

**APPENDIX A:**

**SCOPE OF REQUIREMENTS FOR THE ESTABLISHMENT OF A TRANSACTION ADVISORY FRAME LIST FOR A PERIOD OF FIVE YEARS.**

## SECTION A: BACKGROUND, OVERVIEW AND SCOPE OF REQUIREMENTS

### 1 BACKGROUND

Transnet SOC Ltd is South Africa's integrated rail, port, and pipeline company and the backbone of the national freight logistics system. It plays a pivotal role in moving goods efficiently from producers to consumers, thereby supporting trade, industrial development, and economic growth.

However, Transnet is at an inflection point. Its performance in freight logistics and supply chain competitiveness has been lagging, and a constrained financial position has curtailed much-needed investment. This has further weakened the system, increased the risk of operational failures, and placed the security and reliability of supply under pressure.

To address these challenges, Transnet has adopted the Reinvent for Growth Strategy, structured around three interdependent focus areas:

- **Fix and Optimise the Business** - tactical, operationally driven initiatives to stabilise performance, protect existing revenues, improve efficiency, and reduce costs.
- **Transform the Business** - structural reforms, including fundamental changes to operating models (notably rail reform), to enable a step-change in performance and competitiveness.
- **Grow the Business** - expansionary initiatives that build on improved operations and strategic repositioning to capture new opportunities, expand market share, and leverage Transnet's natural and acquired advantages.

Together, these priorities represent a shift from short-term stabilisation to long-term transformation and growth. They also provide the platform for flagship programmes in:

- **Rail Reform** - renewed investment and rejuvenation of the rail sector, establishment of an independent Infrastructure Manager with a regulated asset base, and enabling fair access for private Train Operating Companies (TOCs).
- **Port Reform** - strengthening the independence of the National Ports Authority and introducing greater competition within port terminals to improve efficiency and service quality.
- **Segment Strategies** - unlocking growth and competitiveness across nine (9) key market segments.

At the same time, the broader freight logistics system is undergoing structural reform under national policy imperatives. The National Rail Policy, Freight Logistics Roadmap (FLR), PSP Framework, and the Economic Regulation of Transport Act collectively aim to create an open, efficient, and commercially sustainable logistics system, underpinned by private sector investment and participation.

In December 2023, Cabinet approved both the FLR and the DoT PSP Framework. The FLR sets out a roadmap to address immediate logistics challenges while laying the foundation for medium- to long-term reforms, balancing short-term "quick wins" with structural change. The PSP Framework complements this by establishing the institutional and governance arrangements required to mobilise private sector investment and to provide consistent, transparent processes for structuring and delivering PSP transactions.

Central to this reform agenda is addressing the inefficiencies in freight rail and ports that remain a severe constraint on exports, economic growth, and job creation. Immediate stabilisation efforts are being implemented through five (5) priority freight corridors, fully aligned with the Transnet Board-approved Recovery Plan. However, these short-term measures must be complemented by structural reforms to secure sustainable, long-term change.

In this context, the Department of Transport has launched a Request for Information (RFI) process as part of the broader PSP programme. The RFIs serve as a market-sounding exercise, engaging investors, operators, and financiers to validate demand, test appetite, and frame the problem statements that will guide the design of PSP transactions. Insights from the RFIs will be incorporated into the project preparation phase of future PSPs, ensuring that transaction structures are aligned with market realities and national policy objectives.

Transnet is actively engaged in this process and, in parallel, is preparing five priority PSP transactions across rail and port assets. While these are critical to long-term transformation, the structuring, procurement, and financial close of PSP projects typically take 18 to 48 months, creating an interim capacity and investment gap. Bridging this gap will require Transnet to mobilise specialist external expertise to sustain momentum and ensure that PSP-led solutions are executed with the speed, rigour, and quality required to deliver on South Africa's logistics reform agenda.

## 2 SCOPE OF SERVICES

### 2.1 OVERVIEW

Transnet SOC Ltd ("Transnet") invites proposals for the establishment of a Panel of suitably qualified and experienced Service Providers to provide Turnkey Private Sector Participation (PSP) Transaction Advisory Services for a period of five (5) years.

The objective is to create a pre-qualified pool of world-class advisors, to be engaged on an as-and-when-required basis, to support the design, structuring, and execution of complex PSP transactions across Transnet's portfolio. The Panel will strengthen Transnet's internal capacity by bringing specialist expertise, global best practices, and proven methodologies to ensure high-quality, timely transaction preparation and delivery.

Advisors will be required to provide practical toolkits, frameworks, and templates to enable seamless progression from concept development to commercialisation and implementation and must demonstrate the ability to adapt their approaches to the nature, stage, and strategic objectives of each transaction.

The Panel's services will extend to opportunities in rail, ports, pipelines, and related freight logistics infrastructure, whether originated internally or in response to proposals from customers, government entities, other states, or private developers.

All engagements will be governed by Transnet's Joint Investment and External Partnership Selection (JIEPS) Framework, which defines the governance processes, regulatory requirements, risk considerations, and transaction structures for PSP projects. Prospective bidders are expected to familiarise themselves with this Framework, as it will underpin all assignments issued under the Panel.

Transnet seeks to appoint advisors of the highest calibre, with a demonstrable track record in structuring large-scale infrastructure and logistics transactions, a strong grasp of international best practices, and the capability to deliver fit-for-purpose solutions in the South African context. This appointment is intended as a strategic partnership to secure best-in-class outcomes across Transnet's investment and reform programmes.

Illustrative Scope of Services (non-exhaustive):

- Transaction structuring and financial modelling
- Legal and regulatory advisory, including drafting of agreements
- Technical due diligence and project scoping
- Risk analysis, mitigation, and allocation frameworks

- Procurement design, bid evaluation support, and negotiation management
- Post-transaction monitoring and performance management.

## 2.2 PANEL UTILISATION

Once appointed, the Transaction Advisory Panel will be mobilised on a rotational task order basis, ensuring both fair distribution of work and the deployment of the most suitably qualified advisors for each assignment. Transnet will oversee task order allocation to maintain transparency, competitiveness, and alignment with project requirements.

In awarding assignments, Transnet will also consider the level of specialisation and experience across modalities (rail, ports, pipelines, property, and telecoms) to ensure optimal alignment between project needs and advisory expertise. This approach balances fairness with the need to secure best-in-class outcomes for Transnet’s priority projects.

Transnet reserves the right to appoint single or multiple firms to any task order, depending on project needs.

## 2.3 TURNKEY SCOPE OF SERVICES

The Transaction Advisory Panel will assist Transnet in progressing identified PSP transactions through the following JIEPS-aligned phases:

Phase	Objective	Key Deliverables
<b>Phase I:</b> Transaction Development	Establish the foundations for the proposed transaction through due diligence and preparation of a robust business case.	<ul style="list-style-type: none"> <li>• Due diligence across legal, regulatory, technical, financial, and environmental aspects.</li> <li>• Comprehensive Business Case / Joint Investment Proposal.</li> <li>• Preliminary procurement inputs.</li> </ul>
<b>Phase II:</b> Transaction Implementation	Support procurement and negotiation processes to secure suitable external partners and obtain necessary approvals.	<ul style="list-style-type: none"> <li>• Partner selection support.</li> <li>• Drafting of agreements.</li> <li>• Support for internal/external approvals.</li> </ul>
<b>Phase III:</b> Transaction Commercialisation	Ensure successful transition to operationalisation after approvals and financial close.	<ul style="list-style-type: none"> <li>• Finalisation of agreements.</li> <li>• Negotiation support.</li> <li>• Commercial close and post-transaction management.</li> </ul>

The deliverables for each phase are further unpacked and detailed in the following tables. **Annexure C** provides an itemised breakdown of the deliverables, expanding on the scope tables and offering detailed guidance for each phase of the Transaction Advisor’s work.

