The first route (approach a number of banks) is optically attractive – banks are put into open competition – but it is certain to lead to materially higher Rand funding for Transnet as the basis swap may increase.
29. We are confident in this assertion because unfortunately, this exact route was tested and proven by CDB with disastrous results in August 2014:
 - 29.1. In April 2014, CDB evaluated providing the loan in ZAR to Transnet, and approached several banks for an indicative price on a USD:ZAR cross currency swap.
 - 29.2. This immediately moved the basis swap market on the screen by 25bps against Transnet and resulted in 15bps wider bid-offers.
 - 29.3. Since each 1bps move costs Transnet R15 million in a higher Rand interest rate, the cumulative cost to Transnet would have been R600 million.
 - 29.4. This powerfully demonstrated that absolute confidentiality is critical to obtain the best pricing, and a completely different approach to risk management is required to secure this pricing.
30. To secure the lowest Rand funding, Transnet should instead work with a single bank with a balance sheet large enough to warehouse the risk and execute the currency hedge quietly and in strict confidence.
31. In this way the market is completely unaware that the currency hedge is being executed; so complete confidentiality is maintained at all times.
32. At the same time, Transnet and the bank agree pricing in advance, so Transnet has complete certainty around the cost of the hedge up front and can deem it to be fair and reasonable.
33. J.P. Morgan, with one of the largest bank balance sheets globally, will provide this confidential solution to Transnet. In so doing, we will assume significant market risk.
34. It is therefore vital that the transaction is executed in strict confidence.
35. There are two types of risk that need to be carefully managed in executing this swap:
36. Market risk: A single basis point (0.01%) move up or down during execution represents a R15 million gain or loss to Transnet
 - 36.1. J.P. Morgan can do this because of the large appetite they have to warehouse risk, and because we have a superior ability to tap into several liquidity pools to exit the risk quickly but also smoothly
37. Credit risk: The resulting credit and tenor exposure and on the hedge is significant. We will address this as follows:
 - 37.1. J.P. Morgan has a large appetite and could underwrite the entire transaction whilst holding a significant quantum
 - 37.2. Distribute the rest of the credit risk.
38. This vanilla cross currency swap will enable Transnet to apply hedge accounting ito IAS 39 to shield the Transnet balance sheet from significant equity volatility that will have severe adverse impacts on the gearing ratio which is also under some strain.
39. Sensitivity analyses indicate that the volatility could be as high as R33 billion under different stress scenarios of exchange rates and interest rates.



40. Vanilla cross currency swaps are approved instruments that Transnet is allowed to use to hedge financial risks in terms of the Board approved Financial Risk Management Framework.
41. Transnet has successfully executed large cross currency swaps with J P Morgan in the past to hedge currency risk exposures.
 - 41.1. AFLAC loan of JPY 15 billion, hedged in Nov 09 with maturity of 15 Nov 19.
 - 41.2. USD 750 million GMTN issuance, hedged in Feb 11 with maturity of 10 Feb 16.
 - 41.3. USD 500 million GMTN issuance, hedged in Jul 12, with maturity of 26 July 22.
42. Apart from the swaps above, forward exchange contracts are done with J P Morgan on a regular basis for operational and capital imports.

JP MORGAN – contingent credit default swap

43. In addition to the above and more importantly JP Morgan as provided a proprietary solution that will enable Transnet to further reduce the cost of funding by approximately 112 basis points by the execution of a contingent credit default swap.
44. This instrument will be a stand-alone instrument that will not impact the hedge accounting of the cross currency swap above and will not be hedge accounted.
45. No other financial institution that has presented to Transnet to date has been able achieve the above.
46. Equity volatility on this instrument is a more manageable and acceptable value of approximately R3 billion under various stress tests.
47. The GCFO and GCE are allowed in terms of the Financial Risk Management Framework to introduce new instruments to manage financial risks and consequently will approve this instrument for use post ADC approval.

JP MORGAN – ZAR syndicated loan of \$1,5billion equivalent

48. To further reduce the cost of funding to Transnet it became apparent that Transnet would need to consider a dual tranche denominated loan to fund the Chinese locomotive purchases.
49. Thus it was decided to utilise only \$1,5billion of the funding from CDB and use the JP Morgan balance sheet to underwrite a ZAR funding facility of \$1,5 billion equivalent.
50. Consequently the GCE signed a revised term sheet (term sheet 2) and mandate letter in April 2015 with CDB for a \$1,5billion only.
51. There appears (gauged during our recent visit to China) to be sufficient appetite from other Chinese financial institutions that are willing to provide Transnet with funding in ZAR namely Bank of China; ICBC and China Construction Bank.
52. Thus we are very confident that the ZAR tranche will be successfully executed.
53. This will enable Transnet to still meet the rating agency requirement of demonstrating committed funding facilities for committed capital.

Other Considerations

54. All necessary accounting, taxation and legal opinions have been obtained and no adverse issues have been identified in support of the above execution strategy.
55. An application has been made to National Treasury to increase Transnet's foreign borrowing limit from the current R55 billion to a revised R105 billion.
56. We are currently in discussions with DPE and National Treasury to address their queries regarding the above application.
57. Currently approximately R9,5 billion of the R55 billion approved limit is available to be utilised.



58. Due to the confidentiality reasons and adverse impacts outlined above of an open tender it also made sense that Regiments Capital having supported Transnet in the 1064 locomotive tender as the transaction adviser is the BEE and empowerment partner of JP Morgan to enable Regiments to benefit from a significant transfer of skill from JP Morgan.
59. Participation in this transaction together with JP Morgan will lay the foundation for further future co-operation between the two entities.
60. Transnet will again play its role in creating an enabling environment to enhance its socio economic mandate and this time in the financial services sector.
61. Regiments Capital is a level 1 contributor in terms of the BEE codes. Their BEE credentials including black ownership has been verified by the Transnet Supplier development team.

Regiments Capital – Transaction advisory

62. Transnet appointed Regiments Capital as the Transaction advisors on the 1064 Locomotive Transaction. In terms of the aforementioned mandate, Regiments Capital was required to advise on deal structuring, financing and funding options to minimise risk for Transnet.
63. Regiments was required to evaluate a number of funding sources including:
 - 63.1. US Exim funding for the GE locomotives
 - 63.2. EDC funding for the Bombardier locomotives
 - 63.3. Bond issuance under Transnet's DMTN and GMTN
 - 63.4. China Development Bank (CDB), Sinosure, China Exim and ICBC funding for the Chinese locomotives
64. Regiments have been working together with the risk management/middle office of Transnet Treasury for over the last 12 months to achieve the outcome below.
65. Assist Transnet with detailed negotiations to achieve the following tangible outcomes:
 - 65.1. Negotiating a better asset/liability match as opposed to CDB's proposed 10 year amortising profile as well as extending the capital grace period thereby lengthening the duration of the loan profile.
 - 65.2. Work with management to reduce the overall CDB's initial pricing of 300bp over 6 month Libor.
 - 65.3. Evaluating all options that would allow for Transnet to complete the CDB transaction at fair pricing.
66. In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Regiments recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the cross currency swap).
67. Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
68. Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Management Framework (FRMF).
69. Regiments has assisted Transnet in negotiating with a number of potential Chinese sources of ZAR funding for the ZAR syndicated loan facility, including:
 - 69.1. ICBC (R2bn funding- term sheet to be provided)
 - 69.2. Bank Of China (R6bn – term sheet to be provided)



- 69.3. China Construction Bank (Potential of R2bn- negotiations to be finalised)
- 69.4. Sinasure- (Pursued the potential for a ZAR guarantee)
- 70. Regiments’ advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet’s credit lines intact in the domestic market.
- 71. The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 2.7 billion.
- 72. In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%. The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.
- 73. The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction.
- 74. The range of NPV fee outcomes can vary between 15bps and 25bps on a transaction of a similar nature – ie R166 million – R277 million based on yield.
- 75. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments success based fee will not exceed 15 bps on the yield as reflected in the NPV calculation below, payable on conclusion of the funding and hedging documents with CDB and JP Morgan.

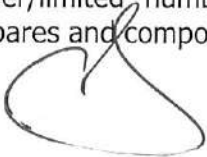
Success fee in bps	Success fee in Rand (NPV)
15	R166 million

DELEGATIONS OF AUTHORITY

- 76. The CDB loan was approved by the Board of Directors of Transnet in August 2014.
- 77. The vanilla cross currency swap and the contingent credit default swap can be approved by the GCFO or GCE based on the Board of Directors approved Financial Risk Management Framework.
- 78. The appointment of JP Morgan for purposes of the said transaction is silent in the PPM.
- 79. The GCE has delegations to approve confinements up to R250 million.
- 80. The ADC’s delegations to approve confinements is from R250 million to R1 billion.
- 81. Due to the silence of the PPM and the confidentiality required to execute this transaction it was decided to approach the ADC for approval.

APPLICABILITY OF THE APPROVED GROUNDS FOR CONFINEMENT:

- 82. Appended below, for ease of reference, is an extract from the current Procurement Procedure Manual, par 15.1.2, which sets out the grounds for confinement.
 - a) Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;
 - b) The goods/services are only obtainable from one supplier/limited number of suppliers. For instance, patented/proprietary goods or OEM spares and components.

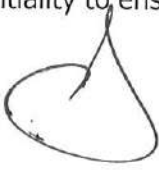


- Operating Divisions are however required to satisfy themselves that there are no new entrants on the market who could also be tested;
- c) For reasons of standardization or compatibility with existing products and services. A case must be made that deviation from existing standardized goods or services will cause major operational disruption. If not, confinements based on "standardization" will not be considered' or
 - d) When goods or services being procured are highly specialized and largely identical to those previously executed by that supplier and it is not in the interest of the public or the organisation to solicit other tender offers as it would result in wasted money and/or time for Transnet. When this particular ground is intended to be used as a ground for confinement, it is important to note that all prerequisites must be satisfied i.e. the goods or services must be highly specialized, almost identical to previous work done and approaching the market again would result in wasted money and time.
83. We are of the view that this matter continues to comply with ground (a) as set out below, and the request for confinement is therefore fully supported.

Ground for confinement per Par 15.1.2	Confinement considerations
a. Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;	• Genuine unforeseeable urgency has arisen to close the CDB transaction at current rates in light of the economic circumstances, Eskom credit rating and the impact on the sovereign. • The Transnet's risk management policies require the currency exposure to be hedged back into Rand • The size and tenor of the loan is exceptionally large for the South African market. • A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion. • This could translate into additional costs of R600 million. • Uncertainty of counterparty unwillingness could delay full execution, leaving Transnet exposed to broader FX and rate risks on the USD exposure.

Confidentiality in terms of Delegations of authority

84. In terms of section 15.1.4 of the Delegation of authority "In instances where a confinement is confidential the GCE may approve such confinement without the confinement request being routed via any other authority".
85. In light of the risks we have highlighted, Transnet's key objective should therefore be to engage with a counterparty on a confidential basis that is:
- 85.1. Qualified and capable to execute the market risk components efficiently
 - 85.1.1.– Transnet should be offered best advice but also the possibility for full risk transfer on the market risk
 - 85.1.2.– The right trade-off between transparency and confidentiality to ensure a fair and proper outcome



- 85.2. Prepared to fully underwrite the credit risk arising from the hedge
- 85.3. Prepared to reduce the credit costs and therefore all-in pricing from the hedge through optimisation of the position
- 86. There is clearly a trade-off between transparency and confidentiality, in particular, as regards to the market risk components
- 87. Relying on one price from one bank protects the confidentiality and potential front-running.
- 88. However, Transnet must avoid a messy execution environment, as seen when CDB asked for indicative pricing from a number of banks for the full transaction earlier this year. We saw the basis swap move 25bps against Transnet within hours, while bid-offers from banks increased dramatically (15bps).
- 89. If Transnet had been transacting then, this would have crystallised additional transaction costs of ZAR600mm, clearly the opposite effect that Transnet would have been seeking through a competitive bidding/procurement process.
- 90. Moreover, if Transnet had wanted to wait for the market to become 'unaffected' again, this would have delayed execution for several months, exposing Transnet to broader market volatility.
- 91. To secure the lowest Rand funding, Transnet must work with a single bank with a balance sheet large enough to warehouse the risk and execute the currency hedge quietly and in strict confidence.
- 92. In this way the market is completely unaware that the currency hedge is being executed; so complete confidentiality is maintained at all times.
- 93. At the same time, Transnet and the bank agree pricing in advance, so Transnet has complete certainty around the cost of the hedge up front and can deem it to be fair and reasonable.
- 94. It is not in the public interest as there would be additional cost to Transnet.

ENTERPRISE AND SUPPLIER DEVELOPMENT AND BBBEE

- 95. Supplier development subject a maximum of 35 % will be applicable to JP Morgan.
- 96. Supplier development applicable to Regiments Capital will be subject to a maximum of 10%.

FINANCIAL IMPLICATIONS

- 97. Given the invaluable contribution of Regiments to the successful conclusion of funding transaction, Regiments is due a success or risk based fee of 15 bp on yield payable by Transnet or JP Morgan (or a portion thereof) subject to a maximum of R166 million.
- 98. The fees for JP Morgan will be part of the market related cost to hedge the exposure to ZAR.

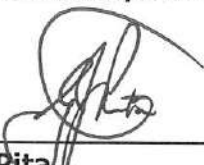
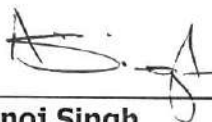
BUDGET IMPLICATIONS

- 99. The costs have been budgeted as part of the funding plan for 2015/16.



RECOMMENDATION:

- It is recommended that the ADC:
 - Approve the confined appointment of JP MORGAN to hedge the financial risks (interest rate; credit and currency risk) emanating from the US\$ 1,5 billion China Development Bank (CDB) loan back into ZAR ;
 - Approve the confined appointment of JP MORGAN to lead and underwrite the equivalent syndicated ZAR loan of \$1,5 billion;
 - Approve the contract extension from R99,5 million to R265,5 million for the appointment of Regiments Capital for transaction advisory services and support to Transnet on the 1064 locomotive transaction, and;
 - Delegate authority to the Acting GCE to approve all documentation related to this confinement.

Compiled by**Phetolo Ramosebudi****Group Treasurer****Date:** 28/04/2015**Recommended/~~Not Recommended~~****Garry Pita****Group Chief Supply Chain Officer****Date:** 28/4/15**Recommended/~~Not Recommended~~****Anoj Singh****Group Chief Financial Officer****Date:** 28/04/15**Recommended/~~Not Recommended~~****Siyabonga Gama,****Acting Group Chief Executive****Date:** 2015-04-28

Ntokozo Zama

From: Anoj Singh Corporate JHB
Sent: Monday, 27 April 2015 14:07
To: Garry Pita Transnet Corporate JHB; Yusuf Mahomed Transnet Corporate JHB;
Phetolo Ramosebudi Transnet Corporate JHB
Subject: JP and Reg Confinement A 20042015 (3).docx
Attachments: JP and Reg Confinement A 20042015 (3).docx

Hi Guys

Please review and comment asap as we need to send to ADC asap.

Yusuf please review confinement grounds and Garry also.

Phetolo please review entire document for accuracy

Please keep confidential as the submission requires.

We will source the outstanding information from JPM and Regiments in the morning.

Thx

A

Transnet SOC Ltd
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MEMORANDUM

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TO : The Acquisitions and Disposals Committee

FROM : Siyabonga Gama, Acting Group Chief Executive

SUBJECT : REQUEST TO APPOINT JP MORGAN AND REGIMENTS CAPITAL TO CONCLUDE ON THE CHINA DEVELOPMENT BANK LOAN (CDB)

PURPOSE OF SUBMISSION:

1. The purpose of the submission is to request the Acquisitions and Disposals Committee (ADC) to:
 - 1.1. Approve the confined appointment of JP MORGAN to hedge the financial risks (interest *rate*; credit and currency risk) emanating from the US\$ 1,5 billion China Development Bank (CBD) loan back into ZAR ;
 - 1.2. Approve the confined appointment of JP MORGAN to lead and underwrite the syndicated ZAR loan of \$1,5 billion equivalent;
 - 1.3. Approve the confined appointment of Regiments Capital for transaction advisory services and support to Transnet for the CDB loan and;
 - 1.4. Delegate authority to the acting GCE to approve all documentation related to this confinement.

EXECUTIVE SUMMARY and BENEFITS

2. By favourably considering the above recommendation Transnet will be able to achieve the significant benefits.
3. Approximately R46 billion of the required R50 billion to fund the locomotive supplier agreements will be concluded on a committed basis (92% secured funding).
4. This is critical to mitigate liquidity risk due to the high levels of committed capital – major area of focus for rating agencies specifically Standard and Poors (A/B ratio).
5. The overall cost of debt will be within an acceptable level with the overall cost of the Chinese portion will be approximately 10.5% compared to the current weight average cost of debt of 9,7% with average repayment profile of 7 years, subject to market condition at time of execution.
6. Matching asset and liability profile with longer dated funding structures (10 - 15 years) for long dated assets such as locomotives that have 30 year useful lives.
7. Enabling Transnet to enter into fixed rate funding (50%) for a portion of the borrowing to better manage interest rate risk and volatility.
8. Transnet and other Chinese financial institutions will be able to give effect to the BRICS commitments of both countries within commercial acceptable terms and conditions.
9. By utilising Chinese funding sources Transnet is able to conserve its use of it domestic credit lines with local financial institutions which can be used in the event of a financial crisis similar to 2008.

DISCUSSION:

10. Transnet has signed a MOU with CDB on **XXX** for the provision of funding of up to \$5billion, however was non-binding on either party.
11. This MOU was signed in the presence of the Honourable Presidents of the Republic of South Africa and the Peoples Republic of China as part of the respective countries BRICS commitments.
12. Transnet awarded the locomotive supplier agreements relating to the supply of 1064 locomotives during March 2014 following a rigorous open tender process.
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18. Consequently Transnet signed a Term sheet (term sheet 1) for the US\$2.5 billion 15-year amortizing loan from CDB to finance 232 and 359 locomotives from CNR and CSR, respectively on **XXX**.
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20. Transnet`s risk management policies require the currency exposure to be hedged back into Rand
21. The size and tenor of the loan is exceptionally large for the South African market. To quantify this:
22. A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion
23. The USD:ZAR basis market which can easily move up or down by 25bps in a single day, equivalent to R370 million on a loan of \$2.5 billion.
24. Due to CDB lack of knowledge of the local financial markets they approach various banks in the local market to hedge the possible exposure which result in adverse financial consequences for Transnet as the cost of the hedge was unacceptable – see paragraph **22** below.
25. Prudently, Transnet opted not to proceed and communicated to CDB and to the market that it would pursue other funding avenues for the financing.
26. Transnet should choose the route that delivers the lowest Rand funding for Transnet as there is tremendous pressure on its cash interest cover ratio.

JP MORGAN – cross currency swap

27. There are two ways to execute a hedge of this magnitude:
28. Transnet could approach a number of banks and ask for quotes, and then select the bank (or banks) with the lowest quotes – similar to approach used by CBD above which resulted in adverse pricing impacts for Transnet, or
29. Transnet could work in strict confidence with one bank that is of sufficient financial substance (balance sheet) to execute the hedge so that the market is entirely unaware of the hedge until after it is concluded.

30. The first route (approach a number of banks) is optically attractive – banks are put into open competition – but it is certain to lead to materially higher Rand funding for Transnet as the basis swap may increase.
31. We are confident in this assertion because unfortunately, this exact route was tested and proven by CDB with disastrous results in **April 2014:**
 - 31.1. In April 2014, CDB evaluated providing the loan in ZAR to Transnet, and approached several banks for an indicative price on a USD:ZAR cross currency swap.
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35. J.P. Morgan, with one of the largest bank balance sheets globally, will provide this confidential solution to Transnet. In so doing, we will assume significant market risk.
36. It is therefore vital that the transaction is executed in strict confidence.
37. There are two types of risk that need to be carefully managed in executing this swap:
38. Market risk: A single basis point (0.01%) move up or down during execution represents a R15 million gain or loss to Transnet
 - 38.1. J.P. Morgan can do this because of the large appetite they have to warehouse risk, and because we have a superior ability to tap into several liquidity pools to exit the risk quickly but also smoothly
39. Credit risk: The resulting credit and tenor exposure and on the hedge is significant. We will address this as follows:
 - 39.1. J.P. Morgan has a large appetite and could underwrite the entire transaction whilst holding a significant quantum
 - 39.2. Distribute the rest of the credit risk.
40. This vanilla cross currency swap will enable Transnet to apply hedge accounting ito IAS 39 to shield the Transnet balance sheet from significant equity volatility that will have severe adverse impacts on the gearing ratio which is also under some strain.
41. **Sensitivity analyses indicate that the volatility could be as high as R33billion under different stress scenario of exchange rates and interest rates.**
42. Vanilla cross currency swaps are approved instruments that Transnet is allowed to use to hedge financial risks ito the Board approved Financial Risk Management Framework.
43. Transnet has successfully executed large cross currency swaps with J P Morgan in the past to hedge currency risk exposures.
 - 43.1. AFLAC loan of JPY 15 billion, hedged in Nov 09 with maturity of 15 Nov 19.
 - 43.2. USD 750 million GMTN issuance, hedged in Feb 11 with maturity of 10 Feb 16.
 - 43.3. USD 500 million GMTN issuance, hedged in Jul 12, with maturity of 26 July 22.
44. Apart from the swaps above, forward exchange contracts are done with J P Morgan on a regular basis for operational and capital imports.

JP MORGAN – contingent credit default swap

45. In addition to the above and more importantly JP Morgan as provided a proprietary solution that will enable Transnet to further reduce the cost of funding by approximately 112 basis points by the execution of a contingent credit default swap.
46. This instrument will be a stand-alone instrument that will not impact the hedge accounting of the cross currency swap above and will not be hedge accounted.
47. No other financial institution that has presented to Transnet to date has been able achieve the above.
48. Equity volatility on this instrument is a more manage and acceptable value of approximately R3billion under various stresses tests.
49. The GCFO and GCE are allowed ito the Financial Risk Management Framework to introduce new instruments to manage financial risks and consequently will approve this instrument for use post ADC approval.

JP MORGAN – ZAR syndicated loan of \$1,5billion equivalent

50. To further reduce the cost of funding to Transnet it became apparent that we would need to consider a dual trance denominated loan to fund the Chinese locomotive purchases.
51. Thus it was decided to utilise only \$1,5billion of the funding from CDB and use the JP Morgan balance sheet to underwrite a ZAR funding facility of \$1 billion equivalent.
52. Consequently the GCE signed a revised term sheet (term sheet 2) and mandate letter on XX with CBD for a \$1,5billion only - **Annexure B**
53. There appears (gauged during our recent visit to China) to be sufficient appetite from other Chinese financial institutions that are willing to provide Transnet with funding in ZAR namely Bank of China; ICBC and China Construction Bank.
54. Thus we are very confident that the ZAR trance will be successfully executed.
55. This will enable Transnet to still meet the rating agency requirement of demonstrating committed funding facilities for committed capital.

Other Considerations

56. All necessary accounting, taxation and legal opinion have been obtained and no adverse issues have been identified in support of the above execution strategy.
57. An application has been made to National Treasury to increase Transnet's foreign borrowing limit from the current R55 billion to a revised R105 billion.
58. We are currently in discussions with DPE and National Treasury to address their queries regarding the above application.
59. Currently approximately R9,5billion of the R55 billion approved limit is available to be utilised.
60. Due to the confidentiality reasons and adverse impacts outlined above it also made sense that Regiments Capital be the BEE and empowerment partner of JP Morgan to enable Regiments to benefit from a significant transfer of skill from JP Morgan.
61. Participation in this transaction together with JP Morgan will lay the foundation for further future co-operation between the two entities.
62. Transnet will again play its role in creating an enabling environment to enhance its socio economic mandate and this time in the financial services sector.
63. JP Morgan is a level XXX contributor ito the BEE codes
64. Regiments capital is a level XXX contributor ito the BEE codes

Regiments Capital – Transaction advisory

65. Post the successful completion of the 1064 locomotive transaction, Regiments was tasked with developing a detailed funding plan on a pure risk or success basis.
66. Regiments was required to evaluate a number of funding sources including:
 - 66.1. US Exim funding for the GE locomotives
 - 66.2. EDC funding for the Bombardier locomotives
 - 66.3. Bond issuance under Transnet's DMTN and GMTN
 - 66.4. China Development Bank (CDB), Sinosure, China Exim and ICBC funding for the Chinese locomotives
67. Regiments have been working together with the risk management/middle office of Transnet Treasury for over the last 12 months to achieve the outcome below.
68. Assist Transnet with detailed negotiations to achieve the following tangible outcomes:
 - 68.1. Negotiating a better asset/liability match as opposed to CDB's proposed 10 year amortising profile as well as extending the capital grace period thereby lengthening the duration of the loan profile.
 - 68.2. Work with management to reduce the overall CDB's initial pricing of 300bp over 6 month Libor.
 - 68.3. Evaluating all options that would allow for Transnet to complete the CDB transaction at fair pricing.
69. In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Regiments recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1,5bn (R16,5bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS).
70. Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Regiments' has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
71. Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Management Framework (FRMF).
72. Regiments has assisted Transnet in negotiating with a number of potential Chinese sources of ZAR funding for the ZAR syndicated loan facility, including:
 - 72.1. ICBC (R2bn funding- term sheet to be provided)
 - 72.2. Bank Of China (R6bn – term sheet to be provided)
 - 72.3. China Construction Bank (Potential of R2bn- negotiations to be finalised)
 - 72.4. Sinosure- (Pursued the potential for a ZAR guarantee)
73. Regiments' advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market.
74. The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 2.7 billion.

75. In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%. The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.
76. The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction.
77. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of 15 bps on the yield as reflected in the NPV calculation below, payable on conclusion of the funding and hedging documents with CDB and JP Morgan.
78. This final success fee in bps will be mutually agreed between Transnet and Regiments, and the table below illustrates the NPV of the success fee.

Success fee in bps	Success fee in Rand (NPV)
15	R166 million

DELEGATIONS OF AUTHORITY

79. The CBD loan was approved by the Board of Directors of Transnet in August 2014.
80. The vanilla cross currency swap and the contingent credit default swap can be approved by the GCFO or GCE based on the Board of Directors approved Financial Risk Management Framework.
81. The appointment of JP Morgan for purposes of the said transaction is silent in the PPM.
82. The GCE has delegations to approve confinements up to R250 million.
83. The ADC’s delegations to approve confinements is from R250 million to R1 billion.
84. Due to the silence of the PPM and the confidentiality required to execute this transaction it was decided to approach the ADC for approval of these service providers.

APPLICABILITY OF THE APPROVED GROUNDS FOR CONFINEMENT:

85. Appended below, for ease of reference, is an extract from the current Procurement Procedure Manual, par 15.1.2, which sets out the grounds for confinement.
- a) Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;
 - b) The goods/services are only obtainable from one supplier/limited number of suppliers. For instance, patented/proprietary goods or OEM spares and components. Operating Divisions are however required to satisfy themselves that there are no new entrants on the market who could also be tested;
 - c) For reasons of standardization or compatibility with existing products and services. A case must be made that deviation from existing standardized goods or services will cause major operational disruption. If not, confinements based on “standardization” will not be considered’ or
 - d) When goods or services being procured are highly specialized and largely identical to those previously executed by that supplier and it is not in the interest of the public or the organisation to solicit other tender offers as it would result in wasted money and/or time for Transnet. When this particular ground is intended to be used as a ground for confinement, it is important to note that all prerequisites must be satisfied i.e. the goods or services must be highly specialized, almost identical to

previous work done and approaching the market again would result in wasted money and time.

86. We are of the view that this matter continues to comply with ground (a) as set out below, and the request for confinement is therefore fully supported.

Ground for confinement per Par 15.1.2	Confinement considerations
a. Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;	• Genuine unforeseeable urgency has arisen to close the CDB transaction at current rates in light of the economic circumstances, Eskom credit rating and the impact on the sovereign. • The Transnet`s risk management policies require the currency exposure to be hedged back into Rand • The size and tenor of the loan is exceptionally large for the South African market. • A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion. • This could translate into additional costs of R600 million. • Uncertainty of counterparty unwillingness could delay full execution, leaving Transnet exposed to broader FX and rate risks on the USD exposure.

Confidentiality in terms of PPM

87. In terms of section 15.1.4 of the Delegation of authority “In instances where a confinement is confidential the GCE may approve such confinement without the confinement request being routed via any other authority”.
88. In light of the risks we have highlighted, Transnet’s key objective should therefore be to engage with a counterparty on a confidential basis that is:
- 88.1. Qualified and capable to execute the market risk components efficiently
 - 88.1.1.– Transnet should be offered best advice but also the possibility for full risk transfer on the market risk
 - 88.1.2.– The right trade-off between transparency and confidentiality to ensure a fair and proper outcome
 - 88.2. Prepared to fully underwrite the credit risk arising from the hedge
 - 88.3. Prepared to reduce the credit costs and therefore all-in pricing from the hedge through optimisation of the position
89. There is clearly a trade-off between transparency and confidentiality, in particular, as regards to the market risk components
90. Relying on one price from one bank protects the confidentiality and potential front-running.

91. However, Transnet must avoid a messy execution environment, as seen when CDB asked for indicative pricing from a number of banks for the full transaction earlier this year. We saw the basis swap move 25bps against Transnet within hours, while bid-offers from banks increased dramatically (c. 15bps).
92. If Transnet had been transacting then, this would have crystallised additional transaction costs of c. ZAR600mm, clearly the opposite effect that Transnet would have been seeking through a competitive bidding/procurement process.
93. Moreover, if Transnet had wanted to wait for the market to become 'unaffected' again, this would have delayed execution for several months, exposing Transnet to broader market volatility.
94. To secure the lowest Rand funding, Transnet must work with a single bank with a balance sheet large enough to warehouse the risk and execute the currency hedge quietly and in strict confidence.
95. In this way the market is completely unaware that the currency hedge is being executed; so complete confidentiality is maintained at all times.
96. At the same time, Transnet and the bank agree pricing in advance, so Transnet has complete certainty around the cost of the hedge up front and can deem it to be fair and reasonable.
97. It is not in the public interest as there would be additional cost to Transnet.

FINANCIAL IMPLICATIONS

98. Given the invaluable contribution of Regiments to the successful conclusion of funding transaction, Regiments is due a success or risk based fee of 7,5 basis points on yield payable by Transnet subject to a maximum of R80 million.
99. Regiments is due a success or risk based based fee of 7,5 basis points on the yield payable JP Morgan subject to a maximum of R86 million.
100. The fees for JP Morgan will be part of the market related cost to hedge the exposure to ZAR.

BUDGET IMPLICATIONS

101. The costs have been budgeted as part of the funding plan for 2015/16.

RECOMMENDATION:

102. It is recommended that the ADC to consider and :
- 102.1. Approve the confined appointment of JP MORGAN to hedge the financial risks (interest rate; credit and currency risk) emanating from the US\$ 1,5 billion China Development Bank (CBD) loan back into ZAR ;
 - 102.2. Approve the confined appointment of JP MORGAN to lead and underwrite the syndicated ZAR loan of \$1,5 billion equivalent;
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Compiled by

Phetolo Ramosebudi
Group Treasurer
Date:

Recommended/Not Recommended

Garry Pita
Group Chief Supply Chain Officer
Date:

Recommended/Not Recommended

Anoj Singh
Group Chief Financial Officer
Date:

Recommended/Not Recommended

Siyabonga Gama,
Acting Group Chief Executive
Date:

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www.transnet.net

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FROM : Siyabonga Gama, Acting Group Chief Executive

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42. Vanilla cross currency swaps are approved instruments that Transnet is allowed to use to hedge financial risks ito the Board approved Financial Risk Management Framework.
43. Transnet has successfully executed large cross currency swaps with J P Morgan in the past to hedge currency risk exposures.
 - 43.1. AFLAC loan of JPY 15 billion, hedged in Nov 09 with maturity of 15 Nov 19.
 - 43.2. USD 750 million GMTN issuance, hedged in Feb 11 with maturity of 10 Feb 16.
 - 43.3. USD 500 million GMTN issuance, hedged in Jul 12, with maturity of 26 July 22.
44. Apart from the swaps above, forward exchange contracts are done with J P Morgan on a regular basis for operational and capital imports.

JP MORGAN – contingent credit default swap

45. In addition to the above and more importantly JP Morgan as provided a proprietary solution that will enable Transnet to further reduce the cost of funding by approximately 112 basis points by the execution of a contingent credit default swap.
46. This instrument will be a stand-alone instrument that will not impact the hedge accounting of the cross currency swap above and will not be hedge accounted.
47. No other financial institution that has presented to Transnet to date has been able achieve the above.
48. Equity volatility on this instrument is a more manage and acceptable value of approximately R3billion under various stresses tests.
49. The GCFO and GCE are allowed into the Financial Risk Management Framework to introduce new instruments to manage financial risks and consequently will approve this instrument for use post ADC approval.

JP MORGAN – ZAR syndicated loan of \$1,5billion equivalent

50. To further reduce the cost of funding to Transnet it became apparent that we would need to consider a dual tranche denominated loan to fund the Chinese locomotive purchases.
51. Thus it was decided to utilise only \$1,5billion of the funding from CDB and use the JP Morgan balance sheet to underwrite a ZAR funding facility of \$1 billion equivalent.
52. Consequently the GCE signed a revised term sheet (term sheet 2) and mandate letter on XX with CBD for a \$1,5billion only - **Annexure B**
53. There appears (gauged during our recent visit to China) to be sufficient appetite from other Chinese financial institutions that are willing to provide Transnet with funding in ZAR namely Bank of China; ICBC and China Construction Bank.
54. Thus we are very confident that the ZAR tranche will be successfully executed.
55. This will enable Transnet to still meet the rating agency requirement of demonstrating committed funding facilities for committed capital.

Other Considerations

56. All necessary accounting, taxation and legal opinion have been obtained and no adverse issues have been identified in support of the above execution strategy.
57. An application has been made to National Treasury to increase Transnet's foreign borrowing limit from the current R55 billion to a revised R105 billion.
58. We are currently in discussions with DPE and National Treasury to address their queries regarding the above application.
59. Currently approximately R9,5billion of the R55 billion approved limit is available to be utilised.
60. Due to the confidentiality reasons and adverse impacts outlined above it also made sense that Regiments Capital be the BEE and empowerment partner of JP Morgan to enable Regiments to benefit from a significant transfer of skill from JP Morgan.
61. Participation in this transaction together with JP Morgan will lay the foundation for further future co-operation between the two entities.
62. Transnet will again play its role in creating an enabling environment to enhance its socio economic mandate and this time in the financial services sector.
63. JP Morgan is a level XXX contributor to the BEE codes
64. Regiments capital is a level XXX contributor to the BEE codes

Regiments Capital – Transaction advisory

65. Post the successful completion of the 1064 locomotive transaction, Regiments was tasked with developing a detailed funding plan on a pure risk or success basis.
66. Regiments was required to evaluate a number of funding sources including:
 - 66.1. US Exim funding for the GE locomotives
 - 66.2. EDC funding for the Bombardier locomotives
 - 66.3. Bond issuance under Transnet's DMTN and GMTN
 - 66.4. China Development Bank (CDB), Sinosure, China Exim and ICBC funding for the Chinese locomotives
67. Regiments have been working together with the risk management/middle office of Transnet Treasury for over the last 12 months to achieve the outcome below.
68. Assist Transnet with detailed negotiations to achieve the following tangible outcomes:
 - 68.1. Negotiating a better asset/liability match as opposed to CDB's proposed 10 year amortising profile as well as extending the capital grace period thereby lengthening the duration of the loan profile.
 - 68.2. Work with management to reduce the overall CDB's initial pricing of 300bp over 6 month Libor.
 - 68.3. Evaluating all options that would allow for Transnet to complete the CDB transaction at fair pricing.
69. In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Regiments recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1,5bn (R16,5bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS).
70. Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Regiments' has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
71. Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Management Framework (FRMF).
72. Regiments has assisted Transnet in negotiating with a number of potential Chinese sources of ZAR funding for the ZAR syndicated loan facility, including:
 - 72.1. ICBC (R2bn funding- term sheet to be provided)
 - 72.2. Bank Of China (R6bn – term sheet to be provided)
 - 72.3. China Construction Bank (Potential of R2bn- negotiations to be finalised)
 - 72.4. Sinosure- (Pursued the potential for a ZAR guarantee)
73. Regiments' advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market.
74. The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 2.7 billion.

75. In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%. The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.
76. The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction.
77. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of 15 bps on the yield as reflected in the NPV calculation below, payable on conclusion of the funding and hedging documents with CDB and JP Morgan.
78. This final success fee in bps will be mutually agreed between Transnet and Regiments, and the table below illustrates the NPV of the success fee.

Success fee in bps	Success fee in Rand (NPV)
15	R166 million

DELEGATIONS OF AUTHORITY

79. The CBD loan was approved by the Board of Directors of Transnet in August 2014.
80. The vanilla cross currency swap and the contingent credit default swap can be approved by the GCFO or GCE based on the Board of Directors approved Financial Risk Management Framework.
81. The appointment of JP Morgan for purposes of the said transaction is silent in the PPM.
82. The GCE has delegations to approve confinements up to R250 million.
83. The ADC's delegations to approve confinements is from R250 million to R1 billion.
84. Due to the silence of the PPM and the confidentiality required to execute this transaction it was decided to approach the ADC for approval of these service providers.

APPLICABILITY OF THE APPROVED GROUNDS FOR CONFINEMENT:

85. Appended below, for ease of reference, is an extract from the current Procurement Procedure Manual, par 15.1.2, which sets out the grounds for confinement.
- Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;
 - The goods/services are only obtainable from one supplier/limited number of suppliers. For instance, patented/proprietary goods or OEM spares and components. Operating Divisions are however required to satisfy themselves that there are no new entrants on the market who could also be tested;
 - For reasons of standardization or compatibility with existing products and services. A case must be made that deviation from existing standardized goods or services will cause major operational disruption. If not, confinements based on "standardization" will not be considered' or
 - When goods or services being procured are highly specialized and largely identical to those previously executed by that supplier and it is not in the interest of the public or the organisation to solicit other tender offers as it would result in wasted money and/or time for Transnet. When this particular ground is intended to be used as a ground for confinement, it is important to note that all prerequisites must be satisfied i.e. the goods or services must be highly specialized, almost identical to

previous work done and approaching the market again would result in wasted money and time.

86. We are of the view that this matter continues to comply with ground (a) as set out below, and the request for confinement is therefore fully supported.

Ground for confinement per Par 15.1.2	Confinement considerations
a. Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;	• Genuine unforeseeable urgency has arisen to close the CDB transaction at current rates in light of the economic circumstances, Eskom credit rating and the impact on the sovereign. • The Transnet's risk management policies require the currency exposure to be hedged back into Rand • The size and tenor of the loan is exceptionally large for the South African market. • A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion. • This could translate into additional costs of R600 million. • Uncertainty of counterparty unwillingness could delay full execution, leaving Transnet exposed to broader FX and rate risks on the USD exposure.

Confidentiality in terms of PPM

87. In terms of section 15.1.4 of the Delegation of authority "In instances where a confinement is confidential the GCE may approve such confinement without the confinement request being routed via any other authority".

88. In light of the risks we have highlighted, Transnet's key objective should therefore be to engage with a counterparty on a confidential basis that is:

88.1. Qualified and capable to execute the market risk components efficiently

88.1.1.– Transnet should be offered best advice but also the possibility for full risk transfer on the market risk

88.1.2.– The right trade-off between transparency and confidentiality to ensure a fair and proper outcome

88.2. Prepared to fully underwrite the credit risk arising from the hedge

88.3. Prepared to reduce the credit costs and therefore all-in pricing from the hedge through optimisation of the position

89. There is clearly a trade-off between transparency and confidentiality, in particular, as regards to the market risk components

90. Relying on one price from one bank protects the confidentiality and potential front-running.

91. However, Transnet must avoid a messy execution environment, as seen when CDB asked for indicative pricing from a number of banks for the full transaction earlier this year. We saw the basis swap move 25bps against Transnet within hours, while bid-offers from banks increased dramatically (c. 15bps).
92. If Transnet had been transacting then, this would have crystallised additional transaction costs of c. ZAR600mm, clearly the opposite effect that Transnet would have been seeking through a competitive bidding/procurement process.
93. Moreover, if Transnet had wanted to wait for the market to become 'unaffected' again, this would have delayed execution for several months, exposing Transnet to broader market volatility.
94. To secure the lowest Rand funding, Transnet must work with a single bank with a balance sheet large enough to warehouse the risk and execute the currency hedge quietly and in strict confidence.
95. In this way the market is completely unaware that the currency hedge is being executed; so complete confidentiality is maintained at all times.
96. At the same time, Transnet and the bank agree pricing in advance, so Transnet has complete certainty around the cost of the hedge up front and can deem it to be fair and reasonable.
97. It is not in the public interest as there would be additional cost to Transnet.

FINANCIAL IMPLICATIONS

98. Given the invaluable contribution of Regiments to the successful conclusion of funding transaction, Regiments is due a success or risk based fee of 7,5 basis points on yield payable by Transnet subject to a maximum of R80 million.
99. Regiments is due a success or risk based based fee of 7,5 basis points on the yield payable JP Morgan subject to a maximum of R86 million.
100. The fees for JP Morgan will be part of the market related cost to hedge the exposure to ZAR.

BUDGET IMPLICATIONS

101. The costs have been budgeted as part of the funding plan for 2015/16.

RECOMMENDATION:

102. It is recommended that the ADC to consider and :

- 102.1. Approve the confined appointment of JP MORGAN to hedge the financial risks (interest rate; credit and currency risk) emanating from the US\$ 1,5 billion China Development Bank (CBD) loan back into ZAR ;
- 102.2. Approve the confined appointment of JP MORGAN to lead and underwrite the syndicated ZAR loan of \$1,5 billion equivalent;
- 102.3. Approve the confined appointment of Regiments Capital for transaction advisory services and support to Transnet for the CDB loan and;
- 102.4. Delegate authority to the acting GCE to approve all documentation related to this confinement.

Compiled by

Phetolo Ramosebudi
Group Treasurer
Date:

Recommended/Not Recommended

Garry Pita
Group Chief Supply Chain Officer
Date:

Recommended/Not Recommended

Anoj Singh
Group Chief Financial Officer
Date:

Recommended/Not Recommended

Siyabonga Gama,
Acting Group Chief Executive
Date:

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MEMORANDUM

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TO : The Acquisitions and Disposals Committee

FROM : Siyabonga Gama, Acting Group Chief Executive

SUBJECT : REQUEST TO APPOINT JP MORGAN AND REGIMENTS CAPITAL TO CONCLUDE ON THE CHINA DEVELOPMENT BANK LOAN (CDB)

PURPOSE OF SUBMISSION:

1. The purpose of the submission is to request the Acquisitions and Disposals Committee (ADC) to:
 - 1.1. Approve the confined appointment of JP MORGAN to hedge the financial risks (interest *rate*; credit and currency risk) emanating from the US\$ 1,5 billion China Development Bank (CDB) loan back into ZAR ;
 - 1.2. Approve the confined appointment of JP MORGAN to lead and underwrite the equivalent syndicated ZAR loan of \$1,5 billion;
 - 1.3. Approve the contract extension from R99,5 million to R265,5 million for the appointment of Regiments Capital for transaction advisory services and support to Transnet on the 1064 locomotive transaction, and
 - 1.4. Delegate authority to the Acting GCE to approve all documentation related to this confinement.

EXECUTIVE SUMMARY AND BENEFITS

2. By favourably considering the recommendation above, Transnet will be able to achieve significant benefits.
3. Approximately ~R46 billion (at R11/\$) of the required R50 billion (excluding contingencies) to fund the locomotive supplier agreements will be concluded on a committed basis (92% secured funding).
4. This is critical to mitigate liquidity risk due to the high levels of committed capital – which is a major area of focus for rating agencies specifically Standard and Poor's (A/B ratio).
5. The overall cost of debt will be within an acceptable levels with the overall cost of the Chinese portion of the debt at approximately 10.5% compared to the current weight average cost of debt of 9,7% with an average repayment profile of 7 years, subject to market conditions at time of execution.
6. Matching the asset and liability profile with longer dated funding structures (10 - 15 years) for long dated assets such as locomotives that have 30 year useful lives.
7. Enabling Transnet to enter into fixed rate funding (50%) for a portion of the borrowing to better manage interest rate risk and volatility.
8. Transnet and other Chinese financial institutions will be able to give effect to the BRICS commitments of both countries within commercial acceptable terms and conditions.

A handwritten signature in black ink, appearing to be a stylized 'S' or 'G' followed by a flourish.

9. By utilising Chinese funding sources Transnet is able to conserve its use of its domestic credit lines with local financial institutions which can be used in the event of a financial crisis similar to 2008.

DISCUSSION:

10. Transnet has signed a MOU with CDB during 2014 for the provision of funding of up to \$5 billion, however this was non-binding on either party.
11. This MOU was signed in the presence of the Honourable Presidents of the Republic of South Africa and the Peoples Republic of China as part of the respective countries BRICS commitments.
12. Transnet awarded the locomotive supplier agreements relating to the supply of 1064 locomotives during March 2014 following a rigorous open tender process.
13. The award was made to General Electric; Bombardier Transport; China South Railways and China North Railways with a contract value of R54,5 billion including contingencies.
14. Due to the rating agency requirements of matching commitment capital to committed funding sources to reduce liquidity risk Transnet needed to identify appropriate and cost effective funding sources.
15. To this end Transnet successfully concluded committed funding facilities with USEXIM and EDC to fund the GE and BT portions of the locomotive contracts. These facilities have provided approximately R13 billion of the required funding.
16. Given the above Transnet engaged with CDB during 2014 to conclude a possible loan agreement to fund the Chinese portion of the locomotive supplier agreements.
17. The Board of Directors approved the potential loan from CDB during August 2014 - refer **annexure A**.
18. Consequently Transnet signed a Term sheet (term sheet 1) for the US\$2.5 billion 15-year amortizing loan from CDB to finance 232 and 359 locomotives from CNR and CSR, respectively during August 2014.
19. This term sheet was subject to Transnet being satisfied with the cost of hedging as this is significant cost associated with a foreign denominated loan.
20. Transnet's risk management policies require the currency exposure to be hedged back into Rand
21. The size and tenor of the loan is exceptionally large for the South African market. To quantify this:
 - 21.1. A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion
 - 21.2. The USD:ZAR basis market which can easily move up or down by 25bps in a single day, equivalent to R370 million on a loan of \$2.5 billion.
22. Due to CDBs lack of knowledge of the local financial markets they approached various banks in the local and international market to hedge the possible exposure which resulted in adverse financial consequences for Transnet as the cost of the hedge was unacceptable – see paragraph 30 below.
23. Prudently, Transnet opted not to proceed and communicated to CDB and to the market that it would pursue other funding avenues for the financing.
24. Transnet should choose the route that delivers the lowest Rand funding for Transnet as there is tremendous pressure on its cash interest cover ratio.



JP MORGAN – cross currency swap

25. There are two ways to execute a hedge of this magnitude:
26. Transnet could approach a number of banks and ask for quotes, and then select the bank (or banks) with the lowest quotes – similar to approach used by CDB above which resulted in adverse pricing impacts for Transnet, or
27. Transnet could work in strict confidence with one bank that is of sufficient financial substance (balance sheet) to execute the hedge so that the market is entirely unaware of the hedge until after it is concluded.
28. The first route (approach a number of banks) is optically attractive – banks are put into open competition – but it is certain to lead to materially higher Rand funding for Transnet as the basis swap may increase.
29. We are confident in this assertion because unfortunately, this exact route was tested and proven by CDB with disastrous results in August 2014:
 - 29.1. In April 2014, CDB evaluated providing the loan in ZAR to Transnet, and approached several banks for an indicative price on a USD:ZAR cross currency swap.
 - 29.2. This immediately moved the basis swap market on the screen by 25bps against Transnet and resulted in 15bps wider bid-offers.
 - 29.3. Since each 1bps move costs Transnet R15 million in a higher Rand interest rate, the cumulative cost to Transnet would have been R600 million.
 - 29.4. This powerfully demonstrated that absolute confidentiality is critical to obtain the best pricing, and a completely different approach to risk management is required to secure this pricing.
30. To secure the lowest Rand funding, Transnet should instead work with a single bank with a balance sheet large enough to warehouse the risk and execute the currency hedge quietly and in strict confidence.
31. In this way the market is completely unaware that the currency hedge is being executed; so complete confidentiality is maintained at all times.
32. At the same time, Transnet and the bank agree pricing in advance, so Transnet has complete certainty around the cost of the hedge up front and can deem it to be fair and reasonable.
33. J.P. Morgan, with one of the largest bank balance sheets globally, will provide this confidential solution to Transnet. In so doing, we will assume significant market risk.
34. It is therefore vital that the transaction is executed in strict confidence.
35. There are two types of risk that need to be carefully managed in executing this swap:
36. Market risk: A single basis point (0.01%) move up or down during execution represents a R15 million gain or loss to Transnet
 - 36.1. J.P. Morgan can do this because of the large appetite they have to warehouse risk, and because we have a superior ability to tap into several liquidity pools to exit the risk quickly but also smoothly
37. Credit risk: The resulting credit and tenor exposure and on the hedge is significant. We will address this as follows:
 - 37.1. J.P. Morgan has a large appetite and could underwrite the entire transaction whilst holding a significant quantum
 - 37.2. Distribute the rest of the credit risk.
38. This vanilla cross currency swap will enable Transnet to apply hedge accounting ito IAS 39 to shield the Transnet balance sheet from significant equity volatility that will have severe adverse impacts on the gearing ratio which is also under some strain.
39. Sensitivity analyses indicate that the volatility could be as high as R33 billion under different stress scenarios of exchange rates and interest rates.



40. Vanilla cross currency swaps are approved instruments that Transnet is allowed to use to hedge financial risks in terms of the Board approved Financial Risk Management Framework.
41. Transnet has successfully executed large cross currency swaps with J P Morgan in the past to hedge currency risk exposures.
 - 41.1. AFLAC loan of JPY 15 billion, hedged in Nov 09 with maturity of 15 Nov 19.
 - 41.2. USD 750 million GMTN issuance, hedged in Feb 11 with maturity of 10 Feb 16.
 - 41.3. USD 500 million GMTN issuance, hedged in Jul 12, with maturity of 26 July 22.
42. Apart from the swaps above, forward exchange contracts are done with J P Morgan on a regular basis for operational and capital imports.

JP MORGAN – contingent credit default swap

43. In addition to the above and more importantly JP Morgan as provided a proprietary solution that will enable Transnet to further reduce the cost of funding by approximately 112 basis points by the execution of a contingent credit default swap.
44. This instrument will be a stand-alone instrument that will not impact the hedge accounting of the cross currency swap above and will not be hedge accounted.
45. No other financial institution that has presented to Transnet to date has been able achieve the above.
46. Equity volatility on this instrument is a more manageable and acceptable value of approximately R3 billion under various stress tests.
47. The GCFO and GCE are allowed in terms of the Financial Risk Management Framework to introduce new instruments to manage financial risks and consequently will approve this instrument for use post ADC approval.

JP MORGAN – ZAR syndicated loan of \$1,5billion equivalent

48. To further reduce the cost of funding to Transnet it became apparent that Transnet would need to consider a dual tranche denominated loan to fund the Chinese locomotive purchases.
49. Thus it was decided to utilise only \$1,5billion of the funding from CDB and use the JP Morgan balance sheet to underwrite a ZAR funding facility of \$1,5 billion equivalent.
50. Consequently the GCE signed a revised term sheet (term sheet 2) and mandate letter in April 2015 with CDB for a \$1,5billion only.
51. There appears (gauged during our recent visit to China) to be sufficient appetite from other Chinese financial institutions that are willing to provide Transnet with funding in ZAR namely Bank of China; ICBC and China Construction Bank.
52. Thus we are very confident that the ZAR tranche will be successfully executed.
53. This will enable Transnet to still meet the rating agency requirement of demonstrating committed funding facilities for committed capital.

Other Considerations

54. All necessary accounting, taxation and legal opinions have been obtained and no adverse issues have been identified in support of the above execution strategy.
55. An application has been made to National Treasury to increase Transnet's foreign borrowing limit from the current R55 billion to a revised R105 billion.
56. We are currently in discussions with DPE and National Treasury to address their queries regarding the above application.
57. Currently approximately R9,5 billion of the R55 billion approved limit is available to be utilised.



58. Due to the confidentiality reasons and adverse impacts outlined above of an open tender it also made sense that Regiments Capital having supported Transnet in the 1064 locomotive tender as the transaction adviser is the BEE and empowerment partner of JP Morgan to enable Regiments to benefit from a significant transfer of skill from JP Morgan.
59. Participation in this transaction together with JP Morgan will lay the foundation for further future co-operation between the two entities.
60. Transnet will again play its role in creating an enabling environment to enhance its socio economic mandate and this time in the financial services sector.
61. Regiments Capital is a level 1 contributor in terms of the BEE codes. Their BEE credentials including black ownership has been verified by the Transnet Supplier development team.

Regiments Capital – Transaction advisory

62. Transnet appointed Regiments Capital as the Transaction advisors on the 1064 Locomotive Transaction. In terms of the aforementioned mandate, Regiments Capital was required to advise on deal structuring, financing and funding options to minimise risk for Transnet.
63. Regiments was required to evaluate a number of funding sources including:
 - 63.1. US Exim funding for the GE locomotives
 - 63.2. EDC funding for the Bombardier locomotives
 - 63.3. Bond issuance under Transnet's DMTN and GMTN
 - 63.4. China Development Bank (CDB), Sinosure, China Exim and ICBC funding for the Chinese locomotives
64. Regiments have been working together with the risk management/middle office of Transnet Treasury for over the last 12 months to achieve the outcome below.
65. Assist Transnet with detailed negotiations to achieve the following tangible outcomes:
 - 65.1. Negotiating a better asset/liability match as opposed to CDB's proposed 10 year amortising profile as well as extending the capital grace period thereby lengthening the duration of the loan profile.
 - 65.2. Work with management to reduce the overall CDB's initial pricing of 300bp over 6 month Libor.
 - 65.3. Evaluating all options that would allow for Transnet to complete the CDB transaction at fair pricing.
66. In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Regiments recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the cross currency swap).
67. Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
68. Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Management Framework (FRMF).
69. Regiments has assisted Transnet in negotiating with a number of potential Chinese sources of ZAR funding for the ZAR syndicated loan facility, including:
 - 69.1. ICBC (R2bn funding- term sheet to be provided)
 - 69.2. Bank Of China (R6bn – term sheet to be provided)



- 69.3. China Construction Bank (Potential of R2bn- negotiations to be finalised)
- 69.4. Sinasure- (Pursued the potential for a ZAR guarantee)
- 70. Regiments’ advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet’s credit lines intact in the domestic market.
- 71. The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 2.7 billion.
- 72. In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%. The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.
- 73. The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction.
- 74. The range of NPV fee outcomes can vary between 15bps and 25bps on a transaction of a similar nature – ie R166 million – R277 million based on yield.
- 75. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments success based fee will not exceed 15 bps on the yield as reflected in the NPV calculation below, payable on conclusion of the funding and hedging documents with CDB and JP Morgan.

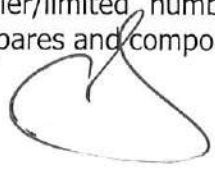
Success fee in bps	Success fee in Rand (NPV)
15	R166 million

DELEGATIONS OF AUTHORITY

- 76. The CDB loan was approved by the Board of Directors of Transnet in August 2014.
- 77. The vanilla cross currency swap and the contingent credit default swap can be approved by the GCFO or GCE based on the Board of Directors approved Financial Risk Management Framework.
- 78. The appointment of JP Morgan for purposes of the said transaction is silent in the PPM.
- 79. The GCE has delegations to approve confinements up to R250 million.
- 80. The ADC’s delegations to approve confinements is from R250 million to R1 billion.
- 81. Due to the silence of the PPM and the confidentiality required to execute this transaction it was decided to approach the ADC for approval.

APPLICABILITY OF THE APPROVED GROUNDS FOR CONFINEMENT:

- 82. Appended below, for ease of reference, is an extract from the current Procurement Procedure Manual, par 15.1.2, which sets out the grounds for confinement.
 - a) Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;
 - b) The goods/services are only obtainable from one supplier/limited number of suppliers. For instance, patented/proprietary goods or OEM spares and components.

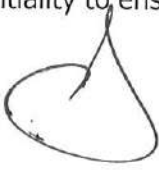


- Operating Divisions are however required to satisfy themselves that there are no new entrants on the market who could also be tested;
- c) For reasons of standardization or compatibility with existing products and services. A case must be made that deviation from existing standardized goods or services will cause major operational disruption. If not, confinements based on "standardization" will not be considered' or
 - d) When goods or services being procured are highly specialized and largely identical to those previously executed by that supplier and it is not in the interest of the public or the organisation to solicit other tender offers as it would result in wasted money and/or time for Transnet. When this particular ground is intended to be used as a ground for confinement, it is important to note that all prerequisites must be satisfied i.e. the goods or services must be highly specialized, almost identical to previous work done and approaching the market again would result in wasted money and time.
83. We are of the view that this matter continues to comply with ground (a) as set out below, and the request for confinement is therefore fully supported.

Ground for confinement per Par 15.1.2	Confinement considerations
a. Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;	• Genuine unforeseeable urgency has arisen to close the CDB transaction at current rates in light of the economic circumstances, Eskom credit rating and the impact on the sovereign. • The Transnet's risk management policies require the currency exposure to be hedged back into Rand • The size and tenor of the loan is exceptionally large for the South African market. • A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet R15 million on a loan of \$2.5 billion. • This could translate into additional costs of R600 million. • Uncertainty of counterparty unwillingness could delay full execution, leaving Transnet exposed to broader FX and rate risks on the USD exposure.

Confidentiality in terms of Delegations of authority

84. In terms of section 15.1.4 of the Delegation of authority "In instances where a confinement is confidential the GCE may approve such confinement without the confinement request being routed via any other authority".
85. In light of the risks we have highlighted, Transnet's key objective should therefore be to engage with a counterparty on a confidential basis that is:
- 85.1. Qualified and capable to execute the market risk components efficiently
 - 85.1.1.– Transnet should be offered best advice but also the possibility for full risk transfer on the market risk
 - 85.1.2.– The right trade-off between transparency and confidentiality to ensure a fair and proper outcome



- 85.2. Prepared to fully underwrite the credit risk arising from the hedge
- 85.3. Prepared to reduce the credit costs and therefore all-in pricing from the hedge through optimisation of the position
- 86. There is clearly a trade-off between transparency and confidentiality, in particular, as regards to the market risk components
- 87. Relying on one price from one bank protects the confidentiality and potential front-running.
- 88. However, Transnet must avoid a messy execution environment, as seen when CDB asked for indicative pricing from a number of banks for the full transaction earlier this year. We saw the basis swap move 25bps against Transnet within hours, while bid-offers from banks increased dramatically (15bps).
- 89. If Transnet had been transacting then, this would have crystallised additional transaction costs of ZAR600mm, clearly the opposite effect that Transnet would have been seeking through a competitive bidding/procurement process.
- 90. Moreover, if Transnet had wanted to wait for the market to become 'unaffected' again, this would have delayed execution for several months, exposing Transnet to broader market volatility.
- 91. To secure the lowest Rand funding, Transnet must work with a single bank with a balance sheet large enough to warehouse the risk and execute the currency hedge quietly and in strict confidence.
- 92. In this way the market is completely unaware that the currency hedge is being executed; so complete confidentiality is maintained at all times.
- 93. At the same time, Transnet and the bank agree pricing in advance, so Transnet has complete certainty around the cost of the hedge up front and can deem it to be fair and reasonable.
- 94. It is not in the public interest as there would be additional cost to Transnet.

ENTERPRISE AND SUPPLIER DEVELOPMENT AND BBBEE

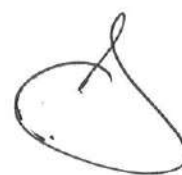
- 95. Supplier development subject a maximum of 35 % will be applicable to JP Morgan.
- 96. Supplier development applicable to Regiments Capital will be subject to a maximum of 10%.

FINANCIAL IMPLICATIONS

- 97. Given the invaluable contribution of Regiments to the successful conclusion of funding transaction, Regiments is due a success or risk based fee of 15 bp on yield payable by Transnet or JP Morgan (or a portion thereof) subject to a maximum of R166 million.
- 98. The fees for JP Morgan will be part of the market related cost to hedge the exposure to ZAR.

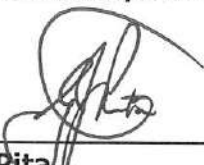
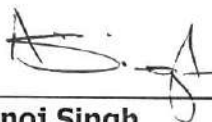
BUDGET IMPLICATIONS

- 99. The costs have been budgeted as part of the funding plan for 2015/16.



RECOMMENDATION:

- It is recommended that the ADC:
 - Approve the confined appointment of JP MORGAN to hedge the financial risks (interest rate; credit and currency risk) emanating from the US\$ 1,5 billion China Development Bank (CDB) loan back into ZAR ;
 - Approve the confined appointment of JP MORGAN to lead and underwrite the equivalent syndicated ZAR loan of \$1,5 billion;
 - Approve the contract extension from R99,5 million to R265,5 million for the appointment of Regiments Capital for transaction advisory services and support to Transnet on the 1064 locomotive transaction, and;
 - Delegate authority to the Acting GCE to approve all documentation related to this confinement.

Compiled by**Phetolo Ramosebudi****Group Treasurer****Date:** 28/04/2015**Recommended/Not Recommended****Garry Pita****Group Chief Supply Chain Officer****Date:** 28/4/15**Recommended/Not Recommended****Anoj Singh****Group Chief Financial Officer****Date:** 28/04/15**Recommended/Not Recommended****Siyabonga Gama,****Acting Group Chief Executive****Date:** 2015-04-28

Ntokoza Zama

From: Vein, Frank L <frank.l.vein@jpmorgan.com>
Sent: Tuesday, 12 May 2015 16:20
To: Phetolo Ramosebudi Transnet Corporate JHB; Eric Wood
Cc: Tewodros Gebreselasie; Nswana Mwangi; Anoj Singh Corporate JHB; Hussey, Marc J; Rankin, Simon D; Penino Vinas, Javier; Munyaradzi, Rumbidzayi X; Lalou, Laurent; Wade, Jessica C; Lakhoo, Hemisha; De Villiers, Alison J
Subject: Transnet ZAR Syndication

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Phetolo/Eric,

Following our meeting today, I would just like to recap what we had discussed and the road map going forward:

- Amount: Target amount of ZAR equivalent of \$1bln to be upsized to \$1.5bln equivalent if sufficient demand within pricing parameters
- Transnet would prefer to have participation concentrated among the Chinese and International Banks and local Institutions so that they retain capacity among local banks
- Tenor: 15 year amortising structure to be marketed
- Transnet would like to close facility by end of June with an immediate drawdown of at least 50%

Indications received to Date all for an unsecured, 15yr, amort:

- ICBC: Have provided a TS for R2bln at 270bps margin
- BoC: Have provided a TS for R7bln at 270bps margin with the intention to sell down R4bln of that.
- CCB: Have indicated an appetite for R1bln – R3bln and will match ICBC and BoC terms
- Nedbank: Have indicated appetite for R2bln, but no indication of pricing yet.

Immediate Deliverables:

1. Transnet to provide formal confirmation of internal sign off on the Coordination Letter
2. JPM to send execution copy of Coordination Letter to Transnet once the above is received
3. Transnet to provide to JPM copies of Term Sheets already received and copy of unsecured Term Loan precedent
4. JPM to draft consensus Term Sheet and Liquidity Analysis outlining institutions to be approached
5. JPM to prepare a time line with milestones for completion of syndication by end of June
6. JPM Due Diligence questions to be sent to Transnet and DD call to be organized

We would also request that Transnet identify which law firm is acting on behalf of CDB so that we can confirm suitability for the unsecured loan.

We look forward to working with you on this important and strategic transaction.

Thanks and regards,
 Frank

Frank Vein | Executive Director | Global Corporate Bank Sub-Saharan Africa | **J.P.Morgan** | 1 Fricker Road, Illovo, Floor 01
Johannesburg, 2196, South Africa | Tel: +27 (0) 11 507 0727 | Mob: +27 (0) 82 604 5460 | Mob 2: +44 (0) 788 0725 585 | Fax:
+27 (0) 11 507 0703 | E-mail: frank.l.vein@jpmorgan.com | Web: www.jpmorgan.com

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Ntokozo Zama

From: Phetolo <mosiarams@gmail.com>
Sent: Friday, 15 May 2015 09:18
To: Eric Wood
Subject: Fwd: Regiments 1064 locomotive mandate

Please assist

Sent from my iPhone

Begin forwarded message:

From: "Yusuf Mahomed Transnet Corporate JHB" <Yusuf.Mahomed@transnet.net>
Date: 15 May 2015 at 09:07:54 SAST
To: "Kevin Weir Transnet Corporate JHB" <Kevin.Weir@transnet.net>
Cc: "Phetolo Ramosebudi Transnet Corporate JHB" <Phetolo.Ramosebudi@transnet.net>, "Randy Mashatula Transnet Freight Rail JHB" <Randy.Mashatula@transnet.net>
Subject: RE: Regiments 1064 locomotive mandate

Hi

Phetolo will have all the required information

Regards

From: Kevin Weir Transnet Corporate JHB
Sent: 15 May 2015 09:07 AM
To: Yusuf Mahomed Transnet Corporate JHB
Cc: Phetolo Ramosebudi Transnet Corporate JHB; Randy Mashatula Transnet Freight Rail JHB
Subject: FW: Regiments 1064 locomotive mandate

Hi Yusuf / Phetolo

We received the request to extend the Regiments contract very recently, for which the preparatory work has just commenced.

The team at TCC have requested the "background and scope change" detail that is required for inclusion in the TAC submissions and for contract extension requirement – all we know at this point is the value of the contract is increasing from R95m to R265m.

Please advise from whom we can get this information.

Many thanks

Kevin

From: Randy Mashatula Transnet Freight Rail JHB
Sent: 15 May 2015 08:49 AM
To: Kevin Weir Transnet Corporate JHB
Subject: RE: Regiments 1064 locomotive mandate

Morning, Kevin

It is important that we receive the details around the scope of amendment and the background from Yusuf by today or Monday to finalize the Precis for submission to TAC.

