



**MINUTES FOR THE NON-COMPULSORY MEETING FOR THE REQUEST FOR
QUALIFICATION (RFQ) THERE AFTER THROUGH A SEPARATE REQUEST FOR PROPOSAL
(RFP) PROCESS, FOR THE ESTABLISHMENT OF A ROLLING STOCK LEASING COMPANY
(LEASCO)**

RFQ: TCC/2025/03/0001/92339/RFQ

2nd BRIEFING SESSION (15h00 CAT)

DATE: 06 MAY 2025

SECTION A

ATTENDANCE REGISTER

Background Information:

A non-compulsory briefing was conducted via **Microsoft Teams** on the **06 May 2025**, option between two sessions at **11h00 (CAT)** Pretoria and **15h00 (CAT)** Pretoria.

Transnet Team:

1. Kholekile Radebe	Procurement Operations
2. Xolile Mthimunya	Procurement Operations
3. Sifiso I Dlamini	Transnet Engineering
4. Wilson Magoba	Business Development
5. Thokozani Mzelemu	Business Development
6. Reginald Mokoena	Transnet Engineering
7. Kgomotso Mogomotsi	Business Development
8. Prineven Pillay	Business Development
9. Nicolette De Beer	Business Development
10. Xoliswa Ntshingila	Transnet Engineering
11. Tshanelo Zack Tswai	Transnet Engineering
12. Sinayo Sirenya	Business Development
13. Laudecia Nhlengethwa	Business Development
14. Tumelo Nyatlo	Business Development
15. Kgomotso Tladi	Finance
16. Mcebo Hadebe	Business Development
17. Jennefer Moloto	Business Development
18. Sifiso Dlamini	Business Development

Transnet SOC Ltd

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Directors: A Sangqu (Chairperson) R Buthelezi M Debel B Jiya L Letsoalo FS Mufamadi D Patel B Sedupane MP Zambane
M Phillips* (Group Chief Executive) N Maphumulo* (Group Chief Financial Officer)

*Executive

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19. Kgaogelo Moubax	Legal Service
20. Tebogo Lethoba	Business Development
21. Samkelisiwe Kunene	Business Development
22. Pelma Maja	Business Development
23. Yolisa Kani	Business Development
24. Tshego Molebatsi	Legal Services
25. Hector Zondi	Transnet Engineering

The service providers that attended the non-compulsory briefing for the 1st briefing session recorded in the Chat box.

1. Refinement Engineering Pty Ltd
2. Tsiko Africa
3. Kensani Capital
4. Leading Scaffolding
5. M transuel Wholesalers (Pty) Ltd
6. MTBS Netherlands/Head of Commerce Southern Africa & Indian Ocean Islands.
7. Simunye Fleet Management (Pty) Ltd
8. Cosa Holdings Pty Ltd.
9. Steinweg Rail (Pty) Ltd
10. NJM Projects and Supplies
11. Flint Munisamy – Sibanye
12. Sibanye Brakes (Pty) Ltd
13. Synergia Africa
14. ClearPot Trading
15. MSC group Geneva
16. Awaphele Construction (Pty) Ltd
17. Thelo Rolling Stock Leasing (Pty) Ltd
18. Global Railway Engineering (Pty) Ltd
19. Transfrontier Rail & Construction
20. Adacode Africa IIoT/OT
21. Rhaga Investments Pty Ltd
22. Intertoll Rail
23. Guma

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SECTION B

AGENDA

01	Introduction of Transnet team	All
02	Procurement Guidelines	Xolile Mthimunye
03	Background: About Transnet	Jennefer Moloto
04	Background: About the LeaseCo	Wilson Mogoba
05	Market Demand	Wilson Mogoba
06	Transnet's Rolling Stock Contribution	Wilson Mogoba
07	Transnet Engineering's Participation	Reginald Mokoena
08	Transaction Structure	Sifiso Dlamini
09	External Partner Selection Plan	Sifiso Dlamini
10	Call to Action	Sifiso Dlamini
11	Question and Answer	All

