



TSHWANE AUTOMOTIVE
SPECIAL ECONOMIC ZONE

AFRICA'S FIRST AUTOMOTIVE CITY

ANNUAL REPORT

2025 | 2026





TABLE OF CONTENTS

PART A: GENERAL INFORMATION		6
1.	PUBLIC ENTITY'S GENERAL INFORMATION	7
2.	LIST OF ABBREVIATIONS/ACRONYMS	8
3.	FOREWORD BY THE CHAIRPERSON	10
4.	ACTING CHIEF EXECUTIVE OFFICER'S OVERVIEW	13
5.	TASEZ BOARD MEMBERS	16
6.	TASEZ EXCO MEMBERS	17
7.	STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT	18
8.	STRATEGIC OVERVIEW	19
8.1.	Vision	19
8.2.	Mission	19
8.3.	Values	19
9.	LEGISLATIVE AND OTHER MANDATES	23
10.	ORGANISATIONAL STRUCTURE	25
PART B: PERFORMANCE INFORMATION		26
1.	AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	27
2.	OVERVIEW OF PERFORMANCE	28
2.1.	Service Delivery Environment	28
2.1.1	Key Outputs and Services Rendered to the Public	29
2.1.2	Service Delivery Challenges and Corrective Measures	30
2.2	Organisational Environment	31
2.3	Key Policy Developments and Legislative Changes	32
2.4	Progress Towards Achievement of Institutional Impacts and Outcomes	33
3.	INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	38
3.1	Programme 1: Administration	38
3.2	Programme 2: Business Development	40
3.2.1	Business Development Programme Performance	40
3.2.2	Social Compacting	42
3.2.3	Enterprise and supplier development	47
3.2.4.	Partnership Agreements	48
3.2.5.	TASEZ Centre of Excellence Campus	48
3.3	Programme 3: Infrastructure Development	50
3.3.1	Infrastructure Development Programme Performance	50
3.3.2	Infrastructure Programme Overview	53
3.4	Programme 4: Zone Operations	58
3.4.1	Zone Operation Programme Performance	58
3.4.2.	Investment Attraction	61
3.4.2.1	Outbound Mission	61
3.4.2.2	Inbound Missions	64
4.	REVENUE COLLECTION	67
5.	CAPITAL INVESTMENT	68

PART C: GOVERNANCE	69
1. INTRODUCTION	70
2. PORTFOLIO COMMITTEES	71
3. EXECUTIVE AUTHORITY	72
4. THE ACCOUNTING AUTHORITY/THE TASEZ BOARD	72
5. RISK MANAGEMENT	86
6. INTERNAL CONTROL UNIT	87
7. INTERNAL AUDIT	87
8. AUDIT COMMITTEES	88
9. COMPLIANCE WITH LAWS AND REGULATIONS	90
10. FRAUD AND CORRUPTION	90
11. MINIMISING CONFLICT OF INTEREST	90
12. CODE OF CONDUCT	91
13. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	91
14. COMPANY/BOARD SECRETARY	92
15. SOCIAL RESPONSIBILITY	92
16. AUDIT AND RISK COMMITTEE REPORT	93
17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	95
PART D: HUMAN RESOURCE MANAGEMENT	96
1. INTRODUCTION	97
2. RECRUITMENT AND SELECTION (RESOURCING)	99
3. TRAINING AND DEVELOPMENT STRATEGY IMPLEMENTATION	103
4. GRADUATE PROGRAMME	104
5. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK	104
6. EMPLOYMENT EQUITY STATUS	105
7. HUMAN RESOURCE POLICY DEVELOPMENT	106
8. CHALLENGES FACED BY TASEZ	106
9. FUTURE HUMAN RESOURCE PLANS	106
PART E: FINANCIAL INFORMATION	107

TABLE OF FIGURES

LIST OF FIGURES

Figure 1: Organisational Structure	25
Figure 2: Performance Summary	38
Figure 3: MoU Status	48
Figure 4: Proposed Layout Site	54
Figure 5: Phase 2 Site Layout	55
Figure 6: The TASEZ Energy Mix	56

