



**AIRPORTS COMPANY  
SOUTH AFRICA**

**AIRPORTS COMPANY SOUTH AFRICA SOC LTD**

*(Incorporated in the Republic of South Africa with limited liability under Registration Number 1993/004149/30)*

---

**INFORMATION STATEMENT**

---

Under the Airports Company South Africa SOC Ltd ZAR30,000,000,000 Domestic Medium Term Note Programme (the “**Programme**”), Airports Company South Africa SOC Ltd (the “**Issuer**”) may from time to time issue notes (the “**Notes**”) pursuant to the Programme Memorandum dated on or about 10 December 2019, as amended and/or supplemented from time to time (“**Programme Memorandum**”).

This document constitutes an Information Statement under the Programme and replaces, with effect from 10 December 2019, the Information Statement dated on or about 13 December 2010.

References in this Information Statement to the Terms and Conditions are to the section of the Programme Memorandum headed “*Terms and Conditions of the Notes*”. Capitalised terms used in this Information Statement shall bear the meanings ascribed to them in the Terms and Conditions, except to the extent that they are separately defined in this Information Statement or it is clearly inappropriate from the context.

This Information Statement must be read in conjunction with the Programme Memorandum and, in relation to a Tranche of Notes, the Applicable Pricing Supplement relating to that Tranche.

---

Information Statement dated 10 December 2019.

---

**TABLE OF CONTENTS**

---

	<i>Page</i>
DESCRIPTION OF AIRPORTS COMPANY SOUTH AFRICA SOC LTD	3
RISK FACTORS	20

Handwritten initials and signatures in the bottom right corner. It includes a circled 'AD', a signature that appears to be 'M', another signature that looks like 'L', and the letters 'L.P.' written below.

---

## DESCRIPTION OF AIRPORTS COMPANY SOUTH AFRICA SOC LTD

---

*Capitalised terms used in this Information Statement shall bear the meanings ascribed to them in the Terms and Conditions, except to the extent that they are separately defined in this Information Statement or it is clearly inappropriate from the context.*

### 1. INTRODUCTION

The Issuer is a state-owned company (as that term is defined in the Companies Act, No. 71 of 2008, as amended (the “**Companies Act**”)) and was established in 1993 under the Airports Company Act, No. 44 of 1993, as amended (the “**Airports Company Act**”) and the Companies Act, No. 61 of 1973, as amended. Although the Issuer is majority owned by the South African Government, the Issuer is legally and financially autonomous and operates under commercial law. The Issuer currently manages a network of nine airports in South Africa, including the three main international gateways namely, O.R. Tambo International, Cape Town International and King Shaka International Airports.

The Issuer has two distinct revenue streams, which have generated similar income for the past few years. One source is defined as aeronautical income and is derived from regulated charges or tariffs. These consist of aircraft landing and parking charges, and passenger service charges. The non-aeronautical income is generated from commercial undertakings and flows from retail concessions, car parking, car rental concessions, advertising concessions, property leases and hotel operations.

Another component of non-aeronautical revenue is generated by technical services agreements, management contracts and other advisory services for international and local airports. The technical services agreements are linked to international airport concessions. The Issuer formed part of a consortium that took over the expansion and management of Chhatrapati Shivaji International Airport in Mumbai, India. The success of the venture in India encouraged the Issuer’s Commercial Services division to seek similar opportunities elsewhere. Such undertakings allow the leveraging of the pool of skills and experience that the Issuer has amassed over the years to grow the business and increase shareholder value.

The Issuer, in partnership with the Brazilian company, Invepar, was successful in a bid to manage the development, maintenance and operations of Guarulhos International Airport in São Paulo, Brazil, the busiest international airport in Latin America. The consortium with Invepar owns 51 percent of the airport concession, with 49 percent being held by Infraero, the previous airport operator. The Issuer owns 20 percent of the consortium with Invepar.

The nine South African airports managed by the Issuer are registered on the largest worldwide airport service quality (ASQ) programme, under the auspices of Airports Council International, which represents 98 percent of the world’s airports.

The nine South African airports owned and managed by the Issuer are major generators of direct and indirect employment and business opportunities, providing the core of development nodes. The concept of the ‘aerotropolis’, where a range of manufacturing, logistics and commercial facilities, complemented by hotels, retail outlets, entertainment complexes and offices are clustered around an airport is likely to further accelerate the core role of airports. This is particularly true for King Shaka International Airport and its associated Dube Trade Port and the drive for an aerotropolis surrounding O.R. Tambo International Airport, which is directed by Ekurhuleni Metropolitan Municipality. The Issuer will seek to continue to play its role as a key driver of South Africa’s economy by striving to demonstrate socioeconomic and environmental responsibility through its activities and programmes.



Handwritten signatures and initials, including a large circular signature, a signature with 'H.P.' above it, and a signature with 'L.P.' to its right. A page number '3' is written at the bottom right.

## 2. LEGAL STRUCTURE

The Issuer's subsidiaries, investment in joint ventures and associates are listed in the table below:

Name	Year of inception	Description
<b>100%-owned subsidiaries</b>		
ACSA Global Ltd	2006	The investment holding company through which the Issuer holds its 10% interest in Mumbai International Airport Private Limited.
Airport Consultancy and Advisory Services SOC Ltd	2016	The provision of airport consultancy and advisory services to airports in South Africa and internationally.
JIA Piazza Park (Pty) Ltd	1998	The holding company through which the Issuer operates the InterContinental Hotel at O.R. Tambo International Airport.
Precinct 2a Investments SOC Ltd	1998	A company through which the Issuer owns approximately 250 hectares of land adjacent to O.R. Tambo International Airport. The strategy is to redevelop property for aeronautical and non-aeronautical purposes to grow rental property income.
<b>Special Purpose Entities</b>		
Lexshell 342 Investment Holdings (Pty) Ltd	1999	An employee share option entity wholly owned by the Airports Company South Africa Kagano Trust. The entity and the scheme are dormant.
Airport Management Share Incentive Scheme (Pty) Ltd	1999	Employee share incentive scheme that holds investments (specifically company ordinary shares) on behalf of the Issuer's participating employees. The entity and the scheme are dormant.
Sakhisizwe Community Programme NPC	1996	Non-profit company (education).
<b>Investments in joint ventures</b>		
Airport Logistics Property Holdings (Pty) Ltd (50% shareholding)	2003	A property holding company with the Bidvest group that owns three distribution warehouses at O.R. Tambo International Airport and Cape Town International Airport.
<b>Investments in associates</b>		
La Mercy JV Property Investments (40% shareholding)	2009	Land development and property investment company in collaboration with Dube Trade Port Corporation. The Issuer's strategy is to build an investment property portfolio at King Shaka International Airport – Dube Trade Port through land-lease agreements.
Mumbai International Airport Private Limited (10% shareholding through ACSA Global Ltd)	2006	A company through which the Issuer holds a 30-year concession (with the option to renew for another 30 years) to develop, operate and maintain the Chhatrapati Shivaji International Airport in Mumbai.
Guarulhos International Airport Private Limited (10.2% shareholding through Aeroporto de Guarulhos Participações S.A.)	2012	A company in which the Issuer holds a 20-year concession to develop, operate and maintain the Guarulhos International Airport in São Paulo.

