TRANSNET
port terminals

TRANSNET PORT TERMINALS

Scope of Work

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DESCRIPTION: PROVISION OF PORT OPERATING ASSET REVALUATION SERVICES FOR A PERIOD OF THREE (3) YEARS FOR TRANSNET SOC LTD (REG. NO. 1990/000900/30) OPERATING AS TRANSNET PORT TERMINALS (HEREINAFTER REFERRED TO AS "TPT") AT THE PORT OF DURBAN, PORT OF RICHARDS BAY, PORT OF EAST LONDON, PORT OF PORT ELIZABETH, PORT OF NGQURA, PORT OF CAPE TOWN AND PORT OF SALDANHA

REVISION 04:

1. INTRODUCTION

Transnet Port Terminals (TPT) is a division of Transnet Limited and is responsible for operating terminals at Transnet's Ports across South Africa. In terms of Transnet's Accounting Policy, all Port Operating Assets require an independent valuation every three years with an index valuation in the intervening periods. The last time an independent Asset Revaluation exercise was conducted at TPT was at the end of the March 2023 financial year.

For the March 2026 (Year 1) financial year and the subsequent financial years 2027 (Year 2) and 2028 (Year 3), the services of a valuation expert are required for a full independent valuation in Year 1 as well for the review of the process followed by TPT, recommendations of the inputs, and provision of final valuation results taking the condition of the assets into account for Year 2 and Year 3. The conditional assessment and remaining useful life will be performed internally by the TPT Engineering team, supported by Finance in Year 2 and Year 3.

Port Operating Assets include (but are not limited to) those assets highlighted in the attached Annexure "A". The assets under review are situated in seven regions (ports).

1.1 The approximate number of Assets / Components per region is as follows:

No.	Port	Approx. No. of Assets / Components	Terminal
1.	Durban	818	Durban Container Terminal (Pier 2) Durban Container Terminal (Pier 1) Durban Multi-Purpose Terminal (MPT) Maydon Wharf Multi-Purpose Terminal (MPT) Durban Agri-Bulk Terminal
2.	Richards Bay	2254	RCB Multi-Purpose Terminal (MPT) Dry Bulk Terminal
3.	East London	44	Multi-Purpose Terminal
4.	Port Elizabeth	293	P.E Container Terminal P.E Multi-Purpose Terminal (MPT)
5.	Ngqura	296	Ngqura Container Terminal
6.	Cape Town	314	Cape Town Container Terminal Cape Town Multi-Purpose Terminal (MPT)
7.	Saldanha Bay	953	Iron Ore Terminal Saldanha Multi-Purpose Terminal (MPT)

2. DELIVERABLES FOR THE REQUEST FOR QUOTATION PROCESS

2.1 The Respondent shall provide a project plan that will result in the asset fair valuation being completed with reports required to be handed over to the TPT Project Manager as follows, including changes up to 31st March of each year:

2.1.1 *Year 1*: Draft report by 25 February 2026 and final report by 02 April 2026.

2.1.2 *Year 2:* Draft report by 25 February 2027 and final report by 02 April 2027.

2.1.3 *Year 3:* Draft report by 25 February 2028 and final report by 03 April 2028.

2.2 The Respondent shall provide the fair valuation report of all assets listed in two phases during Year 1 as follows:

2.2.1 The draft report will be based on the condition of assets and remaining useful provided by the expert valuer prior to changes that will be reviewed as at 31 March 2026.

2.2.2 The final report will be based on changes to the condition of assets and remaining useful life provided by the expert as at 31 March 2026.

2.2.3 The final report must also include the DCF deliverables covered in section 4 below.

2.3 The Respondent shall provide the fair valuation report of all assets listed in two phases during Year 2 and Year 3 as follows:

2.3.1 The draft report will be based on the condition of assets and remaining useful provided by TPT during the exercise prior to changes as at 31 March 2027 and 31 March 2028.

2.3.2 The final report will be based on changes to the condition of assets and remaining useful life provided by TPT as at 31 March 2027 and 31 March 2028.

2.4 The project plan for Year 1 must include a detailed project plan per terminal. This should include the following:

2.4.1 Key activities

2.4.2 Resource allocation

2.4.3 Timelines

2.4.4 Dependencies

2.4.5 Risks (if any)

2.5 The Respondent shall provide TPT with a detailed methodology and order of events in the submission which includes the Resources, Process and timeline for the project deliverables in Year 1, Year 2 and Year 3.

2.6 The TPT Project Manager must sign off all the methodologies before the Respondent commences with the revaluation assessment.