TABLE OF TABLES

LIST OF TABLES

Table 1: TASEZ Programmes and Outcomes linked to MTDP Priorities	34
Table 2: Annual Performance Plan: Programme 1 – Administration	39
Table 3: Annual Performance Plan: Programme 2 – Business Development	41
Table 4: The Seven Pillars of the Social Compact Agreement	42
Table 5: Annual Performance Plan: Programme 3 – Infrastructure Development – Target that was adjusted during Mid-Year Review	51
Table 6: Annual Performance Plan: Programme 3 – Infrastructure Development	52
Table 7: Programme 4 – Zone Operations – Target that was adjusted during Mid-Year Review	59
Table 8: Programme 4 – Zone Operations	60
Table 9: Revenue Collection	67
Table 10: Capital Investment	68
Table 11: Composition of the Board	74
Table 12: Board Meeting Attendance	83
Table 13: Infrastructure Committee Members and Meeting Attendance	84
Table 14: Social and Ethics Committee Members and Meeting Attendance	84
Table 15: Human Resources and Remuneration Committee Members and Meeting Attendance	85
Table 16: Audit and Risk Committee Members and Meeting Attendance	85
Table 17: Audit and Risk Committee Member Profile	89
Table 18: B-BBEE Performance Information	95
Table 19: List of Positions Put on Hold	99
Table 20: Personnel Cost by Department	99
Table 21: Personnel cost by salary band	100
Table 22: Employment and vacancies – Per Department	101
Table 23: Employment and vacancies – Job Level	101
Table 24: Employment changes	102
Table 25: Reasons for staff leaving	102
Table 26: Training Cost	103
Table 27: Performance Rewards	104
Table 28: Labour Relations: Misconduct and disciplinary action	104
Table 29: Employment Equity	105

PART A: **GENERAL INFORMATION**



1. PUBLIC ENTITY'S GENERAL INFORMATION

Registered name of the public entity	Tshwane Automotive Hub Special Economic Zone (Pty) Ltd also known as Tshwane Automotive Special Economic Zone
Registration Numbers	2020/214518/07
Registered Office Address	Building 21 CSIR Campus Meiring Naudé Road Brummeria Pretoria 0001
Postal Address	Building 21 CSIR Campus Meiring Naudé Road Brummeria Pretoria 0001
Contact Telephone Numbers	064 795 5036
Email Address	companysecretary@tasez.co.za
Website Address	www.tasez.co.za
External Auditors' Information	Auditor-General of South Africa PO Box 446 Pretoria 0001
Bankers' Information	Standard Bank of South Africa Head Office 184 Hyde Lane Hyde Park Sandton 2196
Company Secretary	Tshepiso Daphney Modikoe companysecretary@tasez.co.za