Handwritten signatures and initials are present at the bottom right of the page, including a large signature and several smaller initials.

### 3. COMPANY HISTORY

The Issuer is a state-owned company (as that term is defined in the Companies Act) and was established in 1993 under the Airports Company Act and the Companies Act, No. 61 of 1973, as amended. The Issuer is also a major public entity as described in Schedule 2 of the Public Finance Management Act, No. 1 of 1999, as amended (“PFMA”).

Pursuant to an agreement entered into in 1993 by the Government of the Republic of South Africa (the “Government”) and the Issuer, all the operations, assets and liabilities of the three international airports (O.R. Tambo International Airport, Cape Town International Airport and King Shaka International Airport) and six national airports were transferred from the Government to the Issuer. Following the transfer, the Government became the sole shareholder in the Issuer.

In April 1998, Aeroporti di Roma (“AdR”) was selected as the preferred bidder and acquired a 20 percent equity interest in the Issuer. In that same year, the Government sold an additional 4.2 percent and 1.2 percent equity interest in the Issuer to various empowerment groups and the Issuer's staff respectively. This resulted in the Government holding an equity interest of 74.6 percent in the Issuer.

Subsequently in December 2005, AdR disposed of its 20 percent shareholding in the Issuer to the Public Investment Corporation SOC Ltd (“PIC”).

### 4. MANDATE

The Issuer is mandated to undertake the acquisition, establishment, development, provision, maintenance, management, operation and control of any airport, any part of any airport, or any facility or service at any airport normally related to an airport function. This mandate is in line with the Airports Company Act.

### 5. SHAREHOLDING

The current shareholding structure of the Issuer is shown in the table below:

Shareholder	% Shareholding
South African Government	74.6%
PIC	20.0%
Minority shareholders	4.2%
Staff share incentive scheme*	1.2%
	<b>100%</b>

\*Footnote: Staff share incentive scheme is dormant as the scheme is being dissolved.

#### Description of major shareholders:

##### South African Government

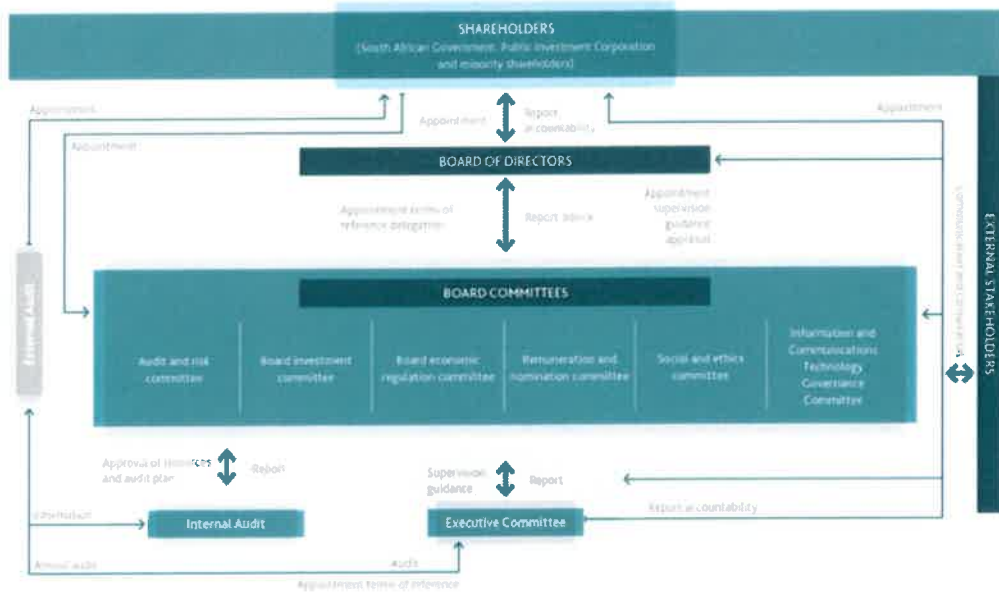
The Government is the majority shareholder in the Issuer and holds an equity interest of 74.6 percent. The shareholder representative is the Minister of Transport, through the national Department of Transport (“DoT”). The Issuer's airports are the first introduction to South Africa for visitors travelling by air who visit the country either on holiday or on business. Thus, the Issuer plays a major role of shaping the country's “brand”. The PFMA framework sets the oversight on the Issuer's budgets, commercial and investment decisions. The Airports Company Act provides for the Regulating Committee (the “Regulating Committee”), through the DoT, to determine the economic regulatory framework for the Issuer.

##### Public Investment Corporation SOC Ltd

The PIC was established in 1911 and it is one of the largest investment managers in Africa. The PIC is a registered financial services provider, wholly owned by the South African Government with the Minister of Finance as shareholder representative. The PIC's shareholding is held through AdR International Airports South Africa (Pty) Ltd, a wholly owned subsidiary of the PIC.



## 6. GOVERNANCE STRUCTURE



### Board of Directors

The Board Charter of the Issuer’s board of directors (the “**Board**”) defines the parameters of interaction for the Directors. It is a comprehensive policy document that clearly defines the Board’s values. The Board consists of a Non-Executive Chairman and Non-Executive Directors who are appointed by the shareholders, as well as the Executive Directors (including the Chief Executive Officer and Chief Financial Officer).

The Chief Executive Officer and Chief Financial Officer are appointed by the Board, with the consent of the Minister of Transport. The Board is responsible for strategic direction and provides oversight. The Board meets at least quarterly to determine policy and deliberate on material aspects of the business.

As at the Programme Date the Issuer had an Acting Chief Executive Officer and Acting Chief Financial Officer. The Chief Executive Officer and Chief Financial Officer appointment process is underway and pending such appointments the business of the Issuer continues in the normal course.

As at the Programme Date, the members of the Board are as follows:

Advocate Sandile Nogxina	Independent Non-Executive Chairman
Mr Yershen Pillay	Independent Non-Executive Director
Mr Pascalis Mathealira Mokupo	Independent Non-Executive Director
Ms Nosizwe Nokwe-Macamo	Lead Independent Non-Executive Director
Mr Nqobizitha Irvin Phenyane	Independent Non-Executive Director
Ms Phydellis Ntombifuthi Mvelase	Independent Non-Executive Director
<b>Company Secretary</b>	
Ms Fefekazi Sefara	24 Johnson Road The Maples Office Park Bedfordview 2047 South Africa