2.7 The Respondent shall review the Fair Valuation approach adopted by TPT and provide recommendations and shortcomings in the Valuation reports for each of the three years.

2.8 The Respondent shall provide TPT with a Company Profile and Project Management Structure, confirm availability of the resources complement and ensure that they provide TPT with the correct calibre of staff to conduct the Valuation for all three years, taking into account the following:

2.8.1 Team members years of experience and qualification (Finance and Engineering);

2.8.2 Previous work conducted with respect to valuation of port operating assets assessed with a minimum Net book Value of R4 billion;

2.8.3 Size and nature of previous contracts;

2.8.4 CV's of team members to be made available on award of business.

2.9 Organisations and proposed revaluation teams must include key individuals who belong to the following professional bodies:

2.9.1 Engineering Council of South Africa (Pr Eng – Mechanical, Structural & Electrical) or equivalent International Engineering qualification

2.9.2 South African Institute of Chartered Accountants - CA (SA)

2.10 The Respondent to provide written and signed reference letters not older than three (3) years, showing proven track record in port operating asset revaluations.

2.11 All the information used by the Respondent in this project must be handed over to TPT and kept for future use.

3. ADDITIONAL INFORMATION

3.1 Some assets are split into components, to comply with International Financial Reporting Standards. The details of such components are included in Annexure A.

3.2 The successful respondent shall attend a briefing session with Management prior to commencement of the deliverables.

3.3 Where an indication has been given as to the number of assets per Port, it must be understood that these are approximate quantities only.

3.4 The Respondent shall attend all the TPT Asset Revaluation Steering Committee meetings, which will be held, at least every two weeks until the valuation of assets has been finalised.

3.5 The Respondent must be available to respond to audit related queries for the duration of the three (3) year contract.

4. REVALUATION PROCESS DELIVERABLES FOR YEAR ONE (1) – INDEPENDENT VALUATION

4.1 A physical inspection must be conducted of all assets, within the scope of the exercise to determine their existence (Sheet to Floor).

4.2 Identify assets that meet the criteria of Port Operating Assets, which have not been recorded in Annexure B (Floor to Sheet).

4.3 Assess the physical condition of the assets inspected.

4.4 Engage with relevant Engineering or Technical Managers in relation to the physical inspection of the assets.

4.5 Inspect and assess the maintenance records/reports of the Port Operating Assets to assist with the revaluation.

4.6 Identify assets comprising multiple components and ensure that they are assessed per component as per the TPT fixed asset register.

4.7 Ascertain the adequacy of historical maintenance per asset and its impact on condition and useful life.

4.8 Assess the original design life, the expired and remaining useful lives of assets inspected and provide any recommended changes to the existing Transnet useful life.

4.9 Determine the remaining useful life of the assets.

4.10 Assess the assets for any potential obsolescence, particularly where this would impact on the valuation of the asset concerned.

4.11 Conduct a technical valuation of assets based on the above as well as market value of similar assets, replacement cost, modern equivalent asset value or any other relevant valuation methodology.

4.12 All calculations must be electronically handed over to TPT with formulas and must be supplemented with an assumption data book and references.

4.13 Evidence to support valuation results and methodologies used in the process.

4.14 Arrive at a valuation per asset or asset component, which must be populated in the Fixed Asset Revaluation template.

4.15 Proposals must provide for a total solution (i.e. technical & financial). This means that the solution must provide a technical valuation per asset and sub asset / component as well as a thorough evaluation of the financial valuation models of each Terminals Discounted Cash Flow Models [DCF]), the latter should corroborate the results of the technical valuation.

4.16 Review the Discounted Cash Flow (DCF) valuation of assets (i.e. Net present value of future cash flows); review the assumptions and integrity of TPTs terminal viability models and express an opinion on the assumptions and general robustness of the models.

4.17 Reconcile the DCF and technical valuations and provide an explanation of potential anomalies between them, if any.

4.18 Update the existing DCF model electronically on excel including all formulas where applicable for each terminal which TPT will use in the intervening periods.

4.19 The DCF models must be consolidated for the 15 terminals into one workbook with separate individual tabs linking to a consolidated tab based on appropriate financial modelling practices. Hardcoded calculations on the model will not be accepted. The model must be supplemented with an assumption data book and references. A detailed guideline and training on how the DCF model is updated is required.

4.20 Before preparation of the full report, the results must be signed off by the Terminal Engineering Manager and the Regional Financial Manager and thereafter the TPT Project Manager must sign-off the results with the Respondent.

