



INTERSITE
ASSET INVESTMENTS

Creating value through partnerships





INTERSITE
ASSET INVESTMENTS

**INTERSITE ASSET INVESTMENTS SOC LTD
ANNUAL REPORT**

2016

GENERAL INFORMATION DIRECTORS

Mr TL Montana (Chairman) [Retired 8 April 2015]
 Mr MB Mdebuka (Chairman) [Appointed 1 March 2016]
 Mr LB Boshielo (Lead Independent Non-Executive Director) [Retired 29 February 2016]
 Mr P D Moiloa (Independent Non –Executive Director) [Retired 29 February 2016]
 Ms M Mokoka (Independent Non –Executive Director)
 Ms H Lupuwana (Independent Non –Executive Director) [Retired 29 February 2016]
 Ms N Mxenge (appointed in 1 August 2014 Independent Non –Executive Director)
 Ms BZ Mabusela (Independent Non –Executive Director) [Appointed 1 March 2016]
 Ms PN Mashinini (Independent Non –Executive Director) [Appointed 1 March 2016]
 Mr P Gombert (Acting Chief Executive Officer) Appointed 1 September 2014

NATURE OF BUSINESS: Intersite provides property development and general investments with regard to PRASA assets. Intersite is registered as a State Owned Company and domiciled in the Republic of South Africa.

COMPANY SECRETARY: Mr L Zide (Acting Company Secretary) Secondment 1 August 2014 to 31 October 2015
 Ms N Motaung (Appointed Company Secretary on 1 November 2015)

BUSINESS ADDRESS:

1 st floor, Boundary Place	P O Box 999
18 Rivonia Road	Sunninghill
Illovo, Sandton	2157

HOLDING COMPANY: Passenger Rail Agency of South Africa

BANKERS: ABSA Bank Limited

AUDITORS: Auditor General South Africa

COMPANY REG NO.: 1992/002160/07

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REPORT FROM THE CHAIRMAN OF THE BOARD

for the year ended 31 March 2016

Intersite Asset Investments (SOC) Ltd, a wholly owned subsidiary of PRASA, is in its 5th year of existence since its establishment by the PRASA Board of Control in 2010, these are thus the fourth set of Annual Financial Statements of the company.

Intersite as the investment arm of PRASA is mandated to leverage the PRASA assets, facilitate private sector investment on those assets and to focus on new and innovative ways of generating income. In addition, Intersite undertakes project services to third parties linked to Transport Orientated Developments.

Intersite's financial results for this financial year show a profit, the first since March 2013.

Management has responded to the prior year losses and concerns over the future sustainability of the Company with a critical review of Intersite as a business and having developed a new strategy and revenue model. A major factor in the lack lustre financial results had been the revenue model which had been shown to be unsustainable both from a revenue and cash flow perspective as it is solely reliant on success fees for property development projects. These fees were sporadic in nature and in line with the nature of development projects with their associated lengthy regulatory approval time frames had resulted in insufficient and unsustainable revenues and cash flows being generated.

Management have initiated and are rolling out a new strategy and revenue business model that focuses aggressively on the delivery of its mandate as delegated by PRASA, being to unlock the value of PRASA's assets. The new strategy and revenue business model as approved by both PRASA and Intersite's Boards, has resulted in a turnaround of the financial results. The new approved strategy will require investment in the assets of PRASA. Intersite will acquire income rights from PRASA which it can leverage for funding in a property investment and revenue generating strategy, the latter so evidently missing in Intersite's previous strategy and business model. This new strategy and revenue business model is deemed positive and will address the sustainability and going concern assumptions relating to Intersite and potentially PRASA.

In pursuance of its new approved strategy and Business Plan, Intersite is poised to implement approved developments that are viable with investment options for Intersite on PRASA land that amounts to R2.4 billion being invested by private investors.

Exploitation of PRASA's assets has not been confined to property developments, but the commercialization of PRASA's optic fibre infrastructure has similarly received focus for investment and revenue generation, again for both PRASA and Intersite.


A telecommunications commercialization strategy forms part of Intersite's new strategy and business model and will also provide impetus to enhance revenue, all assisting in sustainability and financial growth. Contracts have been secured in 2015/16 for leasing of surplus optic fibre infrastructure with further business initiatives underway providing a platform for sustainable revenue growth.

The aforementioned initiatives lead one to feel positive of the value that Intersite will bring in its growth phase.

Corporate Governance and Compliance has been adhered to through the positive endeavours of the Board Committees.

The Board of Intersite and Management are thanked and valued for their support, their dedication and persistence during the build-up phase of Intersite's development, and particularly noted for its assertiveness in devising the new strategic direction and revenue generating business model.

The vastly improved financial result for 2015/16 bodes well for future growth in revenue supported by business initiatives in progress, and essentially support from PRASA in recognizing the importance of Intersite's value so evident in the Intersite Business Plan for the MTEF period 2017 to 2018/19.



Mr Menelisi Bennet Mdebuka
Chairman of the Board

Date: 26 July 2016

DECLARATION FROM THE COMPANY SECRETARY

for the year ended 31 March 2016

In terms of section 88(e) of the Companies Act, 2008, as amended, I certify that, to the best of my knowledge and belief, Intersite Asset Investments SOC Limited has lodged with the Registrar of Companies for the financial year ended 31 March 2016, all such returns required in terms of the Companies Act, 2008, as amended, and that all such returns are true, correct and up to date.



Ms N Motaung
Company Secretary

Date: 26 July 2016

STATEMENT OF RESPONSIBILITY FROM THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2016.

Audit and Risk Committee Members and Attendance:

The Audit and Risk Committee consists of the members listed hereunder. As per its terms of reference, the committee is required to meet at least 4 times a year. During the year under review, the Committee met 4 times:

Name of member	Directorship	No of meetings attended
M Mokoka	Chairman	4 out of 4
B Boshielo	Non-Executive Director (LID and Acting Chairman of the Board)	4 out of 4
N Mxenge	Non-Executive Director	4 out of 4

Audit and Risk Committee responsibility

The Audit and Risk Committee is a committee of the Board and has discharged its responsibilities accordingly in terms of section 51 (1) a (ii) of the PFMA and 27.1.8 of the Treasury Regulations. The Audit and Risk Committee has regulated its affairs in compliance with the adopted terms of reference and has discharged its responsibilities contained therein.

Effectiveness of internal control

The Committee evaluated controls to determine their effectiveness and the efficiency of information systems, the reliability and integrity of financial and operational information, the effectiveness of operations, the safeguarding of assets and compliance with laws, regulations and controls.

During the year the Audit and Risk Committee has received and considered various reports by the Internal Auditors including the Issue Tracking report on the Auditor General's Report for 2014/15 and the Management Letter. Based on the outcome of such reviews and the information provided by Management, the Audit and Risk Committee is of the opinion that the internal controls of Intersite operated effectively throughout the year under review.

No material failings in the functioning of the internal controls, procedures and systems have occurred during the year under review that has come to the attention of the Audit and Risk Committee.

The Committee has considered and dealt with concerns relating to accounting practices.

Risk management and governance

Risk Management

Intersite is in the process of developing an Integrated Risk management framework and policy that will incorporate a combined assurance model.

A Board Strategic risk assessment was conducted by Group Risk in the year under review and the corporate risk profile was updated accordingly.

Governance

During the year, Intersite adopted and approved various policies and procedures to strengthen the control environment. Governance of various committees was also improved, with the adoption and approval of formal terms of references

Fraud Management

Intersite has an anti-fraud and corruption policy and process in place and Management ensures implementation and compliance with the policy.

Going Concern Status

The Audit and Risk Committee believes and confirms that Intersite will continue to operate as a going concern taking into consideration the appropriated budget for 2016/17 financial year.

Internal Audit

The Committee reviewed the activities of the Internal Audit function and it is satisfied that:

- the function is operating effectively and has addressed all the identified risks applicable to Intersite;
- there were no unjustified restrictions or limitations in performing its function;

The internal audit reports were reviewed at quarterly meetings, including its annual audit plan, co-ordination with the external auditors, the reports of significant investigations and the responses of management to the issues reported therein.

IT Governance

The Committee has assessed the business's overall exposure to IT risks from a strategic and business perspective, including the areas of the business that are most dependent on IT for effective and continual operation and the IT risks were adequately addressed through the organisational risk management, monitoring and assurance processes.

The Committee received appropriate assurance from Management that the controls in place are effective in addressing IT risks.

Quarterly performance information

The Audit and Risk Committee has received quarterly performance information and is satisfied with the content and quality of the quarterly reports prepared and issued by Intersite during the year under review.

External auditors (Auditor General)

The Auditor-general has been invited to attend the quarterly meetings of the Audit and Risk Committee throughout the year.

The Audit and Risk Committee has considered and approved the external auditors' scope and work plan to ensure that key areas of the business were being addressed during the audit process.

Business plan and budget

The Committee has considered and recommend to the Board for approval, the Business Plan and Budget for sustainability.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has evaluated the annual financial statements of Intersite for the year ended 31st March 2016 and; to the best of the Committees knowledge, the Committee believes that the annual financial statements have been prepared in accordance with the Statements of Generally Accepted Accounting Practice as prescribed by the Accounting Standards Board.

The Audit Committee has:

- together with the Auditor General and the Accounting Authority considered the audited annual financial statements to be included in the Annual Report;
- considered the Auditor General's Report together with the Management Report and the Management's response thereto;
- noted Management's responses and made its own recommendations;
- reviewed Intersite's compliance with legal and regulatory provisions; and
- noted the unqualified audit opinion by the Auditor General and remains committed to assisting Management in discharging their duties in terms of the PFMA.

The Audit and Risk Committee concurs with and accepts the Auditor General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.

These annual financial statements were considered by the Audit Committee at their meeting of the 20 July 2016 and recommended the same for approval by the Board.



Ms M Mokoka
Chairperson of the Audit Committee

Date: 26 July 2016

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation, integrity and fair presentation of the financial statements of Intersite Asset Investments SOC Limited and the related information included in this annual report. The financial statements presented on pages 10 to 46 have been prepared in accordance with Statements of Generally Accepted Accounting Practice as prescribed by the Accounting Standards Board and include amounts based on judgments and estimates made by management.

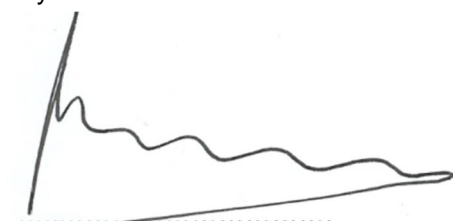
In terms of the Companies Act and the PFMA, the Directors are responsible to ensure that the Company keeps full and proper records of its financial affairs. The Directors are required to ensure that the financial statements fairly present the state of affairs of the Company, its financial results, its performance against pre-determined objectives and its financial position at the end of the period.

The Directors are also responsible for the Company's system of internal financial controls. These internal controls are designed to provide reasonable, but not absolute assurance, as to the reliability of the financial statements to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. These financial statements support the viability of the Company.

The Audit and Risk Committee has evaluated the effectiveness of the Company's internal controls based on the internal and external audit reports and considers the systems appropriate to the effective operation of the business. The Audit and Risk Committee has reviewed the Company's annual financial statements and recommended their approval to the Board of Directors.

The external auditors are responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with International Standards on Auditing and the Public Audit Act. Independent auditors were given unrestricted access to all financial records and related data, including minutes of all management meetings, the Board of Directors and Committees of the Board. The Directors have no reason to believe that all representations made to the independent auditors during their audit are not valid and appropriate. The report of the external auditors is presented on pages 11 to 13. The annual financial statements were approved by the Board of Directors on 26 July 2016 and are signed on its behalf by:



Mr Menelisi Bennet Mdebuka
CHAIRMAN OF THE BOARD



Mr Nsizwa Cromet Molepo
CHIEF EXECUTIVE OFFICER

ILLOVO, JOHANNESBURG

Date: 26 July 2016

REPORT ON FINANCIAL STATEMENTS TO PARLIAMENT

Introduction

1. I have audited the financial statements of the Intersite Asset Investments (SOC) Limited set out on pages 26 to 46, which comprise the statement of financial position as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Board of directors responsibility for the financial statements

2. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Intersite Asset Investments (SOC) Limited as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Statements of GAAP and the requirements of the PFMA and Companies Act.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

8. As disclosed in note 19 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 31 March 2016 in the financial statements of the Intersite Asset Investments SOC Ltd at, and for the year ended, 31 March 2015.