### 2.3.1 Phase I: Transaction Development

Workstream	Key Deliverables
Due Diligence	<ul style="list-style-type: none"> <li>• Conduct a comprehensive legal and regulatory compliance review, including preparation of a detailed checklist of all statutory approvals required for the transaction.</li> <li>• Assess technical, environmental, financial, and market factors, including customer demand, competitor positioning, and Transnet’s internal capacity.</li> </ul>

Workstream	Key Deliverables
	<ul style="list-style-type: none"> <li>• Identify regulatory, political, commercial, and technical risks, proposing risk allocation and mitigation strategies.</li> <li>• Conduct land rights assessments, including title conditions, zoning, acquisition requirements, servitudes, land claims, and resettlement needs where applicable.</li> <li>• Perform a technical site assessment and prepare a register of supporting infrastructure.</li> <li>• Evaluate environmental impacts, mitigation costs, and compliance with relevant frameworks.</li> <li>• Assess local content compliance and participation opportunities in line with statutory requirements.</li> <li>• Develop high-level technical specifications to inform transaction scope and procurement.</li> <li>• Prepare a comprehensive Due Diligence Report summarising risks, mitigation strategies, timing implications, and next steps for transaction readiness.</li> </ul>
Business Case / Joint Investment Proposal	<ul style="list-style-type: none"> <li>• Define the proposed partnership structure, intended outcomes, and scope, reflecting current assets, infrastructure, and the desired end-state.</li> <li>• Describe the roles, responsibilities, and contributions (capital, operational, technical) of Transnet and prospective external partners.</li> <li>• Undertake a financial viability assessment, addressing income generation, investment requirements, and affordability.</li> <li>• Conduct Value-for-Money (VfM) analysis and Whole-of-Life benefit assessments versus a Public Sector Comparator (PSC).</li> <li>• Undertake an options analysis for legal and contractual structures (e.g., Concession, Lease, SPV, Management Contract).</li> <li>• Develop a detailed risk transfer strategy, specifying allocation between Transnet and external partners with mitigation measures.</li> <li>• Prepare a comprehensive Business Case using the approved JIEPS template, ensuring readiness for governance, Board, and shareholder approvals.</li> </ul>
Financial Inputs	<ul style="list-style-type: none"> <li>• Develop financial models aligned with Transnet’s KPIs to test affordability, bankability, and sensitivity to key variables.</li> <li>• Provide asset valuations, benchmarked against comparable local and international PSP transactions.</li> <li>• Conduct preliminary assessments of financing options, funding sources, and revenue streams to inform affordability and bankability of the transaction.</li> <li>• Support integration of financial inputs into the overall Business Case.</li> </ul>
Procurement Planning Support	<ul style="list-style-type: none"> <li>• Provide early-stage guidance on procurement planning and strategy consistent with JIEPS and applicable public-sector procurement regulations.</li> <li>• Recommend a market engagement approach, including early testing of investor appetite, partner capabilities, and competitive dynamics.</li> <li>• Identify and profile prospective external partners by technical capacity, funding strength, and alignment with transaction objectives.</li> <li>• Analyse regulatory and procurement risks and propose early mitigation strategies.</li> <li>• Ensure procurement readiness to enable a seamless transition to Phase II: Transaction Implementation.</li> </ul>

### 2.3.2 Phase II: Transaction Implementation

Workstream	Key Deliverables
Partner Selection	<ul style="list-style-type: none"> <li>• Provide strategic support in procurement planning and market engagement, ensuring alignment with JIEPS and public-sector procurement regulations.</li> <li>• Contribute technical, financial, and legal input to the preparation of RFQ/RFP documentation, including scope, output specifications, risk profile, and evaluation criteria.</li> <li>• Advise on bid processes, compliance requirements, and governance protocols to ensure transparency and fairness.</li> <li>• Conduct transaction structure optioneering, advising on alternative PSP models (e.g., Concession, JV, Lease) and assessing their impact on Transnet's financial statements, debt covenants, and operational performance.</li> <li>• Provide benchmarking and market insights to strengthen investor interest and enhance competition.</li> </ul>
Tax & Regulatory Advisory	<ul style="list-style-type: none"> <li>• Analyse tax implications of the proposed transaction, including local and cross-border tax treatment relevant to financing structures, SPVs, and investor participation.</li> <li>• Advise on statutory approvals and regulatory compliance requirements, including but not limited to: <ul style="list-style-type: none"> <li>- Ministerial approvals under PFMA s54(2) and s51(1)(g).</li> <li>- National Treasury approvals or exemptions (e.g., deviations from open bidding where applicable).</li> <li>- Approvals or consents under the Ports Act (e.g., section 79 directives, licensing modifications, transfers, or sub-licensing).</li> <li>- Competition Commission approvals for intermediate or large mergers.</li> <li>- Other environmental, land-use, or sector-specific approvals as required.</li> </ul> </li> </ul>
Drafting of Commercial Agreements	<ul style="list-style-type: none"> <li>• Draft commercial agreements implementing the agreed transaction structure and risk allocation.</li> <li>• Ensure agreements reflect market context, bankability, and enforceability.</li> <li>• Prepare all annexes and subsidiary documentation, including technical specifications, performance standards, risk matrices, transaction monitoring regimes, reporting requirements, and network integration provisions.</li> <li>• Ensure alignment of sub-contracts (construction, operations, service agreements) with the principal PSP agreement to avoid inconsistencies or unintended risk shifts.</li> </ul>
Approvals Support	<ul style="list-style-type: none"> <li>• Prepare submissions for all internal approvals, including relevant Transnet structures (e.g., Project Steering Committees, EXCO, GIC, and Board).</li> <li>• Prepare submissions for all external approvals, including but not limited to the Ministers of Transport and Finance, National Treasury, Competition Commission, TNPA, and other regulators.</li> <li>• Support the preparation of documentation and responses required for environmental, land-use, and other statutory approvals, ensuring compliance with all applicable laws.</li> <li>• Provide transaction summaries and decision-support documentation for use by Transnet and approving authorities.</li> </ul>

