

Transnet RFQ Clarification Response

Question

Can internal equity, shareholder loans and intra-group debt facilities qualify under Criterion A1.1 and Criterion A2 where the relevant funding was not sourced from external lenders?

Response

Criterion A1.1

A shareholder loan may be treated as part of the equity or quasi-equity contribution for purposes of the R1 billion threshold, consistent with Transnet's previous responses. The requirement that matters is the nature of the underlying transaction, not the internal label placed on the funding instrument.

The transaction itself must be a genuine project-financed transaction, structured with project-level debt and limited or non-recourse financing at SPV level. A project funded solely through internal equity and ordinary corporate borrowing, without that project-finance structure, does not qualify as a project-financed transaction under Criterion A1.1, regardless of the equity amount involved.

The debt portion counted toward the R4 billion total financing requirement must represent genuine project-level financing, not ordinary corporate debt raised at group level and allocated to the project after the fact.

Criterion A2

Where a Respondent does not intend to rely on external financing, capital availability must be evidenced through alternate route as prescribed in the RFQ ie confirmation letter from a SARB-regulated or equivalent foreign bank, a registered auditor's attestation of funds under management accessible to the Respondent, or, where a consortium member is an investment fund, a General Partner or Fund Manager attestation of committed and unallocated capital.

Where a Respondent wishes to rely on intra-group funding to meet the R5.2 billion threshold, it must still produce one of the three prescribed evidentiary forms showing that the funds are genuinely held and accessible, for example a bank confirmation of the account or facility in which the funds sit, or an auditor's attestation of funds under management.

The detailed financing structure for the RBDBT PSP Project, including the proposed debt-equity mix, funding instruments, financiers, security arrangements and risk allocation, will be developed and assessed during the RFP stage, subject to the RFP requirements, applicable approvals and the final Project Agreements.

Accordingly, the opportunity to propose an appropriate financing plan at the RFP stage does not replace the historic experience requirement in Criterion A1.1.