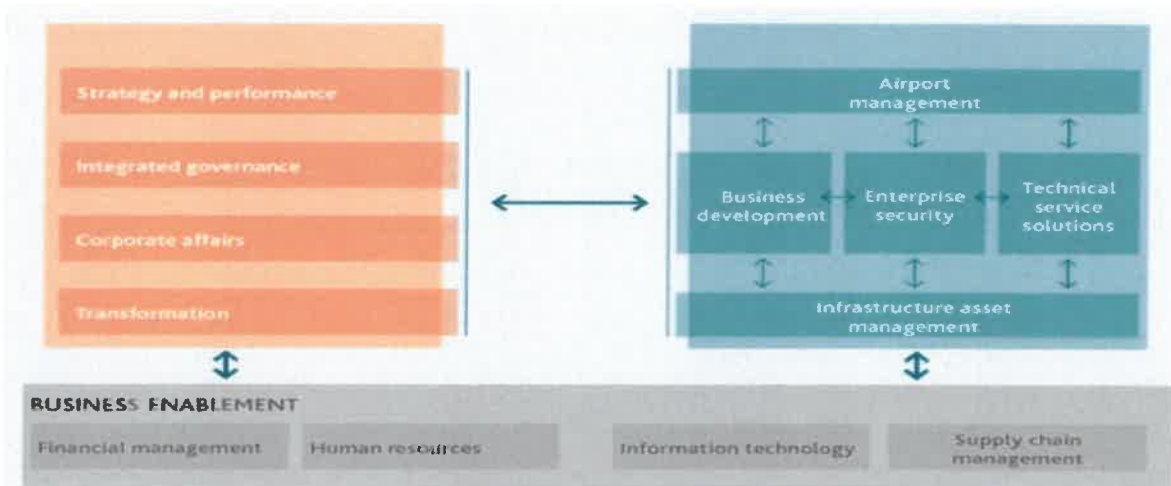
The CVs of the Board members can be viewed on the Issuer’s website through the link below:

<http://www.airports.co.za/about-us/executive-management/board-of-directors>

Handwritten signatures and initials are present in the bottom right corner of the page, including initials like 'H.S.', 'M.', and 'Y.R.' along with several scribbled signatures.

## Operating Structure

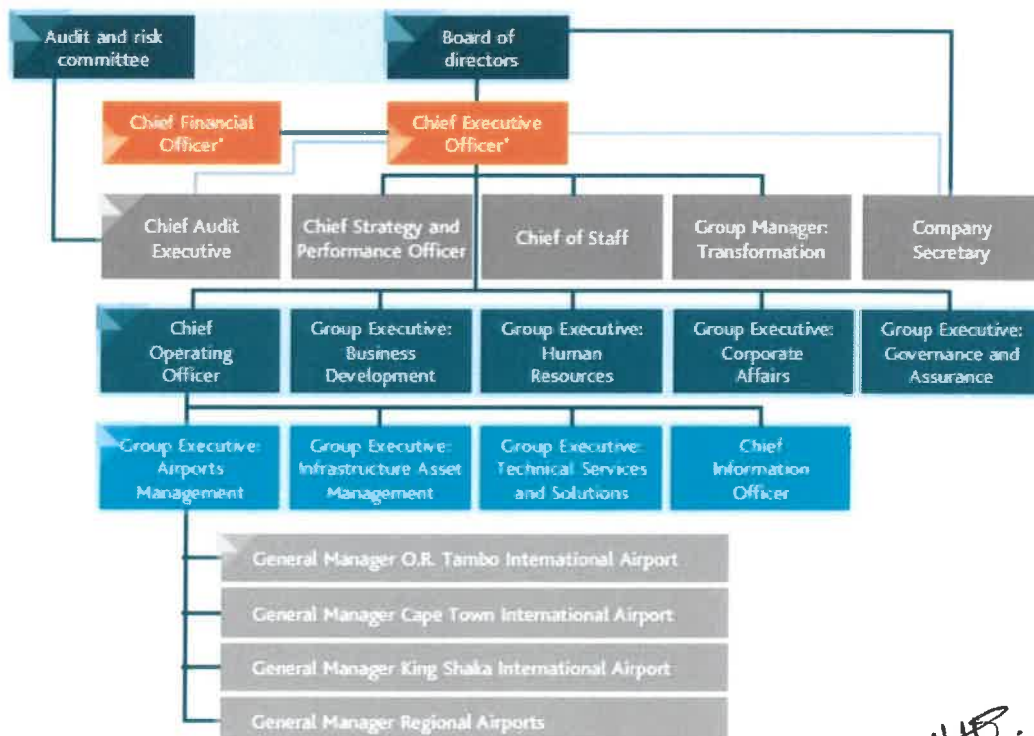
The operating structure is contained within the Issuer's governance framework and operating model.



## Executive Management

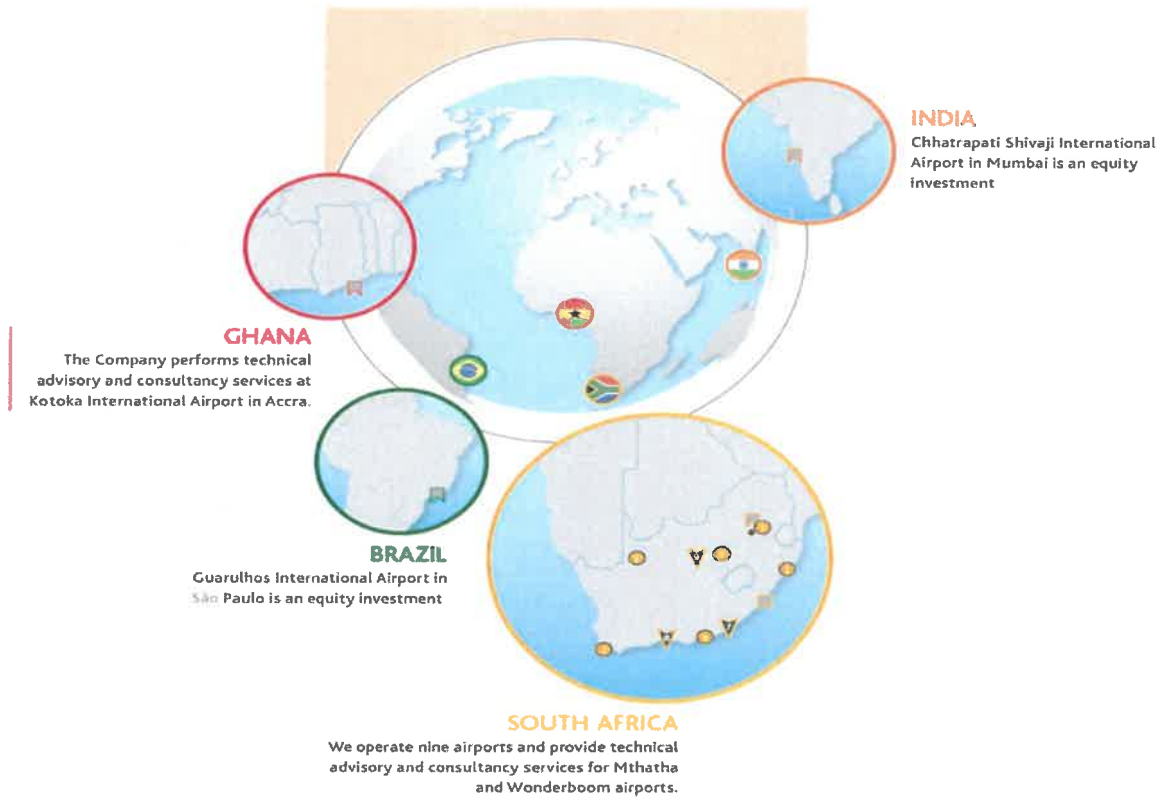
The executive committee, under the leadership of the Chief Executive Officer, is responsible for the day-to-day management and operations of the Issuer and implementation of the strategy.

