Nelson Mandela Bay Metropolitan Municipality
Urban Investment Programme

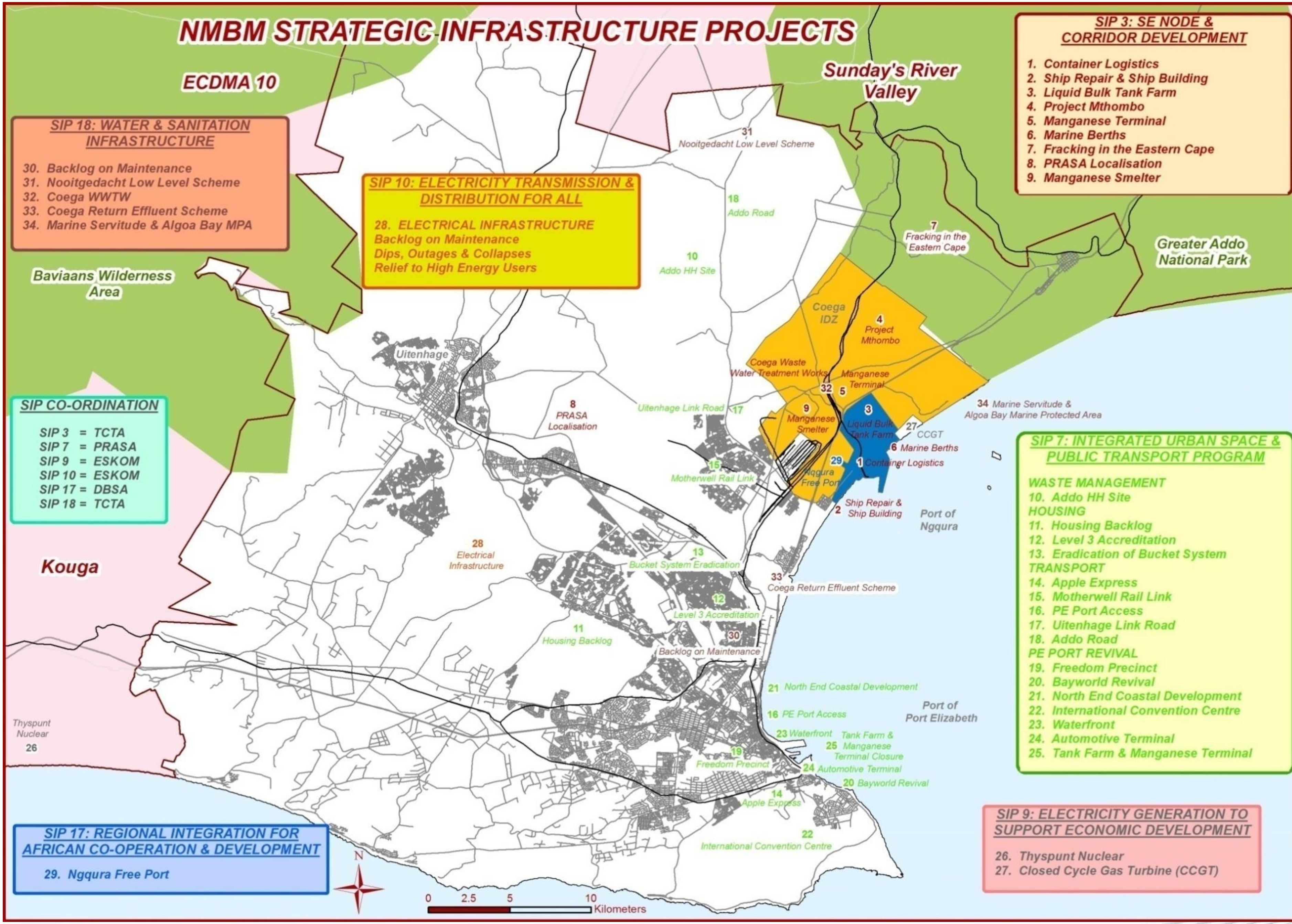
URBAN INVESTMENT PARTNERSHIP CONFERENCE

27 - 28 AUGUST 2015

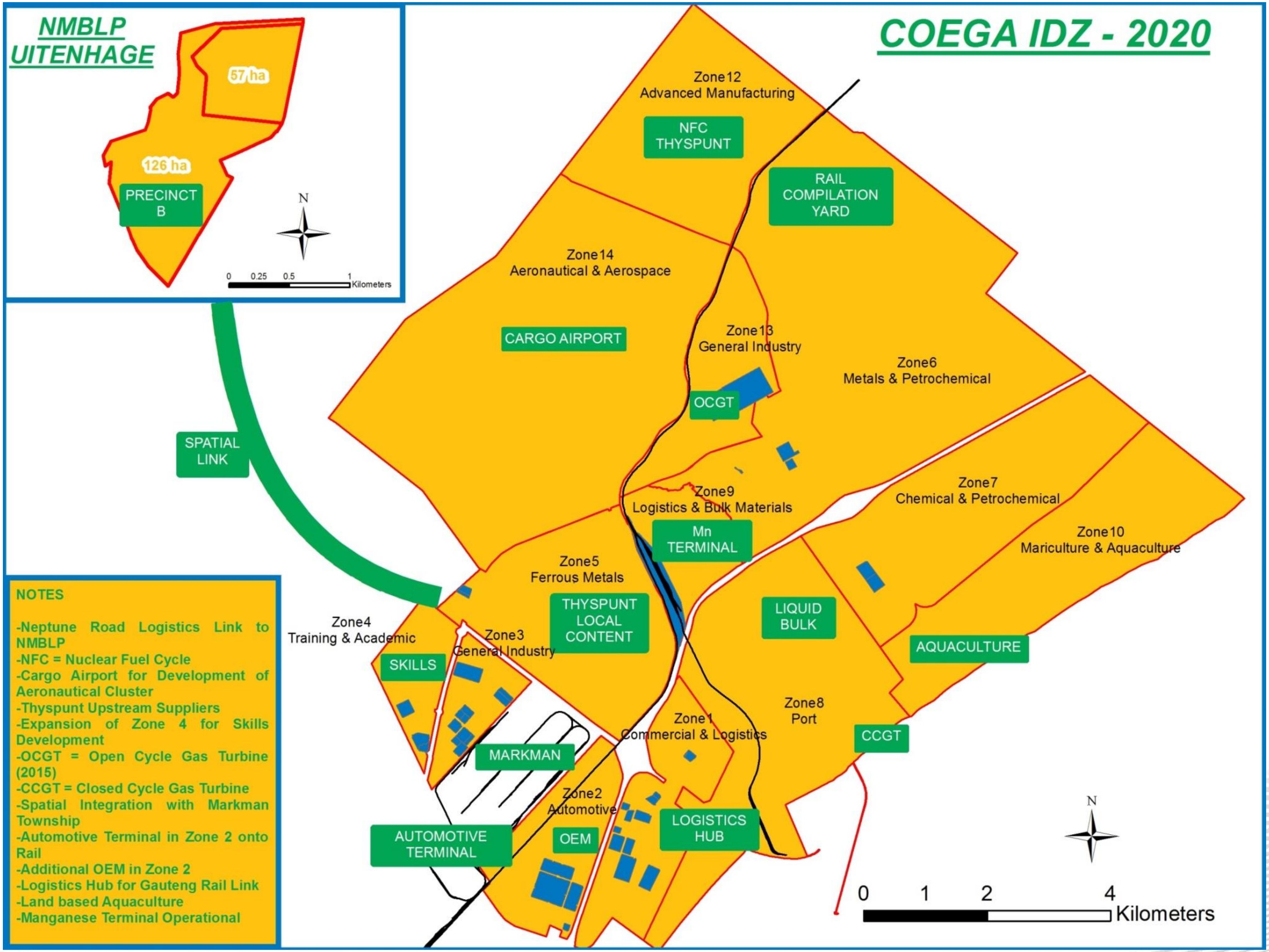
URBAN INVESTMENT
PARTNERSHIP CONFERENCE

nelson mandela bay
MUNICIPALITY

CDC Annual Report 2014: NMBM Dependent SIP Projects



COEGA IDZ



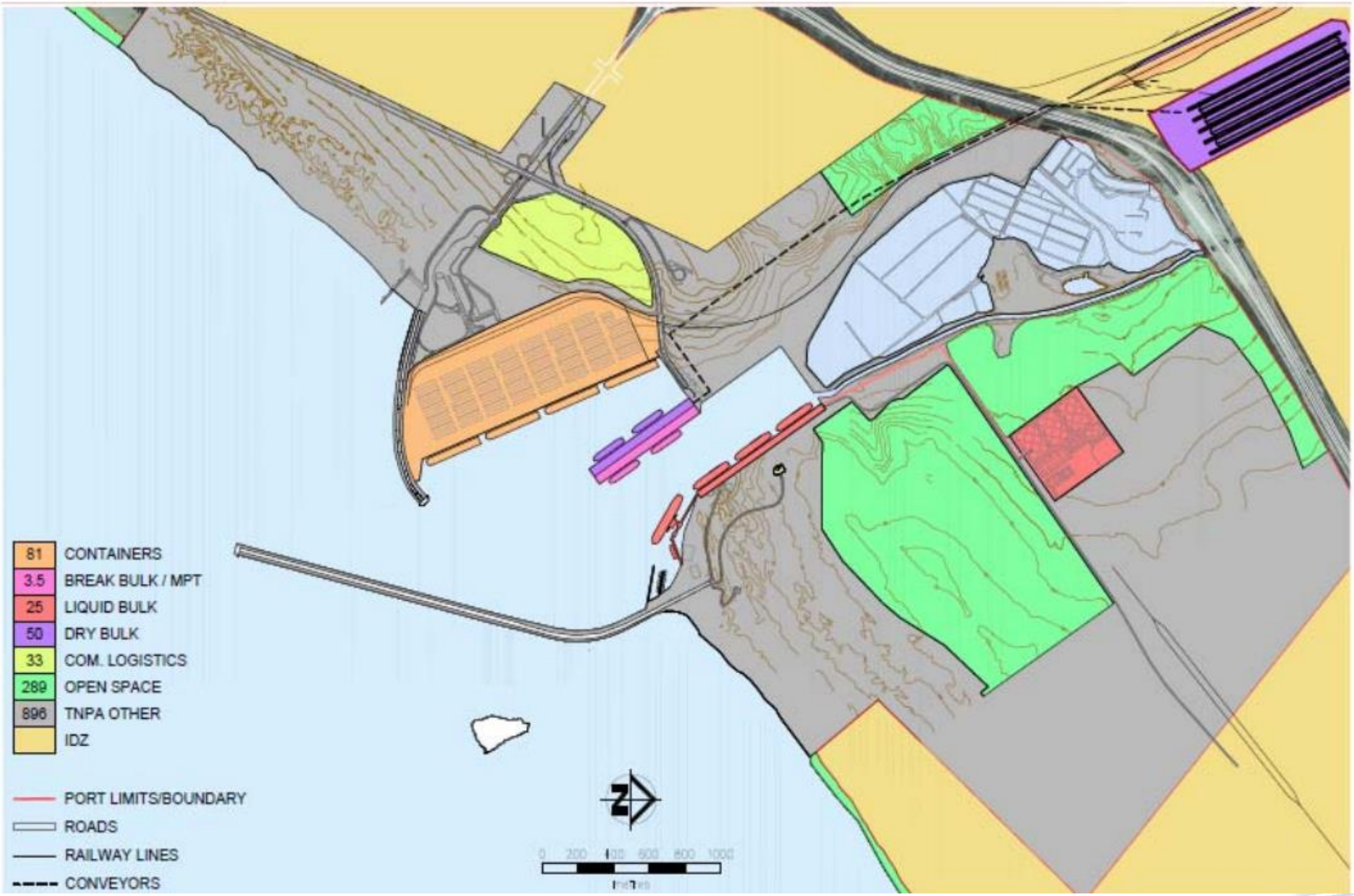
NOTES

- -Neptune Road Logistics Link to NMBLP
- -NFC = Nuclear Fuel Cycle
- -Cargo Airport for Development of Aeronautical Cluster
- -Thyspunt Upstream Suppliers
- -Expansion of Zone 4 for Skills Development
