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PRESENTATION ON TRANSNET FREIGHT RAIL'S - B-SILO'S

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BACKGROUND



- ❑ Transnet Freight Rail has approximately 57 B-Silo's in the portfolio currently leased to 3rd parties.





- The silos are more than 60 years of age and any improvements/changes require Heritage approval.
- The majority of the silos are no longer in operation;
- Rail access to the majority of unused silo's have been uplifted
- The condition assessments of the facilities is still currently underway;
- Some of the facilities are not well maintained and bringing them to acceptable standards will require large capital investments



OVERVIEW & LOCATION



AVAILABLE OPTIONS TO TFR – B-SILOS

Option A

Bring the facilities requiring extensive maintenance and capital to acceptable standard -

Option B

Demolish assets requiring extensive maintenance and capital

Option C

Dispose off the assets

Option D

Lease the facilities in support of the MDS

Option A requires huge investments and is therefore not a viable option for TFR and the 3 remaining options are being explored further.



- ❑ Property is an enabler of volume growth;
- ❑ All properties with rail facilities will be leased in support of the MDS;
- ❑ Decisions to award leases to 3rd parties are informed by the following:
 - Volume commitments;
 - Demonstration of the ability to grow volumes and or migrate freight from road to rail through the use of TFR facility;
 - Any proposed developments being in line with Land Use, Rail Master Plan and not impeding TFR's operations and access;
- ❑ Properties redundant to Transnet operations maybe disposed off in the market in line with DPE's disposal guidelines.





LEASING PROCESS FOR SIDINGS



NEW LEASING PROCESS FOR RAIL FACILITIES

- ❑ All leases concluded with third parties must serve as enablers of freight rail business;
- ❑ The use of the property must be for rail purposes
- ❑ Anyone interested in leasing a rail facilities must have a transport agreement or an intention of concluding sch with TFR to be considered;
- ❑ A criteria has been developed to adjudicate the applications in line with the objectives of the MDS;
- ❑ All applications are submitted to Leaseinfo@transnet.net.
- ❑ This mailbox is the first step towards an automated Rail Leasing process and it will regulate the receipt of all rail related lease applications at a central point.
- ❑ The mailbox will provide an automated acknowledge receipt to the applicant





The sidings are classified as;

- ❑ Greenfield/vacant - TFR can consider unsolicited proposals or go out in the market to create demand where there is none;
- ❑ Operational and performing sidings- Tenants are to be engaged a year in advance to discuss possible renewals;
- ❑ Underperforming sidings – Leases for these sidings will be terminated if the tenants are not utilizing the sidings. TFR can put these sidings out in the market to create demand or entertain unsolicited proposals.





DISPOSAL PROCESS





DISPOSALS: GUIDING PRINCIPLES

❑ Location

The asset is **not** located within the strategic rail corridors as identified in the rail /port master plans and therefore not required for service delivery purposes at present or for future expansion or redevelopment purposes.

❑ Functional obsolete

The asset cannot economically be adapted to functional change or use.

❑ Holding cost versus revenue generation

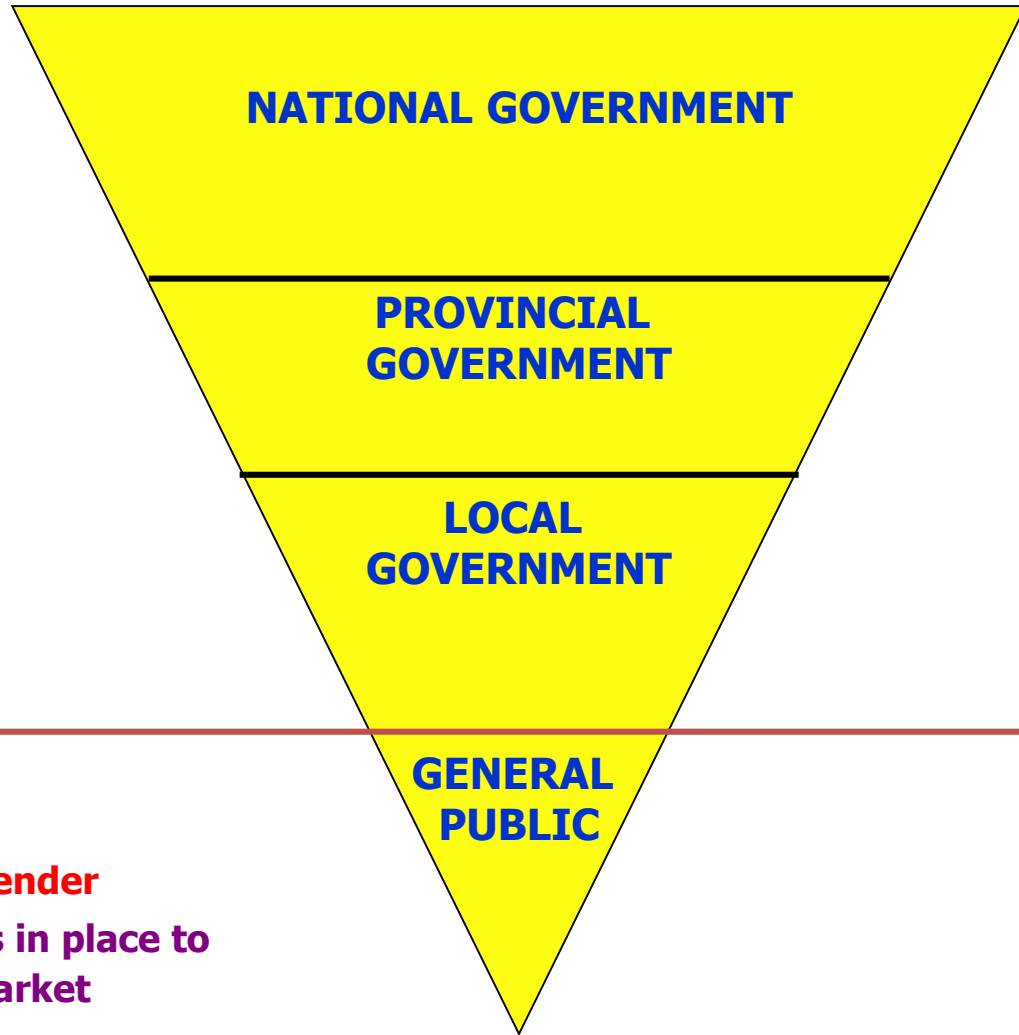
Holding cost in respect of maintenance, property rates, security and cleaning services versus the revenue generated ,the disposal value and the risk of illegal occupation of the asset does not warrant its continued use.

❑ Accessibility to Transnet operations

The asset is not suitable as it reduces efficient and effective service delivery.



DISPOSAL PRIORITY



Priority
State has a right of first refusal



Direct Sale

Socio –Economic and key strategic initiatives

Disposal by open tender
NB: No approval is in place to sell on the open market



DIRECT SALE TO THE PUBLIC



Notwithstanding the fact that land sold to the public must be via public tender, Clause 6.2 of the DPE Disposal Policy allows for the following exception --

“The direct sale to any other party is rendered necessary by circumstances surrounding the asset e.g. **land-locked** properties, or land that is insignificant in extent or otherwise not economically viable unless it forms part of an adjacent piece of land”.



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THANK YOU