

Trans-Caledon Tunnel Authority (TCTA)

WSP4 (LHWP) ZAG000020009
WSP5 (LHWP) ZAG000020017

As established by Notice No 2631 in Government Gazette No 10545 of 12 December 1986, and revised by Notice No 277 in Government Gazette No 21017 of 24 March 2000 (the *Notice of Establishment*). A Schedule 2 Public Finance Management Act No. 1 of 1999 (PFMA) entity.

UPDATE ON THE DELAY IN RELEASE OF TCTA'S 2018/19 ANNUAL FINANCIAL STATEMENTS

Noteholders are notified of the following with regards to the delay in releasing TCTA's Annual Financial Statements (AFS) for the year ended 31 March 2019.

TCTA's SENS Announcement of 30 August 2019 (titled: *Delay In Completion of TCTA's 2018/19 Audit and Annual Financial Statements*) has reference.

UPDATE

Since the previous communication on the matter there have been numerous engagements between TCTA, the Department of Water and Sanitation (DWS), the Auditor-General of South Africa (AGSA), Lesotho Highlands Water Commission (LHWC), and Lesotho Highlands Development Authority (LHDA).

While there are still some outstanding issues to resolve, substantial progress has been made with regards to the main points of disagreement. As such, TCTA believes that it stands a realistic chance of meeting its revised targets for the issuing of the AFS:

- 23 October 2019 – consideration of the AFS by the Board's Audit and Risk Committee,
- 30 October 2019 - adoption of the AFS by the Board, and
- Publication shortly thereafter

CONSEQUENCES OF THE DELAY:

MISSED AFS REPORTING DEADLINES

Requirement	Deadline	Status	Consequences of Non-Compliance
s55(1)(d) PFMA submission to Minister/DWS and National Treasury	31 Aug 2019	TCTA has communicated & continues to engage with DWS and National Treasury on the matter.	Internal
s65(1)(a) PFMA Minister to table AFS to National Assembly	30 Sep 2019	TCTA has engaged with the lenders.	Minister must table written explanation to the National Assembly setting out the reason for failure s65(2)(a) PFMA . AGSA may issue a special report s65(2)(b) PFMA .
Various Loan Agreement	End Jul to end Sept 2019		Varies from no consequences to being a potential event of default.

To date, TCTA has missed reporting deadlines to the Department of Water and Sanitation and National Treasury (31 August), *by the Minister of Human Settlements, Water and Sanitation*, to parliament (30 September) and to various lenders under various borrowing agreements (end of July to end of September).

These stakeholders have all been engaged as to the nature of the problem and there have, as yet, been no negative consequences for TCTA.

PENDING AFS REPORTING DEADLINES

Requirement	Deadline	Status	Consequences of Non-Compliance
s90(b) FMA Regulated Person must submit AFS to FSCA	31 Aug 2019	Extension granted to 31 Oct	Administrative penalty levied in terms of s167 FSRA .
s7.4 DLR : make AFS publicly available & publish JSE SENS announcement	31 Oct 2019	-	s7.7(b) DLR JSE will publish SENS after deadline informing investors of potential suspension of listing. S7.7(c) DLR if AFS are still outstanding after end of Nov 2019, JSE will suspend listing. s7.8 DLR grants JSE discretion as to the application of 7.7(b) and (c) above.

Pending deadlines for submission are the FSCA (*extended from 31 August*) deadline and the JSE deadline for the release of the AFS by 31 October 2019.

The potential consequences for missing these are:

- an administrative fine from the FSCA, and
- potential suspension of TCTA's listing by the JSE should the AFS continue to be unreleased at the end of November 2019.

TCTA will engage the FSCA and JSE with regards to the unavoidable nature of the delay as well as its bona fides in terms of attempting to find a speedy resolution to this matter to convince them to exercise their discretion in terms of s90 of the Financial Markets Act no. 19 of 2012, s167 of the Financial Sector Regulation Act no. 9 of 2017 and s7.8 of the JSE Debt Listing Requirements with regards to the penalties for non-submission.

TCTA will update Noteholders promptly when there are further developments regarding the matter.

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For further information please contact

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