

04 February 2008

Infrastructure Services
Sol Plaatje Municipality
Kimberley

Fax: 053-8315955
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Att: Mr K.A. Bogacwi

C.C: Mr R.D. Pretorius (City Electrical Engineer)
Mr G. De Bruin (Strategy , Economic Dev. & Planning)

Dear Sir's ,

Re: Northgate (Kimberley) Development – Electrical Bulk

With reference to Council Resolution C595/07 , we would hereby like to confirm receipt of your correspondence Ref.No.: 16/2/8-MID dated 03 January 2008 and would like to comment as follows.

Phase 1 (Triangle Estate) – 630 Apartments

Our electrical engineers bulk study for Phase 1 “Annexure A” , as submitted to the Sol Plaatje Municipality indicated that the existing Midlands Substation has 2 MVA spare capacity which is adequate to accommodate Phase 1.

We would like written confirmation from Sol Plaatje Municipality in the above regard and acceptance of our Cost Estimate (Phase 1) “Annexure B” , so that we may immediately proceed with the implementation of this Phase.

It must please be noted by all parties that the whole Northgate Development is based on the delivery of affordable housing from R 250,000 – R 500,000 and that unrealistic requirements for the payment of bulk services cannot be considered.

We would like to bring "Annexure D" to your attention as this shows Municipal revenue from the various Phases.

Phase 2 – 8 (Northgate) – 5692 Residential Opportunities

We refer to your memorandum "Annexure C" included in the Council Resolution C595/07 and your correspondence and would like to comment as follows:

We have commissioned bulk studies and other reports by professionals and consultants with regards to the bulk electricity supply and it has become evident that the Sol Plaatje Municipality is attempting to use the Northgate Development to pay for past sins and future bulk requirements.

- a) The planned development of 5000 erven of Lerato Park has nothing to do with our development and we will not consider payment of any bulk services which will contribute to the upgrade of bulk service to Lerato Park or Legaeng.
- b) All commissioned reports have confirmed that the Northgate Development will require a total of 30 MVA , allowing an addition 15% capacity which has already been allowed in the 30 MVA means that we will require maximum 35 MVA for the total development.
- c) As far as the upgrading by ESKOM , we will address this issue and furnish Sol Plaatje Municipality with a firm commitment by ESCOM to supply the necessary power and upgrades within 18 months of this date.
- d) Sol Plaatje Municipal upgrades should amount to the following:

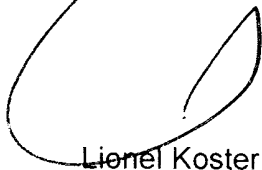
* Upgrade feeder bays at H.A. Morris Substation	R 2,190,000
* Upgrade Midlands Substation (2 x 25 MVA Trfrs)	R 12,860,000
* Establish Northgate Substation (2 x 20 MVA Trfrs)	R 13,125,000
* Raising of 66kV O/H line	R 650,000
- i) Northern Cape Property Investment Holdings will make available be sum of R 28,825,000 (Twenty Eight Million Eight Hundred and Twenty Five Thousand Rand) to Sol Plaatje Municipality within 120 days of a firm commitment by Sol Plaatje Municipality to deliver the 35 MVA bulk electricity supply to the Northgate Development within a stipulated and agreed timeframe.

- ii) If Sol Plaatje Municipality cannot commit to the above within 21 working days , NCIPH will proceed to partition National Government for the right to institute our own bulk electricity supply for our development.
- iii) Attached "Annexure D" shows the estimated revenue for Sol Plaatje.

It has become clearly evident that although the Sol Plaatje Municipal district and Northern Cape provincial capital has a severe shortage of the type of affordable housing for which we have committed delivery the Municipality is not attempting to assist in alleviating this problem , but would be more than happy to collect the revenue associated with this type of development. The growth and future of Sol Plaatje and the Northern Cape provincial capital is being stunted and the public are not receiving housing due to your non commitment.

We would like to thank you in advance.

Kind Regards
(For NCIPH & Group1)



Lionel Koster
(Managinng Director)