Additional matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Other reports required by the Companies Act

10. As part of our audit of the financial statements for the year ended 31 March 2016, I have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of determining whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on

reading these reports, I have not identified material inconsistencies between the reports and the audited financial. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading; but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2016:
- Objective 1: Leveraging PRASA's non-operational and non-core assets on pages 49 to 51.
 - Objective 2: Facilitation of New Property Developments on pages 52 to 57.
 - Objective 3: Investing in the Property Portfolio on pages 58 to 62.
 - Objective 4: Commercialisation of Telecommunication Assets on pages 63 to 66.
13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Objective 1: Leveraging PRASA's non-operational and non-core assets on pages 49 to 51.
 - Objective 2: Facilitation of New Property Developments on pages 52 to 57.
 - Objective 3: Investing in the Property Portfolio on pages 58 to 62.
 - Objective 4: Commercialisation of Telecommunication Assets on pages 63 to 66.

Additional matters

16. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

Achievement of planned targets

17. Refer to the annual performance report on pages 49 to 82 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

18. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the Leveraging PRASA's non-operational and non-core assets objective. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

19. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Financial statements, performance and annual reports

20. The accounting authority submitted financial statements for auditing that were not prepared in all material respects in accordance with prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA and section 29(1)(a) of the Companies Act. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

21. Adequate and effective steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA.

Internal control

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

Oversight responsibility

23. Oversight by senior management of the financial and performance reporting function was not adequate to ensure that all disclosure items are included in the financial statements; to detect inconsistencies between planned and reported targets; and to enforce compliance with prescripts. Consequence management was inadequate to hold staff accountable for non-performance and failure to comply with prescripts.

Auditor-General

Auditor-General
Pretoria



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

DIRECTORS' REPORT

The Directors present their report, which forms part of the audited annual financial statements of the Company for the year ended 31 March 2016.

1. PRINCIPAL ACTIVITIES

Intersite's mandate is to leverage PRASA Group's large asset base. The objective is to provide property and asset investment solutions to PRASA through a range of innovative and entrepreneurial solutions. In addition, Intersite undertakes project services to third parties linked to Transport Orientated Developments, under the auspices of the Neighborhood Development Programme Grant ("NDPG") an infrastructure grant linked to the Urban Network Strategy geared towards raising the rate of investment by private investors by lowering the costs of business.).

The mandate will be realised through:

- The facilitation of investment by strategic partners;
- Develop the properties and assets;
- Drive commercialization of select and approved PRASA assets, including facilitating private sector investment in PRASA assets; and
- Undertake project services related to transport projects.

Intersite mandate is the implementation of PRASA secondary business objective, namely to generate income from exploitation of the assets of PRASA.

2. KEY STRATEGIC INITIATIVES

The implementation of the strategy is predicated on investment into the assets by PRASA. This investment will be funded through capital from PRASA or the utilization of assets, on a lease basis, to secure debt funding from a financial institution.

From the property development perspective, Intersite is expected to receive capital from PRASA for investments in the 2016/17 year. Beyond that, an assessment will be made of the investment capital required and where it can be sourced from. It is expected that in 2016/17 R265M will be raised for investment in 3 key developments i.e. Cape Town station phase 1A and B; Umlazi station development and Umgeni Business Park Phase 2. Construction of these developments is expected to commence in 2016/17, and this will enable Intersite to realize the returns within the current MTEF period. It is expected that any future borrowing plan required will be submitted to PRASA, Department of Transport and National Treasury during the course of 2016/17. Intersite is also rolling out a developer engagement process for the Cape Town, Park and Pretoria station master plans and this is expected to secure tangible investment projects in these precincts for the next decade. This will lead to significant benefits to the Group.

Commercialisation of the surplus optic fibre

The dark fibre lease agreements between Intersite and the three off takers were finalized within the 2015/16 period and the revenue of R1.5bn over 15 years from these projects are expected to start flowing from July 2016, at the back of a dark fibre lease with PRASA for the required surplus capacity. Intersite is also finalizing strategic partnership agreement with Vodacom for the provision of telecoms services on the back of the PRASA fibre network. This agreement is expected to be finalized and signed in May 2016, with the associated revenues commencing the month after. During its 15 year lifespan, this partnership is expected to generate R1.4bn in revenues. Intersite has also established strategic relationships with other key state entities with the objective of prioritizing and effectively meeting certain key national service delivery projects e.g. broadband service and fibre provision to underserved areas and in particular those municipalities and Government entities located alongside the PRASA railway network. These entities that Intersite has established relationships with include SENTECH, State Information Technology Agency (SITA), Centre for Scientific and Industrial research (CSIR), Universal Service and Access Agency (USAASA), and Transnet Freight Rail (TFR) as well as National Treasury for the implementation of planning projects for the Transit Oriented developments.

DIRECTORS' REPORT Continued

3. FINANCIAL RESULTS

The Company incurred an operating profit of R10,457,499 (Loss 2015: R28,589,341) for the year. The net profit amounted to R11,370,022 (Loss 2015: R26,901,838). The profit is primarily attributed to the budgeted retainer from PRASA. Public Project Services and Commercial services did not meet the budgeted revenue targets. The detail pertaining to the target variances is discussed in the attached performance report.

4. DIRECTORS' INTEREST IN CONTRACTS

All Directors and Senior Management declared that no interests in contracts were held during the period under review.

5. DIVIDENDS

No dividends were proposed and none were declared.

6. SHARE CAPITAL

A total of 375 ordinary shares are in issue to date.

7. PROPERTY, PLANT AND EQUIPMENT

The following assets were acquired during the financial year:

Computer equipment amounting to R254,318 and Office equipment amounting to R251,577.

Details of property, plant and equipment are contained in note 2 to the annual financial statements.

8. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. A going concern analysis conducted indicates that the forecasted cash flow analysis together with the current business model, revised strategy and PRASA retainer will be sufficient to cover the current expenditure trends pertaining to the 2016/17 period.

9. VALUE ADDED STATEMENT

Net Cash generated from operations

R
4,247,466

Intersite continued with the execution of the mandate as informed by the shareholder. Services rendered to the shareholder in pursuit of the mandate were charged for during the period under review at a monthly retainer fee agreed at the onset with the shareholder.

DIRECTORS' REPORT Continued

Cost Analysis & Distribution %	Budget	Actual	Variance	%
Personnel Costs	37,053,647	23,069,305	13,984,342	78
Travel Costs	1,042,638	399,949	642,689	1
Marketing Costs	200,000	-	200,000	0
Professional Services Costs	18,622,500	2,992,400	15,630,100	10
Office Operational Costs	9,603,743	3,067,105	6,536,638	11
	66,522,528	29,528,759	36,993,769	100

The dictates of the business and the need for improving the financial position of PRASA, by generating income through the business of Intersite, is urgent and strategies are based on 3 year rolling medium term budgets. Significant high yielding projects that commenced during the current year are forecasted to yield high returns for PRASA within a short to long term period.

The entity enforced strict cost containment measures that ensured actual spend was well within budget and cash parameters. This is evident from the table above, which also indicates the significant cost drivers.

10. ORGANISATIONAL STRUCTURE

The Company continued to operate with three functional departments, namely, Property Investments, Commercial Services and Public Project Services. The support functions are risk and strategy, finance, company secretariat, human capital management, legal services, supply chain management, internal Audit and information and communication technology. Due to the size of the Company, the latter five functions are outsourced to Group and are managed by the office of the CEO.

11. BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE")

Although Intersite is a separate legal entity, the supply chain management function is centralized at PRASA. The statistics relating to Broad Based Black Economic Empowerment spend is maintained and controlled at a Group consolidated level. B-BBEE ranks as a priority and is fully integrated into all areas of the Group and will continue to play a meaningful role in stimulating economic growth in South Africa. In line with the Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003), as well as the Supply Chain Management Policy, various committees have been instituted at a Group level with representation from all subsidiaries and divisions, including senior management, to ensure that the processes remain transparent and fair at all time. The Group is fully committed to use the resources at its disposal to further B-BBEE advancement. At least 95% of the total spend was made to Black Economic Empowerment entities.

12. REMUNERATION PHILOSOPHY

A policy governing remuneration of all Intersite employees and Non-Executive Directors is in place. The remuneration of Non-Executive directors is determined by the Shareholder. A report on the Director's remuneration and Executive Management is set out on pages 38 and 39 under notes 10 and 11.

13. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

The Directors are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in this report or the annual financial statements that would affect the operations of the Company or the results of those operations significantly.

DIRECTORS' REPORT Continued

14. EMPLOYMENT EQUITY

The Company subscribes to the Labour Relations Act and Employment Equity Act and practices the principles of the Employment Equity Policy when promoting, recruiting and selecting candidates for vacant positions. Although Intersite is a separate legal entity, the human capital management function is centralized at PRASA. The Board approved the Human Capital Management ("HCM") Strategy and HCM Plan for the Company. The HR Committee monitors the implementation of the Plan through reports submitted by Management.

15. CORPORATE GOVERNANCE

Intersite is a wholly owned subsidiary of PRASA "the Shareholder" and is fully accountable to PRASA Board of Control through its Board of Directors (the Board).

Intersite is committed to conducting its affairs with integrity and holds itself responsible and accountable towards all its Stakeholders.

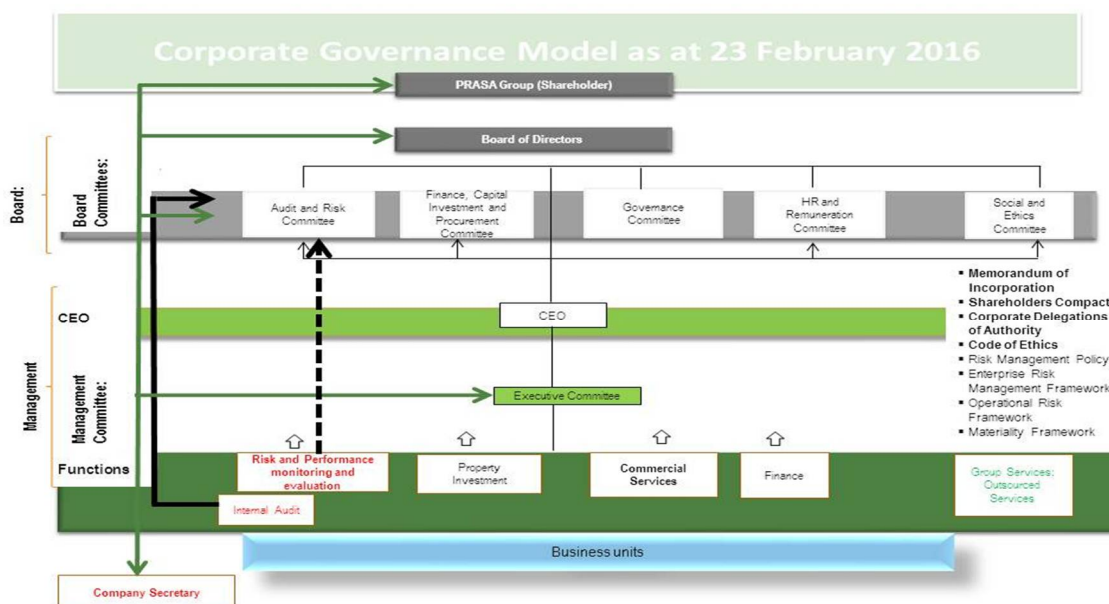
In keeping with its vision and strategy, Intersite complies with the Public Finance Management Act 1 of 1999 "PFMA" and the Companies Act 71 of 2008, as amended; and subscribes to the principles underlying the King Committee Report on Corporate Practices and Conduct (King III) and the Protocol on Corporate Governance in the Public Sector "The Protocol".

15.1 Ethical Leadership

The Board of Directors and the Executive Management of Intersite provide responsible leadership to ensure performance of Intersite with regard to the agreed strategy and business goals; and to ensure proper discharge of Intersite's mandate.