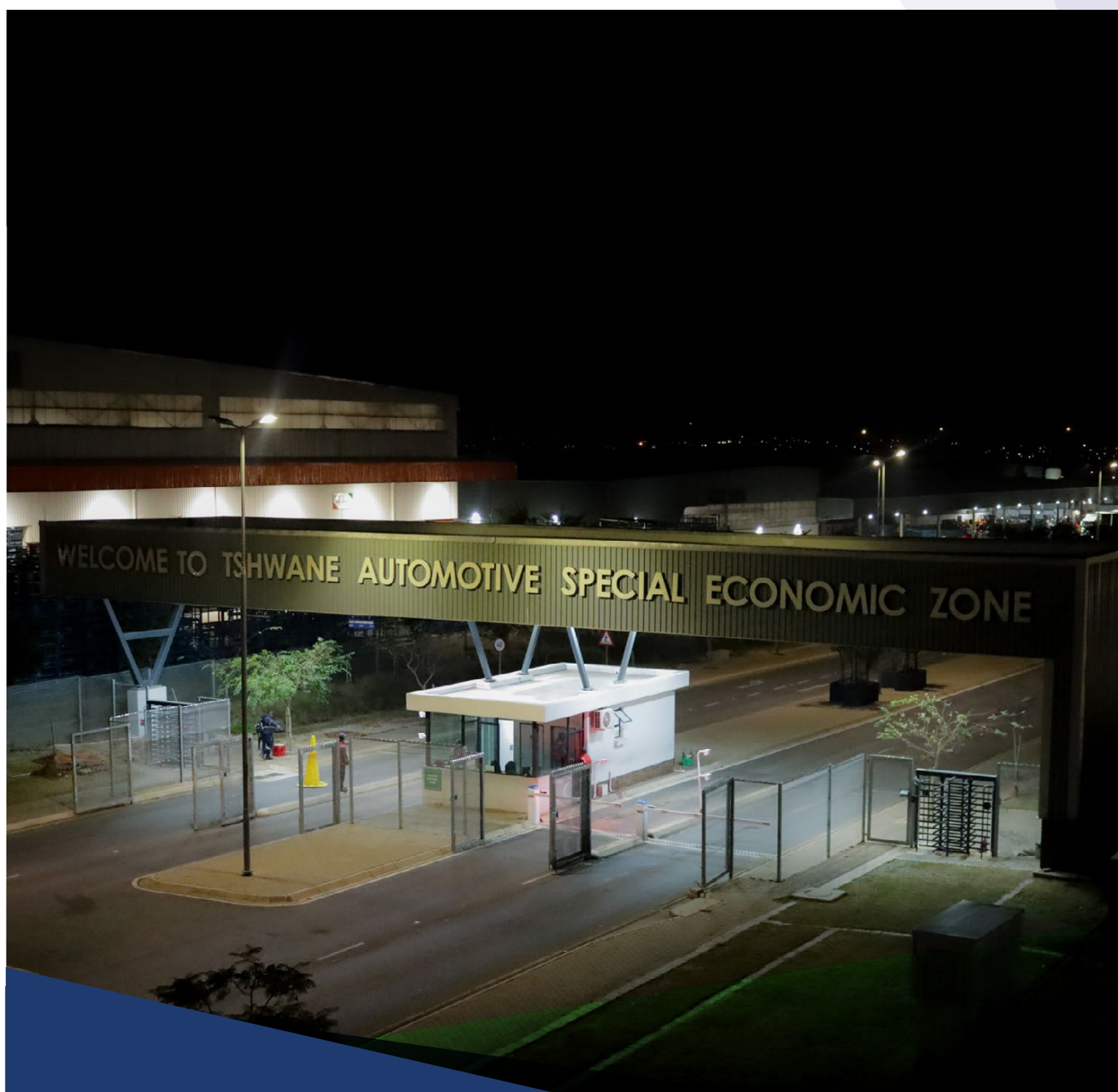
2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	AUDITOR-GENERAL OF SOUTH AFRICA
AIDC	AUTOMOTIVE INDUSTRY DEVELOPMENT CENTRE
ARC	AUDIT AND RISK COMMITTEE
APP	ANNUAL PERFORMANCE PLAN
ATR/WSP	ANNUAL TRAINING REPORT AND WORKPLACE SKILLS PLAN
B-BBEE	BROAD-BASED BLACK ECONOMIC EMPOWERMENT
BOD	BOARD OF DIRECTORS
CCA	CUSTOMS CONTROLLED AREA
CDC	COEGA DEVELOPMENT CORPORATION
CEO	CHIEF EXECUTIVE OFFICER
CETA	CONSTRUCTION EDUCATION AND TRAINING AUTHORITY
CFO	CHIEF FINANCIAL OFFICER
CIDB	CONSTRUCTION INDUSTRY DEVELOPMENT BOARD
CIPC	COMPANIES AND INTELLECTUAL PROPERTY COMMISSION
CLO	COMMUNITY LIAISON OFFICER
COE	CONDITION OF ESTABLISHMENT
COT	THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY
CPC	COMMUNITY PROJECT COMMITTEE
CSD	CENTRAL SUPPLIER DATABASE
CSI	CORPORATE SOCIAL INVESTMENT
CSIR	COUNCIL FOR SCIENTIFIC AND INDUSTRIAL RESEARCH
DOI	DECLARATION OF INTEREST
EE	EMPLOYMENT EQUITY
EIA	ENVIRONMENTAL IMPACT ASSESSMENT
ESG	ENVIRONMENTAL, SOCIAL AND GOVERNANCE
EV	ELECTRIC VEHICLE
FMCSA	FORD MOTOR COMPANY OF SOUTHERN AFRICA
FY	FINANCIAL YEAR
GDED	GAUTENG DEPARTMENT OF ECONOMIC DEVELOPMENT
GDP	GROSS DOMESTIC PRODUCT
GEP	GAUTENG ENTERPRISE PROPELLER
GGT 2023	GROWING GAUTENG TOGETHER 2023
GPG	GAUTENG PROVINCIAL GOVERNMENT
GRAP	GENERALLY RECOGNISED ACCOUNTING PRACTICE