### 2.3.3 Phase III: Transaction Commercialisation

Workstream	Key Deliverables
Final Negotiations	<ul style="list-style-type: none"> <li>• Lead or support Transnet in final negotiations with preferred bidder and financiers, ensuring alignment with Transnet’s strategic, commercial, and legal objectives.</li> <li>• Develop structured negotiation strategies, timelines, issue logs, and agendas.</li> <li>• Advise on engagement with alternate (second/third-place) bidders, including bid-bond management and contingency planning.</li> <li>• Review lenders’ requirements, financial covenants, and security structures, providing input on risk mitigation.</li> <li>• Facilitate resolution of conditions precedent such as regulatory approvals, environmental permits, and corporate vehicle formation.</li> <li>• Ensure all negotiated terms are reflected in the final legal, commercial, and financial documentation.</li> </ul>
Financial Close	<ul style="list-style-type: none"> <li>• Support finalisation of financing arrangements, including debt instruments, guarantees, subsidies, or blended-finance solutions.</li> <li>• Advise on structuring of financial management instruments (e.g., escrow accounts, trust arrangements, security-sharing mechanisms) and ensure compliance with agreed covenants.</li> <li>• Provide legal and regulatory input on enforceability of agreements, adequacy of security arrangements, and compliance with revenue-sharing provisions.</li> <li>• Confirm satisfaction of all conditions precedent required for financial close and transaction effectiveness.</li> </ul>
Post-Transaction Transition	<ul style="list-style-type: none"> <li>• Prepare a comprehensive Post-Transaction Management Plan, detailing ongoing obligations, performance management, and reporting mechanisms.</li> <li>• Assist in establishing JV/SPV or other transaction vehicles and confirm governance, shareholding, and compliance with statutory requirements.</li> <li>• Facilitate smooth handover to Transnet’s operational and contract-management teams for long-term implementation.</li> <li>• Provide final Close-Out Report, summarising negotiation outcomes, risks, lessons learned, and recommendations for ongoing contract management.</li> </ul>

### 2.3.4 Legal Advisory Scope of Services

Transnet maintains a dedicated Legal Advisory Panel to provide specialised legal services in support of its transactions. Accordingly, the appointed Transaction Advisors shall be obligated to appoint a legal firm from the Transnet Group Legal panel.

Notwithstanding the delegation of such legal tasks, the Transaction Advisor shall remain fully accountable for the overall delivery and integration of all workstreams required under the turnkey transaction advisory scope, ensuring that legal outputs are appropriately incorporated into, and aligned with, the broader technical, financial, commercial, and strategic deliverables of the engagement.

### 3 TYPES OF TRANSACTIONS ENVISAGED

The key transaction structures, as outlined in the JIEPS Framework and likely to be applied by Transnet in the PSP context, include:

- Concessions
- Operating Leases
- Strategic Equity Partnerships
- Unincorporated Joint Ventures
- Incorporated Joint Ventures or Special Purpose Vehicles (SPVs)
- Equity Investments in Private or Public Entities (including Mergers and Acquisitions)

Further details and illustrative examples of these structures are provided in **Annexure A**.

### 4 POTENTIAL PRIVATE SECTOR PSP/PPP PIPELINE

Transnet is developing an extensive portfolio of PSP projects. Projects are identified inter alia through:

- Transnet's strategy development process, and
- The Department of Transport's PSP Framework and pipeline development processes, ensuring alignment with both corporate and national priorities.

The following represents a potential set of PSP transactions where advisory support may be required. This list is illustrative, not exhaustive, as further opportunities may emerge.

Illustrative Projects include:

- Container Corridor PSP
- Ngqura Manganese Export Corridor PSP
- North Corridor Coal PSP
- Richards Bay Dry Bulk Terminal PSP
- Boegoebaai Port and Rail Development PSP: deepwater port and rail infrastructure for mining and green hydrogen exports
- Branch Line Revitalisation PSP, and
- Property and Telecoms PSPs

The PSP transactions are further elaborated in **Annexure B**. Where applicable, illustrative PSP transaction options are provided for reference purposes only and should not be regarded as definitive or limiting.

## 5 EVALUATION CRITERIA

To ensure transparency, fairness, and strategic alignment, the evaluation process will be guided by the criteria set out in the following table.

#	Section	Maximum Points
1	Bidder experience in PSP/PPP	40
2	Bidder experience in Technical/Engineering	30
	Bidder experience in Financial Advisory Services	30
	TOTAL	100
	<b>Threshold</b>	<b>70%</b>

Bidders must score in all areas in order to reach a threshold of 70%

Each section contains a comprehensive set of evaluation criteria together with the associated evidence requirements, which bidders must address in their submissions.

Minimum Thresholds: Bidders must meet minimum technical thresholds to be considered for appointment. Each evaluation section includes scoring bands with reference letters mandatory for validation.

<b>ANNEXURE A: TYPES OF PSP TRANSACTIONS</b>
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**1. Concessions**

An External Partner will perform any combination of design, build, finance and operation of Transnet's rail, port, terminal or pipeline infrastructure and services. The distinguishing factors for various concession agreements will be determined by the degree of risk and level of responsibility transferred to the External Partner and can range from a service agreement or management agreement to a full concession agreement; alternatively, Transnet will participate in any combination of design, build, finance and operation of other jurisdictions' rail, port, terminal or pipeline infrastructure and services. In this case, Transnet will be the concessionaire, which may include TRIM, TNPA or TPL as the concession owner.

**2. Operating Lease**

An External Partner leases and operates the assets/infrastructure of Transnet in exchange for a rental fee (but excludes a lease of immovable property); alternatively, Transnet will enter an operating lease agreement with external parties in other jurisdictions to lease and/or operate assets/infrastructure and services on their behalf.

**3. Strategic Equity Partner**

Transnet may establish subsidiary companies to carry out particular transactions or business operations. One or more External Partners will be selected as co-owners with Transnet in such subsidiaries. A strategic equity partner will have an equity stake in the partnership with the purpose of reaching common objectives.

**4. Unincorporated Joint Venture**

Transnet will select one or more External Partners to undertake a transaction with a common objective, for the purpose of making a profit (or generating revenue). The parties must reach an agreement with regard to the skills and resources that will be contributed to the joint venture/partnership, and the proportions in which the profits and losses of the joint venture/partnership will be shared.

**5. Incorporated Joint Venture or Special Purpose Vehicle (SPV)**

Transnet and selected External Partner/s will incorporate an entity for a specific purpose involving the development of a transaction, or the operation of assets/infrastructure/business operations that are transferred from Transnet and/or the external partner to the SPV.

**6. Equity Investment in a Private or Public Entity (Or Merger and Acquisition)**

Transnet may acquire an ownership stake in an existing private or public sector entity for purposes of acquiring new infrastructure, business capabilities, capacity, customer base, and/or innovations to support or enable specific strategic objectives.

## ANNEXURE B

### PSP/PPP TRANSACTION PIPELINE

#### 1. Durban Container Terminal (DCT) Pier 2

##### Description and Benefits

The private sector involvement in DCT Pier 2 aims to establish the Port of Durban (PoD) as a major container hub. Handling 72% of PoD's throughput and 46% of South Africa's container traffic, DCT Pier 2 is Transnet's largest terminal. However, its container volumes have marginally declined, with a -2.7% CAGR from 2017/18 to 2022/23. Currently, operational efficiency at DCT Pier 2 is at 60%, with potential to reach a capacity of 2.8 million TEU without major capital investment. The private partner's role is to improve operational and commercial performance, boost volume throughput, and integrate DCT Pier 2 into global shipping routes to lower logistics costs.

#### 2. Richards Bay Container Terminal

##### Description and Benefits:

Transnet co-opted the private sector through a structured section 56 process to expand the Richard Bay Container terminal from 50 000 TEU PA to 200 000 TEU PA operation. The project was awarded within an indicative developmental investment of R285 million. The concession agreement is directed to be over a 20-year horizon on a Finance Build Operate Transfer concession model.