The Board and Management are committed and strive to achieve the highest moral and ethical business standards and subscribes to the general principles of good corporate governance practices.

15.2 The Intersite Corporate Governance Structure and Accountability



DIRECTORS' REPORT Continued

The Shareholder in consultation with the Department of Transport determines Intersite's mandate and holds the Board accountable for managing and controlling Intersite's operations in accordance with its mandate.

A Business plan setting out the strategic objectives and performance criteria was submitted to PRASA and Intersite is accountable for achieving these objectives within the agreed risk parameters.

The Board reports to PRASA by way of quarterly and annual reports as well as regular meetings between the Chairman of the PRASA Board of Control, the Intersite Chairman, the Group Chief Executive Officer and the Intersite CEO.

15.3 The Board of Directors

In terms of Section 49 of the Public Finance Management Act 1 of 1999 and Section 66(1) of the Companies Act, the business and affairs of a company must be managed by or under the direction of its Board of Directors, which has the authority to exercise all of the powers, except to the extent that the Memorandum of Incorporation prescribes.

The Board of Directors is the focal point and is the custodian of corporate governance. The Shareholder appoints the Board of Directors and holds the Board accountable for managing and controlling Intersite's operations in accordance with its mandate.

The responsibility of the Board

The Board of Directors is the custodian of corporate governance within Intersite.

In carrying out its duties, the Board ensures compliance with all relevant laws and regulations and codes of best practice; and ensures that effective risk management processes are in place.

The directors are entitled to seek independent professional advice concerning the affairs of Intersite and have access to any information they may require in discharging their duties.

Composition of the Board of Directors and Committees

Intersite's Memorandum of Incorporation provides that there shall be at least one director at all times. The Board of Directors comprises of 5 Non-Executive Directors, 1 of whom is a Lead Independent Non-Executive Director "LID".

Board and Committees	Director Member	Status	Date of 1 st Appointment	Date Retired/Resigned
Board of Directors	B Boshielo	LID and Acting Chairman	5 August 2010	29 February 2016
	P Moiloa	NED	1 March 2009	29 February 2016
	H Lupuwana	NED	1 March 2012	29 February 2016
	N Mxenge	NED	1 August 2014	Active
	M Mokoka	NED	1 December 2012	Active
	MB Mdebuka	NED and Chairman	1 March 2016	Active
	BZ Mabusela	NED	1 March 2016	Active
	PN Mashinini	NED	1 March 2016	Active

DIRECTORS' REPORT Continued

Audit and Risk Committee "ARC"	M Mokoka (Chairman), B Boshielo, N Mxenge
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From the 24th of March B Medebuka, M Mokoka and B Mabusela were appointed to the Committee.

Finance, Capital Investment and Procurement Committee "FCIP"	P Moiloa (Chairman), N Mxenge, H Lupuwana
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From the 24th of March B Mabusela, B Mdebuka and N Mxenge were appointed to the FCIP

Human Resources and Remuneration Committee "HR and Remco"	H Lupuwana (Chairman), M Mokoka, P Moiloa
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From the 24th of March N Mxenge, M Mokoka and N Mashinini were appointed to the Committee

Social and Ethics Committee "SEC"	B Boshielo (Chairman), H Lupuwana, M Mokoka, P Moiloa
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From the 24th of March 2016 N Mashinini, N Mxenge and P Gombert (Acting Chief Executive Officer) were appointed to the Committee

Governance Committee "Gov Com"	B Boshielo (Chairman), H Lupuwana, M Mokoka, P Moiloa
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From the 24th of March 2016, all the Chairpersons of the Board Committees were appointed as Members of the Governance.

NB: In February 2015 the Governance Committee and the Social and Ethics Committee were combined into one committee being the Social and Ethics Committee. This position was reviewed in December 2015 and the two Committees were reconstituted.

Board Committees

The Board has delegated some of its powers to the above mentioned sub-committees. The specific responsibilities and powers delegated to sub-committees are clearly set out in the Terms of Reference approved by the Board.

Board and Committee meetings and attendance

8 Board meetings were held in the 2015/16 financial year. The attendance of meetings for the Board and the Board Committees for year is set out below:

DIRECTORS' REPORT Continued

Member	BOD	ARC	FCIP	REMCO	SEC/ GovCom	Gov Com
B Boshielo*	7/7	4/4			3/4	1/1
H Lupuwana*	7/7		1/2	4/4	¾	1/1
M Mokoka	6/8	4/4		4/4	2/4	1/1
P Moiloa*	6/7		2/2	4/4	3/4	1/1
N Mxenge	7/8	4/4	2/2			
MB Mdebuka**	1/1					
BZ Mabusela**	1/1					
PN Mashinini**	1/1					

* Retired on 28 February 2016

**Appointed 1 March 2016

15.4 Delegation of Authority

The Shareholder has delegated authority to the Board of Intersite to oversee the effective management of Intersite's affairs. The Board has however delegated the day to day running of Intersite operations to the Chief Executive Officer "CEO" as set out in the approved Corporate Delegations of Authority.

Through the CEO the Board has further delegated the day to day management of Intersite to the Executive Management Committee as set out in the Corporate Delegations of Authority.

Even though the CEO is ultimately responsible for the management of the company, the Board of Directors holds the Executive Committee accountable for the decisions and actions delegated to them.

The CEO reports to the Board of Directors quarterly on business performance. The Chairman of the Board subject to consultation with the other Directors evaluate the performance of the CEO.

The Chairman

With effect from the 1st of February 2015, Mr Benny Boshielo who was the LID was appointed as the Acting Chairman of Intersite until he retired from the Intersite Board on the 29 February 2016. From the 1st of March 2016, Mr Menelisi Mdebuka was appointed as the Chairman of Intersite.

The current Chairman of the Board is an Independent Non-Executive Director. The roles and the responsibilities of the Chairman are clearly articulated in the Board Charter and are distinct from the roles and responsibilities of the CEO.

The Chief Executive Officer "CEO"

The "CEO" has a crucial and strategic role in ensuring operational and business success of Intersite. The collective responsibility of Management vests in the CEO and therefore the CEO bears the ultimate responsibility for all management functions.

Mr Patrick Gombert has been the Acting CEO for Intersite from August 2014 to the end May 2016.

DIRECTORS' REPORT Continued**15.5 Remuneration of Directors**

The Non-Executive Directors and the Executive Managers of Intersite are remunerated fairly and responsibly in line with Intersite policies and best practices aligned with the company strategy. The remuneration policies are reviewed regularly and are linked to the company's performance.

The Directors and Executive remuneration for year under review is set out in the Annual Financial Statements.

15.6 Company Secretary

The Company Secretary is the gatekeeper for governance and is responsible for developing systems and processes which enable the Board to discharge its functions. The office of the Company Secretary is responsible for advising the Board and Intersite on corporate governance and legal issues; developing the annual plan for the Board and sub-committees and monitoring compliance with the Companies Act and other relevant legislation; and keeping the Board updated on new legislation. All directors have access to the advice and services of the Company Secretary, whose appointment is in accordance with the provisions of the Companies Act 71 of 2008.

In August 2014, the Group Company Secretary of PRASA Group was appointed to act as the interim Company Secretary for Intersite. In November 2015, Ms Nohlanga Motaung was appointed as the Company Secretary for Intersite.

15.7 Code of Ethics

Intersite is committed to upholding the highest standard of ethical behavior amongst its directors, management and staff in line with the adopted Code of Ethics. The Code of Ethics has been communicated to Intersite staff.

Reported transgressions with the code and other policies:

There were no reported cases of misconduct that were reported in the financial year under review.

15.8 Conflict of Interest

All Directors and Executives are required to disclose any conflict or potential conflict of interest that they may have regarding any matter relating to the activities of Intersite and/or any matter discussed at Board, Board Committees and Executive Management meetings.

The Company Secretary maintains a Conflict of interest and Related Party Disclosures register of the all Directors and for Intersite at large.

The declaration of interest is a standard item on the agenda of all meetings of the Board and Board Committees and Executive Management Committee meetings.

15.9 Board Affairs**Appointment of Directors**

The Shareholder appoints the Directors and the process is handled by the Group Company Secretary from the PRASA Group head office.

DIRECTORS' REPORT Continued

Induction and Training

All new directors appointed to the Board undertake a formal induction program coordinated by the Intersite Company Secretary.

The Company Secretary facilitates education session for the newly appointed directors on the nature of business, current issues, the corporate strategy and the expectations of Intersite concerning performance. The Directors have an opportunity and are encouraged to visit the offices of Intersite and meet with Management to gain a better understanding of business practices.

All directors are continuously updated on Intersite business at all times.

Performance Assessment

The Board recognizes that regular reviews of its effectiveness and performance is crucial to the improvement of the governance of Intersite.

Independent review and evaluation of the Board performance and the performance of its Committees is conducted once in 2 years.

Access to Information

As a general rule, a director has two key areas of protection – the right to information and the ability to be insured against specific risks of being a director.

The Board believes that it was provided with all the relevant information to enable it to carry out its duty and for each Director to carry out their fiduciary duties.

Independence

The Directors currently have no relationship to Intersite that may interfere with the exercise of their objective independence.

15.10 Governance of Risk

Intersite endeavors to have risk management processes entrenched in the day-to-day operations of the business by continuous identification, understanding of risk factors and incidents that may impact on the business objectives, development of appropriate response strategies and continual monitoring and reporting.

The governance of risk within Intersite rests in the following structures:

- a) Board of Directors: the Board ensures that there are processes in place for the management of risk in Intersite. The Board together with Management identifies risks and determines the risk appetite of the company.
- b) Audit and Risk Committee: the Committee is appointed to assist the Board in reviewing the overall quality, integrity and reliability of Intersite's risk management process and all significant risks facing Intersite. This committee oversees the management of risk. The Committee reviews risks management strategies, policies and procedures to ensure that they are appropriate.

The Committee considers the risk assessment reports and monitors the implementation of the risk mitigation plans thereto.

DIRECTORS' REPORT Continued

The Audit and Risk Committee assists the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and Intersite's process for monitoring compliance with laws and regulations and the accuracy of financial reporting. The Committee is the custodian for financial reporting, accountability and adequacy of efficient controls planning.

- c) Chief Executive Officer: The CEO manages the organizational risks.
- d) Executive Management: Each Line manager in all business units within Intersite is accountable and responsible for identifying and managing risks to the operations of his/her business unit.
- e) Risk Management: the unit is responsible for ensuring that an effective framework for risk management is in place and for driving its implementation throughout Intersite by increasing Managements awareness of risk.
- f) Internal Audit: The outsourced Internal Audit function independently audits the adequacy and effectiveness of Intersite's risk management, controls and governance processes.

Stakeholder Management

The Board of Directors recognizes that the stakeholders' perception may affect Intersite's reputation and therefore endeavors to find an appropriate balance between its stakeholder groups in the best interest of Intersite.

Management is in the process of development an inclusive Stakeholder Management Model.

IT Governance

Chapter 5 of the King III Code of Corporate Governance highlights the importance of Information Technology in business and has placed the responsibility of IT Governance on the Board to ensure that IT Governance supports the effective and efficient management of IT resources and facilitates the achievement of the Intersite' strategic objectives.

ICT service is outsourced to PRASA Group and Group Executive ICT is responsible for the implementation of IT Governance and IT Security. The Group Executive accountable to the Intersite CEO and the Intersite Audit and Risk Committee on matters related to Information Technology.

Intersite complies with the principles outlined in chapter 5 of the King III Code of Corporate Governance as follows:

- The Board is responsible for IT Governance
- IT is aligned with the performance and sustainability objectives of the company
- The Board has delegated to management the responsibility for the implementation of an IT Governance framework
- The Board evaluates and monitors significant IT investment and expenditure
- IT forms an integral part of the company's risk management
- The Board ensures the information assets are managed effectively
- The IT Governance Committee assists the Board in carrying out its IT responsibilities.

PRASA Group is in the process of reviewing all IT Policies.

