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HERALD

LARGE SCALE HOUSING PROJECT FOR ESKOM

Successfully Delivered

NEW ROYAL PALACE MASERU

**Palace
architects
shine**



BEYOND THE TITLE

Phumudzo Magidi



PALACE GROUP

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executive chair



I am pleased to welcome you dear reader to yet another edition of Palace Herald, our premium communication tool with our external stakeholders. 2010 is a year marked by renewed hope in the industry as the economy recovers from the impact of the global recession. It also marks a very significant and memorable year in our sporting history, that of our hosting of the FIFA 2010 World Cup. As I write this, we are only a few days from the opening match and the euphoria around this soccer spectacle is just unbelievable!

What a contrast this is to the gloomy economic situation in Europe at the moment, particularly the Greece debt crisis. Yes South Africa, as the Finance Minister has cited, will feel the pinch, but are we not glad that we have such strict economic measures in place that have shielded our economy from total meltdown. Whilst there has been an improvement in Palace's performance since the beginning of this year, finding skilled engineers remains a challenge to us as it is to our peers. We are looking at ways of mitigating the risks posed by this challenge within our Group.

What we are indeed excited about is our new projects that we were recently awarded, some of these include pilot projects in smart metering in Lesotho and Qwaqwa. We are looking at ways of providing more energy efficient solutions as these are no longer a want but are a necessity in the environment we find ourselves in and indeed, even more so as we move into the future. I listened attentively to one respected CEO on the radio saying the energy crisis is nothing compared to what South Africa will face with the imminent water crisis. It got me thinking, are we, as an industry doing enough about this impending water crisis?

Until next time.

Mbusa Dlamini

Executive Chairman

Large scale housing project for Eskom

successfully delivered



Project background

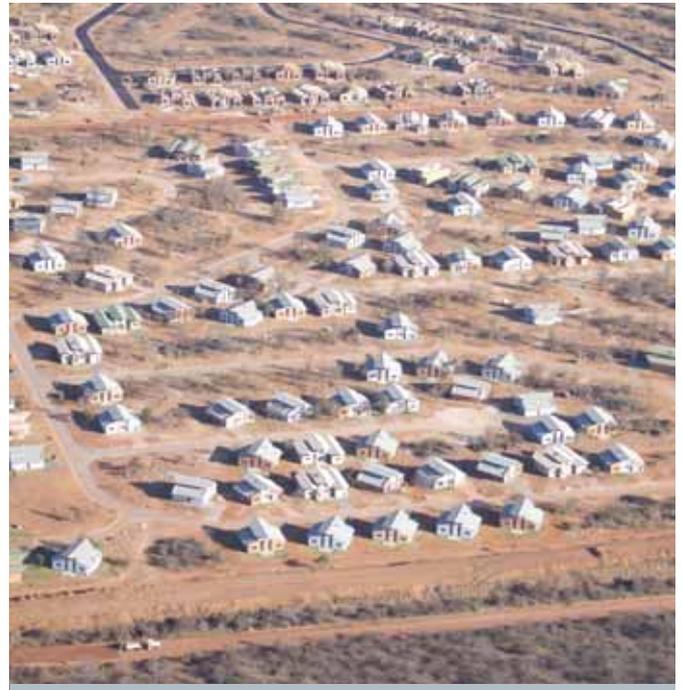
One of the major projects handled by the Architectural Division of Palace Technologies in 2009-2010 is Lephale Housing Project for Eskom, for which about one thousand, two hundred and eighty (1280) houses and apartments have been handed over to the Client, and an additional one thousand, one hundred and twelve (1112) houses and apartments have been designed.

In 2008, BKS-Palace Consortium was appointed by Eskom as Principal Agent for the construction of housing to accommodate personnel and contractors stationed at the Medupi Power Station Project.



Challenges encountered

The main challenge for this project was predominately organisational and logistical created by the overall size of the project. The houses and apartments were of normal standard, from about 70m² for the small apartments to 250m² for the largest houses, which is a typical size for middle class income population.



Scope of the project

The overall scope of work for the Architectural Division consisted of:

- ¥ Supervision of the total construction process
- ¥ Administration of various construction contracts
- ¥ Implementation of a quality control system
- ¥ Monitoring of a Safety, Hygiene and Environmental control system
- ¥ Provision of comprehensive Professional Architectural Services, including design and supervision of the works.

