THE SOUTH AFRICAN NATIONAL ROADS AGENCY

BANKS TO THE ISSUE

FBC Fidelity Investment Bank
Corporate Division
Treasury and International Banking
Registered Bank
Reg No. 98/06193/10

ABSA BANK
Reg. No. 98/04794/06

SG
The South African National Roads Agency Limited (‘NRA’)

PRIVATE TENDER OF A MAXIMUM OF
R360 000 000 (NOMINAL VALUE) LOCALLY REGISTERED STOCK
Loan No. SZ 18

Summary of Terms

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amount</strong></td>
<td>The maximum authorised amount of Loan SZ18 is R1 000 million, of which R640 million is in issue. The NRA reserves the right to increase the amount of the loan to the maximum amount at any time prior to redemption thereof by issuing additional stock if the maximum amount is not taken up during this issue. Any additional stock will be issued in terms of the provisions of the prospectus dated 17 September 1996 subject to the issue price negotiated at the time.</td>
</tr>
<tr>
<td><strong>Clean Price</strong></td>
<td>Calculated in terms of the standard Bond Exchange Bond Calculation formula using the allotted yield to redemption rate.</td>
</tr>
<tr>
<td><strong>All-in Price</strong></td>
<td>This is the clean price plus 13 days cum interest</td>
</tr>
<tr>
<td><strong>Interest Rate (per annum)</strong></td>
<td>12.50%</td>
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<tr>
<td><strong>Redemption Date</strong></td>
<td>30/9/2015</td>
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<tr>
<td><strong>Yield to Redemption</strong></td>
<td>As tendered by applicant</td>
</tr>
<tr>
<td><strong>Redemption Value</strong></td>
<td>R100%</td>
</tr>
<tr>
<td><strong>Interest Payable</strong></td>
<td>Half-yearly in arrear on 31 March and 30 September with the first payment on 31 March 1999.</td>
</tr>
<tr>
<td><strong>Date of Issue</strong></td>
<td>Firm commitments must be given to any of the banks involved in this issue not later than 12:00 on Thursday, 8 October 1998. Participants will be notified of their allotment on the same day.</td>
</tr>
<tr>
<td><strong>Payment</strong></td>
<td>In full not later than 12:00 on Tuesday, 13 October 1998.</td>
</tr>
<tr>
<td><strong>Status of NRA Stock</strong></td>
<td>NRA stock has been classified as an approved asset for insurance companies, pension, provident funds and friendly societies.</td>
</tr>
<tr>
<td><strong>Security</strong></td>
<td>All interest payments and repayment of capital are guaranteed by the South African Government subject to payment not having been made by the NRA on due date.</td>
</tr>
<tr>
<td><strong>Electronic Settlement</strong></td>
<td>The NRA stock will be issued in accordance with the Rules of the Bond Exchange (the ‘Rules’). Settlement agents will follow the electronic settlement procedures prescribed by the Rules when making interest and capital payments. The Rules are available on request from the Bond Exchange. Interest and capital payments by the transfer secretaries to the individual NRA stockholders will be made by electronic transfer and cheques will only be issued to individual NRA stockholders on request. The issuer will use the Central Depository for the immobilisation of NRA stock in terms of the Rules. Unless otherwise requested, certificates will only be issued to individual NRA stockholders on written request to a settlement agent. Settlement agents need to match the allotted stock with FBC Fidelity Bank, Bond Exchange Code FBCM on 8 October 1998.</td>
</tr>
</tbody>
</table>
The South African National Roads Agency Limited ('NRA')

General Information

1. PURPOSE OF THE ISSUE

The purpose of the issue is to enable the NRA to raise loans for the construction and maintenance of sections of national toll roads and the associated toll collection facilities.

2. BACKGROUND AND TASKS

Until March 1998, the management of National Roads in this country was controlled by the South African Roads Board which was a department within the Ministry of Transport. In April 1998 by an Act of Parliament the NRA was established as an independent statutory Company operating along commercial lines and at arm's length from Government. The purpose of the company is to maintain and develop South Africa’s 7,000km National Road Network and to manage assets with an estimated value of more than R135 billion. The enabling Act charges the NRA, a company registered in terms of the Companies Act, with the following principal tasks:

- To strategically plan, design, construct, operate, rehabilitate and maintain South Africa’s national roads;

- To deliver and maintain a world class primary road network for South Africa;

- To generate revenues from the development and management of its assets;

- To undertake research and development to enhance the quality of South Africa’s roads;

- To advise the Minister of Transport on matters relating to South Africa’s roads;

- Upon request from the Minister of Transport and in agreement with a foreign country, to finance, plan, construct, acquire, provide, operate and maintain roads in that country.
3. **GOVERNANCE**

The South African Government, via the Ministry of Transport, is the sole shareholder and owner of the NRA. The Ministry, through the office of the Director-General of Transport, acts as the regulator. The Board of Directors of the NRA is accountable to the Minister of Transport as owner who is assisted by the Director-General. The CEO of the NRA is accountable to the Board of Directors whose Chairman interfaces regularly with the Minister.