The Issuer has a clear structure to support its governance procedures while defining levels of accountability.



*Handwritten notes and signatures:*  
 H.H.O.  
 K.M.  
 Y.P.  
 7  
 Pamm

## 7. GEOGRAPHIC FOOTPRINT



## 8. STRATEGY

As a state-owned company, the Issuer has a greater mandate than simply delivering profitability for its shareholders. The Issuer is mandated to advance South Africa's national agenda of economic growth and development while delivering a sustainably profitable business. The Issuer strives to fulfil this mandate by conducting its business in an ethical manner that enables inclusive growth and creates sustainable value for all stakeholders. The Issuer's three-pillar strategy, namely to run airports, develop airports and grow its footprint is supported by a Sustainability Framework. Each of these elements is aligned to the mission, vision and objectives. The strategy is implemented and performance is measured against a set of strategic objectives and key performance indicators.



### OUR STRATEGY



*Handwritten signatures and initials:*  
 A.H.S.  
 Y.P.  
 [Signature]  
 [Signature]

The effective implementation of the strategy will result in the following:

- Long-term sustainable **value creation**;
- **Strengthening reputation** and continuing to build win-win partnerships with stakeholders;
- Continuously improving the **passenger experience**;
- Identifying and securing **new business opportunities**;
- Managing and developing a **high-performance team**;
- Accelerating sustainability and **transformation programmes**;
- Reducing **environmental impact**.

## 9. SUSTAINABILITY FRAMEWORK

The Issuer's Sustainability Framework comprises three elements that guide the fulfilment of its mandate and ensure that its decisions and actions support its journey towards its Vision 2025, which is to be the most sought-after partner in the world for the provision of sustainable airport management services by 2025. The following three elements guide the Issuer's sustainability framework.



## 10. BUSINESS OPERATIONS

The core business of the Issuer is to provide and operate safe, secure and profitable airports. This provision requires ensuring that the development and maintenance of airport infrastructure is systematically planned and executed, and that the completed infrastructure is utilised in a manner that is compliant with legal, aviation and other regulated safety and security standards. Optimisation of infrastructure is an inherent component of the Issuer's responsibilities.

### 10.1 Airport operations

The increased traffic experienced by the Issuer's international airports places strain on the infrastructure and operational systems such as aircraft parking capacity, terminal building capacity and baggage handling systems. This is specifically relevant during peak or busy operating periods.

Handwritten signatures and initials, including "Y.P.", "M.M.", and "R.P.", are present at the bottom right of the page.

The Issuer strengthened its internal focus on running airports efficiently and developing them innovatively to accommodate growth, maintain high levels of service and enhance regional economies to make air travel accessible and affordable to more people.

The passenger traffic volume and aircraft movement statistics can be viewed on the Issuer's website through the link below:

<http://www.airports.co.za/business/statistics/aircraft-and-passenger>

The Issuer executes its strategic mandate through the following three divisions:

#### **Client and passenger services**

To improve performance and ensure sustainability in a competitive global airline industry, it is necessary for the Issuer to strengthen its partnerships with key stakeholders and enable them to achieve their objectives. To achieve this, the Issuer implemented a new key account management model to understand and respond to the objectives of each key stakeholder category, including passengers, airlines, airport tenants and suppliers, and tourism bodies. This involved developing a framework and training employees to implement an engagement process for each stakeholder category. The Issuer engaged extensively with airport stakeholders to remove obstacles that prevents it from delivering quality services.

#### **Ground handling services**

The Issuer licences airport handling service providers, such as ramp handling (water services and bussing) and passenger and crew handling (baggage, sanitation and catering). To ensure the maintenance of regulatory and customer service quality requirements, the Issuer is implementing robust quality systems for these outsourced key airport services.

#### **Business systems and performance**

A significant contributor to service delivery is the Issuer's airport management centre ("AMC"), the operational hub of all airport activities. The AMC was established to ensure safe and efficient airport services for the airport community. By enabling the coordination between airlines, baggage handlers, security employees, customer service employees and aircraft engineers, the AMC ensures that passengers and cargo receive the efficient services needed to enable them to reach their destinations safely and on time.

### **10.2 Commercial services**

The Issuer manages airport properties and land development and provides property development opportunities to market participants through transparent and equitable processes. The Issuer embarked on a programme to develop 1000 hectares of serviceable land at its nine airports, in alignment with the property transformation sector strategy.

#### **Retail**

The retail business derives its revenue primarily from core duty-free, foreign exchange bureaus, branded fashion and jewellery airport outlets.

#### **Property**

The Issuer manages airport properties and land development and provides property development opportunities to market participants through transparent and equitable processes.

#### **Car parking**

The Issuer introduced measures to protect and enhance its revenue, while embracing new transport solutions.

These include:

- An increase in parking fees following a five-year freeze on price increases. A yield management model which adjusts car parking tariffs relative to traffic volumes to increase revenue and optimise utilisation of parking facilities;
- Partnerships with public transport providers to introduce park-and-ride services between CBDs and airports; and
- Negotiation of a revenue-generating partnership with Uber to accommodate its drivers in

Handwritten notes and signatures at the bottom right of the page, including the initials "H.S.", "C.P.", and a signature.

dedicated parking areas and users in mini-lounges in airport terminals.

**Car rental**

The business derives its revenue through car rental concessions throughout its network of airports.

**Advertising**

The business derives its revenue by providing advertising opportunities throughout its network of airports.

The Integrated Annual Report can be viewed on the Issuer's website through the link below:

<http://www.airports.co.za/business/investor-relations/financial-information>

**11. RISK MANAGEMENT**

The Issuer's integrated risk management process aims to achieve an appropriate balance between realising opportunities for gain, while minimising adverse impacts. The Board is responsible for the governance of risk. The audit and risk committee is the delegated board committee responsible for governance and effective oversight of risk. The Issuer's key risks and opportunities are continuously monitored through its enterprise risk management process, which is reviewed annually by the Issuer's Internal Audit division. The process is based on the outcomes of best practice reviews, annual maturity assessments and continuous interaction with the Issuer's governance structures, including executives, executive committees, sub-committees and the audit and risk committee.

The 2019 review indicated that internal controls and management activities require moderate management intervention and improvement in mitigating against the possible likelihood or consequences of the risks materialising. The implementation of the revised governance framework and operating model improved the integration of risk throughout the Issuer.

An important development was the implementation of a Board-approved integrated business continuity programme to strengthen the effectiveness of the Issuer's identification and response to internal and external risks. This programme was implemented company-wide with effect from 1 April 2019. The Board vets and monitors the treatment of strategic risks, including active engagement in the review of strategic risks and identification of mitigation activities for each. The following table describes the Issuer's top key risks.