HR	HUMAN RESOURCES
HRM	HUMAN RESOURCE MANAGEMENT
HVAC	HEATING, VENTILATION AND AIR CONDITIONING
IAF	INTERNAL AUDIT FUNCTION
ICT	INFORMATION COMMUNICATION TECHNOLOGY
IGA	INTERGOVERNMENTAL AGREEMENT
INFRACOM	INFRASTRUCTURE COMMITTEE
INVESCOM	INVESTMENT COMMITTEE
IPP	INDEPENDENT POWER PRODUCER
JBCC	JOINT BUILDING CONTRACTS COMMITTEE
MEC	MEMBER OF THE EXECUTIVE COUNCIL
MIDP	MOTOR INDUSTRY DEVELOPMENT PROGRAMME
MOI	MEMORANDUM OF INCORPORATION
MOU	MEMORANDUM OF UNDERSTANDING
MTDP	MEDIUM-TERM DEVELOPMENT PLAN
NEF	NATIONAL EMPOWERMENT FUND
NGP	NATIONAL GROWTH PATH
NPO	NON-PROFIT ORGANISATION
OEM	ORIGINAL EQUIPMENT MANUFACTURER
PFMA	PUBLIC FINANCE MANAGEMENT ACT
PPGS	PEOPLE PRACTICES AND GOVERNANCE STANDARD
PPPFA	PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT
PSDC	PROJECT SOCIO-ECONOMIC DEVELOPMENT CENTRE
PSP	PROFESSIONAL SERVICE PROVIDER
PV	PHOTOVOLTAIC
PWD	PEOPLE WITH DISABILITIES
SAAM	SOUTH AFRICAN AUTOMOTIVE MASTERPLAN
SABPP	SOUTH AFRICAN BOARD FOR PEOPLE PRACTICES
SCA	SOCIAL COMPACT AGREEMENT
SCM	SUPPLY CHAIN MANAGEMENT
SETA	SECTOR EDUCATION AND TRAINING AUTHORITY
SEZ	SPECIAL ECONOMIC ZONE
SHE	SAFETY, HEALTH AND ENVIRONMENT
SHEQ	SAFETY, HEALTH, ENVIRONMENT AND QUALITY

SLA	SERVICE LEVEL AGREEMENT
SMME	SMALL MEDIUM AND MICRO ENTERPRISES
SMS	SENIOR MANAGEMENT SERVICE
SOPA	STATE OF THE PROVINCE ADDRESS
SSA	SUB-SAHARAN AFRICA
SSETA	SERVICES SETA
SWOT	STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS
TAC	TSHWANE AUTOMOTIVE CITY
TASEZ	TSHWANE AUTOMOTIVE HUB SPECIAL ECONOMIC ZONE (PTY) LTD (ALSO KNOWN AS TSHWANE AUTOMOTIVE SPECIAL ECONOMIC ZONE)

