
DRAFT APPLICABLE PRICING SUPPLEMENT



TRANSNET SOC LTD

*(Incorporated in the Republic of South Africa with limited liability
under registration number 1990/000900/30)*

Issue of ZAR2,200,000,000 Senior Unsecured Floating Rate Notes due 13 February 2028

Under its ZAR80,000,000,000 Domestic Medium Term Note

This Applicable Pricing Supplement must be read in conjunction with the amended and restated Programme Memorandum, dated 17 October 2022 Programme Memorandum, prepared by Transnet SOC Ltd in connection with the Transnet SOC Ltd ZAR80,000,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the **Programme Memorandum**).

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the section of the Programme Memorandum headed "*Terms and Conditions of the Notes*".

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. The Notes described herein are issued on and subject to the terms and conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

PARTIES

1.	Issuer	Transnet SOC Ltd
3.	Dealer(s)	Transnet SOC Ltd
4.	Registered Office	138 Eloff Street, Braamfontein, Johannesburg, 2000
5.	Manager(s)	N/A
6.	Registered Office	N/A
7.	Debt Sponsor	Absa Bank Limited, acting through its Corporate and Investment Banking division
	Registered Office	15 Alice Lane, Sandton, 2196
8.	Paying Agent	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division

	Specified Office	30 Baker Street, Rosebank, Johannesburg, 2196, South Africa
9.	Settlement Agent	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division
	Specified Office	30 Baker Street, Rosebank, Johannesburg, 2196, South Africa
10.	Calculation Agent	Transnet SOC Ltd
	Specified Office	138 Eloff Street, Braamfontein, Johannesburg, 2000
11.	Transfer Agent	Transnet SOC Ltd
	Specified Office	138 Eloff Street, Braamfontein, Johannesburg, 2000
12.	Issuer Agent	Transnet SOC Ltd
	Specified Office	138 Eloff Street, Braamfontein, Johannesburg, 2000

PROVISIONS RELATING TO THE NOTES

13.	Status of Notes	Senior Unsecured,
14.	Form of Notes	The Notes in this Tranche are listed Notes in uncertificated form and held in the CSD
15.	Series Number	151
16.	Tranche Number	1
17.	Aggregate Nominal Amount:	
	(a) Series	ZAR2,200,000,000
	(b) Tranche	ZAR2,200,000,000
18.	Interest	Interest-bearing
19.	Interest Payment Basis	Floating Rate
20.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	N/A
21.	Issue Date	13 February 2025
22.	Nominal Amount per Note	ZAR1,000,000
23.	Specified Denomination	ZAR1,000,000
24.	Specified Currency	ZAR
25.	Issue Price	<u>100TBA Percent</u>
26.	Interest Commencement Date	13 February 2025
27.	Maturity Date	13 February 2028
28.	Applicable Business Day Convention	Following Business Day
29.	Final Redemption Amount	100% of Aggregate Nominal Amount
30.	Last Day to Register	By 17h00 on 2 May, 2 August and 2 November, and 2 February of each year until the Maturity Date, or if such day is not a Business Day, the Business

		Day before each Books Closed Period, in each year until the Maturity Date
31.	Books Closed Period(s)	The Register will be closed from 3 May to 12 May, 3 August to 12 August, 3 November to 12 November and 3 February to 12 February (all dates inclusive) in each year until the Maturity Date
32.	Default Rate	2% (two percent) above the Margin
	FIXED RATE NOTES	N/A
	FLOATING RATE NOTES	
33.	(a) Floating Interest Payment Date(s)	13 May, 13 August, 13 November and 13 February of each year until the Maturity Date, or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the Applicable Business Day Convention (as specified in this Applicable Pricing Supplement) with the first Floating Interest Payment Date in respect of the Notes being 13 May 2025, or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the Applicable Business Day Convention
	(b) Interest Period(s)	Each period from, and including, the applicable Floating Interest Payment Date and ending on, but excluding, the following Floating Interest Payment Date, the first Interest Period commences on the First Interest Commencement Date and ends on (but excludes) the first Floating Interest Payment Date (each Floating Interest Payment Date is adjusted in accordance with the Applicable Business Day Convention)
	(c) Definition of Business Day (if different from that set out in Condition 1) (<i>Interpretation</i>)	N/A
	(d) Minimum Rate of Interest	N/A
	(e) Maximum Rate of Interest	N/A
	(f) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision)	Day Count Fraction: Actual/365
34.	Manner in which the Rate of Interest is to be determined	Screen Rate Determination (Reference Rate plus Margin)
35.	Margin	320 basis points, to be added to the Reference Rate
36.	If ISDA Determination	N/A