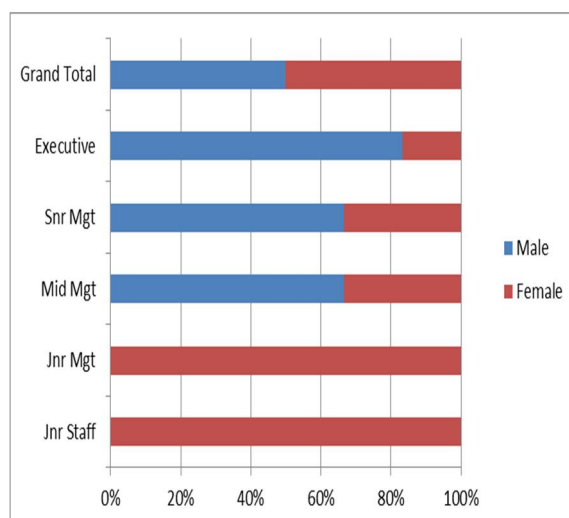
DIRECTORS' REPORT Continued

16. Human Capital Management

The Board believes that the business of the company can only succeed through and with the success of its employees. By investing in our people, and living by our values, we are committed to achieving the common goal of sustainable business that continues to create value for all into the future. The Human Capital Management operational plan has been postponed in light of the revised property strategy during November 2014. A final plan will be tabled to the Board upon the approval of the property investment business case emanating from the revised strategy. The Human Resource Committee however considered reports on the implementation of a group level plan. The main focus area, identified through the risk analysis, was recruiting and retaining skilled employees. This challenge is exacerbated by the weak economic conditions and scarce skills. To this end, the Board has approved Talent Management Strategy that focuses on human capital development, leadership development, talent management and the progressive training of a strong base of key skills that will lay the foundation for sustaining (the) Intersite (Business Plan, 2016 / 2017).

16.1 Employee Profile

At the end of March 2016, the Company had a staff complement of seventeen permanent employees and one fixed term contract employees. The graphs below provide detail about our employee profile.



Employee Wellness

Promoting the health and well-being of our employees and their families is aimed at improving their quality of life. A healthier workforce is an advantage to our business: employees who are fit to work at their full potential will report fewer absences owing to sickness or ill-health.

Our health programmes address management of health issues, both physically and emotionally. Our employee wellness programme provides counselling services to our employees and their families. We have to understand issues affecting our employee's health, particularly when they are related to work attendance and performance.

DIRECTORS' REPORT Continued

Human Capital Management Overview

ACTIVITIES	COMMENTARY
Performance Contracting	100% Completed.
Performance Evaluation / Appraisals	Quarter 4 to be completed after the external audit.
Training and Development	100% development plans completed.
Organisational Development	Implementation will coincide with the roll-out revised strategy.
Remuneration and Benefits	Implemented per the company remuneration policy.
HCM Compliance / Corporate	Implemented per the statutory regulations.
Employee Relations	No warnings, suspensions, CCMA and Labour Court referrals during the period under review.

16.2 Annual General Meeting

The Annual General Meeting will be held during September 2016 when the shareholder representative will have the opportunity to put questions to the Board, including the Chairpersons of the various Committees.

16.3 Remuneration Philosophy

A balanced scorecard ("BSC") was put in place to drive the performance of executives based on strategically important business metrics, including corporate key performance indicators. Business generation is one of the biggest risks and it forms a key BSC metric. Our long-term incentive performance plan combines operational results with the delivery of value to our shareholder, a further tie to our strategy. In this way, the performance targets of the Executives are aligned with the shareholder interests.

16.4 Role, Structure and Activities of the Remuneration Committee

The Remuneration Committee is combined with the Human Resources Committee.

The Committee comprised of the following independent Non-Executive Directors during the year under review:

Member
H Lupuwana (Chairperson) [retired 29 February 2016]
P Moiloa [retired 29 February 2016]
M Mokoka

Meetings of the Committee are attended by the CEO, Group Executive: Human Capital Management and Company Secretary (who acts as a secretary to the Committee). The CEO and the Company Secretary recuse themselves when their remuneration is being discussed.

The Committee receives views and recommendations from the CEO, the Group Executive: HCM and the Company Secretary in relation to executive remuneration (save in relation to their own pay) and on governance matters.

STATEMENT OF FINANCIAL POSITION

	Notes	2016 R	2015 R
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2	1,020,777	828,299
Current Assets			
		32,003,162	20,123,262
Trade and Other Receivables	3	8,186,517	960,711
Cash and Cash Equivalents	4	23,816,645	19,162,551
Total Assets		33,023,939	20,951,561
EQUITY AND LIABILITIES			
Capital and Reserves			
		27,657,130	16,287,108
Share Capital	5	375	375
Share Premium	5	88,211,186	88,211,186
Accumulated Loss		(60,554,431)	(71,924,453)
Current Liabilities			
		5,366,809	4,664,453
Trade and Other Payables	6	5,366,809	4,664,453
Total Equity and Liabilities		33,023,939	20,951,561

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2016 R	2015 R
Revenue	9	39,986,258	3,703,677
Other Income		0	110,200
Operating Costs		(29,528,759)	(32,403,218)
Operating Profit/(Loss)	10	10,457,499	(28,589,341)
Investment Income	12	912,523	1,687,503
Profit/(Loss)		11,370,022	(26,901,838)
Taxation	13	-	-
Net Profit/(Loss) and total comprehensive income for the year		11,370,022	(26,901,838)

STATEMENT OF CHANGES IN EQUITY

	Share Capital R	Share Premium R	Accumulated Loss R	Total R
Balance at 1 April 2014	375	88,211,186	(45,022,615)	43,188,946
Net loss for 2015 year	-	-	(26,901,838)	(26,901,838)
Balance at 1 April 2015	375	88,211,186	(71,924,453)	16,287,108
Net Profit for 2016 year	-	-	11,370,022	11,370,022
Balance at 31 March 2016	375	88,211,186	(60,554,431)	27,657,130

CASH FLOW STATEMENT

	Notes	2016 R	2015 R
Cash flows generated from/(utilized in) operating activities		4,247,466	(25,098,484)
Cash generated from/(utilized in) operating activities	17.1	4,247,466	(25,098,484)
Taxation paid	17.2	-	-
Cash flows from investing activities		406,628	1,664,264
Moveable assets acquired		(505,895)	(23,239)
Interest received		912,523	1,687,503
Cash in-flows from financing activities		-	182,993
Holding Company loan repaid		-	182,993
Increase/(decrease) in cash and cash equivalents		4,654,094	(23,251,227)
Cash and cash equivalents at beginning of the year		19,162,551	42,413,778
Cash and cash equivalents at end of the year		23,816,645	19,162,551

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Presentation of Company Annual Financial Statements

The Company's annual financial statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice as prescribed by the Accounting Standards Board and presented in the South African Rand currency. The Company's annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

The preparation of the annual financial statements requires the use of certain critical accounting estimates. It also requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on experience and other factors considered reasonable under the circumstances. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both the current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the notes to the annual financial statements.

1.1 Revenue Recognition

Revenue is measured at fair value of the consideration received/receivable and comprises the invoiced value in respect of professional services rendered, as a percentage of the total services to be performed, in the normal course of business and excludes Value Added Tax. Interest is recognized on a time proportionate basis that takes into account the effective yield on assets.

1.2 Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment is recognized as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Cost includes all costs directly attributable to bringing the assets to working condition for their intended use and ready for use. The carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gains or loss arising from the derecognition is included in the statement of comprehensive income when the item is derecognized.

Depreciation is provided on a straight-line basis over the respective estimated useful lives of the assets, which are as follows:

	Years
1. Computer equipment	3
2. Office equipment	5
3. Office furniture and fittings	3-10

1.3 Impairment of Assets

The carrying amounts of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indicators exist and where the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount through the statement of comprehensive income.

1.4 Operating Leased Assets

Lease of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease except when an alternative method is more representative of the time pattern from which benefits are derived.

1.5 Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available, to be utilized against the associated unused tax losses and deductible temporary differences.

Deferred taxation is calculated using current taxation rates that have been enacted or substantially enacted subsequent to balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and deferred tax liabilities are offset when they relate to income taxes levied by the same taxation authority.

1.6 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises of cash on hand and balances with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in value.

1.7 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

1.8 Trade and other Receivables

Trade receivables are carried at fair value. The entity assesses its trade receivables for impairment at the end of each reporting period. The entity makes an allowance for doubtful debts as the difference between the carrying amount of the asset and the expected amount to be recovered for the receivables. Bad debts are written off during the year in which they are identified.

1.9 Employee Benefits

Short term Employee Benefits

The cost of short term employee benefits payable within 12 months after the service is rendered e.g. paid vacation leave, sick leave and bonuses are recognized in the period in which the service is rendered and are not discounted.

The expected cost of bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to a defined contribution plan in respect of service in a particular period are recognized as an expense in that period.

1.10 Financial Instruments

Financial Assets and liabilities

Initial recognition and measurement

All financial instruments are initially recognised at fair value plus directly attributable transaction costs. Financial assets are recognised (derecognised) on the date the entity becomes party to a contract that gives rise thereto.

Financial Assets

The company classifies its financial assets as trade and other receivables.

Subsequent measurement

Subsequent to initial measurement, trade receivables are measured at amortised cost.

Interest income/ (expense), calculated using the effective interest method is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the assets carrying amount and the present amount of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'bad debt write-off'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to 'bad debts recovered'.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value. They consist of cash on hand, deposits held on call with banks, investments in money-market instruments, and other short-term investments that are highly liquid and can readily be converted into cash – and which are subject to an insignificant risk of change in fair value

Interest received on cash invested with financial institutions is recognised on an accrual basis using the effective interest method.

Impairment of trade receivables held at amortised cost.

These receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Objective evidence that a receivable is impaired includes observable data that comes to the attention of the entity about the following events:

- (i) Significant financial difficulty of the issuer or debtor;
- (ii) A breach of contract, such as a default or delinquency in payments;
- (iii) It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

Financial Liabilities

Trade and other payables

Trade and other payables are recognised at cost and are subsequently measured at amortised cost. Short-term payables are measured at original invoice amount when the effect of discounting is immaterial.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

2. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated depreciation	2016 Carrying value	Cost	Accumulated depreciation	2015 Carrying value
	R	R	R	R	R	R
<i>Owned assets</i>						
Furniture and fittings	2,292,293	(1,744,843)	547,450	2,292,293	(1,610,119)	682,174
Office equipment	710,970	(482,654)	228,316	459,393	(379,528)	79,865
Computer equipment	334,620	(89,609)	245,011	269,794	(203,534)	66,260
Total	3,337,883	(2,317,106)	1,020,777	3,021,480	(2,193,181)	828,299

The carrying amounts can be reconciled as follows:

2016	Carrying value at beginning of year	Additions	Retirements	Depreciation	Carrying value at end of year
	R	R	R	R	R
<i>Owned assets</i>					
Furniture and fittings	682,174	-	-	(134,724)	547,450
Office equipment	79,865	251,577	-	(103,126)	228,316
Computer equipment	66,260	254,318	(4,278)	(71,289)	245,011
Total	828,299	505,895	(4,278)	(309,139)	1,020,777

2015	Carrying value at beginning of year	Additions	Retirements	Depreciation	Carrying value at end of year
	R	R	R	R	R
<i>Owned assets</i>					
Furniture and fittings	895,355	-	(22,985)	(190,196)	682,174
Office equipment	171,748	-	-	(91,883)	79,865
Computer equipment	155,478	23,239	-	(112,457)	66,260
Total	1,222,581	23,239	(22,985)	(394,536)	828,299

The total assets held are unencumbered.

3. TRADE AND OTHER RECEIVABLES

	2016 R	2015 R
Trade receivables	6,627,555	960,711
Sundry	1,558,962	-
	8,186,517	960,711

The ageing of the trade amounts are as follows:

1 to 30 days	6,188,655	2,955,711
31 to 60 days	-	-
Over 60 days	3,573,900	1,140,000
	9,762,555	4,095,711
Doubtful Debt provision	(3,135,000)	(3,135,000)
Balance at the beginning of the Year	3,135,000	-
Movements during the Year	-	3,135,000
	6,627,555	960,711

Total

The Directors consider that the carrying amount of the trade and other receivables approximates their fair value. The cash reserves held by the entity at the end of the financial year is depicted in Note 4.

4. CASH AND CASH EQUIVALENTS

Bank balances*	23,814,556	19,161,898
Cash on hand	2,089	653
	23,816,645	19,162,551

* Inclusive of a bank guarantee in the amount of R 609,120.00 in favour of Growthpoint Properties. (note 9 & 15.2).