Execution of the project

One thousand, two hundred and eighty (1280) houses were built and commissioned on about fifteen (15) different sites within twelve (12) months, which represents an average of more than five (5) houses delivered per working day for the entire duration of the construction period.

To achieve this, a team of eleven (11) members was established on site, and a team of about ten (10) members provided support services. The support team, based in Sandton, was in charge of the design, and technicians were sent to site from time to time, as requested, for technical inspections.

During the construction process, each house had to be inspected at least fifteen (15) times for earthworks, foundations, masonry (twice), roofing, plastering, doors and windows, finishes, plumbing and electrical as well as external works. Inspections also had to take place for practical completion, with snagging and de-snagging, and for final completion.

In total, more than twenty thousand (20,000) formal inspections have been conducted by the team during the construction period in addition to numerous safety inspection done randomly on all sites.

Each inspection provided an opportunity to resolve existing technical problems and anticipate possible future concerns.



Smart Metering

Pilot Project in Phuthaditjhaba

Grinpal Energy Management (Pty) Ltd, a wholly owned subsidiary of Palace Group, has been awarded a contract by the Maluti-a-Phofung Municipality to pilot the company's smart meters in Phuthaditjhaba. The smart meters have in the past proved to be advantageous and valuable to both the municipalities and the end-users.

Maluti-a-phofung Municipality background

The Maluti — a- Phofung Local Municipality is one of the five local municipalities within the Thabo Mofutsanyane District Municipality in the Free State Province. The municipality was established on the 5th December 2000 and constitutes four former TLC Local Authorities namely Qwaqwa Rural, Phuthaditjhaba, Harrismith and Kestell.



The municipality's vision is that by 2020, Maluti-a-Phofung will be technologically advanced. Maluti-a-Phofung aims to have unlocked the indigenous entrepreneurial spirit of all citizens within an equitable, sustainable, healthy, crime-free and moral society. Through its Smart Metering System, Grinpal can certainly assist the municipality to fulfil this vision.

Current challenges faced by Maluti-a-Phofung Municipality

Like many other municipalities, Maluti- a- Phofung currently faces critical challenges in electricity supply and control, these are challenges common to many other municipalities nationwide. The primary challenges that Maluti-a-Phofung is currently encountering include Revenue Collection and Control. The current metering system is not technologically advanced; as a result minimal effort is needed in tampering or even bypassing the meter. Conventional meter readings are not conducted on a monthly basis; such factors affect the billing process which on many occasions does not match the financial system. Cut-offs can only be done manually, if done at all, as the customers tend to deny the municipal workers entrance to their homes to conduct the meter readings. Conversion from the Conventional post paid to Prepaid system has proved cumbersome as it requires a new meter installation.



Consumers also find themselves highly inconvenienced by the current metering system which compels them to spend prolonged hours queuing to purchase electricity or to resolve any electricity related queries. The consumers are required to manually load the payment at home (premises,) as a result they run the risk of mislaying the receipt which (if found) can be loaded on any other meter.

*Top Grinpal staff install at Phuthadijhaba.
Above Complete installation at Phuthadijhaba.
Left Maluti-a-Phofung Municipality.*

Grinpal's pilot project

Approximately ten thousand smart meters are to be installed in the greater parts of Phuthadijhaba for both residential and commercial users.

The identified areas are as follows:

Targeted Residential Areas included:

- ¥ Deweld
- ¥ Elite
- ¥ Berute
- ¥ Region between Harrismith and Phuthadijhaba

Targeted Commercial/ Business Areas include;

- ¥ Qwaqwa
- ¥ Kestell





The pilot project commenced in April and is due for completion end of June, 2010.

We need to make sure that this process causes minimal inconvenience to all stakeholders, therefore thorough communication with all stakeholders is crucial.

Mr. Jonathan Ramulondi, Chief Financial Officer for Maluti-a-Phofung municipality.