TEDA	TSHWANE ECONOMIC DEVELOPMENT AGENCY
TER	TOWNSHIP ECONOMY REVITALISATION
DTIC	DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION
TIH	THE INNOVATION HUB
TMR	TRANSFORMATION, MODERNISATION AND RE-INDUSTRIALISATION
TR	TREASURY REGULATIONS
TTA	TASEZ TRAINING ACADEMY
TUT	TSHWANE UNIVERSITY OF TECHNOLOGY
TVET	TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING



3. FOREWORD BY THE *Chairperson*



The Tshwane Automotive Special Economic Zone (TASEZ) was constituted by virtue of an unprecedented Inter-Governmental Agreement (IGA), bringing together the Department of Trade, Industry and Competition (the dtic), the Gauteng Provincial Government's Department of Economic Development (GDED) and the City of Tshwane (CoT) Metropolitan Municipality. This collaborative framework reflects a visionary approach to public sector partnership, with TASEZ positioned as an indispensable driver of socio-economic development within the Gauteng province. Anchored in the automotive manufacturing sector, TASEZ serves as a catalyst for transformation and advancement, mobilising investment from both public and private stakeholders to stimulate growth within the northern development corridor of the capital, the City of Tshwane. By fostering robust engagement between government entities and industry, TASEZ is uniquely equipped to facilitate sustainable industrialisation and inclusive development.

The strategic focus of TASEZ remains unwavering in its commitment to creating employment opportunities through comprehensive infrastructure development. The entity prioritises the growth and empowerment of small and medium enterprises, actively promotes social inclusion and accelerates economic reforms designed to unlock new avenues for investment and foster long-term growth. Within the national context, the automotive sector is recognised as a cornerstone of economic activity, delivering substantial contributions to gross domestic product, employment, skills development

and technological innovation. Furthermore, the sector is instrumental in forging economic linkages and propelling advancements in industrial capabilities, thereby underpinning South Africa's competitiveness on a global scale.

**WITHIN THE NATIONAL
CONTEXT, THE AUTOMOTIVE
SECTOR IS RECOGNISED AS A
CORNERSTONE OF ECONOMIC
ACTIVITY, DELIVERING
SUBSTANTIAL CONTRIBUTIONS
TO GROSS DOMESTIC
PRODUCT, EMPLOYMENT,
SKILLS DEVELOPMENT AND
TECHNOLOGICAL INNOVATION.**

Since its inception in 2020, TASEZ has successfully completed the development of 91 hectares of economic infrastructure in Silverton, Tshwane. On the back of the Phase 2 sod-turning that took place early in 2025, TASEZ has commenced with the construction of the second phase of the development, although the planned completion date of Phase 2 construction has shifted out somewhat due to an extended flood line review process.

This ambitious programme of expansion underscores TASEZ's commitment to fostering inclusive economic participation and providing meaningful opportunities for Small, Medium and Micro Enterprises (SMMEs) across

the spectrum of strategic infrastructure projects and the broader automotive value chain. By ensuring that development initiatives are anchored in community engagement, TASEZ continues to facilitate the growth of local businesses and promote the integration of historically disadvantaged groups into mainstream economic activity.

It is imperative to acknowledge the profound impact of the automotive sector in which TASEZ operates. As one of South Africa's largest economic sectors, it contributes 5.2% to the national GDP, is ranked as the fifth largest export sector, accounting for over 15% of total exports and provides employment to more than 115, 000 individuals. As at March 2025, domestic sales of new vehicles exhibited robust growth, with aggregate sales reaching 49, 500 units, representing a 14.7% increase compared to March 2024.