5. SHARE CAPITAL

Authorised		
- 4000 Ordinary shares of R1 each	4,000	4,000
Issued		
- 375 Ordinary shares of R1 each	375	375
Share Premium	88,211,186	88,211,186
	88,211,561	88,211,561

Unissued shares are under the control of the Board.

	2016 R	2015 R
6. TRADE AND OTHER PAYABLES		
Trade payables	1,828,682	860,397
Other payables	3,538,127	3,804,056
	5,366,809	4,664,453
The ageing of the trade amounts are as follows:		
1 to 30 days	944,512	827,003
31 to 60 days	749,584	33,394
Over 60 days	134,586	-
Total	1,828,682	860,397

The directors consider that the carrying amount of the trade and other payables approximates their fair value.

7. EMPLOYEE BENEFITS

Provident Fund: Defined Contribution Retirement Plan

The Company provides retirement benefits to all its employees through a fund known as the 'Passenger Rail Agency of South Africa Provident Fund' which was established with effect from 1 April 1990 by the holding Company. The scheme is funded by the member contributions, which are charged to profit or loss as and when they are incurred.

Group Life:

Group life cover is provided to all employees with all contributions being paid by the employer. These contributions are charged to profit or loss as and when they are incurred.

8. REVENUE

Revenue is derived from rendering of services :

	2016	2015
	R	R
Passenger Rail Agency of South Africa	32,711,424	457,729
Other public and private entities		
Professional Services rendered	282,895	-
Consultancy Fee	4,403,669	-
Facilitation fee	2,588,270	3,245,948
Total	39,986,258	3,703,677

9. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after:

Audit fees	334,834	497,337
Depreciation	309,139	394,536
Lease rentals*	1,494,649	1,494,649
Write-off of equipment	4,278	20,985
Provision for doubtful debt	-	3,135,000
Salaries	21,078,471	21,924,084
Directors' remuneration	1,598,103	1,521,004

* This expense pertains to the lease of the office premises currently occupied by the entity. The lease commenced in April 2011 and is due to expire in June 2016. The lease has been renewed for a further three years. (Note 15.2)

		2016	2015
		R	R
	Salary & Other Allowances/fees	Total	Total
10. DIRECTORS' AND EXECUTIVE EMOLUMENTS			
Directors			
Non-Executives			
Mr PD Moiloa *	297,132	297,132	306,408
Mr B Boshieo (LID and Acting Chairman of the Board) *	345,719	345,719	362,604
Ms H Lupuwana *	297,132	297,132	348,816
Ms M Mokoka	360,624	360,624	348,144
Ms N Mxenge	246,012	246,012	155,032
Mr M Mdebuka (Chairman of the Board)**	20,204	20,204	-
Ms BZ Mabusela **	15,640	15,640	-
Ms N Mashinini **	15,640	15,640	-
Total	1,598,103	1,598,103	1,521,004

* Retired 29 February 2016

** Appointed 1 March 2016

	Salary & Other Allowances	Provident Fund Contributi ons	2016 R Total	2015 R Total
11. DIRECTORS' AND EXECUTIVE EMOLUMENTS (continued)				
Executive Management				
Ms M Ngoye ¹	-	-	-	1,081,746
Mr M Mntungwa	1,676,873	207,254	1,884,127	1,780,838
Ms F Sefara ²	-	-	-	599,925
Mr V Lutchman	2,000,147	247,209	2,247,356	2,124,155
Mr P Gombert ³	2,102,744	229,012	2,331,756	2,109,894
Mr T Holele ⁴	1,038,287	-	1,038,287	2,359,690
Mr B Alexander ⁵	2,569,207	-	2,569,207	1,010,789
Ms N Motaung ⁶	512,809	47,027	559,836	-
	9,900,067	730,502	10,630,569	11,067,037

¹ Retired 31 August 2014 - Transferred to PRASA Corporate

² Resigned 31 July 2014

³ Appointed 1 September 2014 as Acting Chief Executive Officer

⁴ Retired 31 August 2015 – Transferred to PRASA Corporate

⁵ Appointed 1 November 2014 as the Acting Executive Property Investments in addition to the appointed advisory role

⁶ Appointed 1 November 2015 as Company Secretary

	2016	2015
	R	R
12. INVESTMENT INCOME		
Interest received from banking Institutions on bank balances	912,523	1,687,503
13. TAXATION		
South African normal tax	-	-
Current	-	-
Deferred Tax	-	-
Tax Rate reconciliation		
South African normal tax rate	28%	28%
Adjusted for:		
Disallowable expenses	(0.00%)	(0.00%)
Prior Year Deferred tax reversal	(0.00%)	(0.00%)
Assessed loss	(28.00%)	(28.00%)
Effective Rate	0.00%	0.00%
The Company has no provision for current taxation as it has a calculated tax loss of :	98,950,116	109,884,317

The Company has not recognized a deferred tax asset as it is not probable that sufficient future taxable profits will be available against which the associated unused tax losses and deductible differences can be utilized in its entirety. Further the entity is in the process of applying to the South African Revenue Service for an Income Tax Exemption Status by virtue of being a wholly owned subsidiary of the Passenger Rail Agency of South Africa. This application is expected to be finalized within the financial year ahead.

14. RELATED PARTIES

14.1 Holding Company

Holding Company	Percentage interest	Services to related party	Net expenses processed by related party and Company	Amounts owed by related parties	Amounts owed to related parties
	%	R	R	R	R
PRASA 2016	100	32,711,424	990,054	4,666,538	(568,907)
PRASA 2015	100	521,811	-	521,811	-

During the year under review the company rendered professional services to the holding Company (Passenger Rail Agency of South Africa) in the execution of the secondary mandate. The said services were rendered at a fixed monthly retainer fee.

14.2 Other related parties

The ultimate shareholder of the Company is the Government of the Republic of South Africa. Government owns a number of entities who transact with each other at arm length basis and are therefore related parties to the Company. The following transactions have taken place with those entities:

Company	2016		2015	
	Transactional Value	Amounts owed (to)/by	Transactional Value	Amounts owed (to)/by
	R	R	R	R
UIF	71,386	(5,652)	77,882	(6,238)
Telkom	57,655	(5,427)	58,181	Nil
SABC	1,908	-	3,060	Nil
Autopax Passenger Services	360,624	-	343,544	(31,412)
PRASA	33,701,478	4,097,631	521,811	521,811
South African Revenue Services	6,563,109	(545,575)	6,782,621	(537,782)

In assessing related party transactions the Company does not transact with employees.

	2016	2015
	R	R
15. COMMITMENTS		
15.1 Planned Capital Commitments		
Authorised but not yet contracted for	217,000	331,300
Total planned capital commitments are expected to be incurred as follows:		
Not later than 1 year	217,000	331,300

The above planned commitment will be funded from current internal reserves as and when required. There were no Capital commitments contracted for during the period under review, impacting on the new financial year ahead.

The current office lease agreement is due to terminate on 30 June 2016. The lease agreement has been renewed with Growthpoint Properties for a further three years with a termination date of 30 June 2019. The disclosure below under note 15.2.2 incorporates the financial impact of the renewed lease commitment.

	2016	2015
	R	R
Minimum lease payments (Note 9)	1,494,649	1,494,649
Contingent rentals	-	-
Sub-lease payments received	-	-
	<u>1,494,649</u>	<u>1,494,649</u>

Not later than 1 year	1,900,553	1,494,649
Later than 1 year and not later than 5 years	4,580,673	373,662
Later than 5 years	-	-
	6,481,226	1,868,311

16. FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS

Formalisation of a risk management framework is the responsibility of the Company and the Board of Directors.

The framework ensures:

- Efficient allocation of capital across various activities in order to maximize returns and diversification of income streams;
- Risk taking within levels acceptable to the Company as a whole;
- Efficient liquidity management and control of funding costs; and
- Improved risk management and control.

Whilst the Board is ultimately responsible for the management of risk, the Board relies on management to operate within the control structures and frameworks, established by the Board and has delegated the responsibility for implementation of the risk framework to functions within the business.

Risk management structure

The Company's risk management framework is summarized below. Key responsibilities lie with the following bodies and committees.

Board of Directors – are responsible for strategic direction, supervision and control of the entity and for defining the entity's tolerance for risk.

Internal Auditor – is responsible for assisting the Board and management in fulfilling their responsibilities by providing an objective and independent evaluation of the effectiveness of control, risk management and governance processes.

The nature of key risks to which the Company is exposed is categorized as follows:

16.1 Liquidity risk

Liquidity risk arises as a result of operations that cannot be funded and financial commitments that cannot be met timeously and cost-effectively due to cash shortages. The Company minimizes its liquidity risk by ensuring that it has a strict budget process in place and has sufficient cash reserves (note 4).

16.2 Interest rate risk

The interest rate risk arises due to adverse movements in the market interest rates. The Company is not exposed to interest rate risk as it has no outside borrowings.

16.3 Credit risk

Credit risk is the risk of an economic loss arising from the failure of the counterparty to fulfill its contractual obligations. Its effect is measured by the cost of replacing cash flows if the other party defaults resulting in a capital loss if the counterparty is unable to meet its obligation. The Company maintains cash, cash equivalents and short term investments with reputable financial institutions. The Company mainly transacts with large reputable organisations. At year end, the Company did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

16.4 Categories of Financial Instruments

Fair Value of Financial Instruments	Carrying Amount	Fair Value	Interest Income / (expense)
2016	R	R	R
Assets			
Trade Receivables	6,627,555	6,627,555	-
Other Receivables	1,558,962	1,558,962	-
Cash and cash equivalents	23,816,645	23,816,645	912,523
Total Assets	32,003,162	32,003,162	-
Liabilities			
Trade Payables	1,828,682	1,828,682	-
Other Payables	3,538,127	3,538,127	-
Total Liabilities	5,366,809	5,366,809	-

Due to the nature of financial instruments the carrying amount approximates the fair value amount.

Fair Value of Financial Instruments	Carrying Amount	Fair Value	Interest Income / (expense)
2015	R	R	R
Assets			
Trade Receivables	960,711	960,711	-
Other Receivables	-	-	-
Cash and cash equivalents	19,162,551	19,161,898	1,687,503
Total Assets	20,123,262	20,123,262	1,687,503
Liabilities			
Trade Payables	860,397	860,397	-
Other Payables	3,804,056	3,804,056	-
Total Liabilities	4,664,453	4,664,453	-

Due to the nature of financial instruments the carrying amount approximates the fair value amount.

17. NOTES TO CASH FLOW STATEMENT

17.1 Cash generated from/(utilized in) operating activities

	2016 R	2015 R
Net Profit/(Loss) before taxation	11,370,022	(26,901,838)
<i>Adjustments for:</i>		
Depreciation	309,139	394,536
Investment income	(912,523)	(1,687,503)
Loss on write-off of equipment	4,278	22,985
	10,770,916	(28,171,820)
<i>Movement in working capital</i>		
(Increase)/Decrease in accounts receivable	(7,225,806)	2,113,824
Increase in accounts payable	702,356	959,512
	4,247,466	(25,098,484)

17.2 Taxation Paid

No taxation has been paid since the prior year as the Company has an assessed loss brought forward from prior periods.

18. PRIOR PERIOD ERROR

Irregular expenditure amounting to R336,300 was not disclosed in the prior year annual financial statements. The detail pertaining to the irregular expenditure is disclosed in note 19 below.

19. IRREGULAR EXPENDITURE

	2016 R	2015 R
Opening Balance	336,300	-
Add: Irregular expenditure – Current Year	153,935	336,300
Less : Amounts Condoned	-	-
Less: Amounts not recoverable (not condoned)	-	-
Irregular expenditure awaiting condonation	490,235	336,300
<i>Analysis of expenditure awaiting condonation per age classification</i>		
Current Year	153,935	336,300
Prior Year	336,300	-
Total	490,235	336,300

Note 19 Continued ...

