TRANSNET

property

TRANSNET PROPERTY 2025

CONTENTS

CHIEF EXECUTIVE'S **OVERVIEW**

> "Transnet Property's (TP) financial performance continues to be constrained due to a poor portfolio quality and a lack of investment over several years."

OPERATIONAL PERFORMANCE

This makes it challenging to secure higher rentals comparable to well-maintained private sector portfolios. This is evident in the limited revenue growth achieved in 2024/25FY. It is encouraging that despite these challenges, we entered new lease agreements and attracted some well-known tenants, some of whom replaced historic tenants.

The SAP real estate system, which went live towards the financial year-end, marked a step towards greater digitalisation and improved efficiencies. We also embarked on a project to acquire smart meters to save costs by recovering utility costs from tenants. The fruits of this exercise will be realised in 2025/26FY.

FINANCIAL PERFORMANCE

Revenue declined by 14% to R1.3 billion, with internal and external revenue both decreasing. Operating expenses rose by 8%, mainly due to higher energy and maintenance costs. As a result, EBITDA shifted from a R246 million gain in 2024 to a R62,7 million loss in 2025. The portfolio's poor quality is evident in the high holding costs, especially in the residential portfolio, where it was difficult to recover rentals fully.

COMMERCIALISATION OF THE PORTFOLIO

TP's strategic focus is reversing portfolio underperformance and achieving commercial sustainability in the post-pandemic property market. The Operating Division's historical poor financial performance stems from high operating costs and the inability to attract and retain good tenants due to an aged and inadequately maintained portfolio and limited access to capital. Initiatives identified for this journey emphasise strategic investments in targeted assets to realise sustainable and market-related commercial returns and positively contribute to Transnet's overall financial performance.

HIGHLIGHTS

Revenue declined by **14%**	EBITDA decreased by **125%**
Operating expenses increased by **8%**	Recovery ratio decreased to **62,4%**

However, given Transnet's constrained financial position, we are exploring innovative measures to raise the capital for strategic investments. We will use a dual approach of self-funding the business by disposing of non-core properties and collaborating with the private sector property partners to develop commercial opportunities or offer assets for private development.

A strategic decision was taken to dispose of and exit the residential portfolio to pave the way for more investment in the commercial portfolio. We have earmarked several properties for disposal, including houses, hostels, lodges and line camps. Besides optimising the property portfolio, disposals allow TP to raise the much-needed cash and reduce property-related costs. The sale of the residential portfolio could save about R100 million per annum in holding costs.

Further, Transnet and the National Treasury signed the Guarantee Framework Agreement (GFA) which requires Transnet to sell off a significant portion of the property portfolio deemed as non-core to the business. In the 2025/26 financial year, Transnet intends to appoint a transaction advisory partner with an intention to conduct a due diligence exercise exploring other options for maximising returns on its immovable assets.

The Transnet Board approved a methodology to review fast-track unsolicited bids for development leases. The Board also approved 30 potential development leases to be placed on the open market on a request for proposal basis.

Other key approvals received in 2024/25 were for the revised property-related policies, which will clarify property industry practices that led to forensics and Special Investigating Unit (SIU) investigations in the past, like beneficial occupation, tenant installation, and the use of brokers.

OPPORTUNITIES

We are confident that we will deliver an improved operational and financial performance for 2025/26FY. In the coming year, TP will pursue the following opportunities:

- Expanding the energy and sustainability service offering to other Operating Divisions;
- Unlocking of value through private sector participation (PSP);
- Addressing the housing needs of Operating Divisions at strategic sites to generate internal revenue;
- Contributing to B-BBEE participation in the property space;
- Fostering rural and local economic and spatial development by availing land to municipalities and developers; and
- Work with partners such as the African Development Bank (AfDB) and others to conduct feasibility studies to assess the technical and economic viability of installing Solar Photovoltaic (PV) systems (renewable energy) across the property portfolio.

Adv. Kapei Phahlamohlaka
Chief Executive

BUSINESS **OVERVIEW**

TP is the custodian of Transnet's extensive commercial, industrial and residential property portfolio. The Operating Division maximises the portfolio's value through asset management principles and standards.