4. **FINANCING OF NATIONAL ROADS**

The NRA is the successor to all the assets and liabilities of the old South African Roads Board (SARB). The assets include the National Road Network as well as substantial land holdings which need to be effectively managed. These liabilities include a loan portfolio emanating from past toll-road projects.

The NRA, therefore, faces the challenge of managing this substantial portfolio as well as raising the finance necessary to expand the network of roads. The NRA will have to seek and consider new funding instruments in order to procure the funds it needs on the most favourable terms possible in future.

In addition to this important function, the Agency must manage funds provided by the Government for the non-toll road portion of the National Road Network and provide accurate estimates of long-term financial requirements. This is achieved by using budgetary contracts to monitor and control expenditure. This necessitates close co-operation of our Strategic Network Planners, Engineers and Treasury working as a cohesive unit to achieve the Agency’s strategic objectives.

In view of the improved security available from known sources of revenue, the NRA will look increasingly to the private sector for investment capital in South Africa’s road transport infrastructure and will rely less on the Government.

The nature of expenditure on national roads falls into the following broad categories:

- *Preservation of the network*—routine, periodic and special maintenance and provision of support to increase road safety;

- *Enhancement of the network*—rehabilitation and reconstruction, upgrading and the provision of new facilities

5. **SOURCES OF FINANCE**

The NRA is moving towards Public/Private sector partnerships in terms of which attractive financial structures are used to finance the building of new roads and the rehabilitation of existing networks. With regard to new road financing, the NRA applies the Build–Operate–Transfer (BOT) model, while in the case of rehabilitation projects, it looks towards the Finance–Rehabilitate–Operate–Maintain (FROM) model. Current sources of finance for national roads include the following:

**THE FUEL LEVY**

This source is an allocation from the Government to fund the erection and maintenance of non-toll roads. To this end, the Ministry of Finance has undertaken to allocate to the NRA an amount equal to 5c for every litre of fuel sold during 1998, rising to 6c/litre in 1999.
TOLL INCOME

The 'user pays' principle is now well established on major limited-access national roads. The toll concept has facilitated private sector funding on totally commercial grounds, not only for the initial construction of the roads but for their ongoing maintenance which usually exceeds the initial construction cost over the life span of the road.

Since 1995 there have been two types of toll-roads in South Africa:

- *State toll-roads*—funded through loans with a Government guarantee;
- *Private Sector financed and maintained toll-roads*—operated by Private Sector companies through a Concession Agreement with the NRA in respect of each toll road.

Three current examples of toll-road systems falling into this category are the following:

- *The Maputo Development Corridor Toll-Road*—now well under construction;
- *The Heidelberg to Cedara (N3) Toll-Road*—final negotiations are currently underway with the preferred tenderer;
- *The Platinum Toll-Road (N4 West)*—tenders for this toll-road are presently being evaluated.

BORROWING POWERS

Section 33(2)(a) of the SA National Roads Agency Act entitles the NRA at any time, with the approval of the Minister of Transport and in consultation with the Minister of Finance, to raise funds by means of loans from any source including the money and capital markets.

6. LISTING

All capital market bonds of the NRA are listed by the Bond Exchange and can be traded both locally and offshore. All conditions relevant to foreign investors have been met.

7. REPORTING

In terms of Section 36 of the Act (No 7 of 1998), the NRA is obliged to keep proper accounts of all income and expenditure. Such accounts are prepared according to the principles of Generally Accepted Accounting Practice and are audited by the Auditor-General as well as subject to internal audit by private sector audit firms.

While the NRA has a single shareholder in the form of the State and its reporting procedures differ from those of conventional private or public companies, the NRA plans to issue half-year and full-year profit statements.

The NRA will also report more frequently to the Minister of Transport. The Minister who is involved in all strategic planning and budgeting reviews has frequent contact with the Chairman and CEO of the NRA.
Terms and Conditions of Issue

1. AMOUNT

The maximum authorised amount of Loan No SZ18 is R1 000 million, of which R640 million is in issue. The NRA reserves the right to increase the amount of the loan to the maximum amount at any time prior to redemption thereof by issuing additional stock if the maximum amount is not taken up during this issue. Any additional stock will be issued in terms of the provisions of the prospectus dated 17 September 1996 subject to the issue price negotiated at the time.