Details of Irregular Expenditure Condoned

Incident	Condoned By	2016	2015
Functionality used on evaluation not indicated on invitation for quotation	AA*	-	-
Not awarded to supplier with the highest evaluation score.	AA*	-	-
		-	-

* Accounting Authority

Details of Irregular Expenditure awaiting condonation

Incident	Condoned By	2016	2015
Functionality used on evaluation not indicated on invitation for quotation	AA*	98,136	336,300
Not awarded to supplier with the highest evaluation score.	AA*	55,799	-
		153,935	336,300

* Accounting Authority

It should be noted that the irregular expenditure as disclosed above was condoned by the Accounting Authority during the 2016/2017 financial year.

INTERSITE STRATEGIC DIRECTION

Intersite Asset Investments is in its 6th year of existence, since its establishment in October 2010. Intersite was established to give effect to the following injunction by Legal Succession Act to PRASA: 'The second object and the secondary business of the Corporation is to generate income from the exploitation of the assets acquired by it. Thus Intersite was charged with an external focus aimed at creating new opportunities and attracting investors onto PRASA properties.

Intersite is an asset investment company, which has achieved notable successes since establishment, contributing to the building and revival of built environments, especially in previously disadvantaged communities, particularly where PRASA operates commuter rail services.

The establishment of Intersite in 2010 was to be followed by the transfer to it of select Investment assets, however, due to various challenges, the transfer of these assets were not effected. This led to the hampering in the execution of the mandate and created structural difficulties which needed to be overcome. Another key decision at the time of establishment of Intersite was to make an initial investment into Intersite, however, this did not materialize. The revenue model that Intersite then pursued became reliant on adhoc projects which would yield fees for the sustainability of the operation. This was compounded by sporadic unsustainable revenue generation due to the lengthy process associated with the developments in the built environment.

Having taken stock of the challenges raised above, Intersite has embarked on a bold strategy which aims to provide PRASA with Capital to invest in many suitable developments in order to create a long term sustainable revenue stream. The objective of this approved strategy is to close the funding gap experienced by PRASA, through exploiting investment in the available property. In order to achieve this objective, Intersite needs assistance from PRASA through the transfer and/ or leasing of assets to Intersite. In order to invest in these development opportunities Intersite will need Capital, which PRASA is unlikely to have available at least on the scale needed to do justice to the opportunities that are available. Intersite will thus need to go to the market to secure funds for investment. For this to happen, Government will need to approve and gazette borrowing powers for Intersite/PRASA..

Intersite has proven despite major odds and hurdles in the past five years that PRASA is capable of giving effect to its secondary mandate as articulated in the Legal succession Act. However, in order for Intersite to succeed in efforts at capital formation which will ultimately yield a sustainable revenue stream for PRASA, the bold strategy articulated above and captured in the Intersite business plan will need to be implemented with vigour.

Business in pursuance of the approved strategy:

Commercial Services

- Conclude contract with a service provider for the implementation of a Telecommunications Value Added Services Model for the PRASA Group.
- Conclude contracts for the commercialization of available PRASA optic fibre.

Public Project Services:

- Municipalities to build Intermodal facilities and these projects are aligned with the National Treasuries priority list for the Neighborhood Partnership grant in these Municipalities, with a high probability for their implementation. The focus has been to agree the terms and conditions with new clients for the Implementing Agents Services for these projects.

Property Development and Investment

Intersite has achieved the following significant successes with regards to its objective of 'creating value and generating future revenue streams for PRASA over the long term through:


1. A completed KwaMnyandu Retail Centre, a R230 million development, providing PRASA with R48 million land rental over 25 years, with an option to acquire an additional 30% profit participation.

2. Opening of the completed R60 million shopping centre in Langa (Cape Town)
3. Berea Station Retail Centre, to be developed at a cost of R300 million, R206 million land rental over 50 years, in tenth year PRASA will be entitled to 20% of profits and will have an option to acquire up to 30% of profit participation.
4. Concluded a long term lease for the development at Umgeni Business Park Phase 2 which presents an opportunity for investment by Intersite with annuity income.
5. The development of Cape Town station for four phases culminating in a development of circa R1,2bn providing annuity income.

The performance indicators of Intersite are evident in the Performance Report that follows.

PERFORMANCE REPORT

PRASA Strategic objective: Embarking on a Robust Asset Program

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
Property and Asset Development and facilitation of private sector investment in PRASA's Assets	Leveraging PRASA's non-operational and non-core assets	Refer to Quarterly Targets below	Growing the investment portfolio to the value circa R260 million	Growing the investment portfolio value circa R790 over the MTEF.	<p>The Annual target was not achieved. However the following activities were pursued with a view to raise capital to enable investments.</p> <p>Business case submitted to GCEO and presented at PRASA BOC on 8 August 2015.</p> <p>PRASA EXCO requested a review of Intersite Business Case by an external adviser for an opinion on the investment strategy and model proposed by Intersite and a Legal opinion on investment / funding by PRASA of investments as proposed by Intersite.</p> <p>Obtained external adviser opinion and Cliffe Dekker attorneys' Legal opinion.</p> <p>On 7 December 2015, the Business Case for transfer of assets</p>	<p>Approval of the Borrowing Plan by PRASA, DOT and National Treasury.</p> <p>Negotiate suitable terms sheet with potential funders by end March 2016 for R265 million</p>		The delays in obtaining the approvals were mainly due to delays in PRASA approving the Business Case, which is a condition for the start of the process for raising capital. The approval process will likely to flow over to 2016/17

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
					approved by PRASA BOC Chairperson. Had 2 meetings with DOT to present the investment strategy, which was positively received with commitment to further meet in January 2016; with further commitment to introduce National Treasury to the process.			

Quarterly Targets:

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual Performance</i>	<i>Target Date</i>	<i>Variance</i>	
Complete the business cases for the borrowing of funds for investments into 4 property developments (Cape Town, Umgeni II, Umlazi, Naledi)	1	Completed the Business Case [for the borrowing of funds for investments into 4 property developments] submitted to GCEO for sign-off. The Business case submitted to PRASA BOC on 8 August 2015	End June 2015	Completed	●
Submit the Business Cases for the approval by Intersite and PRASA Boards	2	7 Dec 2015, the Business Case for the transfer of assets was approved by PRASA BOC chairperson	End Sep 2015	Completed	●
Submit the Business Cases to the Department of Transport and National Treasury and secure approvals	3	Had 2 meetings with DOT to present the investment strategy, which was positively received with commitment to further meet in January 2016; with further commitment to introduce National Treasury to the process	End Dec 2015	Approval of the Borrowing Plan by DOT and National Treasury. The approval process will likely to flow over to 2016/17. Meeting with DOT held in January 2016 regarding Intersite Strategy.	●
Negotiate suitable terms sheet with potential funders by end March 2016 for R265 million	4	The negotiation for suitable term sheets have not commenced, as it was conditional upon approving of the Business Case; the start of the process for raising capital	End Mar 2016	The achievement of this target was conditional upon approving of the Business Case; the start of the process for raising capital	●

DEPARTMENT: PROPERTY INVESTMENTS

PRASA Strategic objective: Embarking on a Robust Asset Program

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
Property and Asset Development and facilitation of private sector investment in PRASA's Assets	Facilitation of New Property Developments	Refer to Quarterly Targets below	Conclude 2 long term development lease agreements	Partner with private sector to create value of assets	Draft brief to attorneys [for the drafting of the lease agreement] finalised by end July 2015.	Heideveld lease not commenced as the developer did not have sufficient resources to fund the attorneys cost and the investment into the scheme	●	Heideveld lease not commenced as the developer did not have sufficient resources to fund the attorneys cost and the investment into the scheme
					Draft brief to attorneys [for the drafting of the lease agreement] finalised by end July 2015. Received further reiteration on the FDP from the developer	Tygerberg's viability has been impacted by economic conditions and as the one part of the site is floodplane impacted, which then reduces the viability of the scheme	●	Tygerberg's viability has been impacted by economic conditions and it unlikely to proceed




Quarterly Targets:

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual Performance</i>	<i>Target Date</i>	<i>Variance</i>	
Finalise the brief to Attorneys to draft the lease agreements for Heideveld and Tygerberg stations development	1	The briefs to attorneys prepared and submitted to the respective developers for comment	End June 2015		●
Obtain 1 st Draft of the Leases for Heideveld and Tygerberg	2	First drafts of the Development Lease Agreements have not been received as the developers have raised comments in respect of the briefs to the attorneys, which will form the basis for the drafting of the lease agreements	End Sep 2015	First drafts of the Development Lease Agreements have not been received as the developers have raised comments in respect of the briefs to the attorneys, which will form the basis for the drafting of the lease agreements. Tygerberg's viability has been impacted by economic conditions and it unlikely to proceed	●
Obtain sign-off of the Leases from PRASA stakeholders i.e. Group Legal / PRASA CRES / Metrorail	3	The sign-off of the leases by Group Legal / PRASA CRES / Metrorail has not been achieved	End Dec 2015	The sign off of Heideveld development commercial terms by Group Legal has not been achieved as the lease agreement has not been drafted	●
Signing of the Leases	4	The signing of the leases for Heideveld and Tygerberg developments have not been achieved, as the respective lease agreements have not been drafted	End March 2016	The lease agreement has not been drafted	●

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
Property and Asset Development and facilitation of private sector investment in PRASA's Assets	Facilitation of New Property Development s	Refer to Quarterly Targets below	Construction of 2 key developments	Partner with private sector to create value of assets	<p>Business case for the sourcing of external funding i.e. borrowing underpinned by the transfer of the income from managed portfolio to be utilised as collateral has been presented to PRASA BOC on 8 August 2015. The implementation to be finalised with the GCEO (acting) during August 2015.</p> <p>Masterplans have been finalised by PRASA CRES.</p> <p>Obtained external adviser opinion on Intersite proposed Business Case and model. Legal opinion Cliffe from Dekker attorneys' on the funding for investment.</p> <p>The Site Development Plan has been approved by City of Cape Town</p>	Construction has not started. The development was approved by Intersite Board conditional upon PRASA CRES rentals be protected. The solution to the conditionality of the Board approval i.e. that the current rental of PRASA be protected, was PRASA direct investment in Phase 1A and B. On 6 November 2015 submitted to PRASA EPMO request for the allocation of funds for investment. Awaiting PRASA approval of funds allocation for the investment in phase 1A and B	●	Construction cannot proceed until the investment is made. Awaiting PRASA approval of funds allocation for the investment in phase 1A and B... Construction is unlikely to commence this financial year, due to the delay in PRASA investment
				Partner with private sector to create value of assets	Business case for the sourcing of external funding i.e. borrowing underpinned by the transfer of the income from managed portfolio to	The rezoning of the site to enable the development i.e. to obtain the development rights, which approval is	●	Construction cannot proceed until the site is rezoned in terms of the Planning and Development Act

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
					<p>be utilised as collateral has been presented to PRASA BOC on 8 August 2015.</p> <p>PRASA EXCO requested external adviser opinion on Intersite proposed Business Case and model. Obtained external adviser opinion and Cliffe Dekker attorney's Legal opinion.</p> <p>The rezoning of the site to enable the development was lodged with eThekweni Municipality on 13 November 2015 and has already been advertised as required by the Planning and Development Act ["PDA"]. It was expected to be finalised within 90 days i.e. February 2016.</p> <p>The Lease Agreement signed in December 2015</p>	now expected end May 2016 – Construction Schedule – Q2 2016/17		<p>["PDA"]. Construction Schedule is expected by Q2 2016/17</p>


Quarterly Targets:

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual Performance</i>	<i>Target Date</i>	<i>Variance</i>		<i>Comments</i>
Confirmation from the relevant Development Authorities [i.e. Local Government] of the procurement of the development Rights	1	1. Cape Town Station – The Site Development Plan [“SDP”] has been submitted to the City of Cape Town.	End June 2015			
		2. Umgeni – The planning application for the re-zoning of the sites have been submitted on June 2015 to the eThekweni municipality for approval by the developer town planner	End June 2015	None at this stage. The approval process for the PDA application is minimum of 90 days, unless there is an objection. The developer is dealing with queries and had expected the approval in mid-October 2015. Thereafter there is a 30 day advertising of the PDA. The developer is awaiting an approval from the eThekweni Electrical Department in respect of the Power Lines being shown on the drawings. Once that has been received, the developer would revert to the PDA coordinator on behalf of the Municipality for the permission to advertise. 2 weeks is estimated as the timeline before the required advertising		The approval process for the PDA application is minimum of 90 days, unless there is an objection and thus expected the approval in mid-October 2015
Finalise the construction programme	2	The construction programme has not achieved due to the delays in obtaining the development rights, for Cape Town and Umgeni developments. SDP for Cape Town was approved in November 2015. Expected to have the development rights for Umgeni by end May 2016	End Sep 2015	The construction programme has not commenced due to the delays in obtaining the development rights. SDP for Cape Town was approved in November 2015. Expected to have the development rights for Umgeni by end May 2016.		SDP for Cape Town was approved in November 2015. Expected to have the development rights for Umgeni by end May 2016