The property portfolio grew by 10% from R11,1 billion in 2024 to R12,2 billion in 2025, with further growth opportunities over the next five years. The revenue sources for the division are leases with external and internal tenants occupying its properties and from monetising its asset management expertise, which encompasses property development and management, facilities management and other specialised services. The size of the portfolio and its substantial properties present an opportunity to generate renewable energy through land and roof space to support Transnet's sustainability strategy.

The portfolio excludes properties that are essential for rail and logistics operations and regulated properties, which are under the direct management of the Operating Divisions. However, TP remains a strategic partner, delivering specialised property management services, offered through service level agreements between Operating Divisions and the Corporate Centre.

ASSET BASE AND RESOURCES

The property portfolio comprises commercial, retail, industrial and residential assets. The commercial portfolio includes offices, warehouses, retail buildings and land. Residential property refers to houses, hostels, lodges and vacant stands.

Property portfolio values as per the audited financial statements as at 31 March 2025:

Asset type	R million
Investment property	10 734
Property, plant and equipment	1 453
Total	12 187

CORE COMPETENCIES

Asset management	Developments	Property management
• Investment portfolio construction • Market analysis • Performance management and benchmarking • Investment strategy formulation • Performance reporting • Oversight of property management • Valuation and geospatial services	• Manage all developments on behalf of clients (including professional teams) • Deliver developments within the approved budget and time • Manage development risk • Meeting landlord and tenant requirements • Development lease management	• Leasing management • Financial management (including billing, collection, payment of services and reporting) • Property marketing management • Facilities management • Non-gross lettable area (GLA) revenue

KEY CUSTOMERS

Offices	Free State Department of Health, the Hawks, the City of Cape Town and the Passenger Rail Agency of South Africa (PRASA).
Industrial and warehousing	Shoprite, Rovos Rail Tours, Grindrod Intermodal, Newlyn Investments, Defy, Aspen Pharmacare, Access Freight, MSC and Solwethu Marine Services.
Telecommunications	MTN, Vodacom, IHS Liquid Telecoms and American Services Company.
Retail	TP's flagship Carlton Shopping Centre has a tenant mix that includes leading local brands such as Shoprite, Woolworths, Timberland, Edgars, Mr Price Kids, Absa, Fabiani, Capitec, Clicks, McDonalds, Nandos and KFC.

This summary highlights the positive and impactful ways in which TP creates sustainable value across the six capitals of the Integrated Reporting Framework, showcasing its commitment to growth, innovation, and long-term stakeholder benefit:

INPUTS | **Core business activities** | **OUTCOMES**

Core business activities:
1. Property Portfolio Management and Commercialisation
2. Property Development and Investment
3. Facilities and Asset Management Services

Financial Capital

Inputs:
- **Capital investment:** R504 million (↑ 282%)
- Disposal of non-core assets R29,7 million

Outcomes:
- **Revenue:** R1,3 billion (↓ 13,5%)
- **Operating expenses:** R1,4 billion (↑ 8%)
- **EBITDA:** (R63) million (↓ 125%)
- **Return on assets:** (1,1%)

Manufactured Capital

Inputs:
- **Infrastructure:** offices, warehouses, retail buildings, residential units
- **SAP** Real Estate System

Outcomes:
- **Portfolio property value:** ↑ 10% (from R11,1 billion to R12,2 billion)
- **Recovery ratio:** ↓ from 75% target to 62,4%
- **Security incidents:** ↓ 45% from 65 to 36

Human and intellectual Capital

Inputs:
- **Workforce:** 643 permanent employees
- **Skills development:** R4,5 million invested
- **Diversity** and transformation initiatives
- **Property management** policies and procedures

Outcomes:
- **LTIFR:** 0,78
- **Transformation:** 81%
- **Women:** 47%,
- **Black women in top management:** 50%
- **Low turnover rate:** 3,2%
- **New property policies approved** (e.g. for development leases, tenant installations)
- **Improved reporting and compliance** through digitalisation

Social and Relationship Capital

Inputs:
- **Stakeholder engagement platforms** (TP Customer Connect, B-BBEE Forum)
- **Community development** initiatives
- **PSP** initiatives

Outcomes:
- **Community initiatives:** 300 pairs of shoes donated, support for local cooperatives
- **Stakeholder engagement:** TP Customer Connect, B-BBEE Forum reactivated

Natural Capital

Inputs:
- **Water efficiency:** rainwater harvesting, desalination
- **Biodiversity assessments** and remediation
- **Asbestos risk** management

Outcomes:
- **Water use:** 66,6 megalitres
- **Waste recycled:** 8,8 tons out of 274,4 tons
- **Asbestos risk** assessment and remediation plan initiated

WHERE WE **OPERATE**

The portfolio spans South Africa and is divided into five regions: KwaZulu-Natal, Eastern Cape, Western Cape, Northern and the Inland region. The Northern region comprises the Limpopo, North West, and Mpumalanga provinces, including Tshwane. The Inland region comprises Gauteng, Free State and the Northern Cape provinces. The Carlton Centre is home to the TP head office.

