GROUP FIVE
structured ingenuity

Investments & Concessions

Role of clusters in group

Investments and Concessions	Construction	Construction Materials	Manufacturing
Infrastructure Concessions	Building & Housing	Aggregates	Fibre Cement products
	Civil Engineering	Ready Mix Concrete	Group Five Pipe
Property Developments	Engineering	Cement extenders	Construction steel
	Projects (SMEIP)	Mobile Crushing services	
	Engineering + Construction		

Revenue-timing diversification

Long Cycle	Medium / long	Short	Short

PPPs

Investments and Concessions

PPP environment – Group Five's position

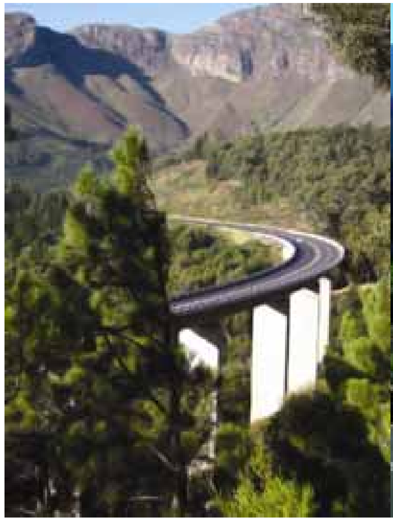
We are a concession / PPP development, investment and operating company

- Spend **development capital** to secure opportunities
  - Concession investment
    - Investment mostly organic, and linked to risk mitigated project level investments
    - EPC, D&C contracts
    - Operations & maintenance
      - Intertoll as specialist toll road developer, investor and operator
      - Group Five Energy for power and renewable projects

PPP environment – Group Five’s position

- Of the major PPPs awarded in South Africa over the last three years, Group Five chosen as winner/preferred bidder on last four awards:
  - Department of Rural Developments and Land Reform
  - City of Tshwane Headquarters
  - Cape Town Rail-link project
  - N1-N2 Winelands toll road

- In parallel developed and closed R1.6 billion Zimbabwe Roads PPP, including a ten year O&M contract
  - New Sub-Saharan projects advanced in development




PPP environment – South Africa a concern

- Approach has proven a drain on **highly skilled scarce resources** from private sector players
  - Consultants, advisors, developers **scaling back and re-assigning**
  - Future government tender players will no longer be prepared to tender at risk and quantity and quality of offers likely to regress

- SANRAL has a **demonstrated track record** of delivery as an efficient procurer of road infrastructure – they should be fully supported

- General **government confusion** on what should be procured as a PPP
  - Commitment, transparency and objectiveness of PPP **process** missing
  - Can **no longer** be a one-way procurement option for government

PPP environment – South Africa a concern

- PPPs have been proven internationally as an effective approach for infrastructure delivery
  - Risk transfer, reduced fiscal strain, high levels of service and ongoing monitoring of same, cheaper on an NPC basis, excellent mechanism for implementation of BBBEE on a sustainable basis, transparency in procurement process

BUT…

- Despite having won last four PPP awards, no action yet
  - Well publicised issues to resolve on N1-N2 - project suspended
  - Legal challenges on DRDLR and Munitoria
- PPP Prison procurement an international embarrassment
  - Bids never opened
  - International and local players requested to spend millions at risk to provide high quality value for money offers, but tender cancelled after about 3 years

South Africa – Economy and PPPs in context

- Economic growth below target
- Government promoting infrastructure spend as one option to drive economy > R 800 billion pipeline
- Budget under pressure – lower tax base, exchange rates, increased borrowing
- Moody's down rating will impact on cost of debt (SA govt)
- Efficiencies in service delivery is a future focus of SA government
- Labour unions concerned about the impact on privatisation of operations and maintenance

PPP market – South Africa

- SA has **excellent framework** for PPP projects – but process is long and needs review
- SANRAL **experienced** PPP client, but many government departments lack this institutional capacity
- New projects to the market have been slow – Renewables are the exception
- Cancelled contracts due to **policy changes are a concern** – Prisons, KZN legislature
- PPP projects need **political commitment** – Toll Roads, Peaking Power Generation
- **Delays** in bidding and evaluation undermine market – Hospitals

PPP market – South Africa

- Impact of only three projects if not implemented as PPPs:

  - Prisons R5 billion
  - Winelands Toll Road R10 billion; and
  - Chris Hani Baragwanath Hospital R7 billion (estimate)

- Can country find another >R20,0bn ?