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual Performance</i>	<i>Target Date</i>	<i>Variance</i>		<i>Comments</i>
Start of Construction on Umgeni project	3	The construction has not commenced due to the delays in obtaining the development rights. The development rights are expected to be obtained by end May 2016 and construction is planned for commencement by Q2 2016/17	End Dec 2015	Expected the Umgeni PDA approval in Mar 2016. Delays experience in obtaining the approval under the PDA from eThekweni, as the developer had to conduct the PDA Public Participation Process commenced on 13 November and ended 13 December 2015. Awaiting the conditions of establishment, which the municipal departmental responsible the PDA application process to commence with the preparation of the conditions on the 2 nd week of February 2016. Expected the final approval of the development rights by May 2016	●	
Start of Construction on the Cape Town project	4	The construction has not commenced due delays in securing investment funds from PRASA.	End Mar 2016	Construction cannot proceed until the investment is made, as per the solution to meet the Board approval condition, for which the solution was carved as PRASA investment. Awaiting PRASA approval of funds allocation for the investment in phase 1A and B	●	Awaiting PRASA approval of funds allocation for the investment in phase 1A and B, which are now expected in 2016/17



DEPARTMENT: CEO OFFICE: INVESTMENT AND STRATEGY ADVISOR

PRASA Strategic Objective: Consolidating the Real Estate Strategy

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
Increase the Value of the Property Portfolio	Investing in the Property Portfolio	Refer to Quarterly Targets below	Invest R265 million in 3 approved property assets	Create new developments.	<p>The Annual target was not achieved. However the following activities were pursued with a view to create new developments.</p> <p>Proposals prepared and submitted to GCEO and PRASA Board.</p> <p>Umlazi - The funds for the R33 million. A commitment letter from PRASA to the developer for the R33 million has been received for extended modernisation.</p> <p>On 7 December 2015, the Business Case for transfer of assets approved by PRASA BOC Chairperson.</p> <p>Proposals prepared and submitted to GCEO and PRASA Board. PRASA EXCO requested a review of Intersite Business Case by an external adviser for an opinion on the investment strategy</p>	PRASA allocation of funding by PRASA EPMD. Expected a response by end Jan 2016 and final decision by end March 2016.		Awaiting PRASA approval of funds allocation for the investment in Cape Town Station development phase 1A and B and flow of funds for Umlazi station development
								PRASA is embarking on Group wide Borrowing Plan and PriceWatersCoopers has started the process

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
					<p>and model proposed by Intersite and a Legal opinion on investment / funding by PRASA of investments as proposed by Intersite. Obtained the external adviser opinion and Cliffe Dekker attorneys' Legal opinion.</p> <p>On 6 November 2015 submitted to PRASA EPMO request for the allocation of funds for investment for Umgeni and Cape Town Station. Awaiting feedback from PRASA EPMO on funding application by end of financial year by which time capital approval process will be completed</p> <p>If external funding for the investment has to be sourced, the Borrowing Plan must be approved by DOT and National Treasury</p>			

Quarterly Targets:

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual Performance</i>	<i>Target Date</i>	<i>Variance</i>		<i>Comments</i>
Complete the business cases for the borrowing of funds for investments into 4 property developments (Cape Town, Umgeni II, Umlazi, Naledi)	1	Completed the Business Case [for the borrowing of funds for investments into 4 property developments] submitted to GCEO for sign-off	End June 2015	None		
Submit the Business Cases for the approval, the submission for borrowing plan business case to the Department of Transport and National Treasury, by Intersite and PRASA Boards	2	Obtained an external adviser for an opinion on the investment strategy and model proposed by Intersite and a Legal opinion on investment / funding by PRASA of investments as proposed by Intersite, as per PRASA EXCO request	End Sep 2015	The approval by the Intersite Board has not been obtained as the Business Case has not been signed-off by PRASA. Not obtained the sign off of the external adviser opinion on the investment strategy and model proposed by Intersite and a Legal opinion on investment / funding by PRASA of investments as proposed by Intersite.		

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual Performance</i>	<i>Target Date</i>	<i>Variance</i>		<i>Comments</i>
				Delays due to PRASA dependencies i.e. the sign-off by PRASA GCEO is required to process the submission for borrowing business case to the Department of Transport and National Treasury, by Intersite and PRASA Board		
				PRASA is embarking on Group wide Borrowing Plan and PriceWatersCoopers has started the process		
Submit the Business Cases to the Department of Transport and National Treasury and secure approvals	3	On 7 December 2015, the Business Case for transfer of assets approved by PRASA BOC Chairperson. Had 2 meetings with DOT to present the investment strategy, which was positively received with commitment to further meet with Intersite/PRASA in January 2016; with further commitment to introduce National Treasury to the process.	End Dec 2015	Further engagement with DOT and then National Treasury to move the process forward. PRASA is embarking on Group wide Borrowing Plan and PriceWatersCoopers has started the process	●	

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual Performance</i>	<i>Target Date</i>	<i>Variance</i>		<i>Comments</i>
Negotiate suitable terms sheet with potential funders by end March 2016 for R265 million	4	The negotiation for suitable term sheets have not commenced, as it was conditional upon approving of the Business Case; the start of the process for raising capital	End Mar 2016	The achievement of this target was conditional upon approving of the Business Case; the start of the process for raising capital	●	




DEPARTMENT: COMMERCIAL SERVICES

PRASA Strategic Objective: Embarking on a Robust Asset Investment Program

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
Property and Asset Development and facilitation of private sector investment in PRASA's Assets	Commercialization of Telecommunication Assets	Refer to Quarterly Targets below	Conclude dark fibre leasing agreements with three major service providers	Conclude leasing agreements	Finalise the draft agreement	Broadband Infraco dark fibre lease agreement which had been targeted to for signature by end July 2015	●	This agreement is likely to be impacted by the shift in focus by Government to have the roll-out be implemented by Telkom. It is unlikely that this agreement would be realized. The budgetary impact [revenue loss] to be determined
					The Lease agreement signed by Vodacom	ACHIEVED	●	
					The Lease agreement signed by Tecteldata	ACHIEVED	●	
			Conclude the value added service commercial agreement with 1 Service Provider	Conclude Value-Add services agreement.	VAS agreement with Vodacom is being drafted The VAS transaction for the PRASA Internal services has been signed-off by Intersite LID for PRASA BOC chairperson submission	Finalisation of the Draft VAS Reseller agreement with Vodacom. The execution of the VAS agreement was expected by March 2016. VODACOM had not dedicated a Legal resource to deal solely with the VAS Agreement hence delays in its finalization. This has	●	Draft VAS Agreement expected 15 th April 2016 and the final agreement expected in May 2016.

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
						now been addressed. Draft VAS Agreement expected 15 th April 2016 and the final agreement expected in May 2016.		
			Conclude planning services and project implementation agreements with 1 Broadband Agency	Conclude agreement with USAASA.	Signed MoA with USAASA on EP MO implementation. Although MoA with USAASA signed in April 2015, there are challenges relating to project charter and implementation of the project, as there are delays caused due (1) the funding within USAASA for the broadband Project being re-directed to other projects (2) legal challenges related to Set-Top Boxes. USAASA Executive confirmed that there is insufficient budget for the project.	ACHIEVED	●	
			Conclude Broadband infrastructure deployment agreement with one municipal entity	Conclude Broadband infrastructure deployment agreement with one municipal entity.	Signed Broadband Consultancy Agreement with Enterprise Ilembe	ACHIEVED	●	


Quarterly Targets;

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual performance</i>	<i>Target Date</i>	<i>Variance</i>		<i>Comments</i>
Conclude agreement with PRASA for the transfer on lease-basis the required capacity for commercial leasing from PRASA to Intersite	1	completed	End June 2015	None		
Signed OFC Lease agreements with Vodacom/Broadband Infraco/Techteledata		The contracts for the leasing of the dark fibre by Vodacom and Techteledata signed		1. Competed the signing of the lease agreement for Vodacom and Techteledata. 2. Unlikely that the 3rd client, Broadband Infraco ("BBI") will conclude the lease agreement as it was envisaged. i.e. end July 2015		
Signed VAS Reseller Agreement with Vodacom		Contract negotiations are underway. The VAS transaction for the PRASA Internal services has been signed-off by Intersite LID		The VAS reseller agreement with Vodacom is being drafted. The delay was caused by the dark fibre lease with Vodacom having been concluded in Nov 2015. The VAS transaction for the PRASA Internal services has been signed-off by Intersite LID for PRASA BOC chairperson submission.		


<i>Deliverable</i>	<i>Quarter</i>	<i>Actual performance</i>	<i>Target Date</i>	<i>Variance</i>		<i>Comments</i>
Signed MoA with USAASA on EP MO implementation		The MoA signed in April 2015		Completed	●	
Conclude Broadband infrastructure deployment agreement with one municipal entity	2	The Broadband Consultancy Agreement with Enterprise Ilembe signed.	End Sep 2015	Completed	●	
Appoint the service provider to provide telecoms grade SLA i.e. maintenance	3	Not commenced, due to the delays in concluding the back to back lease with PRASA, which occurred in November 2015	End Dec 2015	Not commenced, due to the delays in concluding the back to back lease with PRASA, which occurred in November 2015	●	

DEPARTMENT: COMMERCIAL SERVICES

PRASA Strategic Objective: Strengthening the Financial Position

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
Balance Sheet Restructuring	Disposal of 500 Property Assets	Refer to Quarterly Targets below	Assessment of the properties selected by PRASA for disposal for readiness to dispose to the market	Disposal of 500 Property assets over the MTEF.	<p>The Annual target was not achieved. However the following activities were pursued with a view to dispose of the property assets.</p> <p>Business case submitted to GCEO indicating the budget required to process the properties for readiness to disposal;</p> <p>The business case outlines process, milestones and budget required for the project.</p> <p>Intersite has submitted a proposal to reconsider the wholesale disposal of the properties and utilisation of the same for projects for e.g</p>	<p>ACHIEVED - Approval of the business case submitted to PRASA GCEO for approval and allocation of budget for the preparation of the properties for readiness to dispose</p> <p>Submit the business case for Energy Generation to PRASA. The high level business case to be submitted to PRASA GCEO in April 2016</p>		

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
			Issue Expression of Interest for select "ready to sell" properties		<p>energy regeneration i.e. review of the strategy to PRASA EXCO. The energy generation has been accepted in-principle by PRASA GCEO and a business case will be submitted to PRASA</p> <p>Business case submitted to GCEO indicating the budget required to process the properties for readiness to disposal; The business case outlines process, milestones and budget required for the project.</p> <p>Expressions of interests received from tenants / potential purchaser for 4 of the 100 properties viz Kaalfontein, Escombe, Salt River and Wadeville for an estimated R12.5 million</p>	<p>NOT ACHIEVED - Approval of the business case submitted to PRASA GCEO for approval and allocation of budget for the preparation of the properties for readiness to dispose. In Feb 2016, Intersite received PRASA chairperson sign-off for the programme to be transferred to PRASA</p>	●	In Feb 2016, Intersite received PRASA chairperson sign-off for the programme to be transferred to PRASA