#### 3. The Container Corridor

##### Description and Benefits:

The Container Corridor is a critical backbone of South Africa's freight rail system, linking key inland and port terminals and underpinning trade and economic growth. However, the corridor's performance has been severely constrained by community encroachment, theft, vandalism, storm-related damage, and historic underinvestment in maintenance. These challenges have led to escalating costs, reduced service reliability, and sustained financial losses, undermining the corridor's long-term viability.

As part of Transnet's strategy to restore performance and ensure sustainability, a range of Private Sector Partnership (PSP) options are under consideration, including leasing and concessioning models. The objectives are to:

- Improve density and efficiency of train services,
- Attract private investment for network rehabilitation and rolling stock upgrades,
- Reduce financial losses,
- Restore customer confidence, and
- Enable a greater shift of freight from road to rail.

It is envisaged that a PSP transaction could involve, potentially in partnership with Transnet:

- The lease or concession of train operations,
- The operation of inland terminals, and
- The use and management of rolling stock, with employees seconded to the operator as part of the arrangement.

To incentivise private investment, TRIM would be requested to ring-fence rail slots over a 20–25 year period. In return, the lessee or concessionaire would undertake capital investment and ongoing maintenance to restore the corridor, modernise infrastructure, and implement strategic enablement projects that improve efficiency and resilience..

#### **4. Ngqura Container Terminal**

##### Description and Benefits

The Container Segment Strategy seeks to reverse South Africa’s decline in maritime connectivity by establishing an internationally competitive hub port system, rejuvenating terminal operations through private sector participation, and reforming the currently non-viable container rail business. Central to this strategy is the repositioning of the Port of Ngqura as a hub targeting Southeast Asian transshipment traffic, particularly from China.

In 2021, the Transnet Board approved a process to invite bids from International Terminal Operators (ITOs) to turn around the loss-making NCT business, primarily by introducing additional transshipment volumes. However, the transaction was unsuccessful: Transnet’s requirement for ITOs to guarantee container volumes—with penalties applied if volumes did not materialise—proved unacceptable to potential partners.

This experience highlights the need for recalibrated transaction terms that balance risk more effectively between Transnet and private operators. Going forward, the NCT remains a key PSP opportunity, with the potential to position Ngqura as a competitive transshipment hub, restore container volume growth, and attract international investment aligned to global shipping network dynamics.

#### **5. Maydon Wharf PSP**

##### Description and Benefits

Transnet National Ports Authority has proposed a conversion of the 2 TPT Multi-Purpose terminals into container terminals. In addition, the TPT Container operations at the Point precinct are planned for relocation to the Maydon Wharf terminal (MWF).

#### **6. Project Ukuvuselela**

##### Description and Benefits

Project Ukuvuselela was conceptualised to facilitate the rail transportation of approximately 150,000 fully built units (FBUs) per annum through the South Corridor (SouthCor) to the Port of Port Elizabeth (PoPE) by 2026, aligned with Ford’s expansion programme and the broader automotive sector growth strategy.

The project has reached an advanced stage of planning; however, progress has been constrained by two key challenges:

- A lack of funding support and firm commitments from the automotive industry on volumes under new private sector commercial agreements, and
- The impact of the Trump-era tariffs on Ford exports, which has altered market dynamics and reduced the immediate viability of the project.

As a result, the project is currently temporarily on hold while these issues are resolved. Once conditions improve, the project remains a strong candidate for revival, with Private Sector Participation

(PSP) expected to play a critical role in rolling stock supply and operations through open access principles, once the required infrastructure is commissioned.

## **7. Richards Bay LNG Terminal**

### Description and Benefits

The refined fuels sector is expected to weaken over the medium to long term (10–30 years) due to efficiency improvements, the growing adoption of natural gas, and the increasing penetration of electric vehicles. In response, this project focuses on the development of a Liquefied Natural Gas (LNG) Terminal at the Port of Richards Bay, designed to meet the anticipated demand from industrial gas users and the Independent Power Producer (IPP) sector in KwaZulu-Natal and Gauteng.

The project will be implemented in phases, ensuring scalability and alignment with market uptake:

- Phase 1: Establishment of an ISO berth facility with direct distribution to landside industrial users.
- Phase 2: Development of landside storage facilities, enabling expanded distribution capacity and improved supply reliability.

The transaction is already at an advanced stage of preparation, positioning Richards Bay as a future hub for LNG imports and distribution, and providing a critical enabler for South Africa's energy transition and industrial growth objectives.

## **8. Repurposing of Lilly Pipeline**

### Description and Benefits

The Transnet Pipelines (TPL) Lilly Pipeline is currently operated by Sasol Gas, transporting approximately 17–20 million GJ per annum (mGJ/a) of Methane Rich Gas (MRG) from Secunda to Durban. The gas is distributed via networks of pipelines or Compressed Natural Gas (CNG) road tankers to end users.

The pipeline consists of two high-pressure steel sections, totalling approximately 578 km:

- A 16-inch section (153 km) from Secunda via Standerton and Volksrust to Ingogo, and
- An 18-inch section (423 km) from Ingogo via Scheepersnek and Empangeni to Durban, terminating near the Island View area.

The pipeline is protected through specialised wrapping (Denzo tape) and cathodic protection to prevent corrosion and extend its operational life.

The objective of this project is to repurpose the Lilly Pipeline from MRG service to Natural Gas (NG) service, enabling TPL to assume operations of the repurposed asset. This transition supports South Africa's energy transition goals by providing reliable NG transport infrastructure while unlocking new commercial opportunities for TPL.

## **9. Coastal Terminal Development – Transnet Fuel Import Terminal PSP**

### Description and Benefits

The Transnet Fuel Import Terminal (TFIT) is a project that seeks to develop import facilities / infrastructure at the Island View Precinct at the Coastal Terminal. TFIT will enable Transnet to build import infrastructure for use by a wider network of users that includes historically disadvantaged individuals/businesses. The Transnet business drivers underpinning the TFIT opportunity are the following:

- Providing opportunities to BBBEE / HDSA players and new entrants to the SA oil industry to import products into SA through an import facility in Island View.
- To improve the throughput of the NMPP pipeline and thereby deliver more competitive pipeline tariffs.
- To maximize the utilization of Transnet assets.
- To increase the return on non-regulated assets.
- To limit the impact on Transnet's balance sheet – zero Capex is preferable.
- Start operating in a new (related) business – diversification.

## **10. Boegoebaai Port and Rail Development PSP**

### Description and Benefits

The development of a deepwater port at Boegoebaai has been identified as a strategic enabler to unlock both the mineral wealth and green hydrogen economy of the Northern Cape. The region's potential is further enhanced by the presence of rare earth minerals, underscoring the need for a modern export port capable of handling bulk exports at scale.

Located approximately 20 km south of the Namibian border, adjacent to the Boegoeberg mountain peaks, the site offers natural advantages: a 20-metre depth contour just 250 metres offshore (eliminating the need for dredging), large tracts of undeveloped land behind the shoreline, and proximate rock sources suitable for port construction. These features result in comparatively low construction costs and avoid challenges faced at other ports, such as expensive sand bypass systems common on the East Coast.