- Minister Gordhan – Budget Speech 2010

  "In addition, we will continue to ***broaden the use of public private partnerships*** *in the health sector, in particular to improve our hospital system. The flagship PPP hospital project will be Chris Hani Baragwanath, for which a feasibility study is now complete."*

Delays experienced

Department	Contract	Approx. value (Rm)*	Status
Transport (Concessions)			
N1-N2 Toll Road	Road Concession	10 000	Suspended
Wild Coast Toll Road	Road Concession	8 000	Awaiting tender issue
Cape Town Airport rail link	Light Rail Concession	2 000	Selected preferred bidder, feasibility complete, stalled
Zambian Government	Roads	> 3 000	Approach being developed
ZINARA	Zimbabwe Roads Initiative	1 600	Awarded, project commenced
Mauritian Government	Port Louis Ring Road	> 4 000	Selected as prequalified bidder, tender response under way
Total transport		> 28 600	

Power (IPPs)			
Eskom LNG Plant – KZN	300MW LNG & Anthracite	4 000	Pre-qualified in MSPPP
Kalahari Solar (REFIT)	75MW Solar	5 000	Submission targeted 05/03/2012
Lesedi with Xstrata	300MW Coal Fired IPP	4 500	Expression of interest submitted
Bulgaria IPP	115MW CCGT Peaking Plant	1 000	Delayed due to Euro issues
Total power		14 500	

** Total project value, Group Five and other consortium members*

Delays experienced

Department	Contract	Approx. value (Rm)*	Status
Serviced accommodation			
Dept. of Correctional Services	New correctional facilities	3 600	Cancelled
Dept. of Environmental Affairs & Tourism	Head office	900	Tender adjudicated, selected reserve bidder Dec 2009
City of Tshwane HQ	Head office	1 000	Appointed Preferred Bidder, negotiations in progress
Dept of Rural Development & Land Reform	Head office	1 000	Appointed Preferred Bidder, Slowly moving forward
Gauteng Dept. of Health	Upgrade C. Hani Baragwanath Hospital	4 000	Consortium formed, PQ expected 1Q-2012
Dept. of Statistics HQ	Head office	1 500	Responded to request for pre-qualification
Various provincial Departments of Health	- Limpopo Academic Hospital - King Edward Hospital -George Makari Hospital - Eastern Cape Hospital	8 000	PQ/Tender expected 2012
Total serviced accommodation		20 000	

Total PPPs, Concessions and IPPs > R58 bn

** Total project value, Group Five and other consortium members*

Positive PPPs – Renewables and Africa

- **South African Renewable Energy Programme**
  - First REFIT tenders submitted 04th November 2011, next round 05 March 2012
    - R5 billion Kathu Solar Park CSP project
    - Support to various wind farms as EPC
- **Group Five welcomed elsewhere in Africa**
  - Zimbabwe Roads, Phase 1 banked, next phases on the way
  - Eight additional countries
    - Very enthusiastic about our arrival and specialist PPP know-how
- **Opportunity for expansion**
  - Group Five's multi-disciplinary project development, management and execution skills highly prized elsewhere in Africa