REGULATORY **ENVIRONMENT**

Property evaluates its regulatory universe annually to remain relevant in a changing regulatory environment.

In 2024/25, TP engaged with the Property Practitioners Regulator to develop competencies and capacity required for compliance with the Property Practitioners Act, No 22 of 2019.

Apart from property-specific regulatory requirements, TP, as an Operating Division of a State-owned entity, complies with the Public Finance Management Act and National Treasury Regulations. While these support good governance, they can delay critical decisions and result in missed opportunities compared to the private sector.

TP's portfolio is considered non-core to Transnet. It is currently subject to the Department of Public Enterprise's Non-core Property Disposal Policy and Guidelines, which requires certain transactions to be approved by the Shareholder Minister.

TP faces regulatory challenges arising from municipal bylaws. Historically, Transnet did not follow all the normal zoning and subdivision processes; these must be complied with when selling or leasing the properties. In 2024/25FY, Property disposal transactions of non-productive assets were delayed due to municipality-imposed rezoning and property subdivision conditions. To mitigate this, TP is engaging with municipal officials to fast-track these requirements.

In 2024/25FY, Property received various contravention notices to rectify non-compliance regarding properties where tenants did not seek appropriate municipal approvals when refurbishing. TP is tracking these non-compliances, ensuring that they are remedied.

TP has several dilapidated properties spread across the country, and demolishing these must be done in compliance with the National Heritage Resources Act, 1999.

OVERVIEW OF KEY PERFORMANCE **INDICATORS**

Key performance area and indicator	Unit of measure	2023 Actual	2024 Actual	2025 Target	2025 Actual	2026 Target
Financial sustainability						
Revenue	R million	2,242	1,551,6	4,025,0	**1 341,4**	2,324,9
EBITDA	R million	(302)	245,8	1,072,0	**(62,7)**	1,137,6
Operating margin	%	(15,2)	13	25,6	**7,9**	47,1
Return on invested capital	%	(7)	(2)	9,1	**(1,1)**	6,7
Revenue per employee	R million	3,2	2,3	5,8	**2,1**	3,4
Capacity creation and maintenance						
Capital expenditure*	R million	64	132	519	**504**	485
Operational performance						
Reduction in property vacancy rate	%	0,0	0	0,1	**0**	5,00
Reduction in property operating costs	%	(0,02)	2,70	2,00	**(0,08)**	2,00
Collection index	%	0,72	0,81	0,95	**69,50**	100,00
Recovery ration	%	11,99	35,8	75	**62,40**	85,00
Energy saving	%	0	0	2	**5,61**	5
ESG performance						
Employment						
Employee headcount	permanent	673	670	682	**643**	682
Health & Safety						
LTIFR	index	0,26	0,82	0,68	**0,78**	0,67

** Capital expenditure excludes capitalised borrowing costs.*

FINANCIAL OVERVIEW: PROPERTY

While TP showed resilience through increased external revenue and improved productivity, rising costs and finance charges adversely impacted profitability. Strategic capital investments and cost optimisation remain critical to enhancing future performance.