- -OCGT = Open Cycle Gas Turbine (2015)
- -CCGT = Closed Cycle Gas Turbine
- -Spatial Integration with Markman Township
- -Automotive Terminal in Zone 2 onto Rail
- -Additional OEM in Zone 2
- -Logistics Hub for Gauteng Rail Link
- -Land based Aquaculture
- -Manganese Terminal Operational

NGQURA PORT ARTIST IMPRESSION ALL PHASES

Port of Ngqura – Short Term Layout [2019]

TRANSNET
delivering freight reliably



PORT OF NGQURA – SHORT TERM LAYOUT (2019)

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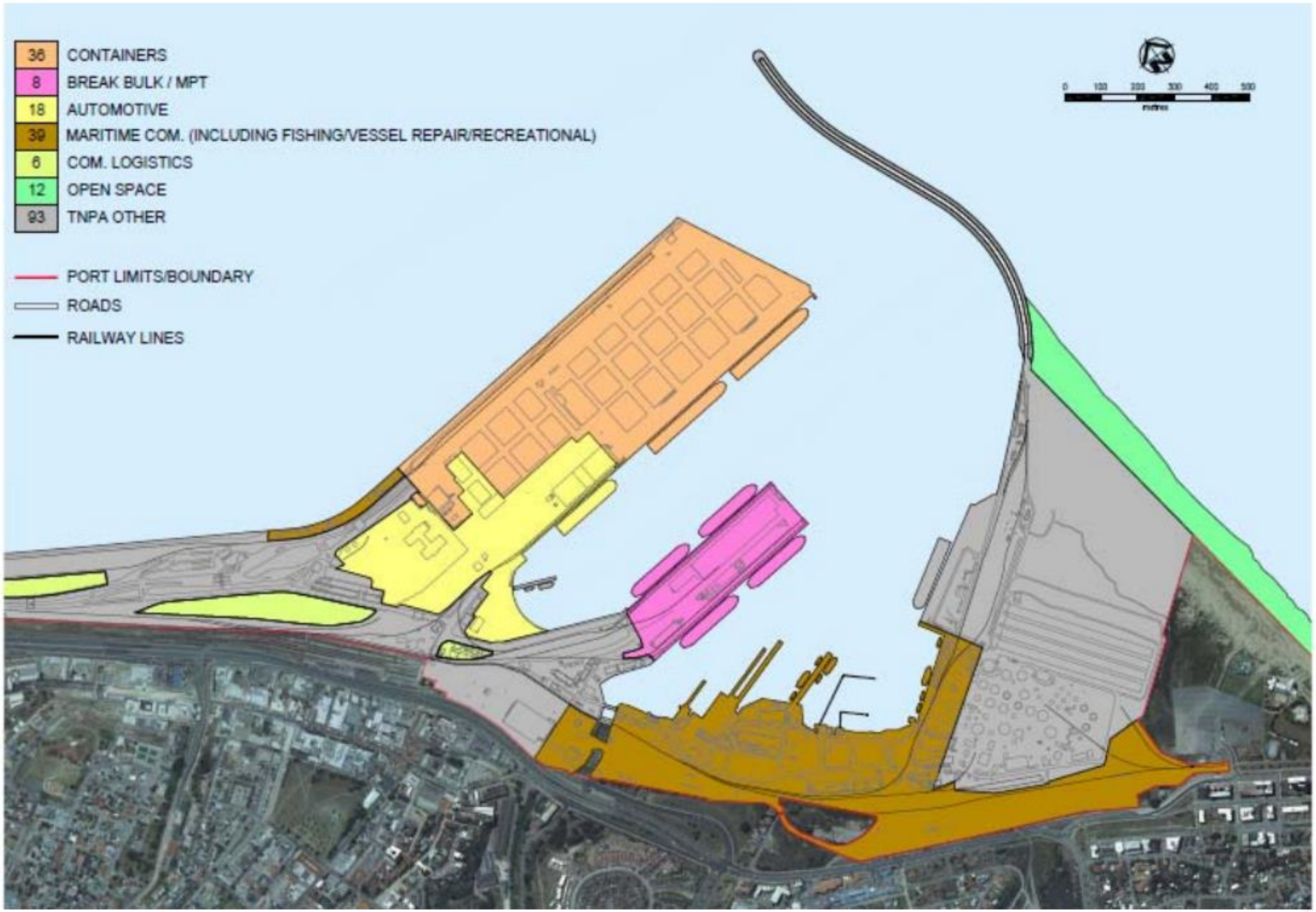
Port of Port Elizabeth – Short Term Layout [2019]