Best regards

From: Kevin Weir Transnet Corporate JHB
Sent: 15 May 2015 08:44 AM
To: Yusuf Mahomed Transnet Corporate JHB; Phetolo Ramosebudi Transnet Corporate JHB; Garry Pita Transnet Corporate JHB
Cc: Randy Mashatula Transnet Freight Rail JHB
Subject: RE: Regiments 1064 locomotive mandate

Hi Yusuf

Does this relate to the JP Morgan process as well – if so, please refer to our actions

- **Regiment contract extension (Related to JP Morgan transaction)**
 - TCC procurement currently preparing the TAC submission, I'm expecting it to serve at TAC next week (**Luqmaan is put together the Precis for submission targeting the TAC meeting of the 21st May 2015**)

Regards

kevin

From: Yusuf Mahomed Transnet Corporate JHB
Sent: 15 May 2015 08:38 AM
To: Phetolo Ramosebudi Transnet Corporate JHB; Kevin Weir Transnet Corporate JHB; Garry Pita Transnet Corporate JHB
Subject: RE: Regiments 1064 locomotive mandate

Hi

Please be reminded to do the extension of the 1064 mandate to Regiments for the funding elements

Anoj has indicated that this must be closed out asap

Regards

From: Anoj Singh Corporate JHB
Sent: 20 April 2015 11:10 AM
To: Yusuf Mahomed Transnet Corporate JHB
Subject: FW: Regiments 1064 locomotive mandate



Theo Takane
Executive Assistant
Office of the Group Chief Financial Officer
Transnet SOC Ltd

(011)308 2250

083 447 2980

086 686 4961

theo.takane@transnet.net

www.transnet.net

From: Eric Wood [<mailto:EricW@regiments.co.za>]

Sent: 17 April 2015 11:50 AM

To: Anoj Singh Corporate JHB

Cc: Phetolo Ramosebudi Transnet Corporate JHB; Tewodros Gebreselasie; Nswana Mwangi

Subject: Regiments 1064 locomotive mandate

Hi Anoj

As discussed, I have attached a short note detailing the role and benefits provided by Regiments in the 1064 funding.

Regards

Eric Wood

Eric Wood
Executive Director
+27 83 626 0857



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Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB <Phetolo.Ramosebudi@transnet.net>
Sent: Monday, 08 June 2015 20:26
To: Phetolo Ramosebudi Transnet Corporate JHB; Eric Wood
Subject: Letter to jpmorgan

Dear Marc

Re: Coordination of ZAR syndication loan and the Bridging facility

Further to our previous engagements on the request to coordinate the ZAR syndication loan with Regiments Capital, Transnet has realise that it made a wrong assumption that the Lead Coordinator will provide the under writing facility on the balance of the US\$ 1 billion.

Now that the expectation is not inline with JP Morgan position, Transnet has decided that it will pursue the current offer received from the Bank of China and any other availability facility and balance will be drawn from the US\$ 1 billion standby facility.therefore the coordination of ZAR loan will not be required.

Transnet therefore regret to terminate the coordination arrangement of the ZAR syndication loan with JP Morgan.

Transnet appreciate your

Your sincerely

Anoj Singh
Group Chief Financial Officer

Sent from my iPad



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Anoj Singh, Group Chief Financial Officer



Mr. Marc Hussey
Joint Managing Director
JP Morgan Chase
1 Fricker RD
Illovo
SANDTON

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Transnet appreciate your efforts

Thank you and Kind Regards,

Anoj Singh

Group Chief Financial Officer

Date:

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MR Seleke SD Shane BG Stagman PG Williams A Singh* (Group Chief Financial Officer)
*Executive

Group Company Secretary: ANC Ceba

www.transnet.net

Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB <Phetolo.Ramosebudi@transnet.net>
Sent: Tuesday, 09 June 2015 14:30
To: Eric Wood
Subject: JP Morgan Termination letter
Attachments: JP Morgan Termination letter.doc

Hi Eric,

Do you mind reviewing this as per Anoj request.
Kind Regards



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*Executive

Group Company Secretary: ANC Ceba

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Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB <Phetolo.Ramosebudi@transnet.net>
Sent: Tuesday, 09 June 2015 14:33
To: Eric Wood
Cc: phetolo@ramscap.co.za
Subject: JP Morgan Termination letter
Attachments: JP Morgan Termination letter.doc

Hi Eric,

Could you please review and comment on this letter before sending to JPM.

Regards



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**MEMORANDUM**

TO : Anoj Singh
Group Chief Financial Officer

FROM : Phetolo Ramosebudi
Group Treasurer

**SUBJECT : ADVISORY SUPPORT FOR THE FUNDING FOR 1064 LOCOMOTIVES AND
EXECUTION OF RISK HEDGING STRATEGY**

PURPOSE OF SUBMISSION

1. The purpose of this submission is to report on the performance of the 1064 locomotive funding advisors:
 - 1.1 Detailing the work undertaken by the 1064 advisors to date
 - 1.2 Provide a detailed quantification of the value add performance of the 1064 advisors

BACKGROUND

2. Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives from GE, Bombardier, CNR and CSR.
3. Given the size of the required funding, the need to limit the impact of this funding on the local credit lines and the financial benefit to be realised from using ECAs and export promotion initiatives from exporting countries, Transnet from the outset aimed at exploring foreign sources of funding.
4. The majority of the foreign sources of the required funding have limited appetite for ZAR denominated funding. As a result, Transnet has considered the procurement of USD denominated funding.



5. Compliance to Transnet's Financial Risk Management Framework necessitates the effective hedging of currency and other risks arising from the procurement of this funding.
6. However, there is a recognition that the cost of hedging the currency risk associated with securing a USD loan will be higher than comparative locally sourced ZAR funding.
7. Therefore, the GCFO requires strategy and execution support in order to secure the right type of funding and a cost efficient innovative hedging solution to achieve an optimal all-in funding for the resulting ZAR loan.

DISCUSSION

8. A funding plan was prepared by Regiments providing due consideration of the following:
 - 8.1 Evaluation of all funding sources;
 - 8.2 Matching of assets and liabilities;
 - 8.3 Evaluation of the useful life of all underlying assets
 - 8.4 Identification and management of all financial risks (including liquidity, interest rate, credit and currency risks).
9. The execution support that was provided by Regiments included the evaluation and comparative analysis of a number of funding sources:
 - 9.1 US Exim funding for the GE locomotives
 - 9.2 EDC funding for the Bombardier Funding
 - 9.3 Bond issuance under Transnet's DMTN and GMTN
 - 9.4 China Development Bank (CDB), Sinosure, China Exim funding for the Chinese locomotives
10. Negotiation support comprised an important part of the execution support provided by Regiments. Assistance was provided to Transnet during the negotiation process with all of the identified Chinese potential funders, and in particular with the detailed and protracted negotiations with CDB.
11. The value add from the negotiation support provided by Regiments in relation to the CDB deal is briefly summarised below:
 - 11.1 A fifteen year amortising profile was negotiated, as opposed to CDB's proposed 10 year amortising profile (the longer duration provides a better asset/liability match)



- 11.2 The capital grace period was extended from 36 months to 54 months, thereby lengthening the duration of the loan profile further, in line with the asset/liability matching requirements
- 11.3 CDB's initial pricing of 300bps over 6 month Libor, was successfully negotiated to the final agreed margin of 257bps over Libor - a saving of 43bps (a net present value benefit of \$64.5m based on the \$2,5bn facility)
- 11.4 The reference interest rate for the CDB loan was 6 month Libor. Regiments assisted Transnet in negotiating for a change of the reference interest rate from 6 month Libor to 3 month Libor. This change translates to a significant financial benefit when the liability is converted from a USD loan to a ZAR loan (as required by Transnet FRM framework) and, the imminent swapping of the floating interest rate to fixed rate on the ZAR loan. The benefit derived from the change of the 6 month libor to the 3 month libor is expected to be in the region of 40 bps at the point that Transnet chooses to fix the resulting 3 month Jibar linked interest rate. (The current market pricing difference between the NACQ and the NACS swap of float to fixed for this loan profile amounts to a pricing premium of approx. 40bp on the NACS profile). This NPV difference is approx. R720m for the \$2.5bn loan.
- 11.5 In the course of the commercial negotiations with CDB, CDB decided (on its own initiative) to test the cross currency swap pricing on this transaction with 8 banks. The effect of this unauthorised action (given the illiquid nature of the ZAR CCS market) caused an adverse pricing move for Transnet. Subsequent to this Regiments assisted Transnet in evaluating all options that would allow for Transnet to complete this transaction at fair pricing. Regiments advised Transnet that the transaction should be hedged with a single counterpart of substance, willing to place balance sheet behind the transaction. It is in this light that Regiments assisted Transnet in the selection of J.P. Morgan as the CCS counterparty.
- 11.6 In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Transnet implemented Regiments' recommendation to only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37 bps (a net present value saving of approx. R666m as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS).



- 11.7 Recommendation and execution of the appropriate and innovative hedging strategy was part of the execution support services required of Regiments. In order to further reduce the effective cost of the foreign sourced funding from CDB, Regiments proposed a number of enhancement solutions (including currency options, credit default swaps and extinguishing swaps). Regiments assisted Transnet in the evaluation and negotiation of the final selected enhancement solution (CCDS). This enhancement solution has the effect of reducing the effective ZAR cost of the CDB by 112.5bps (a net present value benefit to Transnet of approx. R1.2bn)
- 11.8 Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Regiments' has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit accruing to Transnet as a result of not paying the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
- 11.9 Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk in line with the requirement of Transnet's Financial Risk Management Framework (FRM).
- 11.10 As per the conscious decision made by Transnet to utilise a portion of the CDB's USD 2.5bn loan, Regiments has led the effort to negotiate with a number of potential Chinese and local sources of ZAR funding for the required ZAR funding facility, including:
- 11.10.2 ICBC (R2bn funding- term sheet to be provided this week)
 - 11.10.3 Bank Of China (R7bn – term sheet provided)
 - 11.10.4 China Construction Bank (R1bn of 5-7 year funding indicated)
 - 11.10.5 Sinosure - (Pursued the potential for a ZAR guarantee)
 - 11.10.6 Nedbank/Old Mutual (R6bn funding- term sheet to be provided)
- 11.11 Given the execution of the bulk of the work that was done by Regiments to raise an additional funding of R12bn to R18bn (in place of the unutilised USD 1bn stand-by facility from CDB), Transnet has decided to pursue, with the support and guidance of Regiments, the procurement of the required funding in a club platform as opposed to loan syndication. Transnet's financial savings as a result of the Transaction Advisory services of Regiments further improve by an additional amount of approximately R36 million that would have otherwise been paid to a Lead Syndication Agent.



11.12 Regiments' advice and the subsequent decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market.

12. The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, the change in the applicable reference rate (3 month as opposed to the 6 month Jibar), the application of the CCDS structure and the raising of the ZAR portion of the funding as a club loan have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows.

VALUE ADD BY SERVICE PROVIDER

13. Regiments value add to Transnet in relation to the 1064 locomotive funding and hedging strategy can be summarised in the following Table:

Specific initiative	Savings in ZAR
• Compression of CDB's pricing from 300 bps to 257 bps over LIBOR	R774m
• Changing the reference interest rate from 6 months to 3 months	R720m
• Using both USD and ZAR funding as opposed to utilising the full USD 2.5bn loan from CDB (benefit from blending mix)	R666m
• Combining the cross currency swap with CCDS –thereby achieving a 112,5bp reduction in the effective cost of the loan	R1 200m
• Assisting in the ZAR club loan as opposed to raising the funding in the form of loan syndication- (saving 20bp which would otherwise be payable)	R36m
TOTAL	R3 396m

The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 3.39 billion.

14. In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%. The current debt portfolio has a significantly shorter duration than the Chinese



locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.

FINANCIAL IMPLICATIONS

15. The financial advice and negotiation support that Regiments provided through this entire process which took in excess of 12 months was done at risk with an expectation of compensation only on successful completion of the transaction. Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of 15 bps on the yield as reflected in the NPV calculation below

Success fee in bps	Success fee in Rand (NPV)
15	166.3 mil

This success fee must be measured in the light of the savings achieved by the advisor of R3.39bn (as per the table above). The success fee therefore represents 4.89% of the savings achieved.

Ntokozo Zama

From: Tewodros Gebreselasie
Sent: Wednesday, 10 June 2015 15:07
To: Phetolo Ramosebudi Transnet Corporate JHB
Cc: Eric Wood; Indheran Pillay
Subject: Memo irt Regiments role on 1064 locomotive funding 2015 04 21 Final
Attachments: Memo irt Regiments role on 1064 locomotive funding 2015 04 21 Final.docx

Dear Phetolo,

Please find attached the memo for your perusal.

Regards

TED



MEMORANDUM

TO : Anoj Singh
Group Chief Financial Officer

FROM : Phetolo Ramosebudi
Group Treasurer

SUBJECT : ADVISORY SUPPORT FOR THE FUNDING FOR 1064 LOCOMOTIVES AND
EXECUTION OF RISK HEDGING STRATEGY

PURPOSE OF SUBMISSION

1. The purpose of this submission is to report on the performance of the 1064 locomotive funding advisors:
 - 1.1 Detailing the work undertaken by the 1064 advisors to date
 - 1.2 Provide a detailed quantification of the value add performance of the 1064 advisors

BACKGROUND

2. Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives from GE, Bombardier, CNR and CSR.
3. Given the size of the required funding, the need to limit the impact of this funding on the local credit lines and the financial benefit to be realised from using ECAs and export promotion initiatives from exporting countries, Transnet from the outset aimed at exploring foreign sources of funding.
4. The majority of the foreign sources of the required funding have limited appetite for ZAR denominated funding. As a result, Transnet has considered the procurement of USD denominated funding.



5. Compliance to Transnet's Financial Risk Management Framework necessitates the effective hedging of currency and other risks arising from the procurement of this funding.
6. However, there is a recognition that the cost of hedging the currency risk associated with securing a USD loan will be higher than comparative locally sourced ZAR funding.
7. Therefore, the GCFO requires strategy and execution support in order to secure the right type of funding and a cost efficient innovative hedging solution to achieve an optimal all-in funding for the resulting ZAR loan.

DISCUSSION

8. A funding plan was prepared by Regiments providing due consideration of the following:
 - 8.1 Evaluation of all funding sources;
 - 8.2 Matching of assets and liabilities;
 - 8.3 Evaluation of the useful life of all underlying assets
 - 8.4 Identification and management of all financial risks (including liquidity, interest rate, credit and currency risks).
9. The execution support that was provided by Regiments included the evaluation and comparative analysis of a number of funding sources:
 - 9.1 US Exim funding for the GE locomotives
 - 9.2 EDC funding for the Bombardier Funding
 - 9.3 Bond issuance under Transnet's DMTN and GMTN
 - 9.4 China Development Bank (CDB), Sinasure, China Exim funding for the Chinese locomotives
10. Negotiation support comprised an important part of the execution support provided by Regiments. Assistance was provided to Transnet during the negotiation process with all of the identified Chinese potential funders, and in particular with the detailed and protracted negotiations with CDB.
11. The value add from the negotiation support provided by Regiments in relation to the CDB deal is briefly summarised below:
 - 11.1 A fifteen year amortising profile was negotiated, as opposed to CDB's proposed 10 year amortising profile (the longer duration provides a better asset/liability match)



- 11.2 The capital grace period was extended from 36 months to 54 months, thereby lengthening the duration of the loan profile further, in line with the asset/liability matching requirements
- 11.3 CDB's initial pricing of 300bps over 6 month Libor, was successfully negotiated to the final agreed margin of 257bps over Libor - a saving of 43bps (a net present value benefit of \$64.5m based on the \$2.5bn facility)
- 11.4 The reference interest rate for the CDB loan was 6 month Libor. Regiments assisted Transnet in negotiating for a change of the reference interest rate from 6 month Libor to 3 month Libor. This change translates to a significant financial benefit when the liability is converted from a USD loan to a ZAR loan (as required by Transnet FRM framework) and, the imminent swapping of the floating interest rate to fixed rate on the ZAR loan. The benefit derived from the change of the 6 month libor to the 3 month libor is expected to be in the region of 40 bps at the point that Transnet chooses to fix the resulting 3 month Jibar linked interest rate. (The current market pricing difference between the NACQ and the NACS swap of float to fixed for this loan profile amounts to a pricing premium of approx. 40bp on the NACS profile). This NPV difference is approx. R720m for the \$2.5bn loan.
- 11.5 In the course of the commercial negotiations with CDB, CDB decided (on its own initiative) to test the cross currency swap pricing on this transaction with 8 banks. The effect of this unauthorised action (given the illiquid nature of the ZAR CCS market) caused an adverse pricing move for Transnet. Subsequent to this Regiments assisted Transnet in evaluating all options that would allow for Transnet to complete this transaction at fair pricing. Regiments advised Transnet that the transaction should be hedged with a single counterpart of substance, willing to place balance sheet behind the transaction. It is in this light that Regiments assisted Transnet in the selection of J.P. Morgan as the CCS counterparty.
- 11.6 In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Transnet implemented Regiments' recommendation to only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37 bps (a net present value saving of approx. R666m as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS).



- 11.7 Recommendation and execution of the appropriate and innovative hedging strategy was part of the execution support services required of Regiments. In order to further reduce the effective cost of the foreign sourced funding from CDB, Regiments proposed a number of enhancement solutions (including currency options, credit default swaps and extinguishing swaps). Regiments assisted Transnet in the evaluation and negotiation of the final selected enhancement solution (CCDS). This enhancement solution has the effect of reducing the effective ZAR cost of the CDB by 112.5bps (a net present value benefit to Transnet of approx. R1.2bn)
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- 11.12 Regiments’ advice and the subsequent decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet’s credit lines intact in the domestic market.
12. The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, the change in the applicable reference rate (3 month as opposed to the 6 month Jibar), the application of the CCDS structure and the raising of the ZAR portion of the funding as a club loan have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows.

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14. In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%. The current debt portfolio has a significantly shorter duration than the Chinese



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FINANCIAL IMPLICATIONS

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Success fee in bps	Success fee in Rand (NPV)
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This success fee must be measured in the light of the savings achieved by the advisor of R3.39bn (as per the table above). The success fee therefore represents 4.89% of the savings achieved.

Ntokozo Zama

From: Eric Wood
Sent: Thursday, 11 June 2015 18:35
To: Anoj Singh Corporate JHB; Phetolo Ramosebudi Transnet Corporate JHB
Subject: 1064 Funding advisor
Attachments: Transnet-Memo on the role of a Transaction Advisor.pptx

Hi Anoj
I have attached the document detailing the Regiments value add through the CDB loan process, the conclusion of the resultant hedges and the ZAR loan
Thank You
Eric Wood

Eric Wood
Executive Director
+27 83 626 0857



CAPITAL MARKETS | REAL ESTATE | INVESTMENTS



REGIMENTS
Enabling Progress

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91 Central Str, Houghton, 2198 Postnet Suite 25, Private Bag X11, Birnam Park, 2015

From: Tewodros Gebreselasie
Sent: 11 June 2015 06:31 PM
To: Eric Wood
Cc: Neo Molamu
Subject: Transnet-Memo on the role of a Transaction Advisor.pptx



Advisory support for the funding of 1064 locomotives and executing risk hedging strategy

June 2015

Content

1 Background

2 Discussion

3 Value add

4 Budget and financial implications

This submission intends to report on the performance of the 1064 locomotive funding advisors

Background

- Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives from GE, Bombardier, CNR and CSR
- Given the size of the required funding, the need to limit the impact of this funding on the local credit lines and the financial benefit to be realised from using ECAs and export promotion initiatives from exporting countries, Transnet aimed at exploring foreign sources of funding
- Due to the limited appetite for ZAR denominated funding from the majority of foreign sources, Transnet has considered the procurement of USD denominated funding
- Compliance to Transnet's Financial Risk Management Framework necessitates the effective hedging of currency and other risks arising from the procurement of this funding
- However, there is a recognition that the cost of hedging the currency risk associated with securing a USD loan will be higher than comparative locally sourced ZAR funding
- Therefore, the GCFO required strategy and execution support in order to secure the right type of funding and a cost efficient innovative hedging solution to achieve an optimal all-in funding for the resulting ZAR loan

Discussion

The Transaction advisory services included funding plan preparation, execution and negotiation support

Funding plan

- A funding plan was prepared by Regiments providing due consideration to the following:
 - Evaluation of all funding sources
 - Matching of assets and liabilities
 - Evaluation of the useful life of all underlying assets
 - Identification and management of all financial risks (including liquidity, interest rate, credit and currency risks)

Execution support

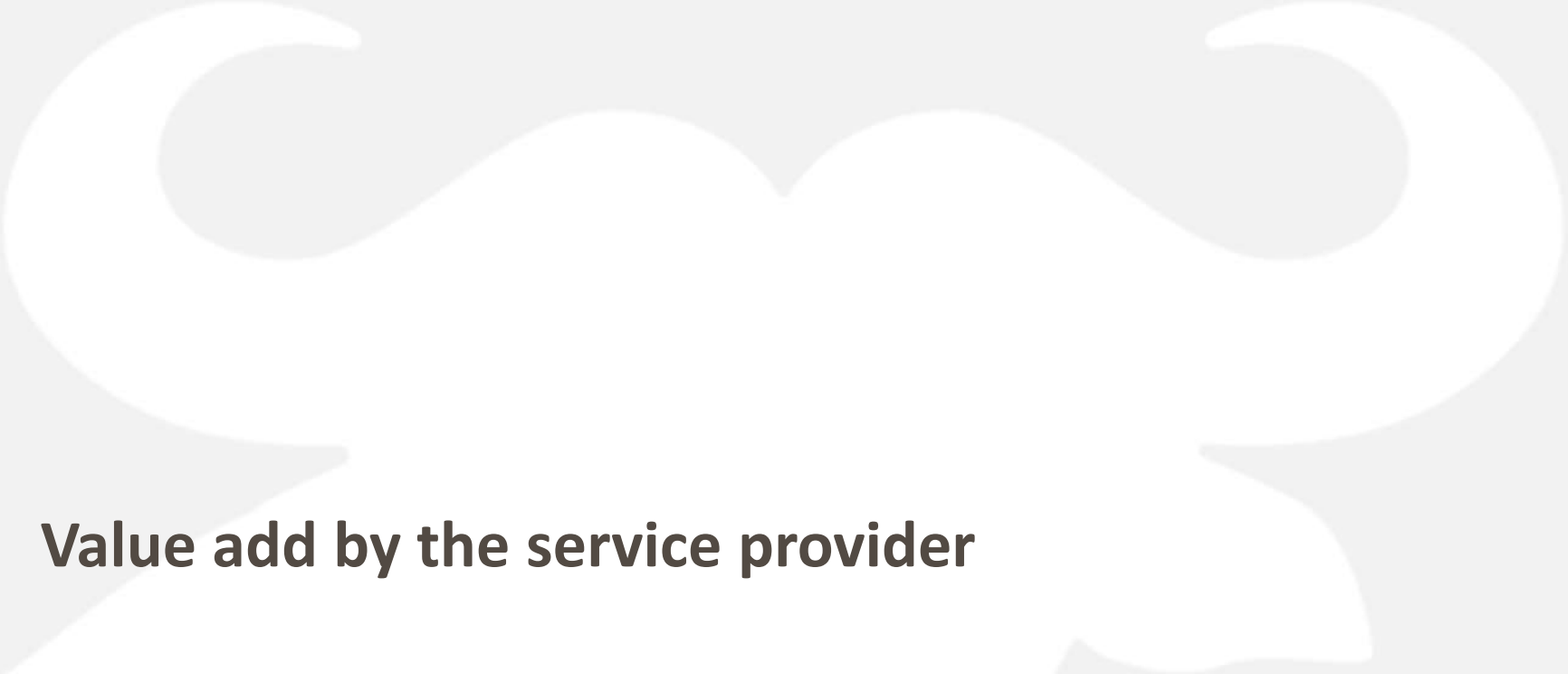
- The execution support that was provided by Regiments included the evaluation and comparative analysis of a number of funding sources:
 - US Exim funding for the GE locomotives
 - EDC funding for the Bombardier Funding
 - Bond issuance under Transnet's DMTN and GMTN
 - China Development Bank (CDB), Sinosure, China Exim funding for the Chinese locomotives

Negotiation support

- Negotiation support comprised an important part of the execution support provided by Regiments
- Assistance was provided to Transnet during the negotiation process with all of the identified Chinese potential funders, and in particular with the detailed and protracted negotiations with CDB

Achieved savings

- The savings achieved via the CDB margin compression, the blending of the ZAR syndicated loan, the change in the applicable reference rate (3 month as opposed to the 6 month Jibar), complementing the CCS with the CCDS structure and the raising of the ZAR portion of the funding as a club loan have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows



Value add by the service provider

Value adding measures aimed at cost saving and liquidity easing initiatives were successfully negotiated

Value add from the negotiation support provided by Regiments

- A fifteen year amortising profile was negotiated, as opposed to CDB's proposed 10 year amortising profile (the longer duration provides a better asset/liability match)
- The capital grace period was extended from 36 months to 54 months, thereby lengthening the duration of the loan profile further, in line with the asset/liability matching requirements
- CDB's initial pricing of 300bps over 6 month Libor, was successfully negotiated to the final agreed margin of 257bps over Libor - a saving of 43bps (a net present value benefit of \$64.5m based on the \$2,5bn facility)
- Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk in line with the requirement of Transnet's Financial Risk Management Framework (FRM)
- Regiments' advice and the subsequent decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market

Several immediate cost saving measures were implemented

Change of reference rate

- The reference interest rate for the CDB loan was 6 month Libor. Regiments assisted Transnet in negotiating for a change of the reference interest rate from 6 month Libor to 3 month Libor. This change translates to a significant financial benefit when the liability is converted from a USD loan to a ZAR loan (as required by Transnet FRM framework) and, the imminent swapping of the floating interest rate to fixed rate on the ZAR loan. The benefit derived from the change of the 6 month Libor to the 3 month libor is expected to be in the region of 40 bps at the point that Transnet chooses to fix the resulting 3 month Jibar linked interest rate. (The current market pricing difference between the NACQ and the NACS swap of float to fixed for this loan profile amounts to a pricing premium of approx. 40bp on the NACS profile). This NPV difference is approx. R720m for the \$2.5bn loan

Sensitivity in executing CCS

- In the course of the commercial negotiations with CDB, CDB decided (on its own initiative) to test the cross currency swap pricing on this transaction with 8 banks. The effect of this unauthorised action (given the illiquid nature of the ZAR CCS market) caused an adverse pricing move for Transnet. Subsequent to this Regiments assisted Transnet in evaluating all options that would allow for Transnet to complete this transaction at fair pricing. Regiments advised Transnet that the transaction should be hedged with a single counterpart of substance, willing to place balance sheet behind the transaction. It is in this light that Regiments assisted Transnet in the selection of J.P. Morgan as the CCS counterparty

Blended rate

- In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Transnet implemented Regiments' recommendation to only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37 bps (a net present value saving of approx. R666m as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS)

Further cost cutting measures were implemented

Introducing cost efficient hedging strategy

- Recommendation and execution of the appropriate and innovative hedging strategy was part of the execution support services required of Regiments. In order to further reduce the effective cost of the foreign sourced funding from CDB, Regiments proposed a number of enhancement solutions (including currency options, credit default swaps and extinguishing swaps). Regiments assisted Transnet in the evaluation and negotiation of the final selected enhancement solution (CCDS). This enhancement solution has the effect of reducing the effective ZAR cost of the CDB by 112.5bps (a net present value benefit to Transnet of approx. R1.2bn)

Blended loan to achieve lower all-in cost

- In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Transnet implemented Regiments' recommendation to only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37 bps (a net present value saving of approx. R666m as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS)

Stand-by Facility

- Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Regiments' negotiated an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit accruing to Transnet as a result of not paying the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet

Value add in respect to the ZAR funding

Exploring local and foreign funding sources

- As per the conscious decision made by Transnet to utilise a portion of the CDB's USD 2.5bn loan, Regiments has led the effort to negotiate with a number of potential Chinese and local sources of ZAR funding for the required ZAR funding facility, including:
 - ICBC (R2bn funding- term sheet to be provided this week)
 - Bank Of China (R7bn – term sheet provided)
 - China Construction Bank (R1bn of 5-7 year funding indicated)
 - Sinosure - (Pursued the potential for a ZAR guarantee)
 - Nedbank/Old Mutual (R6bn funding- term sheet to be provided)

Club platform vs loan syndication

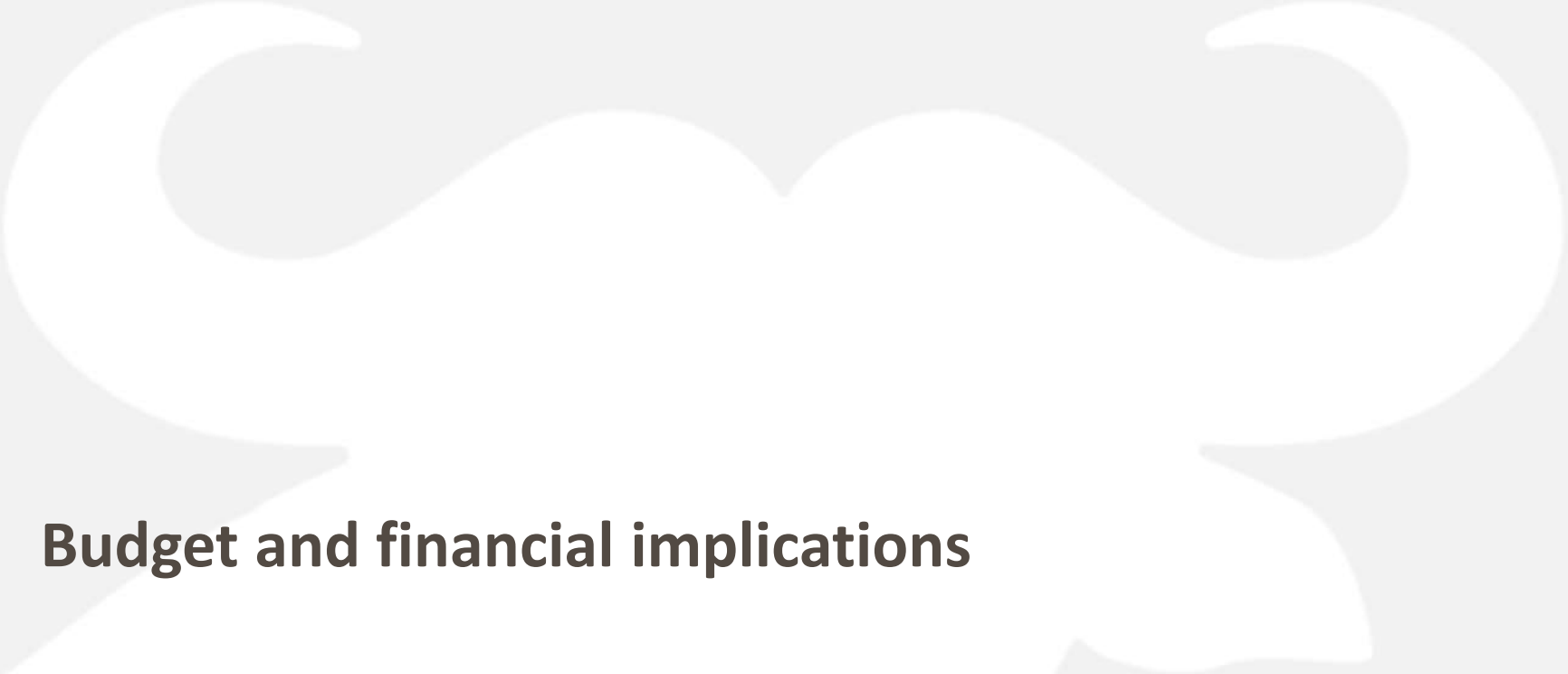
- Given the execution of the bulk of the work that was done by Regiments to raise an additional funding of R12bn to R18bn (in place of the unutilised USD 1bn stand-by facility from CDB), Transnet has decided to pursue, with the support and guidance of Regiments, the procurement of the required funding in a club platform as opposed to loan syndication
- Transnet's financial savings as a result of the Transaction Advisory services of Regiments further improve by an additional amount of approximately R36 million that would have otherwise been paid to a Lead Syndication Agent

Financial savings in excess of R3.396bn was realised as a result of advisory and execution support

Regiments value add to Transnet in relation to the 1064 locomotive funding and hedging strategy can be summarised in the table below:

- The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 3.39 billion
- In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%.
- The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.

Specific initiative	Savings in ZAR
▪ Compression of CDB's pricing from 300 bps to 257 bps over LIBOR	R774m
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▪ Assisting in the ZAR club loan as opposed to raising the funding in the form of loan syndication- (saving 20bp which would otherwise be payable)	R36m
TOTAL	R3 396m



Budget and financial implications

Budget and financial implications

Regiments provided key financial advice and negotiation support

- The entire process took in excess of 12 months
- The work was done at risk with an expectation of compensation only on successful completion of the transaction
- Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of 15 bps on the yield as reflected in the NPV calculation below:

Success fee in bps	Success fee in Rand (NPV)
15	166.3 mil

- This success fee must be measured in the light of the savings achieved by the advisor of R3.39bn (as per the table above).
- The success fee therefore represents 4.89% of the savings achieved



Advisory support for the funding of 1064 locomotives and executing risk hedging strategy

June 2015

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2 Discussion

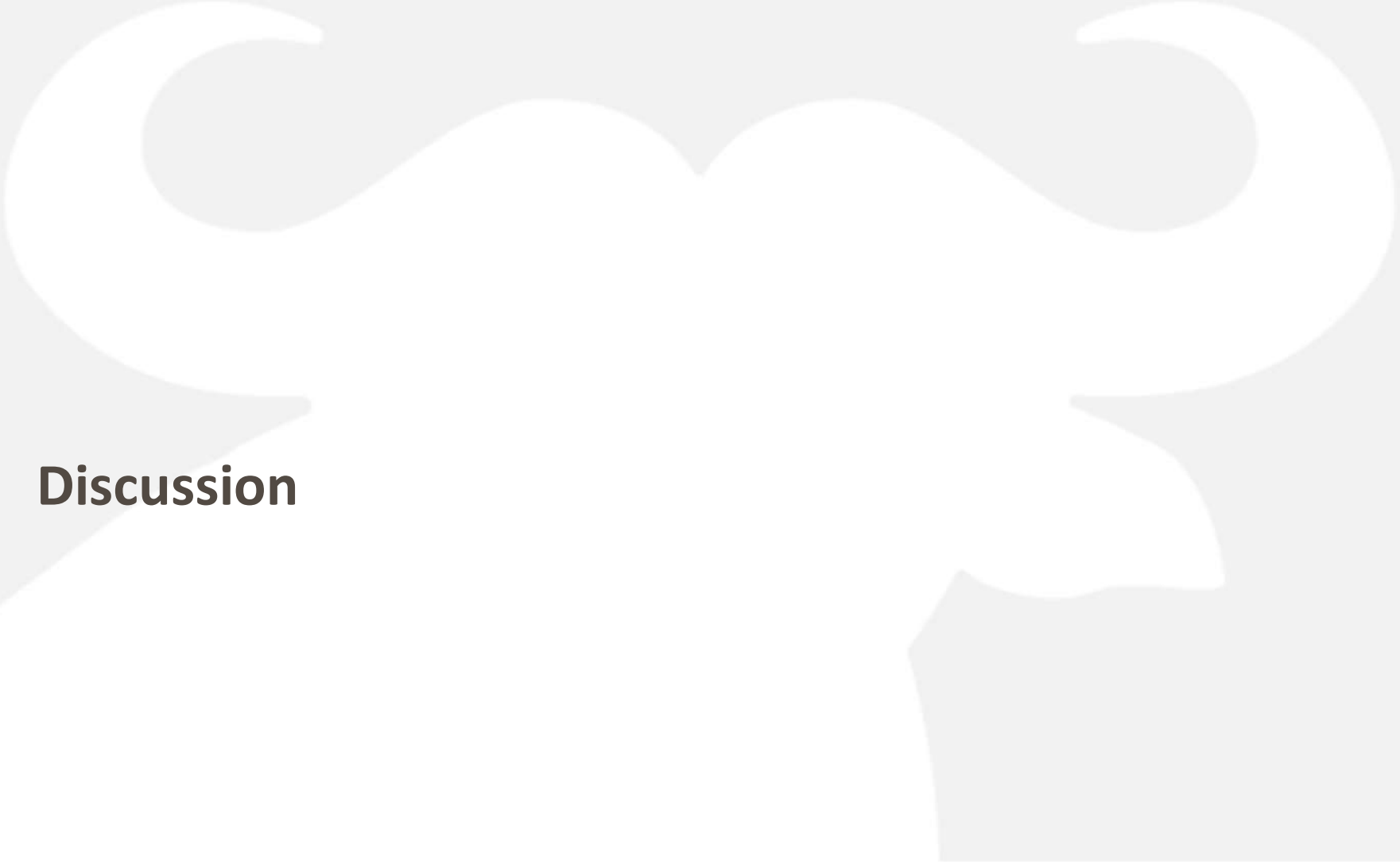
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The Transaction advisory services included funding plan preparation, execution and negotiation support

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- A funding plan was prepared by Regiments providing due consideration to the following:
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- The execution support that was provided by Regiments included the evaluation and comparative analysis of a number of funding sources:
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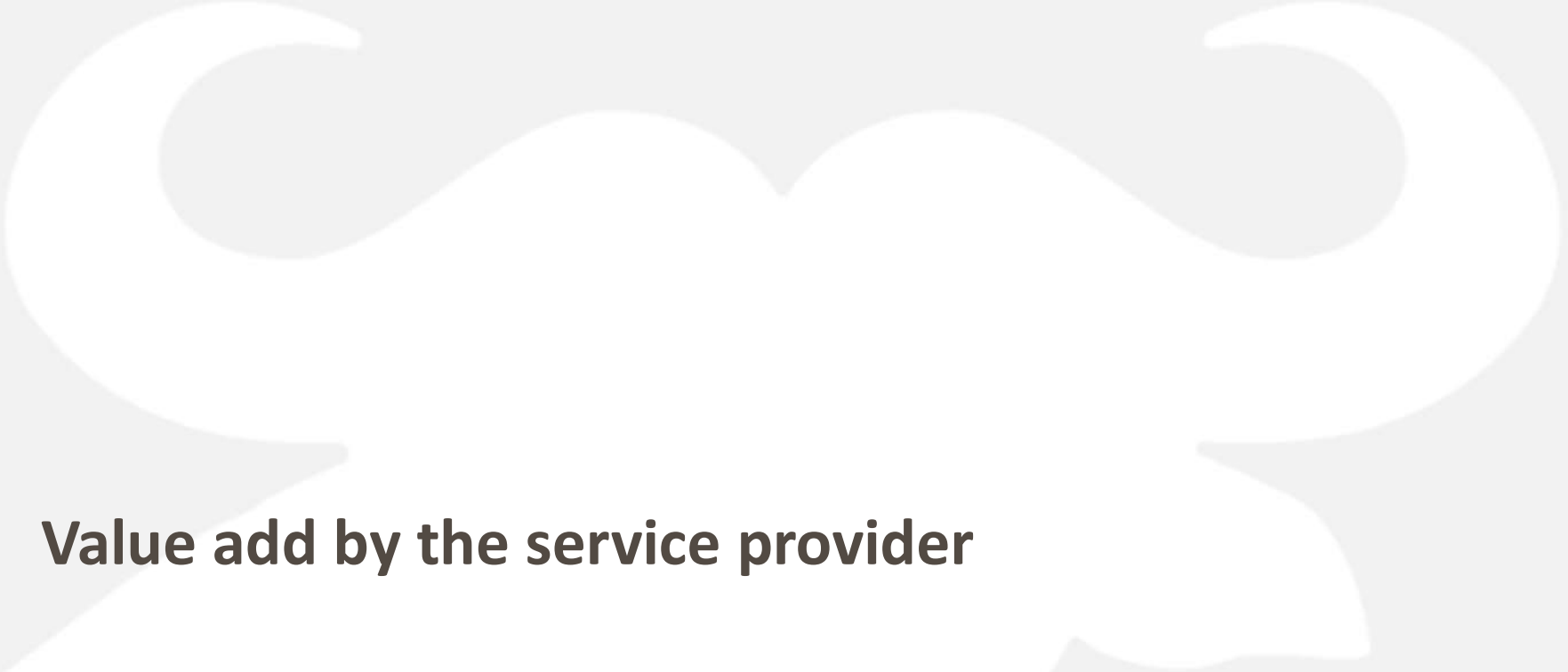
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Note: ¹Successful is used here in a narrow sense as the beneficiary were only the white population



Value add by the service provider

Value adding measures aimed at cost saving and liquidity easing initiatives were successfully negotiated

Value add from the negotiation support provided by Regiments

- A fifteen year amortising profile was negotiated, as opposed to CDB's proposed 10 year amortising profile (the longer duration provides a better asset/liability match)
- The capital grace period was extended from 36 months to 54 months, thereby lengthening the duration of the loan profile further, in line with the asset/liability matching requirements
- CDB's initial pricing of 300bps over 6 month Libor, was successfully negotiated to the final agreed margin of 257bps over Libor - a saving of 43bps (a net present value benefit of \$64.5m based on the \$2,5bn facility)
- Regiments have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk in line with the requirement of Transnet's Financial Risk Management Framework (FRM)
- Regiments' advice and the subsequent decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market

Several immediate cost saving measures were implemented

Change of reference rate

- The reference interest rate for the CDB loan was 6 month Libor. Regiments assisted Transnet in negotiating for a change of the reference interest rate from 6 month Libor to 3 month Libor. This change translates to a significant financial benefit when the liability is converted from a USD loan to a ZAR loan (as required by Transnet FRM framework) and, the imminent swapping of the floating interest rate to fixed rate on the ZAR loan. The benefit derived from the change of the 6 month Libor to the 3 month libor is expected to be in the region of 40 bps at the point that Transnet chooses to fix the resulting 3 month Jibar linked interest rate. (The current market pricing difference between the NACQ and the NACS swap of float to fixed for this loan profile amounts to a pricing premium of approx. 40bp on the NACS profile). This NPV difference is approx. R720m for the \$2.5bn loan

Sensitivity in executing CCS

- In the course of the commercial negotiations with CDB, CDB decided (on its own initiative) to test the cross currency swap pricing on this transaction with 8 banks. The effect of this unauthorised action (given the illiquid nature of the ZAR CCS market) caused an adverse pricing move for Transnet. Subsequent to this Regiments assisted Transnet in evaluating all options that would allow for Transnet to complete this transaction at fair pricing. Regiments advised Transnet that the transaction should be hedged with a single counterpart of substance, willing to place balance sheet behind the transaction. It is in this light that Regiments assisted Transnet in the selection of J.P. Morgan as the CCS counterparty

Blended rate

- In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Transnet implemented Regiments' recommendation to only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37 bps (a net present value saving of approx. R666m as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS)

Further cost cutting measures were implemented

Introducing cost efficient hedging strategy

- Recommendation and execution of the appropriate and innovative hedging strategy was part of the execution support services required of Regiments. In order to further reduce the effective cost of the foreign sourced funding from CDB, Regiments proposed a number of enhancement solutions (including currency options, credit default swaps and extinguishing swaps). Regiments assisted Transnet in the evaluation and negotiation of the final selected enhancement solution (CCDS). This enhancement solution has the effect of reducing the effective ZAR cost of the CDB by 112.5bps (a net present value benefit to Transnet of approx. R1.2bn)

Blended loan to achieve lower all-in cost

- In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Transnet implemented Regiments' recommendation to only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR syndicated loan issue. The ZAR syndicated loan issue would allow for a reduction in the blended rate paid by Transnet of approx. 37 bps (a net present value saving of approx. R666m as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS)

Stand-by Facility

- Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Regiments' negotiated and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit accruing to Transnet as a result of not paying the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet

Value add in respect to the ZAR funding

Exploring local and foreign funding sources

- As per the conscious decision made by Transnet to utilise a portion of the CDB's USD 2.5bn loan, Regiments has led the effort to negotiate with a number of potential Chinese and local sources of ZAR funding for the required ZAR funding facility, including:
 - ICBC (R2bn funding- term sheet to be provided this week)
 - Bank Of China (R7bn – term sheet provided)
 - China Construction Bank (R1bn of 5-7 year funding indicated)
 - Sinosure - (Pursued the potential for a ZAR guarantee)
 - Nedbank/Old Mutual (R6bn funding- term sheet to be provided)

Club platform vs loan syndication

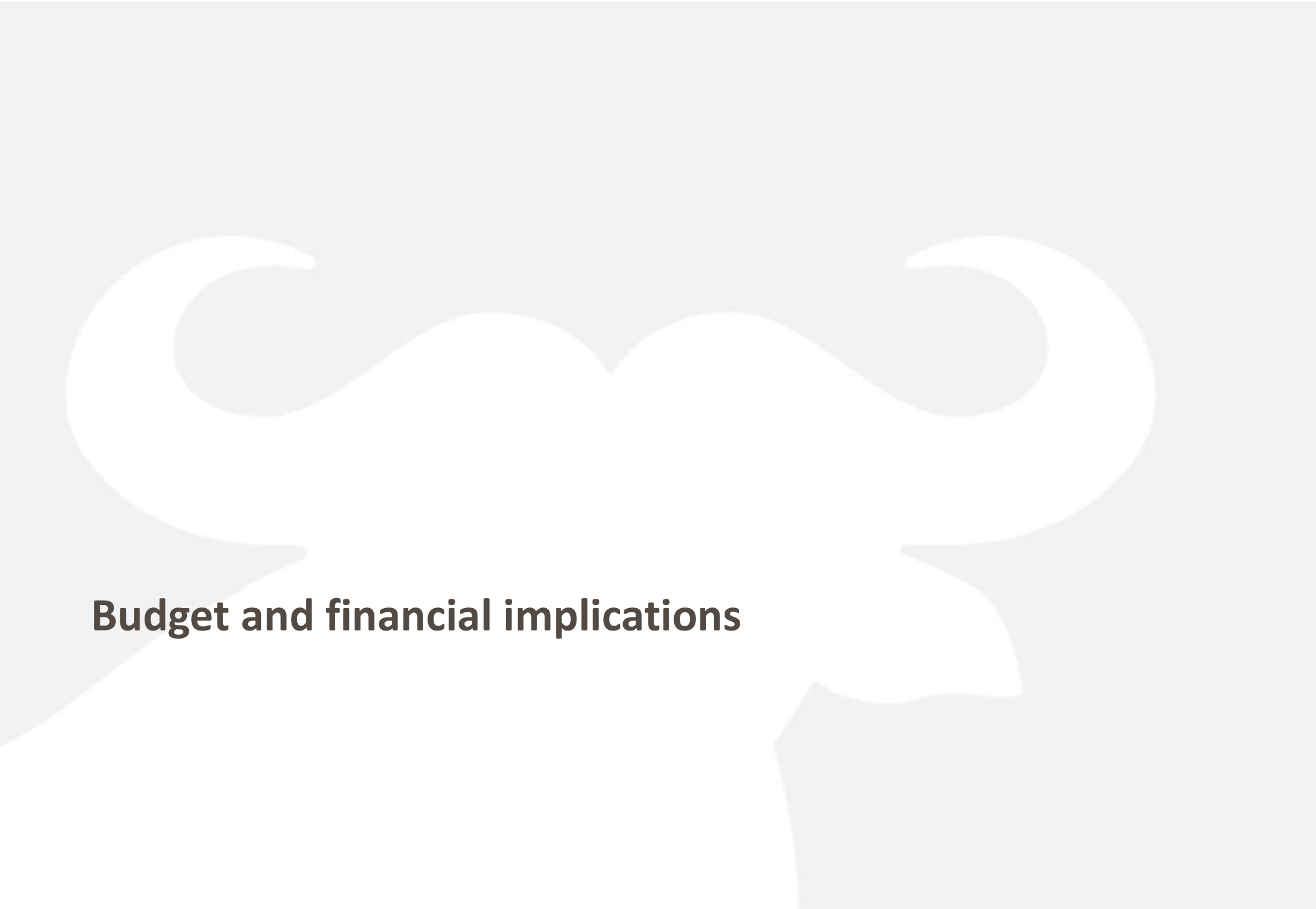
- Given the execution of the bulk of the work that was done by Regiments to raise an additional funding of R12bn to R18bn (in place of the unutilised USD 1bn stand-by facility from CDB), Transnet has decided to pursue, with the support and guidance of Regiments, the procurement of the required funding in a club platform as opposed to loan syndication
- Transnet's financial savings as a result of the Transaction Advisory services of Regiments further improve by an additional amount of approximately R36 million that would have otherwise been paid to a Lead Syndication Agent

Financial savings in excess of R3.396bn was realised as a result of advisory and execution support

Regiments value add to Transnet in relation to the 1064 locomotive funding and hedging strategy can be summarised in the table below:

- The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of R 3.39 billion
- In this regard, with Regiments assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.70%.
- The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding, and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.

Specific initiative	Savings in ZAR
▪ Compression of CDB's pricing from 300 bps to 257 bps over LIBOR	R774m
▪ Changing the reference interest rate from 6 months to 3 months	R720m
▪ Using both USD and ZAR funding as opposed to utilising the full USD 2.5bn loan from CDB (benefit from blending mix)	R666m
▪ Combining the cross currency swap with CCDS – thereby achieving a 112,5bp reduction in the effective cost of the loan	R1 200m
▪ Assisting in the ZAR club loan as opposed to raising the funding in the form of loan syndication- (saving 20bp which would otherwise be payable)	R36m
TOTAL	R3 396m



Budget and financial implications

Budget and financial implications

Regiments provided key financial advice and negotiation support

- The entire process took in excess of 12 months
- The work was done at risk with an expectation of compensation only on successful completion of the transaction
- Given the invaluable contribution of Regiments to the successful conclusion of this transaction, Regiments is due a success based fee of 15 bps on the yield as reflected in the NPV calculation below:

Success fee in bps	Success fee in Rand (NPV)
15	166.3 mil

- This success fee must be measured in the light of the savings achieved by the advisor of R3.39bn (as per the table above).
- The success fee therefore represents 4.89% of the savings achieved

Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB <Phetolo.Ramosebudi@transnet.net>
Sent: Monday, 24 August 2015 17:23
To: Nswana Mwangu
Cc: Eric Wood
Subject: Club Loan Fee Motivation

Hello Madam,

In preparation for the closure of the club Loan, I guess it is imperative that Regiments be rewarded for the sterling work done to date. In doing so it will be vital that Regiments put together a comprehensive motivation for the sterling work done. The following could be the framework to achieve that;

- 1) Background of the Transaction (take it from the \$2,.5 billion)
- 2) Appointment of JP Morgan for the Club Loan (Proposal from JP Morgan, and how it didn't meet the client requirements)
- 3) Regiments Advisory on the club loan (achievements)
- 4) Comparative analysis (Regiments Vs JP Morgan) and the termination of JP Morgan Mandate
- 5) Recommendation for the Regiments proposal and fee thereof.

Lets have this done ASAP.

Regards

From: Nswana Mwangu [mailto:nswanam@regiments.co.za]
Sent: 21 August 2015 04:13 PM
To: Joe Muller
Cc: Tewodros Gebreselasie; Gavin.bouwer@boc.co.za; Eric Wood; Phetolo Ramosebudi Transnet Corporate JHB; Anoj Singh Corporate JHB
Subject: Re: Transnet: final term sheet

Fantastic news! Thanks Joe

Sent from my iPhone

On 21 Aug 2015, at 16:11, Joe Muller <joe@boc.co.za> wrote:

Hi Teddy/Nswana,

We have pleasure in confirming head office approval for Transnet's R3bn funding requirement for their locomotive project.

We will be in touch with you during the course of next week to discuss the next step.

Kind regards,
Joe

From: Tewodros Gebreselasie [<mailto:TewodrosG@regiments.co.za>]
Sent: 19 August 2015 10:15 AM
To: Joe Muller
Cc: Nswana Mwangi; Gavin.bouwer@boc.co.za; Eric Wood; Phetolo.Ramosebudi@transnet.net
Subject: Re: Transnet: final term sheet

Hi Joe,
Thanks for the update.
Regards
Ted

Sent from my iPhone

On Aug 19, 2015, at 9:52 AM, Joe Muller <joe@boc.co.za> wrote:

Good morning Nswana,

Just an update on Transnet's application that has gone to our head office.

It looks like the application is progressing nicely, currently it is in the hands of the credit committee members for voting. I would think that we should have a confirmed outcome middle next week.

As soon as I have more news I will be sure to let you know.

Regards,

Joe Muller

**Vice President (Senior Manager)
Business Development Department
Bank of China Johannesburg Branch**

<image001.jpg>

Tel: +2787 702 8840

Tel: +2711 520 9600 (Switchboard)

Email: joe@boc.co.za

WebSite: www.boc.co.za

**Address: 14-16th Floors, Alice Lane Towers, 15 Alice Lane, Sandton,
Johannesburg, South Africa**

**Leader of RMB Business in Africa
(RMB – Renminbi: Official Chinese Currency Representing PR China)**

Begin forwarded message:

From: "Gavin.bouwer@boc.co.za" <gavin.bouwer@boc.co.za>
Date: 11 August 2015 at 17:08:35 SAST
To: Nswana Mwangi <nswanam@regiments.co.za>
Cc: Tewodros Gebreselasie <TewodrosG@regiments.co.za>, Eric Wood <EricW@regiments.co.za>, Phetolo Ramosebudi Transnet Corporate

JHB <Phetolo.Ramosebudi@transnet.net>

Subject: Re: Transnet: final term sheet

Nswana it has gone to our head office. I cannot give firm indications but 2 to 3 weeks will be most likely. I understand time is tight and i am pushing as hard as i can. As mentioned before delay was mostly due to lack of information submitted upfront so if we can be indulged to get our final approval it would be appreciated greatly.

Kind regards

Gavin

Regards

Gavin

Sent from my work iphone

On 11 Aug 2015, at 16:58, Nswana Mwangu
<nswanam@regiments.co.za> wrote:

Dear Gavin

Is it possible for you to give us indicative timelines as to when we will receive the final term sheet?

Best

<image001.jpg>

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Memorandum

TO : Garry Pita
Acting Group Chief Financial Officer

FROM : Phetolo Ramosebudi
Group Treasurer

SUBJECT : ADVISORY SUPPORT FOR THE ZAR CLUB LOAN FUNDING OF THE 1064
LOCOMOTIVES

PURPOSE OF SUBMISSION

1. The purpose of this submission is to report on the performance of the 1064 locomotive funding advisors:
 - 1.1 Detailing the work undertaken by the 1064 advisors to date with respect to the ZAR club loan
 - 1.2 Provide a detailed quantification of the value add performance of the 1064 advisors with regard to the club loan

BACKGROUND

2. Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives from GE, Bombardier, CNR and CSR.
3. Given the size of the required funding, the need to limit the impact of this funding on the local credit lines and the financial benefit to be realised from using ECAs and export promotion initiatives from exporting countries, Transnet from the outset aimed at sourcing the required funding from selected funders.
4. Subsequently, Regiments provided negotiation and execution support that resulted in securing a USD 2.5 billion (i.e. the sum of USD 1.5 billion committed facility and USD 1.0 billion stand-by facility) from China Development Bank (CDB) for the financing of the CNR and CSR locomotives.



5. Compliance to Transnet's Financial Risk Management Framework necessitates the effective hedging of currency and other risks arising from the procurement of this funding. Upon Regiments' recommendation that the swap be executed by one counterparty of substance, J.P. Morgan was appointed to execute the cross currency swap in this respect.
6. However, it is noted that the all-in ZAR pricing of foreign sourced funding of the entire USD 2.5 billion is higher than the all-in pricing that could be achieved through creating a blended facility with a foreign currency loan of USD 1.5 billion and a ZAR club loan of USD 1.0 billion.
7. In order to reduce the effective cost of funding of the 1064 locomotive acquisition, it was decided to blend USD1.5 billion funding received from CDB with a ZAR loan which would serve to reduce the all-in cost of the required funding.
8. J.P. Morgan was considered as Lead Arranger for the Rand funding (ZAR Club Loan) and a proposal was received from J.P. Morgan in this regard.
9. Transnet decided to appoint Regiments to lead manage the ZAR club loan in terms of their existing 1064 mandate, on an on risk basis
10. Any fees to be paid to Regiments would be determined post the arrangement of the club loan, and benchmarked against the proposal provided by J P Morgan for the provision of similar services

DISCUSSION

11. The following Table captures J.P. Morgan's proposal to raise senior unsecured debt for the amount of ZAR 12 billion:

Tenor	5 years, bullet profile	7 years, bullet profile	10 years, bullet profile	15 years, amortising profile
Pricing	3m Jibar + 235bps	3m Jibar +280bps	3m Jibar +335 bps	3m Jibar + 370bps
Upfront Fee	30 bps	50 bps	75 bps	75 bps

- 11.1 The J.P. Morgan proposal did not meet client requirements for the following reasons:

- 11.1.1 The proposed pricing for the 15 year amortising facility (3m Jibar + 370bps) is comparatively higher than the all-in funding costs related



to the USD 1.5 billion (3m Jibar + 337.5bps). This implies that creating a blended facility will not be a sensible measure with the pricing presented by J.P. Morgan.

- 11.1.2 Regiments was confident that through their experience, IP and market contacts they could achieve significantly better priced funding for Transnet.
- 11.2 Given the above findings, Transnet decided to appoint Regiments to fulfil the role of Lead Arranger in this transaction and Regiments' performance to be benchmarked against the proposal received from J.P. Morgan in this regard.
- 11.3 To date, Regiments has successfully secured ZAR 12.365 billion at 3m Jibar +270bps for a fifteen year amortising loan profile (matching the profile of the CDB loan) from the following institutions:
 - 11.3.1 Bank of China: ZAR 3 billion (approved)
 - 11.3.2 Nedbank/Omsfin/Future Growth: ZAR 6 billion (final credit approval pending)
 - 11.3.3 Absa/Barclays: ZAR 3 billion (approved)
 - 11.3.4 Sanlam: ZAR 0.365 million (approved)
- 11.4 Transnet's decision to appoint Regiments as lead arranger to raise up to ZAR 18 billion by means of a club loan as opposed to appointing a lead book runner as with a typical syndication has resulted in a direct fee savings of approximately ZAR 36 million (Lead manager fees)
- 11.5 Transnet has saved R54m in upfront fees payable to the lenders (As Regiments has arrangement for an upfront fee of 30bp payable to the lenders, as opposed to 75bp proposed by JP Morgan)
- 11.6 The benchmarking against J.P. Morgan's proposal has revealed that Transnet has achieved a saving of 100 bps on the pricing of the club loan via implementing Regiments recommendation (3m Jibar + 270 bps) as opposed to the option recommended by JP Morgan (3m Jibar + 370 bps). The net savings Transnet has realised from securing the club loan at 3m Jibar +270 bps as opposed to the JP's syndication initially contemplated is approximately ZAR 679 million (based on comparative NPV analysis).



12. Regiments value add to Transnet in relation to the 1064 locomotive ZAR club loan funding can be summarised in the following Table:

Initiative	Savings in ZAR
Saving achieved by securing club loan at 100 bps cheaper than the proposed syndicate loan pricing	R679m
Fees associated with raising the capital by means of a syndicated loan as opposed to a club loan	R24m
Lender upfront fee (75 bps less 30 bps)	R54m
TOTAL	ZAR 757 million

The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be R757m.

The financial advice, negotiation support and execution support that Regiments provided through the raising of the ZAR club loan took in excess of 5 months and is done with an expectation of compensation only on successful completion of the transaction. It is in this light that the fee is calculated as 10% of the total financial benefit:

Success fee in percent (ZAR 12 billion)	Success fee in Rand (NPV)
10	75.7 million

Ntokozo Zama

From: Tewodros Gebreselasie <TewodrosG@regiments.co.za>
Sent: Thursday, 27 August 2015 12:13
To: Phetolo Ramosebudi Transnet Corporate JHB
Subject: Fee motivation
Attachments: Memo irt Regiments role on 1064 locomotive club loan funding 20150826.docx

Hi Phetolo,

Please find attached a document motivating the fee on the club loan.

Regards

TED



Memorandum

TO : **Garry Pita**
Acting Group Chief Financial Officer

FROM : **Phetolo Ramosebudi**
Group Treasurer

SUBJECT : **ADVISORY SUPPORT FOR THE ZAR CLUB LOAN FUNDING OF THE 1064 LOCOMOTIVES**

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10	75.7 million

Ntokoza Zama

From: Eric Wood <EricW@regiments.co.za>
Sent: Thursday, 27 August 2015 15:05
To: Phetolo Ramosebudi Transnet Corporate JHB
Cc: Tewodros Gebreselasie; Nswana Mwangi
Subject: Regiments Club Loan
Attachments: Memo irt Regiments role on 1064 locomotive club loan funding 20150825 v3.docx

Hi Phetolo

As discussed I have attached the requested 1064 club loan memo. Please let me know your thoughts

Regards

Eric

Eric Wood
Executive Director
+27 83 626 0857



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REGIMENTS
Enabling Progress

T +27 11 715 0300 D +27 11 715 0342 F +27 11 715 0352 E eriow@regiments.co.za W www.regiments.co.za
91 Central Str, Houghton, 2198 Postnet Suite 25, Private Bag X11, Birnam Park, 2015



Memorandum

TO : **Garry Pita**
Acting Group Chief Financial Officer

FROM : **Phetolo Ramosebudi**
Group Treasurer

SUBJECT : **ADVISORY SUPPORT FOR THE ZAR CLUB LOAN FUNDING OF THE 1064 LOCOMOTIVES**

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- 7. In order to reduce the effective cost of funding of the 1064 locomotive acquisition, it was decided to blend USD1.5 billion funding received from CDB with a ZAR loan which would serve to reduce the all-in cost of the required funding.
- 8. J.P. Morgan was considered as Lead Arrangers for the Rand funding and a proposal was received from J.P. Morgan in this regard.

DISCUSSION

- 9. The following Table captures J.P. Morgan’s proposal to raise senior unsecured debt for the amount of ZAR 12 billion:

Tenor	5 years, bullet profile	7 years, bullet profile	10 years, bullet profile	15 years, amortising profile
Pricing	3m Jibar + 235bps	3m Jibar +280bps	3m Jibar +335 bps	3m Jibar + 370bps
Upfront Fee	30 bps	50 bps	75 bps	75 bps

- 9.1 The J.P. Morgan proposal did not meet client requirements for the following reasons:
 - 9.1.1 The proposed pricing for the 15 year amortising facility (3m Jibar + 370bps) is comparatively higher than the all-in funding costs related to the USD 1.5 billion (3m Jibar + 337.5bps). This implies that creating a blended facility will not be a sensible measure with the pricing presented by J.P. Morgan.
 - 9.1.2 Through Regiments’ market analysis, it emerged that the achievable pricing for the ZAR loan is 3m Jibar +270bps excluding commitment and arrangement fees.



- 9.2 Given the above findings, Transnet decided to appoint Regiments to fulfil the role of Lead Arranger in this transaction and Regiments’ performance to be benchmarked against the proposal received from J.P. Morgan in this regard.
 - 9.3 To date, Regiments has successfully secured ZAR 12.365 billion at 3m Jibar +270bps (matching the profile of the CDB loan) from the following institutions:
 - 9.3.1 Bank of China: ZAR 3 billion (approved)
 - 9.3.2 Nedbank/Omsfin/Future Growth: ZAR 6 billion (final credit approval pending)
 - 9.3.3 Absa/Barclays: ZAR 3 billion (approved)
 - 9.3.4 Sanlam: ZAR 0.365 million (approved)
 - 9.4 Transnet’s decision to appoint Regiments as lead arranger to raise ZAR 18 billion by means of a club loan as opposed to appointing a lead book runner as with a typical syndication has resulted in a fee savings of approximately ZAR 36 million.
 - 9.5 The benchmarking against J.P. Morgan’s proposal has revealed that Transnet has achieved a saving of 100 bps on the pricing of the club loan via implementing Regiments recommendation (3m Jibar + 270 bps) as opposed to the option recommended by JP Morgan (3m Jibar + 370 bps). The net savings Transnet has realised from securing the club loan at 3m Jibar +270 bps as opposed to the JP’s syndication initially contemplated is approximately ZAR 679 million (based on comparative NPV analysis).
10. Regiments value add to Transnet in relation to the 1064 locomotive ZAR club loan funding can be summarised in the following Table:

Initiative	Savings in ZAR
Saving achieved by securing club loan at 100 bps cheaper than the proposed syndicate loan pricing	R679m
Fees associated with raising the capital by means of a syndicated loan as opposed to a club loan	R24m
Lender upfront fee (75 bps less 35 bps)	R48m
TOTAL	ZAR 763 million

The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of ZAR 0.763 billion.

The financial advice, negotiation support and execution support that Regiments provided through the raising of the ZAR club loan took in excess of 5 months and is done with an



expectation of compensation only on successful completion of the transaction. It is in this light that the fee is calculated as 10% of the total financial benefit:

Success fee in percent (ZAR 12 billion)	Success fee in Rand (NPV)
10	76.3 million



Memorandum

TO : Garry Pita
Acting Group Chief Financial Officer

FROM : Phetolo Ramosebudi
Group Treasurer

SUBJECT : ADVISORY SUPPORT FOR THE ZAR CLUB LOAN FUNDING OF THE 1064
LOCOMOTIVES

PURPOSE OF SUBMISSION

1. The purpose of this submission is to report on the performance of the 1064 locomotive funding advisors:
 - 1.1 Detailing the work undertaken by the 1064 advisors to date with respect to the ZAR club loan
 - 1.2 Provide a detailed quantification of the value add performance of the 1064 advisors

BACKGROUND

2. Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives from GE, Bombardier, CNR and CSR.
3. Given the size of the required funding, the need to limit the impact of this funding on the local credit lines and the financial benefit to be realised from using ECAs and export promotion initiatives from exporting countries, Transnet from the outset aimed at exploring foreign sources of funding.
4. Subsequently, Regiments provided negotiation and execution support that resulted in securing a USD 2.5 billion (i.e. the sum of USD 1.5 billion committed facility and USD 1.0 billion stand-by facility) from China Development Bank (CDB) for the financing of the CNR and CSR locomotives.



5. Compliance to Transnet's Financial Risk Management Framework necessitates the effective hedging of currency and other risks arising from the procurement of this funding. Upon Regiments' recommendation that the swap be executed by one counterparty of substance, J.P. Morgan was appointed to execute the cross currency swap in this respect.
6. However, it is noted that the all-in ZAR pricing of foreign sourced funding of the entire USD 2.5 billion is higher than the all-in pricing that could be achieved through creating a blended facility with a foreign currency loan of USD 1.5 billion and a ZAR club loan of USD 1.0 billion.
7. In order to reduce the effective cost of funding of the 1064 locomotive acquisition, it was decided to blend USD1.5 billion funding received from CDB with a ZAR loan which would serve to reduce the all-in cost of the required funding.
8. J.P. Morgan was considered as Lead Arrangers for the Rand funding and a proposal was received from J.P. Morgan in this regard.