Key Metrics		Year ended 31 March 2025 R million	Year ended 31 March 2024 R million	% change
Revenue		**1 341**	1 552	(14%)
– Internal		**463**	598	(23%)
– External		**879**	954	(8%)
Operating expenses		**(1 404)**	(1 306)	8%
– Energy costs		**(183)**	(156)	18%
– Maintenance		**(55)**	(36)	52%
– Materials		**(1)**	(2)	(28%)
– Personnel costs		**(540)**	(670)	(19%)
– Other		**(624)**	(436)	43%
Profit from operations before depreciation, derecognition, amortisation and items listed below (EBITDA)		**(63)**	246	(125%)
Depreciation, derecognition and amortisation		**(46)**	(38)	20%
Profit from operations before items listed below		**(109)**	208	(152%)
Impairments and fair value adjustments		**736**	(427)	(272%)
Net finance costs		**(908)**	(505)	80%
Loss before taxation		**(280)**	(724)	(61%)
Taxation		**112**	442	(75%)
Loss after taxation		**(168)**	(282)	(40%)
Total assets (excluding CWIP)		**15 481**	14 078	10%
Profitability measures				
EBITDA margin*	%	**(4.7)**	15.9	(129%)
Operating margin**	%	**7.9**	13.4	(41%)
Return on average total assets (excluding CWIP)***	%	**(1.1%)**	(2%)	(46%)
Asset turnover (excluding CWIP)****	times	**11.54**	9.07	27%
Capital investments^		**504**	132	282%
Employees				
Number of employees (permanent)	number	**643**	670	(4%)
Revenue per employee	Rand	**2.1**	2.3	(10%)

* *EBITDA expressed as a percentage of revenue.*
** *Profit from operations before impairment of assets, fair value adjustments, net finance costs and taxation expressed as a percentage of revenue.*
*** *Profit from operations before impairment of assets, fair value adjustments, net finance costs and taxation expressed as a percentage of average total assest excluding capital work in progress.*
**** *Revenue divided by average total assets excluding capital work in progress.*
^ *Actual capital expenditure (replacement + expansion) excluding borrowing costs.*

FINANCIAL PERFORMANCE

The Property segment maintained operational resilience in FY2025 amid internal restructuring and macroeconomic challenges.

Revenue declined **by 14% to R1,3 billion (2024: R1,6 billion)**, with external revenue decreasing by **8% to R879 million**. Internal revenue **fell by 23% to R463 million**, reflecting a realignment of intra-group services and subdued market demand.

Operating expenses **increased by 8% to R1,4 billion**, driven primarily **by the 18% and 52%** increase in energy and maintenance costs respectively. These increases were partially offset by a 19% reduction in personnel costs **to R540 million,** reinforcing the segment's focus on disciplined cost management.

EBITDA decreased significantly, moving from **a gain of R246 million in 2024 to a loss of R62.7 million in FY2025**, with the EBITDA margin contracting **from 16% to (5%)**.

TP recorded a R736.1 million gain in fair value adjustments and impairments, marking a significant recovery compared to the **R427 million loss in 2024.**

Total assets (excluding capital work in progress) grew by **9% to R15,5 billion**, supported by an exceptional **282%** increase in capital investments to **R504 million**, signalling a strategic renewal of the property portfolio.

Capex was spent on, among others, the refurbishment of:

- 96 Rissik Street (the new Head Office of Transnet);
- Carlton Centre elevators;
- Umlazi and Umbilo Canals replacements; and
- The Salt River precinct.

Permanent headcount declined by **4% to 643**, while revenue per employee declined by **10% to R2,1 million**.

Although the operating margin declined to **7.9%,** and return on average total assets dropped by **46% to (1,1%) (2024: -2%),** TP remains committed to enhancing its strategic contribution to the Group by intensifying efforts to unlock long-term value and improve asset efficiency.

OPERATIONAL PERFORMANCE **REVIEW**

TP's portfolio underperformed due to poor-quality stock, including dilapidated properties, due to underinvestment. Despite this, TP entered more lease arrangements, attracting well-known tenants, some of whom replaced historic ones.

These included Grindrod, East Coast Containers, Maersk and SAMlog in the industrial sector. On the retail front, Shoprite replaced Pick n Pay and took up supermarket and liquor store space in the Carlton Centre. Retailers like Ackermans and Spitz took up additional space, indicating that the centre is gaining more activity.

The total number of leases managed was 3 381, with most revenue generated mainly from 898 commercial leases. The Western Cape and Eastern Cape performed strongly, with Western Cape exceeding its revenue target by 17,5% and Eastern Cape missing its target by only 4,5%. The other three regions were below budget by between 25,1% and 59,2%.

To generate additional income from the disposal of certain assets, TP focused on fast-tracking disposals. This included obtaining Shareholder approval for the sale of properties via auction, appointing panels of auctioneers and property practitioners, and engaging municipalities to accelerate processes that have historically delayed the disposals. These include municipal approvals for subdivision, consolidation, rezoning, environmental studies and rates clearance.