Grinpal partnered with three other organisations within Qwaqwa to ensure that the service offering is relevant and well received by the region:

- ¥ Maluti-a-Phofung Municipality
- ¥ TIS- The company responsible for project management and to serve as the consultant on behalf of the Municipality
- ¥ Nkanyezi cc-The local company assigned to provide necessary human resources



I am grateful to be part of this team which explores new technologies in providing electricity and I look forward to a long lasting and fruitful relationship with Grinpal
Mr. Stix Miya Managing Director of Nkanyezi cc.

Grinpal s past customers i.e. Johannesburg City Power and Thabazimbi municipality amongst many others have declared that revenue collection had increased and they experienced better control of the system as it was onerous to bypass or tamper with the meter.

Feel free to visit Grinpal s direct website: www.grinpal.co.za or Email: info@grinpal.co.za. A case study on this technology is also available on the website: www.grinpal.co.za/case-studies.html



Top, Above and Right Overview of target areas for installation

PALACE Super Falcons

Scoop Sasol National League Championship
2009/2010 season in style



Palace Super Falcons are the new title holders of the Sasol Women's League National Championships after thrashing the reigning champions, Detroit Ladies, 4 goals to 2 in a nail biting penalty shoot-out after the exhilarating finale ended in a 2-all

draw. Live on SABC 1, the national broadcaster, this enthralling event took place at the Seshego Stadium in Limpopo on the 23rd May 2010. It was attended by football personalities such as Doctor Khumalo and the President of SAFA, Kirsten Nematandani.



The victorious Palace Super Falcons started their winning streak in the group stages by beating Ma-Indies 5-2 in their opening match and continued by winning 6-2 against Bloemfontein Celtics Ladies and a whopping 8-0 against Hallelujah Zebra Forces. This placed Palace Super Falcons at the top of their group. Their next challenge pitted them against Durban Ladies, a match they won by 3 goals to 1.

After this performance Palace Super Falcons was not short of accolades from the tournament as both Mokoma Kgadi and Gugu Gabuza each bagged the Diski Queen (an equivalent of Man of the Match) award twice. Goalkeeper Tina Selepe and Marvis Mkhize also walked away with the Diski Queen award. Another goalkeeper, Bridgette Molale, received the prestigious award of the Goalkeeper of the Tournament whilst the Head Coach, Jabu Mabaso, received the Coach of the Tournament Award for the excellence displayed by the team.

This sterling performance by Falcons secured yet again national squad places for some of our players ahead of the African Women Cup of Nations which will be hosted in the country sometime in October this year. Players who received a call-up are Gugu Gabuza, Mokoma Kgadi, Mervis Mkhize and Tina Selepe.



Palace Super Falcons' Mamello Makhabane chases down Petronella Mashobane of Detroit Ladies during the tense final

We congratulate the team for making us proud and for the high level of skill they have showed during this tournament. We also wish good luck to those players that will be representing us at national team level.

Palace Architects outshine the rest to create a Royal Palace for the King of Lesotho



A scale model showing Palace Architects interpretation of the design brief that clinched the hearts of the client.

About the project

Following an international design competition, Palace Architects was awarded the contract to render Architectural services for the Design and Construction of the New Royal Palace in Maseru. Due to the ever increasing costs and dearth in electricity and water, the client required that energy efficient solutions, use of renewable energy and the management of water be investigated and implemented. In the course of the design process, the division's approach on the energy efficiency of the building was twofold, specifically in Design (geometric and constitutive elements) solutions and Equipment and Technology solutions.

Design approach

The proposed design takes the following elements into consideration: Orientation, Natural ventilation and Insulation of the shell and services (piped reticulations). These elements allow for the reduction of energy input enabled by the limitation of losses, usage of the structure's inertia and thermal insulation, and the limitation of energy usage by taking advantage of natural elements such as sun and airflow. These principles have been in existence for decades in Europe and elsewhere in the world yet they have only recently spread to Southern Africa as a result of the country's power supply challenges.

Equipment and technology approach

The recent trends in technical development witnessed worldwide allow for further reduction of the level of affected electricity through different methods. The improvement of photovoltaic panels and their generation capacity is one of the methods, together with the new air conditioning or heat recovery systems. Another technical development that the architectural division is considering has been the perfection heat pumps. One application that spreads rapidly and widely in the northern hemisphere is the very low energy geothermic generation. In this technology a fluid running in a pipe mat laid horizontally about 500mm deep in the ground will gather heat from the ground and transfer it via a heat pump and assists in the generation of hot water for domestic use, under floor heating or even air-conditioning.