DISCUSSION

9. The following Table captures J.P. Morgan's proposal to raise senior unsecured debt for the amount of ZAR 12 billion:

Tenor	5 years, bullet profile	7 years, bullet profile	10 years, bullet profile	15 years, amortising profile
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Upfront Fee	30 bps	50 bps	75 bps	75 bps

- 9.1 The J.P. Morgan proposal did not meet client requirements for the following reasons:
 - 9.1.1 The proposed pricing for the 15 year amortising facility (3m Jibar + 370bps) is comparatively higher than the all-in funding costs related to the USD 1.5 billion (3m Jibar + 337.5bps). This implies that creating a blended facility will not be a sensible measure with the pricing presented by J.P. Morgan.
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 - 9.3.3 Absa/Barclays: ZAR 3 billion (approved)
 - 9.3.4 Sanlam: ZAR 0.365 million (approved)
- 9.4 Transnet's decision to appoint Regiments as lead arranger to raise ZAR 18 billion by means of a club loan as opposed to appointing a lead book runner as with a typical syndication has resulted in a fee savings of approximately ZAR 36 million.
- 9.5 The benchmarking against J.P. Morgan's proposal has revealed that Transnet has achieved a saving of 100 bps on the pricing of the club loan via implementing Regiments recommendation (3m Jibar + 270 bps) as opposed to the option recommended by JP Morgan (3m Jibar + 370 bps). The net savings Transnet has realised from securing the club loan at 3m Jibar +270 bps as opposed to the JP's syndication initially contemplated is approximately ZAR 679 million (based on comparative NPV analysis).
10. Regiments value add to Transnet in relation to the 1064 locomotive ZAR club loan funding can be summarised in the following Table:

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expectation of compensation only on successful completion of the transaction. It is in this light that the fee is calculated as 10% of the total financial benefit:

Success fee in percent (ZAR 12 billion)	Success fee in Rand (NPV)
10	76.3 million

Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB <Phetolo.Ramosebudi@transnet.net>
Sent: Thursday, 27 August 2015 16:02
To: Eric Wood
Subject: Memo irt Regiments role on 1064 locomotive club loan funding 20150825 v3
Attachments: Memo irt Regiments role on 1064 locomotive club loan funding 20150825 v3.docx

Hi Eric,

If a question arise that what's your comparable pricing on the current debt that Transnet raised. Wouldn't it be better to compare this with the current CDB loan than what would JP morgan achieved.

Regards

DISCLAIMER: The information contained in this email and its attachments is both confidential and subject to copyright. If you are not the intended recipient, you are hereby notified not to read, disclose copy or use the contents thereof in any manner whatsoever, but are kindly requested to notify the sender and delete it immediately. This e-mail message does not create any legally binding contract between Transnet SOC LTD and the recipient, unless the contrary is specifically stated. Statements and opinions expressed in e-mails may not represent those of Transnet SOC LTD. While Transnet will take reasonable precautions, it cannot give any guarantee or warrant that this email will be free of virus infections, errors, interception and, therefore, cannot be held liable for any loss or damages incurred by the recipient, as a result of any of the above-mentioned factors.



Memorandum

TO : Garry Pita
Acting Group Chief Financial Officer

FROM : Phetolo Ramosebudi
Group Treasurer

SUBJECT : ADVISORY SUPPORT FOR THE ZAR CLUB LOAN FUNDING OF THE 1064
LOCOMOTIVES

PURPOSE OF SUBMISSION

- 1. The purpose of this submission is to report on the performance of the 1064 locomotive funding advisors:
 - 1.1 Detailing the work undertaken by the 1064 advisors to date with respect to the ZAR club loan
 - 1.2 Provide a detailed quantification of the value add performance of the 1064 advisors

BACKGROUND

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- 3. Given the size of the required funding, the need to limit the impact of this funding on the local credit lines and the financial benefit to be realised from using ECAs and export promotion initiatives from exporting countries, Transnet from the outset aimed at exploring foreign sources of funding.
- 4. Subsequently, Regiments provided negotiation and execution support that resulted in securing a USD 2.5 billion (i.e. the sum of USD 1.5 billion committed facility and USD 1.0 billion stand-by facility) from China Development Bank (CDB) for the financing of the CNR and CSR locomotives.



- 5. Compliance to Transnet’s Financial Risk Management Framework necessitates the effective hedging of currency and other risks arising from the procurement of this funding. Upon Regiments’ recommendation that the swap be executed by one counterparty of substance, J.P. Morgan was appointed to execute the cross currency swap in this respect.
- 6. However, it is noted that the all-in ZAR pricing of foreign sourced funding of the entire USD 2.5 billion is higher than the all-in pricing that could be achieved through creating a blended facility with a foreign currency loan of USD 1.5 billion and a ZAR club loan of USD 1.0 billion.
- 7. In order to reduce the effective cost of funding of the 1064 locomotive acquisition, it was decided to blend USD1.5 billion funding received from CDB with a ZAR loan which would serve to reduce the all-in cost of the required funding.
- 8. J.P. Morgan was considered as Lead Arrangers for the Rand funding and a proposal was received from J.P. Morgan in this regard.

DISCUSSION

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Upfront Fee	30 bps	50 bps	75 bps	75 bps

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 - 9.1.2 Through Regiments’ market analysis, it emerged that the Transnet will be abale to achieveable pricing for the ZAR loan ~~is-at~~ 3m Jibar +270bps excluding commitment and arrangement fees.



- 9.2 Given the above findings, Transnet decided to terminate the JP Morgan mandate for the ZAR club loan ~~appoint and~~ appoint Regiments to fulfil the role of Lead Arranger in this transaction and Regiments’ performance to be benchmarked against the proposal received from J.P. Morgan in this regard.
- 9.3 To date, Regiments has successfully secured ZAR 12.365 billion at 3m Jibar +270bps (matching the profile of the CDB loan) from the following institutions:
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- 9.4 Transnet’s decision to appoint Regiments as lead arranger to raise ZAR 18 billion by means of a club loan as opposed to appointing a lead book runner as with a typical syndication has resulted in a fee savings of approximately ZAR 36 million.
- 9.5 The benchmarking against J.P. Morgan’s proposal has revealed that Transnet has achieved a saving of 100 bps on the pricing of the club loan via implementing Regiments recommendation (3m Jibar + 270 bps) as opposed to the option recommended by JP Morgan (3m Jibar + 370 bps). The net savings Transnet has realised from securing the club loan at 3m Jibar +270 bps as opposed to the JP’s syndication initially contemplated is approximately ZAR 679 million (based on comparative NPV analysis).

9.5 FINANCAL IMPLIACTIONS

10. Regiments value add to Transnet in relation to the 1064 locomotive ZAR club loan funding can be summarised in the following Table:

Initiative	Savings in ZAR
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Fees associated with raising the capital by means of a syndicated loan as opposed to a club loan	R24m
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The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of ZAR 0.763 billion.

The financial advice, negotiation support and execution support that Regiments provided through the raising of the ZAR club loan took in excess of 5 months and is done with an expectation of compensation only on successful completion of the transaction. It is in this light that the fee is calculated as 10% of the total financial benefit:

Success fee in percent (ZAR 12 billion)	Success fee in Rand (NPV)
10	76.3 million

BUDGET IMPLICATIONS

DELEGATION OF AUTHORITY

RECOMMENDATIONS

Compiled by:

Phetolo Ramosebudi

Group Treasurer

Recommended by:



Garry Pita
Acting Group Chief Financial Officer

Approved by:

Siyabonga Gama
Acting Chief Executive



Memorandum

TO : **Garry Pita**
Acting Group Chief Financial Officer

FROM : **Phetolo Ramosebudi**
Group Treasurer

SUBJECT : **ADVISORY SUPPORT FOR THE ZAR CLUB LOAN FUNDING OF THE 1064 LOCOMOTIVES**

PURPOSE OF SUBMISSION

1. The purpose of this submission is to report on the performance of the 1064 locomotive funding advisors:
 - 1.1 Detailing the work undertaken by the 1064 advisors to date with respect to the ZAR club loan
 - 1.2 Provide a detailed quantification of the value add performance of the 1064 advisors

BACKGROUND

2. Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives from GE, Bombardier, CNR and CSR.
3. Given the size of the required funding, the need to limit the impact of this funding on the local credit lines and the financial benefit to be realised from using ECAs and export promotion initiatives from exporting countries, Transnet from the outset aimed at exploring foreign sources of funding.
4. Subsequently, Regiments provided negotiation and execution support that resulted in securing a USD 2.5 billion (i.e. the sum of USD 1.5 billion committed facility and USD 1.0 billion stand-by facility) from China Development Bank (CDB) for the financing of the CNR and CSR locomotives.



5. Compliance to Transnet's Financial Risk Management Framework necessitates the effective hedging of currency and other risks arising from the procurement of this funding. Upon Regiments' recommendation that the swap be executed by one counterparty of substance, J.P. Morgan was appointed to execute the cross currency swap in this respect.
6. However, it is noted that the all-in ZAR pricing of foreign sourced funding of the entire USD 2.5 billion is higher than the all-in pricing that could be achieved through creating a blended facility with a foreign currency loan of USD 1.5 billion and a ZAR club loan of equivalent to USD 1.0 billion.
7. In order to reduce the effective cost of funding of the 1064 locomotive acquisition, it was decided to blend USD1.5 billion funding received from CDB with a ZAR loan which would serve to reduce the all-in cost of the required funding.
8. J.P. Morgan was considered as Lead Arrangers for the Rand funding and a proposal was received from J.P. Morgan in this regard.

DISCUSSION

9. The value add from the negotiation support provided by Regiments in relation to the CDB deal is briefly summarised below:
 - 9.1 A fifteen year amortising profile was negotiated, as opposed to CDB's proposed 10 year amortising profile (the longer duration provides a better asset/liability match)
 - 9.2 The capital grace period was extended from 36 months to 54 months, thereby lengthening the duration of the loan profile further, in line with the asset/liability matching requirements
 - 9.3 CDB's initial pricing of 300bps over 6 month Libor, was successfully negotiated to the final agreed margin of 257bps over Libor - a saving of 43bps (a net present value benefit of USD 64.5 million based on the USD 2.5 billion facility)
 - 9.4 The reference interest rate for the CDB loan was 6 month Libor. Regiments assisted Transnet in negotiating for a change of the reference interest rate from 6 month Libor to 3 month Libor. This change translates to a significant financial benefit when the liability is converted from a USD loan to a ZAR loan (as required by Transnet FRM framework) and, the imminent swapping of the floating interest rate to fixed rate on the ZAR loan. The benefit derived from the change



of the 6 month Libor to the 3 month Libor is expected to be in the region of 40 bps at the point that Transnet chooses to fix the resulting 3 month Jibar linked interest rate. (The current market pricing difference between the NACQ and the NACS swap of float to fixed for this loan profile amounts to a pricing premium of approx. 43 bps on the NACS profile). This NPV difference is approximately ZAR 720 million for the USD 2.5 billion loan.

10. The following Table captures J.P. Morgan's proposal to raise senior unsecured debt for the amount of ZAR 12 billion:

Tenor	5 years, bullet profile	7 years, bullet profile	10 years, bullet profile	15 years, amortising profile
Pricing	3m Jibar + 235bps	3m Jibar +280bps	3m Jibar +335 bps	3m Jibar + 370bps
Upfront Fee	30 bps	50 bps	75 bps	75 bps

10.1 The J.P. Morgan proposal did not meet Transnet requirements for the following reasons:

10.1.1 The proposed pricing for the 15 year amortising facility (3m Jibar + 370bps) is comparatively higher than the all-in funding costs related to the USD 1.5 billion (3m Jibar + 337.5bps). This implies that creating a blended facility will not be a sensible measure with the pricing presented by J.P. Morgan.

10.1.2 Through Regiments' market analysis, it emerged that Transnet will be able to achieve pricing for the ZAR loan at 3m Jibar +270bps excluding commitment and arrangement fees.

10.2 Given the above findings, Transnet abandoned the idea of appointing J.P. Morgan for the ZAR club loan and appoint Regiments to fulfil the role of Lead Arranger in this transaction and Regiments' performance to be benchmarked against the proposal received from J.P. Morgan in this regard.

10.3 To date, Regiments has successfully secured ZAR 12.365 billion at 3m Jibar +270bps (matching the profile of the CDB loan) from the following institutions:

10.3.1 Bank of China: ZAR 3 billion (approved)

10.3.2 Nedbank/Omsfin/Future Growth: ZAR 6 billion (final credit approval pending)

10.3.3 Absa/Barclays: ZAR 3 billion (approved)

10.3.4 Sanlam: ZAR 0.365 million (approved)



- 10.4 Transnet's decision to appoint Regiments as lead arranger to raise ZAR 18 billion by means of a club loan as opposed to appointing a lead book runner as with a typical syndication has resulted in a fee savings of approximately ZAR 24 million.
- 10.5 The benchmarking against the CDB USD 1.5 billion loan has revealed that Transnet has achieved a saving of 68 bps on the pricing of the club loan. The net savings Transnet has realised from securing the club loan at 3m Jibar +270 bps in comparison to the CDB dollar funding is in excess of ZAR 478 million (based on comparative NPV analysis).

FINANCIAL IMPLICTIONS

11. Regiments value add to Transnet in relation to the 1064 locomotive ZAR club loan funding can be summarised in the following Table:

Initiative	Savings in ZAR
Saving achieved by securing club loan at 68 bps cheaper than the equivalent dollar funding from CDB	R478m
TOTAL	ZAR 502 million

The benefit Transnet realised with specific reference to the J.P. Morgan proposal is summarised below:

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TOTAL	ZAR 763 million

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The financial advice, negotiation support and execution support that Regiments provided through the raising of the ZAR club loan took in excess of 5 months and is done with an expectation of compensation only on successful completion of the transaction. It is in this light that the fee is calculated as 10% of the total financial benefit related to the CDB loan:



Success fee in percent (ZAR 12 billion)	Success fee in Rand (NPV)
10	50.2 million

BUDGET IMPLICATIONS

DELEGATION OF AUTHORITY

RECOMMENDATIONS

Compiled by:

Phetolo Ramosebudi

Group Treasurer

Recommended by:

Garry Pita

Acting Group Chief Financial Officer



Approved by:

Siyabonga Gama

Acting Chief Executive

Ntokozo Zama

From: Nswana Mwangu
Sent: Wednesday, 02 September 2015 14:53
To: Phetolo Ramosebudi Transnet Corporate JHB
Cc: Eric Wood; Tewodros Gebreselasie
Subject: Memo irt Regiments role on 1064 locomotive club loan funding 20150902
Attachments: Memo irt Regiments role on 1064 locomotive club loan funding 20150902.docx

Dear Phetolo

Kindly find attached revised Fee Memo.

Best
Nswana



Memorandum

TO : **Garry Pita**
Acting Group Chief Financial Officer

FROM : **Phetolo Ramosebudi**
Group Treasurer

SUBJECT : **ADVISORY SUPPORT FOR THE ZAR CLUB LOAN FUNDING OF THE 1064 LOCOMOTIVES**

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8. J.P. Morgan was considered as Lead Arrangers for the Rand funding and a proposal was received from J.P. Morgan in this regard.

DISCUSSION

9. The value add from the negotiation support provided by Regiments in relation to the CDB deal is briefly summarised below:
 - 9.1 A fifteen year amortising profile was negotiated, as opposed to CDB's proposed 10 year amortising profile (the longer duration provides a better asset/liability match)
 - 9.2 The capital grace period was extended from 36 months to 54 months, thereby lengthening the duration of the loan profile further, in line with the asset/liability matching requirements
 - 9.3 CDB's initial pricing of 300bps over 6 month Libor, was successfully negotiated to the final agreed margin of 257bps over Libor - a saving of 43bps (a net present value benefit of USD 64.5 million based on the USD 2.5 billion facility)
 - 9.4 The reference interest rate for the CDB loan was 6 month Libor. Regiments assisted Transnet in negotiating for a change of the reference interest rate from 6 month Libor to 3 month Libor. This change translates to a significant financial benefit when the liability is converted from a USD loan to a ZAR loan (as required by Transnet FRM framework) and, the imminent swapping of the floating interest rate to fixed rate on the ZAR loan. The benefit derived from the change



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The benefit Transnet realised with specific reference to the J.P. Morgan proposal is summarised below:

Initiative	Savings in ZAR
Saving achieved by securing club loan at 100 bps cheaper than the proposed syndicate loan pricing	R679m
Fees associated with raising the capital by means of a syndicated loan as opposed to a club loan	R24m
Lender upfront fee (75 bps less 35 bps)	R48m
TOTAL	ZAR 763 million

The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of ZAR 0.5 billion.

The financial advice, negotiation support and execution support that Regiments provided through the raising of the ZAR club loan took in excess of 5 months and is done with an expectation of compensation only on successful completion of the transaction. It is in this light that the fee is calculated as 10% of the total financial benefit related to the CDB loan:



Success fee in percent (ZAR 12 billion)	Success fee in Rand (NPV)
10	50.2 million

BUDGET IMPLICATIONS

DELEGATION OF AUTHORITY

RECOMMENDATIONS

Compiled by:

Phetolo Ramosebudi

Group Treasurer

Recommended by:

Garry Pita

Acting Group Chief Financial Officer



Approved by:

Siyabonga Gama

Acting Chief Executive

Ntokozo Zama

From: Eric Wood
Sent: Thursday, 03 September 2015 12:50
To: Ashok Narayan
Subject: Fwd: Memo irt Regiments role on 1064 locomotive club loan funding 20150902
Attachments: Memo irt Regiments role on 1064 locomotive club loan funding 20150902.docx; ATT00001.htm

Sent from my iPhone

Begin forwarded message:

From: Nswana Mwangi <nswanam@regiments.co.za>
Date: 02 September 2015 at 2:53:04 PM SAST
To: "Phetolo Ramosebudi Transnet Corporate JHB" <Phetolo.Ramosebudi@transnet.net>
Cc: Eric Wood <EricW@regiments.co.za>, Tewodros Gebreselasie <TewodrosG@regiments.co.za>
Subject: Memo irt Regiments role on 1064 locomotive club loan funding 20150902

Dear Phetolo

Kindly find attached revised Fee Memo.

Best
Nswana



Memorandum

TO : **Garry Pita**
Acting Group Chief Financial Officer

FROM : **Phetolo Ramosebudi**
Group Treasurer

SUBJECT : **ADVISORY SUPPORT FOR THE ZAR CLUB LOAN FUNDING OF THE 1064 LOCOMOTIVES**

PURPOSE OF SUBMISSION

1. The purpose of this submission is to report on the performance of the 1064 locomotive funding advisors:
 - 1.1 Detailing the work undertaken by the 1064 advisors to date with respect to the ZAR club loan
 - 1.2 Provide a detailed quantification of the value add performance of the 1064 advisors

BACKGROUND

2. Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives from GE, Bombardier, CNR and CSR.
3. Given the size of the required funding, the need to limit the impact of this funding on the local credit lines and the financial benefit to be realised from using ECAs and export promotion initiatives from exporting countries, Transnet from the outset aimed at exploring foreign sources of funding.
4. Subsequently, Regiments provided negotiation and execution support that resulted in securing a USD 2.5 billion (i.e. the sum of USD 1.5 billion committed facility and USD 1.0 billion stand-by facility) from China Development Bank (CDB) for the financing of the CNR and CSR locomotives.



5. Compliance to Transnet's Financial Risk Management Framework necessitates the effective hedging of currency and other risks arising from the procurement of this funding. Upon Regiments' recommendation that the swap be executed by one counterparty of substance, J.P. Morgan was appointed to execute the cross currency swap in this respect.
6. However, it is noted that the all-in ZAR pricing of foreign sourced funding of the entire USD 2.5 billion is higher than the all-in pricing that could be achieved through creating a blended facility with a foreign currency loan of USD 1.5 billion and a ZAR club loan of equivalent to USD 1.0 billion.
7. In order to reduce the effective cost of funding of the 1064 locomotive acquisition, it was decided to blend USD1.5 billion funding received from CDB with a ZAR loan which would serve to reduce the all-in cost of the required funding.
8. J.P. Morgan was considered as Lead Arrangers for the Rand funding and a proposal was received from J.P. Morgan in this regard.

DISCUSSION

9. The value add from the negotiation support provided by Regiments in relation to the CDB deal is briefly summarised below:
 - 9.1 A fifteen year amortising profile was negotiated, as opposed to CDB's proposed 10 year amortising profile (the longer duration provides a better asset/liability match)
 - 9.2 The capital grace period was extended from 36 months to 54 months, thereby lengthening the duration of the loan profile further, in line with the asset/liability matching requirements
 - 9.3 CDB's initial pricing of 300bps over 6 month Libor, was successfully negotiated to the final agreed margin of 257bps over Libor - a saving of 43bps (a net present value benefit of USD 64.5 million based on the USD 2.5 billion facility)
 - 9.4 The reference interest rate for the CDB loan was 6 month Libor. Regiments assisted Transnet in negotiating for a change of the reference interest rate from 6 month Libor to 3 month Libor. This change translates to a significant financial benefit when the liability is converted from a USD loan to a ZAR loan (as required by Transnet FRM framework) and, the imminent swapping of the floating interest rate to fixed rate on the ZAR loan. The benefit derived from the change



of the 6 month Libor to the 3 month Libor is expected to be in the region of 40 bps at the point that Transnet chooses to fix the resulting 3 month Jibar linked interest rate. (The current market pricing difference between the NACQ and the NACS swap of float to fixed for this loan profile amounts to a pricing premium of approx. 43 bps on the NACS profile). This NPV difference is approximately ZAR 720 million for the USD 2.5 billion loan.

10. The following Table captures J.P. Morgan’s proposal to raise senior unsecured debt for the amount of ZAR 12 billion:

Tenor	5 years, bullet profile	7 years, bullet profile	10 years, bullet profile	15 years, amortising profile
Pricing	3m Jibar + 235bps	3m Jibar +280bps	3m Jibar +335 bps	3m Jibar + 370bps
Upfront Fee	30 bps	50 bps	75 bps	75 bps

- 10.1 The J.P. Morgan proposal did not meet Transnet requirements for the following reasons:

10.1.1 The proposed pricing for the 15 year amortising facility (3m Jibar + 370bps) is comparatively higher than the all-in funding costs related to the USD 1.5 billion (3m Jibar + 337.5bps). This implies that creating a blended facility will not be a sensible measure with the pricing presented by J.P. Morgan.

10.1.2 Through Regiments’ market analysis, it emerged that Transnet will be able to achieve pricing for the ZAR loan at 3m Jibar +270bps excluding commitment and arrangement fees.
- 10.2 Given the above findings, Transnet abandoned the idea of appointing J.P. Morgan for the ZAR club loan and appoint Regiments to fulfil the role of Lead Arranger in this transaction and Regiments’ performance to be benchmarked against the proposal received from J.P. Morgan in this regard.
- 10.3 To date, Regiments has successfully secured ZAR 12.365 billion at 3m Jibar +270bps (matching the profile of the CDB loan) from the following institutions:

10.3.1 Bank of China: ZAR 3 billion (approved)

10.3.2 Nedbank/Omsfin/Future Growth: ZAR 6 billion (final credit approval pending)

10.3.3 Absa/Barclays: ZAR 3 billion (approved)

10.3.4 Sanlam: ZAR 0.365 million (approved)



- 10.4 Transnet’s decision to appoint Regiments as lead arranger to raise ZAR 18 billion by means of a club loan as opposed to appointing a lead book runner as with a typical syndication has resulted in a fee savings of approximately ZAR 24 million.
- 10.5 The benchmarking against the CDB USD 1.5 billion loan has revealed that Transnet has achieved a saving of 68 bps on the pricing of the club loan. The net savings Transnet has realised from securing the club loan at 3m Jibar +270 bps in comparison to the CDB dollar funding is in excess of ZAR 478 million (based on comparative NPV analysis).

FINANCAL IMPLIACTIONS

11. Regiments value add to Transnet in relation to the 1064 locomotive ZAR club loan funding can be summarised in the following Table:

Initiative	Savings in ZAR
Saving achieved by securing club loan at 68 bps cheaper than the equivalent dollar funding from CDB	R478m
TOTAL	ZAR 502 million

The benefit Transnet realised with specific reference to the J.P. Morgan proposal is summarised below:

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Lender upfront fee (75 bps less 35 bps)	R48m
TOTAL	ZAR 763 million

The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Regiments is calculated to be in excess of ZAR 0.5 billion.

The financial advice, negotiation support and execution support that Regiments provided through the raising of the ZAR club loan took in excess of 5 months and is done with an expectation of compensation only on successful completion of the transaction. It is in this light that the fee is calculated as 10% of the total financial benefit related to the CDB loan:



Success fee in percent (ZAR 12 billion)	Success fee in Rand (NPV)
10	50.2 million

BUDGET IMPLICATIONS

DELEGATION OF AUTHORITY

RECOMMENDATIONS

Compiled by:

Phetolo Ramosebudi

Group Treasurer

Recommended by:

Garry Pita

Acting Group Chief Financial Officer



Approved by:

Siyabonga Gama

Acting Chief Executive

Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB
Sent: Thursday, 10 September 2015 18:51
To: Phetolo Ramosebudi Transnet Corporate JHB; mosiarams@gmail.com
Subject: Memo irt Regiments role on 1064 locomotive club loan funding 20150902
Attachments: Memo irt Regiments role on 1064 locomotive club loan funding 20150902.docx



Memorandum

TO : **Garry Pita**
Acting Group Chief Financial Officer

FROM : **Phetolo Ramosebudi**
Group Treasurer

SUBJECT : **ADVISORY SUPPORT FOR THE ZAR CLUB LOAN FUNDING OF THE 1064 LOCOMOTIVES**

PURPOSE OF SUBMISSION

1. The purpose of this submission is to report on the performance of the 1064 locomotive funding advisors:
 - 1.1 Detailing the work undertaken by the 1064 advisors to date with respect to the ZAR club loan
 - 1.2 Provide a detailed quantification of the value add performance of the 1064 advisors

BACKGROUND

2. Post the successful completion of the commercial negotiations, and as part of the next phase of this assignment Regiments was tasked with developing a detailed funding plan for the acquisition of the 1064 locomotives from GE, Bombardier, CNR and CSR.
3. Given the size of the required funding, the need to limit the impact of this funding on the local credit lines and the financial benefit to be realised from using ECAs and export promotion initiatives from exporting countries, Transnet from the outset aimed at exploring foreign sources of funding.
4. Subsequently, Regiments provided negotiation and execution support that resulted in securing a USD 2.5 billion (i.e. the sum of USD 1.5 billion committed facility and USD 1.0 billion stand-by facility) from China Development Bank (CDB) for the financing of the CNR and CSR locomotives.



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6. However, it is noted that the all-in ZAR pricing of foreign sourced funding of the entire USD 2.5 billion is higher than the all-in pricing that could be achieved through creating a blended facility with a foreign currency loan of USD 1.5 billion and a ZAR club loan equivalent to USD 1.0 billion.
7. In order to reduce the effective cost of funding of the 1064 locomotive acquisition, it was decided to blend USD1.5 billion funding received from CDB with a ZAR loan which would serve to reduce the all-in cost of the required funding.
8. J.P. Morgan was considered as Lead Arrangers for the Rand funding and a proposal was received from J.P. Morgan in this regard.

DISCUSSION

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10.1.2 Through Regiments’ market analysis, it emerged that Transnet will be able to achieve pricing for the ZAR loan at 3m Jibar +270bps excluding commitment and arrangement fees.
- 10.2 Given the above findings, Transnet abandoned the idea of appointing J.P. Morgan for the ZAR club loan and appoint Regiments to fulfil the role of Lead Arranger in this transaction and Regiments’ performance to be benchmarked against the proposal received from J.P. Morgan in this regard.
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- 10.4 Transnet’s decision to appoint Regiments as lead arranger to raise ZAR 18 billion by means of a club loan as opposed to appointing a lead book runner as with a typical syndication has resulted in a fee savings of approximately ZAR 24 million.
- 10.5 The benchmarking against the CDB USD 1.5 billion loan has revealed that Transnet has achieved a saving of 68 bps on the pricing of the club loan. The net savings Transnet has realised from securing the club loan at 3m Jibar +270 bps in comparison to the CDB dollar funding is in excess of ZAR 478 million (based on comparative NPV analysis).

FINANCAL IMPLIACTIONS

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The financial advice, negotiation support and execution support that Regiments provided through the raising of the ZAR club loan took in excess of 5 months and is done with an expectation of compensation only on successful completion of the transaction. It is in this light that the fee is calculated as 10% of the total financial benefit related to the CDB loan:



Success fee in percent (ZAR 12 billion)	Success fee in Rand (NPV)
10	50.2 million

BUDGET IMPLICATIONS

DELEGATION OF AUTHORITY

RECOMMENDATIONS

Compiled by:

Phetolo Ramosebudi
Group Treasurer

Recommended by:

Garry Pita
Acting Group Chief Financial Officer



Approved by:

Siyabonga Gama

Acting Chief Executive

Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB
Sent: Friday, 11 September 2015 08:56
To: Betsie van_Heerden Transnet JHB
Subject: Request to appoint TRILLIAN (04)
Attachments: Request to appoint TRILLIAN (04).docx

Prepare for sign off

Transnet SOC Ltd	Carlton Centre	P.O. Box 72501
Registration	150 Commissioner	Parkview
Number	Str. Johannesburg	South Africa, 2122
1990/000900/30	2001	T +27 11 308 2526
		F +27 11 308 1089



MEMORANDUM

www.transnet.net

TO : The Acquisitions and Disposals Committee

FROM : Siyabonga Gama, Acting Group Chief Executive

SUBJECT : REQUEST TO APPOINT TRILLIAN AS LEAD MANAGER IN THE R18 BILLION CLUB LOAN

PURPOSE OF SUBMISSION:

1. The purpose of the submission is to request the Acquisitions and Disposals Committee (ADC) to:
 - 1.1. Approve the appointment of Trillian as a Lead Manager of the R18 billion Club loan.
 - 1.2. Approve the termination of JP Morgan on the ZAR syndication loan.
 - 1.3. Approve the payment of a maximum of R... million to Trillian for the support to Transnet for the coordination and leading the book built in the club loan including the following:
 - 1.3.1. Evaluation of all funding sources;
 - 1.3.2. Matching of assets and liabilities;
 - 1.3.3. Evaluation of the loan documentation; and
 - 1.3.4. the financial close of the transaction
 - 1.4. Delegate authority to the GCE to approve all documentation related to this confinement.

BACKGROUND

Trillian

2. Transnet has signed the mandate letter and Term sheet for the US\$2.5 billion 15-year amortizing loan from China Development Bank ("CDB") to finance 232 and 359 locomotives from China North Railways ("CNR") and China South Railways ("CSR"), respectively.
3. The Board approved the transaction during August 2014.
4. Transnet decided to split the transaction into 2 tranches the US\$ 0.5 billion tranche and the standby facility of US\$1 billion tranche.
5. JP Morgan was appointed to lead the ZAR Club as a substitute for the US\$1 standby facility to bring the overall cost of the transaction lower, however they failed to secure the 15 year tenor at the appropriate pricing.
6. Trillian approached with reverse inquiry for Club loan deal at a price and tenor which was most comparable to the CDB loan.
7. The Illustration of the benefits is presented below.

DISCUSSION

Trillian Capital

8. Post the successful completion of the 1064 locomotive transaction, Transnet developed detailed funding plan to secure the necessary funding for the locomotives together with the general purpose funding requirement.
9. One of the salient transaction was the approval of the US\$2.5 billion credit facility to finance the purchase of the Chinese locomotives.
10. In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Trillian recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR club loan. The ZAR club loan would allow for a reduction in the blended rate paid by Transnet of approx. 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS).
11. Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Trillian' has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
12. Trillian have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Framework (FRM).
13. Trillian has assisted Transnet in negotiating with a number of potential funding sources of ZAR funding, including the following firm commitments:
 - 13.1. Nedbank group(R6 bn)
 - 13.2. Bank Of China (R3bn)
 - 13.3. ABSA Bank (R3 bn)
 - 13.4. Libfin (R1 bn)
14. Trillian' advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market.
15. The savings achieved via the blending of the ZAR club loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Trillian is calculated to be in excess of R 763 million.
16. In this regard, with Trillian assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.40%. The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding and the club loan and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.
17. The financial advice and negotiation support that Trillian provided through this entire process which took in excess of 5 months was done at risk with an expectation of compensation only on successful completion of the transaction.
18. Given the invaluable contribution of Trillian to the successful conclusion of this transaction, Trillian is due a success based fee of 10% as reflected in the NPV

calculation below, payable on conclusion of the funding and hedging documents with CDB and Trillian.

19. This final success fee in bps will be mutually agreed between Transnet and Trillian, and the table below illustrates the NPV of the success fee.

Success fee in %	Success fee in Rand (NPV)
10	R50.2million

APPLICABILITY OF THE APPROVED GROUNDS FOR CONFINEMENT:

20. Appended below, for ease of reference, is an extract from the current Procurement Procedure Manual, par 15.1.2, which sets out the grounds for confinement.

- a) Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;
- b) The goods/services are only obtainable from one supplier/limited number of suppliers. For instance, patented/proprietary goods or OEM spares and components. Operating Divisions are however required to satisfy themselves that there are no new entrants on the market who could also be tested;
- c) For reasons of standardization or compatibility with existing products and services. A case must be made that deviation from existing standardized goods or services will cause major operational disruption. If not, confinements based on "standardization" will not be considered' or
- d) When goods or services being procured are highly specialized and largely identical to those previously executed by that supplier and it is not in the interest of the public or the organisation to solicit other tender offers as it would result in wasted money and/or time for Transnet. When this particular ground is intended to be used as a ground for confinement, it is important to note that all prerequisites must be satisfied i.e. the goods or services must be highly specialized, almost identical to previous work done and approaching the market again would result in wasted money and time.

21. We are of the view that this matter continues to comply with ground (a) and (d) as set out below, and the request for confinement is therefore fully supported.

Ground for confinement per Par 15.1.2	Confinement considerations
a. Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;	• Genuine unforeseeable urgency has arisen to close the CDB transaction at current rates in light of the economic circumstances, Eskom credit rating and the impact on the sovereign. • The Transnet`s risk management policies require the currency exposure to be hedged back into Rand • The size and tenor of the loan is exceptionally large for the normal domestic loans. • A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet if US \$ loan is drawn from CDB standby facility. • Uncertainty of counterparty

	unwillingness could delay full execution, leaving Transnet exposed to broader FX and rate risks on the USD exposure.

Confidentiality in terms of PPM

- 22. In light of the risks we have highlighted, Transnet’s key objective should therefore be to engage with a counterparty that is:
 - 22.1. Qualified and capable to execute the size and the number of counter parties efficiently
 - 22.1.1.– Transnet should be offered best advice but also the possibility for full risk transfer on the execution risk.
 - 22.1.2.– The right trade-off between transparency and confidentiality to ensure a fair and proper outcome.
 - 22.2. Prepared to fully underwrite the credit risk arising from the hedge
 - 22.3. Prepared to reduce the credit costs and therefore all-in pricing from the hedge through optimisation of the position
- 23. There is clearly a trade-off between transparency and confidentiality, in particular, as regards to the market risk components
- 24. Relying on one price from one bank protects the confidentiality and potential front-running.
- 25. However, Transnet must avoid a messy execution environment, as seen when JP Morgan indicative pricing and tenor for syndicate loan was out of range with the purpose of the funding requirements.
- 26. If Transnet had been transacting then, this would have crystallised additional transaction costs of c. ZAR763 million, clearly the opposite effect that Transnet would have been seeking through a competitive bidding/procurement process.
- 27. Moreover, if Transnet had wanted to wait for the market to become ‘unaffected’ again, this would have delayed execution for several months, exposing Transnet to broader market volatility.
- 28. To secure the lowest Rand funding, Transnet must work with a single coordinator to harmonies the differing bank requirements and the clients expectation.
- 29. In this way the transaction coordinated from single point and confidentiality is maintained as Trillian is not taking part in the funding and the fees are reined on the successful completion of the funding.
- 30. At the same time, Transnet and the banks agree pricing in advance, so Transnet has complete certainty around the cost of funding and can deem it to be fair and reasonable.

ENTERPRISE AND SUPPLIER DEVELOPMENT AND BBBEE

- 31. Trillian will be subject to 10% Supplier development due to its size

DELEGATIONS

- 32. The appointment of Trillian for purposes of the said transaction is silent in the PPM.
- 33. The GCE has delegations to approve confinements up to R250 million.
- 34. The ADC’s delegations to approve confinements is from R250 million to R1 billion.
- 35. Due to the termination of JP Morgan mandate and the silence on PMM , it was decided to approach ADC for approval.

FINANCIAL IMPLICATIONS

36. Regiments value add to Transnet in relation to the 1064 locomotive ZAR club loan funding can be summarised in the following Table:

Initiative	Savings in ZAR
Saving achieved by securing club loan at 68 bps cheaper than the equivalent dollar funding from CDB	R478m
TOTAL	ZAR 502 million

37. The benefit Transnet realised with specific reference to the J.P. Morgan proposal is summarised below:

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Fees associated with raising the capital by means of a syndicated loan as opposed to a club loan	R24m
Lender upfront fee (75 bps less 35 bps)	R48m
TOTAL	ZAR 763 million

38. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Trillian is calculated to be in excess of ZAR 0.5 billion.

39. The financial advice, negotiation support and execution support that Trillian provided through the raising of the ZAR club loan took in excess of 5 months and is done with an expectation of compensation only on successful completion of the transaction. It is in this light that the fee is calculated as 10% of the total financial benefit related to the CDB loan:

Success fee in percent (ZAR 12 billion)	Success fee in Rand (NPV)
10%	50.2 million

40. Given the invaluable contribution of Trillian to the successful conclusion of funding transaction, Trillian is due a success based fee of 10% of the savings payable by Transnet subject to a maximum of R75 million.

41. The fees for Trillian will be part of the market related cost to the borrowing costs of the loan.

BUDGET IMPLICATIONS

42. The costs have been budgeted as part of the funding plan for 2015/16.

RECOMMENDATION:

43. That the Acquisitions and Disposals Committee (ADC):
- 43.1. Approve the appointment of Trillian as a Lead manager for the R18 billion ZAR club loan;
 - 43.2. Approve the termination of JP Morgan ZAR syndication loan;
 - 43.3. Approve the payment of a maximum of R 50.2 million to Trillian Capital for the support to Transnet for the coordination and book built for the club loan including the following:
 - 43.3.1. Evaluation of all funding sources;
 - 43.3.2. Matching of assets and liabilities;

- 43.3.3.Evaluation of the useful life of all underlying assets; and
- 43.3.4.Financial close of the transaction
- 43.4. Delegate authority to the GCE to approve all documentation related to this confinement.

Compiled by

Phetolo Ramosebudi
Group Treasurer
Date:

Recommended/Not Recommended

Edward Thomas
Acting: Group Chief Supply Chain Officer
Date:

Recommended/Not Recommended

Garry Pita
Acting: Group Chief Financial Officer
Date:

Recommended/Not Recommended

Siyabonga Gama,
Acting Group Chief Executive
Date:

Transnet SOC Ltd
Registration
Number
1990/000900/30

Carlton Centre
150 Commissioner
Str. Johannesburg
2001

P.O. Box 72501
Parkview
South Africa, 2122
T +27 11 308 2526
F +27 11 308 1089



MEMORANDUM

www.transnet.net

TO : The Acquisitions and Disposals Committee

FROM : Siyabonga Gama, Acting Group Chief Executive

SUBJECT : REQUEST TO APPOINT TRILLIAN AS LEAD MANAGER IN THE R18 BILLION CLUB LOAN

PURPOSE OF SUBMISSION:

1. The purpose of the submission is to request the Acquisitions and Disposals Committee (ADC) to:
 - 1.1. Approve the appointment of Trillian as a Lead Manager of the R18 billion Club loan.
 - 1.2. Approve the termination of JP Morgan on the ZAR syndication loan.
 - 1.3. Approve the payment of a maximum of R... million to Trillian for the support to Transnet for the coordination and leading the book built in the club loan including the following:
 - 1.3.1. Evaluation of all funding sources;
 - 1.3.2. Matching of assets and liabilities;
 - 1.3.3. Evaluation of the loan documentation; and
 - 1.3.4. the financial close of the transaction
 - 1.4. Delegate authority to the GCE to approve all documentation related to this confinement.

BACKGROUND

Trillian

2. Transnet has signed the mandate letter and Term sheet for the US\$2.5 billion 15-year amortizing loan from China Development Bank ("CDB") to finance 232 and 359 locomotives from China North Railways ("CNR") and China South Railways ("CSR"), respectively.
3. The Board approved the transaction during August 2014.
4. Transnet decided to split the transaction into 2 tranches the US\$ 0.5 billion tranche and the standby facility of US\$1 billion tranche.
5. JP Morgan was appointed to lead the ZAR Club as a substitute for the US\$1 standby facility to bring the overall cost of the transaction lower, however they failed to secure the 15 year tenor at the appropriate pricing.
6. Trillian approach with reverse inquiry for Club loan deal at a price and tenor which was most comparable to the CDB loan.
7. The Illustration of the benefits is presented below.

DISCUSSION

Trillian Capital

8. Post the successful completion of the 1064 locomotive transaction, Transnet developed detailed funding plan to secure the necessary funding for the locomotives together with the general purpose funding requirement.
9. One of the salient transaction was the approval of the US\$2.5 billion credit facility to finance the purchase of the Chinese locomotives.
10. In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Trillian recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR club loan. The ZAR club loan would allow for a reduction in the blended rate paid by Transnet of approx. 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS).
11. Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Trillian' has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.
12. Trillian have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet's Financial Risk Framework (FRM).
13. Trillian has assisted Transnet in negotiating with a number of potential funding sources of ZAR funding, including the following firm commitments:
 - 13.1. Nedbank group(R6 bn)
 - 13.2. Bank Of China (R3bn)
 - 13.3. ABSA Bank (R3 bn)
 - 13.4. Libfin (R1 bn)
14. Trillian' advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet's credit lines intact in the domestic market.
15. The savings achieved via the blending of the ZAR club loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Trillian is calculated to be in excess of R 763 million.
16. In this regard, with Trillian assistance the weighted average cost of the blended finance for the Chinese locomotives is around 10.40%, as opposed to the current weighted average cost of funding payable by Transnet on its existing loan portfolio of 9.40%. The current debt portfolio has a significantly shorter duration than the Chinese locomotive funding and the club loan and the current funding is predominantly ZAR based as opposed to the predominantly USD based funding of the Chinese locomotives.
17. The financial advice and negotiation support that Trillian provided through this entire process which took in excess of 5 months was done at risk with an expectation of compensation only on successful completion of the transaction.
18. Given the invaluable contribution of Trillian to the successful conclusion of this transaction, Trillian is due a success based fee of 10% as reflected in the NPV

calculation below, payable on conclusion of the funding and hedging documents with CDB and Trillian.

19. This final success fee in bps will be mutually agreed between Transnet and Trillian, and the table below illustrates the NPV of the success fee.

Success fee in %	Success fee in Rand (NPV)
10	R50.2million

APPLICABILITY OF THE APPROVED GROUNDS FOR CONFINEMENT:

20. Appended below, for ease of reference, is an extract from the current Procurement Procedure Manual, par 15.1.2, which sets out the grounds for confinement.

- a) Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;
- b) The goods/services are only obtainable from one supplier/limited number of suppliers. For instance, patented/proprietary goods or OEM spares and components. Operating Divisions are however required to satisfy themselves that there are no new entrants on the market who could also be tested;
- c) For reasons of standardization or compatibility with existing products and services. A case must be made that deviation from existing standardized goods or services will cause major operational disruption. If not, confinements based on "standardization" will not be considered' or
- d) When goods or services being procured are highly specialized and largely identical to those previously executed by that supplier and it is not in the interest of the public or the organisation to solicit other tender offers as it would result in wasted money and/or time for Transnet. When this particular ground is intended to be used as a ground for confinement, it is important to note that all prerequisites must be satisfied i.e. the goods or services must be highly specialized, almost identical to previous work done and approaching the market again would result in wasted money and time.

21. We are of the view that this matter continues to comply with ground (a) and (d) as set out below, and the request for confinement is therefore fully supported.

Ground for confinement per Par 15.1.2	Confinement considerations
a. Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;	- Genuine unforeseeable urgency has arisen to close the CDB transaction at current rates in light of the economic circumstances, Eskom credit rating and the impact on the sovereign. - The Transnet's risk management policies require the currency exposure to be hedged back into Rand - The size and tenor of the loan is exceptionally large for the normal domestic loans. - A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet if US \$ loan is drawn from CDB standby facility. - Uncertainty of counterparty

	unwillingness could delay full execution, leaving Transnet exposed to broader FX and rate risks on the USD exposure.

Confidentiality in terms of PPM

22. In light of the risks we have highlighted, Transnet's key objective should therefore be to engage with a counterparty that is:
 - 22.1. Qualified and capable to execute the size and the number of counter parties efficiently
 - 22.1.1.– Transnet should be offered best advice but also the possibility for full risk transfer on the execution risk.
 - 22.1.2.– The right trade-off between transparency and confidentiality to ensure a fair and proper outcome.
 - 22.2. Prepared to fully underwrite the credit risk arising from the hedge
 - 22.3. Prepared to reduce the credit costs and therefore all-in pricing from the hedge through optimisation of the position
23. There is clearly a trade-off between transparency and confidentiality, in particular, as regards to the market risk components
24. Relying on one price from one bank protects the confidentiality and potential front-running.
25. However, Transnet must avoid a messy execution environment, as seen when JP Morgan indicative pricing and tenor for syndicate loan was out of range with the purpose of the funding requirements.
26. If Transnet had been transacting then, this would have crystallised additional transaction costs of c. ZAR763 million, clearly the opposite effect that Transnet would have been seeking through a competitive bidding/procurement process.
27. Moreover, if Transnet had wanted to wait for the market to become 'unaffected' again, this would have delayed execution for several months, exposing Transnet to broader market volatility.
28. To secure the lowest Rand funding, Transnet must work with a single coordinator to harmonises the differing bank requirements and the clients expectation.
29. In this way the transaction coordinated from single point and confidentiality is maintained as Trillian is not taking part in the funding and the fees are reined on the successful completion of the funding.
30. At the same time, Transnet and the banks agree pricing in advance, so Transnet has complete certainty around the cost of funding and can deem it to be fair and reasonable.

ENTERPRISE AND SUPPLIER DEVELOPMENT AND BBBEE

31. Trillian will be subject to 10% Supplier development due to its size

DELEGATIONS

32. The appointment of Trillian for purposes of the said transaction is silent in the PPM.
33. The GCE has delegations to approve confinements up to R250 million.
34. The ADC's delegations to approve confinements is from R250 million to R1 billion.
35. Due to the termination of JP Morgan mandate and the silence on PMM, it was decided to approach ADC for approval.

FINANCIAL IMPLICATIONS

36. Regiments value add to Transnet in relation to the 1064 locomotive ZAR club loan funding can be summarised in the following Table:

Initiative	Savings in ZAR
Saving achieved by securing club loan at 68 bps cheaper than the equivalent dollar funding from CDB	R478m
TOTAL	ZAR 502 million

37. The benefit Transnet realised with specific reference to the J.P. Morgan proposal is summarised below:

Initiative	Savings in ZAR
Saving achieved by securing club loan at 100 bps cheaper than the proposed syndicate loan pricing	R679m
Fees associated with raising the capital by means of a syndicated loan as opposed to a club loan	R24m
Lender upfront fee (75 bps less 35 bps)	R48m
TOTAL	ZAR 763 million

38. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Trillian is calculated to be in excess of ZAR 0.5 billion.
39. The financial advice, negotiation support and execution support that Trillian provided through the raising of the ZAR club loan took in excess of 5 months and is done with an expectation of compensation only on successful completion of the transaction. It is in this light that the fee is calculated as 10% of the total financial benefit related to the CDB loan:

Success fee in percent (ZAR 12 billion)	Success fee in Rand (NPV)
10%	50.2 million

40. Given the invaluable contribution of Trillian to the successful conclusion of funding transaction, Trillian is due a success based fee of 10% of the savings payable by Transnet subject to a maximum of R75 million.
41. The fees for Trillian will be part of the market related cost to the borrowing costs of the loan.

BUDGET IMPLICATIONS

42. The costs have been budgeted as part of the funding plan for 2015/16.

RECOMMENDATION:

43. That the Acquisitions and Disposals Committee (ADC):
- 43.1. Approve the appointment of Trillian as a Lead manager for the R18 billion ZAR club loan;
 - 43.2. Approve the termination of JP Morgan ZAR syndication loan;
 - 43.3. Approve the payment of a maximum of R 50.2 million to Trillian Capital for the support to Transnet for the coordination and book built for the club loan including the following:
 - 43.3.1. Evaluation of all funding sources;
 - 43.3.2. Matching of assets and liabilities;

- 43.3.3. Evaluation of the useful life of all underlying assets; and
- 43.3.4. Financial close of the transaction
- 43.4. Delegate authority to the GCE to approve all documentation related to this confinement.

Compiled by

Phetolo Ramosebudi
Group Treasurer
Date:

Recommended/Not Recommended

Edward Thomas
Acting: Group Chief Supply Chain Officer
Date:

Recommended/Not Recommended

Garry Pita
Acting: Group Chief Financial Officer
Date:

Recommended/Not Recommended

Siyabonga Gama,
Acting Group Chief Executive
Date:

Ntokozo Zama

From: Phetolo <mosiarams@gmail.com>
Sent: Monday, 14 September 2015 17:14
To: Eric Wood
Subject: smh.pinnacledms.co.za_ASP_Vehicles_CustomerOrders_Print..pdf
Attachments: smh.pinnacledms.co.za_ASP_Vehicles_CustomerOrders_Print..pdf; ATT00001.txt



Land Rover Waterford
Corner Witkoppen Rd & Waterford Dr, Fourways
P.O. Box 2300, Fourways, 2055
Tel: +27 (0) 11 658-1445
Fax: +27 (0) 11 658-1472

Proprietor:
Boundless Trade 11 (Pty) Ltd
Reg. No. 1998/023115/09
VAT Reg. No. 4050179854

VEHICLE ORDER

Mr Phetolo Ramosebudi 926 Ashby Estate Bowling Avenue Woodmead Ext 31 Gauteng 2146	Customer Order No : 68075 Fleet Order Number : Division ID : LRW Date : 10 September 2015 Stock Number : N12706 Salesperson : Ian Kleynhans Estimated Delivery Date : 30 September 2015

VEHICLE DETAILS

Manufacturer	Land Rover	VIN	SALWA2FE7FA622970	Colour	Indus Silver
Model	Range Rover Sport	Reg No		Trim	
Specification	3.0 SDV6 SE TTBV03 MY15	Reg Date		Odometer	

For the supply of the following :-

	Total	VAT	Value	Tax	
VEHICLE					
Land Rover Range Rover Sport 3.0 SDV6 SE TTBV03 MY			1018508.77	S	
OPTIONS					
Indus Silver			0.00	S	
024AZ Metallic Paint			14700.00	S	
028EJ Electric Deployable Towbar			23700.00	S	
029SF 22" 5 Split Spoke Style 504 (Style 6)			32000.00	S	
041CS Roof Fixed - Panoramic			30200.00	S	
064DI Adaptive Xenon Headlamps			17200.00	S	
CO2 Tax			9131.00	S	
Dealer Committee			0.00	S	
Marketing Fund			0.00	S	
Netstar Cyber Sleuth			0.00	S	
Training Levy			0.00	S	
Wesbank Admin Fee			0.00	S	
Total Options			126931.00		
Sub-Total Vehicle Price			1145439.77		
ACCESSORIES					
Paint Protection			4500.00	S	
Smash & Grab			3995.00	S	
Total Accessories			8495.00		
PRE-TAX ITEMS					
Delivery			0.00	S	
Data Dot	1653.00	203.00	1450.00	S	
Netstar	1425.00	175.00	1250.00	S	
Service & Delivery	6555.00	805.00	5750.00	S	
Total Pre-Tax Items			8450.00		
SUB TOTAL					
Sub Total	162733.87		1162384.77		
POST-TAX ITEMS					
Licence			0.00	E	
License And Registration			3750.00	E	
Total Post-Tax Items			3750.00		
TOTAL	162733.87		1328868.64		

Notes:

Engine Number: 0899197306DT

*	Description	Rate %	Goods Value	VAT
E	Exempt	0.00	3750.00	0.00
S	Standard	14.00	1162384.77	162733.87

This document contains the terms of a contract. Sign it only if you wish to be legally bound by them. Attention is drawn to the terms and conditions and in particular to clauses which relate to acceptance of any Part Exchange Vehicle.

Signature of Supplier : _____ Date : _____

Signature of Buyer : _____ Date : _____

We agree to purchase the Vehicle subject to the terms and conditions in reliance upon the information provided by the Supplier

Quotes and orders valid for 7 days

Banking Details: Boundless Trade 11 (Pty) Ltd t/a Waterford Land Rover Standard Bank Johannesburg 000205 Acc #: 00 0524 492



Land Rover Waterford
Corner Witkoppen Rd & Waterford Dr, Fourways
P.O. Box 2300, Fourways, 2055
Tel: +27 (0) 11 658-1445
Fax: +27 (0) 11 658-1472

Proprietor:
Boundless Trade 11 (Pty) Ltd
Reg. No. 1998/023115/09
VAT Reg. No. 4050179854

PURCHASE INVOICE

Mr Phetolo Ramosebudi
926 Ashby Estate
Bowling Avenue
Woodmead Ext 31
Gauteng
2146

Invoice No : 0
Fleet Order Number :
Division ID : LRW
Date / Tax Point : 10 September 2015
Stock Number :
Salesperson :

VEHICLE DETAILS

Manufacturer	MERCEDES-BENZ	VIN	WDC1660042A395581	Colour	White
Model	ML250 BlueTech	Reg No	DJ31CPGP	Trim	Leather
Specification	250 BlueTech	Reg Date	23 October 2014	Odometer	28000
Trade In Allowance	647719.30	This is a VAT Qualifying Vehicle			
VAT	90680.70				
Total	738400.00				

I certify and warrant that :-

1. I agree to sell the Vehicle for the Price stated above.
2. The Vehicle is not the subject of any hire purchase agreement, lien or other Encumbrance, except (if applicable) the Finance Settlement detailed above.
3. The Vehicle was/was not purchased by me new.
4. The mileage reading of the Vehicle as stated above is accurate and correct.
5. The Vehicle has/has not been used for self-drive hire, hackney carriage, taxi or courier work, or as a police or driving instruction vehicle.
6. The Vehicle has/has not been fully serviced and in accordance with the manufacturer's recommendation at an approved manufacturer service facility.
- I can/cannot produce a service book to authenticate this.
7. The Vehicle has/has not sustained any serious damage or been categorised as a total loss.
8. A current MOT test certificate has/has not been handed over by me.
9. A current registration document has/has not been handed over by me.
10. The Vehicle has had ____ owners including me.
11. The Vehicle has no known major mechanical defects.
12. I am/am not registered for VAT.

Data Protection Statement

The personal information you have provided will be used exclusively by the Buyer and its carefully selected partners, and may be used for marketing purposes. By signing this Order, you are agreeing to the transfer and use of your information to and or by such parties.

I declare that the information given above is correct and I have read, understood and agree to be bound by the terms and conditions.

This document contains the terms of a contract. Sign it only if you wish to be legally bound by them. Attention is drawn to the terms and conditions and in particular to clauses which relate to acceptance of any Part Exchange Vehicle.

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We agree to purchase the Vehicle subject to the terms and conditions in reliance upon the information provided by the Supplier

Quotes and orders valid for 7 days

Banking Details: Boundless Trade 11 (Pty) Ltd t/a Waterford Land Rover Standard Bank Johannesburg 000205 Acc #: 00 0524 492

Ntokozo Zama

From: Edward Thomas Transnet Corporate JHB
Sent: Wednesday, 16 September 2015 08:46
To: Phetolo Ramosebudi Transnet Corporate JHB
Cc: Garry Pita Transnet Corporate JHB
Subject: RE: REQUEST TO APPOINT TRILLIAN AS LEAD MANAGER IN THE R18 BILLION CLUB LOAN
Attachments: D:\Users\0000193\Documents\A Reporting\BADC\REQUEST TO APPOINT TRILLIAN AS LEAD MANAGER IN THE R18 BILLION CLUB LOAN.docx

Hi,

There are a couple of questions that need to be answered based on the previous submission and the new submission:

The financial were as follows:

FINANCIAL IMPLICATIONS

97. Given the invaluable contribution of Regiment transaction, Regiments is due a success or risk Transnet or JP Morgan (or a portion thereof) s
98. The fees for JP Morgan will be part of the ma ZAR.

The ADC approved the following:

- It is recommended that the ADC:
 - Approve the confined appoin (interest rate; credit and cu China Development Bank (CI
 - Approve the confined appoin equivalent syndicated ZAR lo
 - Approve the contract extens appointment of Regiments support to Transnet on the 1
 - Delegate authority to the Act this confinement.

From our discussion:

- The first point is still in place and JP Morgan is still providing the service and the fees as described above will still be valid.
- The second point where JP Morgan had to lead and underwrite the syndicated ZAR loan is where JP Morgan failed to deliver. The document is silent on the fees for this and it is assumed that it would be included in the market related costs of the funding.
- If the fees for the Lead and underwriting is not included in the market related costs of the funding and there is a specific fee (as the one that we want to pay to Trillian) then that will also have to be disclosed to the ADC as an omission from the first submission.
- Does Trillian have the capacity and capability to underwrite the loan.
- Is Trillian going to provide the exact same services that JP Morgan was going to provide and why is their potentially different than that of JP Morgan?
- The Regimens fee was for the successful conclusion of the funding Transaction, thus I would interpret that being the hedging and loan, based on how I am seeing Trillian being paid is that not duplicate to what was paid to Regiments?
- The footer in the document must reference the correct value of the loan if different.

I have tracked changes in the memo, there are areas where you will have to provide further information.

Seeing that we are only changing the existing supplier for the loan on a previously approved confinement I don't think that we have to restate the grounds for confinement and can thus delete the whole section on the grounds for confinement and the confidentiality in the PPM. – Garry please comment.

Kind regards



Edward Thomas
Acting Group Chief Supply Chain Officer
Group iSCM
Transnet SOC Ltd



(011) 308 2251



083 400 4295



(086) 758 3630



edward.thomas@transnet.net

www.transnet.net

From: Phetolo Ramosebudi Transnet Corporate JHB
Sent: 15 September 2015 06:13 PM
To: Edward Thomas Transnet Corporate JHB
Subject: REQUEST TO APPOINT TRILLIAN AS LEAD MANAGER IN THE R18 BILLION CLUB LOAN

Hi eddy,

Please receive as promised.

Regards

Transnet SOC Ltd
Registration
Number
1990/000900/30

Carlton Centre
150 Commissioner
Str. Johannesburg
2001

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Parkview
South Africa, 2122
T +27 11 308 2526
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MEMORANDUM

www.transnet.net

TO : The Acquisitions and Disposals Committee

FROM : Siyabonga Gama, Acting: Group Chief Executive

SUBJECT : REQUEST TO APPOINT TRILLIAN AS LEAD MANAGER IN THE R18 BILLION CLUB LOAN

PURPOSE:

1. The purpose of the submission is to request the Acquisitions and Disposals Committee (ADC) to:
- 1.1. Approve the appointment of Trillian in the place of JP Morgan as a Lead Manager of the R18 billion Club loan which was previously confined to JP Morgan.
- 1.2. Approve the termination of JP Morgan on the ZAR syndication loan.
- 1.3. Delegate authority to the GCE to approve all documentation related to this confinement.

Commented [ETTCJ1]: I thought this was for the ZAR loan based on \$1billion and not the \$1.5. the numbers must be consistent throughout the document

BACKGROUND:

~~TRILLIAN:~~

2. Transnet has signed the mandate letter and Term sheet for the US\$2.5 billion 15-year amortizing loan from China Development Bank ("CDB") to finance 232 and 359 locomotives from China North Railways ("CNR") and China South Railways ("CSR"), respectively.
3. The Board approved the transaction during August 2014.
4. Transnet decided to split the transaction into 2 tranches the US\$ 1.5 billion tranche and the standby facility of US\$1 billion tranche.
5. JP Morgan was appointed through a confinement approved by ADC to lead the ZAR Club as a substitute for the US\$1 standby facility to bring the overall cost of the transaction lower ~~„how they failed to secure the 15-year tenor at the appropriate pricing.~~
6. ~~Regiments Capital was appointed as a 1064 locomotive funding advisor, and through their SD Trillianpartner Trillian approached Transnet with reverse~~

~~inquiry for a Club loan deal at a price and tenor which was most comparable to both the CDB loan and JP Morgan proposal.~~

~~7. The Illustration of the benefits is presented below.~~

DISCUSSION:

~~6. Discuss the JP Morgan services here. Why we want to terminate their services relating to the Leading and underwriting of the loan~~

Formatted: Indent: Left: 0 cm, Hanging: 1,5 cm, Outline numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 0,63 cm

~~7. Regiments Capital was appointed as a 1064 locomotive funding advisor and had SD obligations to Transnet on their contract.~~

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~~8. One of their SD initiatives is the development of other smaller organisations in the industry and Trillian is one of the beneficiaries of this initiative.~~

Formatted: Indent: Left: 1,5 cm, No bullets or numbering

~~9. When it became apparent that JP Morgan would not be able to deliver the ZAR loan Regiments engaged with its SD beneficiary to see if there were options available to Transnet. It became apparent that Trillian would be able to deliver on Transnet’s requirement for a Club loan deal at a price and tenor which was most comparable to both the CDB loan and JP Morgan proposal.~~

~~10. The Illustration of the benefits is presented below.~~

TRILLIAN CAPITAL:

~~8-11.~~ Post the successful completion of the 1064 locomotive transaction, Transnet developed detailed funding plan to secure the necessary funding for the locomotives together with the general purpose funding requirement.

~~9-12.~~ One of the salient transactions was the approval of the US\$2.5 billion credit facility to finance the purchase of the Chinese locomotives.

~~10-13.~~ In order to achieve a reduced blended rate in the funding of the Chinese portion of the locomotives, Trillian recommended that Transnet only utilise \$1.5bn of the CDB facility, and blend that with a \$1bn (R12bn) ZAR club loan. The ZAR club loan would allow for a reduction in the blended rate paid by Transnet of approximately 37bp (a net present value saving of approx. R666m- as opposed to utilising the full CDB facility of \$2.5bn with the full cost of the CCS).

~~11-14.~~ Following the decision to use only USD 1.5 billion out of the total USD 2.5 billion proposed by CDB, Trillian’ has insisted and an agreement has been reached during the negotiations to have the unutilised USD 1.0 billion available for Transnet with no commitment fee until September 2015. Besides the financial benefit at least in terms of the commitment fee that would have otherwise been paid, the availability of such committed funding facility from CDB would provide an additional ratings benefit to Transnet.

~~12-15.~~ Trillian have advised Transnet to achieve a mix of float and fixed rate in this transaction in order to best manage the interest rate risk with regard to Transnet’s Financial Risk Framework (FRM).

~~13.16.~~ Trillian has assisted Transnet in negotiating with a number of potential funding sources of ZAR funding, including the following firm commitments:

- ~~13.1.16.1.~~ Nedbank group(R6 billion);
- ~~13.2.16.2.~~ Bank Of China (R3 billion);
- ~~13.3.16.3.~~ ABSA Bank (R3 billion); *and*
- ~~13.4.16.4.~~ Libfin (R1 billion).

~~14.17.~~ Trillian’ advice and the subsequent conscious decision taken by Transnet to utilise foreign sources of funding for both the USD portion and the significant portion of the ZAR syndicated issue have a desirable impact of leaving Transnet’s credit lines intact in the domestic market.

~~15.18.~~ The savings achieved via -the blending of the ZAR club loan, and the change in the applicable reference rate (3 month as opposed to the 6 month Jibar) have allowed Transnet the ability to fix the required portion of the loan without placing undue pressure on the interest cover ratio or the company cash flows. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Trillian is calculated to be in excess of R 763 million.

~~16.19.~~ In this regard, with Trillian assistance the average cost of the Club Loan is around is 9.08% ~~nacs~~ as compared to the cost of the CDB Loan converted to ZAR at 9.538% nacs with 3 month Jibar at 6.308%.

~~17.20.~~ Transnet was able to achieve the 15 year at 3month Jibar +270bps tenor as compared to the JP Morgan advice of 10 Year at 300bps over 3 month Jibar.

~~18.21.~~ The financial advice and negotiation support that Trillian provided through this entire process which took in excess of 5 months was done at risk with an expectation of compensation only on successful completion of the transaction.

APPLICABILITY OF THE APPROVED GROUNDS FOR CONFINEMENT:

~~19.22.~~ Appended below, for ease of reference, is an extract from the current Procurement Procedure Manual, par 15.1.2, which sets out the grounds for confinement.

- 20.1 Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;
- 20.2 The goods/services are only obtainable from one supplier/limited number of suppliers. For instance, patented/proprietary goods or OEM spares and components. Operating Divisions are however required to satisfy themselves that there are no new entrants on the market who could also be tested;
- 20.3 For reasons of standardization or compatibility with existing products and services. A case must be made that deviation from existing standardized goods or services will cause major operational disruption. If not, confinements based on “standardization” will not be considered’; *or*

Commented [ETTCJ2]: This must tie up with the savings show on what the fee is based on

Commented [ETTCJ3]: Explain what this is

- 20.4
- When goods or services being procured are highly specialized and largely identical to those previously executed by that supplier and it is not in the interest of the public or the organisation to solicit other tender offers as it would result in wasted money and/or time for Transnet. When this particular ground is intended to be used as a ground for confinement, it is important to note that all prerequisites must be satisfied i.e. the goods or services must be highly specialized, almost identical to previous work done and approaching the market again would result in wasted money and time.

20-23.

We are of the view that this matter continues to comply with ground (a) and (d) as set out below, and the request for confinement is therefore fully supported.

GROUND FOR CONFINEMENT PER PAR 15.1.2	CONFINEMENT CONSIDERATIONS
Where a genuine unforeseeable urgency has arisen which is not attributable to bad planning;	- Genuine unforeseeable urgency has arisen to close the CDB transaction at current rates in light of the economic circumstances, Eskom credit rating and the impact on the sovereign. - The Transnet`s risk management policies require the currency exposure to be hedged back into Rand. - The size and tenor of the loan is exceptionally large for the normal domestic loans. - A 1bps (1/100th of 1%) move higher in the USD:ZAR basis market will cost Transnet if US \$ loan is drawn from CDB standby facility. - Uncertainty of counterparty unwillingness could delay full execution, leaving Transnet exposed to broader FX and rate risks on the USD exposure.

CONFIDENTIALITY IN TERMS OF PPM:

- 21-24.
- In light of the risks we have highlighted, Transnet’s key objective should therefore be to engage with a counterparty that is:
- 21.1-24.1.
- Qualified and capable to execute the size and the number of counter parties efficiently; -
- 21.1.1-24.1.1.
- Transnet should be offered best advice but also the possibility for full risk transfer on the execution risk; and

REQUEST TO APPOINT TRILLIAN AS LEAD MANAGER IN THE R18 BILLION CLUB LOAN

~~21.1.2-24.1.2.~~ The right trade-off between transparency and confidentiality to ensure a fair and proper outcome.