KEY PROJECTS

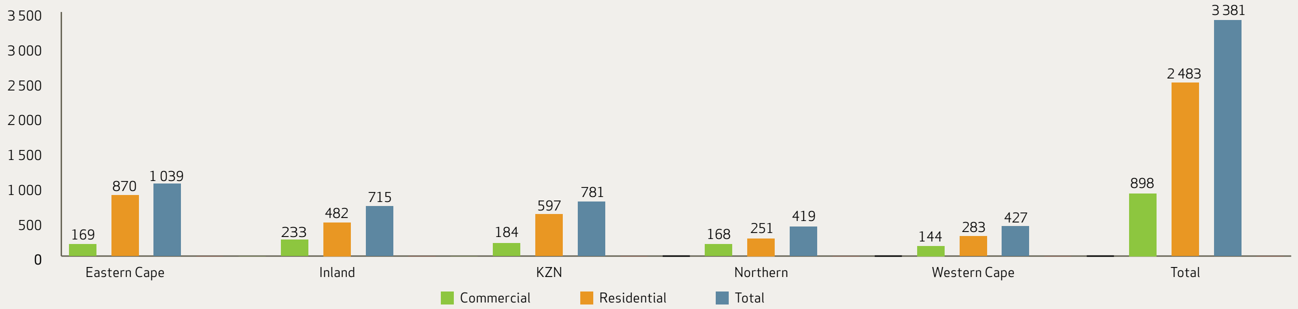
TP re-implemented the SAP Real Estate System for consolidated, automated and timely reporting. Other key capital projects included refurbishing Transnet's new Head Office in Johannesburg, 96 Rissik Street and rebuilding the Umlazi and Umbilo canals following the KwaZulu-Natal floods.

SECURITY MEASURES

Security is given the vast property portfolio spread throughout 204 municipalities. Some of these properties are vacant and located in outlying areas, therefore, prone to vandalism, illegal occupations and encroachments. We relied on the services of outsourced service providers to protect these properties.

In 2024/25FY, we appointed new security service providers in our five regions. In precincts like the Carlton Centre in the Johannesburg central business district, we rely on partnerships with the city improvement district forums and local councillors to improve the safety of our tenants and visitors.

Number of leases per region and portfolio



INDUSTRIAL

The industrial sector is TP's primary focus and has been the strongest performing segment within the commercial property sector. However, it is beginning to exhibit signs of slowing down, with reduced rental and land value growth. This aligns with the current economic landscape and the pressures the manufacturing and retail sectors face. In real terms, rentals are still declining after accounting for building-cost inflation. Despite this slowdown, industrial vacancy rates remain low. The low vacancy rates could be explained by landlords incentivising continued occupancy by tenants through rental reversions and landlords showing leniency towards tenants because of the additional expenses they face, including higher electricity prices and the cost of diesel for generators.

OFFICES

Although the steadily improving occupancy rate indicates that demand is gradually improving, the slow recovery has been boosted by the discontinuation of remote working. According to Rode, a property sector publication, the vacancy rate for grades A and B space combined was 14,6% in 2023, and a reduction of 1,5% was reported in 2024. TP has scaled down participation in the office market industry, restricting investments to its own buildings to accommodate Transnet operations.

RETAIL

Trade in South Africa's major shopping centres has slowed. The slowdown in trading density growth coincided with South Africa's sluggish economy, high interest rates and persistent unemployment. Although foot traffic increased, shopper visits remained below pre-pandemic levels. Though still above the pre-pandemic level, vacancy rates showed signs of improvement as gross rental growth stabilised. Outlook

OUTLOOK

The outlook for Property is positive, with revenue for 2025/26FY projected to grow to R2 325 million, with the EBITDA budgeted at R1 138 million. To achieve this, the following will be the key areas of focus:

- Aggressively marketing the vacant properties to attract tenants and increase occupancy rates;
- Disposal of non-productive properties;
- Installation of smart water and electricity meters to enhance utility recoveries from tenants; and
- Accelerating commercially viable PSP opportunities with like-minded partners to leverage their funding to strengthen the balance sheet.

As TP currently has a high debtors' book, another key focus will be collecting outstanding debt to improve cash flow, and cleaning up the book by writing off old and uncollectible debt.

