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City of Joburg Property Company SOC Ltd.

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Forum 2  
Braam Park  
33 Hoofd Street  
Braamfontein  
2017

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2017

Tel +27(0) 10 219 8000  
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[www.jhbproperty.co.za](http://www.jhbproperty.co.za)

07 June 2013

Our reference: RFP: 01/2013  
Your Reference:

Attention: Fikile Holomisa  
Altivex 705 (Pty) Ltd  
Ad Outpost Building  
Woodmead North Office Park  
54 Maxwell Drive  
Juskei View  
Sandton, 2191

By Hand

Ask For: Sipho Mbethe  
Tel: 010 219 9138  
Fax: 010 219 9538  
Email: [smbethe@jhbproperty.co.za](mailto:smbethe@jhbproperty.co.za)

Dear Sir

**PROJECT NUMBER: RFP 01/2013: APPOINTMENT OF A TRANSACTION ADVISOR AND MANAGING AGENT FOR CELL MASTS AND OTHER TELECOMMUNICATIONS INFRASTRUCTURE ON COJ LAND AND ASSETS ON BEHALF OF CITY OF JOBURG PROPERTY COMPANY (JPC)**

The City of Joburg Property Company (SOC) Limited ("JPC"), acting on behalf of the City of Johannesburg ("COJ"), have pleasure in confirming Altivex 705 (Pty) Ltd's appointment as Transaction Advisor and Managing Agent in respect of the above-mentioned project, upon, *inter alia*, the following terms and conditions:

**1. GENERAL CONDITIONS OF APPOINTMENT**

This appointment is made in terms of JPC's standard general conditions of appointment.

**2. SCOPE OF WORK**

Scope of work to be performed is, *inter alia*, as follows:



Non-Executive Directors: A. Mabizela (Chairperson), LG Msengana-Ndiale, M Vuso, Prof A Nevhutande, T Hickman, J Mabaso, S Childs, L Zholeng, Dr. D Sekhukhune, H Mashale  
Executive Director: Helen Botas (Managing Director)  
Company Secretary: V. Morgan  
City of Joburg Property Company SOC Ltd  
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ALTIVEX 705 (PTY) LTD: APPOINTMENT LETTER  
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## 2.1. PHASE 1:

- a) Collate data from JPC and CoJ in order to conduct a City wide audit of all existing cell mast sites and any form of communications network infrastructure and antennae on CoJ land and assets
- b) Catalogue all existing sites and develop an appropriate management system for effective administration of the portfolio by JPC
- c) Conduct due diligence and recommend possible review of all agreements between JPC and the Telecommunications Industry on existing infrastructure on CoJ land/assets.
- d) Research and advise JPC and CoJ on cost effective and efficient operational processes and procedures that is (process flow, procedures, systems, stakeholder interactions, management tools, etc.) within the provisions of the law/s such as the Municipal Finance Management Act, Asset Transfer Regulations and any other applicable laws and/or Regulations governing the leasing of properties/assets for the purposes of installing communications infrastructure.
- e) Assist with Technical review (architectural design guidelines, quality of structures, minimum technical specifications) for all sites on COJ land/assets
- f) Assist with financial review of the portfolio (current collection efficiencies, assessment of revenue streams).
- g) Conduct research (investigation, scoping and documentation) into local and international best in class management and/or revenue generation practices in the administration of cell masts and other communication infrastructure installation.
- h) Develop a strategy on behalf of JPC to maximize returns on the portfolio using various models benchmarked locally and internationally that encompasses some form of a "multisource income, carrier neutral open access" approach rather than the traditional "single fixed rental" currently in place. Provide a realistic and workable business plan that enhances the current environment, increases revenue on the over a short, medium to long term and capacity to develop new legally compliant sites for leasing by all communications operators.

## 2.2. PHASE 2

- a) Conduct due diligence of designated precincts in order determine communications infrastructure requirements.



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- b) Manage, on behalf of JPC, all existing agreements between JPC and the Telecommunications Industry with a view to renegotiate and ensure appropriate returns to the CoJ based on multisource income that will encourage competition within the communications industry in line with government policy on communications.
- c) Explore expansion opportunities within the communications arena on CoJ land and assets by identifying and erecting new legally compliant sites for leasing to the industry and where possible, connect such sites to the Joburg Connect Fibre Optic Network in order to enhance the CoJ revenue base from this portfolio.
- d) Provide all of the investment required in the upgrading and enhancement of the current infrastructure installation on CoJ land and assets including ability to lease out sites to service providers.
- e) Together with the JPC strategize the rollout of a high tech 21st Century communications network/environment for the CoJ's citizens, commerce and industry offering the benefits of, but not limited to, TV, Video, voice, VoIP, Wi-Fi, Internet and high quality surveillance services.
- f) Provide solutions, through the portfolio's enhancement, to the industry for the management of the growth in mobile data and multimedia consumption.

### 3. REPORTING & DELIVERABLES

Altivex 705 (Pty) Ltd shall report on a monthly and quarterly basis to the Senior Manager: Outdoor Advertising or his/her nominee of JPC.