~~21.2-24.2.~~ Prepared to fully underwrite the credit risk arising from the hedge.

~~21.3-24.3.~~ Prepared to reduce the credit costs and therefore all-in pricing from the hedge through optimisation of the position.

~~22-25.~~ There is clearly a trade-off between transparency and confidentiality, in particular, as regards to the market risk components.

~~23-26.~~ Relying on one price from one bank protects the confidentiality and potential front-running.

~~24-27.~~ However, Transnet must avoid a messy execution environment, as seen when JP Morgan's —indicative pricing and tenor for syndicate loan was out of range with the purpose of the funding requirements.

~~25-28.~~ If Transnet had been transacting then, this would have crystallised additional transaction costs of ZAR 763 million, clearly the opposite effect that Transnet would have been seeking through a competitive bidding/procurement process.

~~26-29.~~ Moreover, if Transnet had wanted to wait for the market to become 'unaffected' again, this would have delayed execution for several months, exposing Transnet to broader market volatility.

~~27-30.~~ To secure the lowest Rand funding, Transnet must work with a single coordinator to harmonies the differing bank requirements and the client's expectation.

~~28-31.~~ In this way the transaction coordinated from single point and confidentiality is maintained as Trillian is not taking part in the funding and the fees are reined on the successful completion of the funding.

~~29-32.~~ At the same time, Transnet and the banks agree pricing in advance, so Transnet has complete certainty around the cost of funding and can deem it to be fair and reasonable.

Commented [ETTCJ4]: In the previous submission this was stated as R600m

Commented [ETTCJ5]: This must tie up with the savings show on what the fee is based on

ENTERPRISE AND SUPPLIER DEVELOPMENT AND BBBEE:

~~30-33.~~ Trillian will -be subject to 10% Supplier development ~~due to its size~~ obligations.

Commented [ETTCJ6]: Seeing that we are only changing the existing supplier for the loan on a previously approved confinement I don't think that we have to restate the grounds for confinement

DELEGATIONS:

~~31-34.~~ The ADC had previously approved the JP Morgan confinement, and due to the termination of JP Morgan mandate and it was decided to approach ADC for approval for Trillian Confinement.

FINANCIAL IMPLICATIONS:

32-35. Transnet value add to Transnet in relation to the 1064 locomotive ZAR club loan funding can be summarised in the following table:

INITIATIVE	SAVINGS IN ZAR
Saving achieved by securing club loan at 68 bps cheaper than the equivalent dollar funding from CDB.	R478m
Fees associated with raising the capital by means of a syndicated loan as opposed to a club loan.	R24m
TOTAL	ZAR 502 million

33-36. The total financial benefits that accrued to Transnet from the negotiating strategy (comprising of the achievements specified above) pioneered by Trillian is calculated to be in excess of ZAR 0.502 billion.

34-37. The financial advice, negotiation support and execution support that Trillian provided through the raising of the ZAR club loan took in excess of 5 months and is done with an expectation of compensation only on successful completion of the transaction. It is in this light that the fee is calculated as 10% of the total financial benefit related to the CDB loan:

SUCCESS FEE IN PERCENT (ZAR 12 BILLION)	SUCCESS FEE IN RAND (NPV)
10%	50.2 million

35-38. Given the invaluable contribution of Trillian to the successful conclusion of funding transaction, Trillian is due a success based fee of 10% of the savings payable by Transnet subject to a maximum of R50.2 million.

36-39. The fees for Trillian will be part of the market related cost to the borrowing costs of the loan.

Commented [ETTCJ7]: Does this not mean that it is included in the cost of funding and thus I do not need to pay them directly

BUDGET IMPLICATIONS:

39.1. The costs have been budgeted as part of the funding plan for 2015/16.

Formatted: No bullets or numbering

~~36.1.~~

RECOMMENDATION:

~~37.40.~~ That the Acquisitions and Disposals Committee (ADC):

~~37.1.40.1.~~ Approve the appointment of Trillian in the place of JP Morgan as a Lead manager for the R18 billion ZAR club loan which was previously confined to JP Morgan;

~~37.2.40.2.~~ Approve the termination of JP Morgan ZAR syndication loan;

~~37.3.40.3.~~ Delegate authority to the GCE to approve all documentation related to this confinement.

Compiled by

Recommended/Not Recommended:

Phetolo Ramosebudi

Group Treasurer
Date:

Edward Thomas

Acting: Group Chief Supply Chain Officer
Date:

Recommended/Not Recommended:

Recommended/Not Recommended:

Garry Pita

Acting: Group Chief Financial Officer
Date:

Siyabonga Gama

Acting Group Chief Executive
Date:

Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB
Sent: Wednesday, 16 September 2015 08:56
To: Edward Thomas Transnet Corporate JHB
Cc: Garry Pita Transnet Corporate JHB
Subject: RE: REQUEST TO APPOINT TRILLIAN AS LEAD MANAGER IN THE R18 BILLION CLUB LOAN

Hi Eddy,

- Indeed the first point is correct ;
- The fees were not closed, this why we are now disclosing the fees for Trillian;
- Trillian has capacity and capability;
- Trillian will provide the same services;
- No duplication with Regiments;
- The amount is \$1.5 billion which is R18 billion depending where the exchange rate is .

Regards
Phetolo

From: Edward Thomas Transnet Corporate JHB
Sent: 16 September 2015 08:46 AM
To: Phetolo Ramosebudi Transnet Corporate JHB
Cc: Garry Pita Transnet Corporate JHB
Subject: RE: REQUEST TO APPOINT TRILLIAN AS LEAD MANAGER IN THE R18 BILLION CLUB LOAN

Hi,

There are a couple of questions that need to be answered based on the previous submission and the new submission:

The financial were as follows:

FINANCIAL IMPLICATIONS

97. Given the invaluable contribution of Regiment transaction, Regiments is due a success or risk Transnet or JP Morgan (or a portion thereof) s
98. The fees for JP Morgan will be part of the ma
ZAR.

The ADC approved the following:

- It is recommended that the ADC:
 - Approve the confined appoin (interest rate; credit and cu China Development Bank (CI
 - Approve the confined appoin equivalent syndicated ZAR lo
 - Approve the contract extens appointment of Regiments support to Transnet on the 1
 - Delegate authority to the Act this confinement.

From our discussion:

- The first point is still in place and JP Morgan is still providing the service and the fees as described above will still be valid.
- The second point where JP Morgan had to lead and underwrite the syndicated ZAR loan is where JP Morgan failed to deliver. The document is silent on the fees for this and it is assumed that it would be included in the market related costs of the funding.
- If the fees for the Lead and underwriting is not included in the market related costs of the funding and there is a specific fee (as the one that we want to pay to Trillian) then that will also have to be disclosed to the ADC as an omission from the first submission.
- Does Trillian have the capacity and capability to underwrite the loan.
- Is Trillian going to provide the exact same services that JP Morgan was going to provide and why is their potentially different than that of JP Morgan?
- The Regimens fee was for the successful conclusion of the funding Transaction, thus I would interpret that being the hedging and loan, based on how I am seeing Trillian being paid is that not duplicate to what was paid to Regiments?
- The footer in the document must reference the correct value of the loan if different.

I have tracked changes in the memo, there are areas where you will have to provide further information.

Seeing that we are only changing the existing supplier for the loan on a previously approved confinement I don't think that we have to restate the grounds for confinement and can thus delete the whole section on the grounds for confinement and the confidentiality in the PPM. – Garry please comment.

Kind regards



Edward Thomas
Acting Group Chief Supply Chain Officer
Group iSCM
Transnet SOC Ltd



(011) 308 2251



083 400 4295



(086) 758 3630



edward.thomas@transnet.net

www.transnet.net

From: Phetolo Ramosebudi Transnet Corporate JHB
Sent: 15 September 2015 06:13 PM
To: Edward Thomas Transnet Corporate JHB
Subject: REQUEST TO APPOINT TRILLIAN AS LEAD MANAGER IN THE R18 BILLION CLUB LOAN

Hi eddy,

Please receive as promised.

Regards

EXCERPT FROM THE MINUTES OF THE MEETING OF THE ACQUISITIONS AND DISPOSALS COMMITTEE
NO. 5-15/16FY
HELD ON 1 OCTOBER 2015 AT 14:00 IN BOARDROOM 4902, 49th FLOOR, CARLTON CENTRE,
150 COMMISSIONER STREET,
JOHANNESBURG

"5.8 Change in Lead Manager for ZAR Club Loan

RESOLVED that the Committee approved the following:

- The appointment of *Trillian* to replace *JP Morgan* as a Lead Manager of the US\$1bn ZAR equivalent Club loan which was previously confined to *JP Morgan*.
- The termination of *JP Morgan* on the ZAR syndication loan.
- The Delegation of authority to the Group Chief Executive to approve and sign all the documentation related to this confinement.

5-2015/16FY-7"

CONFIDENTIAL**MINUTES OF THE MEETING OF THE ACQUISITIONS AND DISPOSALS COMMITTEE NO. 5-15/16FY HELD ON 1 OCTOBER 2015 AT 14:00 IN BOARDROOM 4902, 49th FLOOR, CARLTON CENTRE, 150 COMMISSIONER STREET, JOHANNESBURG****Resolution No/
For Attention****1 CONSTITUTION OF MEETING****1.1 Present**

Mr SD Shane	Chairperson
Ms LC Mabaso	Member
Mr ZA Nagdee	Member
Mr MR Seleke	Member

1.2 In Attendance

Mr GJ Pita	Acting Group Chief Financial Officer
Mr E Thomas	Acting Group Chief Supply Chain Officer
Mr N Silinga	Group Executive: Legal and Compliance
Ms S Qalinge	General Manager: Office of the GCE
Mr S Selepe	Acting Deputy Group Company Secretary
Ms B Ndlovu	Company Secretary

1.3 Partial Attendance

Ms ANC Ceba	Group Company Secretary
Mr P Fusi	General Manager: Economic Regulation and Private Sector Participation
Mr ZE Lebelo	Group Executive: Transnet Property
Ms L Mdletshe	Senior Manager, Strategic Sourcing (Locomotives): Transnet Freight Rail
Mr B Monakali	Executive Manager, Strategic Planning: Transnet Freight Rail
Mr LMH Msagala	Group Executive: Transnet Capital Projects
Mr C Mtetwa	General Manager, Rail Network: Transnet Freight Rail
Mr R Nair	Acting Chief Executive: Transnet Freight Rail
Mr L Nurse	Transaction Manager: Group Commercial, Private Sector Participation
Mr O Phiri	Planning Manager: Transnet Freight Rail
Mr P Ramosebudi	Group Treasurer
Ms R Roper	Head: EIMS and Capital Planning: Transnet Freight Rail
Ms E van Eck	Insurance Manager: Transnet Capital Projects

1.4 Apologies

1.4.1	Mr SI Gama	Acting Group Chief Executive

1.5 Welcome and Signing of Attendance Register

1.5.1	The Chairperson welcomed all members and attendees present, and having noted that there was quorum, declared the meeting duly constituted. He noted apologies from Mr Gama, who was off due to ill-health. The Attendance Register was circulated for signature.

1.6 Adoption of Agenda

1.6.1	The Agenda was adopted as tabled.

2 SAFETY BRIEFING AND EVACUATION PROCEDURE

2.1	The safety and evacuation procedures for the 49 th Floor were conducted through video.

3 DECLARATION OF INTERESTS

3.1	The Declaration of Interests Register was circulated to all members and attendees for signature.

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4 LIST OF SUPPLY CHAIN ACRONYMS

4.1 The Committee noted the list of Supply Chain Acronyms.

5 MATTERS FOR DISCUSSION/APPROVAL

The Chairperson requested that Items 5.1, 5.5, 5.6, 6.3, 6.2, 5.2, 5.3, 5.4, 5.7, 5.8, 6.1, 6.4, 6.5, 7, 8, 9, 10, 11, 12 and 13 be dealt with next, to allow the TFR Team to present in one sitting and be excused. These minutes reflect the order of the meeting.

5.1 Tambo Springs Intermodal Hub Development - Land and Equity

Messrs Nair, Fusi and Nurse joined the meeting at 14:10.

5.1.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to recommend that the Board approves the following:

- The proposed acquisition of 35 hectares of land for R1 on which the proposed terminal will be constructed;
- The proposed acquisition of a 40% shareholding in Tambo Springs Development Company (Pty) Ltd ("Development Company") to ensure that the Company benefits from the broader development of Tambo Springs.

5.1.2 Management indicated that the Tambo Springs Intermodal Hub Development project had been identified to address the need to expand container capacity within Gauteng, and to optimise the migration of containerised cargo from Road and Rail. The Project was initiated in 2008 as a Private Sector Participation (PSP) transaction, and has evolved since inception, with the Company taking over the development of the infrastructure in 2012. The terminal will be required by 2019.

5.1.3 Management informed the Committee that 3 new terminals were planned at Pyramid, Sentrarrand and Tambo Springs. A strategic decision was taken for the construction of an intermodal hub, combining direct terminal handling, as well as back-of-terminal property development for logistics and related commercial activities. The transaction presently included the procurement, construction and operation of the Tambo Springs Intermodal ("the Terminal") which will be located along the N3 Corridor, between Alberton and Heidelberg.

5.1.4 The Committee noted that the project was designed with the primary objective to increase in-land container handling capacity to enable and encourage a modal shift from Road to Rail. The project's secondary objectives respond to the need to deliver a service that integrates road-based and rail-based components of relevant supply chains. The project is supported by Local, Provisional and National Governments respectively.

5.1.5 Management indicated that the benefits of the project included its proximity to major infrastructure, whilst its location would complement current and future container terminals. The project forms part of the Rail Infrastructure Strategy, although it is not budgeted for in the MDS. Management added that extensive negotiations were held, resulting in the proposed 40% participation in the Development at a cost of R258.7m.

5.1.6 The conditions precedent included a minimum land uptake of 500m². Management outlined the benefits of the remainder of the portion of the land. Once the proposed acquisition is approved, the Company's PSP policy provides that a pre-notification intent be submitted to the Shareholder Minister for consideration.

Messrs Gama/
Fusi/ Phihlela

5.1.7 The Committee noted that the price was favourably negotiated from R100/m² to R65/m². The Committee noted that an investment of R763m was expected from the private sector, whilst the Company would pay R783m, including R20m for the FEL studies. The funds were not for the purchase of the land but provided an opportunity to unlock the value created through the 40% participation in the Development Company. The rate of return is

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estimated at 14.5% over the next 7 years. A dividend of R1.7bn is expected from the project. Management further clarified the R429m value, which consisted of the Company's investment into the arrival and departure yard. This will be refined as the FEL process unfolds, but it was used as a basis for negotiations.

- 5.1.8 Management highlighted the benefits of the project for TFR which include accessibility as the terminal would result in the terminal expansion to the inland. Discussions were held between TFR and *Arcelor Mittal SA (AMSA)* on the use of the terminal. Management further assured the Committee that anti-competition elements would be assessed, and duly avoided.

- 5.1.9 The Committee encouraged Management to fast track and market the project in order to showcase the Company's collaboration with the private sector.

RESOLVED that the Committee recommended that the Board approves the following, subject to the Shareholder Minister's approval being granted in terms of Section 54 of the Public Finance Management Act ("PFMA"):

- The proposed acquisition of 35 hectares of land for R1 on which the proposed terminal will be constructed at a maximum cost of R746m;
- The proposed acquisition of a 40% shareholding in the *Tambo Springs Development Company (Pty) Ltd* to ensure that the Company benefits from the broader development of Tambo Springs.

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Messrs Fusi and Nurse were excused from the meeting at 14:41.

5.5 Doubling of Overvaal Tunnel – FEL4

Messrs Mtetwa, Monakali, and Phiri and Ms Roper joined the meeting at 14:43.

- 5.5.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to recommend that the Board approves the proposed construction of a second Overvaal Tunnel alongside the existing single track tunnel at an Estimated Total Cost ("ETC") of R3.5bn.

- 5.5.2 Management informed the Committee that an Overvaal submission served at Capital Investment Sub-Committee (CAPIC) on 18 August 2015 requesting R4.169bn but that CAPIC recommended a maximum ETC of R3.5bn. Pursuant to that recommendation, the Project Team revised the work allocation by undertaking some of the work internally as a means of reducing costs. The Committee noted that a preliminary engineering study was commissioned during 1996, and the study proposed amongst others, the following:

- Reduction of capacity restriction resulting from the single line Overvaal Tunnel; and
- Elimination of risk caused by operating coal trains on a single line track section.

- 5.5.3 Management stated that the Coal Line Overvaal Tunnel is a high risk single tunnel which has inherent structural and ventilation challenges, electrical failures and water seepage. The bridge has been disintegrating over the years, and is a high risk to the 91mt coal export line, TFR and the Company. Responding to a Member's enquiry on the impact of inherent risks, Management clarified that the incidents were more related to the system than people. A case in point was a derailment that occurred at the mouth of the tunnel, resulting in the blockage of the tunnel and inability to move the cargo.

Management clarified the work package to be undertaken in-house includes laying out of the track, whilst the civil works, which was the bulk of the contract, would be conducted through transparent procurement process.

- 5.5.4 Management further clarified that the existing tunnel would be kept operational, and would therefore run concurrently with the second tunnel. Once the new tunnel is finalised, it will

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provide an opportunity to conduct comprehensive maintenance on the old single tunnel. Presently, the yearly 10-days shut-down for maintenance on the Coal Line results in a loss of 2mt per week.

The project team was requested to fast track the project to a shorter period, rather than the planned 7 year period for construction. Management noted that the negotiations, especially those of the transparent procurement process were yet to be finalised, and therefore could affect the total cost. A brief discussion was held on the process to be followed between drilling and blasting or use of technology, as this has an impact on job creation. Management indicated its preference for the drill and blast option due to the manpower requirement. The Committee requested the Project Team to consider the socio-economic imperatives when choosing the preferred option.

- 5.5.5 In response to a Member's enquiry on the single point of failure on the bridge on the Manganese line, Management indicated that the matter is being closely monitored. The current challenge requires lengthy closure of the bridge, and this is presently impractical. An assessment is being conducted to identify any permanent damages. The Committee noted that there were a number of bridges in TFR that were single points of failure. The second Overvaal Tunnel business case is prioritised due to the imminent high risks. The Committee noted TFR's strategy to convert its steel bridges to concrete, which is a durable and easy to repair option.

RESOLVED that the Committee recommended that the Board approves the proposed construction of a second Overvaal Tunnel alongside the existing single track tunnel at an ETC of R3.5bn.

Further **RESOLVED** the following:

- The project should be accelerated.
- The project should ensure job creation opportunities.

5-2015/16FY-2

Messrs Mtetwa, Monakali, Phiri were excused from the meeting at 15:07.

5.6 **Integrated Lead-to-Cash Business Process and Supporting System – SAP SA (Pty) Ltd Confinement**

- 5.6.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to approve the following:

- The proposed business case and capital expenditure for the implementation of the Lead-to-Cash Programme at an ETC of R979m.
- The proposed confinement and award to SAP SA for the provision and implementation of an integrated Lead-to-Cash Commercial Solution covering all TFR's end-to-end Commercial and Customer Facing business process for a period of 7 years effective from 01 January 2016 to 31 December 2022 in line with the business case and sourcing strategy.
- The proposed Lead-to-Cash Sourcing Strategy.
- Delegation of authority to the Acting Group Chief Executive to sign and approve all relevant documentation in line with the approved confinement processes, and including the contract.

- 5.6.2 Management informed the Committee that the Lead-to-Cash programme provided TFR an opportunity to consolidate all its commercial business processes and associated systems into a single integrated best practice business process supported by a single SAP-based Information Management System. Management highlighted a list of high level processes that would be impacted by the proposed re-engineering exercise. The purchase of an integrated SAP solution will enable TFR to leverage the total current installed SAP license base of the Company as a whole. An integrated SAP L2C solution would significantly reduce the number of system interfaces that would be required with existing SAP ERP

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modules, and the new SAP solutions currently being implemented. SAP is the only global supplier that can offer integrated end-to-end railway commercial solutions in Africa.

Ms Mdletshe joined the meeting at 15:13.

- 5.6.3 The Committee further noted that the Confinement is in line with the Company's Procurement Procedure Manual. The Committee noted the value chain in the Integrated lead-to-cash business process and supporting system for the Company and Customers' on-boarding. A benchmark exercise conducted internationally has reflected successful utilisation of SAP by the top railways. TFR planned to emulate those rail companies hence the confinement to SAP. The Committee noted the Programme schedule over 7 years, in a phased-in approach.

The Chairperson enquired on the payments related to SAP services to date. Management indicated that an estimated R250m is being paid to SAP on annual basis comprising mostly of Licences. The SAP Platform would integrate the different SAP modules. The approach to be followed and the benefit of using 1 SAP platform was outlined for the Committee and it included, amongst others, the benefit of an Intergrated Train Plan (ITP). The proposed integration would allow customers to track the movement of their freight, and immediate notification in instances where there are issues with the movement of the cargo.

Ms Ceba was excused from the meeting at 15:20.

- 5.6.4 The Committee raised concern that the Company seeks to lock itself into a SAP Agreement for an extended period and, sought clarity on whether SAP is the Company's underlying platform of choice over any other existing systems, and whether other service providers were considered. A further concern was raised on the legacy systems and clarity sought on whether SAP is the umbrella system. This further raised the possibility of "double-dipping" due to the overlapping contracts. Management clarified that SAP is already TFR's platform, based on a decision taken after extensive research. When TFR implemented and rolled-out SAP, the legacy related issues were not eliminated. At the time of implementing SAP, 4 options were considered. The decision was made based on the need to avoid various platforms resulting in non-integration of the systems.

- 5.6.5 A Member sought clarity on the skills, training, resource management and measurement of Supplier Development activities. Management noted that the project resourcing strategy was in line with the Company policy. The nature of the project and time period provided ample opportunity for varied initiatives. The IT market is fluid, and the Company plans to develop local organisational structures who would become market leaders in the future. The Committee was assured that localisation and skills development of identified categories formed part of the prequalification criteria.

- 5.6.6 The Committee raised a concern on the tenure of the Contract, and requested that the contract period be reduced from 7 to a maximum of 4 years for the total confinement effective from 1 April 2016. Management was requested to review the timelines based on the feasibility of 3 to 4 year schedule. The accelerated schedule of the Lead-to-Cash-Programme should be tabled at the next Committee meeting for noting purposes. Management cautioned that shortening the schedule would require increased capacity in order to meet the suggested target, thus increasing costs. The Committee further recommended that Management should remodel the costs of the Lead-to-Cash Programme as there could be off-setting of costs between the consultations required over the longer contract term versus the increased resources in the shortened contract term.

Messrs Gama/
NairMessrs Gama/
Nair

RESOLVED that the Committee approved the following:

- The proposed business case and capital expenditure for the implementation of the Lead-to-Cash Programme at an ETC of R979m.
- The proposed confinement and award to SAP SA for the provision and implementation of an integrated Lead-to-Cash Commercial Solution covering all TFR's end-to-end

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Commercial and Customer Facing business process for a period of 3 to 4 years, effective from 01 April 2016 to 31 March 2020 in line with the business case and sourcing strategy.

- The proposed Lead-to-Cash Sourcing Strategy; and
 - Delegation of authority to the Acting Group Chief Executive to negotiate, approve and sign all relevant documentation and contract in line with the approved confinement subject to the Inclusion of a Procurement Strategy setting out the Supplier Development and Localisation targets.

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Ms Roper was excused from the meeting at 15:45.

6.3 Feedback on 1064 Locomotives Transaction

- 6.3.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to note feedback on 1064 Locomotives Transaction.
- 6.3.2 Management highlighted, amongst others, the delivery schedule, and the following:
- Of the 40 22E locomotives, 23 were received. The remaining 17 will be delivered in October 2015.
 - An issue with *Railway Safety Regulator (RSR)* delayed the process of approval and acceptance of the 22Es.
 - *Bombardier* and *CNR* experienced slight delays in their respective schedules due to the relocation to Durban.
 - TFR and the 1064 Locomotives Suppliers signed the Acceptance Letters on Supplier Development.
 - TFR had already sensitised the OEMs that the Supplier Development reporting will commence from the signature date of the Master Agreement. TFR anticipate that Supplier Development reports would be submitted as from October/ November 2015.
- 6.3.3 Management highlighted the 4 OEM's Supplier Development Plans, and its associated elements.
- 6.3.4 The Committee noted that quarterly audits would be conducted whilst the OEMs are required to report on a monthly basis to track the achievement of the committed targets. Management clarified that "Capacity and Capability" referred to localisation, and that this was renamed to differentiate local content from localisation, and to align with the DPE terminology. Management confirmed that the Rural Development element is at 0.02%, and a number of initiatives would be developed to improve rural development and small business development.
- 6.3.5 Responding to an enquiry on what would happen to the 18 000 new jobs post the finalisation of the contracts, Management advised that the long-term contracts allowed for extended work for human resources utilised in the contracts. Local suppliers will be used in the development of parts and provision of maintenance services, and will assist with sustainability and retaining of some of the jobs. The OEMs were obligated to hire local human resources for the entire period of the contracts.
- 6.3.6 The Committee noted the strategic decision to relocate 2 OEMs from Gauteng to Durban in order to spread the socio-economic impact across the Country. It was highlighted that the 1064 Locomotives would increase the tonnages through use of fewer locomotives. Therefore, once the 1064 Locomotives are commissioned, some of the existing Locomotives will be taken off service, especially the electric models whilst others would be deployed for use by other African Countries.
- 6.3.7 The Committee cautioned that the Locomotive strategy whilst capitalising, it also promotes shedding of jobs due to lower maintenance activities. The loss of jobs in the unskilled labour market required close management due to potential reputational risks that may

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emerge. The presentation should therefore be structured to effectively communicate the impact of the programme on job security, whilst balancing it with the benefits thereof.

- 6.3.8 The Committee noted that local content would be monitored and audited by the DTI. Management reiterated the issues related to *Railway Safety Regulator* where partial approval was received for the testing of the overhead traction of the 22E Locomotives, and not the overall locomotive. Management was continuously engaging the *Railway Safety Regulator* to avoid potential delay the implementation of the overall plan. The Chairperson suggested that Management should liaise with the Board Chairperson in the event that Ministerial intervention is required to expedite the *Railway Safety Regulator* process.

The Committee noted the Report.

Ms Mdletshe and Mr Nair were excused from the meeting at 16:20

6.2 **NMPP Report**

Mr Msagala and Ms van Eck joined the meeting at 16:23.

- 6.2.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to note the update on the NMPP Report.
- 6.2.2 Management stated that NMPP was progressing according to plan. The Coastal Terminal, and tightlining activities were ahead of schedule. *Nersa* Board and Technical Team evaluated the project through the 6 monthly review schedule, and issued a green status for the project. The risks and challenges in the NMPP included hydrotesting (which had been finalised), the water use licences, and the Tanks issues, which would be dealt with through a legal process.
- 6.2.3 Management reported on the recent TM2 valve failures, and informed the Committee that the Company commissioned an independent review and assessment of the valves by *Healy International*. The outcome of the independent review was contrary to the initial review when the Factory Acceptance Test (FAT) Certificate on the valve manufacturing was issued. The *Healy International* review concluded that the valves were not in line with the specifications. The Committee noted that a non-destructive test would be conducted on a sample of valves to ascertain if an overhaul of all 725 valves is necessary. The final report on outcome and way forward on the matter will be tabled at the next meeting for consideration.
- 6.2.4 The Committee noted that management was investigating the issue related to the valves and will provide feedback once the process has been finalised.

Messrs Gama/
Msagala

The Committee noted the Report.

Mr Msagala and Ms van Eck were excused from the meeting at 16:36.

5.2 **Comprehensive Property Disposal Framework**

Mr Lebelo joined the meeting to 16:36.

- 5.2.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to recommend that the Board approves the status of Transnet's Comprehensive Property Disposal Framework Transnet Property's Comprehensive Disposal Framework ("the Framework").
- 5.2.2 Management informed the Committee that the Framework will comprise of provisions dealing with property disposals and leases from the Delegation of Authority Framework, the DPE's State Own Enterprises' Non-Core Property Disposal Policy ("DPE property disposal guidelines") and Broad-Based Black Economic Empowerment Guidelines of June 2008.

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- 5.2.3 The Committee noted the contents of the DPE Property Disposal guidelines, which provides for the first right of refusal to the State. The provision hinders the property disposal process due to the delay in response by the Government Departments. Management has requested the DPE to revise the Property Disposal Guidelines, but there has been no favourable response thus far.

A further engagement is scheduled with the DPE on 1 October 2015 to review the Guidelines, and feedback on the outcome will be provided to the Committee at the November 2015 meeting. The Committee was informed that the Company is engaging other Government Departments to offer them property. A Memorandum of Understanding had been signed between the Company and Department of Human Settlement. Furthermore, the *Public Investment Company (PIC)* was also approached, and a partnership formed for the disposal or development of vacant land.

Messrs Gama/
Lebelo

- 5.2.4 As part of the alternative options open to the Company, the Committee suggested that Provincial Departments and Municipalities should be engaged to offer some of the properties. Management advised that the market value of the Company's property is R6bn, although a 35% premium was normally applicable. Management clarified the status of properties previously approved for disposal, and stated that the Company could transact on some of the properties based on exceptions in line with the *DPE Property Disposal Guidelines*.

- 5.2.5 The Committee further noted that an asset register comprising all the properties including servitudes and rights, and a list of non-core residential properties is in place, and is closely managed by Transnet Property.

- 5.2.6 The Committee noted the Transnet Property's Comprehensive Disposal Framework, and that the Company is actively engaging DPE to ensure that the Guidelines incorporate Management's desired amendments timeously. The Company's Comprehensive Property Disposal Framework will be tabled once it has been finalised in line with the DPE Property Disposal Guidelines in due course.

Messrs Gama/
Lebelo

The Committee noted the update.

Mr Lebelo was excused from the meeting at 16:52.

5.3 Corporate Calendar for the 2016/17FY

- 5.3.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to recommend that the Board approves the proposed Corporate Calendar for the 2016/17FY.

- 5.3.2 Management informed the Committee that the Group Company Secretariat was tasked with compiling an annual Corporate Calendar for the Company to inform the Company of the following:

- Board and Group Exco and Exco Sub-Committee meetings for the year;
- Upcoming events and other activities that may be important to the Company; and
- Further to ensure that the respective stakeholders are informed timeously of the meetings, appropriately prepared for the meetings and that all required submissions are delivered to the Group Company Secretariat for timeous dissemination of meeting documents.

- 5.3.3 A Member requested that consideration be given to split successive meetings scheduled for 27 and 28 July 2016 respectively. The Members were requested to communicate any changes for consideration before the next Board meeting where the matter will be considered for approval.

Ms Ceba

RESOLVED that the Committee recommended that the Board approves the proposed Corporate Calendar for the 2016/17FY, subject to consideration of proposed amendments.

5-2015/16FY-4

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Resolution No/
For attention**5.4 Delegation of Authority ("DOA") Framework**

5.4.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to recommend that the Board approves the proposed amendments to the Delegation of Authority Framework ("DOA Framework").

5.4.2 Management informed the Committee that the DOA Framework is reviewed annually to ensure alignment with the structures of the Company at Executive and Board level to improve efficiency in conducting business while giving due regard to the need for control of the Company's business activities.

5.4.3 Management highlighted the changes effected to the DoA Framework. A Member sought clarity on the rationale for increasing the Operations Divisions CE's mandate by R1bn (clause 8.3.2 of the DoA) and Management explained that the increase related to revenue and not expenditure to ensure that business decisions were made expediently to avoid loss of business in tenders, especially business opportunities outside the Country.

RESOLVED that the Committee recommended that the Board approves the proposed amendments to the Delegation of Authority Framework.

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5.7 Steel – permission to shortlist and negotiate

5.7.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to approve the outcome of the shortlisting, and negotiation with Bidders for the supply and delivery of steel to the Company for the period of 5 years, with an option to extend for an additional 2 years.

5.7.2 Management indicated that the Steel Sourcing Strategy was approved by the Board on 01 June 2015.

5.7.3 The Committee noted that the submission recommended the implementation of the process, including a shortlist of the bidders to be negotiated with. Management further clarified that there were a number of BEE suppliers available in the market and that the responses were positive. A concern was raised that the list comprising 16 bidders was too long, and the recommended proposal was indefinite. Management clarified that the submission was for a process approval and not the award of the actual contract. The strategy approved by the Board required the appointment of at least 2 service providers per category hence the list. The award of the contract would be submitted to the Committee and the Board for approval post finalisation of the negotiation process.

RESOLVED that the Committee recommended that the Board approves the outcome of the shortlisting, and negotiation with Bidders for the supply and delivery of steel to the Company for the period of 5 years, with an option to extend for an additional 2 years.

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5.8 Change in Lead Manager for ZAR Club Loan

Mr Ramosebudi joined the meeting at 17:15

5.8.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to approve the following:

- The appointment of *Trillian* in the place of *JP Morgan* as a Lead Manager of the US\$1b ZAR equivalent Club Loan which was previously confined to *JP Morgan*.
- The termination of *JP Morgan* on the ZAR Syndication Loan.
- Delegation of authority to the GCE to approve all documentation related to this confinement.

5.8.2 Management indicated that the Company had signed the mandate letter and Term sheet

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for the US\$2.5bn 15-year Amortising Loan from *China Development Bank* ("CDB") to finance 232 and 359 locomotives from *China North Railways* ("CNR") and *China South Railways* ("CSR", respectively).

- 5.8.3 The Committee noted that the Company decided to split the transaction into 2 tranches, namely the US\$1.5bn tranche, and the standby facility of US\$1bn tranche. *JP Morgan* was appointed through a confinement approved by the Committee to lead the ZAR Club Loan as a substitute for the US\$1bn standby facility to lower the overall cost of the transaction, and to avoid foreign exchange exposure and the need for cross currency swaps.
- 5.8.4 The Committee noted that *Trillian* is a Black Owned Company, and Supplier Development partner of *Regiment Capital*, the funding advisor for the 1064 locomotives transaction. *Trillian* was found capable of delivering on the required Club Loan deal at a more comparable price than the *JP Morgan* proposal, resulting in a saving of approximately R820m, with 10% fees being payable to *Trillian* for the transaction (R82m).
- 5.8.5 Responding to the question whether the Company had a contractual relationship with *JP Morgan* which would be terminated, and whether such termination would result in a contractual breach, Management clarified that there was no contract signed for the second tranche. The Committee was reminded that the initial confinement approval which was split into 2 tranches was with *JP Morgan*. The first tranche was concluded, whilst the second tranche was a separate option and had not yet been contracted on. The Committee commended the team for its successful negotiations with *Trillian*.

Management informed the Committee of its plan to sign the Agreement and announce the contract with *Trillian* before the announcement of the interim results.

RESOLVED that the Committee approved the following:

- The appointment of *Trillian* to replace *JP Morgan* as a Lead Manager of the US\$1bn ZAR equivalent Club loan which was previously confined to *JP Morgan*.
- The termination of *JP Morgan* on the ZAR syndication loan.
- The Delegation of authority to the Group Chief Executive to approve and sign all the documentation related to this confinement.

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Mr Ramosebudi was excused from the meeting at 17:30.

6 MATTERS FOR NOTING

6.1 Capital Expenditure Report

- 6.1.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to note the August Capital Investment Report and Capital Dashboard.
- 6.1.2 Management informed the Committee that Capital Investment Report was a standard report, for monitoring by the Committee. The following, amongst others, was highlighted:
- Transnet's capital investment YTD amounted to R12.2bn against an approved budget of R11.4bn, representing an over spending of 7%.
 - The Group's latest estimate for the full year is at R33.9bn compared to the budget of R34.3bn.
 - Capital remained unaffordable due to current operational volume/revenue performance. Capital optimisation and scrubbing of capital remained a focus area, with R2.5bn still required for the balance of the 2015/16FY.
 - The *Glencore* related issues did not affect the Company financially due to *Glencore* having stock piled, and the availability of a *Take or Pay* contract.
- 6.1.3 Management further highlighted, as reported on the Capital Dashboard, that the locomotives value was not expected to be high when the programme was accelerated. Therefore the programme was being decelerated from a 3 to 5-year schedule to ensure

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affordability. This would result in self-correction in the next financial years.

The Committee noted the Report.

6.4 **Black Economic Empowerment ("BEE")/ Enterprise Development ("ED")/ Supplier Development ("SD") Report**

6.4.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to note the 2015/16FY YTD BEE/ESD Report and performance against the 2015/16FY Shareholder's Compact.

6.4.2 Management indicated that the B-BBEE performance dashboard reports the following:

- Overall B-BBEE spend by level for 2015/16FY YTD, as of 31 August 2015 for recognised B-BBEE spend and actual black spend;
- Overall B-BBEE spend by level for 2015/16FY excluding parastatals; and
- Top 10 black spend by B-BBEE categories of Emerging Enterprises ("EME") Qualifying Small Enterprises ("QSE") and Large Enterprises for black owned and black women spend showing B-BBEE levels, and the score of the 7 pillars of their B-BBEE certificates for 2015/16FY year to date 31 August 2015; and

6.4.3 Management reported that all Shareholder's Compact targets for the 2015/16FY were either being met or exceeded with the exception of Local content, due to foreign locomotive payments to date, and Black Youth-Owned business. The challenged areas were receiving focused attention throughout the Company.

The Committee noted the Report.

6.5 **iSCM Performance Dashboard**

6.5.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to note the key performance indicators as well as performance against the 2015/16 Shareholder's Compact.

6.5.2 The Committee noted that Contract Management had improved significantly, and that the Audit Committee was satisfied with the contract Management principles implemented. Reference was made to TPT's excellent performance, especially on Supplier Development. The experienced challenges in TFR were due to the Locomotive payments for the period of under review.

The Committee noted the iSCM Performance Dashboard.

7 **APPROVAL OF THE MINUTES OF THE MEETING HELD ON 3 AUGUST 2015**

7.1 The minutes of the previous meeting were approved subject to the following addition:

- Item 5.1: The resolution should include the delegation of authority to the Acting GCE to sign off the contract and related documents.

8 **MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETINGS**

8/1 **Coal Line expansion to 81mt – Increase in ETC:** The Chairperson of the Board and the Group Chief Executive were requested to engage the Shareholder Minister for Ministerial intervention to ensure that upon improvement of Eskom's financial situation, the Company could recoup funds expended on the shared projects. Management should develop a financial model for recouping the said funds

8/1/1 The Shareholder Minister advised the Acting Director-General to engage with Transnet and Eskom on the matter. In the interim, Transnet received a reply from Eskom on the matter, and this has been forwarded to TFR for analysis, and for Transnet to strategise on the way forward.

Mr Gama

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- 8/2 **Acquisitions and Disposals Committee Mandate:** The Committee *agreed* that the clause relating to lease agreements must be reviewed in the Delegation of Authority Framework
- 8/2/1 The matter has been finalised. The GCE's limit of 15 years was removed from the DoA Framework. The effect is that the GCE's limit on the transaction relates only to the lease value (R500 million). This amendment was effected to address ADC's request that only material leases (of value greater than R500 million) be tabled at ADC for consideration.
- 8/3 **The Comprehensive Property Disposal Framework:** The matter was deferred to a future meeting
- 8/3/1 The Comprehensive Property Disposal Framework was dealt with under agenda item 5.2. The Framework will be presented to the Committee once finalised.
- 8/4 **GE Contract Extension:** Management undertook to present a summary of the financial details of the R282m maximum value of the contract extension, and the R1.1bn, originally approved at the next Committee Meeting to ensure clarity on the allocation and the timelines of payment thereof
- 8/4/1 The matter has been finalised. The annexure clarifying the reconciliation of the numbers was included in the meeting pack.
- 8/5 **IT Data Services Sourcing Strategy:** Management stated that the Company's procurement processes require all the bidders to provide their Supplier Development Plan. Management undertook to present the details of *T-System's* Supplier Development performance against targets on the existing contract for the Committee's information at the next meeting
- 8/5/1 The matter has been finalised. The presentation was included in the meeting pack. The matter referred to the commitment to spend 20% of the contract value on Supplier Development initiatives, as part of the contract extension conditions. T-Systems had however committed to spend 30%. Based on current expenditure, T-Systems was ahead of target for most of their Supplier Development initiatives, including training and spending on smaller black businesses required improvement. Responding to a Member's question, Management clarified that *T-Systems* subcontractors were known to the Company and that a detailed report was anticipated from *T-Systems* on the activities of those subcontractors as part of monitoring.
- 8/6 **Capital Expenditure Report:** The Chairperson recommended that Management should optimise capital expenditure as part of the Shareholder's Compact targets, and requested that the current projections, from a macro-economic level, be tabled for the Board's information. Furthermore, there should be a discussion if the commodities do not materialise as anticipated, and whether the Company has an opportunity to revert to the Shareholder Minister to revise the targets of the Corporate Plan. The AGCE stated that Management planned to optimise capital, given the circumstances. There is a potential to move towards a 10 year programme of R400bn as opposed to the current R337bn. The optimisation criteria included, amongst others, safety and return on investment. Management will present more details on the new figures for the 7 years and 10 years plans including the triggering mechanisms at the next Board Meeting
- 8/6/1 The matter was presented at the Board Strategy session, and is an on-going process. Further updates will be made at the next Group Exco and Board Strategy session as part of the 2016/17FY planning process.
- 8/7 **Capital Expenditure Report:** The Chairperson requested that the information should be presented to the Board prior to the Shareholder's Compact being finalised in February 2016
- 8/7/1 The matter was presented at the Board of Directors meeting held on 27 August 2015.

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Further updates will be made at the next Group Exco and Board Strategy session as part of the 2016/17FY planning process.

9 **RESOLUTIONS TRACKER**

9.1 The Committee noted the Resolutions Tracker.

10 **TRANSFER REGISTER**

10.1 The Committee noted the Transfer Register.

11 **MEETING ASSESSMENT**

11.1 The Committee ***agreed*** that the meeting was effective and satisfactorily managed. The meeting achieved the outcomes required by the Agenda.

11.2 Management will confirm the necessity of the next meeting scheduled for 26 October 2015, and that if required, the meeting should be brought forward to the week of the 19 October 2015.

Ms Khumalo

12 **ACQUISITIONS AND DISPOSALS COMMITTEE MANDATE**

12.1 The Committee noted the Acquisitions and Disposals Committee Mandate as contained in the meeting pack.

13 **CLOSE**

13.1 There being no further business to conduct, the Chairperson declared the meeting closed at 18:11.

CHAIRPERSON
DATE:

COMPANY SECRETARY
DATE:

Ntokozo Zama

From: Norman Mbazo Corporate JHB <Norman.Mbazo@transnet.net>
Sent: Friday, 06 November 2015 15:48
To: Juliah Motioa Transnet Corporate JHB
Cc: Yusuf Mahomed Transnet Corporate JHB
Subject: FW: Acq Disp Comm -1 October 2015 (Approved)
Attachments: Acq Disp Comm -1 October 2015 (Approved).docx

Dear Juliah,

Noted.

Please also send through the ADC resolution register.

Regards,

Norman

From: Juliah Motioa Transnet Corporate JHB
Sent: 06 November 2015 03:16 PM
To: Norman Mbazo Corporate JHB <Norman.Mbazo@transnet.net>
Cc: Theo Takane Corporate JHB <Theo.Takane@transnet.net>
Subject: Acq Disp Comm -1 October 2015 (Approved)

Dear Norman

I hope you are well.

Please Print the attached ADC minutes (01 October 2015) for Mr Pita's review. Corrections were made after yesterday's amendment during the Meeting.

Regards
Ms J

CONFIDENTIAL**MINUTES OF THE MEETING OF THE ACQUISITIONS AND DISPOSALS COMMITTEE NO. 5-15/16FY HELD ON 1 OCTOBER 2015 AT 14:00 IN BOARDROOM 4902, 49th FLOOR, CARLTON CENTRE, 150 COMMISSIONER STREET, JOHANNESBURG****Resolution No/
For Attention****1 CONSTITUTION OF MEETING****1.1 Present**

Mr SD Shane	Chairperson
Ms LC Mabaso	Member
Mr ZA Nagdee	Member
Mr MR Seleke	Member

1.2 In Attendance

Mr GJ Pita	Acting Group Chief Financial Officer
Mr E Thomas	Acting Group Chief Supply Chain Officer
Mr N Silinga	Group Executive: Legal and Compliance
Ms S Qalinge	General Manager: Office of the GCE
Mr S Selepe	Acting Deputy Group Company Secretary
Ms B Ndlovu	Company Secretary

1.3 Partial Attendance

Ms ANC Ceba	Group Company Secretary
Mr P Fusi	General Manager: Economic Regulation and Private Sector Participation
Mr ZE Lebelo	Group Executive: Transnet Property
Ms L Mdletshe	Senior Manager, Strategic Sourcing (Locomotives): Transnet Freight Rail
Mr B Monakali	Executive Manager, Strategic Planning: Transnet Freight Rail
Mr LMH Msagala	Group Executive: Transnet Capital Projects
Mr C Mtetwa	General Manager, Rail Network: Transnet Freight Rail
Mr R Nair	Acting Chief Executive: Transnet Freight Rail
Mr L Nurse	Transaction Manager: Group Commercial, Private Sector Participation
Mr O Phiri	Planning Manager: Transnet Freight Rail
Mr P Ramosebudi	Group Treasurer
Ms R Roper	Head: EIMS and Capital Planning: Transnet Freight Rail
Ms E van Eck	Insurance Manager: Transnet Capital Projects

1.4 Apologies

1.4.1 Mr SI Gama Acting Group Chief Executive

1.5 Welcome and Signing of Attendance Register

1.5.1 The Chairperson welcomed all members and attendees present, and having noted that there was quorum, declared the meeting duly constituted. He noted apologies from Mr Gama, who was off due to ill-health. The Attendance Register was circulated for signature.

1.6 Adoption of Agenda

1.6.1 The Agenda was adopted as tabled.

2 SAFETY BRIEFING AND EVACUATION PROCEDURE

2.1 The safety and evacuation procedures for the 49th Floor were conducted through video.

3 DECLARATION OF INTERESTS

3.1 The Declaration of Interests Register was circulated to all members and attendees for signature.

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For attention4 **LIST OF SUPPLY CHAIN ACRONYMS**

4.1 The Committee noted the list of Supply Chain Acronyms.

5 **MATTERS FOR DISCUSSION/APPROVAL**

The Chairperson requested that Items 5.1, 5.5, 5.6, 6.3, 6.2, 5.2, 5.3, 5.4, 5.7, 5.8, 6.1, 6.4, 6.5, 7, 8, 9, 10, 11, 12 and 13 be dealt with next, to allow the TFR Team to present in one sitting and be excused. These minutes reflect the order of the meeting.

5.1 **Tambo Springs Intermodal Hub Development - Land and Equity**

Messrs Nair, Fusi and Nurse joined the meeting at 14:10.

5.1.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to recommend that the Board approves the following:

- The proposed acquisition of 35 hectares of land for R1 on which the proposed terminal will be constructed;
- The proposed acquisition of a 40% shareholding in Tambo Springs Development Company (Pty) Ltd ("Development Company") to ensure that the Company benefits from the broader development of Tambo Springs.

5.1.2 Management indicated that the Tambo Springs Intermodal Hub Development project had been identified to address the need to expand container capacity within Gauteng, and to optimise the migration of containerised cargo from Road and Rail. The Project was initiated in 2008 as a Private Sector Participation (PSP) transaction, and has evolved since inception, with the Company taking over the development of the infrastructure in 2012. The terminal will be required by 2019.

5.1.3 Management informed the Committee that 3 new terminals were planned at Pyramid, Sentrarrand and Tambo Springs. A strategic decision was taken for the construction of an intermodal hub, combining direct terminal handling, as well as back-of-terminal property development for logistics and related commercial activities. The transaction presently included the procurement, construction and operation of the Tambo Springs Intermodal ("the Terminal") which will be located along the N3 Corridor, between Alberton and Heidelberg.

5.1.4 The Committee noted that the project was designed with the primary objective to increase in-land container handling capacity to enable and encourage a modal shift from Road to Rail. The project's secondary objectives respond to the need to deliver a service that integrates road-based and rail-based components of relevant supply chains. The project is supported by Local, Provisional and National Governments respectively.

5.1.5 Management indicated that the benefits of the project included its proximity to major infrastructure, whilst its location would complement current and future container terminals. The project forms part of the Rail Infrastructure Strategy, although it is not budgeted for in the MDS. Management added that extensive negotiations were held, resulting in the proposed 40% participation in the Development at a cost of R258.7m.

5.1.6 The conditions precedent included a minimum land uptake of 500m². Management outlined the benefits of the remainder of the portion of the land. Once the proposed acquisition is approved, the Company's PSP policy provides that a pre-notification intent be submitted to the Shareholder Minister for consideration.

5.1.7 The Committee noted that the price was favourably negotiated from R100/m² to R65/m². The Committee noted that an investment of R763m was expected from the private sector, whilst the Company would pay R783m, including R20m for the FEL studies. The funds were not for the purchase of the land but provided an opportunity to unlock the value created through the 40% participation in the Development Company. The rate of return is

Messrs Gama/
Fusi/ Phihlela

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estimated at 14.5% over the next 7 years. A dividend of R1.7bn is expected from the project. Management further clarified the R429m value, which consisted of the Company's investment into the arrival and departure yard. This will be refined as the FEL process unfolds, but it was used as a basis for negotiations.

- 5.1.8 Management highlighted the benefits of the project for TFR which include accessibility as the terminal would result in the terminal expansion to the inland. Discussions were held between TFR and *Arcellor Mittal SA (AMSA)* on the use of the terminal. Management further assured the Committee that anti-competition elements would be assessed, and duly avoided.
- 5.1.9 The Committee encouraged Management to fast track and market the project in order to showcase the Company's collaboration with the private sector.

RESOLVED that the Committee recommended that the Board approves the following, subject to the Shareholder Minister's approval being granted in terms of Section 54 of the Public Finance Management Act ("PFMA"):

- The proposed acquisition of 35 hectares of land for R1 on which the proposed terminal will be constructed at a maximum cost of R746m;
- The proposed acquisition of a 40% shareholding in the *Tambo Springs Development Company (Pty) Ltd* to ensure that the Company benefits from the broader development of Tambo Springs.

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Messrs Fusi and Nurse were excused from the meeting at 14:41.

5.5 Doubling of Overvaal Tunnel – FEL4

Messrs Mtetwa, Monakali, and Phiri and Ms Roper joined the meeting at 14:43.

- 5.5.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to recommend that the Board approves the proposed construction of a second Overvaal Tunnel alongside the existing single track tunnel at an Estimated Total Cost ("ETC") of R3.5bn.
- 5.5.2 Management informed the Committee that an Overvaal submission served at Capital Investment Sub-Committee (CAPIC) on 18 August 2015 requesting R4.169bn but that CAPIC recommended a maximum ETC of R3.5bn. Pursuant to that recommendation, the Project Team revised the work allocation by undertaking some of the work internally as a means of reducing costs. The Committee noted that a preliminary engineering study was commissioned during 1996, and the study proposed amongst others, the following:
- Reduction of capacity restriction resulting from the single line Overvaal Tunnel; and
 - Elimination of risk caused by operating coal trains on a single line track section.
- 5.5.3 Management stated that the Coal Line Overvaal Tunnel is a high risk single tunnel which has inherent structural and ventilation challenges, electrical failures and water seepage. The bridge has been disintegrating over the years, and is a high risk to the 91mt coal export line, TFR and the Company. Responding to a Member's enquiry on the impact of inherent risks, Management clarified that the incidents were more related to the system than people. A case in point was a derailment that occurred at the mouth of the tunnel, resulting in the blockage of the tunnel and inability to move the cargo.
- Management clarified the work package to be undertaken in-house includes laying out of the track, whilst the civil works, which was the bulk of the contract, would be conducted through transparent procurement process.
- 5.5.4 Management further clarified that the existing tunnel would be kept operational, and would therefore run concurrently with the second tunnel. Once the new tunnel is finalised, it will

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provide an opportunity to conduct comprehensive maintenance on the old single tunnel. Presently, the yearly 10-days shut-down for maintenance on the Coal Line results in a loss of 2mt per week.

The project team was requested to fast track the project to a shorter period, rather than the planned 7 year period for construction. Management noted that the negotiations, especially those of the transparent procurement process were yet to be finalised, and therefore could affect the total cost. A brief discussion was held on the process to be followed between drilling and blasting or use of technology, as this has an impact on job creation. Management indicated its preference for the drill and blast option due to the manpower requirement. The Committee requested the Project Team to consider the socio-economic imperatives when choosing the preferred option.

- 5.5.5 In response to a Member's enquiry on the single point of failure on the bridge on the Manganese line, Management indicated that the matter is being closely monitored. The current challenge requires lengthy closure of the bridge, and this is presently impractical. An assessment is being conducted to identify any permanent damages. The Committee noted that there were a number of bridges in TFR that were single points of failure. The second Overvaal Tunnel business case is prioritised due to the imminent high risks. The Committee noted TFR's strategy to convert its steel bridges to concrete, which is a durable and easy to repair option.

RESOLVED that the Committee recommended that the Board approves the proposed construction of a second Overvaal Tunnel alongside the existing single track tunnel at an ETC of R3.5bn.

Further **RESOLVED** the following:

- The project should be accelerated.
- The project should ensure job creation opportunities.

5-2015/16FY-2

Messrs Mtetwa, Monakali, Phiri were excused from the meeting at 15:07.

5.6 **Integrated Lead-to-Cash Business Process and Supporting System – SAP SA (Pty) Ltd Confinement**

- 5.6.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to approve the following:

- The proposed business case and capital expenditure for the implementation of the Lead-to-Cash Programme at an ETC of R979m.
- The proposed confinement and award to SAP SA for the provision and implementation of an integrated Lead-to-Cash Commercial Solution covering all TFR's end-to-end Commercial and Customer Facing business process for a period of 7 years effective from 01 January 2016 to 31 December 2022 in line with the business case and sourcing strategy.
- The proposed Lead-to-Cash Sourcing Strategy.
- Delegation of authority to the Acting Group Chief Executive to sign and approve all relevant documentation in line with the approved confinement processes, and including the contract.

- 5.6.2 Management informed the Committee that the Lead-to-Cash programme provided TFR an opportunity to consolidate all its commercial business processes and associated systems into a single integrated best practice business process supported by a single SAP-based Information Management System. Management highlighted a list of high level processes that would be impacted by the proposed re-engineering exercise. The purchase of an integrated SAP solution will enable TFR to leverage the total current installed SAP license base of the Company as a whole. An integrated SAP L2C solution would significantly reduce the number of system interfaces that would be required with existing SAP ERP

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modules, and the new SAP solutions currently being implemented. SAP is the only global supplier that can offer integrated end-to-end railway commercial solutions in Africa.

Ms Mdletshe joined the meeting at 15:13.

- 5.6.3 The Committee further noted that the Confinement is in line with the Company's Procurement Procedure Manual. The Committee noted the value chain in the Integrated lead-to-cash business process and supporting system for the Company and Customers' on-boarding. A benchmark exercise conducted internationally has reflected successful utilisation of SAP by the top railways. TFR planned to emulate those rail companies hence the confinement to SAP. The Committee noted the Programme schedule over 7 years, in a phased-in approach.

The Chairperson enquired on the payments related to SAP services to date. Management indicated that an estimated R250m is being paid to SAP on annual basis comprising mostly of Licences. The SAP Platform would integrate the different SAP modules. The approach to be followed and the benefit of using 1 SAP platform was outlined for the Committee and it included, amongst others, the benefit of an Intergraded Train Plan (ITP). The proposed integration would allow customers to track the movement of their freight, and immediate notification in instances where there are issues with the movement of the cargo.

Ms Ceba was excused from the meeting at 15:20.

- 5.6.4 The Committee raised concern that the Company seeks to lock itself into a SAP Agreement for an extended period and, sought clarity on whether SAP is the Company's underlying platform of choice over any other existing systems, and whether other service providers were considered. A further concern was raised on the legacy systems and clarity sought on whether SAP is the umbrella system. This further raised the possibility of "double-dipping" due to the overlapping contracts. Management clarified that SAP is already TFR's platform, based on a decision taken after extensive research. When TFR implemented and rolled-out SAP, the legacy related issues were not eliminated. At the time of implementing SAP, 4 options were considered. The decision was made based on the need to avoid various platforms resulting in non-integration of the systems.
- 5.6.5 A Member sought clarity on the skills, training, resource management and measurement of Supplier Development activities. Management noted that the project resourcing strategy was in line with the Company policy. The nature of the project and time period provided ample opportunity for varied initiatives. The IT market is fluid, and the Company plans to develop local organisational structures who would become market leaders in the future. The Committee was assured that localisation and skills development of identified categories formed part of the prequalification criteria.
- 5.6.6 The Committee raised a concern on the tenure of the Contract, and requested that the contract period be reduced from 7 to a maximum of 4 years for the total confinement effective from 1 April 2016. Management was requested to review the timelines based on the feasibility of 3 to 4 year schedule. The accelerated schedule of the Lead-to-Cash-Programme should be tabled at the next Committee meeting for noting purposes. Management cautioned that shortening the schedule would require increased capacity in order to meet the suggested target, thus increasing costs. The Committee further recommended that Management should remodel the costs of the Lead-to-Cash Programme as there could be off-setting of costs between the consultations required over the longer contract term versus the increased resources in the shortened contract term.

Messrs Gama/
NairMessrs Gama/
Nair

RESOLVED that the Committee approved the following:

- The proposed business case and capital expenditure for the implementation of the Lead-to-Cash Programme at an ETC of R979m.
- The proposed confinement and award to SAP SA for the provision and implementation of an integrated Lead-to-Cash Commercial Solution covering all TFR's end-to-end

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Commercial and Customer Facing business process for a period of 3 to 4 years, effective from 01 April 2016 to 31 March 2020 in line with the business case and sourcing strategy.

- The proposed Lead-to-Cash Sourcing Strategy; and
 - Delegation of authority to the Acting Group Chief Executive to negotiate, approve and sign all relevant documentation and contract in line with the approved confinement subject to the Inclusion of a Procurement Strategy setting out the Supplier Development and Localisation targets.

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Ms Roper was excused from the meeting at 15:45.

6.3 Feedback on 1064 Locomotives Transaction

- 6.3.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to note feedback on 1064 Locomotives Transaction.
- 6.3.2 Management highlighted, amongst others, the delivery schedule, and the following:
- Of the 40 22E locomotives, 23 were received. The remaining 17 will be delivered in October 2015.
 - An issue with *Railway Safety Regulator (RSR)* delayed the process of approval and acceptance of the 22Es.
 - *Bombardier* and *CNR* experienced slight delays in their respective schedules due to the relocation to Durban.
 - TFR and the 1064 Locomotives Suppliers signed the Acceptance Letters on Supplier Development.
 - TFR had already sensitised the OEMs that the Supplier Development reporting will commence from the signature date of the Master Agreement. TFR anticipate that Supplier Development reports would be submitted as from October/ November 2015.
- 6.3.3 Management highlighted the 4 OEM's Supplier Development Plans, and its associated elements.
- 6.3.4 The Committee noted that quarterly audits would be conducted whilst the OEMs are required to report on a monthly basis to track the achievement of the committed targets. Management clarified that "Capacity and Capability" referred to localisation, and that this was renamed to differentiate local content from localisation, and to align with the DPE terminology. Management confirmed that the Rural Development element is at 0.02%, and a number of initiatives would be developed to improve rural development and small business development.
- 6.3.5 Responding to an enquiry on what would happen to the 18 000 new jobs post the finalisation of the contracts, Management advised that the long-term contracts allowed for extended work for human resources utilised in the contracts. Local suppliers will be used in the development of parts and provision of maintenance services, and will assist with sustainability and retaining of some of the jobs. The OEMs were obligated to hire local human resources for the entire period of the contracts.
- 6.3.6 The Committee noted the strategic decision to relocate 2 OEMs from Gauteng to Durban in order to spread the socio-economic impact across the Country. It was highlighted that the 1064 Locomotives would increase the tonnages through use of fewer locomotives. Therefore, once the 1064 Locomotives are commissioned, some of the existing Locomotives will be taken off service, especially the electric models whilst others would be deployed for use by other African Countries.
- 6.3.7 The Committee cautioned that the Locomotive strategy whilst capitalising, it also promotes shedding of jobs due to lower maintenance activities. The loss of jobs in the unskilled labour market required close management due to potential reputational risks that may

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emerge. The presentation should therefore be structured to effectively communicate the impact of the programme on job security, whilst balancing it with the benefits thereof.

- 6.3.8 The Committee noted that local content would be monitored and audited by the DTI. Management reiterated the issues related to *Railway Safety Regulator* where partial approval was received for the testing of the overhead traction of the 22E Locomotives, and not the overall locomotive. Management was continuously engaging the *Railway Safety Regulator* to avoid potential delay the implementation of the overall plan. The Chairperson suggested that Management should liaise with the Board Chairperson in the event that Ministerial intervention is required to expedite the *Railway Safety Regulator* process.

The Committee noted the Report.

Ms Mdletshe and Mr Nair were excused from the meeting at 16:20

6.2 NMPP Report

Mr Msagala and Ms van Eck joined the meeting at 16:23.

- 6.2.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to note the update on the NMPP Report.

- 6.2.2 Management stated that NMPP was progressing according to plan. The Coastal Terminal, and tightlining activities were ahead of schedule. Nersa Board and Technical Team evaluated the project through the 6 monthly review schedule, and issued a green status for the project. The risks and challenges in the NMPP included hydrottesting (which had been finalised), the water use licences, and the Tanks issues, which would be dealt with through a legal process.

- 6.2.3 Management reported on the recent TM2 valve failures, and informed the Committee that the Company commissioned an independent review and assessment of the valves by *Healy International*. The outcome of the independent review was contrary to the initial review when the Factory Acceptance Test (FAT) Certificate on the valve manufacturing was issued. The *Healy International* review concluded that the valves were not in line with the specifications. The Committee noted that a non-destructive test would be conducted on a sample of valves to ascertain if an overhaul of all 725 valves is necessary. The final report on outcome and way forward on the matter will be tabled at the next meeting for consideration.

Messrs Gama/
Msagala

- 6.2.4 The Committee noted that management was investigating the issue related to the valves and will provide feedback once the process has been finalised.

The Committee noted the Report.

Mr Msagala and Ms van Eck were excused from the meeting at 16:36.

5.2 Comprehensive Property Disposal Framework

Mr Lebelo joined the meeting to 16:36.

- 5.2.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to recommend that the Board approves the status of Transnet's Comprehensive Property Disposal Framework Transnet Property's Comprehensive Disposal Framework ("the Framework").

- 5.2.2 Management informed the Committee that the Framework will comprise of provisions dealing with property disposals and leases from the Delegation of Authority Framework, the DPE's State Own Enterprises' Non-Core Property Disposal Policy ("DPE property disposal guidelines") and Broad-Based Black Economic Empowerment Guidelines of June 2008.

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- 5.2.3 The Committee noted the contents of the DPE Property Disposal guidelines, which provides for the first right of refusal to the State. The provision hinders the property disposal process due to the delay in response by the Government Departments. Management has requested the DPE to revise the Property Disposal Guidelines, but there has been no favourable response thus far.

A further engagement is scheduled with the DPE on 1 October 2015 to review the Guidelines, and feedback on the outcome will be provided to the Committee at the November 2015 meeting. The Committee was informed that the Company is engaging other Government Departments to offer them property. A Memorandum of Understanding had been signed between the Company and Department of Human Settlement. Furthermore, the *Public Investment Company (PIC)* was also approached, and a partnership formed for the disposal or development of vacant land.

Messrs Gama/
Lebelo

- 5.2.4 As part of the alternative options open to the Company, the Committee suggested that Provincial Departments and Municipalities should be engaged to offer some of the properties. Management advised that the market value of the Company's property is R6bn, although a 35% premium was normally applicable. Management clarified the status of properties previously approved for disposal, and stated that the Company could transact on some of the properties based on exceptions in line with the *DPE Property Disposal Guidelines*.

- 5.2.5 The Committee further noted that an asset register comprising all the properties including servitudes and rights, and a list of non-core residential properties is in place, and is closely managed by Transnet Property.

- 5.2.6 The Committee noted the Transnet Property's Comprehensive Disposal Framework, and that the Company is actively engaging DPE to ensure that the Guidelines incorporate Management's desired amendments timeously. The Company's Comprehensive Property Disposal Framework will be tabled once it has been finalised in line with the DPE Property Disposal Guidelines in due course.

Messrs Gama/
Lebelo

The Committee noted the update.

Mr Lebelo was excused from the meeting at 16:52.

5.3 Corporate Calendar for the 2016/17FY

- 5.3.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to recommend that the Board approves the proposed Corporate Calendar for the 2016/17FY.

- 5.3.2 Management informed the Committee that the Group Company Secretariat was tasked with compiling an annual Corporate Calendar for the Company to inform the Company of the following:

- Board and Group Exco and Exco Sub-Committee meetings for the year;
- Upcoming events and other activities that may be important to the Company; and
- Further to ensure that the respective stakeholders are informed timeously of the meetings, appropriately prepared for the meetings and that all required submissions are delivered to the Group Company Secretariat for timeous dissemination of meeting documents.

- 5.3.3 A Member requested that consideration be given to split successive meetings scheduled for 27 and 28 July 2016 respectively. The Members were requested to communicate any changes for consideration before the next Board meeting where the matter will be considered for approval.

Ms Ceba

RESOLVED that the Committee recommended that the Board approves the proposed Corporate Calendar for the 2016/17FY, subject to consideration of proposed amendments.

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Resolution No/
For attention5.4 **Delegation of Authority ("DOA") Framework**

5.4.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to recommend that the Board approves the proposed amendments to the Delegation of Authority Framework ("DOA Framework").

5.4.2 Management informed the Committee that the DOA Framework is reviewed annually to ensure alignment with the structures of the Company at Executive and Board level to improve efficiency in conducting business while giving due regard to the need for control of the Company's business activities.

5.4.3 Management highlighted the changes effected to the DoA Framework. A Member sought clarity on the rationale for increasing the Operations Divisions CE's mandate by R1bn (clause 8.3.2 of the DoA) and Management explained that the increase related to revenue and not expenditure to ensure that business decisions were made expediently to avoid loss of business in tenders, especially business opportunities outside the Country.

RESOLVED that the Committee recommended that the Board approves the proposed amendments to the Delegation of Authority Framework.

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5.7 **Steel – permission to shortlist and negotiate**

5.7.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to approve the outcome of the shortlisting, and negotiation with Bidders for the supply and delivery of steel to the Company for the period of 5 years, with an option to extend for an additional 2 years.