The protection of properties from vandalism and illegal occupation, and tenant safety, will remain a focus area. TP will install CCTV cameras and improve access management in certain precincts.

KEY RISKS AND MITIGATING **ACTIVITIES**

The top 10 risks were identified during 2024/25FY with appropriate mitigating plans assigned:

Top risks	Mitigating activities
1 Inability to unlock the full commercial value from the portfolio	• Complete the implementation of the new Transnet-wide property strategy and operating model; • Go out to market for RFPs on three PSP projects; and • Compile, prioritise and implement a pipeline of development projects.
2 Increased rental arrears and bad debt	• Increase the collection index to 95% as per the budget; • Review of the quality of debtors to determine the collectable debtors and focus on collecting those debtors and write off poor-quality debtors; and • Cease provision of ancillary services to tenants who are in arrears.
3 Inadequate maintenance of properties and facilities negatively impacts the value and compliance of our portfolio	• Procure maintenance contracts and appointment of maintenance service providers; • Audit current building conditions and prioritise critical maintenance tasks; • Implement the refurbishment programme of key precincts; and • Draft facilities management, maintenance strategy and maintenance plans.
4 Culture and limited technical competence	• Implement the new performance management system; • Implement time and attendance tracking; • Revise and communicate the employee value proposition to enhance the employee experience; • Drive employee engagement, including the targeted intervention wellness programme; and • Monitor and implement adherence to the medical surveillance programme.
5 Illegal occupation of properties	• Develop a process to manage informal settlements; • Audit current leases and renewals of leases where they have expired; • Dispose of residential and other non-strategic properties; • Monitor illegal occupation of properties; and • Stakeholder management, including community policing forums and local councillors.
6 Regulatory non-compliance with primary acts and regulations applicable to the property environment	• Create awareness of relevant primary Acts (National Building Regulations; Occupational Health and Safety Act and Asbestos Regulations). • Condition assessments by a service provider to address recommendations to ensure building compliance; • Refine compliance control plans for relevant primary acts and regulations; and • Implement the 10 Point Safety Plan to address key safety compliance matters.
7 Lack of an integrated property management system, resulting in no consolidated view of the property portfolio	• Reconfigure of the SAP real estate system for consolidated and automated reporting.
8 Inadequate asbestos compliance and abatement programme implementation	• Procure the services of an asbestos specialist to conduct the asbestos risk assessment; • Conduct a detailed risk assessment (ranking exposure) to determine the asbestos exposure and develop a feasibility study for asbestos removal; • Notify Government authorities of asbestos issues; and • Align the property list with geo-spatial to confirm properties with remediation orders and share the list with the regions.

Top risks	Mitigating activities
9 Lack of project management expertise affecting the delivery of projects on schedule, to budget and quality	• Develop an asset management standard operating procedure (SOP) to deepen the understanding of TP's strategic role; • Incorporate change of contract type: NEC to more appropriate building contracts (JBCC and PROCSA); and • Change contracting and procurement strategy from full appointments to an on-risk approach.
10 Unreliable energy supply impacting the achievement of business objectives	• Develop a clear energy action plan; • Develop an energy strategy in line with corporate policy documents complemented by frameworks and SOPs; • Undertake an energy security study; • Formulate and implement of Demand Side Management projects (Energy Management and Energy Efficiency) to reduce energy demand and cost, consumption and emissions.