Feasibility work led by the Northern Cape Province up to 2021 has demonstrated the viability of a phased development approach, enabling infrastructure to be scaled in line with market demand. If developed, Boegoebaai would become South Africa's ninth commercial port, strategically linked to a new rail corridor serving the mining hinterland. This would not only provide urgently needed export capacity but also unlock opportunities for emerging miners, positioning the Northern Cape as a key contributor to South Africa's export growth and energy transition ambitions..

## **11. Ngqura Manganese Export Corridor PSP**

### Description and Benefits

South Africa has emerged as a dominant player in the global manganese sector, accounting for more than 45% of the seaborne trade market. Demand for export capacity continues to grow, yet current rail and port channels are heavily constrained. Compounding this, Transnet must decommission the bulk terminal at the Port of Port Elizabeth due to environmental considerations, creating further pressure on the system.

To address these challenges and unlock new growth opportunities, Transnet is pursuing the development of a dedicated Manganese Export Terminal at the Port of Ngqura (NMET), supported by expanded rail capacity from the Northern Cape. This initiative forms part of the Freight Logistics Roadmap (FLR), which frames PSPs as the delivery mechanism for expanding and modernising South Africa's strategic corridors. The vision is to secure a combined 12Mtpa of export capacity across the Ngqura and Saldanha corridors, positioning South Africa to meet global demand while strengthening its competitiveness.

In line with the Freight Logistics Roadmap (FLR) and informed by insights from the Department of Transport's PSP RFI process, the Ngqura Manganese Export Corridor PSP transaction may take the form of either:

- Standalone port operations, rail operations and rail infrastructure transactions;
- A vertically integrated rail concession, covering existing and expanded rail services between the Northern Cape and the Port of Ngqura; or
- A fully integrated rail and port concession, bundling the rail corridor with the NMET facilities.

Parallel investments will also be required at the Port of Saldanha to enhance its export capacity, potentially linked to the envisaged Iron Ore PSP transaction. Together, these investments will enable South Africa to achieve its full manganese export potential and reinforce its position as the world's leading supplier to the global steelmaking and energy transition markets. (in the manganese market).

## **12. Iron Ore Rail and Port Corridor PSP**

### Description and Benefits

South Africa's iron ore is recognised for its high quality and efficiency in steel production, attributes that are becoming even more critical in the context of carbon-neutral steelmaking and the demand for lower environmental impact. However, the sustainability of the country's iron ore exports is under pressure. Challenges include deteriorating logistics infrastructure in the Iron Ore Export Corridor, declining production volumes, rising operating costs, and increasing competition from other iron ore producers. Collectively, these factors deter investment and undermine the long-term competitiveness of South African exporters.

In line with the Freight Logistics Roadmap (FLR) and informed by insights from the Department of Transport's PSP RFI process, Transnet is exploring several PSP transaction options for the corridor:

- A vertically integrated PSP, bundling port and rail infrastructure and operations into a single concession to attract private investment and ensure seamless coordination across the value chain;
- A vertically integrated rail concession, covering existing and expanded rail services between the Northern Cape and the Port of Saldanha; or
- Standalone PSPs targeting specific elements such as rail operations, port terminal management, or rolling stock investment, depending on market appetite and optimal structuring.

These models would incentivise private partners to optimise throughput, uphold high infrastructure standards, and achieve both financial and operational sustainability. By aligning incentives, Transnet can deliver customer-focused logistics solutions, ensure greater reliability and cost efficiency, and foster deeper collaboration with mining customers. Such approaches are consistent with global best practice in heavy-haul corridors and are critical to strengthening South Africa's long-term competitiveness in the iron ore market..

## **13. Agriculture Port terminal PSP**

### Description and Benefits:

Transnet Port Terminals (TPT) currently owns and operates two major grain silo complexes with a combined storage capacity of approximately 120,000 tons: the Durban Agriport and the East London Grain Elevator. These facilities are strategically positioned to serve South Africa's agricultural export and import markets but require modernisation to meet evolving industry needs and unlock greater efficiency.

To revitalise these assets, Transnet is seeking to leverage private sector participation through partnerships for the design, refurbishment, operation, and maintenance of the landside facilities at both terminals. Such partnerships would enable the introduction of modern grain handling

technologies, improve turnaround times, and strengthen the role of Durban and East London as reliable gateways for South Africa's agricultural commodities.

The PSP approach is expected to attract investment, enhance operational efficiency, and provide long-term benefits for both exporters and the broader agricultural value chain, while allowing Transnet to focus on its core logistics mandate.

#### **14. North Corridor Coal PSP**

##### Description and Benefits:

The North Corridor Coal Line is a strategic freight corridor linking Mpumalanga's coalfields to the Richards Bay Coal Terminal (RBCT), the largest coal export facility in Africa. Its performance is critical to South Africa's coal export competitiveness and broader economic stability. Yet, persistent infrastructure degradation, locomotive shortages, theft, vandalism, and delayed maintenance have constrained volumes well below RBCT's 81 Mtpa design capacity.

In line with the Freight Logistics Roadmap (FLR) and informed by insights from the Department of Transport's PSP RFI process, Transnet is exploring several PSP transaction options for the corridor:

- Vertically integrated rail concessions, where private operators finance, maintain, and operate both infrastructure and rolling stock for a defined period.
- Unbundled PSPs, separating infrastructure management from operations, allowing specialised players to invest in and manage specific components (e.g., rail operations, rolling stock, or port interfaces).
- Bundled corridor-level PSPs, combining rail and port logistics into an integrated concession to drive end-to-end efficiency, typically with longer tenors and minority equity participation by Transnet.

Across all models, private investment would be directed toward rehabilitating track and signalling systems, expanding and modernising the locomotive fleet, and restoring operational reliability.

Short term priority actions are centred on restoring corridor performance through operational efficiency improvements, rehabilitation of core rail infrastructure, reintroduction of locomotives, and stronger collaboration with industry to protect assets from theft and vandalism. By leveraging private capital and expertise through the appropriate PSP structure, the North Corridor PSP aims to restore RBCT utilisation to its full potential, unlock export volumes, and ensure the corridor's long-term sustainability as a globally competitive coal export channel..

#### **15. Richards Bay Dry Bulk Terminal (DBT) PSP**

##### Description and Benefits:

The Richards Bay Dry Bulk Terminal (DBT) is a strategic asset within South Africa's export system and plays a pivotal role in handling bulk commodities. The current objective is to transform the DBT into a leading, high-capacity bulk export terminal, leveraging its deep-water berths and strategic location to service both established and emerging markets.

The PSP opportunity centres on creating a consolidated bulk handling hub for Chrome and Magnetite, enabling operational synergies, greater economies of scale, and improved throughput efficiency. By modernising infrastructure, optimising cargo-handling systems, and streamlining operational interfaces, the DBT will be positioned to capture greater market share and respond to the growing global demand for these commodities.

In addition, the transaction presents scope to introduce private sector investment and expertise into the terminal's development, unlocking opportunities for innovation in bulk handling, enhanced customer service, and increased competitiveness. The DBT can therefore become a catalyst for growth, both for Transnet and for commodity exporters, ensuring South Africa maintains its position as a reliable supplier into global Chrome and Magnetite value chains..