5.7.2 Management indicated that the Steel Sourcing Strategy was approved by the Board on 01 June 2015.

5.7.3 The Committee noted that the submission recommended the implementation of the process, including a shortlist of the bidders to be negotiated with. Management further clarified that there were a number of BEE suppliers available in the market and that the responses were positive. A concern was raised that the list comprising 16 bidders was too long, and the recommended proposal was indefinite. Management clarified that the submission was for a process approval and not the award of the actual contract. The strategy approved by the Board required the appointment of at least 2 service providers per category hence the list. The award of the contract would be submitted to the Committee and the Board for approval post finalisation of the negotiation process.

RESOLVED that the Committee recommended that the Board approves the outcome of the shortlisting, and negotiation with Bidders for the supply and delivery of steel to the Company for the period of 5 years, with an option to extend for an additional 2 years.

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5.8 **Change in Lead Manager for ZAR Club Loan**

Mr Ramosebudi joined the meeting at 17:15

5.8.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to approve the following:

- The appointment of *Trillian* in the place of *JP Morgan* as a Lead Manager of the US\$1b ZAR equivalent Club Loan which was previously confined to *JP Morgan*.
- The termination of *JP Morgan* on the ZAR Syndication Loan.
- Delegation of authority to the GCE to approve all documentation related to this confinement.

5.8.2 Management indicated that the Company had signed the mandate letter and Term sheet

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for the US\$2.5bn 15-year Amortising Loan from *China Development Bank* ("CDB") to finance 232 and 359 locomotives from *China North Railways* ("CNR") and *China South Railways* ("CSR", respectively).

- 5.8.3 The Committee noted that the Company decided to split the transaction into 2 tranches, namely the US\$1.5bn tranche, and the standby facility of US\$1bn tranche. *JP Morgan* was appointed through a confinement approved by the Committee to lead the ZAR Club Loan as a substitute for the US\$1bn standby facility to lower the overall cost of the transaction, and to avoid foreign exchange exposure and the need for cross currency swaps.
- 5.8.4 The Committee noted that *Trillian* is a Black Owned Company, and Supplier Development partner of *Regiment Capital*, the funding advisor for the 1064 locomotives transaction. *Trillian* was found capable of delivering on the required Club Loan deal at a more comparable price than the *JP Morgan* proposal, resulting in a saving of approximately R820m, with 10% fees being payable to *Trillian* for the transaction (R82m).
- 5.8.5 Responding to the question whether the Company had a contractual relationship with *JP Morgan* which would be terminated, and whether such termination would result in a contractual breach, Management clarified that there was no contract signed for the second tranche. The Committee was reminded that the initial confinement approval which was split into 2 tranches was with *JP Morgan*. The first tranche was concluded, whilst the second tranche was a separate option and had not yet been contracted on. The Committee commended the team for its successful negotiations with *Trillian*.

Management informed the Committee of its plan to sign the Agreement and announce the contract with *Trillian* before the announcement of the interim results.

RESOLVED that the Committee approved the following:

- The appointment of *Trillian* to replace *JP Morgan* as a Lead Manager of the US\$1bn ZAR equivalent Club loan which was previously confined to *JP Morgan*.
- The termination of *JP Morgan* on the ZAR syndication loan.
- The Delegation of authority to the Group Chief Executive to approve and sign all the documentation related to this confinement.

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Mr Ramosebudi was excused from the meeting at 17:30.

6 MATTERS FOR NOTING

6.1 Capital Expenditure Report

- 6.1.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to note the August Capital Investment Report and Capital Dashboard.
- 6.1.2 Management informed the Committee that Capital Investment Report was a standard report, for monitoring by the Committee. The following, amongst others, was highlighted:
- Transnet's capital investment YTD amounted to R12.2bn against an approved budget of R11.4bn, representing an over spending of 7%.
 - The Group's latest estimate for the full year is at R33.9bn compared to the budget of R34.3bn.
 - Capital remained unaffordable due to current operational volume/revenue performance. Capital optimisation and scrubbing of capital remained a focus area, with R2.5bn still required for the balance of the 2015/16FY.
 - The *Glencore* related issues did not affect the Company financially due to *Glencore* having stock piled, and the availability of a *Take or Pay* contract.
- 6.1.3 Management further highlighted, as reported on the Capital Dashboard, that the locomotives value was not expected to be high when the programme was accelerated. Therefore the programme was being decelerated from a 3 to 5-year schedule to ensure

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affordability. This would result in self-correction in the next financial years.

The Committee noted the Report.

6.4 **Black Economic Empowerment (“BEE”)/ Enterprise Development (“ED”)/ Supplier Development (“SD”) Report**

6.4.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to note the 2015/16FY YTD BEE/ESD Report and performance against the 2015/16FY Shareholder’s Compact.

6.4.2 Management indicated that the B-BBEE performance dashboard reports the following:

- Overall B-BBEE spend by level for 2015/16FY YTD, as of 31 August 2015 for recognised B-BBEE spend and actual black spend;
- Overall B-BBEE spend by level for 2015/16FY excluding parastatals; and
- Top 10 black spend by B-BBEE categories of Emerging Enterprises (“EME”) Qualifying Small Enterprises (“QSE”) and Large Enterprises for black owned and black women spend showing B-BBEE levels, and the score of the 7 pillars of their B-BBEE certificates for 2015/16FY year to date 31 August 2015; and

6.4.3 Management reported that all Shareholder’s Compact targets for the 2015/16FY were either being met or exceeded with the exception of Local content, due to foreign locomotive payments to date, and Black Youth-Owned business. The challenged areas were receiving focused attention throughout the Company.

The Committee noted the Report.

6.5 **iSCM Performance Dashboard**

6.5.1 Management took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to note the key performance indicators as well as performance against the 2015/16 Shareholder’s Compact.

6.5.2 The Committee noted that Contract Management had improved significantly, and that the Audit Committee was satisfied with the contract Management principles implemented. Reference was made to TPT’s excellent performance, especially on Supplier Development. The experienced challenges in TFR were due to the Locomotive payments for the period of under review.

The Committee noted the iSCM Performance Dashboard.

7 **APPROVAL OF THE MINUTES OF THE MEETING HELD ON 3 AUGUST 2015**

7.1 The minutes of the previous meeting were approved subject to the following addition:

- Item 5.1: The resolution should include the delegation of authority to the Acting GCE to sign off the contract and related documents.

8 **MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETINGS**

8/1 **Coal Line expansion to 81mt – Increase in ETC:** The Chairperson of the Board and the Group Chief Executive were requested to engage the Shareholder Minister for Ministerial intervention to ensure that upon improvement of Eskom’s financial situation, the Company could recoup funds expended on the shared projects. Management should develop a financial model for recouping the said funds

8/1/1 The Shareholder Minister advised the Acting Director-General to engage with Transnet and Eskom on the matter. In the interim, Transnet received a reply from Eskom on the matter, and this has been forwarded to TFR for analysis, and for Transnet to strategise on the way forward.

Mr Gama

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- 8/2 **Acquisitions and Disposals Committee Mandate:** The Committee **agreed** that the clause relating to lease agreements must be reviewed in the Delegation of Authority Framework
- 8/2/1 The matter has been finalised. The GCE's limit of 15 years was removed from the DoA Framework. The effect is that the GCE's limit on the transaction relates only to the lease value (R500 million). This amendment was effected to address ADC's request that only material leases (of value greater than R500 million) be tabled at ADC for consideration.
- 8/3 **The Comprehensive Property Disposal Framework:** The matter was deferred to a future meeting
- 8/3/1 The Comprehensive Property Disposal Framework was dealt with under agenda item 5.2. The Framework will be presented to the Committee once finalised.
- 8/4 **GE Contract Extension:** Management undertook to present a summary of the financial details of the R282m maximum value of the contract extension, and the R1.1bn, originally approved at the next Committee Meeting to ensure clarity on the allocation and the timelines of payment thereof
- 8/4/1 The matter has been finalised. The annexure clarifying the reconciliation of the numbers was included in the meeting pack.
- 8/5 **IT Data Services Sourcing Strategy:** Management stated that the Company's procurement processes require all the bidders to provide their Supplier Development Plan. Management undertook to present the details of *T-System's* Supplier Development performance against targets on the existing contract for the Committee's information at the next meeting
- 8/5/1 The matter has been finalised. The presentation was included in the meeting pack. The matter referred to the commitment to spend 20% of the contract value on Supplier Development initiatives, as part of the contract extension conditions. T-Systems had however committed to spend 30%. Based on current expenditure, T-Systems was ahead of target for most of their Supplier Development initiatives, including training and spending on smaller black businesses required improvement. Responding to a Member's question, Management clarified that *T-Systems* subcontractors were known to the Company and that a detailed report was anticipated from *T-Systems* on the activities of those subcontractors as part of monitoring.
- 8/6 **Capital Expenditure Report:** The Chairperson recommended that Management should optimise capital expenditure as part of the Shareholder's Compact targets, and requested that the current projections, from a macro-economic level, be tabled for the Board's information. Furthermore, there should be a discussion if the commodities do not materialise as anticipated, and whether the Company has an opportunity to revert to the Shareholder Minister to revise the targets of the Corporate Plan. The AGCE stated that Management planned to optimise capital, given the circumstances. There is a potential to move towards a 10 year programme of R400bn as opposed to the current R337bn. The optimisation criteria included, amongst others, safety and return on investment. Management will present more details on the new figures for the 7 years and 10 years plans including the triggering mechanisms at the next Board Meeting
- 8/6/1 The matter was presented at the Board Strategy session, and is an on-going process. Further updates will be made at the next Group Exco and Board Strategy session as part of the 2016/17FY planning process.
- 8/7 **Capital Expenditure Report:** The Chairperson requested that the information should be presented to the Board prior to the Shareholder's Compact being finalised in February 2016
- 8/7/1 The matter was presented at the Board of Directors meeting held on 27 August 2015.

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Further updates will be made at the next Group Exco and Board Strategy session as part of the 2016/17FY planning process.

9 **RESOLUTIONS TRACKER**

9.1 The Committee noted the Resolutions Tracker.

10 **TRANSFER REGISTER**

10.1 The Committee noted the Transfer Register.

11 **MEETING ASSESSMENT**

11.1 The Committee ***agreed*** that the meeting was effective and satisfactorily managed. The meeting achieved the outcomes required by the Agenda.

11.2 Management will confirm the necessity of the next meeting scheduled for 26 October 2015, and that if required, the meeting should be brought forward to the week of the 19 October 2015.

Ms Khumalo

12 **ACQUISITIONS AND DISPOSALS COMMITTEE MANDATE**

12.1 The Committee noted the Acquisitions and Disposals Committee Mandate as contained in the meeting pack.

13 **CLOSE**

13.1 There being no further business to conduct, the Chairperson declared the meeting closed at 18:11.

CHAIRPERSON
DATE:

COMPANY SECRETARY
DATE:

Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB
Sent: Monday, 16 November 2015 12:08
To: Phetolo Ramosebudi Transnet Corporate JHB
Subject: Trillian Mandate
Attachments: Trillian Mandate.docx

[PRINT ON TRILLIAN HEADED NOTE PAPER]

STRICTLY PRIVATE & CONFIDENTIAL

To: Transnet SOC Ltd
43 Floor, Carlton Centre
150 Commissioner Street
Johannesburg 2001
South Africa

Attn: Phetolo Ramosebudi

[DATE]

Dear Sirs

ZAR 12,000,000,000 Club loan facility for the purchase of Locomotives and general banking.

This letter (the “**Engagement Letter**”) sets out the terms and conditions on which Trillian (as defined below) is engaged by Transnet SOC Ltd (the “**Client**”) to act as Originating, Co-ordinating Mandated Lead Arranger, in relation to a proposed ZAR 12,000,000,000 facility, to enable the Client to fund its payment obligations in connection with [the prospective] contract between the Client and [The Original Equipment] for the supply of locomotives and general banking (the “**Transaction**”).

The terms of this Engagement Letter apply to all services provided by Trillian to the Client in connection with the Engagement.

The terms and conditions which are set out in the appendix to this Engagement Letter (the “**Appendix**”) also form part of this Engagement Letter and any references to “Engagement Letter” herein and therein shall be construed accordingly. Terms defined in this cover letter have the same meaning when used in the Appendix.

1 Engagement

1.1 Scope: The Client hereby appoints Trillian (acting through its investment banking division or any Associate or other division thereof as it determines appropriate to perform the services described in this Engagement Letter) on an exclusive basis as Originating and Co-ordinating Mandated Lead Arranger, in connection with the Transaction. Accordingly, and subject to the terms of this Engagement Letter, Trillian acting through its Associates shall perform the following services in connection with the Transaction:

- (a) acting as the principal and primary point of contact for the Client in respect of the structuring and documentation of the Club Loan Financing subject to the Client being included in all correspondence with Trillian;
- (b) leading negotiations on behalf of the client (including co-ordination of lenders’ positions) on the full documentation suite for the Club Loan Financing
- (c) liaising on behalf of the Client with appropriate legal counsel, subject to the clients’ review and approval (with caps if required by the Client), co-ordination of lenders’ requests for advice and approval of legal opinions;
- (d) such other services as Trillian considers expedient and reasonable for the efficient management and completion of the documentation process for the Club Loan Financing; and

- (e) Acting as Lead Arranger and coordinator in accordance with the executed documentation for the Club Loan Financing.

1.2 Exclusivity: The Client agrees not to award any other person any fees, title or role for carrying out any services contemplated by this Engagement Letter without the prior written consent of Trillian.

1.3 Mandate letter: Prior to commencement of the documentation process the Client will, and shall procure that all other Mandated Lead Arrangers, arrangers and lenders appointed or identified in connection with the Transaction will, enter into a mandate letter with regard to, inter alia, the Engagement substantially in the relevant LMA form and otherwise in form satisfactory to Trillian.

2 **Financing and Risk Management**

Nothing in this Engagement Letter shall be deemed to be a commitment by Trillian to provide or underwrite any financing, However Trillian commit to provide financial Risk Management solution in relation to the Transaction. This could also be provided through our alliance with Regiments Capital or any of our associates.

3 **Fees and Expenses**

3.1 Fees: In consideration of Trillian accepting and carrying out the Engagement, the Client agrees to pay Trillian the following fees:

Originating and Co-ordinating the Book Build in the Club Loan

ZAR 82,000,000 due and payable upon execution of a Club loan facility agreement relating to the Transaction (including, for the avoidance of doubt, any facility agreement pursuant to which Trillian and its Associates is the Advisor, coordinator and provider of financial risk management solution.

The Client acknowledges that Trillian would wish to review the structure of the remuneration to be paid to Trillian if the nature or structure of the Transaction alters materially from that contemplated in this Engagement Letter. However, this is subject to negotiation and should the proposed revised fee be unacceptable to the Client, the Client has the right to replace Trillian with another [bank](#).

All fees payable pursuant to this Engagement Letter shall be paid in South African Rand (ZAR) and are in addition to any other fees payable to Trillian in connection with any other services or financing provided by Trillian to or for the Client in connection with the Transaction or otherwise.

3.2 Costs and Expenses: The Client agrees that it shall be responsible for all costs and expenses (including, but not limited to, any travel and accommodation expenses and the fees and disbursements of our legal and other professional advisers should their advice be required) reasonably incurred and adequately evidenced, together with any applicable value added tax or other similar taxes thereon, incurred by Trillian in connection with the Engagement, whether or not the Transaction is completed. Trillian may invoice the Client monthly for those costs and expenses incurred by Trillian for which the Client is responsible. The Client shall also be responsible for all costs of its own legal, accounting, tax and other agents or advisers as well as for all other expenses relating to the proposed Transaction.

4 **Termination**

Without prejudice to clause 9 of the Appendix, this Engagement Letter and the Engagement shall terminate on the earlier of:

- (a) The date of effectiveness of the Club Loan Facility agreement (excluding, for the avoidance of doubt, any facility agreement pursuant to which Trillian is a coordinator or advisor), or if there are multiple agreements, the date of effectiveness of the last such agreement; or
- (b) The cancellation of the Transaction by the Client; or

- (c) the date on which written notice is given by Trillian to the Client after Trillian has concluded, having taken professional advice, that it should cease to act in relation to the Engagement or the Transaction in order to comply with any legal, regulatory or similar enactment or after Trillian has concluded that it should cease to act in relation to the Engagement or the Transaction in order to protect its reputation; or
- (d) the date on which written notice is given by Trillian to the Client that the Client has failed to comply to a material extent with any terms of this Engagement Letter; or
- (e) or such other date agreed by both parties).

We look forward to working with you on the Transaction. Please confirm your agreement to the terms of this Engagement Letter by signing and returning the enclosed duplicate copy.

Yours faithfully,

For and on behalf of
TRILLIAN

Signed

Name:
Position:
Date:

Signed

Name:
Position:
Date:

We agree to the terms of this Engagement Letter.

For and on behalf of
TRANSNET SOC LTD

Signed

Name:
Position:
Date:

APPENDIX

TERMS AND CONDITIONS

1 Definitions

In this Engagement Letter the following capitalised terms have the meaning set out below:

“**Associate**” means, in relation to Trillian, each of the subsidiaries, alliance and the ultimate holding company of Trillian and each of the subsidiaries of such holding company and each of their respective directors, officers, employees, representatives and agents;

“**Trillian**” means any or all of Trillian and any Associate thereof (as the case may be);

“**Communication**” means any document, announcement or statement (including any press release) published, issued or made by or on behalf of the Client in connection with the Engagement or the Transaction;

“**Engagement**” means the engagement of Trillian by the Client to provide assistance and services in connection with the Transaction, as provided for in this Engagement Letter;

“**Party**” and “**Parties**” means each of or both the Client and Trillian;

“**Risk Management**” means all risk management tools used in connection with the Transaction (including but not limited foreign exchange rate, interest rate, inflation linked and any commodity hedging).

2 Nature of the Engagement

- 2.1 **Private Engagement:** Trillian’ appointment under this Engagement Letter is a private engagement. Accordingly, any assistance or advice rendered or provided by Trillian hereunder, in whatever form, will be solely for the use of the Board of Directors (or other equivalent governance body) of the Client in assessing the Transaction and may not be relied on or used by the Client for any other purpose.

The fact of the involvement of Trillian in connection with the Engagement, and all advice and assistance rendered or provided by Trillian in connection with the Engagement, in whatever form, is confidential and may not be disclosed to any third party, nor used or relied on by any third party, nor quoted, reproduced, summarised, described or referred to, without Trillian’ prior written consent. Furthermore, the Client agrees that it shall not make, or permit or procure to be made or solicit or assist any other person to make use of Trillian’ name or any name including the word “Trillian” for publicity or marketing purposes without Trillian’ prior written consent.

- 2.2 **Other Assistance or Advice:** The Client acknowledges and agrees that Trillian has been engaged to act only to the extent provided in this Engagement Letter. In carrying out the Engagement Trillian is an independent contractor and is not acting for the Client in any other capacity (including as agent or fiduciary to the Client or any of its affiliates). Nothing in this Engagement Letter, nor Trillian’ performance hereunder, nor any previous or existing relationship between the Client and Trillian, will be deemed to create any fiduciary relationship. In addition, Trillian will not be responsible for providing or arranging for the provision of any general financial, strategic or specialist advice, including legal, regulatory, accounting, specialist asset valuation, model auditing, taxation or other technical advice or services which the Client may require. For the purpose of the Engagement, Trillian shall be entitled to rely on any advice provided by other advisers to the Client in connection with the Transaction. However, in no circumstance shall Trillian be responsible for any such advice or for any other work performed by persons other than Trillian.
- 2.3 **Instructions:** Subject to any written instructions to the contrary, Trillian will have authority to do anything which it considers necessary or desirable to carry out the Engagement. Trillian may assume that instructions have been properly authorised by the Client if they are given or purport to be given by a person who is or purports to be and is reasonably believed by Trillian to be a director, employee or other authorised person of the Client.
- 2.4 **Commercial Assumptions:** The Client will remain solely responsible for the commercial assumptions on which any financial advice provided by Trillian is based and agrees that Trillian may rely on any commercial assessments conveyed to it by the Client or any director, employee, other authorised person, agent or representative of the Client. In addition, if Trillian agrees to provide any model to the Client in connection with the Transaction, the Client acknowledges and agrees that such model will have been prepared solely for use by Trillian, may not be suitable for use by the Client or any other party and accordingly Trillian shall have no liability whether in contract, tort (including negligence) or otherwise to the Client or any other person arising out of or in connection with the Client’s or such other party’s use of such model. Any valuation advice or model provided by Trillian will be subject to such assumptions and disclaimers as are considered appropriate by Trillian.
- 2.5 **Independent Investigation:** The Client shall be responsible for making its own independent investigation and appraisal of the risks, benefits, appropriateness and suitability to and for it of the Transaction and any other transactions contemplated by this Engagement Letter and Trillian is not making any recommendation (personal or otherwise) or giving any investment advice and will have no liability with respect thereto. The decision to proceed

with any Transaction will be made by the Client in the light of its own commercial assessments and Trillian will not be responsible for such decision to proceed or such assessments. Unless expressly agreed otherwise in this Engagement Letter, Trillian will not be required to assist the Client in the co-ordination of due diligence work to be conducted by the Client and other advisers instructed by the Client. Trillian shall not in any circumstances be responsible for the adequacy of the Client's due diligence exercise and nor shall Trillian be required to either review the Client's due diligence or conduct any due diligence work itself. It is the responsibility of the Client to inform itself of the work performed by and the advice given by its other advisers and to make its own assessment of such work and advice.

- 2.6 **Compliance:** The Client will comply with, and will assist Trillian in complying with, all applicable legal and regulatory provisions relevant to the Transaction, including without limitation those of any stock exchange or other regulatory body applicable to this Transaction.

3 Confidentiality

- 3.1 **Confidential Information:** Subject to clauses 2.1 above and 7.5 below, all information received by each of the Parties from the other in relation to the Engagement shall not be used otherwise than for the purpose of the Engagement, shall be treated as confidential by the recipient and shall not be disclosed to anyone other than the parties to this Engagement Letter unless (i) it is or later becomes public knowledge other than by breach of this Engagement Letter, (ii) it is disclosed to the recipient by a third party reasonably assumed by the recipient not to have breached a duty of confidentiality to the Client or is already in the possession of the recipient and not subject to any duty of confidentiality, (iii) it is disclosed to the recipient's professional advisers (with the prior approval of Trillian) and employees provided that such advisers and employees are made aware of the confidential nature of the information, (iv) it is required to be disclosed by reason of any law, court or regulatory process or regulation or is necessary in the view of the recipient to establish any defence in such process or (v) it is disclosed by the recipient with the other party's prior consent.
- 3.2 **Club Loan Product Enhancement:** Any financial engineering undertaken or advice given by Trillian in relation to the structuring of any Club Loan Facility (i.e. over and above the relevant Club Loan's "plain vanilla" loan product) by Trillian in connection with the Transaction shall be treated as confidential by the Client and shall not be disclosed to third parties.
- 3.3 **Inside Information:** Trillian shall not be responsible for the creation or maintenance of insider lists other than Trillian's own list of persons within Trillian acting on the Client's behalf and with access to inside information relating to the Client, as required by the appropriate rules or regulations.

4 Intellectual Property

Trillian and its affiliates retain the copyright and all other relevant intellectual property rights in their work products. If the Client makes any copies of the documents that Trillian prepares, the Client agrees that such copies will be used only for the purposes of the Transaction and not (unless otherwise agreed by Trillian) for other matters.

5 Payment Terms

Unless otherwise provided by this Engagement Letter, all fees, reimbursement of expenses and other sums payable to Trillian in connection with the Engagement are payable in cash and are due within ten business days of written demand by Trillian. Unless otherwise indicated, any fees or other prices quoted by Trillian to the Client are exclusive of value added tax or other similar taxes. All sums payable to Trillian shall be paid without deduction or withholding on account of tax of any nature unless such deduction or withholding is required by law. If the Client is required by law to make any deduction or withholding on account of any tax, the amount payable shall be grossed up to the extent necessary to ensure that, after such deduction or withholding, the amount received and retained by Trillian will equal the full amount which would have been received had no deduction or withholding been made.

6 No Obligation to Underwrite/Fund

Trillian shall not be obliged by this Engagement Letter to sell, acquire, place or underwrite any securities or to lend moneys or provide any other commitment, facility, product, Risk Management solution or service in any way in connection with the Transaction, nor does Trillian represent by the Engagement Letter that it will be possible or advisable to arrange or provide any applicable financing or Risk Management solution for the Transaction or for any financing or Risk Management solution to proceed. Any such participation by Trillian in the Transaction would be the subject of separate documentation prepared and negotiated in accordance with international standards and would only be signed following (i) satisfactory completion of all documentation for the Transaction, (ii) receipt of all necessary internal approvals and (iii) in the determination of Trillian, the completion of satisfactory due diligence in respect of the Client or the subject matter of the Transaction, as applicable.

7 Information, Communications and Publicity

- 7.1 **Provision of Information:** The Client shall promptly provide or procure the provision to Trillian of all information concerning the Transaction, and the business and affairs of the Client and its affiliates which is relevant to Trillian for the proper performance of the Engagement (including information or advice provided to the Client by its other professional advisers) and all such further information as Trillian or its advisers may reasonably request. In particular, the Client shall provide Trillian and its advisers with such direct access to the directors and management of, and advisers to, the Client and its affiliates for the purpose of the Engagement as Trillian may reasonably request.

- 7.2 **Accuracy of Information:** The Client shall ensure that any information supplied by it (the “**Information**”) to Trillian, whether provided orally or in writing and including any expressions of opinion, shall be true, accurate, complete and not misleading in any material way and shall not intentionally omit any material information. The Client will promptly notify Trillian if it subsequently discovers something during the term of this Engagement Letter which renders any such information untrue, inaccurate or misleading in any material respect. The Client acknowledges that Trillian will be relying on the Information and any other information supplied to Trillian on the Client’s behalf or available to Trillian from public sources without carrying out any independent verification. The Client agrees that any information furnished to Trillian in connection with the performance of its services under this Engagement Letter shall have been properly obtained and may be properly furnished to Trillian.
- 7.3 **Communications:** All Communications shall be true, fair and accurate and not misleading (whether by omission or otherwise) and shall be published, issued or made so long as they don’t prejudice or negatively impact Trillian in any way Trillian (save in the case of any Communication which refers directly or indirectly to Trillian, in which case such Communication shall only be published, issued or made with the consent of Trillian). Save as otherwise expressly agreed in writing, Trillian will not be required to approve, issue, transmit or otherwise disseminate any Communication in connection with the Engagement for the purposes of any applicable legislation, regulation or otherwise.
- 7.4 **Developments:** The Client undertakes that it shall at all times keep Trillian fully informed of all strategies, developments and discussions relevant to the Engagement and that no action which may directly or indirectly affect the Engagement will be taken without prior consultation with Trillian.
- 7.5 **Publicity:** The Client expressly authorises Trillian to (a) disclose the existence of the Engagement and (b) advertise and publicise its role(s) with regard thereto in the ordinary course of its business. Trillian may do so by, inter alia, placing “tombstones” or similar advertisements in financial or other publications and in marketing and pitching materials provided to prospective clients. These advertisements and marketing materials may contain the Client’s name and logo and may describe the services provided or to be provided by Trillian to the Client. They will be prepared and placed at Trillian’s own expense.

8 Indemnity

- 8.1 **Indemnity:** The Client shall indemnify and hold harmless Trillian and its Associates (each, an “**Indemnified Person**”) on an after-tax basis from and against all claims, actions, proceedings, demands, liabilities, losses, damages, costs and expenses (including legal fees, costs and expenses, and all costs and expenses incurred in connection with investigating, preparing for and defending any such claim, action or proceeding which is pending or threatened) of whatever nature and in whichever jurisdiction, which any Indemnified Person may suffer or incur arising out of or in connection with the Engagement, the Transaction or any other matter or activity referred to in or contemplated by this Engagement Letter, or arising out of any breach by the Client of any of its obligations, duties or any representations or warranties the Client may give or be deemed to have given under the terms of this Engagement Letter, save to the extent that any such liability, loss, damage, cost or expense is finally and judicially determined by a court of competent jurisdiction to have been directly caused by the fraud, gross negligence or wilful default of the Indemnified Person.
- 8.2 **Limitation of Liability:** Neither Trillian nor any of its Associates will be liable to the Client in relation to the Transaction or the Engagement, save to the extent that a court of competent jurisdiction finally and judicially determines that the Client has suffered a loss directly caused by the fraud, gross negligence or wilful default of Trillian or such Associate. The Client agrees that, without prejudice to any claim the Client may have against Trillian or its Associates, no claims may be brought, threatened or established against any director, officer, employee or agent of Trillian or its Associates in respect of the subject matter of this Engagement Letter or the Transaction.
- 8.3 **Proportionality:** Where any damage or loss is suffered by the Client for which Trillian is or would otherwise be liable with any other person including the Client (an “**Other Liable Person**”), the extent to which such damage or loss shall be recoverable by the Client from Trillian shall be limited so as to be in proportion to Trillian’s contribution to the overall cause of such damage or loss, as agreed between the Client and Trillian or, in the absence of agreement, as finally determined by a court of competent jurisdiction. For the purposes of determining Trillian’s proportionate contribution or liability for the damage or loss in question, no account shall be taken of (a) any limitation or exclusion of liability of any Other Liable Person under contract or law (including by virtue of the expiry of any applicable period of limitation or prescription) (a “**Relevant Limitation**”), or (b) any actual or potential shortfall in recovery from any Other Liable Person whether due to settlement, limitation of liability, or the insolvency, bankruptcy, death or dissolution of any Other Liable Person. The degree to which Trillian may rely on the work or advice of any other person will be unaffected by any Relevant Limitation.
- 8.4 **Rights Additional:** This clause 8 is in addition to any rights which Trillian or any of its Associates may have at common law or otherwise including, but not limited to, any right of contribution, and the benefit of this clause 8 is held by Trillian for itself and as trustee for its Associates.

9 Provisions Which Survive Termination or Expiry

Any termination or expiry of the Engagement shall be without prejudice to any accrued rights and obligations of the parties and shall not affect in any way the provisions of the following clauses, which shall survive any termination and / or expiry (as the case may be) and shall remain in full force and effect: paragraphs 2 (Financing and Risk Management) and 3 (Fees and Expenses) of the cover letter and clauses 2.1 (Private Engagement), 3.2 and 3.3 (Confidentiality), 4 (Intellectual Property), 5 (Payment Terms), 7.3 (Communications), 7.5 (Publicity), 8 (Indemnity),

10 (Conflicts of Interest), 11.1 (Governing Law and Jurisdiction), 11.2 (Service of Process) and 11.3 (Assignment) of this Appendix.

10 Conflicts of Interest

- 10.1 Trillian is involved in a wide range of commercial banking, investment banking and other activities out of which conflicting interests or duties may arise. The Client acknowledges and accepts that there may be situations in which parts of Trillian or their clients or their personnel either now or may in the future have interests, owe duties, or take actions, that could potentially conflict with the Client's interests or duties owed to the Client in relation to the Transaction. Trillian has in place policies and procedures to identify consider and manage such potential conflicts of interest.
- 10.2 The Client acknowledges and agrees that no part of Trillian is required to restrict its activities as a result of the Engagement or its participation in the Transaction, and that all parts of Trillian may undertake any activity without further consultation with or notification to the Client. Neither the terms or existence of this Engagement Letter, nor the receipt by any part of Trillian of confidential information, nor any other matter shall give rise to any fiduciary, equitable or contractual duties (including without limitation any duty of trust or confidence) that would prevent or restrict any part of Trillian from carrying on any activity, including providing services or advice to any person or engaging in any financing, Risk Management Solution or other transaction (on its own account or otherwise). Furthermore, the Client agrees that Trillian shall not be required to account to the Client for any revenue or profits obtained in connection with any activities of Trillian as referred to in this clause 10.
- 10.3 In relation to the Engagement, information which is held elsewhere within Trillian but of which none of the individual directors, officers or employees having conduct of the Engagement actually has knowledge (or can properly obtain knowledge without a breach of internal procedures), shall not for any purpose be taken into account in determining Trillian's responsibilities to the Client under the Engagement. No part of Trillian shall have any duty to disclose to the Client or utilise for the Client's benefit any non-public information acquired in the course of providing services to any other person, engaging in any transaction (for its own account or otherwise) or otherwise carrying on its business.

11 General

- 11.1 **Governing Law and Jurisdiction:** This Engagement Letter is and all matters, disputes, claims or non-contractual obligations arising under or in connection with it are governed by and shall be construed in accordance with South African law and the Parties hereby irrevocably submit to the exclusive jurisdiction of the High Court of South Africa (Gauteng Local Division, Johannesburg) , (or any successor to that division) to settle any dispute arising out of or in connection with this Engagement Letter (including a dispute relating to any non-contractual obligations arising out of or in connection with this Engagement Letter) or, notwithstanding the foregoing, either Party may elect by written notice to proceed by way of arbitration ("**Arbitration**") in South Africa under the Rules of the Arbitration Foundation of Southern African ("**AFSA**").

In the case of Arbitration, the arbitration rules of AFSA in place at the relevant time are deemed to be incorporated herein. Subject to the AFSA rules, the tribunal will consist of three arbitrators. The claimant shall nominate one arbitrator, the respondent shall nominate one arbitrator, and the third, who shall act as chairman, shall be selected and appointed by AFSA. The chosen arbitrators shall be practising attorneys or advocates with at least 15 years' experience in commercial and banking law. The seat of arbitration shall be Johannesburg, South Africa, all hearings shall take place in Johannesburg, South Africa, the arbitration proceedings shall be conducted in the English language and the Award shall be in English. The Parties agree decision of the tribunal shall be final and binding on the Parties.

The Arbitral Tribunal shall use its best efforts to produce a final and binding award within six months of the date on which the Arbitral Tribunal is fully constituted. The Parties shall use their best efforts to assist the Arbitral Tribunal in achieving this objective.

- 11.2 **Service of Process:** The Client agrees that the documents which start any legal proceedings and any other documents required to be served in relation to those proceedings may be served on it by delivery of those documents to 43 floor, 150 Commissioner Street, Johannesburg.].
- 11.3 **Assignment:** The Client may not assign or delegate any of its rights or obligations hereunder without the prior written consent of Trillian which consent will not be unreasonably withheld.
- 11.4 **Entire Agreement:** This Engagement Letter constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto, whether written or oral. This Engagement Letter may be executed in counterparts and may not be amended except in writing signed by all Parties hereto.
- 11.5 **Severability:** If any provision of this Engagement Letter is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.
- 11.6 **Regulation:** Trillian is authorised by the Financial Services Board (FSB) and, to the extent required, the Client acknowledges that Trillian will have imposed on it certain resulting obligations.

[PRINT ON TRILLIAN HEADED NOTE PAPER]

STRICTLY PRIVATE & CONFIDENTIAL

To: Transnet SOC Ltd
43 Floor, Carlton Centre
150 Commissioner Street
Johannesburg 2001
South Africa

Attn: Phetolo Ramosebudi

[DATE]

Dear Sirs

ZAR 12,000,000,000 Club loan facility for the purchase of Locomotives and general banking.

This letter (the “**Engagement Letter**”) sets out the terms and conditions on which Trillian (as defined below) is engaged by Transnet SOC Ltd (the “**Client**”) to act as Originating, Co-ordinating Mandated Lead Arranger, in relation to a proposed ZAR 12,000,000,000 facility, to enable the Client to fund its payment obligations in connection with [the prospective] contract between the Client and [The Original Equipment] for the supply of locomotives and general banking (the “**Transaction**”).

The terms of this Engagement Letter apply to all services provided by Trillian to the Client in connection with the Engagement.

The terms and conditions which are set out in the appendix to this Engagement Letter (the “**Appendix**”) also form part of this Engagement Letter and any references to “Engagement Letter” herein and therein shall be construed accordingly. Terms defined in this cover letter have the same meaning when used in the Appendix.

1 Engagement

1.1 Scope: The Client hereby appoints Trillian (acting through its investment banking division or any Associate or other division thereof as it determines appropriate to perform the services described in this Engagement Letter) on an exclusive basis as Originating and Co-ordinating Mandated Lead Arranger, in connection with the Transaction. Accordingly, and subject to the terms of this Engagement Letter, Trillian acting through its Associates shall perform the following services in connection with the Transaction:

- (a) acting as the principal and primary point of contact for the Client in respect of the structuring and documentation of the Club Loan Financing subject to the Client being included in all correspondence with Trillian;
- (b) leading negotiations on behalf of the client (including co-ordination of lenders’ positions) on the full documentation suite for the Club Loan Financing
- (c) liaising on behalf of the Client with appropriate legal counsel, subject to the clients’ review and approval (with caps if required by the Client), co-ordination of lenders’ requests for advice and approval of legal opinions;
- (d) such other services as Trillian considers expedient and reasonable for the efficient management and completion of the documentation process for the Club Loan Financing; and

- (e) Acting as Lead Arranger and coordinator in accordance with the executed documentation for the Club Loan Financing.

- 1.2 Exclusivity: The Client agrees not to award any other person any fees, title or role for carrying out any services contemplated by this Engagement Letter without the prior written consent of Trillian.
- 1.3 Mandate letter: Prior to commencement of the documentation process the Client will, and shall procure that all other Mandated Lead Arrangers, arrangers and lenders appointed or identified in connection with the Transaction will, enter into a mandate letter with regard to, inter alia, the Engagement substantially in the relevant LMA form and otherwise in form satisfactory to Trillian.

2 **Financing and Risk Management**

Nothing in this Engagement Letter shall be deemed to be a commitment by Trillian to provide or underwrite any financing. However Trillian commit to provide financial Risk Management solution in relation to the Transaction. This could also be provided through our alliance with Regiments Capital or any of our associates.

3 **Fees and Expenses**

- 3.1 Fees: In consideration of Trillian accepting and carrying out the Engagement, the Client agrees to pay Trillian the following fees:

Originating and Co-ordinating the Book Build in the Club Loan

ZAR 82,000,000 due and payable upon execution of a Club loan facility agreement relating to the Transaction (including, for the avoidance of doubt, any facility agreement pursuant to which Trillian and its Associates is the Advisor, coordinator and provider of financial risk management solution.

The Client acknowledges that Trillian would wish to review the structure of the remuneration to be paid to Trillian if the nature or structure of the Transaction alters materially from that contemplated in this Engagement Letter. However, this is subject to negotiation and should the proposed revised fee be unacceptable to the Client, the Client has the right to replace Trillian with another [bank](#).

All fees payable pursuant to this Engagement Letter shall be paid in South African Rand (ZAR) and are in addition to any other fees payable to Trillian in connection with any other services or financing provided by Trillian to or for the Client in connection with the Transaction or otherwise.

- 3.2 Costs and Expenses: The Client agrees that it shall be responsible for all costs and expenses (including, but not limited to, any travel and accommodation expenses and the fees and disbursements of our legal and other professional advisers should their advice be required) reasonably incurred and adequately evidenced, together with any applicable value added tax or other similar taxes thereon, incurred by Trillian in connection with the Engagement, whether or not the Transaction is completed. Trillian may invoice the Client monthly for those costs and expenses incurred by Trillian for which the Client is responsible. The Client shall also be responsible for all costs of its own legal, accounting, tax and other agents or advisers as well as for all other expenses relating to the proposed Transaction.

4 **Termination**

Without prejudice to clause 9 of the Appendix, this Engagement Letter and the Engagement shall terminate on the earlier of:

- (a) The date of effectiveness of the Club Loan Facility agreement (excluding, for the avoidance of doubt, any facility agreement pursuant to which Trillian is a coordinator or advisor), or if there are multiple agreements, the date of effectiveness of the last such agreement; or
- (b) The cancellation of the Transaction by the Client; or

- (c) the date on which written notice is given by Trillian to the Client after Trillian has concluded, having taken professional advice, that it should cease to act in relation to the Engagement or the Transaction in order to comply with any legal, regulatory or similar enactment or after Trillian has concluded that it should cease to act in relation to the Engagement or the Transaction in order to protect its reputation; or
- (d) the date on which written notice is given by Trillian to the Client that the Client has failed to comply to a material extent with any terms of this Engagement Letter; or
- (e) or such other date agreed by both parties).

We look forward to working with you on the Transaction. Please confirm your agreement to the terms of this Engagement Letter by signing and returning the enclosed duplicate copy.

Yours faithfully,

For and on behalf of
TRILLIAN

Signed

Name:
Position:
Date:

Signed

Name:
Position:
Date:

We agree to the terms of this Engagement Letter.

For and on behalf of

TRANSNET SOC LTD

Signed

Name:
Position:
Date:

APPENDIX

TERMS AND CONDITIONS

1 Definitions

In this Engagement Letter the following capitalised terms have the meaning set out below:

“**Associate**” means, in relation to Trillian, each of the subsidiaries, alliance and the ultimate holding company of Trillian and each of the subsidiaries of such holding company and each of their respective directors, officers, employees, representatives and agents;

“**Trillian**” means any or all of Trillian and any Associate thereof (as the case may be);

“**Communication**” means any document, announcement or statement (including any press release) published, issued or made by or on behalf of the Client in connection with the Engagement or the Transaction;

“**Engagement**” means the engagement of Trillian by the Client to provide assistance and services in connection with the Transaction, as provided for in this Engagement Letter;

“**Party**” and “**Parties**” means each of or both the Client and Trillian;

“**Risk Management**” means all risk management tools used in connection with the Transaction (including but not limited foreign exchange rate, interest rate, inflation linked and any commodity hedging).

2 Nature of the Engagement

- 2.1 **Private Engagement:** Trillian’ appointment under this Engagement Letter is a private engagement. Accordingly, any assistance or advice rendered or provided by Trillian hereunder, in whatever form, will be solely for the use of the Board of Directors (or other equivalent governance body) of the Client in assessing the Transaction and may not be relied on or used by the Client for any other purpose.

The fact of the involvement of Trillian in connection with the Engagement, and all advice and assistance rendered or provided by Trillian in connection with the Engagement, in whatever form, is confidential and may not be disclosed to any third party, nor used or relied on by any third party, nor quoted, reproduced, summarised, described or referred to, without Trillian’ prior written consent. Furthermore, the Client agrees that it shall not make, or permit or procure to be made or solicit or assist any other person to make use of Trillian’ name or any name including the word “Trillian” for publicity or marketing purposes without Trillian’ prior written consent.

- 2.2 **Other Assistance or Advice:** The Client acknowledges and agrees that Trillian has been engaged to act only to the extent provided in this Engagement Letter. In carrying out the Engagement Trillian is an independent contractor and is not acting for the Client in any other capacity (including as agent or fiduciary to the Client or any of its affiliates). Nothing in this Engagement Letter, nor Trillian’ performance hereunder, nor any previous or existing relationship between the Client and Trillian, will be deemed to create any fiduciary relationship. In addition, Trillian will not be responsible for providing or arranging for the provision of any general financial, strategic or specialist advice, including legal, regulatory, accounting, specialist asset valuation, model auditing, taxation or other technical advice or services which the Client may require. For the purpose of the Engagement, Trillian shall be entitled to rely on any advice provided by other advisers to the Client in connection with the Transaction. However, in no circumstance shall Trillian be responsible for any such advice or for any other work performed by persons other than Trillian.
- 2.3 **Instructions:** Subject to any written instructions to the contrary, Trillian will have authority to do anything which it considers necessary or desirable to carry out the Engagement. Trillian may assume that instructions have been properly authorised by the Client if they are given or purport to be given by a person who is or purports to be and is reasonably believed by Trillian to be a director, employee or other authorised person of the Client.
- 2.4 **Commercial Assumptions:** The Client will remain solely responsible for the commercial assumptions on which any financial advice provided by Trillian is based and agrees that Trillian may rely on any commercial assessments conveyed to it by the Client or any director, employee, other authorised person, agent or representative of the Client. In addition, if Trillian agrees to provide any model to the Client in connection with the Transaction, the Client acknowledges and agrees that such model will have been prepared solely for use by Trillian, may not be suitable for use by the Client or any other party and accordingly Trillian shall have no liability whether in contract, tort (including negligence) or otherwise to the Client or any other person arising out of or in connection with the Client’s or such other party’s use of such model. Any valuation advice or model provided by Trillian will be subject to such assumptions and disclaimers as are considered appropriate by Trillian.
- 2.5 **Independent Investigation:** The Client shall be responsible for making its own independent investigation and appraisal of the risks, benefits, appropriateness and suitability to and for it of the Transaction and any other transactions contemplated by this Engagement Letter and Trillian is not making any recommendation (personal or otherwise) or giving any investment advice and will have no liability with respect thereto. The decision to proceed

with any Transaction will be made by the Client in the light of its own commercial assessments and Trillian will not be responsible for such decision to proceed or such assessments. Unless expressly agreed otherwise in this Engagement Letter, Trillian will not be required to assist the Client in the co-ordination of due diligence work to be conducted by the Client and other advisers instructed by the Client. Trillian shall not in any circumstances be responsible for the adequacy of the Client's due diligence exercise and nor shall Trillian be required to either review the Client's due diligence or conduct any due diligence work itself. It is the responsibility of the Client to inform itself of the work performed by and the advice given by its other advisers and to make its own assessment of such work and advice.

- 2.6 **Compliance:** The Client will comply with, and will assist Trillian in complying with, all applicable legal and regulatory provisions relevant to the Transaction, including without limitation those of any stock exchange or other regulatory body applicable to this Transaction.

3 Confidentiality

- 3.1 **Confidential Information:** Subject to clauses 2.1 above and 7.5 below, all information received by each of the Parties from the other in relation to the Engagement shall not be used otherwise than for the purpose of the Engagement, shall be treated as confidential by the recipient and shall not be disclosed to anyone other than the parties to this Engagement Letter unless (i) it is or later becomes public knowledge other than by breach of this Engagement Letter, (ii) it is disclosed to the recipient by a third party reasonably assumed by the recipient not to have breached a duty of confidentiality to the Client or is already in the possession of the recipient and not subject to any duty of confidentiality, (iii) it is disclosed to the recipient's professional advisers (with the prior approval of Trillian) and employees provided that such advisers and employees are made aware of the confidential nature of the information, (iv) it is required to be disclosed by reason of any law, court or regulatory process or regulation or is necessary in the view of the recipient to establish any defence in such process or (v) it is disclosed by the recipient with the other party's prior consent.

- 3.2 **Club Loan Product Enhancement:** Any financial engineering undertaken or advice given by Trillian in relation to the structuring of any Club Loan Facility (i.e. over and above the relevant Club Loan's "plain vanilla" loan product) by Trillian in connection with the Transaction shall be treated as confidential by the Client and shall not be disclosed to third parties.

- 3.3 **Inside Information:** Trillian shall not be responsible for the creation or maintenance of insider lists other than Trillian's own list of persons within Trillian acting on the Client's behalf and with access to inside information relating to the Client, as required by the appropriate rules or regulations.

4 Intellectual Property

Trillian and its affiliates retain the copyright and all other relevant intellectual property rights in their work products. If the Client makes any copies of the documents that Trillian prepares, the Client agrees that such copies will be used only for the purposes of the Transaction and not (unless otherwise agreed by Trillian) for other matters.

5 Payment Terms

Unless otherwise provided by this Engagement Letter, all fees, reimbursement of expenses and other sums payable to Trillian in connection with the Engagement are payable in cash and are due within ten business days of written demand by Trillian. Unless otherwise indicated, any fees or other prices quoted by Trillian to the Client are exclusive of value added tax or other similar taxes. All sums payable to Trillian shall be paid without deduction or withholding on account of tax of any nature unless such deduction or withholding is required by law. If the Client is required by law to make any deduction or withholding on account of any tax, the amount payable shall be grossed up to the extent necessary to ensure that, after such deduction or withholding, the amount received and retained by Trillian will equal the full amount which would have been received had no deduction or withholding been made.

6 No Obligation to Underwrite/Fund

Trillian shall not be obliged by this Engagement Letter to sell, acquire, place or underwrite any securities or to lend moneys or provide any other commitment, facility, product, Risk Management solution or service in any way in connection with the Transaction, nor does Trillian represent by the Engagement Letter that it will be possible or advisable to arrange or provide any applicable financing or Risk Management solution for the Transaction or for any financing or Risk Management solution to proceed. Any such participation by Trillian in the Transaction would be the subject of separate documentation prepared and negotiated in accordance with international standards and would only be signed following (i) satisfactory completion of all documentation for the Transaction, (ii) receipt of all necessary internal approvals and (iii) in the determination of Trillian, the completion of satisfactory due diligence in respect of the Client or the subject matter of the Transaction, as applicable.

7 Information, Communications and Publicity

- 7.1 **Provision of Information:** The Client shall promptly provide or procure the provision to Trillian of all information concerning the Transaction, and the business and affairs of the Client and its affiliates which is relevant to Trillian for the proper performance of the Engagement (including information or advice provided to the Client by its other professional advisers) and all such further information as Trillian or its advisers may reasonably request. In particular, the Client shall provide Trillian and its advisers with such direct access to the directors and management of, and advisers to, the Client and its affiliates for the purpose of the Engagement as Trillian may reasonably request.

- 7.2 **Accuracy of Information:** The Client shall ensure that any information supplied by it (the “**Information**”) to Trillian, whether provided orally or in writing and including any expressions of opinion, shall be true, accurate, complete and not misleading in any material way and shall not intentionally omit any material information. The Client will promptly notify Trillian if it subsequently discovers something during the term of this Engagement Letter which renders any such information untrue, inaccurate or misleading in any material respect. The Client acknowledges that Trillian will be relying on the Information and any other information supplied to Trillian on the Client’s behalf or available to Trillian from public sources without carrying out any independent verification. The Client agrees that any information furnished to Trillian in connection with the performance of its services under this Engagement Letter shall have been properly obtained and may be properly furnished to Trillian.
- 7.3 **Communications:** All Communications shall be true, fair and accurate and not misleading (whether by omission or otherwise) and shall be published, issued or made so long as they don’t prejudice or negatively impact Trillian in any way Trillian (save in the case of any Communication which refers directly or indirectly to Trillian, in which case such Communication shall only be published, issued or made with the consent of Trillian). Save as otherwise expressly agreed in writing, Trillian will not be required to approve, issue, transmit or otherwise disseminate any Communication in connection with the Engagement for the purposes of any applicable legislation, regulation or otherwise.
- 7.4 **Developments:** The Client undertakes that it shall at all times keep Trillian fully informed of all strategies, developments and discussions relevant to the Engagement and that no action which may directly or indirectly affect the Engagement will be taken without prior consultation with Trillian.
- 7.5 **Publicity:** The Client expressly authorises Trillian to (a) disclose the existence of the Engagement and (b) advertise and publicise its role(s) with regard thereto in the ordinary course of its business. Trillian may do so by, inter alia, placing “tombstones” or similar advertisements in financial or other publications and in marketing and pitching materials provided to prospective clients. These advertisements and marketing materials may contain the Client’s name and logo and may describe the services provided or to be provided by Trillian to the Client. They will be prepared and placed at Trillian’s own expense.

8 **Indemnity**

- 8.1 **Indemnity:** The Client shall indemnify and hold harmless Trillian and its Associates (each, an “**Indemnified Person**”) on an after-tax basis from and against all claims, actions, proceedings, demands, liabilities, losses, damages, costs and expenses (including legal fees, costs and expenses, and all costs and expenses incurred in connection with investigating, preparing for and defending any such claim, action or proceeding which is pending or threatened) of whatever nature and in whichever jurisdiction, which any Indemnified Person may suffer or incur arising out of or in connection with the Engagement, the Transaction or any other matter or activity referred to in or contemplated by this Engagement Letter, or arising out of any breach by the Client of any of its obligations, duties or any representations or warranties the Client may give or be deemed to have given under the terms of this Engagement Letter, save to the extent that any such liability, loss, damage, cost or expense is finally and judicially determined by a court of competent jurisdiction to have been directly caused by the fraud, gross negligence or wilful default of the Indemnified Person.
- 8.2 **Limitation of Liability:** Neither Trillian nor any of its Associates will be liable to the Client in relation to the Transaction or the Engagement, save to the extent that a court of competent jurisdiction finally and judicially determines that the Client has suffered a loss directly caused by the fraud, gross negligence or wilful default of Trillian or such Associate. The Client agrees that, without prejudice to any claim the Client may have against Trillian or its Associates, no claims may be brought, threatened or established against any director, officer, employee or agent of Trillian or its Associates in respect of the subject matter of this Engagement Letter or the Transaction.
- 8.3 **Proportionality:** Where any damage or loss is suffered by the Client for which Trillian is or would otherwise be liable with any other person including the Client (an “**Other Liable Person**”), the extent to which such damage or loss shall be recoverable by the Client from Trillian shall be limited so as to be in proportion to Trillian’s contribution to the overall cause of such damage or loss, as agreed between the Client and Trillian or, in the absence of agreement, as finally determined by a court of competent jurisdiction. For the purposes of determining Trillian’s proportionate contribution or liability for the damage or loss in question, no account shall be taken of (a) any limitation or exclusion of liability of any Other Liable Person under contract or law (including by virtue of the expiry of any applicable period of limitation or prescription) (a “**Relevant Limitation**”), or (b) any actual or potential shortfall in recovery from any Other Liable Person whether due to settlement, limitation of liability, or the insolvency, bankruptcy, death or dissolution of any Other Liable Person. The degree to which Trillian may rely on the work or advice of any other person will be unaffected by any Relevant Limitation.
- 8.4 **Rights Additional:** This clause 8 is in addition to any rights which Trillian or any of its Associates may have at common law or otherwise including, but not limited to, any right of contribution, and the benefit of this clause 8 is held by Trillian for itself and as trustee for its Associates.

9 **Provisions Which Survive Termination or Expiry**

Any termination or expiry of the Engagement shall be without prejudice to any accrued rights and obligations of the parties and shall not affect in any way the provisions of the following clauses, which shall survive any termination and / or expiry (as the case may be) and shall remain in full force and effect: paragraphs 2 (Financing and Risk Management) and 3 (Fees and Expenses) of the cover letter and clauses 2.1 (Private Engagement), 3.2 and 3.3 (Confidentiality), 4 (Intellectual Property), 5 (Payment Terms), 7.3 (Communications), 7.5 (Publicity), 8 (Indemnity),

10 (Conflicts of Interest), 11.1 (Governing Law and Jurisdiction), 11.2 (Service of Process) and 11.3 (Assignment) of this Appendix.

10 Conflicts of Interest

- 10.1 Trillian is involved in a wide range of commercial banking, investment banking and other activities out of which conflicting interests or duties may arise. The Client acknowledges and accepts that there may be situations in which parts of Trillian or their clients or their personnel either now or may in the future have interests, owe duties, or take actions, that could potentially conflict with the Client's interests or duties owed to the Client in relation to the Transaction. Trillian has in place policies and procedures to identify consider and manage such potential conflicts of interest.
- 10.2 The Client acknowledges and agrees that no part of Trillian is required to restrict its activities as a result of the Engagement or its participation in the Transaction, and that all parts of Trillian may undertake any activity without further consultation with or notification to the Client. Neither the terms or existence of this Engagement Letter, nor the receipt by any part of Trillian of confidential information, nor any other matter shall give rise to any fiduciary, equitable or contractual duties (including without limitation any duty of trust or confidence) that would prevent or restrict any part of Trillian from carrying on any activity, including providing services or advice to any person or engaging in any financing, Risk Management Solution or other transaction (on its own account or otherwise). Furthermore, the Client agrees that Trillian shall not be required to account to the Client for any revenue or profits obtained in connection with any activities of Trillian as referred to in this clause 10.
- 10.3 In relation to the Engagement, information which is held elsewhere within Trillian but of which none of the individual directors, officers or employees having conduct of the Engagement actually has knowledge (or can properly obtain knowledge without a breach of internal procedures), shall not for any purpose be taken into account in determining Trillian's responsibilities to the Client under the Engagement. No part of Trillian shall have any duty to disclose to the Client or utilise for the Client's benefit any non-public information acquired in the course of providing services to any other person, engaging in any transaction (for its own account or otherwise) or otherwise carrying on its business.

11 General

- 11.1 **Governing Law and Jurisdiction:** This Engagement Letter is and all matters, disputes, claims or non-contractual obligations arising under or in connection with it are governed by and shall be construed in accordance with South African law and the Parties hereby irrevocably submit to the exclusive jurisdiction of the High Court of South Africa (Gauteng Local Division, Johannesburg) , (or any successor to that division) to settle any dispute arising out of or in connection with this Engagement Letter (including a dispute relating to any non-contractual obligations arising out of or in connection with this Engagement Letter) or, notwithstanding the foregoing, either Party may elect by written notice to proceed by way of arbitration ("**Arbitration**") in South Africa under the Rules of the Arbitration Foundation of Southern African ("AFSA").

In the case of Arbitration, the arbitration rules of AFSA in place at the relevant time are deemed to be incorporated herein. Subject to the AFSA rules, the tribunal will consist of three arbitrators. The claimant shall nominate one arbitrator, the respondent shall nominate one arbitrator, and the third, who shall act as chairman, shall be selected and appointed by AFSA. The chosen arbitrators shall be practising attorneys or advocates with at least 15 years' experience in commercial and banking law. The seat of arbitration shall be Johannesburg, South Africa, all hearings shall take place in Johannesburg, South Africa, the arbitration proceedings shall be conducted in the English language and the Award shall be in English. The Parties agree decision of the tribunal shall be final and binding on the Parties.

The Arbitral Tribunal shall use its best efforts to produce a final and binding award within six months of the date on which the Arbitral Tribunal is fully constituted. The Parties shall use their best efforts to assist the Arbitral Tribunal in achieving this objective.

- 11.2 **Service of Process:** The Client agrees that the documents which start any legal proceedings and any other documents required to be served in relation to those proceedings may be served on it by delivery of those documents to 43 floor, 150 Commissioner Street, Johannesburg.].
- 11.3 **Assignment:** The Client may not assign or delegate any of its rights or obligations hereunder without the prior written consent of Trillian which consent will not be unreasonably withheld.
- 11.4 **Entire Agreement:** This Engagement Letter constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto, whether written or oral. This Engagement Letter may be executed in counterparts and may not be amended except in writing signed by all Parties hereto.
- 11.5 **Severability:** If any provision of this Engagement Letter is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.
- 11.6 **Regulation:** Trillian is authorised by the Financial Services Board (FSB) and, to the extent required, the Client acknowledges that Trillian will have imposed on it certain resulting obligations.



To: Transnet SOC Ltd
43 Floor, Carlton Centre
150 Commissioner Street
Johannesburg 2001
South Africa

Attn: Phetolo Ramosebudi

18 November 2015

Dear Sirs

ZAR 12,000,000,000 Club loan facility for the purchase of Locomotives and general banking.

This letter (the "Engagement Letter") sets out the terms and conditions on which Trillian (as defined below) is engaged by Transnet SOC Ltd (the "Client") to act as Originating, Co-ordinating Mandated Lead Arranger, in relation to a proposed ZAR 12,000,000,000 facility, to enable the Client to fund its payment obligations in connection with [the prospective] contract between the Client and [The Original Equipment] for the supply of locomotives and general banking (the "Transaction").

The terms of this Engagement Letter apply to all services provided by Trillian to the Client in connection with the Engagement.

The terms and conditions which are set out in the appendix to this Engagement Letter (the "Appendix") also form part of this Engagement Letter and any references to "Engagement Letter" herein and therein shall be construed accordingly. Terms defined in this cover letter have the same meaning when used in the Appendix.

1 Engagement

1.1 **Scope:** The Client hereby appoints Trillian (acting through its investment banking division or any Associate or other division thereof as it determines appropriate to perform the services described in this Engagement Letter) on an exclusive basis as Originating and Co-ordinating Mandated Lead Arranger, in connection with the Transaction. Accordingly, and subject to the terms of this Engagement Letter, Trillian acting through its Associates shall perform the following services in connection with the Transaction:

- (a) acting as the principal and primary point of contact for the Client in respect of the structuring and documentation of the Club Loan Financing subject to the Client being included in all correspondence with Trillian;
- (b) leading negotiations on behalf of the client (including co-ordination of lenders' positions) on the full documentation suite for the Club Loan Financing
- (c) liaising on behalf of the Client with appropriate legal counsel, subject to the clients' review and approval (with caps if required by the Client), co-ordination of lenders' requests for advice and approval of legal opinions;
- (d) such other services as Trillian considers expedient and reasonable for the efficient management and completion of the documentation process for the Club Loan Financing; and

Telephone: +27 11 707 1367 Facsimile: +27 86 767 1243

Block D, Hobart Square, 23 Hobart Road, Bryanston, 2021. Postnet Suite 488, Private Bag X1, Melrose Arch, Johannesburg, South Africa, 2076

Directors: Jan Faure, Daniel Roy

An Authorised Financial Services Provider Reg No: 2008/023108/07 FSB number: 42081

www.trillianam.co.za

A large, stylized handwritten signature in black ink, located at the bottom left of the page.

A large, stylized handwritten signature in black ink, located at the bottom right of the page.



- (e) Acting as Lead Arranger and coordinator in accordance with the executed documentation for the Club Loan Financing.

- 1.2 **Exclusivity:** The Client agrees not to award any other person any fees, title or role for carrying out any services contemplated by this Engagement Letter without the prior written consent of Trillian.
- 1.3 **Mandate letter:** Prior to commencement of the documentation process the Client will, and shall procure that all other Mandated Lead Arrangers, arrangers and lenders appointed or identified in connection with the Transaction will, enter into a mandate letter with regard to, inter alia, the Engagement substantially in the relevant LMA form and otherwise in form satisfactory to Trillian.

2 Financing and Risk Management

Nothing in this Engagement Letter shall be deemed to be a commitment by Trillian to provide or underwrite any financing. However Trillian commit to provide financial Risk Management solution in relation to the Transaction. This could also be provided through our alliance with Regiments Capital or any of our associates.

3 Fees and Expenses

- 3.1 **Fees:** In consideration of Trillian accepting and carrying out the Engagement, the Client agrees to pay Trillian the following fees:

Originating and Co-ordinating the Book Build in the Club Loan

ZAR 82,000,000 due and payable upon execution of a Club loan facility agreement relating to the Transaction (including, for the avoidance of doubt, any facility agreement pursuant to which Trillian and its Associates is the Advisor, coordinator and provider of financial risk management solution.

The Client acknowledges that Trillian would wish to review the structure of the remuneration to be paid to Trillian if the nature or structure of the Transaction alters materially from that contemplated in this Engagement Letter. However, this is subject to negotiation and should the proposed revised fee be unacceptable to the Client, the Client has the right to replace Trillian with another bank.

All fees payable pursuant to this Engagement Letter shall be paid in South African Rand (ZAR) and are in addition to any other fees payable to Trillian in connection with any other services or financing provided by Trillian to or for the Client in connection with the Transaction or otherwise.

- 3.2 **Costs and Expenses:** The Client agrees that it shall be responsible for all costs and expenses (including, but not limited to, any travel and accommodation expenses and the fees and disbursements of our legal and other professional advisers should their advice be required) reasonably incurred and adequately evidenced, together with any applicable value added tax or other similar taxes thereon, incurred by Trillian in connection with the Engagement, whether or not the Transaction is completed. Trillian may invoice the Client monthly for those costs and expenses incurred by Trillian for which the Client is responsible. The Client shall also be responsible for all costs of its own legal, accounting, tax and other agents or advisers as well as for all other expenses relating to the proposed Transaction.

4 Termination

Without prejudice to clause 9 of the Appendix, this Engagement Letter and the Engagement shall terminate on the earlier of:



- (a) The date of effectiveness of the Club Loan Facility agreement (excluding, for the avoidance of doubt, any facility agreement pursuant to which Trillian is a coordinator or advisor), or if there are multiple agreements, the date of effectiveness of the last such agreement; or
- (b) The cancellation of the Transaction by the Client; or
- (c) the date on which written notice is given by Trillian to the Client after Trillian has concluded, having taken professional advice, that it should cease to act in relation to the Engagement or the Transaction in order to comply with any legal, regulatory or similar enactment or after Trillian has concluded that it should cease to act in relation to the Engagement or the Transaction in order to protect its reputation; or
- (d) the date on which written notice is given by Trillian to the Client that the Client has failed to comply to a material extent with any terms of this Engagement Letter; or
- (e) or such other date agreed by both parties).

We look forward to working with you on the Transaction. Please confirm your agreement to the terms of this Engagement Letter by signing and returning the enclosed duplicate copy.

Yours faithfully,

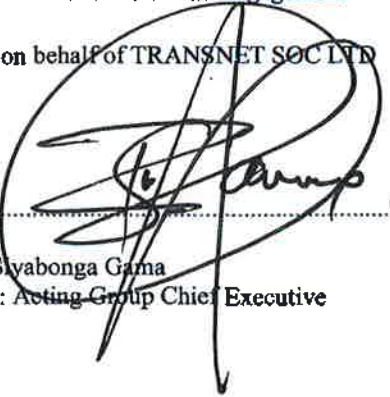
For and on behalf of
TRILLIAN

Signed 

Name: Daniel Key.
Position: CEO
Date: 18/11/2015

We agree to the terms of this Engagement Letter.

For and on behalf of TRANSNET SOC LTD

Signed 

Name: Syabonga Gama
Position: Acting Group Chief Executive
Date:

Signed 

Name: Garry Pita
Position: Acting Group Chief Financial Officer
Date:



1.1.1 APPENDIX

1.1.2 TERMS AND CONDITIONS

1 Definitions

In this Engagement Letter the following capitalised terms have the meaning set out below:

“Associate” means, in relation to Trillian, each of the subsidiaries, alliance and the ultimate holding company of Trillian and each of the subsidiaries of such holding company and each of their respective directors, officers, employees, representatives and agents;

“Trillian” means any or all of Trillian and any Associate thereof (as the case may be);

“Communication” means any document, announcement or statement (including any press release) published, issued or made by or on behalf of the Client in connection with the Engagement or the Transaction;

“Engagement” means the engagement of Trillian by the Client to provide assistance and services in connection with the Transaction, as provided for in this Engagement Letter;

“Party” and “Parties” means each of or both the Client and Trillian;

“Risk Management” means all risk management tools used in connection with the Transaction (including but not limited foreign exchange rate, interest rate, inflation linked and any commodity hedging).

2 Nature of the Engagement

- 2.1 **Private Engagement:** Trillian’ appointment under this Engagement Letter is a private engagement. Accordingly, any assistance or advice rendered or provided by Trillian hereunder, in whatever form, will be solely for the use of the Board of Directors (or other equivalent governance body) of the Client in assessing the Transaction and may not be relied on or used by the Client for any other purpose.

The fact of the involvement of Trillian in connection with the Engagement, and all advice and assistance rendered or provided by Trillian in connection with the Engagement, in whatever form, is confidential and may not be disclosed to any third party, nor used or relied on by any third party, nor quoted, reproduced, summarised, described or referred to, without Trillian’ prior written consent. Furthermore, the Client agrees that it shall not make, or permit or procure to be made or solicit or assist any other person to make use of Trillian’ name or any name including the word “Trillian” for publicity or marketing purposes without Trillian’ prior written consent.