TRANSNET
delivering freight reliably



PORT OF PORT ELIZABETH – SHORT TERM LAYOUT (2019)

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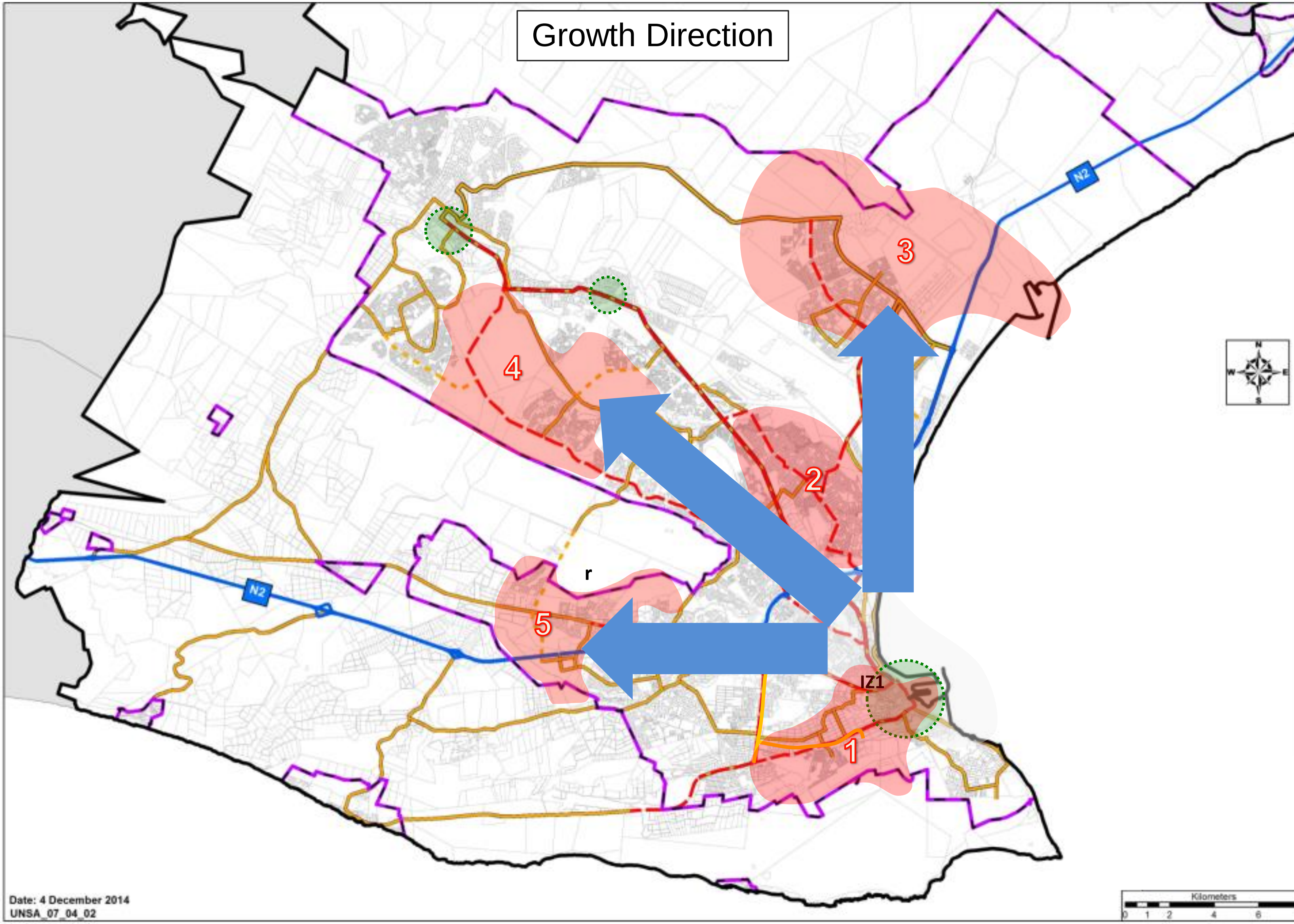
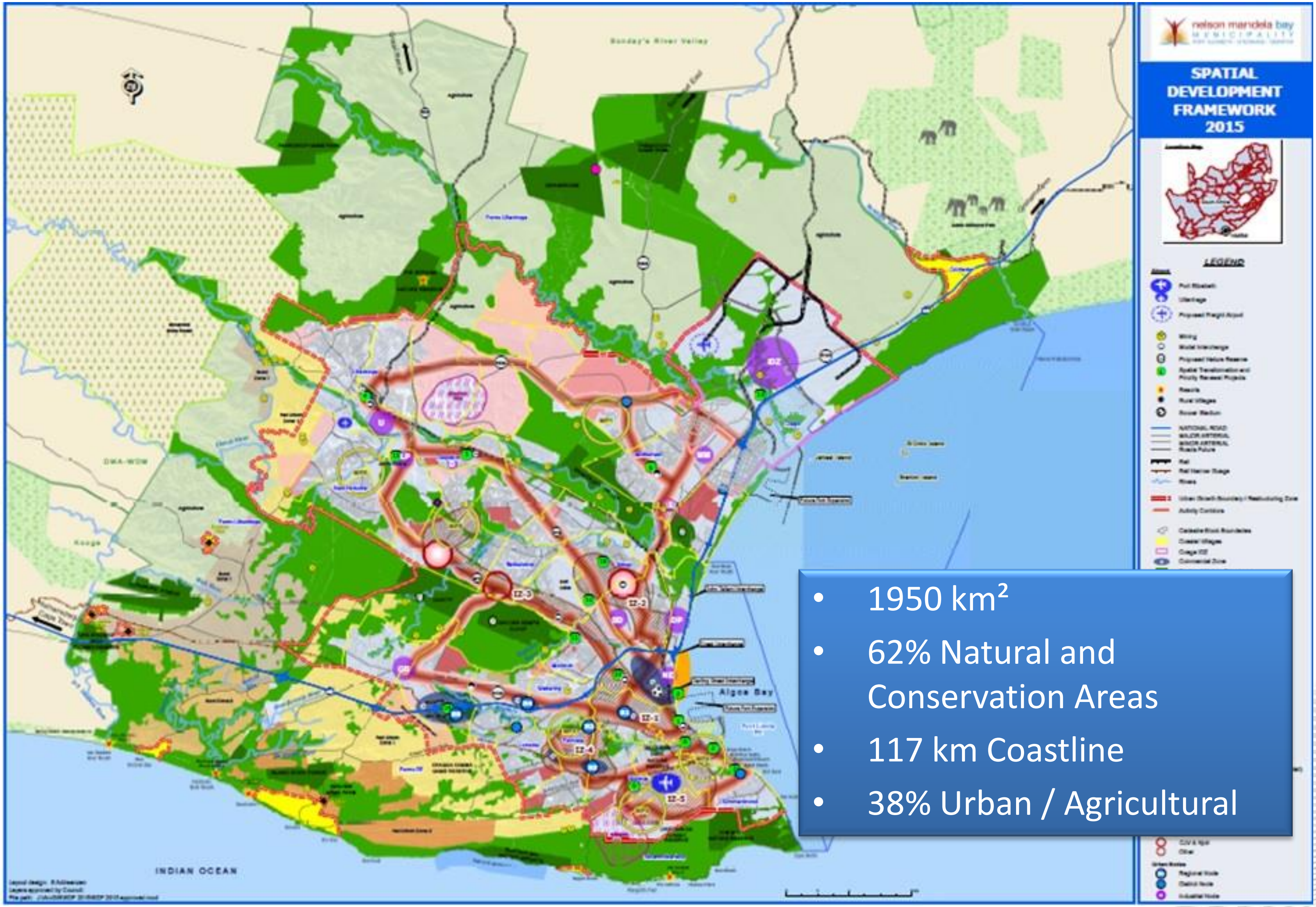
Spatial Economic Relationships

