

Communiqué to Interviewees

Communiqué to Interviewees and list of questions/discussion points to be considered for the Market Engagement process of PRASA rolling stock fleet renewal programme
1 April 2011

Dear Interviewee

You have a confirmed one hour slot for a Market Engagement interview at the Gallagher Estate, Midrand next week. You will be meeting with representatives of Government, PRASA and the Transaction Advisor. These interviews are subject to the “Reservation of Rights and Disclaimer” set out in the Market Engagement advertisement.

We propose that the interview address the questions/discussion points set out below. These questions were contextualised on the PRASA website in the Commercial Issues and Financial Engagement papers.

We will set aside approximately 15 minutes for you to ask any clarification questions that you may have.

You are not permitted to make any presentations but may leave behind any written material that you feel appropriate.

Please note that we reserve the right to place any information shared with us in the interview upon the PRASA website, but such information will be consolidated with information shared by other interviewees and on an anonymous basis.

For Technical Meetings

Please provide us with some examples of where you have worked in train manufacture and maintenance.
Are there any examples of where you have worked globally to transfer/develop technology and skills and are there any lessons for RSA?
We would like to see 65% local content to the new rolling stock achieved in the medium term - do you believe that this is achievable, and what would need to be in place to achieve it?
How would you involve South African (small and medium/B-BBEE) enterprises in the manufacture and maintenance of the new rolling stock?
What category of rolling stock are you interested in: multiple units / coaches / locomotives?
What is your preferred level of involvement in maintenance support?
In your opinion what is the necessary annual vehicle volumes and contract duration required to justify investment in a local production plant?
What is your initial view on South African cost structure relative to the industry globally and the prospect of South Africa being able to export rolling stock?
Do you have any examples of good practice in Government support mechanisms for inward investment in infrastructure from other parts of the world?
Is there anything in the documentation and information you have received so far (including the technical specification) that would discourage you from setting up a local rolling stock manufacturing plant and maintenance facilities?

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For Financial Meetings

Please provide us with some examples of where you have financed rolling stock and/or transport infrastructure projects.
Please provide us with the envisaged potential benefits of external/private finance involvement, including efficiencies.
What would be the necessary terms and structure of the upfront financial commitment from the National Treasury/Government of South Africa before tendering for such a project?
Do you have any general concerns regarding third party financing of this particular project?
What appetite do financiers have to assume longer term performance/maintenance risk on the rolling stock, and conditions relating thereto?
What is the maximum envisaged tenure for financing the rolling stock?
What guarantees or security would you require?
What would be the optimal phasing/batching of financing contracts (assuming it would be impossible/inefficient to have a fixed financing upfront arrangement for the entire programme)?
What are the necessary capabilities you would seek of the successful consortium/rolling stock manufacturer before providing finance?
How do you envisage the substance of relationships between consortium members, i.e. financiers/rolling stock suppliers/ECAs.
Any other issues such as SA sovereign (currency) risk, risks related to (partial) local production, PRASA as the counterparty, etc.