- 2.2 **Other Assistance or Advice:** The Client acknowledges and agrees that Trillian has been engaged to act only to the extent provided in this Engagement Letter. In carrying out the Engagement Trillian is an independent contractor and is not acting for the Client in any other capacity (including as agent or fiduciary to the Client or any of its affiliates). Nothing in this Engagement Letter, nor Trillian’ performance hereunder, nor any previous or existing relationship between the Client and Trillian, will be deemed to create any fiduciary relationship. In addition, Trillian will not be responsible for providing or arranging for the provision of any general financial, strategic or specialist advice, including legal, regulatory, accounting, specialist asset valuation, model auditing, taxation or other technical advice or services which the Client may require. For the purpose of the Engagement, Trillian shall be entitled to rely on any advice provided by other advisers to the Client in connection with the Transaction. However, in no circumstance shall Trillian be responsible for any such advice or for any other work performed by persons other than Trillian.

- 2.3 **Instructions:** Subject to any written instructions to the contrary, Trillian will have authority to do anything which it considers necessary or desirable to carry out the Engagement. Trillian may assume that instructions have been properly authorised by the Client if they are given or purport to be given by a person who is or purports to be and is reasonably believed by Trillian to be a director, employee or other authorised person of the Client.



- 2.4 **Commercial Assumptions:** The Client will remain solely responsible for the commercial assumptions on which any financial advice provided by Trillian is based and agrees that Trillian may rely on any commercial assessments conveyed to it by the Client or any director, employee, other authorised person, agent or representative of the Client. In addition, if Trillian agrees to provide any model to the Client in connection with the Transaction, the Client acknowledges and agrees that such model will have been prepared solely for use by Trillian, may not be suitable for use by the Client or any other party and accordingly Trillian shall have no liability whether in contract, tort (including negligence) or otherwise to the Client or any other person arising out of or in connection with the Client's or such other party's use of such model. Any valuation advice or model provided by Trillian will be subject to such assumptions and disclaimers as are considered appropriate by Trillian.
- 2.5 **Independent Investigation:** The Client shall be responsible for making its own independent investigation and appraisal of the risks, benefits, appropriateness and suitability to and for it of the Transaction and any other transactions contemplated by this Engagement Letter and Trillian is not making any recommendation (personal or otherwise) or giving any investment advice and will have no liability with respect thereto. The decision to proceed with any Transaction will be made by the Client in the light of its own commercial assessments and Trillian will not be responsible for such decision to proceed or such assessments. Unless expressly agreed otherwise in this Engagement Letter, Trillian will not be required to assist the Client in the co-ordination of due diligence work to be conducted by the Client and other advisers instructed by the Client. Trillian shall not in any circumstances be responsible for the adequacy of the Client's due diligence exercise and nor shall Trillian be required to either review the Client's due diligence or conduct any due diligence work itself. It is the responsibility of the Client to inform itself of the work performed by and the advice given by its other advisers and to make its own assessment of such work and advice.
- 2.6 **Compliance:** The Client will comply with, and will assist Trillian in complying with, all applicable legal and regulatory provisions relevant to the Transaction, including without limitation those of any stock exchange or other regulatory body applicable to this Transaction.
- 3 Confidentiality**
- 3.1 **Confidential Information:** Subject to clauses 2.1 above and 7.5 below, all information received by each of the Parties from the other in relation to the Engagement shall not be used otherwise than for the purpose of the Engagement, shall be treated as confidential by the recipient and shall not be disclosed to anyone other than the parties to this Engagement Letter unless (i) it is or later becomes public knowledge other than by breach of this Engagement Letter, (ii) it is disclosed to the recipient by a third party reasonably assumed by the recipient not to have breached a duty of confidentiality to the Client or is already in the possession of the recipient and not subject to any duty of confidentiality, (iii) it is disclosed to the recipient's professional advisers (with the prior approval of Trillian) and employees provided that such advisers and employees are made aware of the confidential nature of the information, (iv) it is required to be disclosed by reason of any law, court or regulatory process or regulation or is necessary in the view of the recipient to establish any defence in such process or (v) it is disclosed by the recipient with the other party's prior consent.
- 3.2 **Club Loan Product Enhancement:** Any financial engineering undertaken or advice given by Trillian in relation to the structuring of any Club Loan Facility (i.e. over and above the relevant Club Loan's "plain vanilla" loan product) by Trillian in connection with the Transaction shall be treated as confidential by the Client and shall not be disclosed to third parties.
- 3.3 **Inside Information:** Trillian shall not be responsible for the creation or maintenance of insider lists other than Trillian's own list of persons within Trillian acting on the Client's behalf and with access to inside information relating to the Client, as required by the appropriate rules or regulations.

4 Intellectual Property

Trillian and its affiliates retain the copyright and all other relevant intellectual property rights in their work products. If the Client makes any copies of the documents that Trillian prepares, the Client agrees that such copies will be used only for the purposes of the Transaction and not (unless otherwise agreed by Trillian) for other matters.

5 Payment Terms

Unless otherwise provided by this Engagement Letter, all fees, reimbursement of expenses and other sums payable to Trillian in connection with the Engagement are payable in cash and are due within ten business days of written demand by Trillian. Unless otherwise indicated, any fees or other prices quoted by Trillian to the Client are exclusive of value added tax or other similar taxes. All sums payable to Trillian shall be paid without deduction or withholding on account of tax of any nature unless such deduction or withholding is required by law. If the Client is required by law to make any deduction or withholding on account of any tax, the amount payable shall be grossed up to the extent necessary to ensure that, after such deduction or withholding, the amount received and retained by Trillian will equal the full amount which would have been received had no deduction or withholding been made.



6 No Obligation to Underwrite/Fund

Trillian shall not be obliged by this Engagement Letter to sell, acquire, place or underwrite any securities or to lend moneys or provide any other commitment, facility, product, Risk Management solution or service in any way in connection with the Transaction, nor does Trillian represent by the Engagement Letter that it will be possible or advisable to arrange or provide any applicable financing or Risk Management solution for the Transaction or for any financing or Risk Management solution to proceed. Any such participation by Trillian in the Transaction would be the subject of separate documentation prepared and negotiated in accordance with international standards and would only be signed following (i) satisfactory completion of all documentation for the Transaction, (ii) receipt of all necessary internal approvals and (iii) in the determination of Trillian, the completion of satisfactory due diligence in respect of the Client or the subject matter of the Transaction, as applicable.

7 Information, Communications and Publicity

7.1 **Provision of Information:** The Client shall promptly provide or procure the provision to Trillian of all information concerning the Transaction, and the business and affairs of the Client and its affiliates which is relevant to Trillian for the proper performance of the Engagement (including information or advice provided to the Client by its other professional advisers) and all such further information as Trillian or its advisers may reasonably request. In particular, the Client shall provide Trillian and its advisers with such direct access to the directors and management of, and advisers to, the Client and its affiliates for the purpose of the Engagement as Trillian may reasonably request.

7.2 **Accuracy of Information:** The Client shall ensure that any information supplied by it (the "Information") to Trillian, whether provided orally or in writing and including any expressions of opinion, shall be true, accurate, complete and not misleading in any material way and shall not intentionally omit any material information. The Client will promptly notify Trillian if it subsequently discovers something during the term of this Engagement Letter which renders any such information untrue, inaccurate or misleading in any material respect. The Client acknowledges that Trillian will be relying on the Information and any other information supplied to Trillian on the Client's behalf or available to Trillian from public sources without carrying out any independent verification. The Client agrees that any information furnished to Trillian in connection with the performance of its services under this Engagement Letter shall have been properly obtained and may be properly furnished to Trillian.

7.3 **Communications:** All Communications shall be true, fair and accurate and not misleading (whether by omission or otherwise) and shall be published, issued or made so long as they don't prejudice or negatively impact Trillian in any way Trillian (save in the case of any Communication which refers directly or indirectly to Trillian, in which case such Communication shall only be published, issued or made with the consent of Trillian). Save as otherwise expressly agreed in writing, Trillian will not be required to approve, issue, transmit or otherwise disseminate any Communication in connection with the Engagement for the purposes of any applicable legislation, regulation or otherwise.

7.4 **Developments:** The Client undertakes that it shall at all times keep Trillian fully informed of all strategies, developments and discussions relevant to the Engagement and that no action which may directly or indirectly affect the Engagement will be taken without prior consultation with Trillian.

7.5 **Publicity:** The Client expressly authorises Trillian to (a) disclose the existence of the Engagement and (b) advertise and publicise its role(s) with regard thereto in the ordinary course of its business. Trillian may do so by, inter alia, placing "tombstones" or similar advertisements in financial or other publications and in marketing and pitching materials provided to prospective clients. These advertisements and marketing materials may contain the Client's name and logo and may describe the services provided or to be provided by Trillian to the Client. They will be prepared and placed at Trillian's own expense.

8 Indemnity

8.1 **Indemnity:** The Client shall indemnify and hold harmless Trillian and its Associates (each, an "Indemnified Person") on an after-tax basis from and against all claims, actions, proceedings, demands, liabilities, losses, damages, costs and expenses (including legal fees, costs and expenses, and all costs and expenses incurred in connection with investigating, preparing for and defending any such claim, action or proceeding which is pending or threatened) of whatever nature and in whichever jurisdiction, which any Indemnified Person may suffer or incur arising out of or in connection with the Engagement, the Transaction or any other matter or activity referred to in or contemplated by this Engagement Letter, or arising out of any breach by the Client of any of its obligations, duties or any representations or warranties the Client may give or be deemed to have given under the terms of this Engagement Letter, save to the extent that any such liability, loss, damage, cost or expense is finally and judicially determined by a court of competent jurisdiction to have been directly caused by the fraud, gross negligence or wilful default of the Indemnified Person.



- 8.2 **Limitation of Liability:** Neither Trillian nor any of its Associates will be liable to the Client in relation to the Transaction or the Engagement, save to the extent that a court of competent jurisdiction finally and judicially determines that the Client has suffered a loss directly caused by the fraud, gross negligence or wilful default of Trillian or such Associate. The Client agrees that, without prejudice to any claim the Client may have against Trillian or its Associates, no claims may be brought, threatened or established against any director, officer, employee or agent of Trillian or its Associates in respect of the subject matter of this Engagement Letter or the Transaction.
- 8.3 **Proportionality:** Where any damage or loss is suffered by the Client for which Trillian is or would otherwise be liable with any other person including the Client (an "Other Liable Person"), the extent to which such damage or loss shall be recoverable by the Client from Trillian shall be limited so as to be in proportion to Trillian's contribution to the overall cause of such damage or loss, as agreed between the Client and Trillian or, in the absence of agreement, as finally determined by a court of competent jurisdiction. For the purposes of determining Trillian's proportionate contribution or liability for the damage or loss in question, no account shall be taken of (a) any limitation or exclusion of liability of any Other Liable Person under contract or law (including by virtue of the expiry of any applicable period of limitation or prescription) (a "Relevant Limitation"), or (b) any actual or potential shortfall in recovery from any Other Liable Person whether due to settlement, limitation of liability, or the insolvency, bankruptcy, death or dissolution of any Other Liable Person. The degree to which Trillian may rely on the work or advice of any other person will be unaffected by any Relevant Limitation.
- 8.4 **Rights Additional:** This clause 8 is in addition to any rights which Trillian or any of its Associates may have at common law or otherwise including, but not limited to, any right of contribution, and the benefit of this clause 8 is held by Trillian for itself and as trustee for its Associates.
- 9 **Provisions Which Survive Termination or Expiry**
- Any termination or expiry of the Engagement shall be without prejudice to any accrued rights and obligations of the parties and shall not affect in any way the provisions of the following clauses, which shall survive any termination and / or expiry (as the case may be) and shall remain in full force and effect: paragraphs 2 (Financing and Risk Management) and 3 (Fees and Expenses) of the cover letter and clauses 2.1 (Private Engagement), 3.2 and 3.3 (Confidentiality), 4 (Intellectual Property), 5 (Payment Terms), 7.3 (Communications), 7.5 (Publicity), 8 (Indemnity), 10 (Conflicts of Interest), 11.1 (Governing Law and Jurisdiction), 11.2 (Service of Process) and 11.3 (Assignment) of this Appendix.
- 10 **Conflicts of Interest**
- 10.1 Trillian is involved in a wide range of commercial banking, investment banking and other activities out of which conflicting interests or duties may arise. The Client acknowledges and accepts that there may be situations in which parts of Trillian or their clients or their personnel either now or may in the future have interests, owe duties, or take actions, that could potentially conflict with the Client's interests or duties owed to the Client in relation to the Transaction. Trillian has in place policies and procedures to identify consider and manage such potential conflicts of interest.
- 10.2 The Client acknowledges and agrees that no part of Trillian is required to restrict its activities as a result of the Engagement or its participation in the Transaction, and that all parts of Trillian may undertake any activity without further consultation with or notification to the Client. Neither the terms or existence of this Engagement Letter, nor the receipt by any part of Trillian of confidential information, nor any other matter shall give rise to any fiduciary, equitable or contractual duties (including without limitation any duty of trust or confidence) that would prevent or restrict any part of Trillian from carrying on any activity, including providing services or advice to any person or engaging in any financing, Risk Management Solution or other transaction (on its own account or otherwise). Furthermore, the Client agrees that Trillian shall not be required to account to the Client for any revenue or profits obtained in connection with any activities of Trillian as referred to in this clause 10.
- 10.3 In relation to the Engagement, information which is held elsewhere within Trillian but of which none of the individual directors, officers or employees having conduct of the Engagement actually has knowledge (or can properly obtain knowledge without a breach of internal procedures), shall not for any purpose be taken into account in determining Trillian's responsibilities to the Client under the Engagement. No part of Trillian shall have any duty to disclose to the Client or utilise for the Client's benefit any non-public information acquired in the course of providing services to any other person, engaging in any transaction (for its own account or otherwise) or otherwise carrying on its business.
- 11 **General**
- 11.1 **Governing Law and Jurisdiction:** This Engagement Letter is and all matters, disputes, claims or non-contractual obligations arising under or in connection with it are governed by and shall be construed in accordance with South African law and the Parties hereby irrevocably submit to the exclusive jurisdiction of the High Court of South Africa (Gauteng Local Division, Johannesburg), (or any successor to that division) to settle any dispute arising out of or in connection with this Engagement Letter (including a dispute relating to any non-contractual obligations arising out of or in connection with this Engagement Letter) or, notwithstanding the foregoing, either Party may elect by written notice to



proceed by way of arbitration ("Arbitration") in South Africa under the Rules of the Arbitration Foundation of Southern African ("AFSA").

In the case of Arbitration, the arbitration rules of AFSA in place at the relevant time are deemed to be incorporated herein. Subject to the AFSA rules, the tribunal will consist of three arbitrators. The claimant shall nominate one arbitrator, the respondent shall nominate one arbitrator, and the third, who shall act as chairman, shall be selected and appointed by AFSA. The chosen arbitrators shall be practising attorneys or advocates with at least 15 years' experience in commercial and banking law. The seat of arbitration shall be Johannesburg, South Africa, all hearings shall take place in Johannesburg, South Africa, the arbitration proceedings shall be conducted in the English language and the Award shall be in English. The Parties agree decision of the tribunal shall be final and binding on the Parties.

The Arbitral Tribunal shall use its best efforts to produce a final and binding award within six months of the date on which the Arbitral Tribunal is fully constituted. The Parties shall use their best efforts to assist the Arbitral Tribunal in achieving this objective.

- 11.2 **Service of Process:** The Client agrees that the documents which start any legal proceedings and any other documents required to be served in relation to those proceedings may be served on it by delivery of those documents to 43 floor, 150 Commissioner Street, Johannesburg.].
- 11.3 **Assignment:** The Client may not assign or delegate any of its rights or obligations hereunder without the prior written consent of Trillian which consent will not be unreasonably withheld.
- 11.4 **Entire Agreement:** This Engagement Letter constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto, whether written or oral. This Engagement Letter may be executed in counterparts and may not be amended except in writing signed by all Parties hereto.
- 11.5 **Severability:** If any provision of this Engagement Letter is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.
- 11.6 **Regulation:** Trillian is authorised by the Financial Services Board (FSB) and, to the extent required, the Client acknowledges that Trillian will have imposed on it certain resulting obligations.

Trillian Asset Management 2008/023108/07 VAT No. 4860250580 Trillian Asset Management (Pty) Ltd Postnet Suite 488 Private Bag X1 Melrose Arch 2076	Tax Invoice Date18/11/15 Page1 Document NoIN101237

Transnet SOC Ltd Carlton Centre 150 Commissioner Street Johannesburg 2001	Deliver to Carlton Centre 150 Commissioner Street Johannesburg 2001

Account	Your Reference	Tax Exempt	Tax Reference	Sales Code
TRANSN		N	4720103177	Exclusive

Code	Description	Quantity	Unit	Unit Price	Disc%	Tax	Nett Price

1400000	Lead Arranger of ZAR12,000,000,000 Club Loan Facility for Transnet SOC Ltd					14.00%	82 000 000.00
13 NOV 2015 2015-05-12 03							

Trillian Asset Management Investec CCM Main Account Acc No 50005027729 Br 580105 Received in good order Signed _____ Date _____

Sub Total	82 000 000.00
Discount @ 0.00%	0.00
Amount Excl Tax	82 000 000.00
Tax	11 480 000.00
Total	93 480 000.00



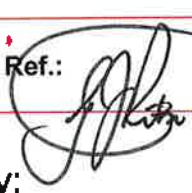
Payee:
Trillian Asset Management (Pty) Ltd
Postnet Suite 488
Private Bag X1

Melrose Arch 2076

PAYMENT ADVICE

Date :19.11.2015

Description	Invoice no.	Date	R	C
Lead Arranger of ZAR 12,000,000,000 Club Loan Facility for Transnet SOC Limited	IN101237	18.11.2015	82,000,000	00
Sub total			82,000,000.00	
VAT			11,480,000.00	
Total			93,480,000.00	

By Hand	Tel. No (011)308-1217	Ref.: 	
Compiled by: F Bangani		Approved by:	

COCE							GL						R C		
														93,480,000	00

FOR OFFICE USE

Verified: _____ Approved: _____
Vendor No: _____ Date: ____/____/____ Document no: _____

Ntokozo Zama

From: Danie Smit Transnet JHB <Danie.Smit@transnet.net>
Sent: Wednesday, 02 December 2015 10:40
To: Garry Pita Transnet Corporate JHB; Phetolo Ramosebudi Transnet Corporate JHB
Subject: R12 BN CLUB LOAN INTEREST RATE RISK
Attachments: R12 BN CLUB LOAN INTEREST RATE RISK.docx

Hi Garry and Phetolo,

My humble opinion on the interest rate risk exposure of the Club Loan.

Kind regards

Danie

Transnet SOC Ltd
Registration
Number
1990/000900/30

Carlton Centre
150 Commissioner
Str. Johannesburg
2001

P.O. Box 72501
Parkview
South Africa, 2122
T +27 11 308 2250
F +27 11 308 1269



MEMORANDUM

www.transnet.net

To : **Garry Pita**, Acting Group Chief Financial Officer

From : **Phetolo Ramosebudi**, Group Treasurer

Date : 02 December 2015

SUBJECT : **R12 BILLION CLUB LOAN INTEREST RATE RISK EXPLANATION**

PURPOSE:

1. The purpose of this memorandum is to provide an explanation to the acting GCFO on the interest rate risk exposure on the R12 billion club loan.

BACKGROUND:

2. A club loan to the amount of R12 billion was recently entered into to fund the locomotive payments to CSR and CNR as well as redemption of loan maturities in February 2016.
3. The club loan was done on a floating rate basis at a cost of 3 month Jibar plus 270 basis points.

DISCUSSION:

4. The current floating rate risk exposure of the total debt portfolio is 29% after the inclusion of the hedges and 71% fixed.
5. If the full amount of the club loan is included as floating in terms of how the deal was concluded, the floating rate portion will increase to 36%. This is well in line with the FRMF that allows a floating rate portion that may be managed between 10% and 50%.
6. If the full amount of the club loan is included as fixed, the floating rate portion will decrease to 26%, which is still within Board approved limit in FRMF.
7. The cost of the club loan is Jibar plus 270 basis points, which translates into an overall floating rate cost of (6.517% + 2.70%) 9.217%.
8. High level calculations done by our Traders have indicated that to swap the club loan to fix, the mid-rate will be around 11.30% (NACQ). This excludes cost of execution as well as spread between bid and offer which needs to be determined in market.
9. The annual interest rate cost of 9.217% on R12 billion is R1.106 billion, whilst the annual interest cost is R1.36 billion on 11.30%.

10. The latest 3 month Jibar forecast from BER is reflected below to give an indication of what may happen with floating interest rates over the medium term.

Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
6.50%	6.50%	6.70%	6.71%	6.89%	6.86%	6.84%	6.82%	6.81%

ACCOUNTING:

11. Any interest rate swap entered into will have to be hedge accounted for to minimise volatility of fair value movements in the Group’s income statement.
12. Treasury has never applied hedge accounting on interest rate swaps in the past and there is currently no interest rate swaps in the derivative portfolio.
13. PWC has been appointed a while ago to test system capability to apply either cash flow and or fair value hedge accounting on interest rate swaps and the cash flow hedge accounting process is almost completed, but not finalised.

CONCLUSION:

14. It is recommended that the club loan not be switched to a fixed rate exposure by means of an interest rate swap due to the following:
- If there was a definite need to fix the rate during the finalisation of the club loan, the loan should have been dealt as fixed, as any swap will create an amount of volatility in the income statement due to fair value movements, which could be minimised by the application of hedge accounting.
 - Interest rate swaps will use massive credit lines from banks, which is not that freely available over a 15 year tenor and these lines are required to hedge FX related exposures due to MDS requirements.
 - Swaps will come at a cost, which need to be determined in the market.
 - Liquidity for the R12 billion will have to be tested in the market.
 - There is currently a gap of around 200 basis points between the cost of a floating rate loan and the indicative cost to fix, and based on the forecasts from BER and the additional pressure the cost of swapping to fix will create on the cash interest cover ratio of the Group, it is not recommended to swap the club loan from floating to fix.

DELEGATION OF AUTHORITY (DOA):

15. The DOA makes provision for the acting GCFO to approve interest rate risk hedging with an unlimited amount and tenors exceeding 5 years.

RECOMMENDATION:

16. It is recommended that the acting GCFO takes note of the interest rate implications on the R12 billion club loan.

Compiled by:

Recommended/Not Recommended:

Danie Smit
Group Treasurer

Phetolo Ramosebudi
Group Treasurer

Approved/Not Approved:

Garry Pita
Acting Group Chief Financial Officer

Transnet SOC Ltd
Registration
Number
1990/000900/30

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Compiled by:**Recommended/Not Recommended:**

Danie Smit
Group Treasurer

Phetolo Ramosebudi
Group Treasurer

Approved/Not Approved:

Garry Pita
Acting Group Chief Financial Officer

Ntokozo Zama

From: Garry Pita Transnet Corporate JHB <Garry.Pita@transnet.net>
Sent: Wednesday, 02 December 2015 10:46
To: Danie Smit Transnet JHB
Cc: Phetolo Ramosebudi Transnet Corporate JHB
Subject: Re: R12 BN CLUB LOAN INTEREST RATE RISK

Thanks Danie

It is well written and I understand the logic.

Phetolo, are you in agreement that we don't enter into the swaps?

Regards
Garry

Sent from my iPad

On 02 Dec 2015, at 10:39 AM, Danie Smit Transnet JHB <Danie.Smit@transnet.net> wrote:

Hi Garry and Phetolo,

My humble opinion on the interest rate risk exposure of the Club Loan.

Kind regards

Danie

<R12 BN CLUB LOAN INTEREST RATE RISK.docx>

Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB <Phetolo.Ramosebudi@transnet.net>
Sent: Wednesday, 02 December 2015 12:32
To: Eric Wood
Subject: Fwd: R12 BN CLUB LOAN INTEREST RATE RISK

I need to sort this one out

Regards
Phetolo

Begin forwarded message:

From: "Garry Pita Transnet Corporate JHB" <Garry.Pita@transnet.net>
Date: 02 December 2015 at 10:46:13 SAST
To: "Danie Smit Transnet JHB" <Danie.Smit@transnet.net>
Cc: "Phetolo Ramosebudi Transnet Corporate JHB" <Phetolo.Ramosebudi@transnet.net>
Subject: Re: R12 BN CLUB LOAN INTEREST RATE RISK

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guarantee or warrant that this email will be free of virus infections, errors, interception and, therefore, cannot be held liable for any loss or damages incurred by the recipient, as a result of any of the above-mentioned factors.

Ntokozo Zama

From: Phetolo Ramosebudi Transnet Corporate JHB <Phetolo.Ramosebudi@transnet.net>
Sent: Wednesday, 02 December 2015 12:50
To: Garry Pita Transnet Corporate JHB
Cc: Danie Smit Transnet JHB
Subject: Re: R12 BN CLUB LOAN INTEREST RATE RISK

Hi Garry

I guess this is true if the Club loan is the only transaction Tnet is doing for the entire MDS period. Amid the volatile economic environment ahead of us, with higher inflationary environment, it is important to manage the interest rate expectations going forward to create that certainty in Tnet interest expense for the management of the CIC. It is therefore prudent in an high inflation environment and volatile exchange rate to fixed most of the commitment for the same reasons. This will help us to reduce the number of variables to manage the declining EBidta levels.

I am sorry that you received a conflicting message from Danie who didn't consult with me on this.

As the Head of Treasury I am concern with exchange rate and inflation expectations and it is prudent to mange this risk appropriately.

A proper submission is on the way for approval.

Regards
Phetolo

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Danie

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Ntokozo Zama

From: Danie Smit Transnet JHB
Sent: Wednesday, 02 December 2015 13:40
To: Phetolo Ramosebudi Transnet Corporate JHB
Subject: RE: R12 BN CLUB LOAN INTEREST RATE RISK

Hi Phetolo,

I am really sorry that I have created a conflicting message as this was never the intention.

My understanding from you earlier was to do the memo which I need to give to you and Garry.

My sincere apology as I do not want a situation where the two of us are not working together.

I want to co-operate with you all the time.

Pse let's discuss how I can change the memo to ensure you are comfortable to take to Garry.

I can also apologise to Garry, I have no problem with that.

I will come and discuss when you are available.

Regards

Danie

From: Phetolo Ramosebudi Transnet Corporate JHB
Sent: Wednesday, December 2, 2015 12:50 PM
To: Garry Pita Transnet Corporate JHB
Cc: Danie Smit Transnet JHB
Subject: Re: R12 BN CLUB LOAN INTEREST RATE RISK

Hi Garry

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1990/000900/30

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150 Commissioner
Str. Johannesburg
2001

P.O. Box 72501
Parkview
South Africa, 2122
T +27 11 308 2250
F +27 11 308 1269



MEMORANDUM

www.transnet.net

To : Garry Pita, Acting Group Chief Financial Officer

From : Phetolo Ramosebudi, Group Treasurer

SUBJECT : R12 BILLION CLUB LOAN INTEREST RATE RISK EXPLANATION

PURPOSE:

1. The purpose of this memorandum is to obtain approval from the Acting Group Chief Financial Officer to:
 - 1.1. Hedge the interest rate risk exposures from a float for fixed basis for the amount of R12 billion.
 - 1.2. Instruct Regiments Capital as per the 1064 Locomotives mandate to execute the hedges with Transnet approved counterparts.
 - 1.3. The execution cost of hedges by Regiments Capital will be all inclusive in the rate of the interest rate swap.

BACKGROUND:

2. A club loan to the amount of R12 billion was recently entered into to fund the locomotive payments to CSR and CNR as well as redemption of loan maturities in February 2016.
3. The club loan was done on a floating rate basis at a cost of 3 month Jibar plus 270 basis points to manage the pricing divergence from all parts.

DISCUSSION:

4. The current floating rate risk exposure of the total debt portfolio is 29% after the inclusion of the hedges and 71% fixed.
5. If the full amount of the club loan is included as fixed, the floating rate portion will decrease from 29% to 26%, which is still within Board approved limit in FRMF. This is

A handwritten signature in black ink, consisting of a series of loops and flourishes, located at the bottom right of the page.

well in line with the FRMF that allows a floating rate portion that may be managed between 10% and 50%.

- 6. High level calculations done by our Traders have indicated that to swap the club loan to fix, the mid-rate will be around 11.50% (NACQ), all inclusive of execution cost by Regiments Capital. This excludes the cost of the bid offer spread which needs to be determined in market.
- 7. The annual interest rate cost of 9.217% on R12 billion is R1.106 billion which is likely to be volatile due to the high inflationary environment ahead, whilst the annual interest cost is R1.38 billion on 11.50%. This eliminates the interest uncertainty for the loan and fixed the commitments for the duration of the loan.
- 8. The latest 3 month Jibar forecast from BER is reflected below to give an indication of what may happen with floating interest rates over the medium term.

Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
6.50%	6.50%	6.70%	6.71%	6.89%	6.86%	6.84%	6.82%	6.81%

MOTIVATION

- 9. As per the interest rate forecast above, the short term interest rates are expected to increase over the medium period, the poses a serious risk to Transnet debt portfolio which is currently 29% floating;
- 10. In addition, to this, the volatile currency has a consequential risk to the short term rates too, which will be a double whammy to the rates;
- 11. The interest rate expense line is expected to increase in line with the increase in the short term rates;
- 12. This will have a negative impact to the Cash interest Cover ratio to the detriment of Transnet ratings;
- 13. Therefore it is important to manage the volatility of interest rate risk to contain its negative impact to the cash interest cover ratio.



14. The implementation of the identified financial risk initiatives such as Float for fixed swaps, CPI bond and Swaps will result in the 50% proportion of fixed for floating as illustrated in the figure below.

CPI LINKED SWAPS:

15. As part of the progression to relieve pressure on the CIC ratio, thereby managing the cost of interest expense and short to medium term liquidity, a conversion of R15 billion fixed rate debt (bonds) need be swapped to CPI linked debt early in the new-year. This should be in line with the appropriate accounting treatment.
16. The net savings achieved from converting fixed bullet bonds to CPI linked will be positive initially, but will result in large cash outflows at redemption of each bond and Transnet will need to meet liquidity demands as the redemptions of the bonds fall due. The Treasury is developing a solution related to the redemption portfolio to cater for the balloon payments of the CPI bond and swaps.
17. The above will result in lower interest payments over the majority of the life of the bond, but will increase closer to the bond redemption dates.
18. The above action will furthermore increase the duration of the debt portfolio to manage assets and liabilities.

ACCOUNTING:

19. Any interest rate swap entered into will have to be hedge accounted for to minimise volatility of fair value movements in the Group's income statement.
20. PWC has been appointed a while ago to test system capability to apply either cash flow and or fair value hedge accounting on interest rate swaps and the cash flow hedge accounting process is almost completed.

BUDGET AND FINANCIAL IMPLICATIONS:

21. Interest is budgeted for in corporate plan for 15/16 financial year.

DELEGATION OF AUTHORITY (DOA):

22. The DOA makes provision for the acting GCFO to approve interest rate risk hedging with an unlimited amount and tenors exceeding 5 years.



23. An extract of the DOA is reflected below for ease of reference:

"Interest Rate Risk Hedging

Approval Authority →	Notional Amounts	Group Treasurer	GCFO
Group	Notional amount of hedge expressed in USD or equivalent in RAND (FX loans and leases)	Up to but not exceeding \$100m or equivalent in RAND	Exceeding \$100m or equivalent in RAND
Tenure		Not exceeding 5 years	Exceeding 5 years

All breaches of the above limits to be reported to the Audit Committee.

Note: Where no specific limit is mentioned, the FRMF policy on interest rate risk will apply.

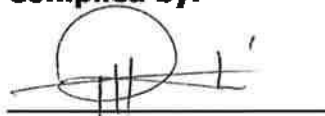
The above limits are applicable per hedging submission.

24. The amount of R12billion and tenor of 15 years are within his delegation.

RECOMMENDATION:

24. It is recommended that the Acting GCFO approves the hedging of the interest rate, risk exposures on a float for fixed basis for all the R12 billion club loan drawdowns.

Compiled by:



Phetolo Ramosebudi

Group Treasurer

Date: 2/12/15

Approved/Not Approved:



Garry Pita

Acting Group Chief Financial Officer

Date: 3/12/15

5.2.6 Foreign Exchange Hedging Transactions: Extensions, early take ups (expressed in USD equivalent)

Approval Authority →	Traders	Chief Trader	Deputy Treasurer: Front Office	Group Treasurer
Group	Not exceeding an aggregate equivalent of \$20m per day (desk total)	Not exceeding an aggregate equivalent of \$50m per day (desk total)	Not exceeding an aggregate equivalent of \$100m per day (desk total)	Exceeding an aggregate of \$100m per day (desk total)

All breaches of the above limits to be reported to the Audit Committee.

Note: Where no specific limit is mentioned, the FRMF policy on foreign exchange rate risk will apply.

5.2.7 Approval of FX hedges to be hedged by external suppliers on their balance sheet for goods/services to be delivered to Transnet in respect of Rand agreements involving foreign content

Approval Authority →	Traders	Chief Trader	Deputy Treasurer: Front Office	Group Treasurer
Group	Not exceeding \$10m	Not exceeding \$25m	Not exceeding \$50m	Exceeding \$50m

All breaches of the above limits to be reported to the Audit Committee for noting.

The above limits are applicable per agreement.

Note: The Business Units must always obtain quotes on FX forward rates and liaise with the Treasury Trading desk that will verify the rates to ensure it is market related. The Business Units can only enter into the FX hedges with the supplier once the rates are accepted by the Treasury Trading desk via e mail. Once the above approvals are obtained, the Treasury Traders will provide sign off on the rate acceptance.

5.2.8 Interest Rate Risk Hedging

Approval Authority →	Notional Amounts	Group Treasurer	GCFO
Group	Notional amount of hedge expressed in USD or equivalent in RAND (FX loans and leases)	Up to but not exceeding \$100m or equivalent in RAND	Exceeding \$100m or equivalent in RAND
Tenure		Not exceeding 5 years	Exceeding 5 years

All breaches of the above limits to be reported to the Audit Committee.

Note: Where no specific limit is mentioned, the FRMF policy on interest rate risk will apply.

The above limits are applicable per hedging submission.

5.2.9 Hedging of fuel risk exposures (RAND and USD)

Approval Authority →	Group Treasurer	GCFO
Tenure	Not exceeding 6 months	Not exceeding 18 months
Notional hedge expressed in USD or equivalent in RAND	Not exceeding \$25m or equivalent in RAND	Exceeding \$25m or equivalent in RAND

All breaches of the above limits to be reported to the Audit Committee.

Note: The maximum hedge should not exceed 75% of annual budgeted consumption inclusive of energy levy income. The first priority will be to fix the contract through ZAR based agreement. If not then exposure to be taken on Balance Sheet, subject to hedged accounting. This will limit volatility and bring certainty in terms of the Rand.

The above limits are applicable per hedging submission.

Note: Where no specific limit is mentioned, the FRMF policy on commodity (fuel) risk will apply.

5.2.10 Hedging of commodity risk exposures in supply agreements, including escalation (other than fuel) in FX or RAND

Approval Authority →	Group Treasurer	GCFO
Tenure	Not exceeding 24 months	Exceeding 24 months
Notional hedge expressed in RAND	Not exceeding R100m	Exceeding R100m
Notional hedge expressed in USD	Not exceeding \$10m	Exceeding \$10m

All breaches of the above limits to be reported to the Audit Committee.

The above limits are applicable per hedging submission.

Note: Where no specific limit is mentioned, the FRMF policy on commodity risk will apply.



Mr. Moss Brickman
135 Rivonia Road
Sandown
Sandton
2196

Dear Moss

In terms of the Interest rate Swap transactions entered into with Nedbank on or around 8 March 2016, Transnet is aware that these trades were priced at a pure mid-market rate of approximately 11.42% nacq. Our team is further aware and agree that these trades were executed at a level of 12.37% nacq – which results in a difference of 95 bps over mid-market value.

Furthermore, a copy of the approval for the transactions was sent to you on 16 March 2016. Please note that the second subsequent transaction for the CPI loan novation as per the GCE approval detailing no fees for Regiments as the 1064 locomotives agreements.

Kind Regards

A handwritten signature in black ink, appearing to be 'Phetolo Ramosebudi', written over a horizontal line.

Phetolo Ramosebudi
Group Treasurer

Date: 16/03/2016

Transnet SOC Ltd
Registration Number
1990/000900/30

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Directors: LC Mabaso (Chairperson) SI Gama* (Acting Group Chief Executive) Y Forbes GJ Mahlalela PEB Mathekga ZA Nagdee VM Nkonyane SD Shane
BG Stagman PG Williams GJ Pita* (Group Chief Financial Officer)
*Executive

Group Company Secretary: ANC Ceba

www.transnet.net

			YTD Total		0,00			
Client	Month	Date of Invoice	Project	Amount (incl vat)	Chivita	Kupanua	Albatime	Bank
Transnet	Mar-14	31-Mar-14	Capital Room	3 494 145,60	1 747 072,80		162 518,40	22 803 648,00
Transnet	Mar-14	31-Mar-14	1064 - Transaction Advisory	6 127 500,00	3 063 750,00		285 000,00	5 848 086,00
Transnet	Mar-14	31-Mar-14	2nd Defined Benefit	7 980 000,00	3 990 000,00		399 000,00	
Transnet	Mar-14	31-Mar-14	Project Factory	2 353 940,40	1 176 970,20		109 485,60	
Transnet	Mar-14	31-Mar-14	1064 - TCO	1 225 500,00	612 750,00		57 000,00	
Transnet	Mar-14	31-Mar-14	1064 - FRM	3 676 500,00	1 838 250,00		171 000,00	
Transnet		18-Mar-14	Swot	12 540 000,00	11 913 000,00		583 255,81	12 540 000,00
		05-Mar-14	War Room	2 588 256,00	1 294 128,00		120 384,00	
		05-Mar-14	Project Factory	1 205 892,00	602 946,00		56 088,00	
				41 191 734,00				41 191 734,00
PPC	Mar-14	31-Mar-14	Transaction Advisory	285 000,00	no			
Transnet			Maputo Corridor	5 732 680,32		1 719 804,10		
Transnet			Maputo Corridor	4 999 834,80	21,81	1 499 950,44		
				10732515,12				
			Manganese Projects (Nov)	1 807 635,72			84 076,08	
				2 659 158,49			123 681,79	

YTD Total				E13+E18					
Client	Month	Date of Invoice	Project	Amount (ind vat)	Expected Paym	Chivita	Kupanua	Albatime	Bank
Transnet	Mar-14	31-Mar-14	Capital Room	3 494 145,60	01-May-14	1 747 072,80		162 518,40	22 803 648,00
Transnet	Mar-14	31-Mar-14	1064 - Transaction Advisory	6 127 500,00	01-May-14	3 063 750,00		285 000,00	5 848 086,00
Transnet	Mar-14	31-Mar-14	2nd Defined Benefit	7 980 000,00	01-May-14	3 990 000,00		399 000,00	
Transnet	Mar-14	31-Mar-14	Project Factory	2 353 940,40	01-May-14	1 176 970,20		109 485,60	
Transnet	Mar-14	31-Mar-14	1064 - TCO	1 225 500,00	01-May-14	612 750,00		57 000,00	
Transnet	Mar-14	31-Mar-14	1064 - FRM	3 676 500,00	01-May-14	1 838 250,00		171 000,00	
Transnet		18-Mar-14	Swot	12 540 000,00		11 913 000,00		583 255,81	12 540 000,00
		05-Mar-14	War Room	2 588 256,00		1 294 128,00		120 384,00	
		05-Mar-14	Project Factory	1 205 892,00		602 946,00		56 088,00	
				41 191 734,00					41 191 734,00
Transnet			Maputo Corridor	5 732 680,32			1 719 804,10		
Transnet			Maputo Corridor	4 999 834,80		21,81	1 499 950,44		
				10 732 515,12					
Client	Month	Date of Invoice	Project	Amount (ind vat)	Expected Paym	Chivita	Kupanua	Albatime	Bank
Transnet	Apr-14	30-Apr-14	2nd Defined Benefit TRA005	7 980 000,00		3 990 000,00		399 000,00	
Transnet	Apr-14	30-Apr-14	Project factory- TRXPF0003	2 721 590,40		1 360 795,20		126 585,60	
Transnet	Apr-14	30-Apr-14	Capital project - TRXWR0003	3 360 566,00		1 680 283,00		156 305,40	
Transnet	Apr-14	30-Apr-14	Maputo Corridor - TRXMC006	4 602 921,80			1 380 876,54		
Transnet	Apr-14	30-Apr-14	Risk Share -Outperformance	79 230 000,00		45 856 500,00		2 573 550,00	
				97 895 078,20		52 887 578,20	1380876,54	3 255 440,99	

YTD Total										E13+E18	
Client	Month	Date of Invoice	Project	Amount (incl vat)	Expected Payment Date	Chivita	Kupanua	Albatime	Bank	Outstanding	Bank date
Transnet	Mar-14	31-Mar-14	Capital Room	3 494 145,60	01-May-14	1 747 072,80		162 518,40	22 803 648,00	0,00	
Transnet	Mar-14	31-Mar-14	1064 - Transaction Advisory	6 127 500,00	01-May-14	3 063 750,00		285 000,00	5 848 086,00	-	
Transnet	Mar-14	31-Mar-14	2nd Defined Benefit	7 980 000,00	01-May-14	3 990 000,00		399 000,00		-	
Transnet	Mar-14	31-Mar-14	Project Factory	2 353 940,40	01-May-14	1 176 970,20		109 485,60			
Transnet	Mar-14	31-Mar-14	1064 - TCO	1 225 500,00	01-May-14	612 750,00		57 000,00			
Transnet	Mar-14	31-Mar-14	1064 - FRM	3 676 500,00	01-May-14	1 838 250,00		171 000,00			
Transnet	Mar-14	18-Mar-14	Swot	12 540 000,00	01-May-14	11 913 000,00		583 255,81	12 540 000,00	-	
		05-Mar-14	War Room	2 588 256,00		1 294 128,00		120 384,00			
		05-Mar-14	Project Factory	1 205 892,00		602 946,00		56 088,00			
PPC	Mar-14	31-Mar-14	Transaction Advisory	41 191 734,00	01-May-14	no			41 191 734,00		
				285 000,00							
Transnet			Maputo Corridor	5 732 680,32			1 719 804,10			5 732 680,32	
Transnet			Maputo Corridor	4 999 834,80			21,81		4 999 834,80	-	
				10 732 515,12							

Client	Month	Date of Invoice	Project	Amount (incl vat)	Expected Payment Date	Chivita	Kupanua	Albatime	Bank	Outstanding	Bank date
Transnet	Apr-14	30-Apr-14	2nd Defined Benefit TRA005	7 980 000,00		3 990 000,00		399 000,00	7 980 000,00	-	23/05/2014
Transnet	Apr-14	30-Apr-14	Project Factory- TRXPR0003	2 721 590,40		1 360 795,20		126 585,60		2 721 590,40	
Transnet	Apr-14	30-Apr-14	Capital Room- TRXWR0003	3 360 566,00		1 680 283,00		156 305,40		3 360 566,00	
Transnet	Apr-14	30-Apr-14	Maputo Corridor - TRXMC006	4 602 921,80			1 380 876,54		4 602 921,80	-	04/06/2014
Transnet	Apr-14	30-Apr-14	Risk Share - Outperformance	79 230 000,00		45 855 500,00		2 573 550,00	79 230 000,00	-	30/04/2014
				97 895 078,20		52 887 578,20	1 380 876,54	3 255 440,99		6 082 156,40	

Transnet												
Transnet	31-Oct-14	out	TRXGCA001(INV0015)	GCIA Portfolio - TRXGCA002	3 934 510,27	1 967 255,14				3 934 510,27		24/11/2014
Transnet	Dec-14		15-Jan-15 TRXHR20002	Capital Projects - HR Recruitment - TRXHR20002	407 799,83					407 799,83		22/05/2015
Transnet	Dec-14		15-Jan-15 TRXHR10002	Capital Project - HR strategy - TRXHR10002	1 249 029,60	624 514,80				1 249 029,60		22/05/2015
						624 514,80				624 514,80		-
						3 931 769,94				3 931 769,94		-
Client	Month	Date of Invoice	Invoice no	Project	Amount (incl vat)	Chivita/Homix	Kupanua	Albatime	Outstanding	Bank	Outstanding	Bank date
Transnet	Jan-15	31-Jan-15	TRXGCA005 (INV0021)	GCIA Portfolio - TRXGCA005	664 830,64			334 410,32		664 830,64		27/03/2015
Transnet	Jan-15	31-Jan-15	TRXGCA006 (INV0026)	GCIA Portfolio - TRXGCA006	978 800,64			489 400,32		978 800,64		27/03/2015
Transnet	Jan-15	31-Jan-15	TRXGCA007 (INV0095)	GCIA SWAT2 IES - TRXIS0001	903 055,56			45 152,78		903 055,56		27/03/2015
Transnet	Jan-15	31-Jan-15	TRXNCO114	Maputo Corridor - TRXNCO114	2 218 123,26			665 436,98		2 218 123,26		27/05/2015
								122 233,84				-
Client	Month	Date of Invoice	Invoice no	Project	Amount (incl vat)	Chivita/Homix	Kupanua	Albatime	Outstanding	Bank	Outstanding	Bank date
Transnet	Feb-15	28-Feb-15	TRXGCA006	GCIA Portfolio - TRXGCA006	3 065 478,24			153 273,91		3 065 478,24		27/03/2014
Transnet	Feb-15	28-Feb-15	TRXGCA008	Durban Container Terminal - TRXGCA008	2 483 120,64			124 156,03		2 483 120,64		27/03/2015
Transnet	Feb-15	28-Feb-15	TRX-IES0002	GCIA SWAT2 IES - TRXIS0002	2 895 109,80			144 755,49		2 895 109,80		27/03/2015
								422 185,43				-
Client	Month	Date of Invoice	Invoice no	Project	Amount (incl vat)	Homix	Kupanua	Albatime	Outstanding	Bank	Outstanding	Bank date
Transnet	Mar-15	30-Mar-15	TRXCOAL010	Coal - TRXCOAL011	1 337 599,99			66 880,00		1 337 599,99		03/07/2015
Transnet	Mar-15	30-Mar-15	TRXGCA007	GCIA Portfolio - TRXGCA007	2 753 513,14	668 800,00		137 675,66		2 753 513,14		22/05/2015
Transnet	Mar-15	30-Mar-15	TRXNMP0012	NMPP - TRXNMP0012	3 947 833,55	1 376 756,57		197 391,68		3 947 833,55		22/05/2015
Transnet	Mar-15	30-Mar-15	TRXGCA009	Durban Container Terminal - TRXGCA009	2 151 663,36	1 973 916,78		107 583,17		2 151 663,36		22/05/2015
Transnet	Mar-15	30-Mar-15	TRX-IES0003	GCIA SWAT2 IES - TRXIS0003	2 231 703,42	1 315 851,21		111 585,12		2 231 703,42		22/05/2015
						6 211 158,29		421 115,69				-
Client	Month	Date of Invoice	Invoice no	Project	Amount (incl vat)	Chivita/Homix	Kupanua	Albatime	Outstanding	Bank	Outstanding	Bank date
Transnet	Apr-15	30-Apr-15	TRXCOAL012	Coal - TRXCOAL012	14 264 250,00			713 215,50		14 264 250,00		03/07/2015
Transnet	Apr-15	30-Apr-15	TRXGCA008	GCIA Portfolio - TRXGCA008	3 425 462,52	1 653 972,40		266 367,24		3 425 462,52		03/07/2015
Transnet	Apr-15	30-Apr-15	TRXNMP0013	NMPP - TRXNMP0013	2 137 500,00	1 066 321,86		106 632,39		2 137 500,00		03/07/2015
Transnet	Apr-15	30-Apr-15	TRX-IES0004	GCIA SWAT2 IES - TRXIS0004	2 137 647,20	670 890,00		67 089,00		2 137 647,20		03/07/2015
Transnet	Apr-15	30-Apr-15	TRXCO005	Kumba Iron Ore - TRXCO005	1 341 780,00					1 341 780,00		03/07/2015
Transnet	Feb-15	28-Feb-15	TRX-HR20005	Maputo Corridor - TRXNCO115	331 373,38	157 713,38				331 373,38		11/06/2015
Transnet	Apr-15	30-Apr-15	TRX-HR20005	HR Hiring - Recruitment	436 956,43					436 956,43		22/05/2015
Transnet	Jan-15	31-Jan-15	TRXHR20003	HR Hiring - Recruitment	409 268,52					409 268,52		22/05/2015
Transnet	Feb-15	28-Feb-15	TRXHR20004	HR Hiring - Recruitment	417 915,20					417 915,20		22/05/2015
						12 506 928,02						-
Client	Month	Date of Invoice	Invoice no	Project	Amount (incl vat)	Forure	Huataff	Albatime	Outstanding	Bank	Outstanding	Bank date
Transnet	May-15	31-May-15	TRXCOAL	Coal -	4 232 250,00			211 612,50		4 232 250,00		03/07/2015
Transnet	May-15	31-May-15	TRXGCA009	GCIA Portfolio - TRXGCA009	3 425 462,52			171 273,13		3 425 462,52		03/07/2015
Transnet	May-15	31-May-15	TRXNMP0014	NMPP - TRXNMP0014	4 275 000,00			213 750,00		4 275 000,00		03/07/2015
Transnet	May-15	31-May-15	TRX-IES0005	GCIA SWAT2 IES - TRXIS0005	2 079 410,89			103 970,54		2 079 410,89		03/07/2015
Transnet	May-15	31-May-15	TRXCO006	Kumba Iron Ore - TRXCO006	5 278 200,00			263 910,00		5 278 200,00		03/07/2015
Transnet	May-15	31-May-15	TRX-GFB0001	GFB	3 711 840,00			185 592,00		3 711 840,00		21/09/2015
Transnet	May-15	31-May-15	TRX-SAL0001	GCIA - Saldanha Support	2 334 578,82	1 865 920,00		116 728,84		2 334 578,82		03/07/2015
Transnet	May-15	31-May-15	TRX-MAI001	Manganese Magapoproject Exc Ore	6 881 673,33	1 867 288,41		344 083,07		6 881 673,33		03/07/2015
						7 778 631,41		163 436,86				-

Client	Month	Date of Invoice	Invoice no	Project	Amount (Ind vat)	DEC	Foruse	Huataiff	Albatime	Bank	Outstanding	Bank date
Transnet	Jun-15	02-Jun-15	TRXFR00001	China Development Bank	189 240 000.00				147 607 200.00	189 240 000.00	-	18/08/2015
	Jun-15	30-Jun-15	TRXCOA014	Coal -	12 477 509.00		6 238 754.50		623 875.45	12 477 509.00	-	18/08/2015
	Jun-15	30-Jun-15	TRXGGA010	GCIA Portfolio - TRXGGA010	1 778 817.81			889 408.91	88 940.89	1 778 817.81	-	18/08/2015
	Jun-15	30-Jun-15	TRXNMP015	NMPP - TRXNMP015	3 620 667.10			1 810 333.55	3 620 667.10		-	18/08/2015
	Jun-15	30-Jun-15	TRX-IES0006	GCIA SWAT2 IES - TRXIES0006	3 815 932.03			1 907 866.02	190 796.60	3 815 932.03	-	18/08/2015
	Jun-15	30-Jun-15	TRX-GFB00002	GFB Breakthrough TRXGFB00002	5 016 000.00				250 800.00	5 016 000.00	-	21/08/2015
Transnet	Jun-15	30-Jun-15	TRX-SAL0002	GCIA - Saldanha Support	2 925 058.33		1 462 529.17		146 752.92	2 925 058.33	-	18/08/2015
Transnet	Jun-15	30-Jun-15	TRX-MAN002	Manganeze-Megaproject Exc.Org	6 881 673.33			3 440 836.67	344 083.67	6 881 673.33	-	18/08/2015
Client	Month	Date of Invoice	Invoice no	Project	Amount (Ind vat)	DEC	Foruse	Huataiff	Albatime	Bank	Outstanding	Bank date
Transnet	Jul-15	31-Jul-15	TRXCOA015	Coal -	28 691 520.00		14 345 760.00		1 434 575.00	28 691 520.00	-	31/08/2015
	Jul-15	31-Jul-15	TRXGGA011	GCIA Portfolio - TRXGGA011	2 036 005.18			1 018 001.59	401 860.18	2 036 005.18	-	02/09/2015
	Jul-15	31-Jul-15	TRXNMP015	NMPP - TRXNMP015	4 829 541.49			2 414 770.75	244 477.02	4 829 541.49	-	02/09/2015
	Jul-15	31-Jul-15	TRX-IES0007	GCIA SWAT2 IES - TRXIES0006				-	-	-	-	02/09/2015
	Jul-15	31-Jul-15	TRXGFB0003	GFB Breakthrough TRXGFB00003	8 151 000.00		4 405 500.00		407 550.00	8 151 000.00	-	16/09/2015
	Jul-15	31-Jul-15	TRX-SAL0002	GCIA - Saldanha Support	6 881 673.33				3 440 836.67	6 881 673.33	-	18/09/2015
Transnet	Jul-15	31-Jul-15	TRX-MAN003	Manganeze-Megaproject Exc.Org				3 440 836.67	344 083.67		-	
Client	Month	Date of Invoice	Invoice no	Project	Amount (Ind vat)	DEC	Fortime	Medjoul	Albatime	Bank	Outstanding	Bank date
Transnet	Jul-15	31-Aug-15	TRXCOA015	Coal -	5 411 427.93		2 205 713.97		2 373 433.30	5 411 427.93	-	01/10/2015
	Jul-15	31-Aug-15	TRXGGA011	GCIA Portfolio - TRXGGA011	1 932 126.83			966 053.42	847 424.05	1 932 126.83	-	01/10/2015
	Jul-15	31-Aug-15	TRXNMP015	NMPP - TRXNMP015	4 798 629.13		2 399 314.57		2 104 651.90	4 798 629.13	-	01/10/2015
	Jul-15	31-Aug-15	TRX-IES0007	GCIA SWAT2 IES - TRXIES0006	4 110 178.12			2 051 083.06	1 802 079.70	4 110 178.12	-	01/10/2015
	Jul-15	31-Aug-15	TRXGFB0003	GFB Breakthrough TRXGFB00003	9 405 000.00				4 125 000.00	9 405 000.00	-	01/10/2015
	Jul-15	31-Aug-15	TRX-SAL0002	GCIA - Saldanha Support			4 202 530.00		4 202 530.00		-	01/10/2015
Transnet	Jul-15	31-Aug-15	TRX-MAN003	Manganeze-Megaproject Exc.Org	6 881 673.33			3 440 836.67	3 018 277.78	6 881 673.33	-	01/10/2015
		Date of Invoice	Invoice no	Mandate	Invoice Amount							
		30-Sep-15	TRXCOA017	Coal	5 411 427.93							
		30-Sep-15	TRXGGA013	GCIA Portfolio Optimisation	1 102 716.19							
		30-Sep-15	TRXIES0009	SWAT2-IES	2 041 014.41							
		30-Sep-15	TRXGFB0005	GFB	9 405 000.00							
		30-Sep-15	TRXMAN0005	Manganeze	6 881 673.33							
		30-Sep-15	TRXNMP017	NMPP Acceleration	5 016 000.00							
		30-Sep-15	TRXSWIBC0001	SWAT2 GFB CASE	3 511 232.10							
		30-Sep-15	TRXSWZCM001	TRXSWZCM001	107 702.93							
					33 476 766.89							
		Date of Invoice	Invoice no	Mandate	Invoice Amount							
		30-Oct-15	TRXIES0010	SWAT2-IES	2 280 241.50							
		30-Oct-15	TRXGFB0006	GFB	12 540 000.00							
		30-Oct-15	TRXMAN0006	Manganeze	6 881 673.33							
		30-Oct-15	TRXNMP018	NMPP Acceleration	5 016 000.00							
		30-Oct-15	TRXSWIBC0001	SWAT2 GFB CASE	3 549 916.00							
		30-Oct-15	TRXSWZCM001	TRXSWZCM001	72 703.50							
					12 612 703.50							
										SAFCOL	1 761 300.00	
										SAA	2 793 000.00	
										Total Outstanding	22 017 703.50	
										SAFCOL	1 761 300.00	
										Grand Total	23 779 003.50	

To be Credited

Burlington									
Client	Month	Date of Inv	Invoice no	Project	Amount (incl vat)	Homix	Bank	Outstanding	Bank date
							-	-	
Regiments Fund Managers									
Client	Month	Date of Inv	Invoice no	Project	Amount (incl vat)	Molelwane	Bank	Outstanding	Bank date
COJ		Feb	RFM	Management Fee	1 236 669,22	98 933,54	1 236 669,22	-	16/04/2015
COJ		March	RFM	Management Fee	1 279 577,52	102 366,20	1 279 577,52	-	17/04/2015
						201 299,74		-	

Client	Invoice date	Invoice No	Project	Amount	Status
Transnet	31-May-15	TRX-GFB00001	GFB	3 711 840,00	60 days
Transnet	30-Jun-15	TRXCOAL014	Coal -	12 477 509,00	30 Days
Transnet	30-Jun-15	TRXGCI/A010	GCIA Portfolio - TRXGCI/A010	1 778 817,81	30 Days
Transnet	30-Jun-15	TRXNMPP015	NMPP – TRXNMPP015	3 620 667,10	30 Days
Transnet	30-Jun-15	TRX-IES0006	GCIA SWAT2 IES - TRXIES0006	3 815 932,03	30 Days
Transnet	30-Jun-15	TRX-GFB00002	GFB Breakthrough TRXGFB00002	5 016 000,00	30 Days
Transnet	30-Jun-15	TRX-SAL0002	GCIA - Saldanha Support	2 925 058,33	30 Days
Transnet	30-Jun-15	TRX-MAN002	Manganesse-Megaproject Exc.Org	6 881 673,33	30 Days
Transnet	31-Jul-15	TRXCOAL015	Coal -	28 691 520,00	Current
Transnet	31-Jul-15	TRXGCI/A011	GCIA Portfolio - TRXGCI/A010	2 036 003,18	Current
Transnet	31-Jul-15	TRXNMPP015	NMPP – TRXNMPP015	-	
Transnet	31-Jul-15	TRX-IES0007	GCIA SWAT2 IES - TRXIES0006	4 829 541,49	Current
Transnet	31-Jul-15	TRXIO002	Iron Ore renegotiation	-	
Transnet	31-Jul-15	TRX-GFB00003	GFB Breakthrough TRXGFB00002	-	30 Days
Transnet	31-Jul-15	TRX-SAL0002	GCIA - Saldanha Support	-	
Transnet	31-Jul-15	TRX-MAN003	Manganesse-Megaproject Exc.Org	-	30 days

Total outstanding	75 784 562,27

Outstanding July 2015			
Date of Invoice	Mandate	Final Invoice	
31-Jul-15	GFB Breakthrough TRXGFB000003	-	
31-Jul-15	Manganese-Megaproject Exc.Org	-	
Aug 2015 Billings			
Date of Invoice	Mandate	Final Invoice	
31-Aug-15	Coal	5 411 427,93	
31-Aug-15	GCIA Portfolio Optimisation	1 932 126,83	
31-Aug-15	SWAT2-IES	4 110 178,12	
31-Aug-15	GFB	9 405 000,00	
31-Aug-15	Manganese	6 881 673,33	
31-Aug-15	NMPP Acceleration	4 798 629,13	
Total		32 539 035,34	
September 2015 Pro-Forma Billings			
Date of Invoice	Mandate	Pro-Forma Invoice	
15-Sep-15	Coal	5 411 427,93	
15-Sep-15	GCIA Portfolio Optimisation	2 006 400,00	
15-Sep-15	SWAT2-IES	4 389 000,00	
15-Sep-15	GFB	10 282 800,00	
15-Sep-15	Manganese	6 881 673,33	
15-Sep-15	NMPP Acceleration	5 016 000,00	
30-Sep-15	SWAT 2 GFB CASE		
Total		33 987 301,26	

Aug Revenue	32 539 035,34
Sep Revenue	33 369 063,96
	65 908 099,30
GL	60 233 731,29
Diff	5 674 368,01
	Overpayment from Inception
	5674368,01
	4 525 014,36
	452 501,44
	4 977 515,80
	696 852,21
	5 674 368,01

Date of Invoice	Invoice no	Mandate	Invoice Amount	Outstanding	Bank date
30-Sep-15	TRXCOAL017	Coal	5 411 427,93	5 411 427,93	
30-Sep-15	TRXGFB0005	GFB	9 405 000,00	9 405 000,00	
			14 816 427,93	14 816 427,93	
Date of Invoice	Invoice no	Mandate	Invoice Amount	Outstanding	Bank date
30-Oct-15	TRXIES0010	SWAT2-IES	2 280 241,50	2 280 241,50	
30-Oct-15	TRXGFB0006	GFB	12 540 000,00	12 540 000,00	
30-Oct-15	TRXMANG006	Manganese	6 881 673,33	6 881 673,33	
30-Oct-15	TRXNMPP018	NMPP Acceleration	5 016 000,00	5 016 000,00	
30-Oct-15	TRXSWIBC0001	SWAT 2 GFB CASE	3 549 916,00	3 549 916,00	
30-Oct-15	TRXSW2CM0012V1	TRXSW2CM002V1	82 881,99	82 881,99	
			30 350 712,82	30 350 712,82	

Total

Transnet Revenue																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
Date of Invoice	Invoice no	Mandate	Invoice Amount		Transnet partners							BD Partner Refund Request	BD Partner Refund																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
30-Sep-15	TRXGFB0005	GFB	9 405 000,00																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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Client	Date of Invoice	Project	Revenue	Per Schedule			Albatime Invoice			
				Exc Vat	VAT	Accrued	Albatime Invoice	VAT	Total	Difference
Transnet	31-Aug-14	Capital Projects - TRXC00001	1 225 500,00	53 750,00	7 525,00	61 275,00	245 750,00	34 405,00	280 155,00	-218 880,00
Transnet	31-Aug-14	NMPP - TRXNMPP004	6 004 950,00	263 375,00	36 872,50	300 247,50	263 375,00	36 872,50	300 247,50	-
Transnet	31-Aug-14	Manganese - TRXMG0005	8 823 600,00	387 000,00	54 180,00	441 180,00	387 000,00	54 180,00	441 180,00	-

Once off
Adj. per Mr
Wood

Client	Month	Date of Invoice	Invoice no	Project	Amount (incl vat)	Albatime	Bank	Outstanding	Bank date
	Feb-15	12/03/2015	SAFCOL - SAFFPL1001		957 600,00	47 880,00	957 600,00	-	30/03/2015
	Feb-15	12/03/2015	SAFCOL - SAFFPL1002		2 992 500,00	149 625,00	2 992 500,00	-	30/03/2015
	Feb-15	12/03/2015	SAFCOL - SAFFPL1003		1 761 300,00	88 065,00		1 761 300,00	
						285 570,00			

Maputo Corridor

Description	Invoice	Cost	Project expenses (Claims)
			Betty to provide
Tax Invoice - November	2 460 555,68	-686 666,70	
Tax Invoice - December	2 288 889,00	-686 666,70	
Tax Invoice - January	2 288 889,00	-450 919,99	
		-686 666,70	
Tax Invoice - February	5 028 667,00	-1 508 600,10	
Tax Invoice - March	4 385 820,00	-956 523,52	
Tax Invoice - April	4 037 650,00		
	20 490 470,68	-4 976 043,71	



THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD
POSTNET SUITE 25
PRIVATE BAG X11
BIRNAM PARK
2015

NORTHERN GAUTENG
12 FREDMAN DRIVE
P O BOX 784088
SANDTON
011 775 2600
000469

135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa
Bank VAT Reg No 4320116074
Lost cards 0800 110 929
Client Solution Desk 0860 103 870
www.nedbank.co.za

Tax invoice

Statement date : 30 November 2009
Frequency : Month-end
Statement period
From : 31 October 2009
To : 30 November 2009
Total number of pages: 4
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 4



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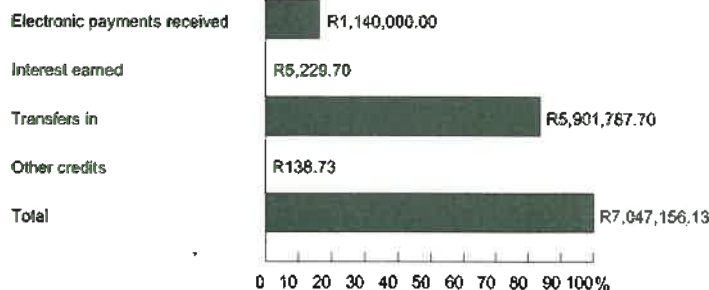
Account summary**Bank charge summary**

Cheque payment	R23.20
Electronic banking fees	R808.80
Service fees	R1,367.94
Other charges	R4,741.13
Bank charge/s (Total)	R6,941.07
*VAT inclusive @	14.000%

VAT calculated monthly

Cashflow

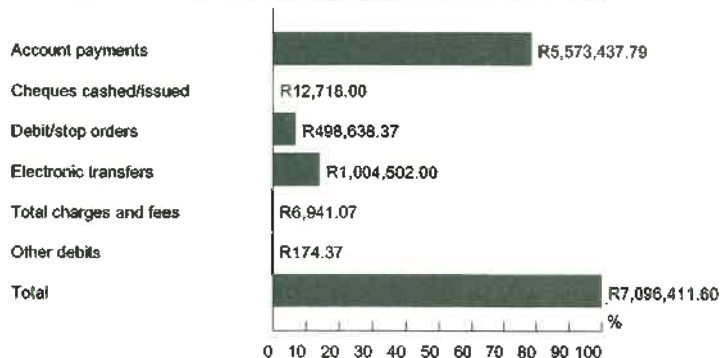
Opening balance	-R143,355.08
Funds received/credits	R7,047,156.13
Funds used/debits	R7,096,411.60
Closing balance	-R192,610.55
Annual credit interest rate	0.000%
Total funds received/credits	R7,047,156.13

**Overdraft/Overdrawn**

Current overdraft limit	R500,000.00
Debit interest rate	10.500%
Amount over limit	R0.00

If you have received this statement in error, kindly return it to the Nedbank branch nearest to you.

Please examine this statement soonest. If no error is reported within 30 days after receipt, the statement will be considered as being correct.

Total funds used/debits **R7,096,411.60****# Cheques to follow with next statement**

Nedbank Ltd Reg No 1951/000009/06.

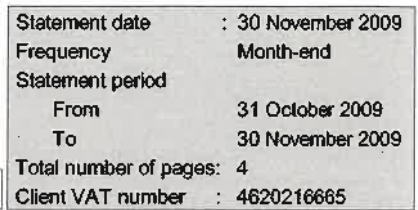
We subscribe to the Code of Banking Practice of The Banking Association South Africa and, for unresolved disputes, support resolution through the Ombudsman for Banking Service. We are an authorised financial services provider. We are a registered credit provider in terms of the National Credit Act (NCR Reg No NCRCP16).