## **16. Rolling Stock Leasing Company (LeaseCo)**

### Description and Benefits:

Transnet is advancing the establishment of the Rolling Stock Leasing Company (LeaseCo) as part of its broader rail reform agenda. In August 2024, a transaction advisor was appointed to prepare a Bankable Feasibility Study (BFS), scheduled for completion by February 2025, with a partnership selection RFP to follow in March 2025. However, the initial National Treasury guarantee compliance deadline of 31 March 2025 for implementation is at risk.

In parallel, TFR is undertaking a Rolling Stock Identification and Condition Assessment, due for completion by mid-November 2024, to provide the technical inputs for LeaseCo's financial models. The targeted fleet comprises general-purpose diesel locomotives and associated wagons, which will be refurbished and leased to South African private train operators under open access, with potential extension into African markets. Where necessary, refurbished assets may also be leased back to TFR to meet operational requirements, addressing the affordability gap that has previously limited its ability to return idle rolling stock to reliable service..

## **17. Blue Train PSP**

### Description and Benefits

The Blue Train is South Africa's flagship luxury rail service and one of the most iconic luxury train experiences globally. Operating primarily between Pretoria and Cape Town, as well as select additional routes, it offers passengers a unique journey through South Africa's most scenic landscapes. With its distinctive blue-and-gold livery, elegantly appointed suites, gourmet dining, and personalised butler service, the Blue Train has earned a reputation as a "five-star hotel on wheels."

To sustain this reputation and unlock new growth opportunities, the Blue Train requires significant recapitalisation and operational revitalisation. Transnet is seeking Private Sector Participation (PSP) to bring in fresh investment, innovation, and expertise to modernise its rolling stock, service offering, and commercial model.

Illustrative PSP transaction options may include:

- A long-term operating concession, where a private partner manages the service, refurbishes the rolling stock, and invests in the customer experience.
- A joint venture with a luxury hospitality or tourism brand, integrating global standards of service, marketing reach, and customer experience.
- A rolling stock lease or upgrade partnership, where the private partner finances and manages refurbishment of locomotives and coaches, with Transnet retaining ownership.

Such a partnership would reposition the Blue Train as a world-class tourism asset, expand its route offerings, and capture new luxury travel markets, while enhancing its contribution to South Africa's tourism and economic growth.

## **18. Baluleka Train PSP**

### Description and Benefits:

The Baluleka Train was originally conceptualised as a luxury passenger service to compete with the Blue Train, offering a parallel high-end rail tourism experience. However, due to financial constraints within Transnet Engineering, construction stalled, leaving the train at approximately 60% completion. As the Baluleka is not classified as core to Transnet's business, a decision was taken to dispose of the business model and associated partially completed assets.

Previous efforts to commercially sell the train in its current state have not been successful, with the scale of capital investment required for completion proving to be a constraint for potential buyers. The project therefore remains an underutilised asset, requiring a new approach to unlock value.

Illustrative PSP transaction options may include:

- An outright sale of the incomplete train assets, enabling Transnet to recover value while allowing a private party to complete and operate the service.
- A joint venture with a private tourism or hospitality investor, who would provide the capital and expertise to complete the train, reposition the offering, and bring it to market.
- A lease-to-complete arrangement, where a private partner leases the unfinished assets with the obligation to invest in their completion, with future revenue-sharing or ownership transfer mechanisms.

Through these options, the Baluleka Train could be repositioned as a viable luxury rail tourism product, or alternatively divested to recover value and allow Transnet to focus on its core freight and logistics mandate..

## **19. 1 Adderley Street PSP**

### Description and Benefits:

Transnet Property manages a diverse portfolio of residential and commercial real estate assets. Several non-core commercial properties have been earmarked to support balance sheet strengthening by unlocking their value and repositioning them to generate market-related commercial returns.

As a pilot transaction, 1 Adderley Street has been identified for redevelopment through a Private Sector Participation (PSP) initiative. This flagship property presents an opportunity to reimagine and reposition the asset in line with market demand, creating a sustainable income stream and optimising its long-term value.

The PSP will provide Transnet with access to additional capital, market expertise, and strategic partnerships, enabling the property to be transformed into a high-value investment. In doing so, it will not only achieve improved commercial returns but also demonstrate Transnet's commitment to leveraging partnerships to unlock value from its broader property portfolio.

Illustrative PSP transaction options may include:

- A long-term lease or concession to a private developer, with obligations to redevelop and reposition the property, generating a recurring income stream for Transnet.
- A joint venture (JV) partnership with a property investor or developer, where Transnet contributes the asset and the partner contributes capital and expertise, with profit-sharing arrangements.
- An outright sale with value-sharing mechanisms, allowing Transnet to monetise the asset while retaining a stake in future upside through agreed returns or equity participation..

## **20. Fibre Optic PSP**

### Description and Benefits:

Transnet owns an extensive fibre optic network that spans the country. Currently, an estimated 50% of this capacity is underutilised, creating a significant opportunity to monetise idle assets - an approach successfully adopted by peer organisations internationally (e.g., Network Rail in the UK).

Through a PSP transaction, Transnet aims to unlock value from these assets by raising funds for the upgrade and modernisation of the fibre network, while simultaneously reducing operational costs and improving long-term efficiency. Key objectives include:

- Replacing end-of-life fibre infrastructure,
- Refreshing outdated equipment,
- Achieving economies of scale to lower operating costs, and
- Expanding connectivity to underserved communities while strengthening Transnet's own internal network services.

This PSP initiative offers the dual benefit of generating sustainable revenue streams for Transnet while contributing to South Africa's broader digital infrastructure agenda, including improved access, reliability, and inclusivity.

## **21. Rail Branch line Strategy PSP**

### Description and Benefits:

Transnet's Rail Branch Line Strategy is aimed at revitalising and optimising South Africa's extensive branch line network, which plays a vital role in connecting rural communities, agricultural areas, and secondary industries to the national rail system. While these lines are often less profitable and underutilised compared to the main freight corridors, they remain essential enablers of regional economic development, rural integration, and industrial competitiveness.

The strategy seeks to leverage (PSPs, in alignment with the Department of Transport's National Rail Policy, which explicitly supports the revitalisation of branch lines through open access and third-party operators. Transnet will therefore prioritise models that allow private operators to invest in, operate, and maintain selected branch lines, while ensuring that these arrangements are commercially viable and aligned with national logistics reform.

By implementing this strategy, Transnet aims to unlock new growth opportunities in agriculture, mining, and manufacturing, reduce road congestion and deterioration, and deliver inclusive economic benefits in line with both corporate priorities and the DoT's reform agenda..

## ANNEXURE C: COMPREHENSIVE SCOPE OF SERVICES FOR PSP TRANSACTIONS

The Transaction Advisory Panel will support Transnet in delivering complex PSP transactions across three phases, ensuring compliance with JIEPS stage-gate requirements and all relevant legislation.