There are numerous efficient solutions available today. The challenge is for us consultants to select and implement these systems and devices in an integrated manner, considering all local geographic and human conditions. The building should not only be energy efficient but financially viable in the long term.

Water

Water is a very scarce resource in Southern Africa. The division is investigating the pertinence of managing, treating and storing all forms of water ranging from storm water, to grey and black waters. Once treated, the water could be used for irrigation, for drinkable and non-drinkable water inside the building, depending on the methods and treatments implemented. There are many solutions available and the challenge is once again to identify and limit its choices to the most adaptable solution.

Many of these technologies have been in existence for decades and might have had industrial applications from the onset. It is only recently, with the current improvements, rise in energy cost, drop in natural resource reserves and the spread of environmental concerns that they became viable solutions to the residential or commercial buildings sectors.



beyond the title

Phumudzo Magidi

**Vice-president: Business Development & Marketing
(Grinpal a Palace Group subsidiary)**

1 Please enlighten us on the core service offering of your division (Business Development) and the role that it plays within the company (Grinpal). *We do business development and our focus is on relationship building with key decision makers within municipalities. We bring together value proposition to our clients.*

2 Take us through your journey at Grinpal. *I started working for Grinpal in June 2006 as the CEO until December 2008, when the business was taken over by Palace Group. I then became Vice President looking at Business Development & Marketing to date.*

3 Palace acquired full ownership of Grinpal in 2008, how has the transition been? *It was seamless. The business focus stayed the same and we are looking at putting other value adding products to expand our service offering.*

4 Your role depends heavily on relationships with your customers. How do you ensure that your customers remain 100% satisfied? *The trick is to be a good listener. Always know what your customer's want and package it into your value proposition. Do not be seen as a supplier by your clients. They must see you as a partner who they can rely on to provide them with a solution. Always deliver what the client asks for and do it right first time.*

5 What is your greatest professional accomplishment? *I have several greatest achievements and to single one out will be injustice to the other. I always value helping people who are less fortunate than me to succeed in life as a great achievement.*

6 Grinpal has an intense focus on smart meters. Tell us more about these and their reception in the market. *This is a relatively new technology in the market. The clients are beginning to see value on these meters as they are to a large extent a tool for service delivery. It is accurate, real-time and a communication tool in the hands of any municipality.*

7 It is evident you have a hectic and demanding work schedule, how do you unwind? *A round of golf and good whiskey is the best way to unwind. My family is also a solace and they make going home after work fun. I always look forward to being with them.*

8 What is your most prized possession? *I like finer things in life, but I am not materialistic. I think the **gift of life and ability to love** is the most prized possession any one has.*