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
			Submission of section 54 notification to the Minister [of Transport] via PRASA for the disposal of minimum 100 property assets		<p>List of 418 properties obtained from PRASA CRES. The business case has been prepared indicating the budget required to process the properties for readiness to disposal.</p> <p>150 properties prioritised based on the value.</p> <p>Expressions of interests received from tenants / potential purchaser for 4 of the 100 properties viz Kaalfontein, Escombe, Salt River and Wadeville for an estimated R12.5million</p> <p>Submitted Business case awaits approval from PRASA in order to get budget to do valuations for Ministerial approval.</p>	<p>NOT ACHIEVED- Meet with Department of Transport regarding their requirements under section 54 application for the disposal</p> <p>Expected completion of these steps in Q1 2016/17</p> <p>In Feb 2016, Intersite received PRASA chairperson sign-off for the programme to be transferred to PRASA</p>		In Feb 2016, Intersite received PRASA chairperson sign-off for the programme to be transferred to PRASA

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
					Approval of Business Case Disposal Budget Disposal Method Disposal Properties Met with Acting GCEO on 22 December 2015, to enable the sign-off of the Business Case			


Quarterly Targets:

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual performance</i>	<i>Target Date</i>	<i>Variance</i>		<i>Comments</i>
1. Obtain the list of properties for disposal and prioritise a batch of 100 properties to be disposed	1	List of 418 properties due for disposal obtained from PRASA CRES and 150 properties prioritised	End June 2015	Completed	●	
2. Perform a High level desk top assessment of the state of readiness of these properties for disposal		The business case has been prepared indicating the budget required to process the properties for readiness to dispose		Completed	●	
1. Submit a business case to PRASA BOC per property for the disposal of the relevant properties 2. Auction the properties to Qualifying Bidders 3. Conclusion of sale agreement/s		<p>The business case has been prepared indicating the budget required to process the properties for readiness to dispose</p> <p>The business case has been prepared indicating the budget required to process the properties for readiness to dispose.</p> <p>Intersite has submitted a proposal to reconsider the wholesale disposal of the properties and utilisation of the same for projects for e.g. energy regeneration i.e. review of the strategy to PRASA EXCO. The energy generation has been accepted in-principle by PRASA GCEO and a business case will be submitted to PRASA.</p> <p>This is unlikely to be achieved this financial year</p>	<p>End Sep 2015</p> <p>End Dec 2015</p> <p>End Mar 2016</p>	<p>Issue the Expression of Interest ("EoI") not issued</p> <p>The sign-off of the section 54 notification by GCEO, which will trigger PRASA BOC approval and submission to the Minister, has not been signed by PRASA. Unlikely that section 54 application will be achieved in 2015/16</p>	●	<p>The sign-off of the section 54 notification by GCEO, which will trigger PRASA BOC approval and submission to the Minister, has not been signed by PRASA.</p> <p>Intersite has submitted a proposal to reconsider the wholesale disposal of the properties and utilisation of the same for projects for e.g. energy regeneration i.e. review of the strategy to PRASA EXCO. The energy generation has been accepted in-principle by PRASA GCEO and a business case will be submitted to PRASA. The high level business case to be submitted to PRASA GCEO in April 2016.</p>

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual performance</i>	<i>Target Date</i>	<i>Variance</i>		<i>Comments</i>
				<p>Expressions of interests received from tenants / potential purchaser for 4 of the 100 properties viz Kaalfontein, Escombe, Salt River and Wadeville for an estimated R12.5million</p> <p>Submitted the business case to PRASA indicating the budget required to process the properties for readiness to dispose.</p> <p>The 2 key milestones i.e. PRASA BOC and Ministerial approvals have not been obtained. This step was dependent on the approval of the business case submitted to PRASA GCEO for the budget to do valuations to be included in the application for Ministerial approval</p>		<p>These steps were dependent on the approval of the business case submitted to PRASA GCEO for the budget to do valuations to be included in the application for Ministerial approval.</p>

DEPARTMENT: PUBLIC PROJECT SERVICES

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
Coordinating and supporting SIP 7	Facilitating Transport Oriented Developments	Refer to Quarterly Targets below	1. Secure 4 Transit Oriented development planning services projects from municipalities	Appointment of Intersite for 8 planning projects.	Appointed for Sol Plaatjie planning services.	NOT ACHIEVED – Secured an appointment for 1 planning projects by end March 2016	●	4 projects had been allocated to Intersite by National Treasury. The appointment has been impacted by SCM process relating to confinement for the appointment of the service provider for the 4 projects. This has impacted Intersite appointments. The 4 projects have been put on hold by National Treasury
			2. Conclude the terms of reference ["ToRs"] with the 2 municipalities		ToR concluded for Sol Plaatjie	Appointment by 1 municipality and conclusion of the relevant ToR.	●	50% achieved i.e. Sol Plaatjie

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
			3. Achieve 2 Transit Oriented Development plans		<p>Ekurhuleni plan is underway. A service provider [Royal Haskoning DHV] has been appointed to undertake the plan for the ToD. The planning for the Tembisa Hub Plan is expected to be completed by December 2015. Invoice client for the services.</p> <p>A service provider [Glad Africa] has been appointed to undertake the plan for Rustenburg ToD. Work on the Rustenburg Hub started immediately after appointment of Glad Africa.</p>	<p>Tembisa - The planning for the Tembisa Hub Plan is practically completed. Sol Plaatjie - the Professional Team is currently working on Phase 1 of the project which is the Draft Concept Framework & Status Quo Review. The project is expected to be completed by Q1 2016/17</p> <p>Rustenburg ToD Plan close out is scheduled for 5 May 2016</p>		Tembisa - The planning for the Tembisa Hub Plan is practically completed and only the Close Out i.e. handover is outstanding and the delay caused by the client


PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
					<p>The Professional team is however experiencing challenges with receiving essential information from the Client. Despite several requests and meetings among the Glad Africa team, the Project Manager and National Treasury and the Client, this information is still outstanding. Unfortunately the information is required from the Client to move the project forward. Invoice for the fees for the work to date.</p> <p>Sol Plaatjie - the Professional Team is currently working on Phase 1 of the project which is the Draft Concept Framework & Status Quo Review. A meeting has been scheduled for April 2016 and the project is expected to be completed by April 2016</p>			

PRASA Strategic Objective: Delivering on the National development Plan

Quarterly Targets:

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual performance</i>	<i>Target Date</i>	<i>Variance</i>		
Obtain the list of accredited municipalities from National Treasury and embark on a sale and marketing to secure appointment by the municipal manager or his delegated official	1	Achieved. Obtained the list of accredited municipalities from National Treasury	End June 2015	none	●	
Procure appointment by 1 municipality	2	Secured the appointment for planning services at Sol Plaatjie. The Professional Team is currently working on Phase 1 of the project which is the Draft Concept Framework & Status Quo Review. The project is expected to be completed by February 2016.	End Sep 2015	None	●	
Procure appointment by 1 municipality	3	4 planning projects have been allocated by National Treasury to Intersite within Ekurhuleni Municipality. Intersite pursued the appointments for these projects by this municipality. The appointment was not achieved and the projects were put on hold	End Dec 2015	The allocation of the 4 projects was impacted by SCM related issues and as such Intersite has not been appointed for these projects. The projects were put on hold by National Treasury	●	
Procure appointment by 1 municipality	4	Intersite pursued the appointments for 4 planning projects allocated by National Treasury to Intersite within Ekurhuleni Municipality. The appointment by the municipality was not achieved and the projects were put on hold	End Mar 2016	4 planning projects had been allocated by National Treasury to Intersite, but however put on hold.	●	


PRASA Strategic Objective: Embarking on a Robust Asset Investment Program

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
Property and Asset development and facilitation for private sector investments on PRASA's assets.	Growing the investment portfolio value circa R790 million over the MTEF	Transfer of the select commercial property rights and assets from Prasa to Intersite.	<ul style="list-style-type: none"> ❖ Develop a business case for investment capital raising for R265M by end June 2015. ❖ Obtain PRASA BOC approval by end of July 2015 ❖ Negotiate suitable terms sheet with potential funders by end March 2016 ❖ Submit the business case for the required funding to Department of Transport and National Treasury for sign-off. 	Procure sufficient capital for the investments of circa R758 million over the MTEF.	<p>The Annual target was not achieved. However the following activities were pursued with a view to grow the investment portfolio..</p> <p>Business case submitted to GCEO and presented at PRASA BOC on 8 August 2015.</p> <p>PRASA EXCO requested a review of Intersite Business Case by an external adviser for an opinion on the investment strategy and model proposed by Intersite and a Legal opinion on investment / funding by PRASA of investments as proposed by Intersite.</p> <p>Obtained external adviser opinion and Cliffe Dekker attorneys' Legal opinion.</p>	The Annual target was not achieved. However the following activities were pursued with a view to grow the investment portfolio		

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
			Raise R265M by end March 2016.		On 7 December 2015, the Business Case for transfer of assets approved by PRASA BOC Chairperson. Had 2 meetings with DOT to present the investment strategy, which was positively received with commitment to further meet in January 2016; with further commitment to introduce National Treasury to the process.			





DEPARTMENT: HUMAN CAPITAL DEVELOPMENT

PRASA Strategic Enhancing Organisational Capacity

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
Human Capital Development and Talent Management	Ensuring Intersite has appropriate skilled employees	Refer to Quarterly Targets below	Populate the approved organisational structure	Building skills for an investment entity;	<ul style="list-style-type: none"> Recommendations for the Appointment of Chief Executive Officer position awaiting PRASA approval Intersite Company Secretary assumed duty in November 2015. Received Curriculum Vitae [CV] for the role of Senior Manager: Property Investments and these CV were screened and forwarded to Executive Manager: Development for Final Selection 	<ul style="list-style-type: none"> Appointment of CEO The appointment for senior manager: property development is in abeyance pending the approval of 2016/17 Business Plan 		<p>Awaiting CEO appointment approval by PRASA as per the Shareholder Compact</p> <p>The appointment for senior manager: property development is in abeyance pending the approval of 2016/17 Business Plan</p>

PRASA programme	Intersite Objective	Key Activities	Annual Performance Target	Performance Indicator	Year to Date Actual	Variance		Comments
			1. Implement the Employee self-Service and management self-service portals by end December 2015	Total alignment of people, processes and systems; and	Submitted the employees list / profile to ICT for mapping	NOT ACHIEVED	●	PRASA Group ICT system development. This is a key dependency which Intersite cannot resolve
			2. Completed the Individual Development Plans ("IDPs") for employees and leadership development training for executives	Staff training, executive development program and succession program	All IDPs received. Training plan developed based on the submitted IDPs	ACHIEVED	●	
			3. Succession Planning		Talent management implementation process presented to HR & Remuneration committee and approved	ACHIEVED	●	

Quarterly Targets:

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual performance</i>	<i>Target Date</i>	<i>Variance</i>		<i>Comments</i>
Implement approved organization structure on SAP Organisation Management module	1	<ul style="list-style-type: none"> Interviews for Chief Executive Officer position of: Intersite Asset Investment was held on 24 June 2015. The process for CEO position has been finalised by end of July 2015. Appointment of the Company Secretary position, effective Nov 2015 Shortlisting for the appointment of the senior manager: Property Investment 	End June 2015	<ul style="list-style-type: none"> Appointment of CEO - Recommendations for the Appointment of Chief Executive Officer position. The appointment for senior manager: property development is in abeyance pending the approval of 2016/17 Business Plan 		Awaiting PRASA approval, as per the Shareholder Compact
50% of the job profiles developed		50% of job profile has been developed		No variance		
Identify a service provider for leadership training and development		Draft Intersite Talent Management Framework		Approval of Intersite Talent Management Framework. A detailed talent management implementation process presented to HR & Remuneration committee		
Signed IDP per employee		Individual Development Plans received for all employees		Completed		

<i>Deliverable</i>	<i>Quarter</i>	<i>Actual performance</i>	<i>Target Date</i>	<i>Variance</i>		<i>Comments</i>
Signed Performance contracts		All performance contracts for 2015/16 received		No variance	●	
1. Enroll employees/executives for various training 2. Performance Reviews	2	Training register developed Performance reviews completed	End Sep 2015	Completed	●	
Develop a Training Plan for employees		Training plan developed		Completed	●	
Implement the ESS and MSS on SAP	3	Delayed by ICT system development	End Dec 2015	Delays caused by ICT system development	●	
Performance Reviews	4	Performance reviews for all employees except the Executives and the CEO were completed	End Mar 2016	Performance Reviews of Executives and CEO to be considered after the external Audit	●	Performance Reviews of Executives and CEO to be considered after the external Audit

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