URBAN DEVELOPMENT TRENDS



BAYWEST – STRATEGICALLY LOCATED

METROPOLITAN SPATIAL DEVELOPMENT FRAMEWORK



- 1950 km^2
- 62% Natural and Conservation Areas
- 117 km Coastline
- 38% Urban / Agricultural

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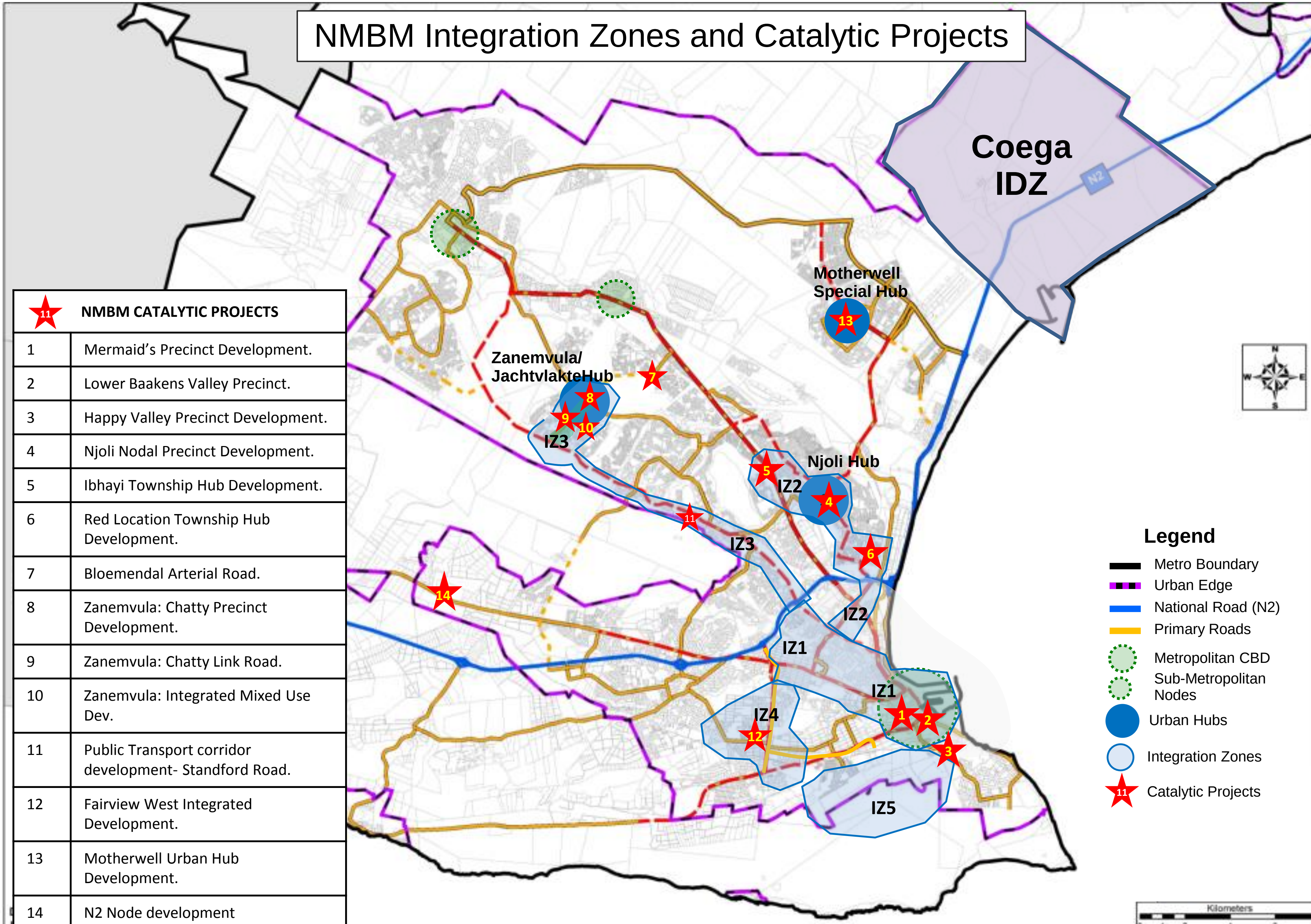
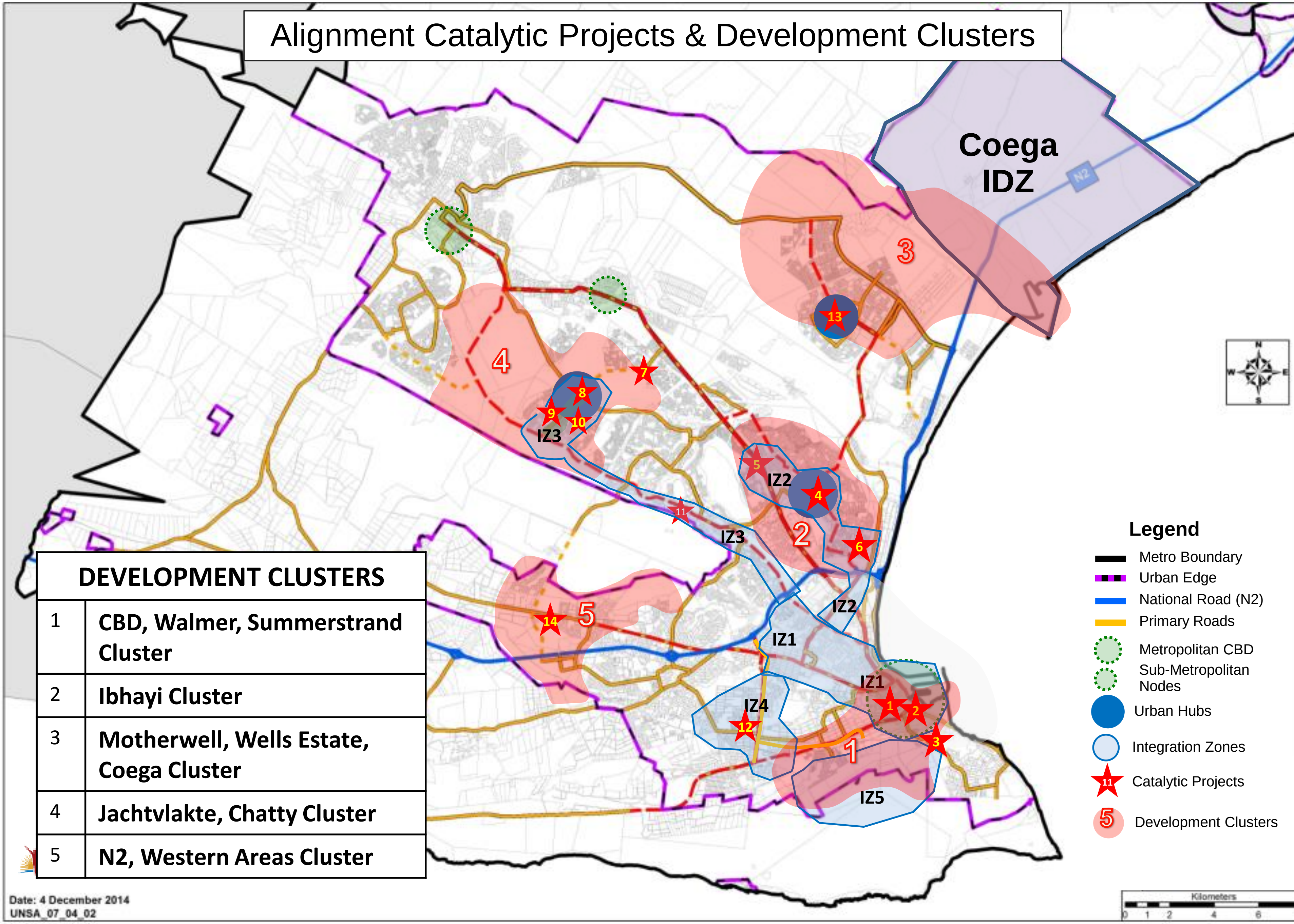
NMBM Integration Zones and Catalytic Projects