<b>Risk title</b>	<b>Risk description</b>
<b>Loss of hub status</b>	Loss of hub status leading to the erosion of airport sustainability.
<b>Unpredictability of regulatory decisions</b>	Unpredictability of decisions by the Regulating Committee leading to inability to raise appropriate funding on a timely basis.
<b>Revenue diversification</b>	Insufficient growth opportunities in non-aeronautical activities, leading to dependency on regulated, aeronautical, income stream and weakened long-term sustainability.
<b>Security</b>	Unlawful acts of interference within aviation operations (including new threats, such as the use of drones) compromising airport security and leading to reputational damage, loss of customers and financial loss.
<b>Reputational damage</b>	Loss of confidence in the Issuer and a decline in the Issuer's reputation, leading to a negative impact on funding opportunities and skills attraction.

*Handwritten signatures and initials:*  
H.S.  
AM 11  
L.P.  
P.M.M.

The Integrated Annual Report can be viewed on the Issuer's website through the link below:

<http://www.airports.co.za/business/investor-relations/financial-information>

## 12. CORPORATE GOVERNANCE FRAMEWORK

The Issuer's governance framework and operating model provide the environment necessary to achieve the governance outcomes of an ethical culture, good performance, effective control and legitimacy. As a state-owned company with a mandate from government to contribute to economic growth and development in South Africa, the Issuer acknowledges its responsibility for good corporate governance, including the effective implementation of the King IV Report on Corporate Governance for South Africa, 2016 ("King IV") throughout its organisation.

The Issuer has worked extensively to fulfil its commitment to ethical conduct and leadership as a responsible corporate citizen. Improving irregular expenditure management is a priority and strengthens alignment to the treatment of irregular expenditure as per the guidelines published by National Treasury.

The key reasons for reported irregular expenditure are:

- Inability to provide all required audit evidence to prove compliance during the audit. This means that even though the necessary process had been followed, the full range of satisfactory evidence could not be provided. Usually this involved one or two missing documents;
- Misalignment between the Issuer's supply chain management policies and procedures and the business requirements. That is, introducing compliance steps that were difficult to adhere to; and
- Contracts awarded three to five years ago and previously reported as irregular will continue to be irregular until conclusion. Contracts awarded are legally binding and cannot be exited on the basis that the Issuer's internal compliance steps were not adhered to, which made the expenditure irregular.

In this regard, significant transformation of the supply chain environment has taken place over the past two years to address the above weaknesses. This includes revised policies and procedures, a new operating model and structure, change in leadership and increased capacity. Investigations are conducted on all reported irregular expenditure to either condone where appropriate or write off as per the National Treasury guidelines. The focus on reducing reported irregular expenditure will remain.

Moreover, the Issuer has improved its compliance systems to ensure early identification of potential irregular expenditure and to initiate the appropriate treatment thereof, whether condonations or otherwise.

### Board of Directors

The Board remains effective and responsible for the overall leadership, transparency and performance of the Issuer. The Board operates under an approved charter ("**Board Charter**") and ensures that financial and risk management and internal controls are effective, as required by a PFMA Schedule 2 public entity.

The Issuer's memorandum of incorporation ("**MOI**") states that the Board should comprise a minimum of three Directors and a maximum of 12, the majority of whom should be appropriately balanced in terms of Executive and Non-executive Directors, including Independent Directors. The Chief Executive Officer and the Chief Financial Officer are Executive Directors and the Chairman is a Non-executive Director. The MOI ensures the independence of the Board in that none of the members are public servants, holders of any office for profit under the government, or members of parliament or any provincial, legislative or local authority, municipality or other council in South Africa. The Board has adopted the criteria provided in King IV for assessment of the independence of directors.

The Board members are appointed by the Minister of Transport and the PIC in accordance with the MOI. The Board is responsible for strategic direction and ultimate control of the Issuer. The executive committee, under the leadership of the Chief Executive Officer, is responsible for the day-to-day management and operations of the Issuer and implementation of the strategy. A key priority of the Board is ensuring that the Issuer's strategy as approved by the Board is implemented.

Effective implementation of the Issuer's strategy requires the Board to interrogate issues, conduct robust discussions and offer insights into all areas of operations, including transformation and business evolution. The Board is satisfied that each Board member possesses a range of necessary skills, experience and competencies to perform their duties

Handwritten signatures and initials, including the number 12, are present at the bottom right of the page.

### **Audit and risk committee**

The audit and risk committee provides independent and objective oversight of risk management within the Issuer. This includes supporting the risk management strategy, endorsing the risk profile and reviewing the risk management performance and assurance. The audit functions are accountable to the shareholders as set out in section 76 of the Companies Act. Other functions are accountable to the Board. Key areas of focus during the reporting period included the following challenges, developments, outcomes and continuing focus areas:

- Examining and reviewing the financial statements of the Issuer and its subsidiaries, and reporting interim and final results and presenting these to the Board for approval;
- Reviewing and approving accounting policies;
- Considering management's calculation of the going concern status of the Issuer, which indicated that no material uncertainties exist to cast doubt over the Issuer's ability to continue as a going concern for at least the next 12 months;
- Bringing to the Board's attention irregular expenditure identified by the Auditor-General and concerns regarding the related condonation disclosure;
- Considering the appropriateness of dividend distributions and making recommendations for Board approval;
- Reviewing the integrity of the integrated reporting process and making recommendations for Board approval of the integrated report and its distribution to stakeholders;
- Considering internal assurance reports on key performance indicators;
- Collaborating with the Board investment committee on the Guarulhos International Airport valuation concerns;
- Renewing the audit and risk committee terms of reference and submitting to the Board for approval;
- Overseeing the Internal Audit function and approval of the Internal Audit plan;
- Monitoring the detailed demand plan for capital expenditure;
- Considering the PFMA and National Treasury regulatory compliance reports; and
- Considering and reviewing the budget, including long-term forecasts and five-year plans.

### **Board investment committee**

Assists the Board in discharging its duties relating to capital projects, commercial activities, regulated and unregulated investments, procurement and supply chain management and treasury activities, including funding and borrowing plans.

### **Board economic regulation committee**

Oversees the development and implementation of the economic regulatory strategy and ensures compliance with all regulatory legislation and/or requirements. At the core of its function is the deliberation of the approach leading to the permission application for submission to the Regulating Committee, which determines airport tariffs for the Issuer.

### **Remuneration and nomination committee**

Assists the Board on matters of strategic remuneration by ensuring decisions are aligned to the Issuer's strategic objectives. The committee directs and oversees the human resources planning and development strategies aimed at creating and sustaining technical and advisory expertise required for the Issuer to achieve its objectives.

### **Social and ethics committee**

Monitors the Issuer's activities related to relevant legislation, other legal requirements or prevailing codes of best practice in:

- Transformation;
- Socio-economic development;

Handwritten signatures and initials are present in the bottom right corner of the page, including a large signature and several smaller initials.

- Good corporate citizenship;
- Environment, health and public safety;
- Consumer relationships;
- Labour and employment;
- Ethics; and
- Stakeholder engagement.