4.21 The Fixed Asset Revaluation Template must be completed in full and must include a detailed explanation of the various inputs into the template.

4.21 The Respondent may recommend any improvements to TPT's existing asset management techniques.

5. REVALUATION PROCESS DELIVERABLES FOR YEAR (2) AND YEAR THREE (3) – INDEX VALUATION

5.1 The Respondent must ensure compliance with International Financial Reporting Standards (IFRS) when conducting the assessment.

5.2 The Respondent to utilise the TPT condition matrix in their calculations when providing a fair valuation per asset.

5.3 TPT will provide the Respondent with the condition factor and the remaining useful life of the assets for year 2 and year 3

5.4 The Respondent to provide the original design life, the expired life and the latest assessment of the remaining useful lives of assets and recommend any potential changes to the remaining useful life.

5.5 The Respondent to effect adjustments to the Fair Valuation of assets in cases of any potential obsolescence or where assets are out of service.

5.6 The Respondent to review and provide recommendations to adjust the final Fair Valuation where such valuations are not reflective of assets of a similar condition in the open market.

5.7 The Respondent shall provide the replacement cost new as at 31 March 2027 and 31 March 2028 for all assets and components as per Annexure A. Annexure A will be provided at the commencement of year 2 and year 3 project.

5.8 Provide a fair valuation of the assets based on the cost approach on the above of similar assets using replacement cost of a modern equivalent asset value in determining the fair value of the assets as at 31 March 2027 and 31 March 2028.

5.9 All calculations must be electronically handed over to TPT with formulas and must be supplemented with an assumption data book and references.

5.10 A valuation is required per asset component, which will be populated in the Fixed Asset Revaluation template.

5.11 Evidence to support valuation results and methodologies used in the process.

5.12 The Respondent may recommend any improvements to TPT's existing asset management techniques.

6. REPORT OUTPUTS – YEAR (1): INDEPENDENT VALUATION

6.1 List of Port Operating Assets, with their asset number and sub-number, description, sector code, final replacement cost new, normal useful life, condition grading, final remaining useful life, deprecation profile, final depreciation factor, obsolescence factor and new valuation amount per component as reflected in the TPT fixed asset register, as at March 2026.

6.2 Valuation methodology used.

6.3 Feedback as to the validity, accuracy and completeness of the terminal viability models.

6.4 Graphical (or other) presentation of equipment life cycles (benchmark) and a comparison with that of TPT's equipment, and explanation of any deviation between the two.

6.5 Include the Internal Financial Reporting Standards (IFRS) disclosure information in accordance with IFRS 13.

6.5.1 a description of the valuation technique(s) and the inputs used in the fair value measurement.

6.5.2 a description of the valuation processes.

6.5.3 if there has been a change in valuation technique, the reason(s) for making it.

6.5.4 quantitative information about the significant unobservable inputs used in the fair value measurement that are significant to the fair value measurement.

6.5.5 a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement.

6.6 Completed and signed off control sheet per asset (template provided by TPT).

6.7 The revaluation templates must be signed off by the Terminal / Regional Financial Manager, Terminal Technical Manager and Chief Engineering Manager.

6.8 The final version of all the above are to be submitted to and finally approved by the Divisional Financial Reporting Manager by 02 April 2026.

7. REPORT OUTPUTS - YEAR 2 AND YEAR 3: INDEX VALUATION

7.1 List of Port Operating Assets, with their asset number and sub-number, description, sector code, final replacement cost new, normal useful life, condition grading, final remaining useful life, deprecation profile, final depreciation factor, obsolescence factor and new valuation amount per component as reflected in the TPT fixed asset register, as at March 2027 and March 2028.

7.2 Reports in two phases as described in 2.3 above.

8. THE OBLIGATIONS OF TPT

8.1 Provide the list of assets and sub-assets on the fixed asset register and valuation template.

8.2 Provide the Respondent with the condition factor and the remaining useful life of the assets as reflected on the fixed assets register for year 2 and year 3. Respondent to independently assess condition factor and remaining useful life of assets in year 1.

8.3 Ensure that the Terminal Engineering and Finance personnel are available to assist the Respondent with any queries.

8.4 Provide the Respondent with all available maintenance schedules for each asset valued.

8.5 Provide the Respondent with the latest terminal viability models and DCF model.

8.6 Ensure that the assets are available to the Respondent for valuation as and when required.

8.7 Provide any other information which is reasonably expected for them to complete the task.

8.8 Sign off all the methodologies before the Respondent commences with revaluation assessment.

8.9 Sign-off the results with the Respondent before preparation of the full report.