Intertoll Operational Update

Investments and Concessions

Operational update: INTERTOLL

Eastern Europe

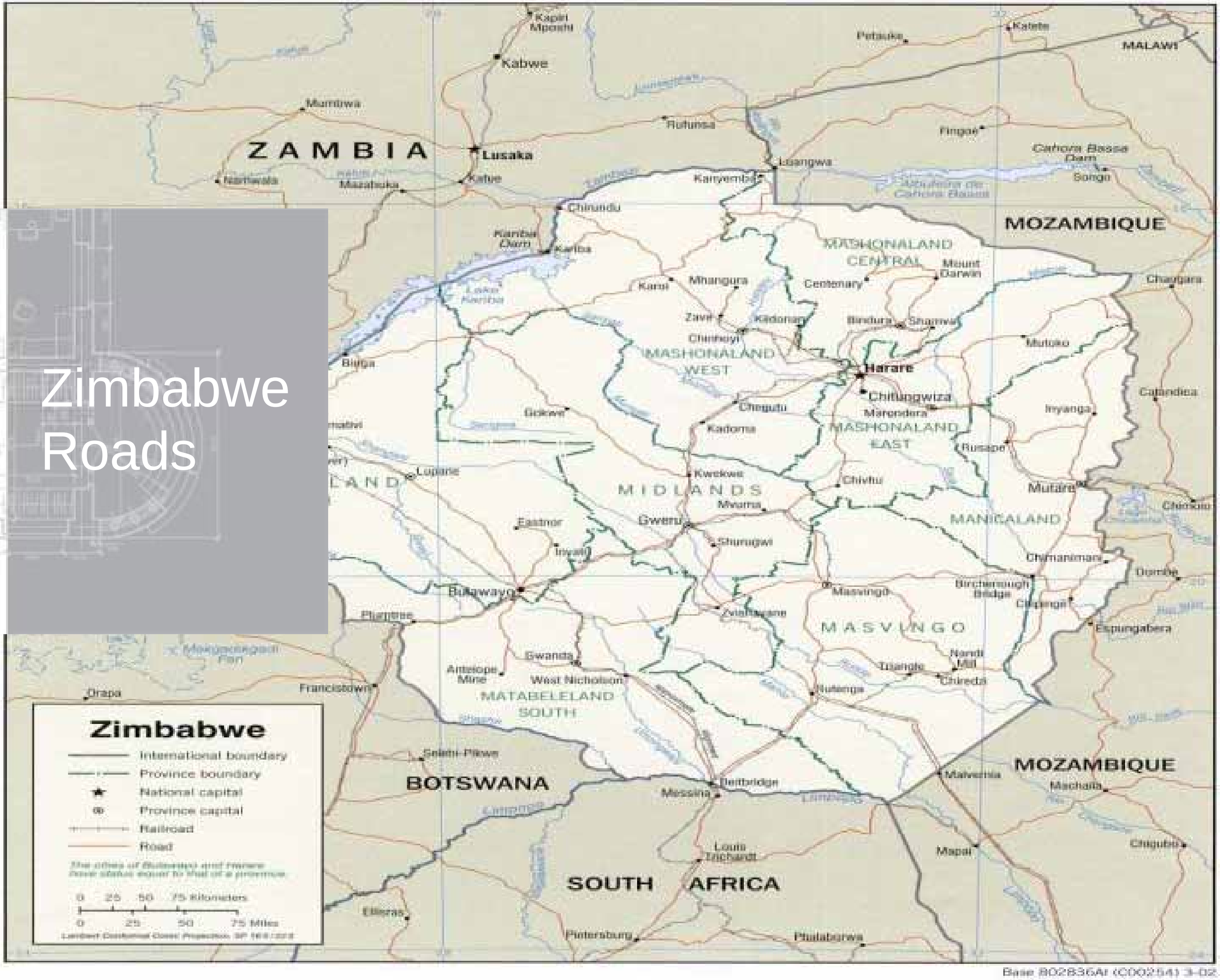
- Outlook for new concession projects in the region **subdued for the next few years**
  - Market with **best prospects remains Poland**
    - New concession projects expected to go to tender over the **next 12-18 months**
    - **3 to 5 year operating contracts** to augment activities during the quieter period
- Underlying **financial performance remains** sound on back of quality portfolio of secured contracts