**Information and communications technology (“ICT”) governance committee**

Its primary function is to oversee implementation of the Issuer’s overall ICT strategy, robust information security and protection of intellectual property in ICT systems and ensure that the ICT innovation strategy and related policies are in place.

**King IV**

As part of the Issuer's process of adopting King IV, it is focusing on ensuring that all King IV disclosure requirements are addressed in its suite of reports.

The table below contains a summary in respect of the Issuer’s implementation of the principles contained in King IV:


<b>Principle</b>	<b>Extract from King IV</b>	<b>Comments</b>
Principle 1	The governing body should lead ethically and effectively.	The Board is committed to the good corporate governance principles as set out in King IV and to complying with relevant legislation applicable to the Issuer. The Board members have signed an ethics pledge as a sign of commitment to good governance. The following policies, which have been approved by the Board, are applicable to Board members as well:  Code of Ethics Conflict of Interests Policy Gifts Policy
Principle 2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	A set of policies on ethics has been approved by the Board (the “Code of Ethics”).  The Code of Ethics guides the ethical behaviour of all employees and directors.  The Code of Ethics is incorporated by reference in employee contracts. Employees are inducted on the Code of Ethics and provided with a copy of the Code of Ethics.  Non-Executive Directors are provided with the relevant policies on ethics as part of the induction process.
Principle 3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The social and ethics committee has been tasked with the responsibility for monitoring the overall responsible corporate citizenship performance of the Issuer.  The Board approves the strategy and priorities of the Issuer in accordance with

Handwritten signatures and initials, including a date stamp '14' and a signature 'L.P.'.

		its role of overseeing the Issuer's conduct as a responsible corporate citizen. The Board oversees and monitors how operations and activities of the Issuer affect its status as a responsible corporate citizen. This is measured against agreed key performance indicators which contain both financial and non-financial measures, so that the Issuer's mandate and values, strategy and conduct are congruent with it being a responsible corporate citizen.
Principle 4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	<p>The Board is responsible for setting the strategy of the organisation. The Board schedules in its annual work plan a strategy session which is attended by management. The short, medium and long-term strategies, and the strategic risk register have been approved.</p> <p>The key performance indicators and targets for assessing the achievement of strategic objectives over the short, medium and long-term have been approved and are monitored by the Board to ensure viability of the Issuer. A review of performance against the key performance indicators is included in the audit and risk committee and Board packs for each meeting.</p> <p>The strategies and risk register have taken the risks, the consequences of the Issuer's activities and outputs on the economy, society and natural environment, into account.</p>
Principle 5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	<p>Reports are submitted to the relevant governance structures for review and approval before publication or submission to stakeholders. The Board ensures that there are processes in place enabling complete, timely, relevant, accurate and accessible disclosures to stakeholders.</p> <p>The audit and risk committee is tasked with ensuring that the integrated annual report and quarterly reports are reliable and present a balanced view.</p>
Principle 6	The governing body should serve as a focal point and custodian of corporate governance in the organisation.	The role, responsibilities, membership requirements and procedural conduct for Board members are documented in a Board Charter.
Principle 7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The Board has no role with regard to appointment of non-executive directors. The shareholders appoint non-executive directors as provided for in the MOI. The Board is satisfied that the skills the Board possesses, individually and collectively, are adequate to enable the Board and the board committees to discharge their

15

		<p>duties. The non-executive directors are independent in accordance with the criteria which has been adopted by the board as provided in King IV.</p> <p>Board members have submitted their annual declaration of interest forms. Members declare conflicts of interests, if any, with the agenda items at the beginning of each meeting.</p>
Principle 8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with balance of power and the effective discharge of its duties.	The Board has retained specific matters for decision making by the Board, as per the Board Charter. To achieve its objectives, the Board, in terms of defined terms of reference, has delegated certain of its duties and functions to six committees. Membership of the committees is as recommended in King IV. The delegation to subcommittees is not an abdication of the Board's responsibilities. The committees report back to the Board.
Principle 9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The evaluation for the 2018/19 financial year, which entailed an appraisal of the Board as a whole, individual board members, the board chairman and all the board committees, was conducted.
Principle 10	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	<p>The Board Charter and the Delegation of Authority Policy and Framework are in place to ensure role clarity.</p> <p>The Chief Executive Officer is accountable to and reports to the Board. The Chief Executive Officer is responsible for, amongst other things, leading the implementation and execution of the approved strategy and operational planning.</p> <p>The company secretary provides governance services to the Board.</p>
Principle 11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	<p>The Board has approved an Enterprise Risk Management Framework and a Strategic Risk Register.</p> <p>Risk management and compliance functions provide reports to the audit and risk committee.</p>
Principle 12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	<p>The Board has established an information and communication technology governance committee and the terms of reference of the committee are aligned to the King IV requirements.</p> <p>An Information and Technology Strategy and an ICT Governance Framework are in place.</p>


  
 16

Principle 13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The Board has approved a Compliance Policy.  Compliance reports are submitted to the audit and risk committee.
Principle 14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	The remuneration and nomination committee is responsible for the governance of remuneration. A set of policies has been approved by the Board to ensure the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.
Principle 15	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The audit and risk committee has been delegated with the responsibility of overseeing the combined assurance.  The combined assurance process is coordinated by Internal Audit.  The external auditor, Chief Audit Executive and Group Executive: Governance and Assurance attend audit and risk committee meetings, compliance and operational risk.
Principle 16	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	The social and ethics committee has been tasked by the Board to ensure a stakeholder-inclusive approach is followed. Management submits stakeholder engagement reports to the committee. Executive managers are responsible for executing stakeholder management plans for their respective stakeholders.
Principle 17	The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote the good governance and the creation of value by the companies in which it invests.	Not applicable to the Issuer.

The Issuer's Integrated Annual Report contains a summary in respect of the Issuer's implementation of the principles contained in King IV.

The Integrated Annual Report can be viewed on the Issuer's website through the link below:

<http://www.airports.co.za/business/investor-relations/financial-information>

### 13. ECONOMIC REGULATION

The Airports Company Act provides for an independent statutory body, the Regulating Committee to oversee the economic regulation of the Issuer. The Regulating Committee is appointed by the Minister of Transport for a period of three years consisting of a Chairperson and four other persons, who, in the opinion of the Minister, are suitably qualified to perform the duties or exercise the powers of the Committee in terms of the Airports Company Act. The principal objectives of the Regulating Committee are to:

- Restrain the Issuer from abusing its monopoly position, without placing undue restrictions on its commercial activities;

*Handwritten signatures and initials:*  
 - A signature that appears to be "H.B."  
 - A signature that appears to be "M" with "17" below it.  
 - A signature that appears to be "J.M."  
 - A signature that appears to be "L.P." in the top right corner.

- Promote the reasonable interests and needs of the users of the Issuer's airports;
- Promote the safe, efficient, economical and profitable operation of the Issuer's airports;
- Encourage timely improvement of facilities at the Issuer's airports so as to satisfy anticipated demand; and
- Ensure the Issuer is able to finance its obligations and has a reasonable prospect of earning a commercial return.