### 6 PHASE I: TRANSACTION DEVELOPMENT

Deliverable Area	Key Tasks and Outputs
Due Diligence	<ul style="list-style-type: none"> <li>• Conduct legal, regulatory, technical, financial, environmental, and commercial due diligence.</li> <li>• Prepare a detailed checklist of all statutory and regulatory approvals required for the transaction.</li> <li>• Assess market dynamics, including customer demand, competitor positioning, and Transnet's internal capacity.</li> <li>• Identify regulatory, political, and commercial risks and propose mitigation strategies.</li> <li>• Undertake preliminary financial due diligence, including cost estimates, funding sources, revenue potential, hedging, and tax implications.</li> <li>• Assess land rights, acquisition requirements, environmental impacts, and develop mitigation or resettlement plans where necessary.</li> <li>• Conduct technical site assessments and establish a register of supporting infrastructure.</li> <li>• Develop high-level technical specifications to inform transaction planning.</li> <li>• Evaluate compliance with local content requirements and assess opportunities for local participation.</li> <li>• Produce a comprehensive Due Diligence Report identifying risks, timing implications, and required actions for transaction readiness.</li> </ul>
Business Case / Joint Investment Proposal	<ul style="list-style-type: none"> <li>• Define the proposed transaction structure, intended outcomes, and scope, reflecting existing assets, infrastructure, and desired end-state.</li> <li>• Specify the respective contributions of Transnet and external partners, including capital, expertise, and operational responsibilities.</li> <li>• Perform a detailed financial viability assessment, analysing revenue potential, investment needs, and long-term affordability.</li> <li>• Develop robust financial models aligned with Transnet's key performance indicators (KPIs) to test affordability, bankability, and sensitivity scenarios.</li> <li>• Provide asset valuations, benchmarked against comparable international PSP transactions to ensure fairness and transparency.</li> <li>• Identify and document risk allocation between Transnet and partners, with strategies for mitigation and management.</li> <li>• Conduct Value-for-Money (VfM) analysis and whole-of-life affordability assessments to confirm transaction efficiency versus the Public Sector Comparator (PSC).</li> <li>• Prepare a comprehensive Business Case using Transnet's JIEPS-approved template, ensuring readiness for governance and Board approvals</li> </ul>
Support with Procurement Planning	<ul style="list-style-type: none"> <li>• Advise on the preparation of the Procurement Plan, ensuring alignment with JIEPS processes and governance requirements.</li> </ul>

Deliverable Area	Key Tasks and Outputs
	<ul style="list-style-type: none"> <li>• Recommend an appropriate market engagement strategy, including early engagement and testing of partner interest and capacity.</li> <li>• Identify and profile prospective partners based on technical capability, funding strength, track record, and alignment with transaction objectives.</li> <li>• Analyse and address regulatory constraints and procurement risks, proposing early mitigation strategies.</li> <li>• Ensure that procurement planning supports a seamless transition to Phase II: Transaction Implementation.</li> </ul>

## 7 PHASE II: TRANSACTION IMPLEMENTATION

Deliverable Area	Key Tasks and Outputs
External Partner Selection (RFQ/RFP)	<ul style="list-style-type: none"> <li>• Transaction Structure Optioneering <ul style="list-style-type: none"> <li>- Advise on optimal transaction structures (e.g., concession, lease, joint venture, equity participation).</li> <li>- Analyse the impact of proposed structures on Transnet’s Group Financial Statements, including PFMA §54 compliance, debt covenants, and contingent liabilities.</li> <li>- Identify inherent financial risks and propose mitigation measures.</li> <li>- Recommend appropriate funding structures and support engagements with prospective funders and financiers (e.g., DFIs, ECAs, commercial banks).</li> </ul> </li> <li>• Tax Expertise <ul style="list-style-type: none"> <li>- Provide expert advice on South African and, where applicable, foreign jurisdiction tax implications.</li> <li>- Advise on optimal tax structures for SPVs/JVs, including dividend policies, withholding tax, VAT, and cross-border issues.</li> <li>- Identify relevant tax exemptions or incentives to improve transaction feasibility.</li> </ul> </li> <li>• Procurement Plan Development <ul style="list-style-type: none"> <li>- Support Transnet in designing a procurement plan that is compliant with PFMA, PPPFA, SCM regulations, and Transnet’s internal procurement policies.</li> <li>- Align the procurement plan to JIEPS Stage-Gate requirements and the approvals checklist.</li> </ul> </li> <li>• Technical Review (Review or conduct, as required) <ul style="list-style-type: none"> <li>- General functional and technical solutions and design suitability.</li> <li>- Estimated capital and operating costs.</li> <li>- Site capacity and adequacy of existing infrastructure.</li> <li>- Weather, environmental, and construction-management constraints.</li> <li>- Service levels and associated O&amp;M costs.</li> <li>- Alignment drawings, specifications, and preliminary engineering (where not included in feasibility studies).</li> <li>- Condition of existing infrastructure, ground conditions, and geotechnical assessments.</li> </ul> </li> </ul>

Deliverable Area	Key Tasks and Outputs
	<ul style="list-style-type: none"> <li>- Benchmarking of capital cost estimates against actual or published data for comparable projects.</li> <li>- Operability with respect to technical specifications, network integration, safety, and demand forecasts.</li> <li>- Environmental and social impact assessments and feasibility of mitigation measures.</li> <li>• Tender Documentation Support <ul style="list-style-type: none"> <li>- Prepare or review tender documentation in line with the procurement plan and feasibility outputs.</li> <li>- Ensure scope, technical, and service-level specifications are complete and measurable.</li> <li>- Assist in preparing related schedules, annexures, and bid forms.</li> </ul> </li> <li>• Commercial Agreements Support <ul style="list-style-type: none"> <li>- Prepare or review the full suite of commercial agreements required to give effect to the chosen partnership model (e.g., concession agreement, shareholder agreement, lease, O&amp;M contract).</li> <li>- Apply the risk-allocation matrix developed during feasibility, updated to reflect market conditions and regulatory requirements.</li> <li>- Ensure financial models align with contractual frameworks.</li> <li>- Advise on permissible contractual amendments to safeguard Transnet’s key risk-allocation objectives.</li> </ul> </li> <li>• Legal Compliance and Constraints <ul style="list-style-type: none"> <li>- Ensure all tender and contractual documentation complies with applicable South African laws (PFMA, SCM regulations, Competition Act, Ports Act, NEMA, labour and tax laws).</li> <li>- Identify all exemptions and ministerial or Treasury approvals required for lawful execution of the transaction.</li> </ul> </li> <li>• Support in RFQ/RFP Process <ul style="list-style-type: none"> <li>- Draft and/or review the Request for Qualification (RFQ) and Request for Proposal (RFP) documentation in line with best practice and applicable legislation.</li> <li>- Ensure RFPs clearly articulate: <ul style="list-style-type: none"> <li>- Output specifications required by Transnet.</li> <li>- Final risk-allocation framework.</li> <li>- Financial-structuring mechanisms (e.g., subsidies, guarantees, blended-finance instruments).</li> <li>- Transparent and objective evaluation criteria, including technical, financial, empowerment, and local-content requirements.</li> </ul> </li> </ul> </li> </ul>
External Bidding Support (if Transnet is Bidder)	<ul style="list-style-type: none"> <li>• Support preparation of compliant bid/proposal when Transnet participates as a bidder.</li> <li>• Ensure alignment with external procurement requirements and internal governance (DOA framework).</li> </ul>
Drafting Commercial Agreements	<ul style="list-style-type: none"> <li>• Prepare or review draft agreements (e.g., concession agreements, SPV charters, JV agreements, leases) including: <ul style="list-style-type: none"> <li>- Performance specifications and monitoring regimes</li> <li>- Technical and operational requirements</li> </ul> </li> </ul>