	NMBM CATALYTIC PROJECTS
1	Mermaid's Precinct Development.
2	Lower Baakens Valley Precinct.
3	Happy Valley Precinct Development.
4	Njoli Nodal Precinct Development.
5	Ibhayi Township Hub Development.
6	Red Location Township Hub Development.
7	Bloemendal Arterial Road.
8	Zanemvula: Chatty Precinct Development.
9	Zanemvula: Chatty Link Road.
10	Zanemvula: Integrated Mixed Use Dev.
11	Public Transport corridor development- Standford Road.
12	Fairview West Integrated Development.
13	Motherwell Urban Hub Development.
14	N2 Node development

CATALYTIC PROJECTS

Alignment Catalytic Projects & Development Clusters

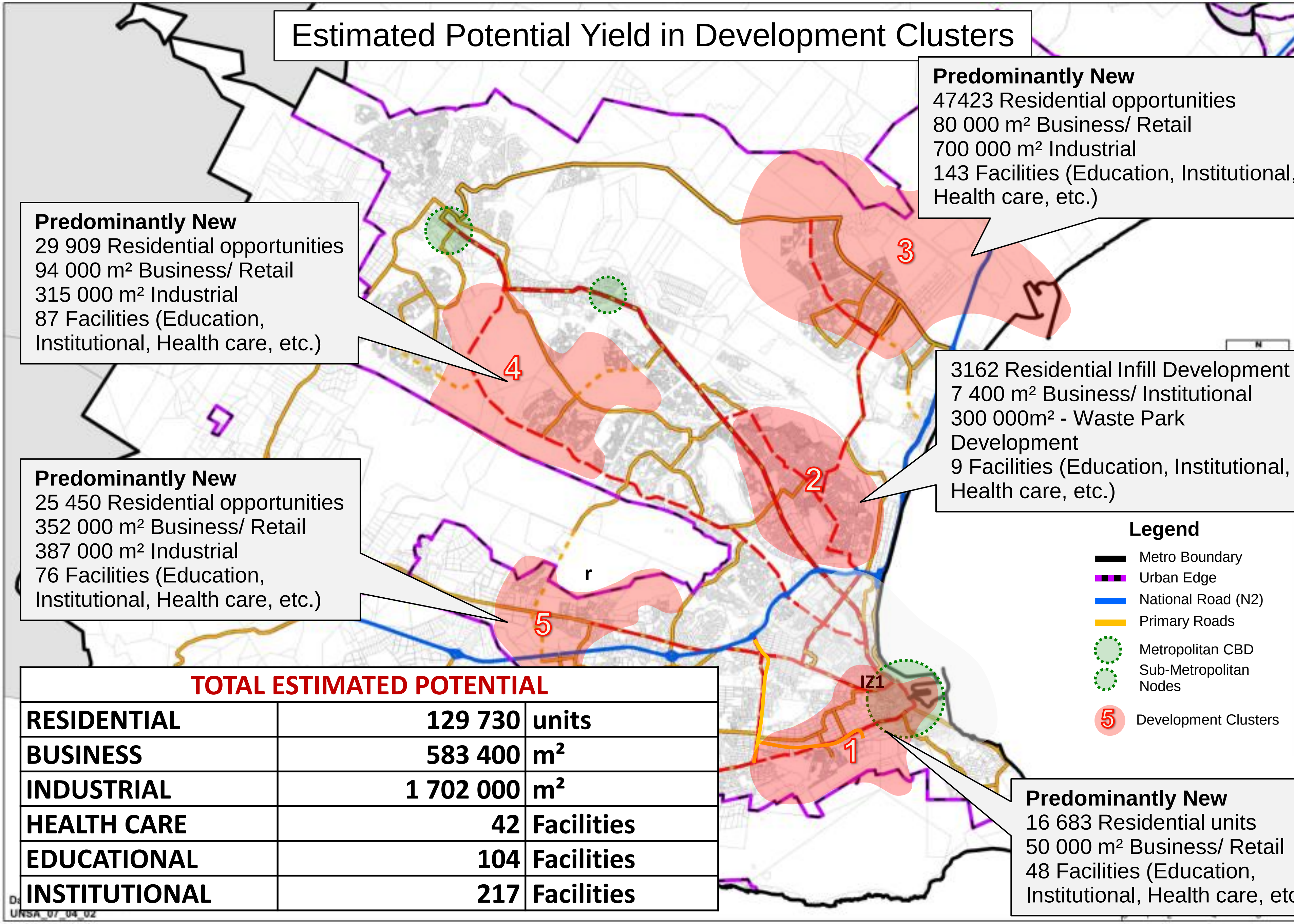


DEVELOPMENT CLUSTERS	
1	CBD, Walmer, Summerstrand Cluster
2	Ibhayi Cluster
3	Motherwell, Wells Estate, Coega Cluster
4	Jachtvlakte, Chatty Cluster
5	N2, Western Areas Cluster

DEVELOPMENT CLUSTERS

ESTIMATED DEVELOPMENT YIELD

Estimated Potential Yield in Development Clusters



Predominantly New
47423 Residential opportunities
80 000 m² Business/ Retail
700 000 m² Industrial
143 Facilities (Education, Institutional, Health care, etc.)

