



MEDIA STATEMENT

UPDATE ON SELECTION OF ICTSI AS DCT PIER 2 PARTNER

[Johannesburg, 01 March 2024] The Board of Directors of Transnet SOC Ltd (Transnet) has approved that Transnet proceeds to finalise the contract award to international terminal operator, ICTSI, following the conclusion of the financial due diligence. The completion of the financial close is still subject to other non-financial processes which are currently underway, and set to be concluded without undue delay.

Following the selection of ICTSI as the preferred bidder in July 2023, Transnet commenced with a due diligence process which included the evaluation of ICTSI's financial soundness. The financial soundness report has confirmed that ICTSI has the financial resources to conclude the transaction.

The procurement of a private sector partner is set to improve terminal productivity and increase terminal throughput. The partnership will have a positive impact on Transnet, container supply chains and on the competitiveness of South Africa's economy. Durban is South Africa's main cargo and container port due to its strategic location along international shipping routes.

ICTSI is the preferred bidder to partner in a 25-year joint venture with Transnet Port Terminals (TPT) to develop and upgrade the terminal, which is Transnet's biggest container terminal handling 72% of Port of Durban throughput and 46% of SA traffic. TPT will continue to meet and significantly improve its obligations under its License and Lease Agreement.

Transnet's employees will play a significant role in the success of the partnership and there will be no retrenchments as a result of the transaction.

The award of the contract is subject to successful finalisation of a number of outstanding legal and regulatory matters including:

- Approval from the Minister of Finance for exemption from the PFMA for the NewCo to be created to house the joint venture between Transnet and ICTSI.
- Approval from Transnet National Ports Authority for the subcontract and sublease.
- Approval from the Unions to sign the agreement in terms of section 197 (6) of the Labour Relations Act, 1995 to opt out of the automatic transfer of employees.
- Final tax advice on transaction structure.
- Final non-substantive negotiations to reach consensus on the terms and conditions of the project agreements.

Transnet will seek the consent of all bidders to extend the bid validity period to allow for the completion of the partner selection process.

Issued on behalf of the Chairperson of the Board of Directors, Mr Andile Sangqu.

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