37.	If Screen Determination:	
(a)	Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated)	3 month ZAR-JIBAR
(b)	Interest Rate Determination Date(s)	On the first date of that Interest Period or if such day is not a Business Day, the following day that is a Business Day with the first Interest Rate Determination Date being 07 February 2025.
(c)	Relevant Screen Page and Reference Code	ZAR-JIBAR-SAFEX or any successor page
38.	If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Determination, insert basis for determining Rate of Interest/Margin/ Fallback provisions	N/A
39.	Calculation Agent responsible for calculating amount of principal and interest	Transnet SOC Ltd
	ZERO COUPON NOTES	N/A
	PARTLY PAID NOTES	N/A
	INSTALMENT NOTES	N/A
	MIXED RATE NOTES	N/A
	INDEX-LINKED NOTES	N/A
	DUAL CURRENCY NOTES	N/A
	EXCHANGEABLE NOTES	N/A
	OTHER NOTES	N/A
	PROVISIONS REGARDING REDEMPTION/MATURITY	
40.	Redemption at the Option of the Issuer:	No
41.	Redemption at the Option of the Senior Noteholders	No
42.	Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required by the Senior Noteholders).	Yes
43.	Redemption in the event of a Change of Control	Yes
44.	Redemption in the event of a Change of Principal Business	Yes
	GENERAL	
45.	Financial Exchange	Interest Rate Market of the JSE
46.	Additional selling restrictions	N/A
47.	ISIN No.	<u>ZAG000212382TBA</u>

48.	Stock Code	TNF28
49.	Method of distribution	Private Placement
50.	Stabilising Manager	N/A
51.	Provisions relating to stabilisation	N/A
52.	Credit Rating assigned to the Issuer	Moody's A2.za as at 15 October 2024 S&P zaAA as at 29 November 2024
53.	Applicable Rating Agency	Moody's Investors Service Inc. and Standard & Poor's Rating Services
54.	Governing law (if the laws of South Africa are not applicable)	N/A
55.	Other provisions	N/A

DISCLOSURE IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS IN RELATION TO THIS ISSUE OF NOTES AS AT THE ISSUE DATE

56. Paragraph 3(5)(a)

The "*ultimate borrower*" (as defined in the Commercial Paper Regulations) is the Issuer.

57. Paragraph 3(5)(b)

As disclosed in Note 40 of the Annual Financial Statements for the year ended 31 March 2024, after performing the assessment and considering all associated risks, the directors believe that material uncertainties relating to events or conditions which may cast significant doubt on the entity's ability to continue as a going concern, these are adequately mitigated as detailed in the above-mentioned note. The directors will continue to manage these mitigation strategies as a priority as it is important that they materialise as envisaged. The directors after carefully considering the progress of the recovery plan and the financial support from the Government, through the provision of guarantees, still believes that the Group will continue to have access to adequate resources and facilities to be able to continue its operations and fund the capital investment programme for the foreseeable future. However, as at the Issue Date, the Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.

58. Paragraph 3(5)(c)

The auditor of the Issuer is The Auditor General of South Africa.

59. Paragraph 3(5)(d)

As at the Issuer Date:

- (i) the Issuer has issued ZAR~~78,671,670~~ 56,621,720,000 Commercial Paper under the Programme (excluding this issue and each other issuance of Notes, issuing on the same Issue Date) (as defined in the Commercial Paper Regulations);
- (ii) the Issuer estimates that it will issue ZAR1,516,000,000, Commercial Paper (including this issue and each other issuance of Notes, issuing on the same Issue Date) during the current financial year, ending on 31 March 2025.

60. Paragraph 3(5)(e)

All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the Notes is contained in the Programme Memorandum and the Applicable Pricing Supplement. The Issuer's latest financial and commercial risks are contained in its latest annual financial statements for the year ended 31 March 2024 which can be accessed on the following link: <https://www.transnet.net/InvestorRelations/AR2024/31%20March%202024%20AFS.pdf>

A summary of the financial and commercial risks are highlighted below:

- The Issuer incurred a net loss of R7,3 billion for the period ended 31 March 2024 (2023 Restated: R5,1 billion) and reported a net current liability position of R62,4 billion for the period ended 31 March 2024 (2023 Restated: R51,1 billion). The Issuer may still be in a net loss and net current liability position at the financial reporting dates of 30 September 2024 and 31 March 2025.
- For the period ended 31 March 2024, the Issuer achieved a cash interest cover (**CIC**) of 1,9 times (2023: 2,1 times). Several loans require the Issuer to maintain a CIC covenant at a minimum of 2,5 times and 2,0 times on 31 March and 30 September of each financial year. There is a risk that the Issuer may breach the CIC covenant as at the financial reporting dates of 30 September 2024 and 31 March 2025.
- The Issuer has been experiencing operational challenges which affected the Group's performance. The operational challenges, mainly at Freight Rail division contributed to the decline in volumes in the past few financial years.
- The total borrowings and finance costs significantly increased during the year due to the Issuer obtaining additional debt and interest rate hikes which puts pressure on the group's cash flows.
- The Issuer continues to navigate an ever-changing legislative landscape on its path of recovery, including reforms that could result in the corporatisation of National Ports Authority into a wholly owned subsidiary of the Issuer and split of Freight Rail into Transnet Freight Rail Operating Company (**TFROC**) and the Transnet Rail Infrastructure Manager (**TRIM**) (could also become a wholly owned subsidiary of the Issuer) which is expected to oversee rail network quality and reliability to deliver the highest possible tonnage for the business. These reforms are still in the process of assessment, refinement and full quantification.
- Litigations - The Issuer is a defendant in a litigation with Total Energies Marketing South Africa and Sasol Oil (Pty) Ltd. The public entity was ordered to pay over R6,0 billion flowing from an alleged breach of a 1991 contract, as it is alleged that the Issuer overcharged the plaintiffs for the transportation of crude oil through its pipeline system by not correctly using an agreed formula to determine tariff or price for such transportation. A provision to the value of R9,3 billion was made in the financial statements, which considered the claim, interest and legal fees as estimated. The Issuer has filed an application for leave to appeal on 8 July 2024 which was acknowledged by the appeals registrar on 12 July 2024.

The Issuer's board has developed mitigation strategies and actions to address the challenges that the Group is experiencing, as disclosed in Note 40 of the annual financial statements for the year ended 31 March 2024.

61. Paragraph 3(5)(f)

The Issuer confirms that since the date of its last audited financial statements for the year ended 31 March 2024, for the half-year reporting period ended 30 September 2024:

- The Issuer achieved a Cash Interest Cover of 1,9 times and therefore breached the CIC loan covenants with affected lenders (as detailed in the events after reporting date section of the Unaudited Consolidated Financial Results for the six months ended 30 September 2024). The breach was an event of default and is the main driver for the Group's net liability position. Transnet submitted waiver requests to each of the affected lenders requesting that they waive the triggered event of default. The waiver process has been completed and Transnet has received all the required waivers from the affected lenders.
- The Issuer reported a loss of R2,165 million.

62. Paragraph 3(5)(g)

The Notes issued will be listed.

63. Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer for its general corporate purposes.

64. Paragraph 3(5)(i)

The payment obligations of the Issuer in respect of the Notes are unsecured but are guaranteed by The Government of the Republic of South Africa.

65. Paragraph 3(5)(j)

The Auditor General of South Africa, the statutory auditor of the Issuer, confirmed in the last review of the Programme dated 27 November 2024 that nothing came to its attention to indicate that the issue of the Notes under the Programme does not comply in all respects with the relevant provisions of the Commercial Paper Regulations

Responsibility:

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from the Programme Memorandum or this Applicable Pricing Supplement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the Programme Memorandum together with this Applicable Pricing Supplement contain all information required by law and the DSS Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement, and the annual financial statements and/or the integrated report of the Issuer and all documents incorporated by reference (see the section of the Programme Memorandum headed "*Documents Incorporated by Reference*") and any amendments or supplements to the aforementioned documents, except as otherwise stated therein.

The JSE takes no responsibility for the contents of the Programme Memorandum, the published integrated annual reports, which include the published audited annual financial statements and this Applicable Pricing Supplement of the Issuer and any amendments or supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of the Programme Memorandum, the published integrated annual reports, which include the published audited annual financial statements and this Applicable Pricing Supplement of the Issuer and any amendments or supplements to the aforementioned documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of the Programme Memorandum and listing of the Notes is not to be taken in any way as an indication of the merits of the Issuer or of the Notes and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

Programme Amount:

As at the date of this Applicable Pricing Supplement, the Issuer confirms that the authorised Programme Amount of ZAR80,000,000,000 has not been exceeded.

Material Change:

As at the date of this Applicable Pricing Supplement, and after due and careful enquiry, there has been no material change in the financial or trading position of the Issuer since the date of publication of the Issuer's latest interim financial statements. As at the date of this Applicable Pricing Supplement, there has been no involvement by The Auditor General of South Africa in making the aforementioned statement.

Listing:

Application is hereby made to list this issue on 13 February 2025 on the JSE.

SIGNED at Johannesburg on this 11th day of February 2025.

For and on behalf of

TRANSNET SOC LTD



Name: Michelle Philips
Capacity: Director
Who warrants her authority hereto



Name: Nosipho Maphumulo
Capacity: Director
Who warrants her authority hereto

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