Predominantly New
29 909 Residential opportunities
94 000 m² Business/ Retail
315 000 m² Industrial
87 Facilities (Education, Institutional, Health care, etc.)

3162 Residential Infill Development
7 400 m² Business/ Institutional
300 000m² - Waste Park Development
9 Facilities (Education, Institutional, Health care, etc.)

Predominantly New
25 450 Residential opportunities
352 000 m² Business/ Retail
387 000 m² Industrial
76 Facilities (Education, Institutional, Health care, etc.)

Predominantly New
16 683 Residential units
50 000 m² Business/ Retail
48 Facilities (Education, Institutional, Health care, etc.)

TOTAL ESTIMATED POTENTIAL		
RESIDENTIAL	129 730	units
BUSINESS	583 400	m²
INDUSTRIAL	1 702 000	m²
HEALTH CARE	42	Facilities
EDUCATIONAL	104	Facilities
INSTITUTIONAL	217	Facilities

Moody's Investor Services – Press Release

Johannesburg, November 10, 2014 –

"Moody's Investors Service has today downgraded by one notch, the long-term issuer ratings of nine South African regional and local governments (RLG's) and two government-related entities. Moody's has assigned stable outlooks on the ratings, except for Mbombela.

Moody's also affirmed the **long-term issuer rating of Nelson Mandela Bay at A1.za** and **changed its outlook to stable** from negative, and affirmed the long term issuer ratings of Bergrivier Municipality and of SANRAL at Baa3.za/P-3.za and Baa3/P-3 A3.za/P-2.za respectively...

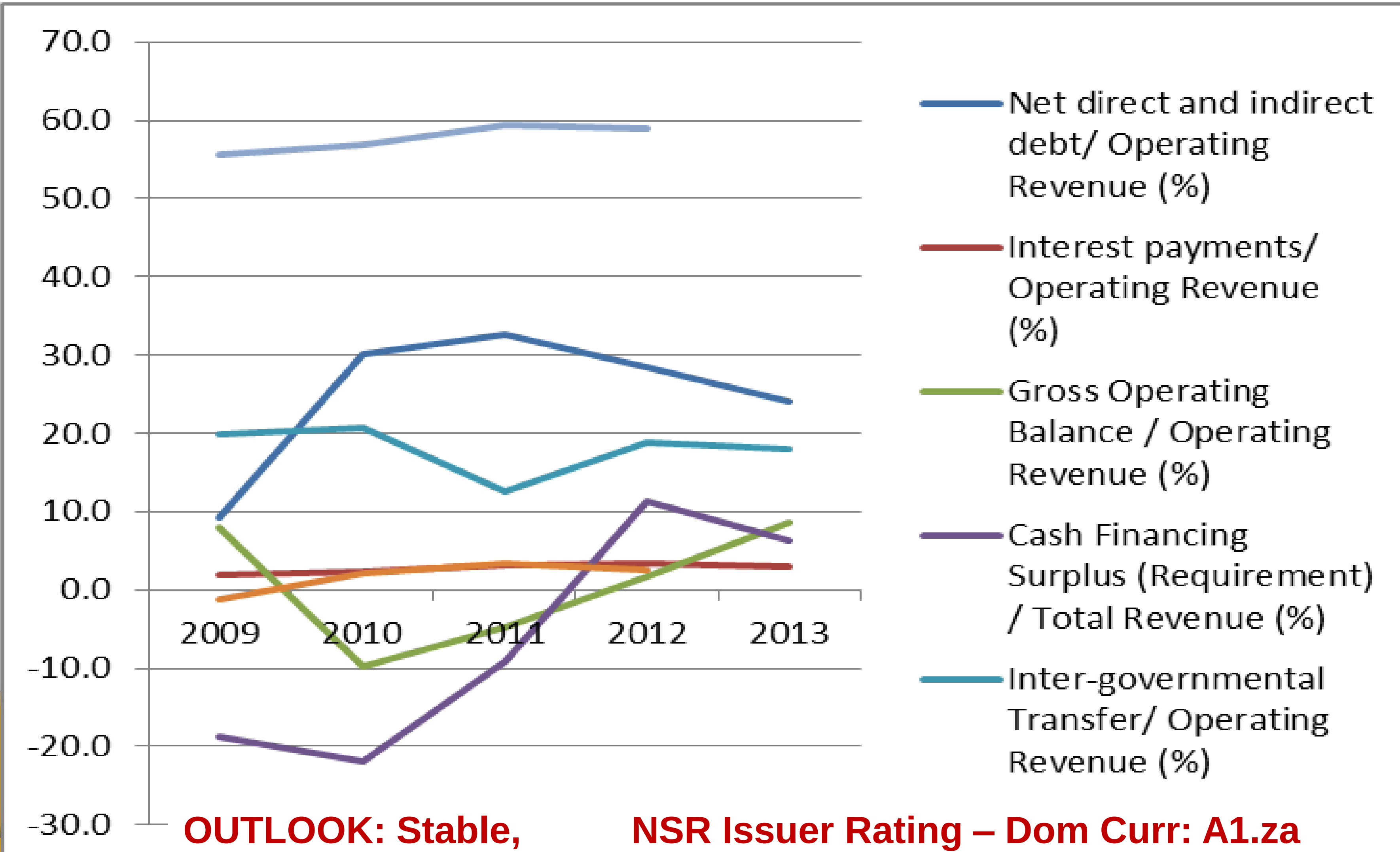
Moody's downgraded all metropolitan cities' long-term ratings by one notch, with the exception of Nelson Mandela Bay to reflect the deterioration of South Africa's credit profile as captured by Moody's recent downgrade of South Africa's government bond rating to Baa2 (stable) from Baa1 (negative). The short-term ratings remain unaffected.

The rating affirmation and outlook change reflect Nelson Mandela Bay's:

1. Lack of **borrowing plans over the next three years**;
2. **Low debt-to-operating revenue**, which is projected to reach 15% in 2016, which is at the lowest level relative to rated metropolitan municipalities;
3. Moody's expectation for **debt-to-operating revenue to be in line with those of Cape Town and Ekurhuleni in 2014**, while the latter two are projected to moderately increase their debt in the medium term; and
4. The city's **improvement in its liquidity profile** in 2014, which compares well with those of Cape Town and Ekurhuleni."