Deliverable Area	Key Tasks and Outputs
	<ul style="list-style-type: none"> <li>- Risk allocation and commercial safeguards</li> <li>• Ensure agreements support competition, VfM and are manageable over the transaction term.</li> </ul>
Internal and External Approvals	<ul style="list-style-type: none"> <li>• Compile documentation to obtain <b>Internal approvals</b> (EXCO, GIC, FIC, Board).</li> <li>• Prepare submissions for <b>Ministerial and Associated Approvals</b> <ul style="list-style-type: none"> <li>- <i>Minister of Transport</i> approval in terms of PFMA section 54(2) for transactions deemed “significant” in terms of the Significance and Materiality Framework.</li> <li>- <i>Minister of Finance</i> approval where:               <ul style="list-style-type: none"> <li>Approval for the establishment of a new entity is required under PFMA section 51(1)(g);</li> <li>An exemption is sought from the PPPFA and/or Preferential Procurement Regulations.</li> </ul> </li> <li>- National Treasury approval where required under SCM Instruction 3 of 2016/17 for deviation from open competitive bidding processes.</li> </ul> </li> <li>• Prepare submissions for <b>Sector-Specific Approvals</b> <ul style="list-style-type: none"> <li>- Minister of Transport approval under the Ports Act where a section 79 direction is required or where any existing licence or agreement issued under a section 79 direction is to be modified, transferred or cancelled.</li> <li>- Transnet National Ports Authority (TNPA) consent, where applicable, for:               <ul style="list-style-type: none"> <li>Modification of a licence issued in terms of the Ports Act;</li> <li>Transfer of a licence issued under the Ports Act to a third party;</li> <li>Permissions for sub-contracting or sub-licensing as required by the conditions of existing licences, Terminal Operator Agreements (TOAs) or leases.</li> </ul> </li> </ul> </li> <li>• Prepare submissions for <b>Competition Commission Approvals</b> <ul style="list-style-type: none"> <li>- Notification of intermediate mergers where the combined annual turnover or asset value of the parties equals or exceeds R600 million, and the annual turnover or asset value of the target firm is at least R100 million.</li> <li>- Notification of large mergers where the combined annual turnover or asset value of both the acquiring and target firms equals or exceeds R6.6 billion, and the annual turnover or asset value of the target firm is at least R190 million.</li> </ul> </li> <li>• Prepare submissions for <b>Other Applicable Approvals</b> <ul style="list-style-type: none"> <li>- Additional approvals that may arise depending on the nature and scale of the partnership transaction, such as environmental permits, land use approvals, municipal consents or water-use licences.</li> </ul> </li> </ul> <p>The Transaction Advisor must ensure that all approval requirements are identified early, integrated into the project’s timetable, and addressed in the procurement documentation and business-case submissions.</p>

## 8 PHASE III: TRANSACTION COMMERCIALISATION

Deliverable Area	Key Tasks and Outputs
Negotiation Support	<ul style="list-style-type: none"> <li>• Lead or Support Final Negotiations               <ul style="list-style-type: none"> <li>- Lead or support Transnet in final negotiations with the preferred bidder and financiers.</li> <li>- Ensure all negotiated outcomes align with Transnet’s strategic, legal, commercial, and risk-allocation objectives.</li> </ul> </li> <li>• Negotiation Preparation and Management               <ul style="list-style-type: none"> <li>- Prepare structured negotiation terms, agendas, and issue logs.</li> <li>- Categorise key issues, develop resolution strategies, and set negotiation timelines and milestones.</li> <li>- Advise on negotiation tactics and dispute-resolution strategies to protect Transnet’s interests.</li> </ul> </li> <li>• Engagement with Lenders and Financiers               <ul style="list-style-type: none"> <li>- Provide detailed input on lender covenants, security structures, and funding arrangements.</li> <li>- Negotiate to secure competitive funding terms and reduce financial risks to Transnet.</li> </ul> </li> <li>• Alignment of Sub-Contracts               <ul style="list-style-type: none"> <li>- Review and advise on amendments to construction, operation, and other sub-contracts.</li> <li>- Ensure sub-contracts remain consistent with the principal PSP agreement and Transnet’s approved risk-allocation framework.</li> </ul> </li> <li>• Resolution of Conditions Precedent               <ul style="list-style-type: none"> <li>- Facilitate resolution of all conditions precedent, including:                   <ul style="list-style-type: none"> <li>- Regulatory approvals and licences.</li> <li>- Environmental permits and other statutory authorisations.</li> <li>- Formation of appropriate corporate vehicles (SPVs/JVs).</li> <li>- Achievement of financial close and other contractual prerequisites.</li> </ul> </li> <li>- Recommend mitigation measures in cases of delays or disputes.</li> </ul> </li> <li>• Establishment of Transaction Vehicles               <ul style="list-style-type: none"> <li>- Commence with preparatory work to facilitate establishment of legal entities such as SPVs or JVs as required for the transaction’s implementation.</li> <li>- Ensure governance, shareholding, and management arrangements comply with statutory, regulatory, and contractual obligations.</li> </ul> </li> <li>• Structuring of Financial Instruments               <ul style="list-style-type: none"> <li>- Advise on structuring and documenting financial instruments (e.g., guarantees, subsidies, risk-sharing mechanisms, escrow accounts).</li> <li>- Ensure all instruments are consistent with the approved transaction structure and risk-allocation framework.</li> </ul> </li> <li>• Compliance with Financial and Regulatory Requirements               <ul style="list-style-type: none"> <li>- Ensure adherence to all agreed financial covenants, reporting standards, and statutory obligations.</li> </ul> </li> </ul>

Deliverable Area	Key Tasks and Outputs
	<ul style="list-style-type: none"> <li>- Facilitate legal opinions on enforceability of agreements, adequacy of security structures, and compliance with revenue-sharing and regulatory provisions.</li> <li>• Finalisation of Agreements <ul style="list-style-type: none"> <li>- Ensure negotiated outcomes are accurately captured in all commercial, legal, and financial documentation.</li> <li>- Oversee incorporation of agreed terms into all ancillary agreements, schedules, and annexures.</li> </ul> </li> </ul>
Contracting & Financial Close	<ul style="list-style-type: none"> <li>• Legal Entity Formation <ul style="list-style-type: none"> <li>- Facilitate the establishment of SPVs, JVs, or other entities required for implementation.</li> <li>- Ensure governance, shareholding, and management arrangements are in compliance with legal, regulatory, and contractual requirements.</li> </ul> </li> <li>• Financial Structuring and Compliance <ul style="list-style-type: none"> <li>- Advise on structuring financial instruments (e.g., guarantees, subsidies, escrow accounts, risk-sharing mechanisms).</li> <li>- Ensure compliance with agreed financial covenants, funding terms, and all applicable statutory and regulatory requirements.</li> </ul> </li> <li>• Handover and Post-Transaction Management <ul style="list-style-type: none"> <li>- Draft a detailed Post-Transaction Management Plan specifying ongoing obligations, reporting standards, and performance-monitoring requirements.</li> <li>- Support the transition and handover of responsibilities to Transnet’s internal teams for seamless operationalisation and long-term contract management</li> </ul> </li> <li>• Compile and submit a Close-Out Report documenting the transaction structure, key agreements, compliance status, and lessons learned; include any additional requirements specified by Transnet.</li> <li>• Ensure smooth handover to operational teams for post-transaction monitoring and oversight.</li> </ul>