
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 ZAR63,000,000 Senior Unsecured Zero Coupon Notes due 12 August 2025

Under its ZAR80,000,000,000 Domestic Medium Term Note and Commercial Paper Programme

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 25 October 2011, prepared by Transnet SOC Ltd in connection with the Transnet SOC Ltd ZAR80,000,000,000 Domestic Medium Term Note and Commercial Paper 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 |
| 2. Dealers | Transnet SOC Ltd |
| 3. Registered Office | 138 Eloff Street, Braamfontein,
JOHANNESBURG, 2000
South Africa |
| 4. Managers | N/A |
| 5. Debt Sponsor | Absa Bank Limited, acting through its
Corporate and Investment Banking division
15 Alice Lane, Sandton, 2196 |
| 6. Registered Office | The Standard Bank of South Africa Limited,
acting through its Corporate and Investment
Banking division |
| 7. Paying Agent | 30 Baker Street, Rosebank, Johannesburg,
2196, South Africa |
| 8. Specified Office | The Standard Bank of South Africa Limited,
acting through its Corporate and Investment
Banking division |
| 9. Settlement Agent | 30 Baker Street, Rosebank, Johannesburg,
2196, South Africa |
| 10. Specified Office | Transnet SOC Ltd |
| 11. Calculation Agent | |

- | | | |
|-----|------------------|--|
| 12. | Specified Office | 138 Eloff Street, Braamfontein,
JOHANNESBURG,2000
South Africa |
| 13. | Transfer Agent | Transnet SOC Ltd |
| 14. | Specified Office | 138 Eloff Street, Braamfontein,
JOHANNESBURG,2000
South Africa |

PROVISIONS RELATING TO THE NOTES

- | | | |
|-----|---|--|
| 15. | Status of Notes | Senior Unsecured |
| 16. | Form of Notes | The Notes in this Tranche are listed Notes in uncertificated form and held in the CSD |
| 17. | Series Number | 230 |
| 18. | Tranche Number | 1 |
| 19. | Aggregate Nominal Amount: | ZAR63,000,000 |
| 20. | Interest | 0% |
| 21. | Interest Payment Basis | Zero Coupon |
| 22. | Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another | N/A |
| 23. | Form of Notes | Registered Notes: The Notes in this Tranche are issued in uncertificated form and held by the CSD. |
| 24. | Issue Date | 12 February 2025 |
| 25. | Nominal Amount per Note | ZAR1,000,000 |
| 26. | Specified Denomination | ZAR1,000,000 |
| 27. | Specified Currency | ZAR |
| 28. | Issue Price | 95.96455 Percent |
| 29. | First Interest Commencement Date | 12 February 2025 |
| 30. | Maturity Date | 12 August 2025 |
| 31. | Applicable Business Day Convention | Following Business Day |
| 32. | Final Redemption Amount | 100% of Nominal Issue Amount |
| 33. | Last Day to Register | By 17h00 on 06 August 2025 which shall mean that the Register will be closed from last Day to Register to the Maturity Date. |
| 34. | Books Closed Period(s) | The Register will be closed from 07 August 2025 (Date inclusive) to Maturity Date |
| 35. | Default Rate | N/A |

FIXED RATE NOTES

N/A

FLOATING RATE NOTES

N/A

ZERO COUPON NOTES

- | | | |
|-----|--|-------------------------------|
| 36. | (a) Implied Yield | 8.48000 Percent |
| | (b) Reference Price | 7.750 Percent – 6 Month Jibar |
| | (c) Any other formula or basis for determining amount(s) payable | 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

37.	Redemption at the Option of the Issuer:	No
38.	Redemption at the Option of the Senior Noteholders	No
39.	Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required).	Yes
40.	Redemption in the event of a Change of Control	Yes
41.	Redemption in the event of a Change of Principal Business	Yes

GENERAL

42.	Financial Exchange	Interest Rate Market of the JSE
43.	Additional selling restrictions	N/A
44.	ISIN No.	ZAG000212390
45.	Stock Code	TSP268
46.	Method of distribution	Private Placement
47.	Credit Rating assigned to the Programme	For purposes of this issue of Notes, the Programme has been rated by Moody's Investors Service (Pty) Limited. The national scale rating assigned to the Programme and due for review from time to time is, A2.za senior unsecured long term rating; P-1.za short term rating; and Baa2.za subordinated long term rating.
48.	Material Change Statement	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 annual 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.
49.	Applicable Rating Agency	Moody's Investors Service South Africa (Pty) Ltd

DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS

50. Paragraph 3(5)(a)

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

51. 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.

52. Paragraph 3(5)(c)

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

53. Paragraph 3(5)(d)

As at the date of this issue:

- the Issuer has issued ZAR 78,671,836,670 Commercial Paper (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 ZAR4,061,000,000, 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.

The Issuer hereby confirms that with regard to this specific issue the authorised amount for Debt Securities to be listed under the Domestic Medium Term Note and Commercial Paper Programme has not been exceeded.

54. 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.

55. 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.

56. Paragraph 3(5)(g)

The Notes issued will be listed.

57. Paragraph 3(5)(h)

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

58. Paragraph 3(5)(i)

The payment obligations of the Issuer in respect of the Notes are unsecured.

59. Paragraph 3(5)(j)

The Auditor General of South Africa, the statutory auditor of the Issuer, confirmed that in the last review of the Programme dated 27 November 2024 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.

Application is hereby made to list this issue of Notes on 12 February 2025.

SIGNED at Johannesburg on this 7th day of February 2025.

For and on behalf of **TRANSNET SOC LTD**



Name: M. PHILLIPS
Capacity: DIRECTOR
who warrants his/her authority hereto



Name: N. MAPHUMULO
Capacity: DIRECTOR
who warrants his/her authority hereto