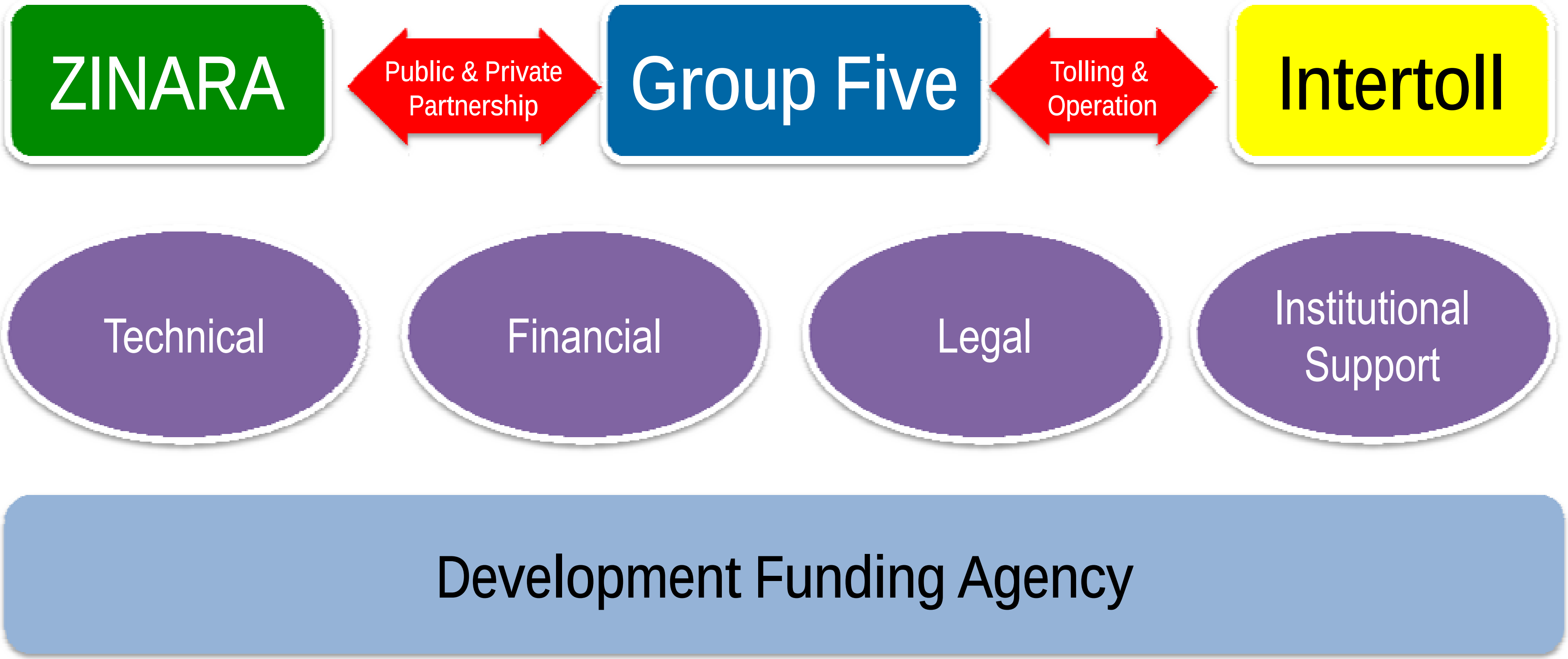
Africa

- SA business **continues to perform acceptably**
  - **Stable platform** from recently secured CTROM contracts - N2 North and N1 South (term 2018)
  - Existing Tsitsikamma and Magalies contracts
- New contract to operate 10 tolling stations for the national road network in Zimbabwe – will commence during H2 F2012
- Securing a significant South African concession an important part of the **future growth strategy** of this part of the business

Some successes: Case Study on Project Delivery

Zimbabwe Roads




ZINARA
Public & Private Partnership
Group Five
Tolling & Operation
Intertoll
Technical
Financial
Legal
Institutional Support
Development Funding Agency

Zimbabwe Major Routes

Zimbabwe is the centre of the Southern Africa Road Network

Group Five's experience

- Extensive construction experience in Africa
- Involved in the feasibility design and construction of major projects & operations and maintenance
- Latest technology and equipment for rehabilitating roads
- Only African company to operate toll plazas world wide
- Experience in working with DBSA to provide funding and export cover
- A unique approach to training and transferring skills to local communities

Key actions to the road rehabilitation programme:	Key actions to new tolling programme:
• Rehabilitate pavement • Re-surface entire route • Widen and surface shoulders • Modernise toll plazas and road signs • Clean storm water drainage systems • New road markings, guardrails and road signs • Improve safety	• Modernise the method of collection • Electronic audits on tolls collected • New security and safety to users • Optimise toll revenues by location of toll plazas • Improve routine maintenance • Vehicle assistance on total route • Reconciliation of revenue • Empowering local sub-contractors & individuals

Property Developments

Market and operational update

Market update

- Stability in the local property market over the last 18 months - **worst may be over**
- Marginal recovery in **residential** property, with a slow recovery expected
- **Retail** performing better, supported by low interest rates
- **Listed funds** are aggressive in seeking retail assets generating yields above 8%
- **Industrial and commercial** sectors remain under pressure

Operational update

- Secured **fee generating income** revenue as investment manager for an offshore listed fund, SAPRO and development manger on Crystal Park
- **Cost containment** - adopted lean structure and stringent management of holding costs