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26 April 2022

RFB NO: TCTA / LOANS / BRVAS / 2022 / 01

SOURCING OF LOAN FACILITIES FOR THE BERG RIVER-VOÈLVLEI AUGMENTATION SCHEME (BRVAS)

Dear Bidder,

TCTA acknowledges receipt of the Requests for Clarification listed below as mentioned at the **TCTA / LOANS / BRVAS / 2022 / 01,** e-mails received, **TCTA response is in bold;**

1. When is construction on this project expected to commence and be completed?

   TCTA Response:

   The Professional Service Provider (PSP) appointed for this project has proposed dates as well as project cost that are different to those that were used in the compilation of the RFP. These dates and project cost form part of the revised Project Charter will serve before the TCTA Board on 29 April 2022 for consideration and approval. The outcome of the Board meeting will determine whether TCTA will use the information contained in the revised Project Charter or the current approved one. The dates as per the current approved Project Charter are as follows: commencement date – Feb 2023 and water delivery date – July 2025. TCTA will communicate the decision of the Board and its impact on these dates and the project cost after the Executive Committee (EXCO) meeting scheduled to take place on 5 May 2022.

2. Is the R400m liquidity facility included in the R1,277m funding requirement, or is this in addition to this?

   TCTA Response:

   The R400m is included in the R1,277m. The R1,277m figure will be impacted by the revision alluded to in point 1, above.

3. Are there any restrictions on the lending selling down the exposure?

   TCTA Response:

   This matter normally forms part of the loan facility negotiations where a list of parties to whom lenders may sell down is negotiated and agreed to at that stage.

4. Can we get interim/ half year financials? If not, latest draft financials or management accounts will be acceptable.

TCTA Response:

[Response to follow]

5. Can we be provided with an up-to-date project Information Memorandum including financial plan and projections/forecasts?

   TCTA Response:

   The decision of the Board on the revised Project Charter mentioned in 1, above, will determine whether the current project information memorandum will be updated or not. This will be made available after the EXCO meeting mentioned above.

6. Can funding proposals be submitted on the basis of a joint bid?

   Response:

   Joint bids are accepted as long as the members comply with the requirements as stated in section 9, of the RFP.

7. Would a funding proposal be considered if this was subject to a partial DCM mandate being provided to the funder?

   TCTA Response:

   TCTA is currently in discussions with the National Treasury for comprehensive DMTN program which will incorporate all TCTA's projects. So, a proposal subject to partial DCM mandate would not be considered at this stage.

8. Is there any requirement for letters of guarantee, if so, please advise on the quantum, tenor and what the guarantee will be used for? Is this part of the R1.277m request?

   TCTA Response:

   No

9. Will TCTA require a foreign exchange facilities for this project? If yes, please provide the details.

   Response:

   No

10. We would like to get an understanding of the intended use of the proposed 'liquidity facility' including its structure as it pertains to the RFP. Our understanding is this facility being a longer dated revolving credit facility of a committed nature. We would expect this type of facility not to be required post the construction phase.

    Response:

    Your understanding is correct. Ideally TCTA would like this facility for the duration of the repayment period as part of the debt management strategy

11. Please advise what is the definition of 'annual renewal' as it pertains to the tenor of the liquidity type facility. Is it an annual renewal of the facility based on credit metrics or does renewal relate to pricing?

    Response:

    The renewal is based on the credit metrics, and the assessment by the lender of their comfort to continue with lending or extending the facility to the borrower.

12. What is the intended use for 'Other facilities' as per the RFP? Please provide details.

    TCTA Response:

    As this is a request for proposals TCTA did not want to confine potential lenders to the normal loan facilities and allow potential lenders to propose whatever products they think can assist TCTA in achieving its objective of implementing this project in a cost-effective manner. Any proposals are welcomed in this regard

13. Will a government guarantee be provided?

    TCTA Response:

    No express guarantee will be provided but the normal implied guarantee that forms part of the Implementation Agreement with DWS

14. Do you plan on raising any further funding/issuing bonds in the next 12months? If yes, how much?

    TCTA Response:

    Not at this moment. However, the matter raised in point 1, above, will determine if additional funding will be required.

15. What is the status of the proposed National Water Authority?

    TCTA Response:

    [Response to follow]

16. Has the Implementation Agreement between DWS and TCTA been signed as yet? Can we get sight of this?

    TCTA Response:

    The Implementation Agreement has not been signed yet as there is one issue that TCTA and DWS are finalising before it is signed in June 2022.

17. Please can TCTA provide us with the financial model similar to the models provided on the VRS and VRESAP funding tenders

    TCTA Response:

    As mentioned above, the information will be provided after the approval by the Board and EXCO

18. Please can TCTA confirm if the facility outlined in the tender must be credit approved before submission

    TCTA Response:

    Approved term-sheet to allow TCTA to evaluate the proposals

19. Please can TCTA confirm if the intention is to service capital on the loan immediately or is TCTA seeking a capital grace period and if so, for how long?

    TCTA Response:

    As with most of TCTA's project, BRVAS' revenue stream will only commence upon operational declaration, currently estimated to be in July 2025. The decision by the Board on the revised Project Charter will impact this date as mentioned above

20. The RFP does not state the kind of support (i.e. Guarantee) the envisaged funding for BRAVAS will benefit from

    TCTA Response:

    No express guarantee is provided only an implied guarantee as part of the Implementation Agreement.

21. Detailed cash flow forecast for the project, to maturity

    TCTA Response

    See comment above

22. What kind of approval is required for the funding support required, i.e. Credit approved term sheets or indicative ones?

    TCTA Response:

    Approved term-sheet to allow TCTA to evaluate the proposals

23. Updated Debt maturity profile for the Project.

    TCTA Response:

    Same comment as above

Yours faithfully

Digitally signed by Ntsikelelo Gosani
Date: 2022.04.26 15:14:28 +02'00'

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Ntsikelelo Gosani

Project Finance Manager