2. APPLICATION

ABSA Bank Limited, Société Générale South Africa Limited and FBC Fidelity Bank Limited (FBC Fidelity), on behalf of the NRA, invite applications to tender for the stock in units of R100 (one hundred rand), or multiples thereof. All tenders must be submitted on a yield to redemption basis.

Firm commitments must be given to any of the banks involved in this issue not later than 12:00 on Thursday, 8 October 1998. Participants will be notified of their allotment on the same day. Applications may be faxed or hand delivered to: Attention: Raymond Kruger, FBC Fidelity Bank Limited, Ground Floor, Thebe House, 160 Jan Smuts Avenue, Rosebank, Johannesburg, Fax: (27) (11) 283-3562; Telephone: (27) (11) 283-3559/60.

3. PAYMENT

3.1 Payment in full for all NRA stock allotted and issued to successful applicants must be made on Tuesday, 13 October 1998 to their settlement agents in the currency of the Republic of South Africa in terms of the Rules. Settlement agents of allotted stockholders need to match the transaction with FBC Fidelity, Bond Exchange Code FBCM on 8 October 1998.

3.2 Applicants are referred to paragraph 7 for information concerning the dates from which interest will accrue.

4. ALLOTMENT AND ISSUE OF STOCK CERTIFICATES

4.1 The attention of applicants is drawn to the fact that a maximum of R360 million nominal value is being offered in terms of this issue. The NRA reserves the right to allot applications for less than R360 million during this issue and to issue the balance to the maximum value at any later stage.

Applicants will be advised on 8 October 1998 of the amount of stock allotted to them.

The NRA reserves the right, as it deems fit, to decide the basis of allotment of the stock, or to refuse, to abate, or to accept in full or in part all or any applications.

4.2 Stock certificates will be issued by Mercantile Registrars Limited as soon as the full amount payable by the applicants has been received. A single certificate will be issued for the total amount allotted, unless otherwise requested as specified in paragraph 4.2.3 below. Splitting of certificates will be free of charge. Any queries in this connection should be referred to Mercantile Registrars Limited in Johannesburg, at telephone number (011) 333-8181.

4.2.1 A single NRA stock certificate in respect of each maturity will be immobilised by the Central Depository in terms of the Rules.
4.2.2 An individual certificate for the NRA Stock allotted and issued to any individual NRA stockholder will only be issued to such NRA stockholders on written application to its settlement agent, in which event the NRA stockholder will be entitled to collect the certificate from the settlement agent concerned within 7 days after receipt of such written request.

4.2.3 The Central Depository and the individual NRA stockholder will be the registered NRA stockholder. The transfer secretaries, Mercantile Registrars Limited, will list in their register the remainder of the balance held by the Central Depository and the individual NRA stockholders.

4.2.4 Neither the settlement agents nor the transfer secretaries shall be bound to enter in their respective registers notice of any trust or to recognise any right of any other person to NRA stockholders other than the NRA stockholders.

5. DEFAULT

Default in payment in full for the stock by 12:00 on 13 October 1998 will render all amounts previously paid, together with interest thereon, liable to forfeiture and the allotment to cancellation.

6. REGISTRATION, TRANSFER OF STOCK AND STAMP DUTY

The stock will be registered in books to be kept by Mercantile Registrars Limited and will be transferable by deed, free of stamp duty and registration charges, in amounts of R100 or multiples thereof. No transfer will be effected until the relevant stock has been paid in full.

The transfer register will be closed from 1 to 31 March and 1 to 30 September each year (all dates inclusive), to determine stockholders entitled to interest for the respective half-year.

7. INTEREST AND REDEMPTION OF CAPITAL

7.1 INTEREST DATES

Interest, at the rate applicable to the loan given below, will be paid half-yearly in arrear each year, until the date of maturity. Interest is calculated up to and including 31 March and 30 September for the respective interest payment date.

<table>
<thead>
<tr>
<th>Loan No</th>
<th>Interest dates</th>
<th>Rate of interest (per annum)</th>
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<tr>
<td>SZ 18</td>
<td>31 March and 30 September</td>
<td>12.50%</td>
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7.2 FIRST INTEREST PAYMENT

The first payment of interest relating to this issue will be made on 31 March 1999 calculated on a six-monthly basis on all amounts received by the NRA in respect of allotments.