CLIMATE AND ENVIRONMENTAL RISKS

Most material climate change and environmental risks	Mitigating actions
An unreliable electricity supply leads to power cuts and downtime for operations	• Implement the climate change mitigation strategy by compiling a greenhouse gas (GHG) inventory and implement an emission reduction plan to meet the net zero target by 2040; and • Diversify energy sources by using renewable energy, backup storage and diesel generators.
Unreliable water supply from drought and heat waves, resulting in water rationing and downtime for operations	• Implement the water conservation and water demand management plan; • Diversify water sources by using groundwater and rainwater harvesting; • Investigating the feasibility of reverse osmosis to recycle and reuse used water; and • Implement water storage backup systems.
Climate-change related flooding leading to loss or damage to property and possible litigation by affected tenants	Implement the climate change adaptation strategy to redesign, construct and maintain resilient infrastructure. This includes canals, stormwater drains and working with stakeholders, including municipalities.
Non-compliance with the newly promulgated Climate Change (2024), leading to penalties and reputational damage	• Maintain an up-to-date climate change risk register; • Canal redesign and construction and maintenance ; • Diversify energy sources including renewables; and; • Diversify water sources, including groundwater, etc.
Unavailability of finance to fund climate-related projects limiting TP's ability to mitigate the negative physical and transitional risks on operations	• Requests for internal and external funding; • Business case and feasibility studies; and • Collaboration and partnerships with other stakeholders
Asbestos-containing materials, the legacy of asbestos dumps and contaminated land increase our environmental liability and the costs of rehabilitation to operations	Implement the asbestos management strategy, including compiling an asbestos inventory, conducting a risk assessment, and compiling an asbestos management plan for implementation as the budget becomes available.

ESG PERFORMANCE

HUMAN CAPITAL

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

EMPLOYMENT AND TRANSFORMATION

TP maintained a stable workforce of 655 permanent employees. Black representation stood at 81%, and women made up 47% of the team. A key highlight was that black women held half of the top management positions, showing meaningful progress in transformation and equity.

New hires and internal growth

New employees joined across all management levels, supporting transformation and succession planning. Many open roles were filled by internal candidates, showing a clear dedication to talent growth and retention.

Employee relations

Ten out of 11 employee grievances were resolved. The voluntary turnover rate was 3,2%, and total turnover stood at 6,4%, reflecting a healthy and stable work environment.

SKILLS DEVELOPMENT

4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH

SKILLS DEVELOPMENT

A total of R3,5 million was invested in training 438 employees. Programmes focused on digital tools, compliance, safety, and future-focused skills, including drone piloting. This investment reflects a commitment to continuous learning and innovation.

HEALTH AND SAFETY

3 GOOD HEALTH AND WELL-BEING

HEALTH AND SAFETY

A culture of safety delivered positive results with a Lost Time Injury Frequency Rate (LTIFR) of 0,78 and no fatalities. Wellness programmes such as "Wellness Wednesdays" supported mental health, resilience and self-care. This programme seeks to help employees to thrive both personally and professionally.

ENVIRONMENTAL STEWARDSHIP

3 GOOD HEALTH AND WELL-BEING | 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 15 LIFE ON LAND

CLIMATE CHANGE AND ENERGY MANAGEMENT

Transnet Property consumes approximately 100 GWh of electricity and over 900 kilolitres of diesel annually and has implemented an Energy Management Programme based on ISO 50001 guidelines. The Programme aims to achieve cost reduction, improve energy efficiency, and generate revenue through various initiatives. These include developing energy baselines to track performance, installing smart meters for real-time monitoring, implementing solar PV systems for both internal use and electricity sales, introducing a fuel management system to optimise diesel consumption, and carrying out retrofits and equipment upgrades to enhance overall efficiency.

WATER MANAGEMENT

Water use reached 66,6 megalitres. A water demand management project was launched at 13 high-use sites, focusing on leak detection, pressure monitoring and billing accuracy. These efforts will build a more sustainable approach to water use.

WASTE MANAGEMENT

Out of 274,4 tons of waste generated, 88,8 tons were recycled. Materials such as paper, plastic and glass were recovered. A new waste management procedure was introduced, and a business case was started for a dedicated facility at Carlton Centre.

BIODIVERSITY AND CONTAMINATED LAND

Biodiversity assessments were carried out at five sites covering over 390 hectares. Remediation plans were also developed for five contaminated sites showing a strong commitment to environmental care.