PRESENTATION

1. Guideline for the session.
2. Tender Advertisement: The tender was advertised on the National Treasury Portal www.etenders.gov.za and on the Transnet website <https://transnetetenders.azurewebsites.net>
3. The RFQ closing date and time is on 04 July 2025 at 16h00 CAT (Pretoria).
4. Notice to bidders: Please refer to "RFQ, Section 2 paragraph 3 and 4" for instructions on the RFQ submission.
5. Notice to bidders: Bidders are required to ensure that electronic bid submissions are done at least a day before the closing date to prevent issues which they may encounter due to their internet speed, bandwidth or the size of the number of uploads they are submitting. Please do not wait for the last hour to submit. A Bidder can upload 30mb per upload and multiple uploads are permitted.
6. Notice to bidders: Please refer to "RFQ, Section 5, Returnable documents" for details of all returnable

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documents that need to accompany your RFQ submission.

7. **Transnet Background:** The team provided an overview of Transnet, highlighting its role as a state-owned entity managing South Africa's rail, ports, and pipelines, and its various operating divisions.
8. **Operating Divisions:** Transnet's operations are supported by seven complementary divisions, including Transnet Rail Infrastructure Manager, Transnet Freight Rail, Transnet Engineering, Transnet National Ports Authority, Transnet Port Terminals, Transnet Pipelines, and Transnet Property.
9. **Employee and Service Details:** Transnet employs over 50,000 people and provides cargo handling services to a wide range of customers, maintaining a diverse fleet for freight, including containers and bulk commodities like coal and iron ore.
10. **Rolling Stock Leasing Company Initiative:** Wilson introduced the rolling stock leasing company initiative, emphasising the need for private sector partners to address the shortage of accessible rolling stock in South Africa and the greater sub-Saharan African region.
 - ❖ **Initiative Introduction:** Wilson introduced the rolling stock leasing company initiative, highlighting its goal to address the shortage of accessible rolling stock in South Africa and the sub-Saharan African region.
 - ❖ **Private Sector Partnership:** Wilson emphasised the importance of partnering with private sector investors to establish the rolling stock leasing company, aiming to leverage their expertise and resources.
 - ❖ **Market Opportunity:** Wilson discussed the market opportunity, noting that South Africa's rail potential is estimated at 250 to 300 million tonnes of cargo per annum, compared to the current performance of about 160 million tonnes.
 - ❖ **Regional Demand:** Wilson mentioned a market study conducted in 2022, which indicated a demand for over 17,000 wagons and 170 diesel locomotives in neighbouring countries by 2030, highlighting the potential for leasing as a mode of rolling stock ownership.
11. **Transnet's Contributions:** Wilson detailed Transnet's contributions to the rolling stock leasing company, including 21,000 freight wagons, 600 locomotives, existing leases, and technical expertise.
 - ❖ **Freight Wagons and Locomotives:** Transnet will contribute around 21,000 freight wagons and 600 diesel and electric locomotives to the rolling stock leasing company.
 - ❖ **Existing Leases:** Transnet will bring existing leases into the rolling stock leasing company, with an estimated half of the fleet already leased and generating revenue by the time the company is operational.

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- ❖ **Technical Expertise:** Transnet will provide deep technical expertise through Transnet Engineering, which has over 150 years of experience in refurbishing, maintaining, and manufacturing rolling stock.
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12. **Private Sector Partner Requirements:** Wilson outlined the requirements for private sector partners, including access to capital, technical and operational expertise, technology and innovation, and a growth-oriented approach.

- ❖ **Capital Access:** Private sector partners are required to provide capital for refurbishing assets and growing the business through new asset acquisitions.
- ❖ **Technical Expertise:** Partners should bring deep technical and operational expertise, particularly in leasing, to help build the leasing business.
- ❖ **Technology and Innovation:** Partners must infuse technology and innovation to ensure the success of the rolling stock leasing company, making it agile and responsive to market needs.
- ❖ **Growth Orientation:** Partners should be growth-oriented, working with Transnet to expand market access and identify new markets for the leasing company.

13. **Market Potential and Demand Forecast:** Wilson discussed the market potential and demand forecast for rolling stock leasing in South Africa and the Southern African Development Community (SADC) region, highlighting the significant demand for wagons and locomotives.