7.3 REDEMPTION OF CAPITAL

The nominal value of Loan SZ18 will be redeemed in full on 30 September 2015.
7.4 **METHOD OF PAYMENT**

Interest and capital payments to individual NRA stockholders will be made by electronic transfer into the accounts of individual NRA stockholders. The issuer will not be responsible for any loss in transmission. On written request by an individual NRA stockholder to the transfer secretaries, payments will be made by cheque in that event, post dated interest and redemption cheques will be posted to the individual NRA stockholders (unless contrary instructions have been agreed with the transfer secretaries), at the NRA stockholder’s risk 14 days prior to the interest payment date or the redemption date, as the case may be.

8. **SECURITY**

The stock is issued in terms of the provisions of the South African National Roads Agency Act of 1998. All interest payments and repayment of capital are guaranteed by the South African Government subject to payment not having been made by the NRA on due date.

9. **STOCK EXCHANGE LISTING**

NRA stock is listed by the Bond Market Exchange (BME) and permission has been granted to trade all capital market issues.

10. **EXCHANGE CONTROL REGULATIONS**

10.1 Former residents of the Common Monetary Area (i.e. the Republic of South Africa, Namibia and the Kingdoms of Swaziland and Lesotho) who have emigrated may use blocked funds to acquire NRA Stockholders, subject to South African Exchange Control Regulations.

10.2 All payments in respect of subscriptions for NRA Stockholders by emigrants using blocked funds must be made through an Authorised Dealer in foreign exchange.

10.3 NRA Stockholders issued pursuant to the use of blocked funds will be recorded as “blocked rand – non-resident” by the settlement agent, for the purposes of the applicable Exchange Control Regulations.

10.4 NRA Stockholders acquired by non-residents whose registered addresses are outside the Common Monetary Area will be recorded as ‘non-resident’ by the settlement agent.

10.5 NRA Stockholders certificates issued to a non-resident individual NRA Stockholder whose registered address is outside the Common Monetary Area will be endorsed ‘non-resident’ and will be sent to the Authorised Dealer through which payment was made for their control in terms of the applicable Exchange Control Regulations.

11. **STATUS OF NRA STOCK**

NRA stock has been classified as an approved asset for insurance companies, pension-, provident funds and friendly societies.

- **FBC Fidelity Bank Limited**
  - (Registration No 93/92510/06)
  - (Registered Bank)

- **ABSA Bank Limited**
  - (Registration No 86/04794/06)
  - (Registered Bank)

- **Société Générale South Africa Limited**
  - (Registration No 03/00700/06)
  - (Registered Bank)

(date: 8 October 1998)
TENDER APPLICATION FORM
Locally Registered Stock Loan No SZ18

OFFER OPENS 11h30 on 8 October 1998
OFFER CLOSES 12h00 on 8 October 1998

TO FBC FIDELITY BANK LIMITED ('FBC FIDELITY')
Attention: Raymond Kruger

FAX NUMBER (27) (11) 283-3562
TELEPHONE (27) (11) 283-3559 or (27) (11) 283-3500

Name of Applicant

<table>
<thead>
<tr>
<th>Telephone</th>
<th>Bond Exchange Code</th>
<th>Fax Number</th>
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Originator of Fax (name of individual)

Who warrants he is duly authorised hereto (signature)

Dear Sirs

I/We, the originator, irrevocably undertake to apply for and agree to take up the undermentioned amount of Locally Registered Stock Loan No. SZ18, or such lesser amount that may be allotted to me/us in terms of the placing document dated 8 October 1998.

Nominal Amount of Bonds Tendered for SZ18

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Yield to Maturity SZ18

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Date: ____________________

Tender results are scheduled to be available at 13h30 on 8 October 1998
CORPORATE INFORMATION

Registered Name: The South African National Roads Agency Limited
Registered No: 98/09584/06
Registered Office: Celtis Plaza North
Postal Address: P O Box 415
Telephone No: (012) 426-6000
Fax No: (012) 342-1320/2
Stock Transfer Secretaries: Mercantile Registrars Limited
Bankers: ABSA Bank Limited
Auditors: Auditor-General
Treasury Managers: Specialised Outsourcing Limited

DIRECTORS

Barry H Adams
Nazir Alli
Maduke Lot Ndlovu
Otfrid ‘Bean’ Bornheimer
Thozamile Botha
Khehla Shubane
Andrew Donaldson

Non-executive Chairman
Chief Executive Officer
Non-executive Director
Non-executive Director
Non-executive Director
Non-executive Director
Non-executive Director