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Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 3 of 4

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THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD
POSTNET SUITE 25
PRIVATE BAG X11
BIRNAM PARK
2015

NORTHERN GAUTENG
135 RIVONIA ROAD
I BLOCK
P O BOX 784088
SANDTON
011 294 4444
000469

135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa
Bank VAT Reg No 4320116074
Lost cards 0800 110 929
Client Solution Desk 0860 103 870
www.nedbank.co.za

Tax invoice

Statement date : 30 April 2011
Frequency : Month-end
Statement period
From : 31 March 2011
To : 30 April 2011
Total number of pages: 5
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT

Account number: 1469142856

Page: 1 of 5



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Account summary

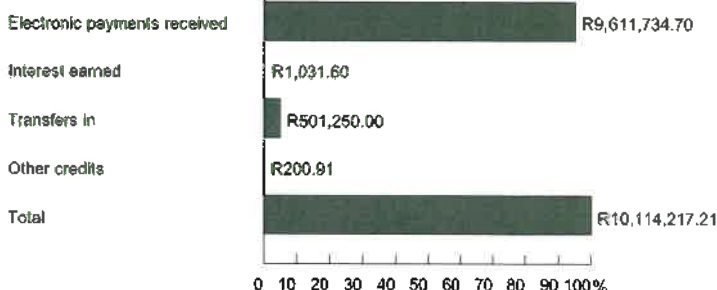
Bank charge summary

Electronic banking fees	R1,039.41
Payroll solutions	R3,673.46
Service fees	R1,937.96
Other charges	R1,215.75
Bank charge/s (Total)	R7,866.58
*VAT inclusive @	14.000%

VAT calculated monthly

Cashflow

Opening balance	R4,709,242.61
Funds received/credits	R10,114,217.21
Funds used/debits	R13,716,941.48
Closing balance	R1,106,518.34
Annual credit interest rate	0.000%
Total funds received/credits	R10,114,217.21



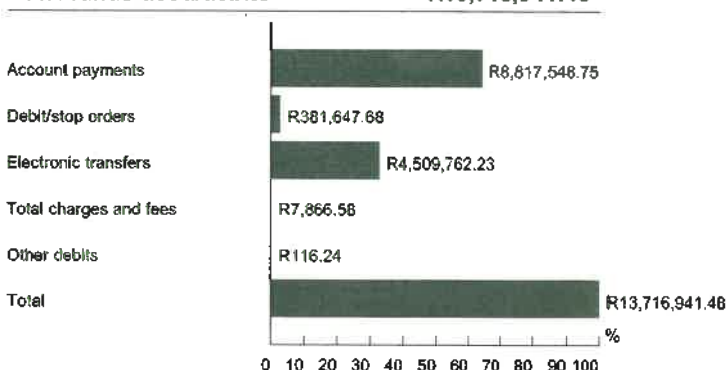
Overdraft/Overdrawn

Current overdraft limit	R500,000.00
Debit interest rate	9.000%
Amount over limit	R0.00

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Total funds used/debits



Nedbank Ltd Reg No 1951/000009/06.

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016914285604915218



04915218



Statement date	: 30 April 2011
Frequency	Month-end
Statement period	
From	31 March 2011
To	30 April 2011
Total number of pages:	5
Client VAT number	: 4620216665

THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 2 of 5

Cash Fee Formula	Service Fee Formula
R 1.38 per R100 or part there of	R 2.86 for the first R100, then R 1.43 per R100 for remaining value, with a Maximum of R21.01.

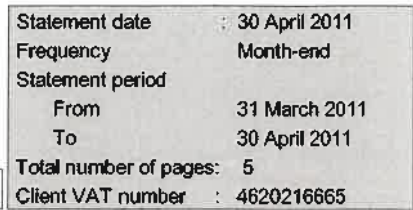
Bank Charges for the period 31 March 2011 to 30 April 2011			
Narrative Description	Item Cost	VAT	Total
Electronic banking fees	911.76	127.65	1039.41
Payroll solutions	3222.33	451.13	3673.46
Service fees	1699.96	238.00	1937.96
Other charges	1066.45	149.30	1215.75
Total Charges			7866.58



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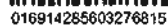
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Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 3 of 5



03276815





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THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD
POSTNET SUITE 25
PRIVATE BAG X11
BIRNAM PARK
2015

NORTHERN GAUTENG
135 RIVONIA ROAD
I BLOCK
P O BOX 784088
SANDTON
011 294 4444
000469

135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa
Bank VAT Reg No 4320116074
Lost cards 0800 110 929
Client Solution Desk 0860 103 870
www.nedbank.co.za

Tax invoice

Statement date : 30 June 2011
Frequency : Month-end
Statement period
From : 31 May 2011
To : 30 June 2011
Total number of pages: 6
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 6



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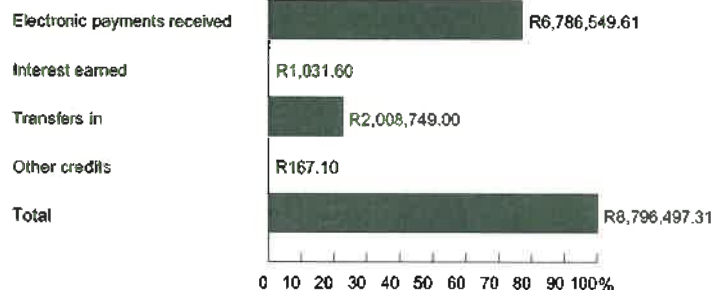
At Nedbank Business Banking we understand your investment needs are closely aligned to your business and working capital requirements. Contact your relationship banker or email us at business@nedbank.co.za

**Account summary****Bank charge summary**

Electronic banking fees	R905.66
Payroll solutions	R3,509.87
Service fees	R1,679.56
Other charges	R0.00
Bank charge/s (Total)	R6,095.09
*VAT inclusive @	14.000%
VAT calculated monthly	

Cashflow

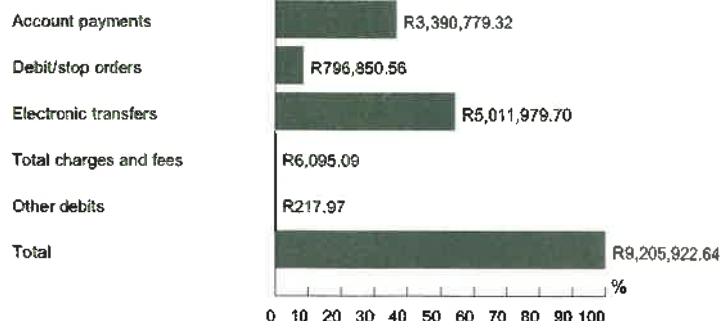
Opening balance	R70,813.93
Funds received/credits	R8,796,497.31
Funds used/debits	R9,205,922.64
Closing balance	-R338,611.40
Annual credit interest rate	0.000%
Total funds received/credits	R8,796,497.31

**Overdraft/Overdrawn**

Current overdraft limit	R500,000.00
Debit interest rate	9.000%
Amount over limit	R0.00

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Total funds used/debits R9,205,922.64

Nedbank Ltd Reg No 1951/000009/06.

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95589



Statement date : 30 June 2011
 Frequency : Month-end
 Statement period
 From : 31 May 2011
 To : 30 June 2011
 Total number of pages: 6
 Client VAT number : 4620216665

THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 2 of 6

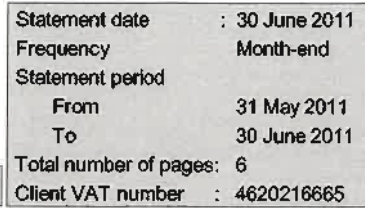
Cash Fee Formula	Service Fee Formula
R 1.38 per R100 or part thereof	R 2.86 for the first R100, then R 1.43 per R100 for remaining value, with a Maximum of R21.01.

Bank Charges for the period 31 May 2011 to 30 June 2011

Narrative Description	Item Cost	VAT	Total
Electronic banking fees	794.44	111.22	905.66
Payroll solutions	3078.83	431.04	3509.87
Service fees	1473.30	206.26	1679.56
Other charges	0.00	0.00	0.00
Total Charges			6095.09

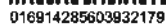


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Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 5 of 6

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POSTNET SUITE 25
PRIVATE BAG X11
BIRNAM PARK
2015

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135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa
Bank VAT Reg No 4320116074
Lost cards 0800 110 929
Client Solution Desk 0860 103 870
www.nedbank.co.za

Tax invoice

Statement date : 31 August 2011
Frequency : Month-end
Statement period
From : 30 July 2011
To : 31 August 2011
Total number of pages: 5
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT

Account number: 1469142856

Page: 1 of 5



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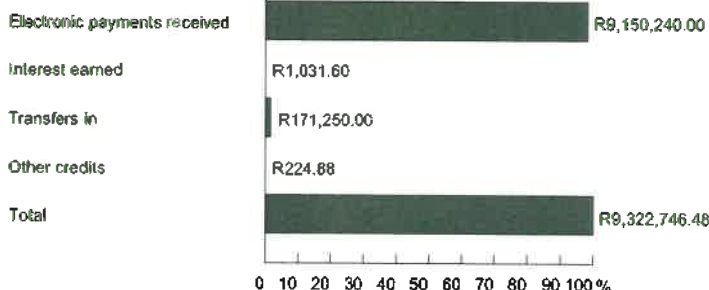
**Account summary****Bank charge summary**

Electronic banking fees	R998.30
Payroll solutions	R3,685.43
Service fees	R2,126.81
Other charges	R565.00
Bank charge/s (Total)	R7,375.54
*VAT inclusive @	14.000%

VAT calculated monthly

Cashflow

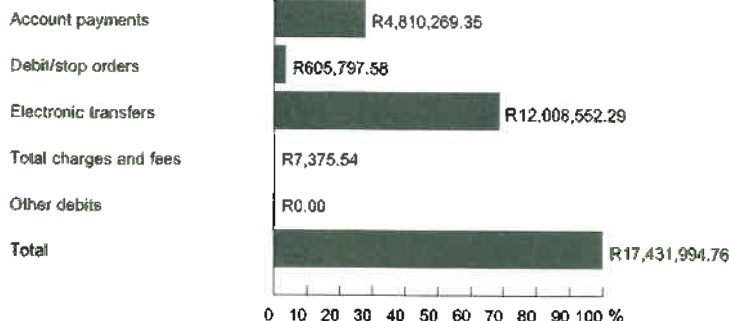
Opening balance	R8,588,583.39
Funds received/credits	R9,322,746.48
Funds used/debits	R17,431,994.76
Closing balance	R479,335.11
Annual credit interest rate	0.000%
Total funds received/credits	R9,322,746.48

**Overdraft/Overdrawn**

Current overdraft limit	R500,000.00
Debit interest rate	9.000%
Amount over limit	R0.00

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Total funds used/debits R17,431,994.76

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016914285603932179





Statement date	: 31 August 2011
Frequency	Month-end
Statement period	
From	30 July 2011
To	31 August 2011
Total number of pages:	5
Client VAT number	: 4620216665

THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 2 of 5

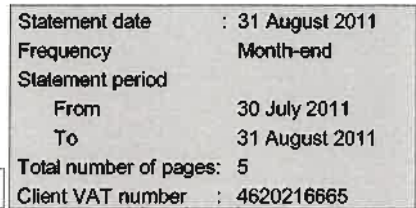
Cash Fee Formula	Service Fee Formula
R 1.38 per R100 or part thereof	R 2.86 for the first R100, then R 1.43 per R100 for remaining value, with a Maximum of R21.01.

Bank Charges for the period 30 July 2011 to 31 August 2011

Narrative Description	Item Cost	VAT	Total
Electronic banking fees	875.70	122.60	998.30
Payroll solutions	3232.83	452.60	3685.43
Service fees	1865.62	261.19	2126.81
Other charges	495.61	69.39	565.00
Total Charges			7375.54

[illegible]

016914285604259855



Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 5 of 5

[illegible]

Closing Balance R479,335.11



016914285602949147



THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD
POSTNET SUITE 25
PRIVATE BAG X11
BIRNAM PARK
2015

NORTHERN GAUTENG
12 FREDMAN DRIVE
P O BOX 784088
SANDTON
011 775 2600
000469

135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa
Bank VAT Reg No 4320116074
Lost cards 0800 110 929
Client Solution Desk 0860 103 870
www.nedbank.co.za

Tax invoice

Statement date : 31 December 2009
Frequency : Month-end
Statement period
From : 30 November 2009
To : 31 December 2009
Total number of pages : 5
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 5



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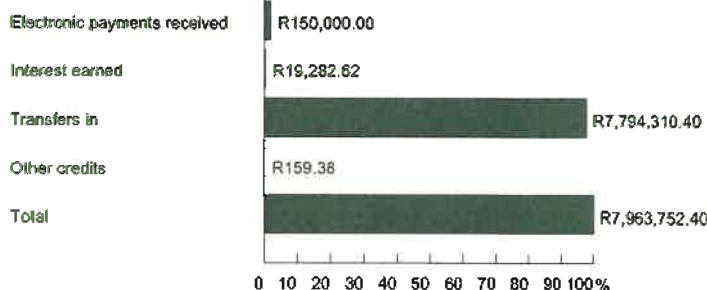
Account summary**Bank charge summary**

Electronic banking fees	R808.80
Payroll solutions	R4,845.00
Service fees	R1,543.78
Other charges	R1,406.14
Bank charge/s (Total)	R8,603.72
*VAT inclusive @	14.000%

VAT calculated monthly

Cashflow

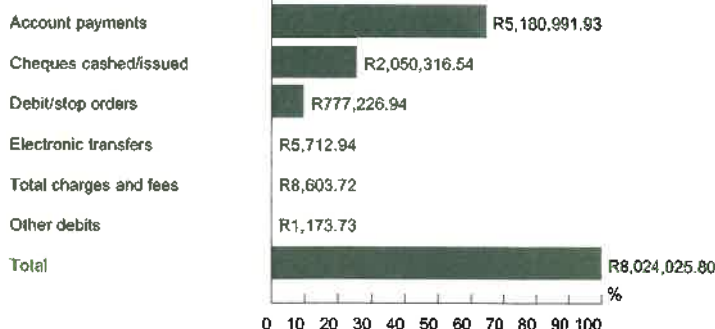
Opening balance	-R192,610.55
Funds received/credits	R7,963,752.40
Funds used/debits	R8,024,025.80
Closing balance	-R252,883.95
Annual credit interest rate	0.000%
Total funds received/credits	R7,963,752.40

**Overdraft/Overdrawn**

Current overdraft limit	R500,000.00
Debit interest rate	10.500%
Amount over limit	R0.00

If you have received this statement in error, kindly return it to the Nedbank branch nearest to you.

Please examine this statement soonest. If no error is reported within 30 days after receipt, the statement will be considered as being correct.

Total funds used/debits R8,024,025.80**# Cheques to follow with next statement**

Nedbank Ltd Reg No 1951/008009/06.

We subscribe to the Code of Banking Practice of The Banking Association South Africa and, for unresolved disputes, support resolution through the Ombudsman for Banking Service. We are an authorised financial services provider. We are a registered credit provider in terms of the National Credit Act (NCR Reg No NCRCP16).



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04587538



THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD

Statement date	: 31 December 2009
Frequency	Month-end
Statement period	
From	30 November 2009
To	31 December 2009
Total number of pages:	5
Client VAT number	: 4620216665

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 5 of 5

Tran List No	Date	Description/Narrative	Fees	Debits	Credits	Balance

Closing Balance -R252,883.95



03604502



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0011469142856201203315

THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD
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2015

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I BLOCK
P O BOX 784088
SANDTON
011 294 4444
000469

135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa
Bank VAT Reg No 4320116074
Lost cards 0800 110 929
Client Solution Desk 0860 103 870
www.nedbank.co.za

Tax invoice

Statement date : 31 March 2012
Frequency : Month-end
Statement period
From : 29 February 2012
To : 31 March 2012
Total number of pages: 5
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 5



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Account summary

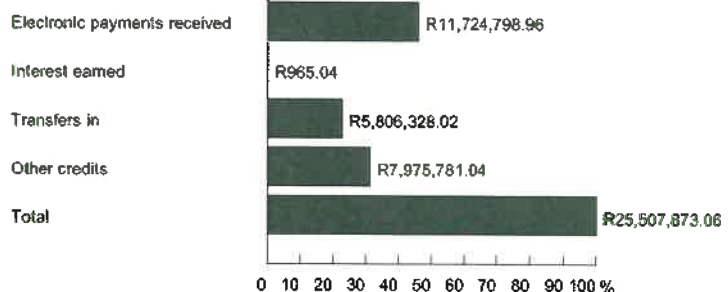
Bank charge summary

Electronic banking fees	R986.48
Payroll solutions	R10,598.05
Service fees	R1,674.00
Other charges	R36.00
Bank charge/s (Total)	R13,294.53
*VAT inclusive @	14.000%

VAT calculated monthly

Cashflow

Opening balance	-R145,192.86
Funds received/credits	R25,507,873.06
Funds used/debits	R14,388,753.57
Closing balance	R10,973,926.63
Annual credit interest rate	0.000%
Total funds received/credits	R25,507,873.06



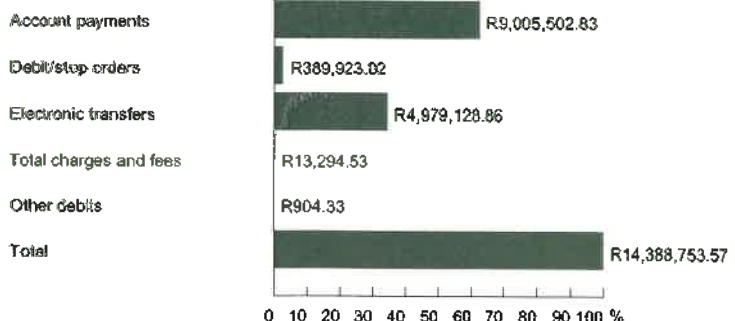
Overdraft/Overdrawn

Current overdraft limit	R500,000.00
Debit interest rate	9.000%
Amount over limit	R0.00

If you have received this statement in error, kindly return it to the Nedbank branch nearest to you.

Please examine this statement soonest. If no error is reported within 30 days after receipt, the statement will be considered as being correct.

Total funds used/debits R14,388,753.57



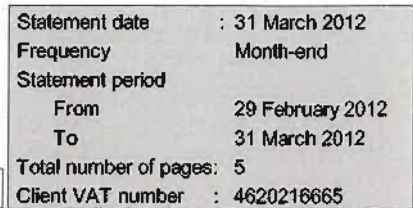
Nedbank Ltd Reg No 1951/000009/06.

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59610



Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 3 of 5



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THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD
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135 Rivonia Road, Sandown, 2196
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Bank VAT Reg No 4320116074
Lost cards 0800 110 929
Client Solution Desk 0860 103 870
www.nedbank.co.za

Tax invoice

Statement date : 30 November 2009
Frequency : Month-end
Statement period
From : 31 October 2009
To : 30 November 2009
Total number of pages: 4
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 4



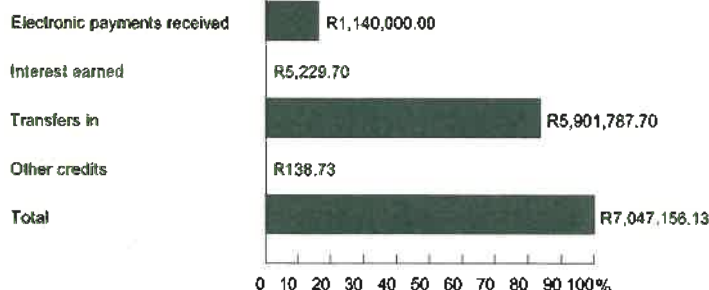
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business@nedbank.co.za.**

Account summary**Bank charge summary**

Cheque payment	R23.20
Electronic banking fees	R808.80
Service fees	R1,367.94
Other charges	R4,741.13
Bank charge/s (Total)	R6,941.07
*VAT inclusive @	14.000%
VAT calculated monthly	

Cashflow

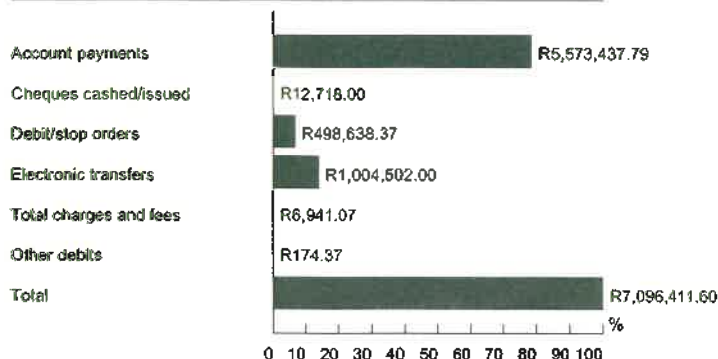
Opening balance	-R143,355.08
Funds received/credits	R7,047,156.13
Funds used/debits	R7,096,411.60
Closing balance	-R192,610.55
Annual credit interest rate	0.000%
Total funds received/credits	R7,047,156.13

**Overdraft/Overdrawn**

Current overdraft limit	R500,000.00
Debit interest rate	10.500%
Amount over limit	R0.00

If you have received this statement in error, kindly return it to the Nedbank branch nearest to you.

Please examine this statement soonest. If no error is reported within 30 days after receipt, the statement will be considered as being correct.

Total funds used/debits R7,096,411.60**# Cheques to follow with next statement**

Nedbank Ltd Reg No 1951/000009/06.

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03276815



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POSTNET SUITE 25
PRIVATE BAG X11
BIRNAM PARK
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12 FREDMAN DRIVE
P O BOX 784088
SANDTON
011 775 2600
000469

135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa

Bank VAT Reg No 4320116074

Lost cards 0800 110 929

Client Solution Desk 0860 103 870

www.nedbank.co.za

Tax invoice

Statement date : 31 December 2009
Frequency : Month-end
Statement period
From : 30 November 2009
To : 31 December 2009
Total number of pages: 5
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 5



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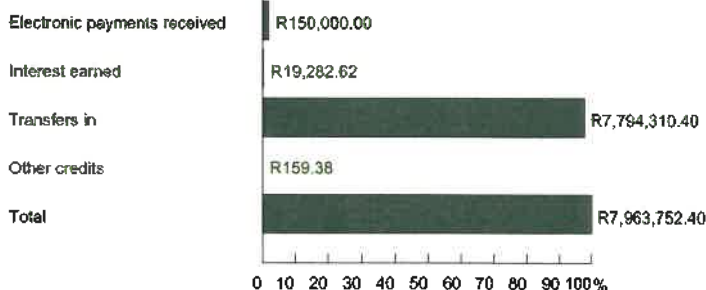
Account summary

Bank charge summary

Electronic banking fees	R808.80
Payroll solutions	R4,845.00
Service fees	R1,543.78
Other charges	R1,406.14
Bank charge/s (Total)	R8,603.72
*VAT inclusive @	14.000%
VAT calculated monthly	

Cashflow

Opening balance	-R192,610.55
Funds received/credits	R7,963,752.40
Funds used/debits	R8,024,025.80
Closing balance	-R252,883.95
Annual credit interest rate	0.000%
Total funds received/credits	R7,963,752.40



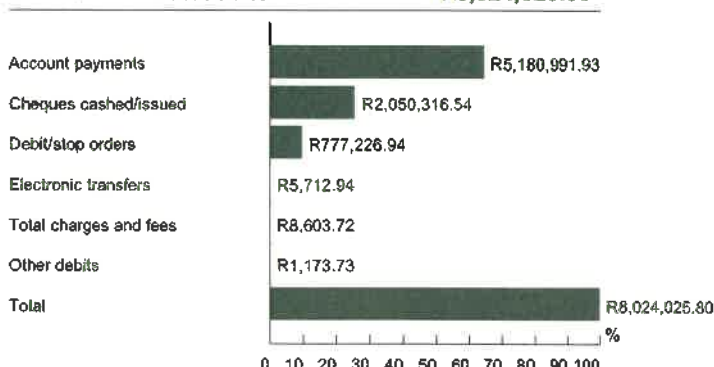
Overdraft/Overdrawn

Current overdraft limit	R500,000.00
Debit interest rate	10.500%
Amount over limit	R0.00

If you have received this statement in error, kindly return it to the Nedbank branch nearest to you.

Please examine this statement soonest. If no error is reported within 30 days after receipt, the statement will be considered as being correct.

Total funds used/debits



Cheques to follow with next statement

Nedbank Ltd Reg No 1951/000009/06.

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Statement date	31 December 2009
Frequency	Month-end
Statement period	
From	30 November 2009
To	31 December 2009
Total number of pages:	5
Client VAT number	4620216665

THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 3 of 5

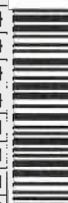
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THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD

Statement date	: 31 December 2009
Frequency	Month-end
Statement period	
From	30 November 2009
To	31 December 2009
Total number of pages:	5
Client VAT number	: 4620216665

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 4 of 5

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THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD

Statement date	31 December 2009
Frequency	Month-end
Statement period	
From	30 November 2009
To	31 December 2009
Total number of pages:	5
Client VAT number	4620216665

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 5 of 5

Tran List No	Date	Description/Narrative	Fees	Debits	Credits	Balance
	31/12/2009	Balance Brought Forward				-R250,461.45

Closing Balance -R252,883.95



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THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD
POSTNET SUITE 25
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BIRNAM PARK
2015

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135 RIVONIA ROAD
J BLOCK
P O BOX 784088
SANDTON
011 294 4444
000469

135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa
Bank VAT Reg No 4320116074
Lost cards 0800 110 929
Client Solution Desk 0860 103 870
www.nedbank.co.za

Tax Invoice

Statement date : 30 October 2010
Frequency : Month-end
Statement period
From : 30 September 2010
To : 30 October 2010
Total number of pages: 4
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 4



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Account summary

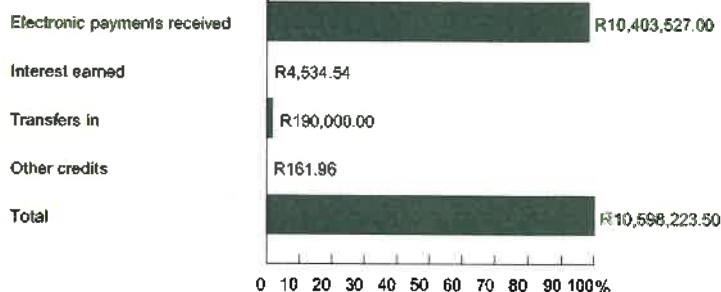
Bank charge summary

Cheque payment	R252.00
Electronic banking fees	R857.00
Payroll solutions	R3,119.84
Service fees	R1,632.62
Other charges	R1,894.80
Bank charge/s (Total)	R7,756.26
*VAT inclusive @	14.000%

VAT calculated monthly

Cashflow

Opening balance	R1,665,689.94
Funds received/credits	R10,598,223.50
Funds used/debits	R12,826,559.85
Closing balance	-R562,646.41
Annual credit interest rate	0.000%
Total funds received/credits	R10,598,223.50



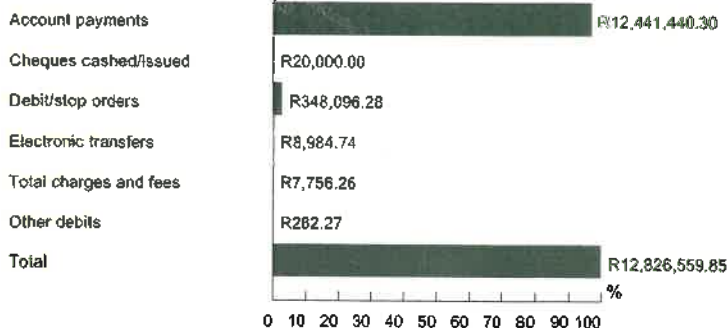
Overdraft/Overdrawn

Current overdraft limit	R500,000.00
Debit interest rate	9.500%
Amount over limit	-R62,646.41

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Please examine this statement soonest. If no error is reported within 30 days after receipt, the statement will be considered as being correct.

Total funds used/debits R12,826,559.85



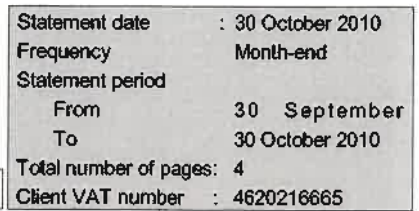
Nedbank Ltd Reg No 1951/000009/06.

We subscribe to the Code of Banking Practice of The Banking Association South Africa and, for unresolved disputes, support resolution through the Ombudsman for Banking Service. We are an authorised financial services provider. We are a registered credit provider in terms of the National Credit Act (NCR Reg No NCRCP16).

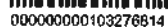


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Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 3 of 4





THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD
POSTNET SUITE 25
PRIVATE BAG X11
BIRNAM PARK
2015

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12 FREDMAN DRIVE
P O BOX 784088
SANDTON
011 775 2600
000469

135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa

Bank VAT Reg No 4320116074

Lost cards 0800 110 929

Client Solution Desk 0860 103 870

www.nedbank.co.za

Tax invoice

Statement date : 31 March 2010
Frequency : Month-end
Statement period
From : 27 February 2010
To : 31 March 2010
Total number of pages: 6
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 6



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Account summary

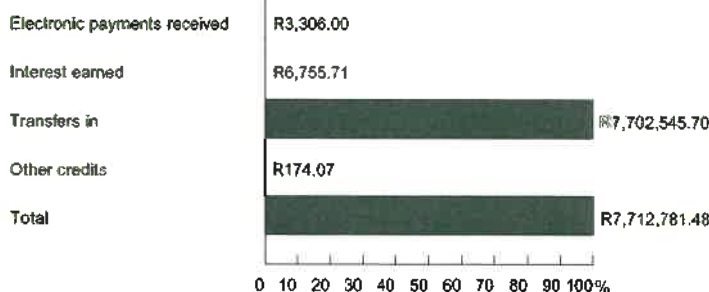
Bank charge summary

Electronic banking fees	R857.00
Payroll solutions	R2,563.08
Service fees	R1,680.58
Other charges	R1,677.14
Bank charge/s (Total)	R6,777.80
*VAT inclusive @	14.000%

VAT calculated monthly

Cashflow

Opening balance	-R278,962.79
Funds received/credits	R7,712,781.48
Funds used/debits	R7,914,994.24
Closing balance	-R481,175.55
Annual credit interest rate	0.000%
Total funds received/credits	R7,712,781.48



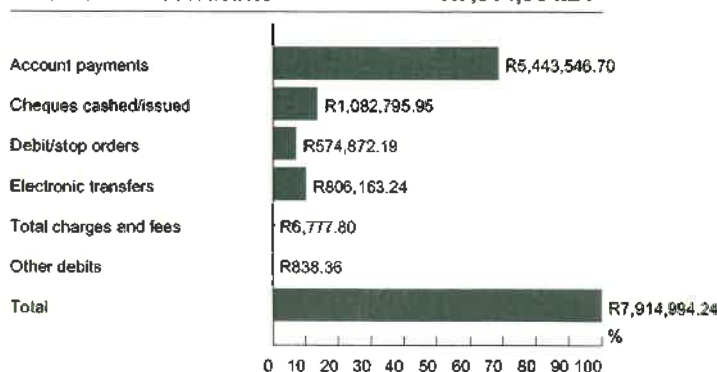
Overdraft/Overdrawn

Current overdraft limit	R500,000.00
Debit interest rate	10.000%
Amount over limit	R0.00

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Please examine this statement soonest. If no error is reported within 30 days after receipt, the statement will be considered as being correct.

Total funds used/debits



Cheques to follow with next statement

Nedbank Ltd Reg No 1951/000009/06.

We subscribe to the Code of Banking Practice of The Banking Association South Africa and, for unresolved disputes, support resolution through the Ombudsman for Banking Service. We are an authorised financial services provider. We are a registered credit provider in terms of the National Credit Act (NCR Reg No NCRCP16).



146914285603604490



03604496



200477757

PARKTOWN
PO BOX 62325
MARSHALLTOWN 2107

PARKTOWN
MOORES ROWLAND HOUSE PO BOX 62325
ST DAVIDS PLACE OFF MARSHALLTOWN
ST ANDREWS ROAD PARKTOGAUTENG
2193 2107

Customer Care Centre: 0860 101 341

30 November 2013
329363818

THE DIRECTOR
REGIMENTS CAPITAL (PTY) LTD
91 CENTRAL ST
HOUGHTON
2198

PARKTOWN 0355
MONTHLY MAIL

Statement No 28
VAT Reg. No.
Page 12 of 38

Statement Frequency MONTHLY
Statement from 01 November 2013 to 30 November 2013

BUSINESS CURRENT ACCOUNT

Account Number 20 047 775 7

Details	Service Fee	Debits	Credits	Date	Balance Entry Ref

CATS THIRD PARTY PAYMENT
RAMS CAPITAL FSF11
16:00

375.606,00-

11 07

1.683.878,67-000000083

These fees are inclusive of VAT

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).



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2015

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000469

135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa

Bank VAT Reg No 4320116074

Lost cards 0800 110 929

Client Solution Desk 0860 103 870

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Tax invoice

Statement date : 30 June 2010
Frequency : Month-end
Statement period
From : 31 May 2010
To : 30 June 2010
Total number of pages: 4
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 4



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Account summary

Bank charge summary

Electronic banking fees	R857.00
Service fees	R1,798.80
Other charges	R4,000.00
Bank charge/s (Total)	R6,655.80
*VAT inclusive @	14.000%
VAT calculated monthly	

Cashflow

Opening balance	R1,010,461.07
Funds received/credits	R25,823,657.39
Funds used/debits	R24,417,845.67
Closing balance	R2,416,272.79
Annual credit interest rate	0.000%
Total funds received/credits	R25,823,657.39

Electronic payments received	R23,949,955.31
Interest earned	R10,983.82
Transfers in	R1,862,541.38
Other credits	R176.88
Total	R25,823,657.39

0 10 20 30 40 50 60 70 80 90 100%

Overdraft/Overdrawn

Current overdraft limit	R500,000.00
Debit interest rate	10.000%
Amount over limit	R0.00

If you have received this statement in error, kindly return it to
the Nedbank branch nearest to you.

Please examine this statement soonest. If no error is reported
within 30 days after receipt, the statement will be considered as
being correct.

Total funds used/debits R24,417,845.67

Account payments	R21,667,741.81
Debit/stop orders	R736,585.43
Electronic transfers	R2,006,161.24
Total charges and fees	R6,655.80
Other debits	R701.39
Total	R24,417,845.67

0 10 20 30 40 50 60 70 80 90 100%

Cheques to follow with next statement

Nedbank Ltd Reg No 1951/000009/06.

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We are an authorised financial services provider. We are a registered credit provider in terms of the National Credit Act (NCR Reg No NCRCP16).



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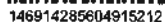
04259855



Statement date	: 30 June 2010
Frequency	Month-end
Statement period	
From	31 May 2010
To	30 June 2010
Total number of pages:	4
Client VAT number	: 4620216665



04915218





THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD
POSTNET SUITE 25
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2015

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P O BOX 784088
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011 294 4444
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135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa
Bank VAT Reg No 4320116074
Lost cards 0800 110 929
Client Solution Desk 0860 103 870
www.nedbank.co.za

Tax invoice

Statement date : 31 July 2010
Frequency : Month-end
Statement period
From : 30 June 2010
To : 31 July 2010
Total number of pages: 5
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 5



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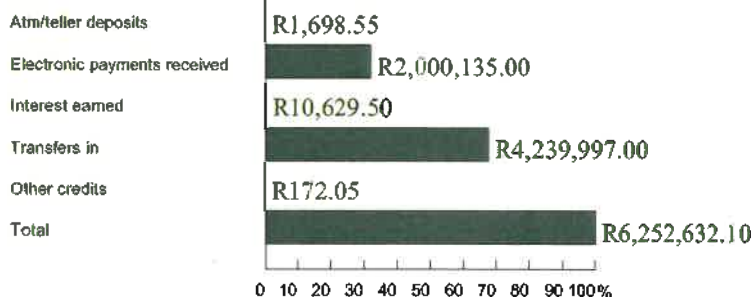
Account summary

Bank charge summary

Electronic banking fees	R857.00
Payroll solutions	R9,176.00
Service fees	R1,682.04
Other charges	R418.96
Bank charge/s (Total)	R12,134.00
*VAT inclusive @	14.000%
VAT calculated monthly	

Cashflow

Opening balance	R2,416,272.79
Funds received/credits	R6,252,632.10
Funds used/debits	R6,729,510.78
Closing balance	R1,939,394.11
Annual credit interest rate	0.000%
Total funds received/credits	R6,252,632.10



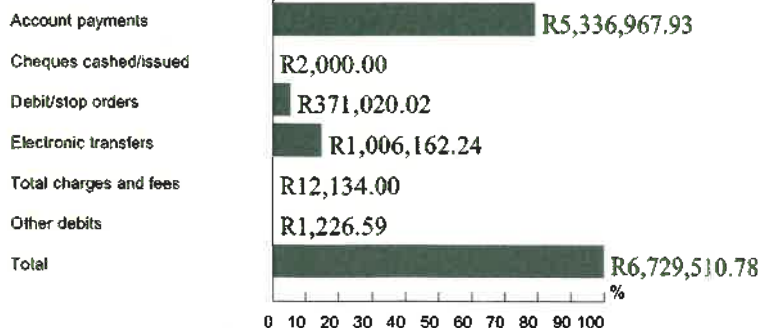
Overdraft/Overdrawn

Current overdraft limit	R500,000.00
Debit interest rate	10.000%
Amount over limit	R0.00

If you have received this statement in error, kindly return it to the Nedbank branch nearest to you.

Please examine this statement soonest. If no error is reported within 30 days after receipt, the statement will be considered as being correct.

Total funds used/debits R6,729,510.78



Cheques to follow with next statement

Nedbank Ltd Reg No 1951/000009/06.

We subscribe to the Code of Banking Practice of The Banking Association South Africa and, for unresolved disputes, support resolution through the Ombudsman for Banking Service. We are an authorised financial services provider. We are a registered credit provider in terms of the National Credit Act (NCR Reg No NCRCP16).



146914285603276819



THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD
POSTNET SUITE 25
PRIVATE BAG X11
BIRNAM PARK
2015

NORTHERN GAUTENG
135 RIVONIA ROAD
I BLOCK
P O BOX 784088
SANDTON
011 294 4444
000469

135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa
Bank VAT Reg No 4320116074
Lost cards 0800 110 929
Client Solution Desk 0860 103 870
www.nedbank.co.za

Tax invoice

Statement date : 30 June 2010
Frequency : Month-end
Statement period
From : 31 May 2010
To : 30 June 2010
Total number of pages: 4
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 4



Does your internet banking easily integrate with your
business systems and accounting packages?

NetBank Business - tailormade electronic banking for business.

MAKE THINGS HAPPEN

NEDBANK
CORPORATE

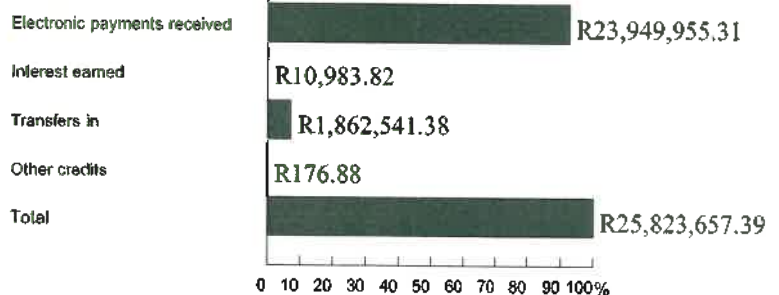
Account summary

Bank charge summary

Electronic banking fees	R857.00
Service fees	R1,798.80
Other charges	R4,000.00
Bank charge/s (Total)	R6,655.80
*VAT inclusive @	14.000%
VAT calculated monthly	

Cashflow

Opening balance	R1,010,461.07
Funds received/credits	R25,823,657.39
Funds used/debits	R24,417,845.67
Closing balance	R2,416,272.79
Annual credit interest rate	0.000%
Total funds received/credits	R25,823,657.39



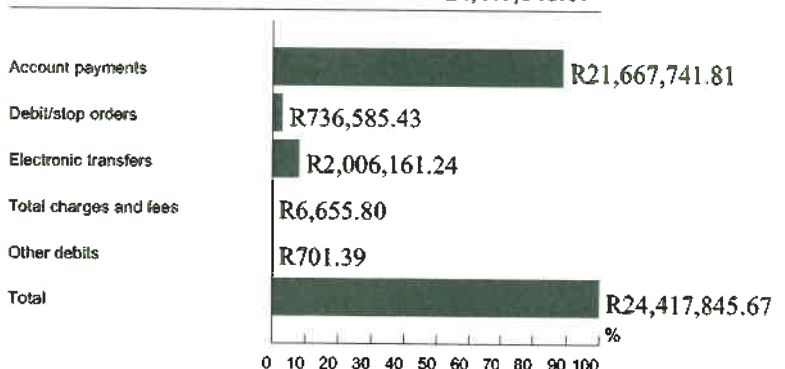
Overdraft/Overdrawn

Current overdraft limit	R500,000.00
Debit interest rate	10.000%
Amount over limit	R0.00

If you have received this statement in error, kindly return it to the Nedbank branch nearest to you.

Please examine this statement soonest. If no error is reported within 30 days after receipt, the statement will be considered as being correct.

Total funds used/debits



Cheques to follow with next statement

Nedbank Ltd Reg No 1951/000009/06.

We subscribe to the Code of Banking Practice of The Banking Association South Africa and, for unresolved disputes, support resolution through the Ombudsman for Banking Service. We are an authorised financial services provider. We are a registered credit provider in terms of the National Credit Act (NCR Reg No NCRCP16).



146914285604259859



Statement date	: 30 June 2010
Frequency	Month-end
Statement period	
From	31 May 2010
To	30 June 2010
Total number of pages:	4
Client VAT number	: 4620216665

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 2 of 4

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04597579



146914285604587532



THE DIRECTOR(S) REGIMENTS CAPITAL (PTY) LTD

Statement date	: 30 June 2010
Frequency	Month-end
Statement period	
From	31 May 2010
To	30 June 2010
Total number of pages:	4
Client VAT number	: 4620216665

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 3 of 4

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THE DIRECTOR(S) REGIMENT'S CAPITAL (PTY) LTD
POSTNET SUITE 25
PRIVATE BAG X11
BIRNAM PARK
2015

NORTHERN GAUTENG
135 RIVONIA ROAD
I BLOCK
P O BOX 784088
SANDTON
011 294 4444
000469

135 Rivonia Road, Sandown, 2196
P O Box 1144, Johannesburg, 2000, South Africa
Bank VAT Reg No 4320116074
Lost cards 0800 110 929
Client Solution Desk 0860 103 870
www.nedbank.co.za

Tax invoice

Statement date : 31 May 2010
Frequency : Month-end
Statement period
From : 30 April 2010
To : 31 May 2010
Total number of pages: 4
Client VAT number : 4620216665

Envelope: 1 of 1

Account type: CURRENT ACCOUNT Account number: 1469142856 Page: 1 of 4



Does your internet banking easily integrate with your
business systems and accounting packages?

NetBank Business - tailor-made electronic banking for business.

MAKE THINGS HAPPEN

NEDBANK
CORPORATE

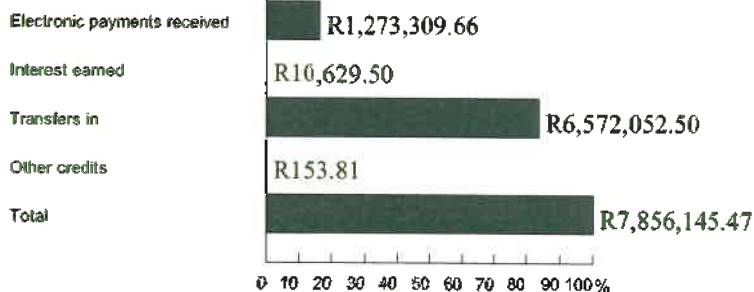
Account summary

Bank charge summary

Electronic banking fees	R857.00
Service fees	R1,549.20
Other charges	R4,884.73
Bank charge/s (Total)	R7,290.93
*VAT inclusive @	14.000%
VAT calculated monthly	

Cashflow

Opening balance	R2,645,472.43
Funds received/credits	R7,856,145.47
Funds used/debits	R9,491,156.83
Closing balance	R1,010,461.07
Annual credit interest rate	0.000%
Total funds received/credits	R7,856,145.47



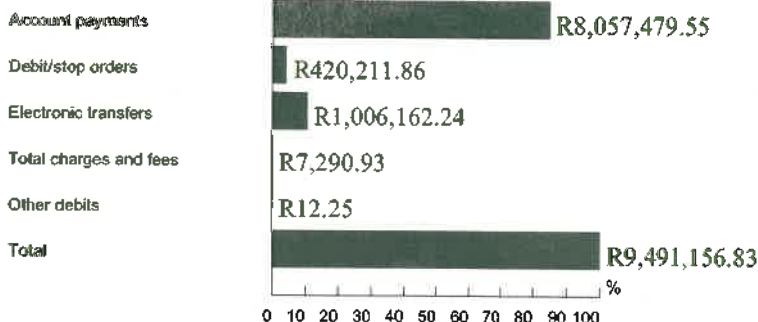
Overdraft/Overdrawn

Current overdraft limit	R500,000.00
Debit interest rate	10.000%
Amount over limit	R0.00

If you have received this statement in error, kindly return it to the Nedbank branch nearest to you.

Please examine this statement soonest. If no error is reported within 30 days after receipt, the statement will be considered as being correct.

Total funds used/debits R9,491,156.83



Cheques to follow with next statement

Nedbank Ltd Reg No 1951/000009/06.

We subscribe to the Code of Banking Practice of The Banking Association South Africa and, for unresolved disputes, support resolution through the Ombudsman for Banking Service. We are an authorised financial services provider. We are a registered credit provider in terms of the National Credit Act (NCR Reg No NCRCP16).



146914285603932173



Statement date	: 31 May 2010
Frequency	Month-end
Statement period	
From	30 April 2010
To	31 May 2010
Total number of pages:	4
Client VAT number	: 4620216665

[illegible]

Closing Balance R1,010,461.07



146914285604915229

✉ Killarney
P O Box 87124
Houghton 2041
e-Mail info@fnb.co.za
Web www.fnb.co.za
Branch Code 256205
(011) 4861207
Fax (011) 6464893
Lost Cards 0800-11-01-32
Account Enquiries 0860-263-362

BB ST15
*RISKMATHS SOLUTIONS(PTY)LTD
REG 2005/043579/07
926 ASHBY ESTATE
BOWLING AVE
WOODMEAD
2191

BUSINESS CHEQUE ACCOUNT : 62241878555
Customer VAT Registration Number : Not available

COPY Tax Invoice/Statement Number : 15
Bank's VAT Registration Number : 4210102051

Total VAT Charged: R56.52Dr

10 December 2010 to 10 January 2011

Automatic Cheque Book Order Function

Please note that, with immediate effect, we will no longer be automatically ordering cheque books. Should you require a cheque book in future, you will have to order new cheque books via your FNB Account holding branch. For more information please contact the client resolution centre on 0860 263 362 or visit your nearest FNB branch.

FNB brings you PayPal
FNB now brings you PayPal. Buy, sell, send and receive money globally with 24/7 online convenience. Visit www.fnb.co.za to learn more about FNB's Top Up and Withdraw service with PayPal.

Interest Rates (Usury)
Interest Charged on Debit Balance
15.00%

Cashflow Summary		
Overdraft Limit		0.00
Opening Balance		27,194.20 Cr
Funds Received/Credits	10	232,961.00 Cr
Cash Deposits	8	5,240.00 Cr
Other Deposits	0	0.00
Inter-Account Transfers In	1	120.00 Cr
Electronic Payments Received	1	227,601.00 Cr
Funds Used/Debits	32	61,568.78 Dr
Cash Withdrawals (Branch)	0	0.00
Cash Withdrawals (Other)	0	0.00
Cheques Processed (Non Cash)	0	0.00
Debit/Stop Orders	1	233.78 Dr
Account Payments	29	61,275.00 Dr
Inter-Account Transfers Out	2	60.00 Dr
Card Purchases (POS)	0	0.00
Petrol Card Purchases	0	0.00
Bank Charges	7	460.22 Dr
Service Fees	2	317.15 Dr
Cash Deposit Fees	1	132.92 Dr
Cash Handling Fees	0	0.00
Internet Fees	0	0.00
Other Fees	4	10.15 Dr
Interest on Credit Balance	0	0.00
Interest on Debit Balance	0	0.00
Inward Unpaid Items	0	0.00
Unpaid Cheques and Debits	0	0.00
Refunds/Adjustments	0	0.00
Closing Balance		198,126.20 Cr
Available Balance (01h02 - 11 Jan 11)		198,126.20



See next page for transactions

earned on your FNB Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it!

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager.

Service Fee

Pay-as-you-use

A Monthly account fee of R41.50 will be charged. Transactions will be charged at the following rates:
Cheques will be charged at R31.00 per cheque issued. External Debit Orders at R13.25 per item.
Please refer to the business pricing guide on www.fnb.co.za, or contact your relationship manager for all other pricing queries.

Cash handling fee on withdrawals

Cheque Service Fee with a minimum of R25.50 + 1.15% on the value of the withdrawal to a maximum of R3,000.00

Cash Deposit Fee @ Branches/FNB ATM with envelope

deposits
Cash Deposit Fee is equal to 1.15% of deposit value with a minimum of R17.50

FNB ATM with Automated Cash Deposits will be charged at 75% of the branch cash deposit fee rate (maximum of 0.65% of the value), with a minimum fee of R5.00 per deposit.

Branch Number	Account Number	Date	DDA AA/BV/48/KY/00 /PS/C6/TT/N
486	62241878555	11/01/10	Business Cheque Account

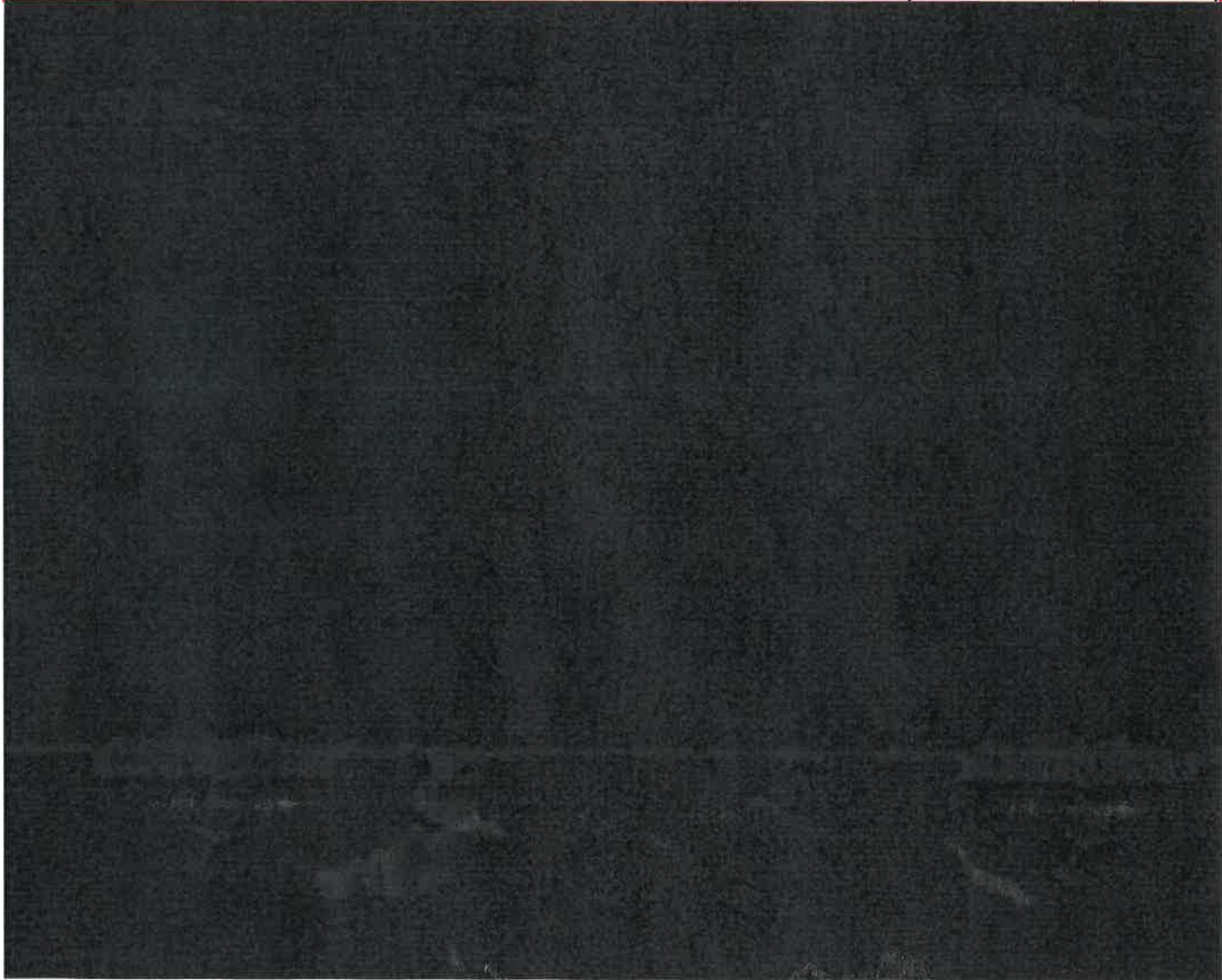
BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 15

Date	Description	Amount	Balance	☒ Accrued Bank Charges
Opening Balance			27,194.20 Cr	0.00



18 Dec	Magtape Credit	Regimentscapital	227,601.00 Cr	243,380.90 Cr	☐



Branch Number	Account Number	Date	Account Sub Product Description
466	62241878555	11/01/10	Business Cheque Account

 Killarney
 P O Box 87124
 Houghton 2041
 info@fnb.co.za
 e-Mail
 Web www.fnb.co.za
 Branch Code 256205
 (011) 4861207
 Fax (011) 6464893
 Lost Cards 0800-11-01-32
 Account Enquiries 0860-263-362

8BST20 039670
 *RISKMATHS SOLUTIONS(PTY)LTD
 REG 2005/043579/07
 926 ASHBY ESTATE
 BOWLING AVE
 WOODMEAD
 2191

BUSINESS CHEQUE ACCOUNT : 62241878555
 Customer VAT Reg. No : Not Provided

Copy Tax Invoice/Statement Number : 20
 Bank's VAT Registration Number : 4210102051

Total VAT Charged: R179.72 Dr

10 May 2011 to 10 June 2011

Cheque Clearing Period

With effect from the 1 May 2011 the cheque clearing period will increase from 5 working days to 7 working days.

For more information contact 0860 263 362 or visit your nearest branch.

Annual Price Review

FNB's reviewed fees will be effective from 1 July 2011.

Please look out for further communications,

Cashflow Summary

Overdraft Limit		0.00
Opening Balance		10,956.89 Cr
Funds Received/Credits	26	276,372.47 Cr
Cash Deposit	18	28,070.00 Cr
Other Deposits	0	0.00
Inter-Account Transfers In	1	11,000.00 Cr
Electronic Payments Received	7	237,302.47 Cr
Funds Used/Debits	80	268,862.64 Dr
Cash Withdrawals (Branch)	0	0.00
Cash Withdrawals (Other)	0	0.00
Cheques Processed (Non Cash)	2	16,700.00 Dr
Debit/Stop Orders	3	515.14 Dr
Account Payments	64	223,743.50 Dr
Inter-Account Transfers Out	11	27,904.00 Dr
Card Purchases (POS)	0	0.00
Petrol Card Purchases	0	0.00
Bank Charges	8	1,463.29 Dr
Service Fees	2	820.36 Dr
Cash Deposit Fees	1	455.13 Dr
Cash Handling Fees	1	184.00 Dr
Internet Fees	0	0.00
Other Fees	4	3.80 Dr
Interest on Credit Balance	0	0.00
Interest on Debit Balance	0	0.00
Inward Unpaid Items	0	0.00
Unpaid Cheques and Debits	1	200.00 Cr
Refunds/Adjustments	0	0.00
Closing Balance		17,203.43 Cr
Available Balance (23h24 - 10 Jun 11)		17,203.43



See overleaf for transactions

Earned on your FNB Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it!

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager

Interest Rates (Usury)
 Interest Charged on Debit Balance
 15.00%

Interest Earned on Credit Balance
 R1-R4999 0.00%
 R5000+ 0.00%

Service Fee
Pay-as-you-use
 A Monthly account fee of R41.50 will be charged. Transactions will be charged at the following rates:
 Cheques will be charged at R31.00 per cheque issued. External Debit Orders at R13.25 per item.
 Please refer to the business pricing guide on www.fnb.co.za, or contact your relationship manager for all other pricing queries.

Cash Handling fee on withdrawals
 Cheque Service Fee with a minimum of R25.50 + 1.15% on the value of the withdrawal to a maximum of R3,000.00

Cash Deposit Fee @ Branches/FNB ATM with envelope deposits
 Cash Deposit Fee is equal to 1.15% of deposit value with a minimum of R17.50

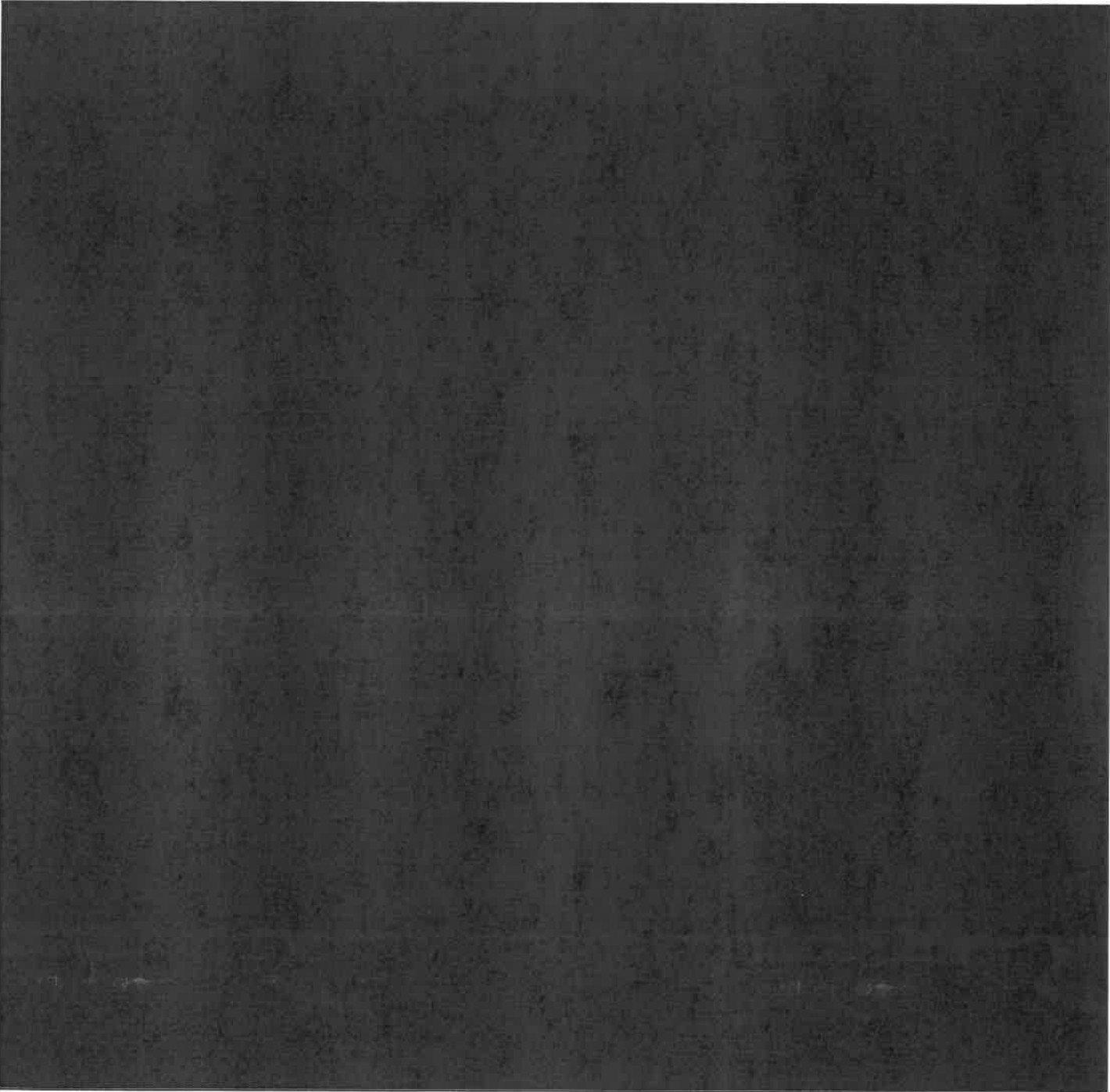
FNB ATM with Automated Cash Deposits will be charged at 75% of the branch cash deposit fee rate (maximum of 0.65% of the value), with a minimum fee of R5.00 per deposit.

Branch Number	Account Number	Date	DDA AA/BV/46/KY/00/??/P6/C6/TT/N	FNBUS
486	62241878555	11/06/10	Business Cheque Account	

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 20

Date	Description	Amount	Balance	Accrued Bank Charges
Opening Balance			10,956.89 Cr	0.00



Branch Number	Account Number	Date	DDA AA/BV/48/KY00??/P6/C6/TT/N	FNBUS
486	62241878555	11/06/10	Business Cheque Account	

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 20

Date	Description	Amount	Balance	Accrued Bank Charges
02 Jun	Magtape Credit Regiments Capital	224,934.47 Cr	230,823.72 Cr	

Branch Number	Account Number	Date	DDA AA/6V/48/KY/00??/P6/C6/TT/N	FNBUS
486	62241878555	11/06/10	Business Cheque Account	

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 20

Date	Description	Amount	Balance	Accrued Bank Charges

Closing Balance 17,203.43 Cr 0.00

If there is an entry on your statement you wish to query, please contact the Client Resolution Centre on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00%
First National Bank - a division of FirstRand Bank Limited. Registration Number 1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

Branch Number	Account Number	Date	DDA AA/BV/48/KY/00/??/P6/C6/TT/N	FNBUS
486	62241878555	11/06/10	Business Cheque Account	

Killarney
P O Box 87124
Houghton 2041
info@fnb.co.za
www.fnb.co.za
256205
(011) 4861207
(011) 6464893
0800-11-01-32
0860-263-362

6BST23 070583
*RISKMATHS SOLUTIONS(PTY)LTD
REG 2005/043579/07
926 ASHBY ESTATE
BOWLING AVE
WOODMEAD
2191

BUSINESS CHEQUE ACCOUNT : 62241878555
Customer VAT Reg. No : Not Provided

Copy Tax Invoice/Statement Number : 23
Bank's VAT Registration Number : 4210102051

Total VAT Charged: **R49.19 Dr**

10 August 2011 to 10 September 2011

Let us do your business's books instantly - It's Free. Instant Accounting uses your business' FNB Electronic bank statements to automatically generate financial statements and reports. Log on to Online Banking and click on the Instant Accounting tab for more information.

Cashflow Summary	
Overdraft Limit	0.00
Opening Balance	795.16 Cr
Funds Received/Credits	297,294.85 Cr
Cash Deposit	3,020.00 Cr
Other Deposits	0.00
Inter-Account Transfers In	5,000.00 Cr
Electronic Payments Received	289,274.85 Cr
Funds Used/Debits	297,713.37 Dr
Cash Withdrawals (Branch)	0.00
Cash Withdrawals (Other)	0.00
Cheques Processed (Non Cash)	0.00
Debit/Stop Orders	387.14 Dr
Account Payments	282,326.23 Dr
Inter-Account Transfers Out	15,000.00 Dr
Card Purchases (POS)	0.00
Petrol Card Purchases	0.00
Bank Charges	400.64 Dr
Service Fees	268.50 Dr
Cash Deposit Fees	131.14 Dr
Cash Handling Fees	0.00
Internet Fees	0.00
Other Fees	1.00 Dr
Interest on Credit Balance	0.00
Interest on Debit Balance	0.00
Inward Unpaid Items	0.00
Unpaid Cheques and Debits	0.00
Refunds/Adjustments	0.00
Closing Balance	24.00 Dr
Available Balance (04h36 - 11 Sep 11)	0.00



See overleaf for transactions

Earned on your FNB Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it!

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager

Interest Rates (Usury)
Interest Charged on Debit Balance
15.00%

Interest Earned on Credit Balance
R1-R4999 0.00%
R5000+ 0.00%

Service Fee

Pay-as-you-use

A Monthly account fee of R49.50 will be charged. Transactions will be charged at the following rates:
Cheques will be charged at R35.00 per cheque issued. External Debit Orders at R14.25 per item.

Please refer to the business pricing guide on www.fnb.co.za, or contact your relationship manager for all other pricing queries.

Cash Handling fee on withdrawals

Cheque Service Fee with a minimum of R28.50 + R1.25 per R100 or part thereof.

Depot	Fee charged per R100 or part thereof					
	Base Fee	R0 to < R5k	R5k to < R10k	R10k to < R15k	R15k to < R50k	R50k +
FNB Bulk	R5.00	+ R2.00	R1.70	R1.26	R1.12	R0.98
SBV Bulk	R5.00	+ R2.00	R1.67	R1.27	R1.10	R0.98
Branch/ATM	R7.50	+ R1.22	per R100 or part thereof			
ADT	R3.50	+ R0.65	per R100 or part thereof			

G6/F4 Bus 2 Email insert

Page 1 of 3

Delivery Method R7
EN/10/NV/DDA AA
486

Branch Number	Account Number	Date	DDA AA/BV/48/KY/00/??/B9/C6/TT/N	FNBUS
486	62241878555	11/09/10	Business Cheque Account	

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 23

Date	Description		Amount	Balance	Accrued Bank Charges
19 Aug	Magtape Credit	Regiments Capital	289,074.85 Cr	290,870.01 Cr	
Closing Balance				24.00 Dr	0.00

Branch Number	Account Number	Date	DDA AA/BV/48/KY/00??/B9/C6/TT/N	FNBUS
486	62241878555	11/09/10	Business Cheque Account	

If there is an entry on your statement you wish to query, please contact the Client Resolution Centre on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00%

First National Bank - a division of FirstRand Bank Limited. Registration Number 1929/001225/06.

An Authorised Financial Services and Credit Provider (NCRCP20).