- ❖ **Market Potential:** Wilson highlighted the market potential for rolling stock leasing in South Africa, with an addressable market of 250 to 300 million tonnes per annum, compared to the current performance of 160 million tonnes.
- ❖ **Regional Demand:** Wilson discussed the demand forecast for rolling stock in the SADC region, noting significant demand for wagons and locomotives in countries like the DRC, Zambia, Zimbabwe, and Eswatini.
- ❖ **Leasing as a Solution:** Wilson emphasised the potential for leasing as a solution to the challenges faced by rail authorities in the region, which often struggle with outdated and poorly maintained rolling stock.

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14. **Transnet Engineering's Role:** Reginald presented Transnet Engineering's capabilities, including maintenance, refurbishment, and manufacturing of rolling stock, and their strategic locations across South Africa.

- ❖ **TE Capabilities:** Reginald detailed Transnet Engineering's capabilities in maintaining, refurbishing, and manufacturing rolling stock, including locomotives, wagons, and passenger coaches.
- ❖ **Strategic Locations:** Transnet Engineering operates from six factories and 143 depots strategically located across South Africa, providing services to support planned and unplanned maintenance interventions.
- ❖ **Technical Expertise:** Transnet Engineering brings deep technical expertise, with a history of over 150 years, and offers services such as overhauls, recovery services, and training for maintenance and manufacturing.

15. **Transaction Structure:** Sifiso explained the proposed transaction structure, including the formation of a joint venture between Transnet and an external partner, and the establishment of a leasing company (leaseCo).

- ❖ **Venture Formation:** Sifiso explained that the transaction structure involves forming a joint venture between Transnet and an external partner, leading to the establishment of a rolling stock leasing company (LeaseCo).
- ❖ **Service Level Agreements:** Transnet Engineering will enter into a service level agreement with the leaseCo to provide maintenance and refurbishment services for the rolling stock.
- ❖ **Financial Arrangements:** The LeaseCo will have agreements with lenders to secure funding for operations and asset acquisitions, and with customers for leasing the rolling stock.

16. **Evaluation Criteria:** Sifiso outlined the evaluation criteria for the request for qualification (RFQ) stage, including financial capacity, technical experience, and operational standing.

- ❖ **Financial Capacity:** Sifiso explained that bidders must demonstrate a tangible net worth of at least 4 billion South African rands and provide a letter of interest from a recognised financier.
- ❖ **Technical Experience:** Bidders must have a minimum of 10 years of experience in leasing movable assets, such as rolling stock, motor vehicles, or heavy equipment.

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DISCUSSION

QUESTIONS AND RESPONSE:

Q1	<p>The question around the transaction structure, firstly on the transaction structure there would be the ceding of the leases into the SPV, which is perfect. It was also demonstrated in the RFQ or in the transaction structure that 21,000 wagons and 600 diesel/electronic locomotives would be ceded into the SPV together with the valuation of that asset. Whoever comes into the SPV and if they seek financing, it will be quite important to have the asset valuation done so that Transnet's contribution towards the SPV be known by the private sector, this is sort of a remark.</p> <p>Is Transnet Engineering or Transnet going to have the majority or minority shareholding? Is there some guidance that the team can offer?</p>
A1	The majority shareholding will be held by the private sector partner.
Q2	<p>Where can we get the recording of the whole meeting?</p> <p>Transnet will share the presentation on the tender platform; however, the recording will not be made available.</p>
Q3	<p>Is Transnet Engineering as a technical and maintenance partner, mandatory? Do they have a sole right to that position?</p>
A3	<p>Transnet's contribution into the LeaseCo consists of rolling stock, existing leases and technical expertise. This technical expertise exists within Transnet Engineering (TE) and this makes TE a condition for setting up the LeaseCo.</p> <p>The details in respect of a service level agreement (SLA) will be further negotiated at the time of setting up the LeaseCo.</p>
Q4	<p>The LeasCo has been ushered with other developments like the ToC and TRIM arrangement. You have the infrastructure development, the ToC and the LeaseCo. How do you then usher in the business model, in the context of diversification of your locomotives? From your containers to the bulk commodities and liquid fuels in terms of numbers of released stocks going to be impacted for the South African market.</p> <p>For example, will the number of wagons which will be required on the line be directly proportional to the investment on the taction sections and corridors where TRIM will need to invest in that. How does the LeaseCo time the market in terms of the corridors and key commodities? In South Africa with current restructuring there is a need to time the market for other railway infrastructure projects. How do you scale the market, the segmentation and consolidation pattern for South Africa?</p>
A4	The presentation provided the asset segmentation that are being provided for the LeaseCo establishment. The private sector will come in with the capital required to refurbish the assets together with the leasing experience. The SPV will continue to look for customers and grow the business. There is an expectation that there will be competition in the market to provide the rolling stock in support of the 250 mtpa target that the DoT is looking at.