The following Deliverables are applicable to the appointment:

- 3.1 A detailed Business plan for the project must be submitted within 30 days of an appropriate agreement/ being finalised and signed with JPC;
- 3.2 An implementation plan outlining timeframes and financial projections for enhancing existing sites and developing new ones as the proposal submitted to JPC;
- 3.3 Monthly and quarterly reports;
- 3.4 A procedure manual for the management of the portfolio (procedures and process flow for administration of applications in line with prevailing legislation/s);
- 3.5 An audit report, maps and Management System comprising a list of sites erected on CoJ land and or assets categorised per entity, Region, Precinct of the City.



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- 3.6. An implementation plan for the for the management of the portfolio on behalf of JPC which shall include, inter alia, definition of the future scope of the project, a project schedule with clearly defined milestones, an annual action plan and measureable annual targets for the program. The implementation plan shall be approved by JPC.
- 3.7. A 10 to 30 year strategy to maximise income from the portfolio.
- 3.8. Ad hoc projects as specified and authorised by the Managing Director of JPC from time to time.

#### 4. DURATION OF APPOINTMENT

- 4.1 The appointment shall be for a period of thirty (30) years but shall be review on its 10<sup>th</sup> anniversary and every ten (10) years thereafter for the duration of the agreement.
- 4.2. On termination by effluxion of time or otherwise, Aktivex 705 (Pty) Ltd will hand over all work done and in progress to JPC and will have no claim for costs other than stipulated in the payment schedule.

#### 5. COMMUNICATION AND REPORTING

- 5.1. Aktivex 705 (Pty) Ltd shall exercise all reasonable skill/s, care and diligence in the performance of the services under the appointment and shall carry out all his/her responsibilities in accordance with recognized professional standards.
- 5.2. Aktivex 705 (Pty) Ltd shall, in all professional matters, act as a faithful transaction advisor and managing agent to and on behalf of JPC and, in so far as his/her duties are discretionary, act fairly as well between JPC and third parties.
- 5.3. Aktivex 705 (Pty) Ltd shall report directly to the Project Leader being the authorized representative of JPC and shall not be permitted to disclose any information (in whole or part) whatsoever in terms of this appointment to any third party either than JPC.

#### 6. INSURANCE REQUIREMENTS

Proof of professional indemnity and public insurances shall be provided by the Service Provider to JPC upon finalization of an agreement/s.



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9

10



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## 7. REMUNERATION AND PAYMENT OF RENTALS

- 7.1. Phase 1- Re-numeration for the work to be done as per Phase 1 of the project to be conducted at Altivex (Pty) Ltd's sole risk shall be paid to the Transaction Advisor and Managing Agent on the basis of a 50% commission to be calculated from the percentage increase in value of rentals payable to JPC by current lease holders. This shall be off-set against income received and only payable once income has been received by JPC.
- 7.2. Phase 2: Altivex 705 (Pty) Ltd shall pay JPC a rental amount of 35% of gross revenue to be generated from new cell mast/telecommunication sites to be erected on or attached to CoJ land and assets respectively subject to prior compliance with the City's Supply Chain Management Policy for Land (as may be amended from time to time) and the Municipal Finance Management Act and or any other applicable legislations and regulations.
- 7.3. The above amount excludes direct Disbursements on stationary, telephone, etc.
- 7.4. JPC will not be liable for any additional costs incurred by the contracted bidder through whatever cause, unless JPC has specifically instructed the contracted bidder to incur such costs due to a substantial and material change to the Scope of the Project which has been caused by an act or omission on JPC's part.

## 8. DEVELOPMENT FACILITATION FEE AND SKILLS DEVELOPMENT

- 8.1. Altivex 705 (Pty) Ltd shall pay to JPC an amount of R 4 million (VAT excluded) as a Development Facilitation Fee as follows:
- a) An amount of R 1 million (VAT excluded) shall be paid on or before 30 June 2013.
  - b) A further amount of R 2 million (VAT excluded) shall be paid on or before 31 October 2013.
- 8.2. The above offer includes a provision of R1 Million (VAT excluded) for the development of skills within JPC to ensure that the cell masts/telecommunications portfolio is maintained and managed to the highest international best practices.



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## 9. SUSPENSIVE CONDITION

Please note that the appointment is subject to submission of a performance guarantee/ Surety binding the holding company (Waterval Investment Company (Pty) Ltd) for the due fulfillment of duties to be performed by Altivex 705 (Pty) Ltd. The performance guarantee/ Surety should be submitted within thirty (30) calendar days of acceptance of this appointment letter.

You are therefore advised to contact Sipho Mbethe for an appointment at 010- 219 9138 or via email to: [smbethe@jhbproperty.co.za](mailto:smbethe@jhbproperty.co.za) to draft the required agreement/s to finalize/give effect to this appointment.

Please signify your acceptance of appointment by signing the endorsement at the foot of this letter and returning same to us.

Signed for and on behalf of City Of Joburg Property Company (SOC) Ltd (JPC):

Helen Botes: Managing Director  
JPC (SOC) Ltd

Signature: 

Date: 10/06/2013

Signed and accepted on behalf of Altivex 705 (Pty) Ltd (who warrants his/her authority hereto):

Name: FF HLOMISA

Title: CHIEF EXECUTIVE OFFICER

Signature: 

Date: 10/06/2013



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