MOODY'S LATEST CREDIT RATING

KEY INDICATORS	2009	2010	2011	2012	2013
Net direct and indirect debt/ Operating Revenue (%)	9.2	30.1	32.7	28.4	24.1
Interest payments/ Operating Revenue (%)	2.0	2.4	3.2	3.3	2.9
Gross Operating Balance / Operating Revenue (%)	7.9	-9.7	-4.8	1.7	8.7
Cash Financing Surplus (Requirement) / Total Revenue (%)	-18.7	-21.8	-9.1	11.4	6.3
Inter-governmental Transfer/ Operating Revenue (%)	20.0	20.7	12.6	18.8	18.0
Real GDP (% Change) [1]	-1.3	2.2	3.4	2.6	0.0
GDP per capita as % of National Average	55.6	56.8	59.3	58.9	0.0



OUTLOOK: Stable, NSR Issuer Rating – Dom Curr: A1.za

Moody's Last credit rating of NMBM - 201411 Cont

Summary Rating Rationale

The A1.za national scale issuer rating (negative outlook) of Nelson Mandela Bay Metropolitan Municipality takes into account the **city's solid financial performance** and **low and declining debt levels**. Continued fiscal consolidation has led to a **continuously robust financial performance** and a **comfortable liquidity position**. However, the city's plan to self-finance its **capital programme may put pressure on liquidity**. We note positively that this strategy should lead to a sustained decline in the current moderate debt levels over the medium-term rating horizon. The rating is also supported by a **relatively large economic base**, albeit concentrated on the automotive industry.

On 10 November 2014, Moody's affirmed the long term issuer ratings of Nelson Mandela Bay at A1.za.

National Peer Comparison

Nelson Mandela Bay Metropolitan Municipality is **rated at the high end of the range of South African Municipalities**, whose ratings span from A1.za to Baa3.za. The city's relatively **good and improving financial position** reflects:

1. **Debt and debt-service levels that are lower than the median** of its national peers and, according to official projections, these levels will further reduce; and
2. Its **robust financial performance**.

Cashflow (R million)

	Audited	Audited	Audited	Audited	Audited	Audited	Draft	Estimated	Estimated	Estimated
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Cash & cash Equivalents at beginning of period	1 931.0	926.3	671.8	486.0	1 214.9	1 580.8	1 608.1	1 422.9	1 703.1	2 110.2
Add Operating Receipts	5 182.4	5 313.6	7 332.5	7 634.1	7 204.3	7 527.8	8 979.0	9 067.4	9 845.5	10 755.4
Less Operating payments	-3 815.3	-4 301.1	-6 259.2	-5 670.9	-5 490.7	-5 740.3	-7 448.2	-7 086.2	-7 753.3	-8 528.6
Less Cash Used for Investing Activities	-2 303.8	-2 379.8	-1 640.2	-1 156.9	-1 259.1	-1 661.1	-1 603.0	-1 596.9	-1 591.2	-1 627.8
Less Cash Used for Financing Activities	-68.0	1 112.8	381.1	-77.4	-88.6	-99.1	-113.0	-104.1	-93.9	-86.4
Cash & cash Equivalents at end of period	926.3	671.8	486.0	1 214.9	1 580.8	1 608.1	1 422.9	1 703.1	2 110.2	2 622.8

Capital expenditure and funding (R m)

	Audited	Audited	Audited	Audited	Audited	Audited	Draft	Est	Est	Est
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Capital Expenditure	2 825.8	2 351.9	1 517.7	1 126.3	1 195.8	1 575.6	1 560.1	1 612.5	1 597.3	1 644.9
Capital Grants & Transfers	926.6	993.7	501.0	919.2	895.3	1 027.0	897.8	962.1	1 032.5	1 061.5
Own resources	1 899.20	1 358.20	1 016.70	207.10	300.50	548.60	662.30	650.40	564.80	583.40

Budgets and annual financial statements (R m)

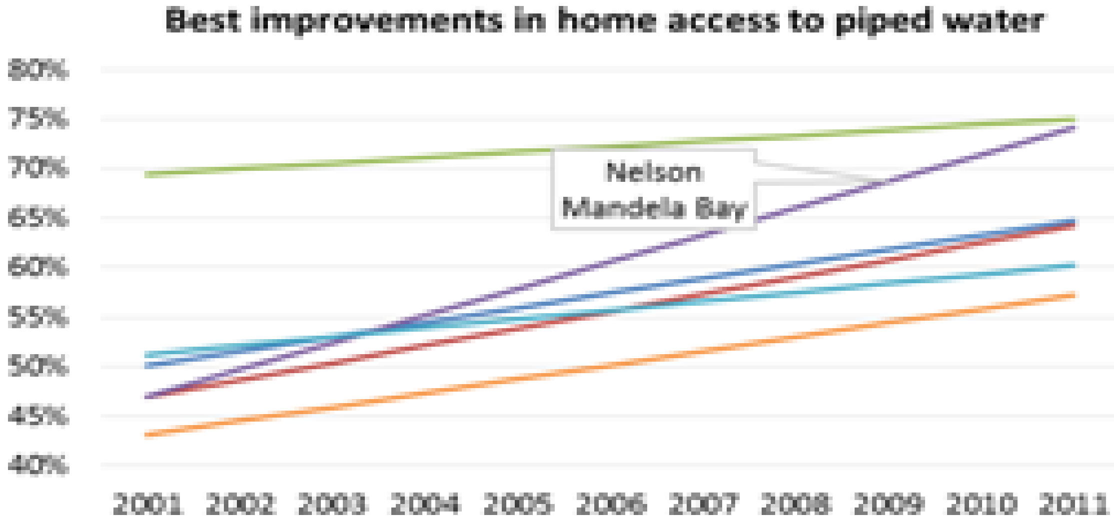
	Audited	Audited	Audited	Audited	Audited	Audited	Draft	Est	Est	Est
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Operating Income Excl GGR	4 356.0	5 170.4	5 832.0	6 424.4	7 060.3	7 473.9	8 291.3	8 885.4	9 698.4	10 698.9
Operating Expenditure	-4 225.1	-5 656.4	-6 344.6	-6 981.8	-7 083.7	-7 376.1	-8 687.9	-8 819.8	-9 458.9	-10 318.9
True Surplus (Deficit)	130.9	-486.0	-512.6	-557.4	-23.4	97.8	-396.6	65.6	239.5	380.0
Add GGR	926.6	993.7	501.0	919.1	895.3	1 027.0	897.8	962.1	1 032.5	1 061.5
Surplus (Deficit)	1 057.5	507.7	-11.6	361.7	871.9	1 124.8	501.2	1 027.7	1 272.0	1 441.5
Capital Expenditure	2 825.8	2 351.9	1 517.7	1 126.3	1 195.8	1 575.6	1 560.1	1 612.5	1 597.3	1 644.9

Ratios

	Audited	Audited	Audited	Audited	Audited	Audited	Draft	Est
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Borrowing to Asset Ratio	3.3%	10.9%	13.2%	12.2%	10.9%	9.5%	8.3%	7.5%
Borrowing to Own Capital expenditure	0.0%	83.5%	44.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt servicing to Operating Revenue	3.2%	3.2%	4.6%	4.5%	4.2%	4.0%	3.2%	3.0%
Debt to Equity	28.0%	37.8%	39.4%	40.7%	36.7%	32.0%	29.1%	29.5%
Current Ratio	1.04:1	0.99:1	0.76:1	0.97:1	1.14:1	1.41:1	1.12:1	1.16:1
Liquidity Ratio	0.45:1	0.33:1	0.26:1	0.55:1	0.68:1	0.71:1	0.63:1	0.48;1
Annual Debtors Collection Rate	107.0%	93.8%	96.9%	94.5%	92.6%	93.7%	94.3%	95%
Outstanding Debtors to Revenue	27.4%	25.1%	15.4%	13.4%	14.0%	20.0%	20.8%	17.8%
Cost coverage (days)	74.4	2.2	13.9	36.6	59.3	70.3	73.7	46.5