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Q5	The first question is related to the refurbishment of the rolling stock. I want to understand, I think you have indicated that 50% of the rolling stock or the assets would be ready for use by the time that the LeaseCo becomes operational. I would like to understand what the thinking around the funding of these refurbishments, will Transnet or the LeaseCo fund the refurbishments?
A5	The refurbishment of the rolling stock will be done through the LeaseCo, as the rolling stock will be transferred into the LeaseCo.
Q6	I just want to also understand the thinking around the R4 billion worth, what is informing that? Just so that we can understand in terms of how the number has been arrived at. I take note that the evaluation has to yet been completed, so, I want to just understand how that number talks to the evaluation of the assets? How did Transnet arrive to that number?
A6	<p>The tangible-net-worth threshold has been set to demonstrate that prospective Respondents have the financial strength, balance-sheet depth and ongoing access to capital commensurate with a project of this scale and risk profile.</p> <p>In establishing the figure, Transnet considered:</p> <ul style="list-style-type: none"> • Overall capital cost and risk allocation for the project – ensuring that shortlisted parties could credibly fund their expected equity share and sustain potential cost overruns or schedule delays without jeopardising delivery. • The benchmarks from comparable infrastructure transactions – typical minimum-net-worth-to-capital-cost ratios applied by lenders, investors and procuring authorities in recent market precedents. • Credit-worthiness and counter-party comfort – the need for a balance-sheet of sufficient size to support financing, performance security obligations and long-term operational commitments over the concession term. <p>The R 4 billion level therefore acts as a screening proxy for financial robustness rather than an absolute funding obligation. Respondents may meet the requirement on a stand-alone or consolidated consortium basis (e.g., by aggregating the net worth of committed consortium members or group-company guarantees) as detailed in the RFQ.</p>
Q7	The question is in relation to the locomotives, Transnet had the RFI on the 20E, the Chinese locomotives which will subsequently produce an RFP. Now with the contribution of Transnet regarding the locomotive to the LeaseCo. Is the number inclusive of the Chinese locomotives or Transnet will be running a separate operation outside of the LeaseCO regarding the leasing of the locomotives or the actual current operation by Transnet using the Chinese locomotive which are in parallel with this process?
A7	No there are no Chinese assets in the LeaseCo.
Q8	I have a general question because if we just evaluate the future markets, it also important to understand which the entire fleet is running on the network in South Africa and the other countries. And to also assess the level of price market for the future company may rise to and propose to the market and compare which are the assets including this offer, which are the other asset for TFR and still to continue to use in the future. I think it's one of the important things to evaluate how the leasing company can be competitive in proposing assets that can propose good products to the rail world.

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	So, my question is this set of locomotives, I can see a few electric locomotives not including the most powerful ones available. Is this a fixed set or is it a matter of discussion?
A8	Transnet has identified the 21,000 wagons and 600 locomotives as its equity contribution to the LeaseCo. The LeaseCo's fleet is expected to expand as business grows.
Q9	And the second question is suppose that TFR cannot lease out the remaining part of the fleet, so is a sort of non-compete clauses foreseen?
A9	Transnet is of the view that the LeaseCo will be the only leasing vehicle it establishes, thus TFR cannot lease out its rolling stock.

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