Under the Airports Company Act, the Regulating Committee regulates the Issuer in two ways. Firstly, it limits aeronautical charges for each year of the permission period for any or all of the Issuer's airports. Aeronautical charges are determined for a period of five years, with a two-year overlap. In effect, the application is made every three years. Charges at the beginning of the period take into account the anticipated revenues of all activities undertaken by the Issuer, whereby profits from non-aeronautical activities are used to offset aeronautical charges. This is referred to as 'single till' regulation. Secondly, it prescribes service standards at any or all of the Issuer's airports.

Airport charges are regulated through the use of a price cap formula, CPI-X, which limits the increase in a basket of revenue weighted tariffs to a rate of inflation less an X-factor (efficiency factor). The X-factor is determined by applying the building blocks methodology whereby each block of the Issuer's activities is identified, namely operating costs, depreciation, return on capital and taxation. From this revenue requirement, the non-aeronautical revenues are subtracted to determine the aeronautical revenue requirement, which is divided by anticipated volumes to determine the level of the anticipated unit price increases. The Issuer charges users for the use of its facilities, in accordance with these regulatory provisions. The categories of airport charges are:

- Landing fees;
- Passenger service charges; and
- Aircraft parking fees.

Landing fees vary according to the origin of the aircraft and the aircraft weight across three categories, namely: domestic, regional and international. Similarly, passenger service charges vary according to the destination of the passenger. While for aircraft parking, the combination weight of the aircraft and the duration parked (to the extent that time exceeds four hours) and the parking stand utilised will be considered in determining the parking charges.

The economic regulation updates can be viewed on the Issuer's website through the link below:

<http://www.airports.co.za/business/investor-relations/economic-regulation>

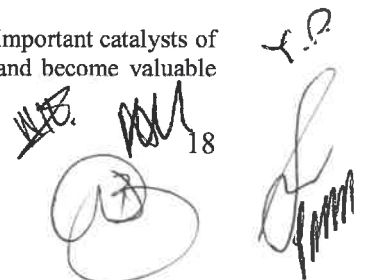
#### 14. BUSINESS EXCELLENCE

The Issuer is focused on delivering core services more cost-effectively and more efficiently through:

- Delivering efficient capacity expansion in order to match forecast passenger growth and meet the traffic requirements for the future;
- Developing process excellence and continuous improvement;
- Constantly re-engineering processes to manage costs and increase revenues;
- Ensuring the delivery of the regulatory commitments by spending capital sums approved by the Regulating Committee as set out in the Permission Document prepared by the Regulating Committee and maintaining appropriate infrastructure to deliver optimal customer service;
- Focusing on broad-based black economic empowerment and socio-economic development; and
- Improving efficiency in processing of passengers and cargo by facilitating seamless end-to-end service.

#### 15. ECONOMIC TRANSFORMATION

Airports that are well designed, efficiently operated and strategically developed are important catalysts of economic growth. They facilitate tourism and business interaction between cities and become valuable

Y.P.  
18  


hubs of development that stimulate regional growth by creating jobs and improving socio-economic conditions for many people. The Issuer is a significant enabler of economic growth, transformation and socio-economic development. In the 2017/18 FY the Issuer commissioned a Social, Economic and Environmental Impact for FY 2017. The report reflected that:



As a South African business, the Issuer is committed to achieving transformation by providing development opportunities for previously disadvantaged people. The Issuer's transformation agenda is aligned with South Africa's National Development Plan and is guided by its transformation imperatives and Sustainability Framework. The Issuer's economic imperative is to develop small, medium and large businesses to change the face of the Issuer to reflect South African demographics; its social imperative is to support socio-economic activities that empower communities for a better future; its moral imperative is to create fair, transparent, equal opportunities for the economically active population and eliminate unfair discrimination.

*[Handwritten signatures and initials]*

19

## RISK FACTORS

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.

The Issuer believes that the factors described below represent key risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Some risks are not yet known and some that are not currently deemed material could later turn out to be material. Accordingly, the Issuer does not represent or warrant that the statements below regarding the risks of holding any Notes are exhaustive. The information given below is as at the date of this Information Statement.

All of these risks could materially affect the Issuer, its reputation, business, as well as the results of its operations and overall financial condition.

The information set out below is not intended as advice and does not purport to describe all of the considerations that may be relevant to a prospective investor.

Investors contemplating making an investment in the Notes should determine their own investment objectives and experience, and any other factors which may be relevant to them in connection with such investment.

Prospective investors should also read the detailed information set out in the Programme Memorandum as well as all documents incorporated by reference into the Programme Memorandum to reach their own views prior to making any investment decision.

References below to the "Terms and Conditions" in relation to Notes, shall mean the "Terms and Conditions of the Notes" set out in the Programme Memorandum. Capitalised terms used in this Information Statement shall bear the meanings ascribed to them in the Terms and Conditions, except to the extent that they are separately defined in this Information Statement or it is clearly inappropriate from the context.

## FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

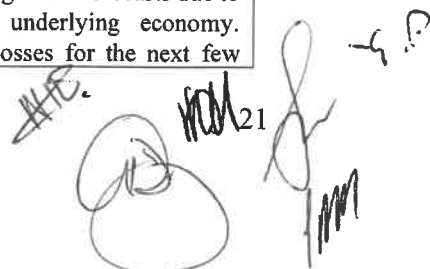
### Risk relating to the Issuer

Risk title	Risk description	Strategic Response
Regulatory environment	Unpredictable decisions by the Regulating Committee leading to regulatory uncertainty	The Issuer participates actively in the review of the economic regulatory framework with industry stakeholders, led by the Department of Transport. An appeals mechanism was introduced into the Airports Company Amendment Bill of 2018, and regulations are being drafted to improve regulatory certainty. The Issuer will continue to apply a conservative financial management approach to mitigate against the continuous unpredictability of regulatory decisions, which includes the rationalisation of the infrastructure investment programme from time to time.
Skills	Inability to attract, develop, retain and appropriately develop critical skills.	The adapted approach toward development, attraction, market presence and talent management, in accordance with strategic roll out plans is being implemented and will be reviewed annually.

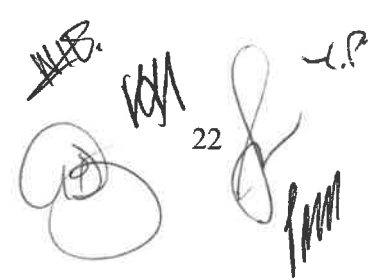
20

Handwritten signatures and initials are present at the bottom right of the page, including a large signature and the initials "AAS" and "MM".