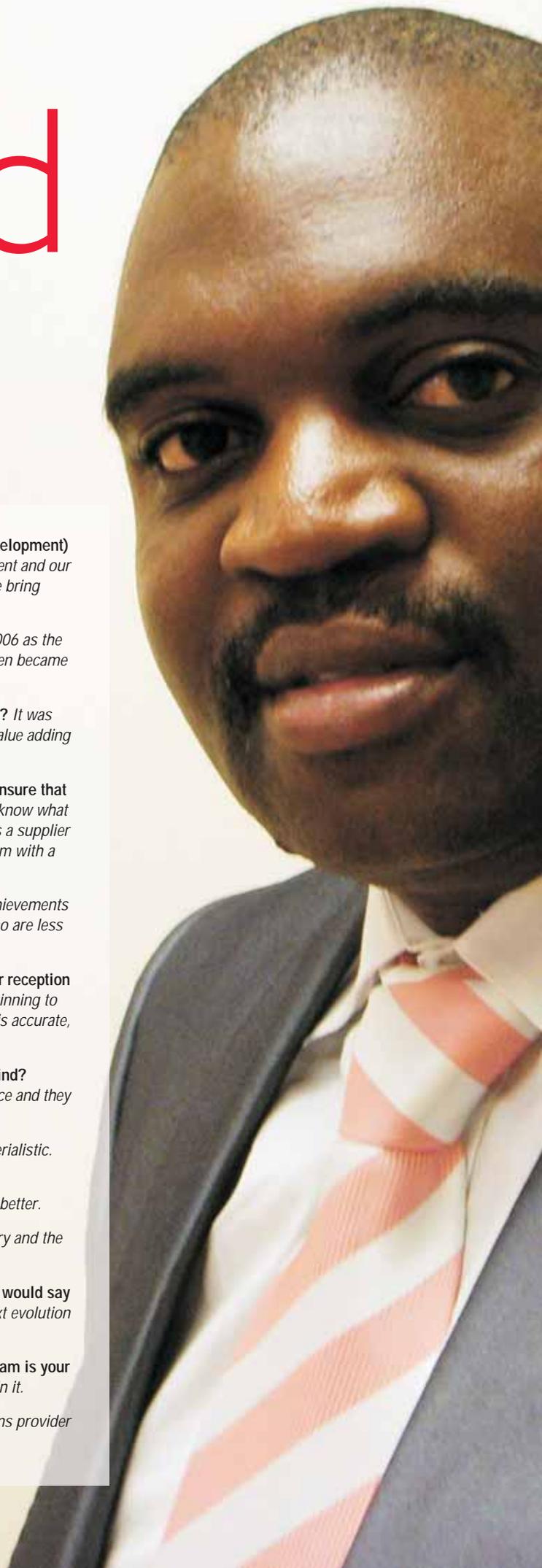
9 What keeps you going in life? *The fact that I can change somebody's life for the better.*

10 Tell us about your family? *I have 4 kids and 1 wife. Two of my kids are at tertiary and the other two are still in primary and high school.*

11 If you could meet anyone in the world dead or alive who would it be and what would you say to them? *Charles Darwin. I would ask him the definition of truth and what is the next evolution shape of mankind?*

12 There is so much excitement and enthusiasm around the World Cup, which team is your money on? *Bafana Bafana. If they don't make it to the Semi final, then Spain will win it.*

13 Where do you see Grinpal 10 years from now? *I see Grinpal as a power solutions provider playing in the renewable energy space.*



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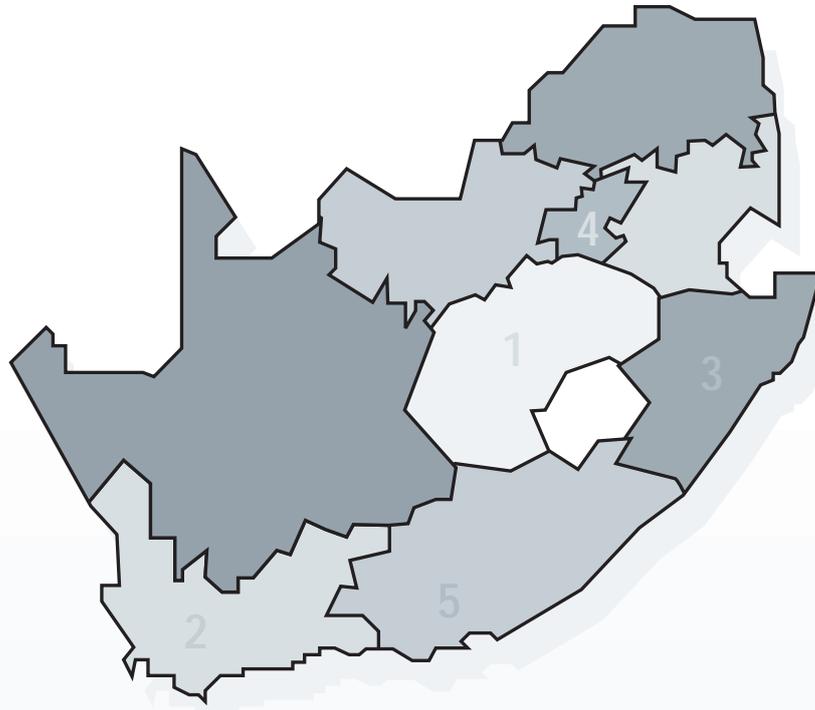
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