AIR QUALITY

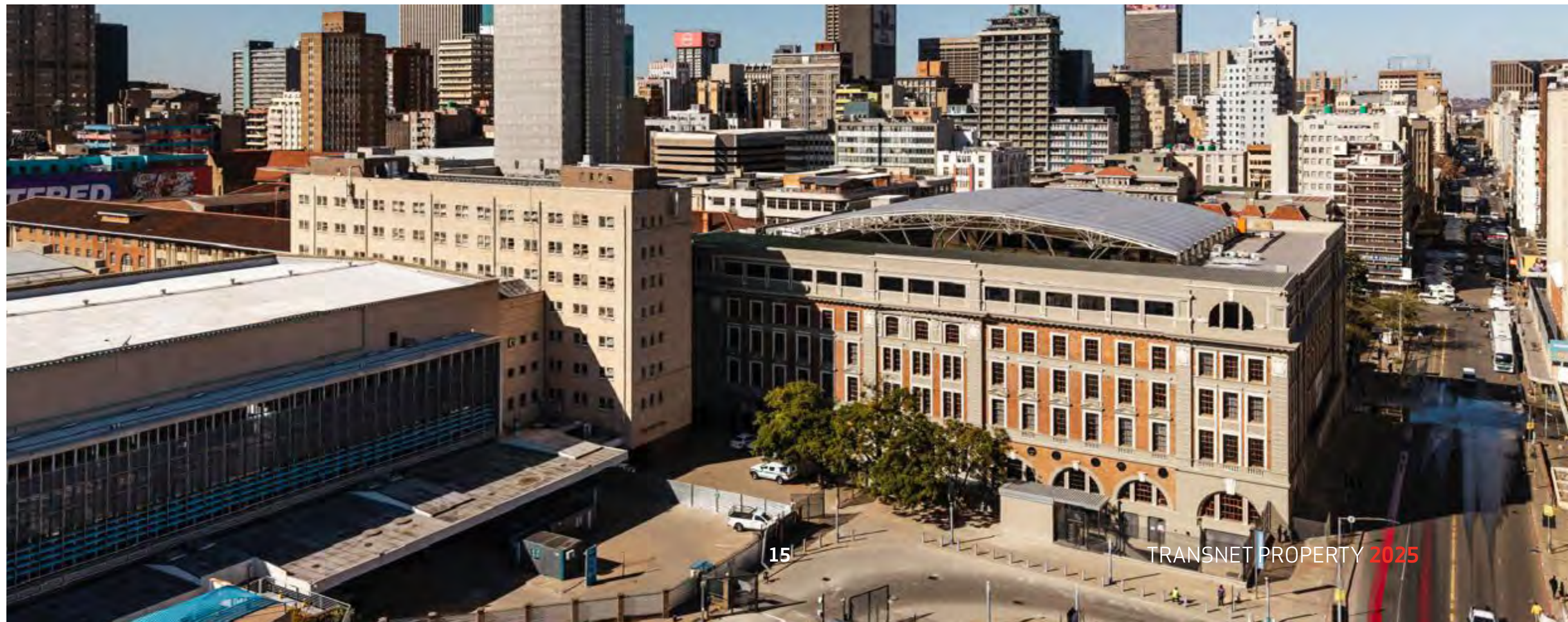
One air quality complaint was received and is under investigation. Two lease proposals triggered air licensing requirements, which led to the inclusion of ESG due diligence in lease agreements, strengthening environmental accountability.

REGULATORY COMPLIANCE

Three environmental incidents were reported. One has been resolved, and two are being addressed. These involved activities in wetlands and pollution in Paarl and Knysna.

ASBESTOS MANAGEMENT

An asbestos inventory and risk assessment programme was launched. Remediation will follow in phases based on available budgets, ensuring safety and compliance.



SECURITY AND PROPERTY PROTECTION

SECURITY INCIDENTS

Security incidents dropped by 45%, with 36 cases reported compared to 65 in the previous year. Financial losses from theft and vandalism reduced to R752 012 from R1,4 million, which demonstrates the impact of the improved security measures.

ENCROACHMENT MANAGEMENT

There were 253 encroachment cases recorded. Of these, 22 were resolved and the geo-spatial team conducts regular site checks to manage and prevent further incidents.

STAKEHOLDER ENGAGEMENT AND SOCIAL IMPACT

STAKEHOLDER ENGAGEMENT

The TP Customer Connect publication was launched to improve continuous customer engagement. The TP B-BBEE Forum was reactivated, and regional engagements were held.

COMMUNITY DEVELOPMENT

Community initiatives included the Shoes On Feet campaign, which provided 300 pairs of shoes. Premises were also refurbished to support the Matatiele multisectoral cooperative project, contributing to local development and empowerment.

ABBREVIATIONS

EBITDA	Earnings before interest, taxes, depreciation and amortisation
KPI	Key performance indicators
MSCI	Morgan Stanley Capital International
PSP	Public sector participation
PV	photovoltaic
SOP	Standard Operating Procedure
TP	Transnet Property

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