<b>Risk title</b>	<b>Risk description</b>	<b>Strategic Response</b>
Transformation	Failure to exploit the Issuer's status and strategic development plans to promote transformation	The Issuer responds to stakeholder expectations of transformation by integrating socio-economic growth opportunities into its business activities, primarily through seven transformation sector strategies and its approach to value creation. In the process, the Issuer uplifts communities, develops a diverse and skilled workforce, and forms empowerment partnerships to generate growth opportunities within its business sectors.
IT Platform	Failure to provide digitised/technology platform to support current and future operations in a stable and secure manner	The Issuer is implementing a comprehensive digital strategy to ensure that it adopts and leverages appropriate digital technology to enhance operational efficiency and customer experience, while protecting its information and systems. The Issuer has strengthened its IT skills and governance to ensure IT enables the Issuer's strategic objectives.
Funding	Inability to secure affordable funding leading to inability to execute the growth strategy	The Issuer improved the effectiveness of internal controls. The Issuer implemented the treasury stakeholder engagement plan. The Issuer continues to conduct an investor roadshow to articulate the Issuer's strategy and promote funding opportunities to potential investors.
Safety and Security	The risks of security threats, crime or major safety incidents at the Issuer's airports significantly affecting operations.	Airport security is managed through engagement with law enforcement partners and continuous security advancements, including integrated communication systems.  Prevention and threat response procedures are in place to deal with crises and ensure the continuity of operations.
Airline Industry	Exposure to the volatility in the airline industry	Airlines are business partners whose operations directly affect the Issuer's sustainability as they carry passengers and cargo to its airports. The viability and success of the airline sector ultimately drives the volumes that sustain and grow the Issuer's business.  Stable relationships with airlines and additional entrants increase levels of competition, leading to reduced airfare, increased air traffic movements and more routes. The Issuer actively engages with the Minister and all other stakeholders to develop more routes.
Economic conditions	Decrease in traffic volumes, leading to the Issuer losing its regional hub status due to economic downturn.	Implementation of route and traffic development strategy.  Implementation of key stakeholder engagement plan.
Guarulhos International Airport ("GRU") Concession	Decrease in expected returns and exposure to political risk in Brazil.	Operational performance of GRU is expected to improve above management forecasts due to improvement in the underlying economy. GRU will still make losses for the next few


  
 H.E.
   
 21
   
 [Signature]
   
 [Signature]

Risk title	Risk description	Strategic Response
		years albeit that the losses will continue to reduce. Participation in Board meetings to monitor quarterly performance and practice of prudence financial management and cost containment measures.
Minority shareholder dispute relating to a share buyback which the minority shareholders wish to enforce	Potential adverse consequences if the court rules in favour of the minority shareholders.	The Issuer is defending its position.
Irregular Expenditure	Inability to provide all required audit evidence to prove compliance during the audit. Non-compliance with laws, regulations, standards, policies and procedures leading to irregular expenditure, reputational damage and fines.	Significant transformation of the supply chain environment has taken place to address the identified weaknesses. This includes revised policies and procedures, a new operating model and structure, change in leadership and increased capacity. Investigations are conducted on all reported irregular expenditure to either condone where appropriate or write off as per the National Treasury guidelines. The focus on reducing reported irregular expenditure will remain.
Airport sustainability	Loss of hub status leading to the erosion of airport sustainability	Implementation of route and traffic development strategy to attract more network/hub carriers and increase traffic.
Infrastructure delivery	Non-delivery/ineffective delivery of the major built environment infrastructure programme in a predictable manner and in accordance with business expectations	Improved project oversight through various project governance structures (including the monitoring of project delivery and ensuring better project planning and execution).
Revenue diversification	Insufficient growth opportunities in non-aeronautical activities leading to dependency on regulated, aeronautical, income stream and weakened long-term sustainability	Concentrated efforts and project management to optimise commercialisation and accelerate growth of non-aeronautical revenue (in accordance with Vision 2025)
Reputational damage	Loss of confidence in the Issuer and a decline in the Issuer's reputation	Proactively profiling the Issuer externally and internally improving communication of the issuer's media policy and protocols to prevent leakage of inaccurate and non-factual information to media.


  
 W.B.
   
 K.M.
   
 22
   
 J.P.
   
 J.M.M.

## **Risks relating to the Notes**

### ***The Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### ***There may be no active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there may be no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general political and economic conditions, the condition of the financial sector and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

### ***The Notes may be redeemed prior to maturity***

Unless, in the case of any particular Tranche of Notes, the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

### ***Because uncertificated Notes are held by or on behalf of the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional financial exchange and/or immobilised in the CSD may, subject to applicable laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be lodged and immobilised in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will

Handwritten signatures and initials, including the number 23, are present at the bottom right of the page.

maintain records of the Beneficial Interests in Notes issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only in accordance with the Terms and Conditions and the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made in accordance with the Terms and Conditions and the Applicable Procedures to the relevant Participants and the Issuer will be discharged by proper payment to the relevant Participants in respect of each amount so paid. The Participants will in turn transfer such funds, in accordance with the Applicable Procedures, to the relevant Noteholders or holders of Beneficial Interests, as the case may be. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes.

Each investor shown in the records of the CSD and/or the relevant Participant, as the case may be, as the holders of Notes or Beneficial Interests, shall look solely to the CSD or the relevant Participant, as the case may be, for his share of each payment so made by the Issuer in accordance with the preceding paragraph. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Notes issued in uncertificated form, or Beneficial Interests in such Notes, vote in accordance with the Applicable Procedures.

### ***Credit Rating***

Tranches of Notes issued under the Programme, the Issuer and/or the Programme, as the case may be, may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

### ***Risks related to the structure of the particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

#### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Index-Linked and Dual Currency Notes***

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Note to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**") or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

MS. KM

el.

***Partly-paid Notes***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Modification and waivers and substitution***

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

***Change of law***

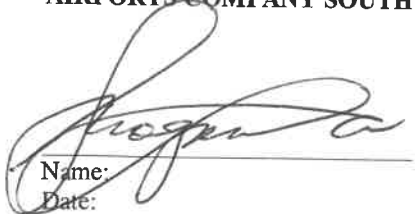
The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision or change to South African law or administrative practice in either such jurisdiction after the Programme Date.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

*[Handwritten signatures and initials]*  
25

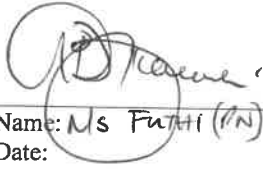
For and on behalf of  
**AIRPORTS COMPANY SOUTH AFRICA SOC LTD**



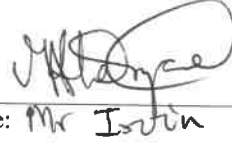
Name:  
Date:  
Capacity: Director  
Who warrants his/her authority hereto



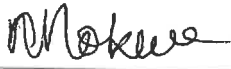
Name: *Mscali's Muthalwa Moko*  
Date:  
Capacity: Director  
Who warrants his/her authority hereto



Name: *Ms FUTHI (FN) ZIKALACA NVELISE*  
Date:  
Capacity: Director  
Who warrants his/her authority hereto



Name: *Mr Isstin Phenyane*  
Date:  
Capacity: Director  
Who warrants his/her authority hereto



Name: *MRS NOSIZWE MACHAMO*  
Date:  
Capacity: Director  
Who warrants his/her authority hereto



Name: *NR YOSHEN PILLAY*  
Date:  
Capacity: Director  
Who warrants his/her authority hereto