Branch Number	Account Number	Date	DDA AA/BV/48/KY/00/??/B9/C6/TT/N	FNBUS
486	62241878555	11/09/10	Business Cheque Account	

 Killamey
 P O Box 87124
 Houghton 2041
 info@fnb.co.za
 www.fnb.co.za
 256205
 (011) 4861207
 (011) 6464893
 0800-11-01-32
 0860-263-362

BBST62 026056
 *RISKMATHS SOLUTIONS(PTY)LTD
 926 ASHBY ESTATE
 BOWLING AVE
 WOODMEAD
 2191

BUSINESS CHEQUE ACCOUNT : 62129857621
 Customer VAT Reg. No : Not Provided

Copy Tax Invoice/Statement Number : 62
 Bank's VAT Registration Number : 4210102051

Total VAT Charged: **R31.56 Dr**

21 February 2012 to 20 March 2012

e-mail Statements

Did you know that you can receive your statements via e-mail? To convert to e-mail statements please visit your nearest FNB branch. FNB Online Banking customers, please login, click on the "accounts tab", select relevant accounts and click on 'e-mail statements'.

Cashflow Summary			
Overdraft Limit			1,668.00
Opening Balance			591.39 Dr
Funds Received/Credits	2		300,032.96 Cr
Cash Deposit	0		0.00
Other Deposits	0		0.00
Inter-Account Transfers In	0		0.00
Electronic Payments Received	2		300,032.96 Cr
Funds Used/Debits	20		248,827.00 Dr
Cash Withdrawals (Branch)	0		0.00
Cash Withdrawals (Other)	0		0.00
Cheques Processed (Non Cash)	0		0.00
Debit/Stop Orders	2		158.00 Dr
Account Payments	18		248,669.00 Dr
Inter-Account Transfers Out	0		0.00
Card Purchases (POS)	0		0.00
Fuel Purchases	0		0.00
Bank Charges	5		262.55 Dr
Service Fees	2		211.45 Dr
Cash Deposit Fees	0		0.00
Cash Handling Fees	0		0.00
Internet Fees	0		0.00
Other Fees	3		51.10 Dr
Interest on Credit Balance	0		0.00
Interest on Debit Balance	1		3.88 Dr
Inward Unpaid Items	0		0.00
Unpaid Cheques and Debits	0		0.00
Refunds/Adjustments	0		0.00
Closing Balance			50,348.14 Cr
Available Balance (02h17 - 21 Mar 12)			52,016.14

See overleaf for transactions



Earned on your FNB Business Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it!

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager

Service Fee

Pay-as-you-use

A Monthly account fee of R49.50 will be charged. Transactions will be charged at the following rates:

Cheques will be charged at R35.00 per cheque issued. External Debit Orders at R14.25 per item.

Please refer to the business pricing guide on www.fnb.co.za, or contact your relationship manager for all other pricing queries.

Cash Handling fee on withdrawals

Cheque Service Fee with a minimum of R28.50 + R1.25 per R100 or part thereof.

Depot	Fee charged per R100 or part thereof					
	Base Fee	R0 to < R5k	R5k to < R10k	R10k to < R15k	R15k to < R50k	R50k +
FNB Bulk	R5.00	+ R2.00	R1.70	R1.26	R1.12	R0.98
SBV Bulk	R5.00	+ R2.00	R1.67	R1.27	R1.10	R0.98
Branch/ATM	R7.50	+ R1.22	per R100 or part thereof			
ADT	R3.50	+ R0.65	per R100 or part thereof			

Interest Rates (Usury)
 Interest on Debit Balance
 Prime Linked = 15.00%

Interest Earned on Credit Balance
 R1-R4999 0.00%
 R5000+ 0.00%

Branch Number	Account Number	Date	DDA AA/BV/48/KY/00/??/B9/C6/WY/N	FNBUS
486	62129857621	12/03/20	Business Cheque Account	

BUSINESS CHEQUE ACCOUNT: 62129857621

Tax Invoice/Statement Number : 62

Date	Description	Amount	Balance	Accrued Bank Charges

Opening Balance

591.39 Dr 0.00

09 Mar	Magtape Credit	Regiments Capital	299,874.96 Cr	299,283.57 Cr	

Closing Balance

50,348.14 Cr 0.00

If there is an entry on your statement you wish to query, please contact the Client Resolution Centre on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00%

First National Bank - a division of FirstRand Bank Limited. Registration Number 1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

Branch Number	Account Number	Date	DDA AA/BV/46/KY/00/??/B9/C6/WY/N	FNBUS
486	62129857621	12/03/20	Business Cheque Account	

✉ Killarney
P O Box 87124
Houghton 2041

e-Mail info@fnb.co.za

Web www.fnb.co.za

Branch Code 256205

(011) 4861207

(011) 6464893

Lost Cards 0800-11-01-32

Account Enquiries 0860-263-362

BB ST2

*RISKMATHS SOLUTIONS(PTY)LTD

REG 2005/043579/07

926 ASHBY ESTATE

BOWLING AVE

WOODMEAD

2191

BUSINESS CHEQUE ACCOUNT : 62241878555

Customer VAT Registration Number : Not available

COPY Tax Invoice/Statement Number : 2

Bank's VAT Registration Number : 4210102051

Total VAT Charged: R20.43Dr

Statement from 10 November 2009 to 10 December 2009

Automate your bookkeeping for FREE with FNB Instant Accounting

FNB Instant Accounting is NOW FREE to all FNB Commercial clients. FNB Instant Accounting is an integrated, online accounting solution which uses your electronic bank statement to automatically generate your financials

To register for FNB Instant Accounting, call 0860 22 22 55 between 08h00 and 17h00 on weekdays, email us at fnbqwill@fnbcommercial.co.za or visit www.fnb.co.za

Interest Rates (Usury)
Interest Charged on Debit Balance
17.00%

Interest Rate Earned on Credit
Balance
R0.01-R4999 :0%
R5000+ :0%

Cashflow Summary

Overdraft Limit		0.00
Opening Balance		3,542.55 Cr
Funds Received/Credits	7	339,740.00 Cr
Cash @ Branches	6	3,440.00 Cr
Cash @ Bulk Cash Depots	0	0.00
Other Deposits	0	0.00
Inter-Account Transfers In	0	0.00
Electronic Payments Received	1	336,300.00 Cr
Funds Used/Debits	5	3,851.20 Dr
Cash Withdrawals (Branch)	0	0.00
Cash Withdrawals (Other)	0	0.00
Cheques Processed (Non Cash)	0	0.00
Debit/Stop Orders	0	0.00
Account Payments	4	3,551.20 Dr
Inter-Account Transfers Out	1	300.00 Dr
Card Purchases (POS)	0	0.00
Petrol Card Purchases	0	0.00
Bank Charges	3	166.30 Dr
Service Fees	2	67.30 Dr
Cash Deposit Fees	1	99.00 Dr
Cash Handling Fees	0	0.00
Internet Fees	0	0.00
Other Fees	0	0.00
Interest on Credit Balance	0	0.00
Interest on Debit Balance	0	0.00
Inward Unpaid Items	0	0.00
Unpaid Cheques and Debits	0	0.00
Refunds/Adjustments	0	0.00
Closing Balance		339,265.05 Cr
Available Balance (23h36 - 10 Dec 09)		339,265.05



See next page for transactions

earned on your FNB Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it!

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager.

Service Fee
Pay-as-you-use
A Monthly Account Fee of R38.50 will be charged. Transactions will be charged at the following rates:
Cheques will be charged at R28.50 per cheque issued. External Debit Orders at R13.25 per item.

Electronic Fees
Electronic Account Payment
Transaction Rate
Tiered. Maximum of R7.20 per payment transaction.

Inter-Account Transfer Fee Rate
R3.30 per transfer

ATM Cash Withdrawals			
	R1-R500	R501-R1000	R1001 +
FNB	R5.50	R11.00	R16.50
MINI FNB	R2.00	R5.50	
SASWITCH	R11.25	R16.75	R22.25

Over-the-counter fees
Cash handling fee on withdrawals
Cheque Service Fee with a minimum of R23.50 + 1.10% on the value of the withdrawal to a maximum of R1,500.00

Cash Deposit Fee @ Branches/FNB ATMs
Cash Deposit Fee is equal to 1.10% of deposit value with a minimum of R16.50

Branch Number	Account Number	Date	CDF=KM_RATE=48, CHF=P6, CDF TP=P	SV Code
486	62241878555	09/12/10	Business Cheque Account	BV

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 2

Date	Description	Amount	Balance	☒ Accrued Bank Charges
Opening Balance			3,542.55 Cr	0.00

10 Dec	Magtape Credit	Reg Cap	336,300.00 Cr	339,431.35 Cr ☐

Closing Balance 339,265.05 Cr 0.00

If there is an entry on your statement you wish to query, please contact the Centre of Expertise on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00 %
First National Bank - a division of FirstRand Bank Limited. Reg No. 1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

Branch Number	Account Number	Date	Account Sub Product Description	SV Code
486	62241878555	09/12/10	Business Cheque Account	BV

✉ Sandton City
P O Box 78086
Sandton 2146
e-Mail info@fnb.co.za
Web www.fnb.co.za
Branch Code 254605
☎ (011) 8835104
Fax (011) 8836294
Lost Cards 0800-11-01-32
Account Enquiries 0860-263-362

BB ST96
AZANA CAPITAL MARKETS CC
P O BOX 783754
SANDTON
2146

BUSINESS CHEQUE ACCOUNT : 62045309376
Customer VAT Registration Number : Not available

COPY Tax Invoice/Statement Number : 96
Bank's VAT Registration Number : 4210102051

Total VAT Charged: R9.06Dr

14 September 2010 to 14 October 2010

Automatic Cheque Book Order Function

Please note that, with immediate effect, we will no longer be automatically ordering cheque books. Should you require a cheque book in future, you will have to order new cheque books via your FNB Account holding branch. For more information please contact the client resolution centre on 0860 263 362 or visit your nearest FNB branch.

FNB brings you PayPal

FNB now brings you PayPal. Buy, sell, send and receive money globally with 24/7 online convenience. Visit www.fnb.co.za to learn more about FNB's Top Up and Withdraw service with PayPal.

Interest Rates (Usury)
Interest Charged on Debit Balance
16.00%

Cashflow Summary		
Overdraft Limit		0.00
Opening Balance		2,041.92 Cr
Funds Received/Credits	3	343,596.00 Cr
Cash Deposits	0	0.00
Other Deposits	0	0.00
Inter-Account Transfers In	1	200.00 Cr
Electronic Payments Received	2	343,396.00 Cr
Funds Used/Debits	5	314,536.61 Dr
Cash Withdrawals (Branch)	0	0.00
Cash Withdrawals (Other)	0	0.00
Cheques Processed (Non Cash)	0	0.00
Debit/Stop Orders	1	7,436.61 Dr
Account Payments	2	205,000.00 Dr
Inter-Account Transfers Out	2	102,100.00 Dr
Card Purchases (POS)	0	0.00
Petrol Card Purchases	0	0.00
Bank Charges	3	73.80 Dr
Service Fees	3	73.80 Dr
Cash Deposit Fees	0	0.00
Cash Handling Fees	0	0.00
Internet Fees	0	0.00
Other Fees	0	0.00
Interest on Credit Balance	0	0.00
Interest on Debit Balance	0	0.00
Inward Unpaid Items	0	0.00
Unpaid Cheques and Debits	0	0.00
Refunds/Adjustments	0	0.00
Closing Balance		31,027.51 Cr
Available Balance (23h37 - 14 Oct 10)		31,027.51



See next page for transactions

earned on your FNB Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it!

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager.

Service Fee

Pay-as-you-use

A Monthly account fee of R41.50 will be charged. Transactions will be charged at the following rates:

Cheques will be charged at R28.10 per cheque issued. External Debit Orders at R13.25 per item.

Please refer to the business pricing guide on www.fnb.co.za, or contact your relationship manager for all other pricing queries.

Cash handling fee on withdrawals

Cheque Service Fee with a minimum of R25.50 + 1.15% on the value of the withdrawal to a maximum of R3,000.00

Cash Deposit Fee @ Branches/FNB ATM with envelope deposits

Cash Deposit Fee is equal to 1.13% of deposit value with a minimum of R17.50

FNB ATM with Automated Cash Deposits will be charged at 75% of the branch cash deposit fee rate (maximum of 0.65% of the value), with a minimum fee of R5.00 per deposit.

Branch Number	Account Number	Date	DDA AA/BV/AT/K/J/001 /P6/C6/TT/N
132	62045309376	10/10/14	Business Cheque Account

BUSINESS CHEQUE ACCOUNT: 62045309376

Tax Invoice/Statement Number : 96

Date	Description	Amount	Balance	✓	Accrued Bank Charges
Opening Balance			2,041.92 Cr		0.00
9 Oct	Magtape Credit	Regiments Capital	337,896.00 Cr	338,201.31 Cr	☐
Closing Balance			31,027.51 Cr		0.00

If there is an entry on your statement you wish to query, please contact the Centre of Expertise on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00 %
First National Bank - a division of FirstRand Bank Limited. Reg No. 1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

Branch Number	Account Number	Date	Account Sub Product Description
132	62045309376	10/10/14	Business Cheque Account

✉ Killamey
P O Box 87124
Houghton 2041
info@fnb.co.za
www.fnb.co.za
e-Mail
Web
Branch Code 256205
(011) 4861207
Fax (011) 6464883
Lost Cards 0800-11-01-32
Account Enquiries 0860-263-362

BB STS
*RISKMATHS SOLUTIONS(PTY)LTD
REG 2005/043579/07
926 ASHBY ESTATE
BOWLING AVE
WOODMEAD
2191

BUSINESS CHEQUE ACCOUNT : 62241878555
Customer VAT Registration Number : Not available

COPY Tax Invoice/Statement Number : 5
Bank's VAT Registration Number : 4210102051

Total VAT Charged: R39.29Dr

10 February 2010 to 10 March 2010

**Automate your bookkeeping
for FREE with FNB Instant
Accounting.**

FNB Instant Accounting is now
FREE to all FNB Commercial
clients. FNB Instant Accounting
is an integrated, online
accounting solution which uses
your electronic bank statement
to automatically generate your
financials

To register for FNB Instant
Accounting, call **0860 22 22 55**
between 08h00 and 17h00 on
weekdays, email us at
instantaccounting@fnb.co.za or
visit www.fnb.co.za

Interest Rates (Usury)
Interest Charged on Debit Balance
17.00%

Interest Rate Earned on Credit
Balance
R0.01-R4999 :0%
R5000+ :0%

Cashflow Summary

Overdraft Limit		0.00
Opening Balance		16,663.73 Cr
Funds Received/Credits	9	361,211.71 Cr
Cash @ Branches	8	10,670.00 Cr
Cash @ Bulk Cash Depots	0	0.00
Other Deposits	0	0.00
Inter-Account Transfers In	0	0.00
Electronic Payments Received	1	350,541.71 Cr
Funds Used/Debits	14	135,276.40 Dr
Cash Withdrawals (Branch)	0	0.00
Cash Withdrawals (Other)	0	0.00
Cheques Processed (Non Cash)	0	0.00
Debit/Stop Orders	0	0.00
Account Payments	13	130,276.40 Dr
Inter-Account Transfers Out	1	5,000.00 Dr
Card Purchases (POS)	0	0.00
Petrol Card Purchases	0	0.00
Bank Charges	6	320.00 Dr
Service Fees	2	135.40 Dr
Cash Deposit Fees	1	182.05 Dr
Cash Handling Fees	0	0.00
Internet Fees	0	0.00
Other Fees	3	2.55 Dr
Interest on Credit Balance	0	0.00
Interest on Debit Balance	0	0.00
Inward Unpaid Items	0	0.00
Unpaid Cheques and Debits	0	0.00
Refunds/Adjustments	0	0.00
Closing Balance		242,279.04 Cr
Available Balance (23h40 - 10 Mar 10)		242,279.04



See next page for transactions

earned on your FNB Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it!

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager.

Service Fee
Pay-as-you-use
A Monthly Account Fee of R39.50 will be charged. Transactions will be charged at the following rates:
Cheques will be charged at R28.50 per cheque issued. External Debit Orders at R13.25 per item.

Electronic Fees
Electronic Account Payment
Transaction Rate
Tiered. Maximum of R7.20 per payment transaction.

Inter-Account Transfer Fee Rate
R3.30 per transfer

ATM Cash Withdrawals			
	R1-R500	R501-R1000	R1001 +
FNB	R5.50	R11.00	R16.50
MHB FNB	R2.00	R5.50	
SASWITCH	R11.25	R16.75	R22.25

Over-the-counter fees
Cash handling fee on withdrawals
Cheque Service Fee with a minimum of R23.50 + 1.10% on the value of the withdrawal to a maximum of R1,500.00

Cash Deposit Fee @ Branches/FNB ATMs
Cash Deposit Fee is equal to 1.10% of deposit value with a minimum of R16.50

G9(02) Cheque Lel 010310

Page 1 of 3

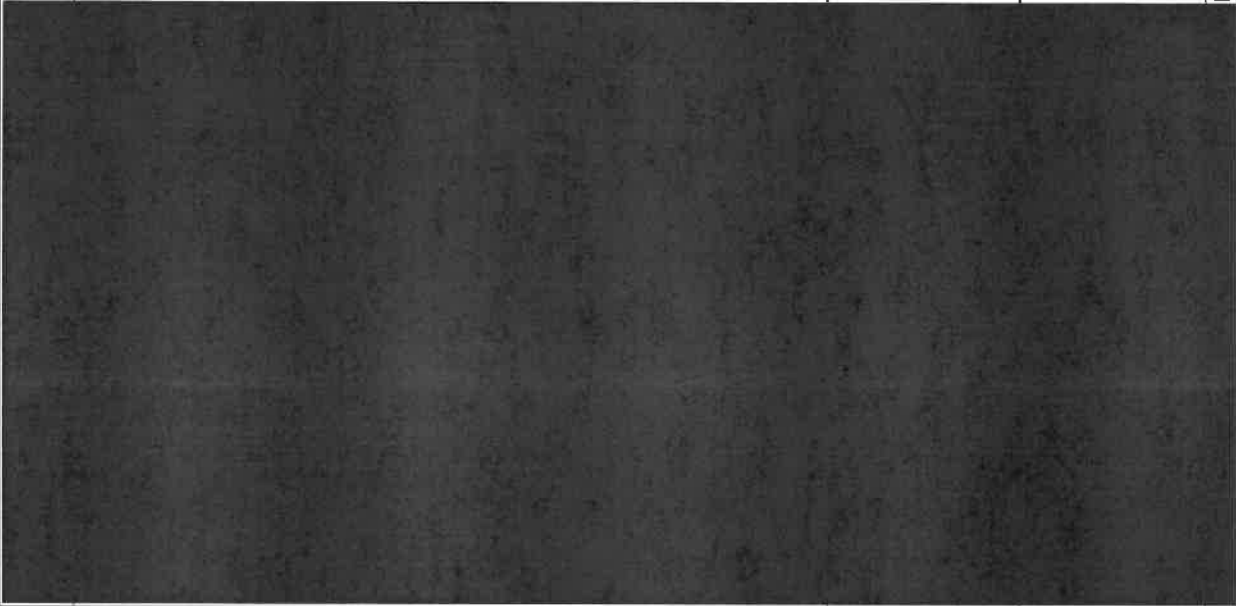
Delivery Method R7
EN/10/NV/DDA AA
486

Branch Number	Account Number	Date	CDF=KY, RATE=48, CHF=P6, CDF TP=P	SV Code
486	62241878555	10/03/10	Business Cheque Account	BV

CAF2FNO: 62241878555

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 5

Date	Description	Amount	Balance	☒	Accrued Bank Charges
Opening Balance			16,663.73 Cr		0.00
					34.10
					19.80
					45.65
					16.50
					16.50
2 Mar	Magtape Credit	Regimentscapital	350,541.71 Cr	370,450.44 Cr	☐
					16.50
					16.50
					3.30
					16.50
					93.60
					(96.90)
					(182.05)
Closing Balance			242,279.04 Cr		0.00

If there is an entry on your statement you wish to query, please contact the Centre of Expertise on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00 %
First National Bank - a division of FirstRand Bank Limited. Reg No. 1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

Branch Number	Account Number	Date	Account Sub Product Description	SV Code
486	62241878555	10/03/10	Business Cheque Account	BV

10 March 2010

IMPORTANT ANNOUNCEMENT Regarding "NOT TRANSFERABLE" CHEQUES

Dear Valued Client,

Fraudulent activity in the form of the interception and stealing of cheques is on the increase. To mitigate cheque fraud and losses that may accrue to you and First National Bank as a result, we have decided to take a more proactive approach to accepting cheques being paid into bank accounts. In future, the naming convention of payees on cheques will have to be more strictly adhered to.

In the past, the bank applied a degree of leniency in accepting and collecting cheques for Commercial Banking clients as far as the payee's name was concerned. To cut the risk even further, First National Bank is adopting the following position in respect of "not transferable" cheques:

a. *"Not transferable" cheques will only be accepted if the payee has been cited in full, ie the registered name, including "(Pty) Limited" or "CC";*

and/or

b. *The full trading name of the entity has been quoted as the payee.*

For example:

Sole proprietorship	Acceptable	Acceptable
Joe Blogg t/a The Soap Shop	Joe Blogg	The Soap Shop
Close Corporation	Acceptable	Acceptable
ABC CC t/a The Soap Shop	ABC CC	The Soap Shop
Company	Acceptable	Acceptable
ABC (Pty) Ltd t/a The Soap Shop	ABC (Pty) Ltd	The Soap Shop

Please take note that from **1 April 2010** we will no longer accept any "not transferable" cheques where the payee's name is not correctly cited as per a. or b. above.

It would be appreciated if you could advise your debtors that cheques made payable to your business should reflect the full registered name or trading name of your entity. The same rule applies to cheques made out to your creditors. This process will afford your business improved protection in the event that cheques are intercepted or stolen.

Another mitigant to fraud is of course the use of electronic banking. Please do not hesitate to contact us to assist you in this regard.

Join us in the fight against crime.

If you have any further queries or require any further clarification, please contact your Commercial Banker.

Yours sincerely

Howard Arrand
Head of Core Banking Sales

 Killarney
 P O Box 87124
 Houghton 2041
 e-Mail info@fnb.co.za
 Web www.fnb.co.za
 Branch Code 256205
 (011) 4861207
 Fax (011) 6464893
 Lost Cards 0800-11-01-32
 Account Enquiries 087-575-9479

66ST50 061569
 *RISKMATHS SOLUTIONS(PTY)LTD
 REG 2005/043579/07
 926 ASHBY ESTATE
 BOWLING AVE
 WOODMEAD
 2191

BUSINESS ACCOUNT : 62241878555

Customer VAT Reg. No : Not Provided

Copy Tax Invoice/Statement Number : 50

Bank's VAT Registration Number : 4210102051

Total VAT Charged: **R34.25 Dr**

10 October 2013 to 09 November 2013

Cashflow Summary	
Overdraft Limit	0.00
Opening Balance	44.09 Cr
Funds Received/Credits	376,186.00 Cr
Cash Deposit	360.00 Cr
Other Deposits	0.00
Inter-Account Transfers In	0.00
Electronic Payments Received	375,826.00 Cr
Funds Used/Debits	37,738.58 Dr
Cash Withdrawals (Branch)	0.00
Cash Withdrawals (Other)	0.00
Cheques Processed (Non Cash)	0.00
Debit/Stop Orders	298.58 Dr
Account Payments	37,440.00 Dr
Inter-Account Transfers Out	0.00
Card Purchases (POS)	0.00
Fuel Purchases	0.00
Bank Charges	278.67 Dr
Service Fees	97.30 Dr
Cash Deposit Fees	26.80 Dr
Cash Handling Fees	0.00
Internet Fees	0.00
Other Fees	154.57 Dr
Interest on Credit Balance	0.00
Interest on Debit Balance	0.38 Dr
Inward Unpaid Items	0.00
Unpaid Cheques and Debits	0.00
Refunds/Adjustments	0.00
Closing Balance	338,212.46 Cr
Available Balance (07h23 - 10 Nov 13)	338,212.46

Interest Rates (Usury)

Interest Earned on Credit Balance
 R1-R4999 0.00%
 R5000+ 0.00%
 Interest Charged on Debit Balance
 14.00%

Monthly Account Fee - R55.50
 Cheque Deposit Fee - R19.20 per
 cheque deposit.
 Cheque Service Fee (CSF) - R50.40



See overleaf for transactions

Get MORE Rewards with eBucks for Business

Your business is registered to earn eBucks on your Business Account number.
 eBucks for Business gives qualifying FNB Business Banking and Commercial Banking customers the ability to earn eBucks as a reward for banking with FNB. From 1 September the eBucks for Business programme has been refuelled providing more ways for businesses to earn and spend eBucks.
Please note: All FNB Commercial Banking customers with an annual turnover that exceeds R40-million will not qualify.
 For more information on how your business can qualify and start earning eBucks go to eBucks.com or call FNB Business Banking on 0860 263 362 or contact your FNB Commercial Banker.
 Terms and conditions apply.

Pay as You use Pricing Option							
Cash Deposits	(per R100 opt)	<R5000	<R10000	<R15000	<R50000	<R150000	>=R150000
Branch/FNB ATM	R7.90 plus	R2.20	R1.34	R1.34	R1.25	R1.05	R1.05
Bulk	R5.00 plus	R2.10	R1.50	R1.50	R1.24	R0.93	R0.93
ATM Advance R3.75 plus R0.72 per R100 or part thereof							
Cash Withdrawals	(per R100 opt)	<R5000	<R10000	<R15000	<R50000	<R150000	>=R150000
Branch: CSF	(Min R35) plus	R2.20	R1.75	R1.75	R1.45	R1.35	R1.35
Bulk: CSF	(Min R35) plus	R1.98	R1.58	R1.58	R1.31	R1.22	R1.22

Please refer to Commercial Pricing Guide on www.fnb.co.za for other pricing.

Branch Number	Account Number	Date	DDA AABV/48/KY/00/BF/B9/C6/TT/N	FNBUS
486	62241878555	13/11/09	Business Account	

BUSINESS ACCOUNT: 62241878555

Tax Invoice/Statement Number : 50

Date	Description	Amount	Balance	Accrued Bank Charges
Opening Balance			44.09 Cr	0.00
				16.00
				(105.00)
				14.50
				12.30
07 Nov	Magtape Credit	Regiments Capital	375,606.00 Cr	375,777.01 Cr
				25.80
				(41.80)
				(26.80)
Closing Balance			338,212.46 Cr	0.00

If there is an entry on your statement you wish to query, please contact a Business Banker on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00%
First National Bank - a division of FirstRand Bank Limited. Registration Number 1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

Branch Number	Account Number	Date	DDA AA/BV/48/KY/00/BF/B9/C6/TT/N	FNBUS
486	62241878555	13/11/09	Business Account	

 Killamey
 P O Box 87124
 Houghton 2041
 e-Mail info@fnb.co.za
 Web www.fnb.co.za
 Branch Code 256205
 (011) 4861207
 Fax (011) 6484893
 Lost Cards 0800-11-01-32
 Account Enquiries 0860-263-362

BB ST8
***RISKMATHS SOLUTIONS(PTY)LTD**
REG 2005/043579/07
926 ASHBY ESTATE
BOWLING AVE
WOODMEAD
2191

BUSINESS CHEQUE ACCOUNT : 62241878555
 Customer VAT Registration Number : Not available

COPY Tax Invoice/Statement Number : 8
 Bank's VAT Registration Number : 4210102051

Total VAT Charged: R131.26Dr

10 May 2010 to 10 June 2010

Annual Price Review

Save on banking fees by making savvy banking choices. Visit www.savvybanking.co.za to see how you can save. FNB's reviewed fees will be effective from 1 July 2010. Please look out for further communications.

FNB brings you PayPal

FNB now brings you PayPal. Buy, sell, send and receive money globally with 24/7 online convenience.

Visit www.fnb.co.za to learn more about FNB's Top Up and Withdraw service with PayPal.

Cashflow Summary

Overdraft Limit		0.00
Opening Balance		155,174.38 Cr
Funds Received/Credits	22	482,540.00 Cr
Cash @ Branches	21	26,540.00 Cr
Cash @ Bulk Cash Depots	0	0.00
Other Deposits	0	0.00
Inter-Account Transfers In	0	0.00
Electronic Payments Received	1	456,000.00 Cr
Funds Used/Debits	77	596,286.02 Dr
Cash Withdrawals (Branch)	0	0.00
Cash Withdrawals (Other)	0	0.00
Cheques Processed (Non Cash)	0	0.00
Debit/Stop Orders	0	0.00
Account Payments	67	512,758.02 Dr
Inter-Account Transfers Out	10	83,528.00 Dr
Card Purchases (POS)	0	0.00
Petrol Card Purchases	0	0.00
Bank Charges	14	1,069.05 Dr
Service Fees	2	588.32 Dr
Cash Deposit Fees	1	465.58 Dr
Cash Handling Fees	0	0.00
Internet Fees	0	0.00
Other Fees	11	15.15 Dr
Interest on Credit Balance	0	0.00
Interest on Debit Balance	0	0.00
Inward Unpaid Items	0	0.00
Unpaid Cheques and Debits	0	0.00
Refunds/Adjustments	0	0.00
Closing Balance		40,359.31 Cr
Available Balance (23h26 - 10 Jun 10)		40,359.31

Interest Rates (Usury)
 Interest Charged on Debit Balance
 16.00%

Interest Rate Earned on Credit
 Balance
 R0.01-R4999 :0%
 R5000+ :0%



See next page for transactions

earned on your FNB Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it!

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager.

Service Fee
Pay-as-you-use
 A Monthly Account Fee of R38.50 will be charged. Transactions will be charged at the following rates:
 Cheques will be charged at R26.50 per cheque issued. External Debit Orders at R13.25 per item.

Electronic Fees
Electronic Account Payment
Transaction Rate
 Tiered. Maximum of R7.20 per payment transaction.

Inter-Account Transfer Fee Rate
 R3.30 per transfer

ATM Cash Withdrawals			
	R1-R500	R501-R1000	R1001 +
FNB	R5.50	R11.00	R16.50
MINI FNB	R2.00	R5.50	
SASWITCH	R11.25	R16.75	R22.25

Over-the-counter fees
Cash handling fee on withdrawals
 Cheque Service Fee with a minimum of R23.50 + 1.10% on the value of the withdrawal to a maximum of R1,500.00

Cash Deposit Fee @ Branches/FNB ATMs
 Cash Deposit Fee is equal to 1.10% of deposit value with a minimum of R16.50

G9(02) PayPal Let 010610

Page 1 of 5

Delivery Method R7
 EN/10/NV/DDA AA
 486

Branch Number	Account Number	Date	CDF=KY, RATE=48, CHF=P6, CDF TP=P	SV Code
486	62241878555	10/06/10	Business Cheque Account	BV

5506070279 0806480

BUSINESS CHEQUE ACCOUNT: 62241878555

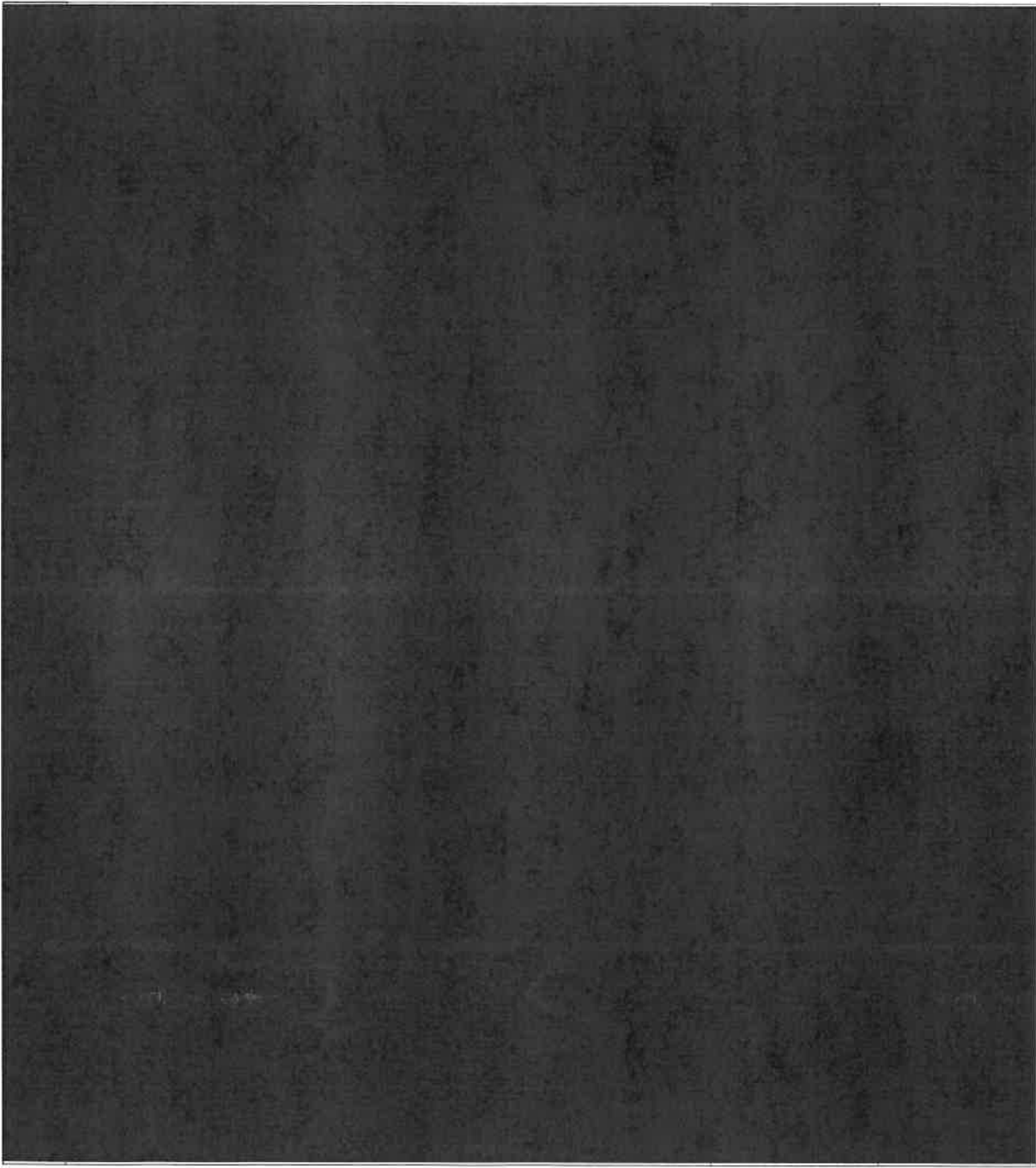
Tax Invoice/Statement Number : 8

Date	Description	Amount	Balance	☒ Accrued Bank Charges

Opening Balance

155,174.38 Cr

0.00

				☐	3.30
				☐	0.91
				☐	
				☐	
				☐	
				☐	
				☐	
				☐	16.50
				☐	16.50
				☐	3.30
				☐	
				☐	3.30
				☐	84.48
				☐	
				☐	
				☐	16.50
				☐	33.66
				☐	32.00
				☐	
				☐	16.50
				☐	
				☐	
				☐	
				☐	
				☐	
				☐	3.30
				☐	22.00
				☐	16.50
				☐	16.50
				☐	16.50
				☐	3.30
				☐	
				☐	
				☐	

Branch Number	Account Number	Date	Account Sub Product Description	SV Code
486	62241878555	10/06/10	Business Cheque Account	BV

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 8

Date	Description	Amount	Balance	✓	Accrued Bank Charges
					☐ 32.00
					☐ 40.70
					☐
					☐ 3.30
					☐ 16.50
					☐
					☐
					☐
					☐
					☐ 16.50
					☐ 3.30
					☐
					☐
					☐ 430.72
					☐
					☐ (549.82)
					☐ (465.58)
Closing Balance			40,359.31 Cr		0.00

If there is an entry on your statement you wish to query, please contact the Centre of Expertise on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00 %
First National Bank - a division of FirstRand Bank Limited. Reg No. 1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

Branch Number	Account Number	Date	Account Sub Product Description	SV Code
486	62241878555	10/06/10	Business Cheque Account	BV

Introducing FNB's exclusive Top Up and Withdraw service with PayPal

PayPal is the safer, easier way to pay and get paid online without exposing your credit card or bank account number. More than 200 million people use PayPal to send and receive money globally and now FNB allows South African PayPal account holders to top up from or withdraw funds to an FNB bank account.

With PayPal your business has access to a world of possibilities. You can:

- Safely buy and sell online
- Receive foreign currency/payments safely and conveniently 24/7
- Easily expand into the global market

To find out more about how FNB can help grow your business globally with PayPal, visit www.fnb.co.za or call **0861 PAYPAL (729725)**.

FNB and PayPal logos

Branch Number	Account Number	Date	Account Sub Product Description	SV Code
486	62241878555	10/06/10	Business Cheque Account	BV

✉ Killarney
P O Box 87124
Houghton 2041
info@fnb.co.za
www.fnb.co.za

e-Mail

Web

Branch Code

Fax

Lost Cards

Account Enquiries

256205
(011) 4861207
(011) 6464893
0800-11-01-32
0860-263-362

88 ST10

***RISKMATHS SOLUTIONS(PTY)LTD**
REG 2005/043579/07
926 ASHBY ESTATE
BOWLING AVE
WOODMEAD
2191

BUSINESS CHEQUE ACCOUNT : 62241878555

Customer VAT Registration Number : Not available

COPY Tax Invoice/Statement Number : 10

Bank's VAT Registration Number : 4210102051

Total VAT Charged: R139.20Dr

10 July 2010 to 10 August 2010**FREE Instant Accounting Insights**

Did you know that if you elect to receive your bank statements electronically, you will receive our Instant Accounting Insights product free of charge? Instant Accounting Insights gives you a quick snapshot of the performance of your business by providing you with easy to understand charts and reports that will be emailed to you every month.

For more information, visit your nearest branch, contact 0860 263 362 or apply online via your Online Banking platform. Terms and Conditions apply

FNB brings you PayPal

FNB now brings you PayPal. Buy, sell, send and receive money globally with 24/7 online convenience. Visit www.fnb.co.za to learn more about FNB's Top Up and Withdraw service with PayPal.

Interest Rates (Usury)
Interest Charged on Debit Balance
16.00%

Cashflow Summary

Overdraft Limit		0.00
Opening Balance		171,835.25 Cr
Funds Received/Credits	20	491,860.00 Cr
Cash Deposits	18	31,860.00 Cr
Other Deposits	0	0.00
Inter-Account Transfers In	0	0.00
Electronic Payments Received	2	460,000.00 Cr
Funds Used/Debits	83	545,163.90 Dr
Cash Withdrawals (Branch)	0	0.00
Cash Withdrawals (Other)	0	0.00
Cheques Processed (Non Cash)	0	0.00
Debit/Stop Orders	0	0.00
Account Payments	77	531,524.90 Dr
Inter-Account Transfers Out	6	13,639.00 Dr
Card Purchases (POS)	0	0.00
Petrol Card Purchases	0	0.00
Bank Charges	12	1,133.29 Dr
Service Fees	2	624.15 Dr
Cash Deposit Fees	1	494.24 Dr
Cash Handling Fees	0	0.00
Internet Fees	0	0.00
Other Fees	9	14.90 Dr
Interest on Credit Balance	0	0.00
Interest on Debit Balance	0	0.00
Inward Unpaid Items	0	0.00
Unpaid Cheques and Debits	0	0.00
Refunds/Adjustments	0	0.00
Closing Balance		117,398.06 Cr
Available Balance (01h26 - 11 Aug 10)		117,398.06



See next page for transactions

earned on your FNB Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it!

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager.

Service Fee**Pay-as-you-use**

A Monthly account fee of R41.50 will be charged. Transactions will be charged at the following rates:
Cheques will be charged at R31.00 per cheque issued. External Debit Orders at R13.25 per item.
Please refer to the business pricing guide on www.fnb.co.za, or contact your relationship manager for all other pricing queries.

Cash handling fee on withdrawals

Cheque Service Fee with a minimum of R25.50 + 1.15% on the value of the withdrawal to a maximum of R3,000.00

Cash Deposit Fee @ Branches/FNB ATM with envelope deposits

Cash Deposit Fee is equal to 1.15% of deposit value with a minimum of R17.50
FNB ATM with Automated Cash Deposits will be charged at 75% of the branch cash deposit fee rate (maximum of 0.65% of the value), with a minimum fee of R5.00 per deposit.

Branch Number	Account Number	Date	DOA AA/BV/48/KY/00/ /P6/C6/TT/N
486	62241878555	10/08/10	Business Cheque Account

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 10

Date	Description	Amount	Balance	✓	Accrued Bank Charges
				☐	23.00
				☐	17.50
				☐	17.50
				☐	17.50
30 Jul	Magtape Credit Regiments Capital	456,000.00 Cr	484,970.49 Cr	☐	
				☐	
				☐	
				☐	
				☐	
				☐	
				☐	
				☐	
				☐	
				☐	
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				☐	
				☐	
				☐	
				☐	
				☐	
				☐	
				☐	
				☐	
				☐	3.30
				☐	
				☐	17.50
				☐	
				☐	
				☐	
				☐	
				☐	
				☐	
				☐	34.00
				☐	
				☐	

Branch Number	Account Number	Date	Account Sub Product Description
486	62241878555	10/08/10	Business Cheque Account

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 10

Date	Description	Amount	Balance	☒ Accrued Bank Charges
4				17.50
5				
5				17.50
5				
5				17.50
6				
6				17.50
6				
6				17.50
7				
7				17.50
7				
7				504.75
7				
7				(582.65)
7				(494.24)
Closing Balance			117,398.06 Cr	0.00

If there is an entry on your statement you wish to query, please contact the Centre of Expertise on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00 %
First National Bank - a division of FirstRand Bank Limited. Reg No. 1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

Branch Number	Account Number	Date	Account Sub Product Description
486	62241878555	10/08/10	Business Cheque Account

✉ Killarney
P O Box 87124
Houghton 2041
info@fnb.co.za
www.fnb.co.za
e-Mail
Web
Branch Code 256205
(011) 4861207
Fax (011) 6464893
Lost Cards 0800-11-01-32
Account Enquiries 0860-263-362

BB ST13
*RISKMATHS SOLUTIONS(PTY)LTD
REG 2005/043579/07
926 ASHBY ESTATE
BOWLING AVE
WOODMEAD
2191

BUSINESS CHEQUE ACCOUNT : 62241878555
Customer VAT Registration Number : Not available

COPY Tax Invoice/Statement Number : 13
Bank's VAT Registration Number : 4210102051

Total VAT Charged: R173.67Dr

09 October 2010 to 10 November 2010

Automatic Cheque Book Order Function
Please note that, with immediate effect, we will no longer be automatically ordering cheque books. Should you require a cheque book in future, you will have to order new cheque books via your FNB Account holding branch. For more information please contact the client resolution centre on 0860 263 362 or visit your nearest FNB branch.

FNB brings you PayPal
FNB now brings you PayPal. Buy, sell, send and receive money globally with 24/7 online convenience. Visit www.fnb.co.za to learn more about FNB's Top Up and Withdraw service with PayPal.

Interest Rates (Usury)
Interest Charged on Debit Balance
16.00%

Cashflow Summary		
Overdraft Limit		0.00
Opening Balance		697.92 Cr
Funds Received/Credits	27	507,234.43 Cr
Cash Deposits	25	46,925.00 Cr
Other Deposits	0	0.00
Inter-Account Transfers In	0	0.00
Electronic Payments Received	2	460,309.43 Cr
Funds Used/Debits	70	451,217.37 Dr
Cash Withdrawals (Branch)	0	0.00
Cash Withdrawals (Other)	0	0.00
Cheques Processed (Non Cash)	1	2,000.00 Dr
Debit/Stop Orders	1	890.00 Dr
Account Payments	68	448,327.37 Dr
Inter-Account Transfers Out	0	0.00
Card Purchases (POS)	0	0.00
Petrol Card Purchases	0	0.00
Bank Charges	9	1,414.07 Dr
Service Fees	2	697.49 Dr
Cash Deposit Fees	1	704.53 Dr
Cash Handling Fees	0	0.00
Internet Fees	0	0.00
Other Fees	6	12.05 Dr
Interest on Credit Balance	0	0.00
Interest on Debit Balance	0	0.00
Inward Unpaid Items	0	0.00
Unpaid Cheques and Debits	0	0.00
Refunds/Adjustments	0	0.00
Closing Balance		55,300.91 Cr
Available Balance (23h43 - 10 Nov 10)		55,300.91



See next page for transactions

earned on your FNB Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it!

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager.

Service Fee

Pay-as-you-use

A Monthly account fee of R41.50 will be charged. Transactions will be charged at the following rates:

Cheques will be charged at R31.00 per cheque issued. External Debit Orders at R13.25 per item.

Please refer to the business pricing guide on www.fnb.co.za, or contact your relationship manager for all other pricing queries.

Cash handling fee on withdrawals

Cheque Service Fee with a minimum of R25.50 + 1.15% on the value of the withdrawal to a maximum of R3,000.00

Cash Deposit Fee @ Branches/FNB ATM with envelope deposits

Cash Deposit Fee is equal to 1.15% of deposit value with a minimum of R17.50

FNB ATM with Automated Cash Deposits will be charged at 75% of the branch cash deposit fee rate (maximum of 0.65% of the value), with a minimum fee of R5.00 per deposit.

Branch Number	Account Number	Date	DDA AA/BV/48/KY/00/ /P6/C6/TT/N
486	62241878555	10/11/10	Business Cheque Account

BUSINESS CHEQUE ACCOUNT: 62241878555

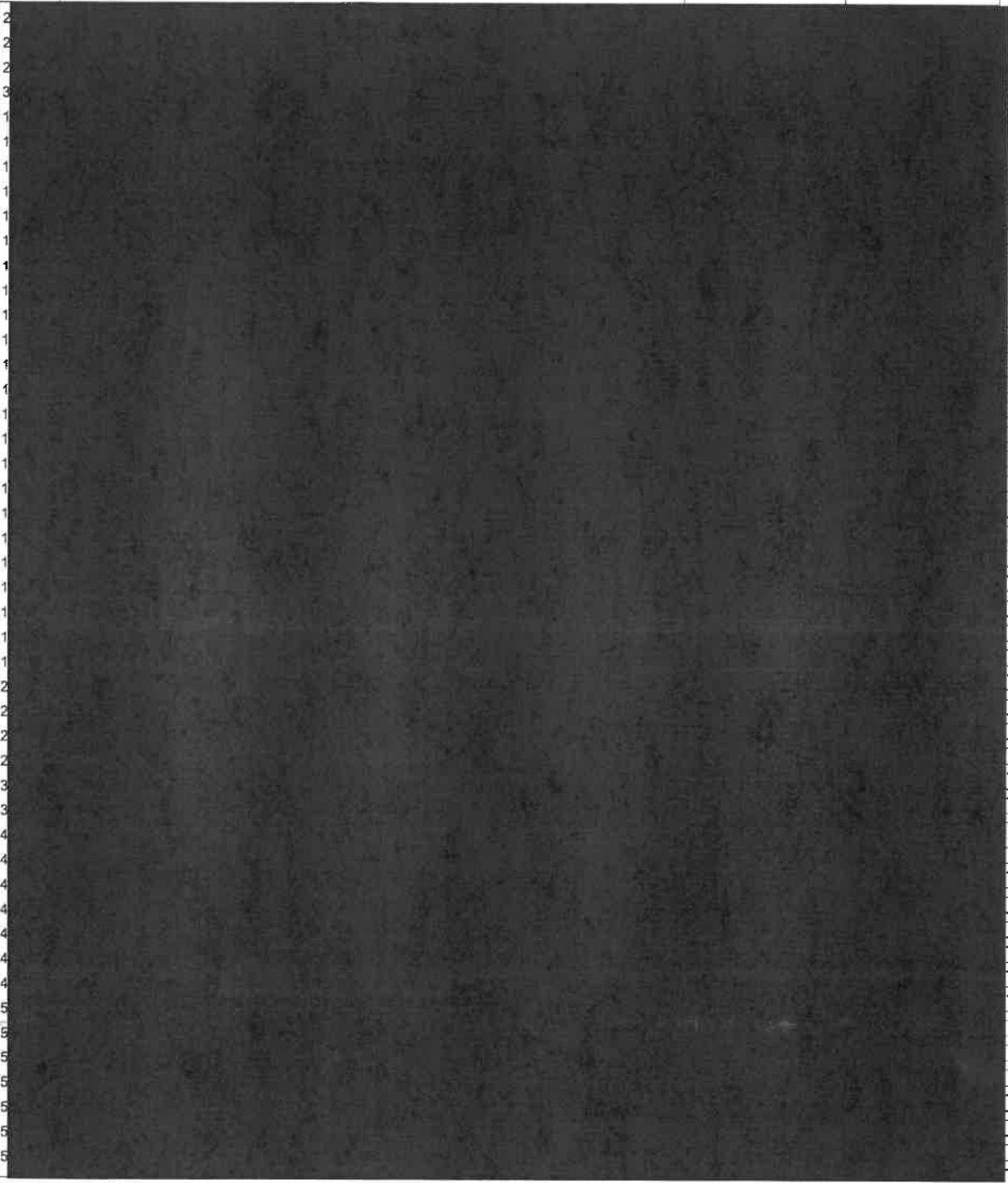
Tax Invoice/Statement Number : 13

Date	Description	Amount	Balance	☒	Accrued Bank Charges
Opening Balance			697.92 Cr		0.00
11 Oct	Magtape Credit	Cashfocus Regimentscapital	460,099.43 Cr	460,797.35 Cr	☐
					31.00
					44.16
					73.95
					34.00
					17.50
					17.50
					17.50
					54.05
					17.50
					50.60
					17.50
					34.00
					17.50
					34.00

Branch Number	Account Number	Date	Account Sub Product Description
486	62241878555	10/11/10	Business Cheque Account

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 13

Date	Description	Amount	Balance	☒	Accrued Bank Charges
2				☐	
2				☐	
2				☐	
3				☐	17.50
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	
1				☐	17.50
2				☐	
2				☐	
2				☐	
3				☐	
3				☐	
4				☐	17.50
4				☐	17.50
4				☐	17.50
4				☐	17.50
5				☐	
5				☐	46.00
5				☐	17.50
5				☐	
5				☐	34.00
5				☐	
5				☐	
5				☐	5.00

Branch Number	Account Number	Date	Account Sub Product Description
486	62241878555	10/11/10	Business Cheque Account

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 13

Date	Description	Amount	Balance	✓	Accrued Bank Charges
				☐	17.50
				☐	31.00
				☐	78.09
				☐	32.20
				☐	40.48
				☐	
				☐	34.00
				☐	17.50
				☐	17.50
				☐	423.99
				☐	
				☐	(655.99)
				☐	(704.53)
Closing Balance		55,300.91 Cr			0.00

If there is an entry on your statement you wish to query, please contact the Centre of Expertise on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00 %
First National Bank - a division of FirstRand Bank Limited. Reg No. 1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

Branch Number	Account Number	Date	Account Sub Product Description
486	62241878555	10/11/10	Business Cheque Account



Killarney
P O Box 87124
Houghton 2041

e-Mail info@fnb.co.za

Web www.fnb.co.za

Branch Code 256205

(011) 4861207

(011) 6464893

Lost Cards 0800-11-01-32

Account Enquiries 0860-263-362

BB ST9

*RISKMATHS SOLUTIONS(PTY)LTD

REG 2005/043579/07

926 ASHBY ESTATE

BOWLING AVE

WOODMEAD

2191

BUSINESS CHEQUE ACCOUNT : 62241878555

Customer VAT Registration Number : Not available

COPY Tax Invoice/Statement Number : 9

Bank's VAT Registration Number : 4210102051

Total VAT Charged: **R100.75Dr**

10 June 2010 to 10 July 2010

Save today by receiving your statements via e-mail

Did you know that you can now save R7.50 by receiving your bank statement electronically? You will also receive our Instant Accounting Insights solution free of charge. This gives you a quick snapshot of the performance of your business by providing you charts and reports including cash flow and income & expenditure reports. This is attached to your monthly statement.

For more information, visit your nearest branch, contact 0860 263 362 or apply online via Online Banking.

Terms and Conditions apply

FNB brings you PayPal

FNB now brings you PayPal. Buy, sell, send and receive money globally with 24/7 online convenience. Visit www.fnb.co.za to learn more about FNB's Top Up and Withdraw service with PayPal.

Interest Rates (Usury)
Interest Charged on Debit Balance
16.00%

Cashflow Summary

Overdraft Limit		0.00
Opening Balance		40,359.31 Cr
Funds Received/Credits	14	483,986.86 Cr
Cash Deposits	12	16,150.00 Cr
Other Deposits	0	0.00
Inter-Account Transfers In	0	0.00
Electronic Payments Received	2	467,836.86 Cr
Funds Used/Debits	52	351,690.63 Dr
Cash Withdrawals (Branch)	0	0.00
Cash Withdrawals (Other)	0	0.00
Cheques Processed (Non Cash)	1	9,000.00 Dr
Debit/Stop Orders	0	0.00
Account Payments	47	315,770.53 Dr
Inter-Account Transfers Out	4	26,920.00 Dr
Card Purchases (POS)	0	0.00
Petrol Card Purchases	0	0.00
Bank Charges	11	820.39 Dr
Service Fees	2	420.80 Dr
Cash Deposit Fees	1	284.24 Dr
Cash Handling Fees	1	103.50 Dr
Internet Fees	0	0.00
Other Fees	7	11.85 Dr
Interest on Credit Balance	0	0.00
Interest on Debit Balance	0	0.00
Inward Unpaid Items	0	0.00
Unpaid Cheques and Debits	0	0.00
Refunds/Adjustments	0	0.00
Closing Balance		171,835.25 Cr
Available Balance (06h23 - 11 Jul 10)		171,835.25



See next page for transactions

earned on your FNB Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it:

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager.

Service Fee

Pay-as-you-use

A Monthly account fee of R41.50 will be charged. Transactions will be charged at the following rates:
Cheques will be charged at R31.00 per cheque issued. External Debit Orders at R13.25 per item.
Please refer to the business pricing guide on www.fnb.co.za, or contact your relationship manager for all other pricing queries.

Cash handling fee on withdrawals

Cheque Service Fee with a minimum of R25.50 + 1.15% on the value of the withdrawal to a maximum of R3,000.00

Cash Deposit Fee @ Branches/FNB ATM with envelope deposits

Cash Deposit Fee is equal to 1.15% of deposit value with a minimum of R17.50

FNB ATM with Automated Cash Deposits will be charged at 75% of the branch cash deposit fee rate (maximum of 0.65% of the value), with a minimum fee of R5.00 per deposit.

G4/F2 Bus Savvy Insert

Page 1 of 3

Delivery Method R7

EN/10/NV/DDA AA

486

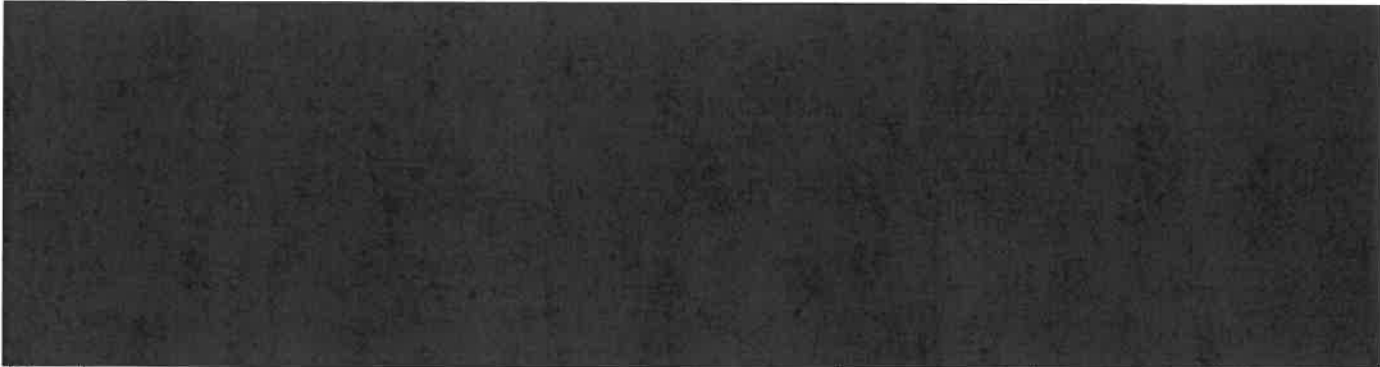
Branch Number	Account Number	Date	ODA AA/BV/48/KY/00/ /P6/C6/TT/N
486	62241878555	10/07/10	Business Cheque Account

CAFR001/02241878555

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 9

Date	Description	Amount	Balance	☒ Accrued Bank Charges
Opening Balance			40,359.31 Cr	0.00



25 Jun	Magtape Credit	Regimentscapital	467,476.86 Cr	473,085.59 Cr	☐



Branch Number	Account Number	Date	Account Sub Product Description
486	62241878555	10/07/10	Business Cheque Account

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 9

Date	Description	Amount	Balance	☒ Accrued Bank Charges
				103.50
				17.50
				17.50
				17.50
				3.30
				17.50
				34.50
				338.40
				(103.50)
				(379.30)
				(284.24)
Closing Balance		171,835.25 Cr		0.00

If there is an entry on your statement you wish to query, please contact the Centre of Expertise on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00 %
First National Bank - a division of FirstRand Bank Limited. Reg No. 1929/001225/06.
An Authorised Financial Services and Credit Provider.(NCRCP20).

Branch Number	Account Number	Date	Account Sub Product Description
486	62241878555	10/07/10	Business Cheque Account

✉ Killarney
P O Box 87124
Houghton 2041

e-Mail info@fnb.co.za

Web www.fnb.co.za

Branch Code 256205

(011) 4861207

(011) 6464893

Lost Cards 0800-11-01-32

Account Enquiries 0860-263-362

BB ST7

*RISKMATHS SOLUTIONS(PTY)LTD

REG 2005/043579/07

926 ASHBY ESTATE

BOWLING AVE

WOODMEAD

2191

BUSINESS CHEQUE ACCOUNT : 62241878555

Customer VAT Registration Number : Not available

COPY Tax Invoice/Statement Number : 7

Bank's VAT Registration Number : 4210102051

Total VAT Charged: R93.76Dr

10 April 2010 to 10 May 2010

Save on banking fees by making savvy banking choices. Visit www.savvybanking.co.za to see how you can save.

FNB's reviewed fees will be effective from 1 July 2010. Please look out for further communications.

FNB brings you PayPal
FNB now brings you PayPal. Buy, sell, send and receive money globally with 24/7 online convenience.

Visit www.fnb.co.za to learn more about FNB's Top Up and Withdraw service with PayPal.

Interest Rates (Usury)
Interest Charged on Debit Balance
16.00%

Interest Rate Earned on Credit
Balance
R0.01+R4999 :0%
R5000+ :0%

Cashflow Summary

Overdraft Limit		0.00
Opening Balance		69,933.82 Cr
Funds Received/Credits	19	635,359.30 Cr
Cash @ Branches	18	12,903.00 Cr
Cash @ Bulk Cash Depots	0	0.00
Other Deposits	0	0.00
Inter-Account Transfers In	0	0.00
Electronic Payments Received	1	622,456.30 Cr
Funds Used/Debits	36	549,355.19 Dr
Cash Withdrawals (Branch)	1	11,000.00 Dr
Cash Withdrawals (Other)	0	0.00
Cheques Processed (Non Cash)	0	0.00
Debit/Stop Orders	0	0.00
Account Payments	31	219,413.19 Dr
Inter-Account Transfers Out	4	318,942.00 Dr
Card Purchases (POS)	0	0.00
Petrol Card Purchases	0	0.00
Bank Charges	7	763.55 Dr
Service Fees	2	303.40 Dr
Cash Deposit Fees	1	336.60 Dr
Cash Handling Fees	1	121.00 Dr
Internet Fees	0	0.00
Other Fees	3	2.55 Dr
Interest on Credit Balance	0	0.00
Interest on Debit Balance	0	0.00
Inward Unpaid Items	0	0.00
Unpaid Cheques and Debits	0	0.00
Refunds/Adjustments	0	0.00
Closing Balance		155,174.38 Cr
Available Balance (01h43 - 11 May 10)		155,174.38



See next page for transactions

earned on your FNB Cheque Account

You are registered to earn eBucks on your Business Cheque Account

Earn eBucks on your Business Cheque Account by ensuring that you perform at least 20 transactions during a calendar month. Earn 4 eBucks for each qualifying debit transaction and 7 eBucks per R100 purchased with your FNB Business Visa Cheque Card. A maximum of 15 000 eBucks can be earned every month.

Reach the threshold - reward yourself. You deserve it!

To view your current eBucks balance visit www.eBucks.com. For more information phone the eBucks Hotline on 086-123-3000 or contact your FNB Relationship Manager.

Service Fee
Pay-as-you-use
A Monthly Account Fee of R38.50 will be charged. Transactions will be charged at the following rates:
Cheques will be charged at R28.50 per cheque issued. External Debit Orders at R13.25 per item.

Electronic Fees
Electronic Account Payment Transaction Rate
Tiered. Maximum of R7.20 per payment transaction.

Inter-Account Transfer Fee Rate
R3.30 per transfer

ATM Cash Withdrawals			
	R1-R500	R501-R1000	R1001 +
FNB	R5.50	R11.00	R16.50
MINI FNB	R2.00	R5.50	
SASWITCH	R11.25	R16.75	R22.25

Over-the-counter fees
Cash handling fee on withdrawals
Cheque Service Fee with a minimum of R23.50 + 1.10% on the value of the withdrawal to a maximum of R1,500.00

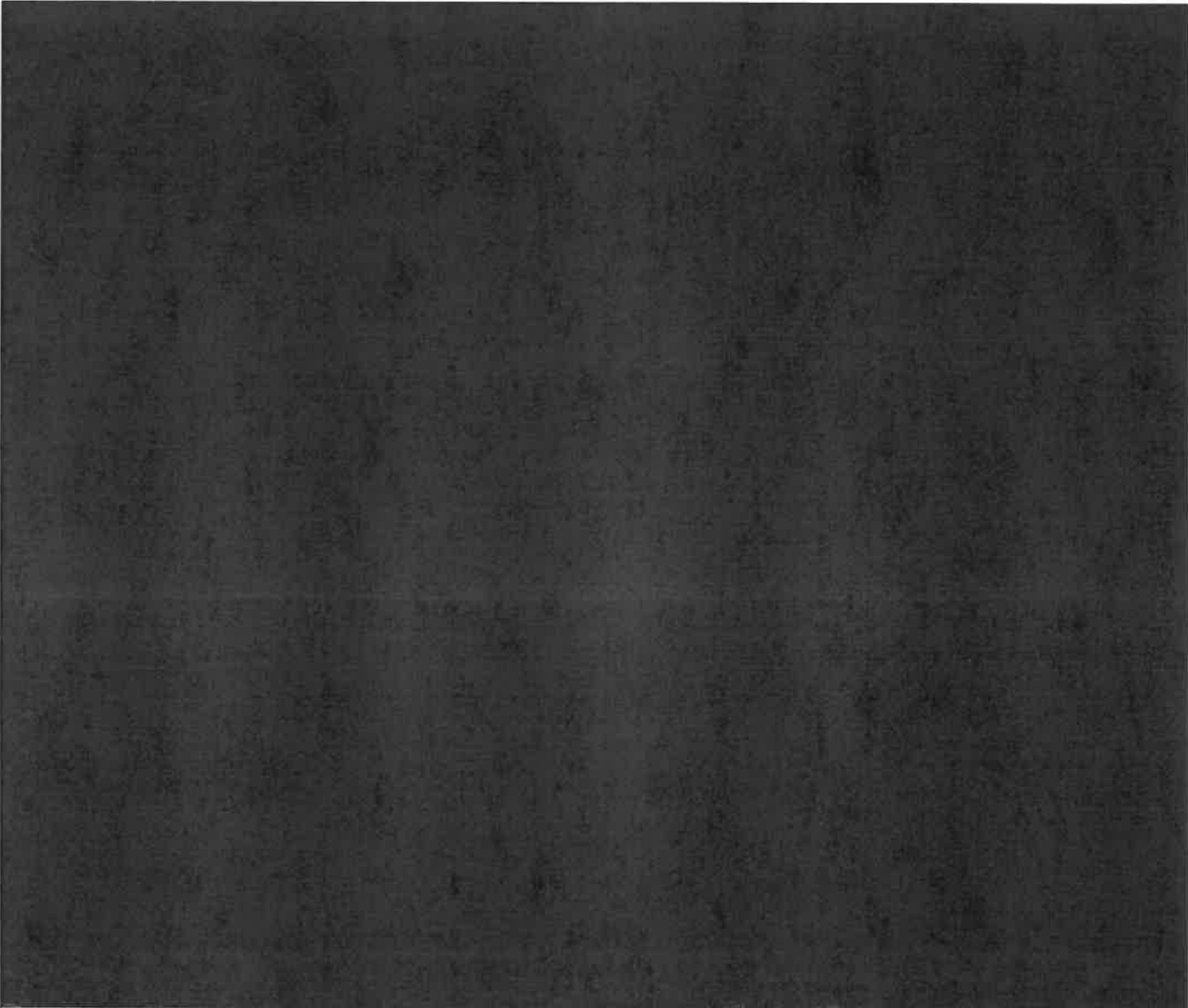
Cash Deposit Fee @ Branches/FNB ATMs
Cash Deposit Fee is equal to 1.10% of deposit value with a minimum of R16.50

Branch Number	Account Number	Date	CDF=KY, RATE=48, CHF=P6, CDF TP=P	SV Code
486	62241878555	10/05/10	Business Cheque Account	BV

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 7

Date	Description	Amount	Balance	☒ Accrued Bank Charges
Opening Balance			69,933.82 Cr	0.00



4 May	Magtape Credit	Regiments Capital	622,458.30 Cr	636,294.58 Cr	☐



Branch Number	Account Number	Date	Account Sub Product Description	SV Code
486	62241878555	10/05/10	Business Cheque Account	BV

BUSINESS CHEQUE ACCOUNT: 62241878555

Tax Invoice/Statement Number : 7

Date	Description	Amount	Balance	✓	Accrued Bank Charges
					☐ 3.30
					☐ 16.50
					☐
					☐
					☐ 3.30
					☐ 3.30
					☐ 16.50
					☐ 16.50
					☐ 16.50
					☐ 16.50
					☐ 223.20
					☐ (121.00)
					☐ (264.90)
					☐ (336.60)
Closing Balance			155,174.38 Cr		0.00

If there is an entry on your statement you wish to query, please contact the Centre of Expertise on 0860-263-362 or your Relationship Manager as soon as possible, preferably within 30 days, in order that it may be investigated. Unless we hear from you within 30 days from your statement date, we will assume that you have received the statement and that it is correct.

#: Inclusive of VAT @ 14.00 %
First National Bank - a division of FirstRand Bank Limited. Reg No. 1929/001225/06.
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Branch Number	Account Number	Date	Account Sub Product Description	SV Code
486	62241878555	10/05/10	Business Cheque Account	BV