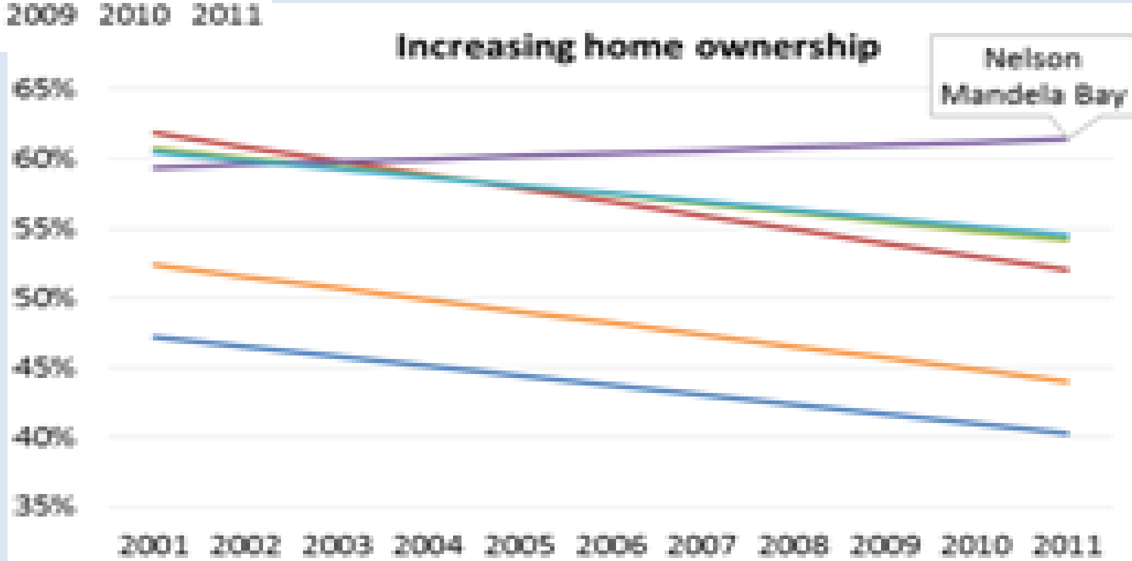
Stats SA data confirms progress ...

Development



- NMB metro has effectively delivered its social packages (housing and basic services)
- Highest % access to formal housing and piped water has massively increased household wealth

- Household asset wealth not used for economic participation
- Ongoing acceleration in population growth rate unlike other metros
- Trajectory not sustainable without economic growth and development
- Labour-intensive, shared growth is the essential ingredient for future municipal revenues



Achievements

NMMB is the largest contributor to the EC economy, generating 42% of the provincial GGP.

NMMB has delivered 74 995 housing units, i.e. an average of 4680 per annum, between 1997 – 2013

Access to water
100 % of formal households in the urban edge

Access to electricity
96,80% of households on formally surveyed sites

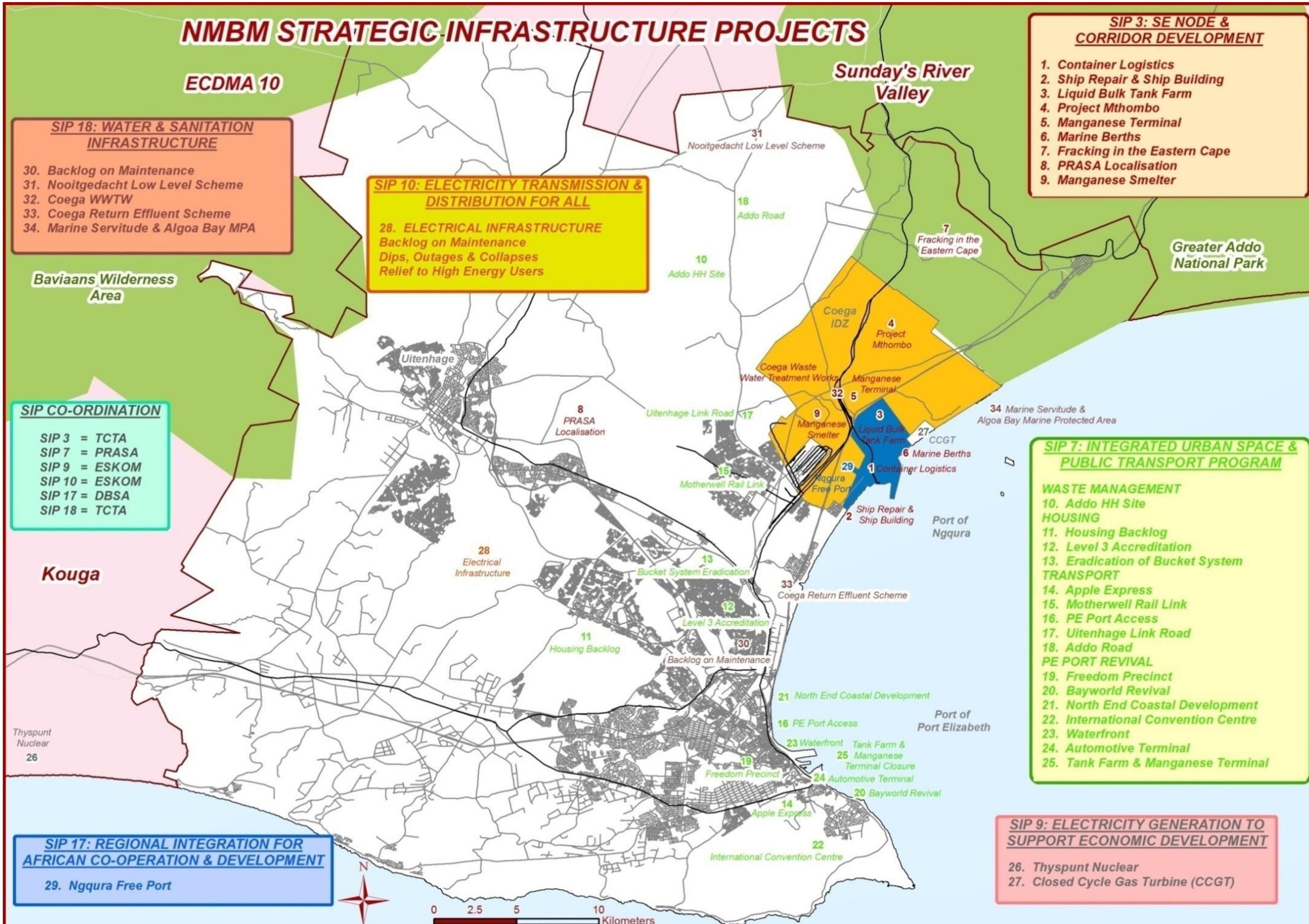
Access to sanitation
90,92% of households

Access to waste collection
99,98% of households in the urban edge

Properties within Nelson Mandela Bay are valued at over R95 billion.

The Metro plans to create almost 50 000 housing opportunities.

CDC Annual Report 2014: NMBM Dependent SIP Projects



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Spatial Economic Relationships

Moody's Last credit rating of NMBM (2014/11)/… cont

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South Africa's new **investment hotspot**

We invite you to our Investor's Workshop on 18 September 2015.
It aims to bring together Government and Private Sector Investors.
State owned Enterprises (SOE's) will also be there.
This is an opportunity to connect with prime investment opportunities.

Who to contact at NMBM

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