



Information gathering discussion, 5 April 2011

MARKET ENGAGEMENT MEETING WITH MANUFACTURERS AND FINANCIERS:

Rolling Stock Fleet Renewal Programme

Introduction

The Passenger Rail Agency of South Africa (PRASA) is to invest in new rolling stock on an 18 year programme. This investment will enable PRASA to acquire new commuter coaches and long distance rail coaches and locomotives, enabling us to achieve our objective of expanding the public rail transport network and offering more routes to destinations around the country. By providing South Africans with transport that allows them to do business and build their communities, we enable South Africa to move forward.

PRASA has engaged KPMG and its partners (Arcus Gibb, Interfleet Technology and Edward Nathan Sonnenbergs) to undertake the feasibility study for our rolling stock fleet renewal programme.

During the engagement process, we aim to establish the following:

- the project's appeal to the market,
- the manufacturers' ability to supply the quantities of rolling stock required to specifications that suit local requirements, and
- the financiers' ability to provide long-term finance to the rolling stock fleet renewal programme.

Technical, Commercial and Financial output specification documents will be available on the PRASA website (www.prasa.com) from 17 March 2011.

For more details on the market engagement and to confirm your attendance by 23 March 2011, please visit www.prasa.com

Details of the market engagement

PRASA invites local and international Rolling Stock Manufacturers and Financiers to participate in a market engagement process that will comprise four distinct parts:

- 1 **Technical, Commercial and Financial output specification documents** will be available on the PRASA website (www.prasa.com) from 17 March 2011. These documents will contain details on the minimum technical specifications, anticipated rolling stock needs, targets for local content requirements, incentives that are currently available to investors establishing rolling stock manufacturing facilities in South Africa and anticipated affordability limits.
- 2 **A formal briefing session** will set out the details of the planned Rolling Stock Renewal Programme. This briefing session is open to all local and international Rolling Stock Manufacturers and Rolling Stock Financiers who have provided their Confirmation of Attendance. Manufacturers may be accompanied by their advisors, whose name and contact details must be included in the applicable Confirmation of Attendance forms. The briefing session will commence at 10:00 on 5 April 2011 in Johannesburg, South Africa. Details of the venue will be published soon on www.prasa.com.

The presentation will be attended by officials from PRASA, the Department of Transport, the Department of Trade and Industry, National Treasury and the KPMG Consortium ("the project team"). Following the formal briefing session, participants will have the opportunity to ask questions and seek clarity on the presentation as well as the Technical, Commercial and Financial output specification documents provided. The discretion to answer any questions rests entirely with PRASA.

- 3 **Following the Question and Answer period, members of the project team will interview selected Rolling Stock Manufacturers** to obtain a more in-depth understanding of the project's appeal to the market, as well as the market's ability to supply the rolling stock to specifications that suit local requirements. Rolling Stock Manufacturers will be selected for interviews on the basis that they meet three of the following four criteria:

- Vehicle production capacity equal to at least 300 passenger vehicles a year;
- Maintenance or significant whole of life support for manufactured vehicles;
- International production lines with a presence in at least three countries;
- Prior South African train building and maintenance provision experience OR willingness to transfer technology to South Africa / local production facility.

Rolling Stock Manufacturers wishing to participate in the interview process must provide brief responses to the above criteria in their Confirmation of Attendance. Rolling Stock Manufacturers wishing to participate in the interview process but who do not meet the interview criteria, may use their Confirmation of Attendance to motivate for their participation in the interview process, setting out the grounds for their proposed inclusion.

The interviews will be scheduled to commence immediately following the briefing session on 5 April 2011, and may run into additional days depending on the response to the request for interviews. Appointment times and dates for interviews will be communicated following the Confirmation of Attendance.

- 4 **The project team will also engage in informal one-on-one discussions with Financiers of Rolling Stock** to obtain an in-depth understanding of the project's appeal to the market, as well as financiers' ability to provide long-term finance to the rolling stock fleet renewal programme. PRASA will invite

selected Financiers of Rolling Stock to participate in these discussions to ensure that a broad spread of financial institutions is present at the Market Engagement. Financiers who are not been invited to participate in the informal discussions may nevertheless request an informal one-on-one discussion. Such Financiers must register their interest in engaging with the project team and demonstrate their experience in long-term public transport finance or other similar infrastructure finance through the Confirmation of Attendance. The one-on-one discussions will be scheduled to commence immediately following the briefing session on 5 April 2011 and may run into additional days depending on the response to this request for informal discussions. Appointment times and dates for these discussions will be communicated following the Confirmation of Attendance.

Confirmation of Attendance and enquiries

By no later than 23 March 2011, kindly confirm:

- **your attendance at the briefing session**, including details of accompanying advisors;
- **for Rolling Stock Manufacturers:** your request to be included in the interview process, your response to the interview criteria and if applicable, your motivation for participation in the interview process;
- **for Financiers of Rolling Stock:** your request to be included in the informal financial discussions and demonstration of your experience in financing long-term public transport projects.

Your confirmation of attendance and any enquiries regarding the Market Engagement process should be sent to:

market.engagement@kpmg.co.za

Messages sent to this e-mail address will be answered within 24 hours.

Under no circumstances should PRASA or any of its directors, officers and employees be contacted, directly or indirectly, in relation to this Market Engagement announcement or any other aspect of the Market Engagement process.

Reservation of rights and disclaimer

This announcement is not a Request for Proposals, is not a request for Expressions of Interest, is not any form of pre-qualification and does not constitute any form of offer, nor any form of commitment or obligation to any person. This announcement and the Market Engagement forms part of an information gathering process in support of the feasibility study, and must be understood as a prelude to the actual procurement of the Rolling Stock, which will be conducted in accordance with the laws of South Africa under the Constitution and the Public Finance Management Act (PFMA) which ensure a fair, open transparent and competitive process, that ensures value for money for government.

Rolling Stock Manufacturers, advisors and Financiers attending the briefing session do so entirely at their own discretion and cost. Rolling Stock Manufacturers, advisors and Financiers attending the briefing session and/or selected for interview do not enjoy any preference should PRASA implement the fleet renewal programme post feasibility study.

PRASA reserves the right, in its sole and absolute discretion at any time to amend, deviate from, discontinue, suspend, postpone or terminate this Market Engagement process without incurring any liability whatsoever to any interested party. PRASA will however advertise any changes to this Market Engagement process through its website.

Government Partners



Transaction advisors to PRASA