In March 2026, aggregate domestic new vehicle sales reached 58,060 units, marking the strongest March performance since 2007. This represents an increase of 8,560 units, or 17.3%, compared to the 49,500 vehicles sold in March 2025. Despite this domestic growth, export sales diminished to 37,388 units, a reduction of 5.3% compared to the 39,499 vehicles exported in March 2025. The new passenger car market in March 2026 recorded an increase of 6,054 units, or 18.2%, totalling 39,370 units, compared to 33,316 new cars sold in March 2025. Car rental sales continued to account for 6.5% of new passenger vehicles sold. Domestic sales of new light commercial vehicles, including bakkies and minibuses, rose to 15,557 units, representing a gain of 2,112 units, or 15.7%, compared to the 13,445 units sold in March 2025.

IN MARCH 2026, AGGREGATE DOMESTIC NEW VEHICLE SALES REACHED 58,060 UNITS, MARKING THE STRONGEST MARCH PERFORMANCE SINCE 2007.

On the international stage, March 2025 heralded a notable rebound in export sales, signifying a 15.7% increase from March 2023 and demonstrating renewed vigour in South Africa's trading position. Exports are a critical determinant of the financial stability of Original Equipment Manufacturers (OEMs) and despite persistent global trade uncertainties, the industry's resilience is evident. The export-led growth model continues to underpin industrial expansion and job creation and industry leaders, including NAAMSA CEO, have emphasised the sector's steadfastness in navigating complex economic challenges.

However, in March 2026, export sales remained under pressure, declining by 2,111 units (5.3%) to 37,388 vehicles. This contraction reflects ongoing structural impediments and heightened geopolitical turbulence, which continue to present challenges for export performance. Exports remain a vital component of OEMs' financial health and the sector's ability to withstand these headwinds is testament to its robustness. The industry faces increasing protectionism in key export markets and stringent decarbonisation requirements, which impact the competitiveness of South African vehicle exports. In this context, the need for diversification and resilience-building is ever more pronounced, as the export-led growth model remains central to driving industrialisation and employment.

Over the past year, Chinese automotive brands have significantly reshaped the South African vehicle market, transitioning from niche players to mainstream competitors. By the end of 2025, Chinese brands accounted for approximately 17% of total new passenger vehicle sales, up from around 13% earlier in the year and less than 10% just two years prior.

In absolute terms, more than 79,000 Chinese vehicles were sold in South Africa in 2025, contributing materially to overall market growth. The expansion has been rapid, with Chinese manufacturers growing nearly nine times faster than the broader automotive market during peak quarters in 2025. Their competitive pricing, technological offerings and responsiveness to local consumer needs have disrupted traditional market structures and accelerated industry transformation. This trajectory reflects a structural shift rather than a temporary surge, with Chinese brands now firmly embedded in the country's automotive landscape and entering more export markets that was traditionally served by South African based OEMs. TASEZ has directly felt that impact during the 25/26 financial year with the forecasted employment figures in the zone growing less due to the softening demand in Europe. The zone presently employs 3,559 individuals against the 3 466 reported in the previous financial year, with over 60% of the workforce drawn from neighbouring townships. Despite the softened demand by the close of the reporting period, committed private sector investments in TASEZ increased to R2,70 billion.

At the end of the 23/24 financial year, there was a formal request posed to TASEZ by **the dtic** and TASEZ Board to commence with the establishment of an Automotive Training Academy and as matters stand by the close of the 25/26 financial year TASEZ has managed to train 1 437 beneficiaries whilst also focusing on enhancing the resource capacity and operational effectiveness of the academy.

It is with profound gratitude that I extend my appreciation to all stakeholders for their continued support and commitment to our shared objectives. The collaborative efforts of the Board, its committees and the Executive Management Team have been instrumental in successfully implementing our five-year strategic plan, culminating in substantial achievements by 2026. The dedicated staff of TASEZ and our partners have played a pivotal role in driving progress and their unwavering commitment is sincerely acknowledged.

In my inaugural year as Board Chair, I wish to express sincere gratitude to **the dtic**, GDED and the CoT for your steadfast collaboration and support. Our collective dedication is establishing a solid foundation for an industrial economy that is both globally competitive and inclusive. Through our ongoing partnership, we are facilitating sustainable growth and prosperity for South Africa and, by extension, the broader African continent—ensuring a future that is resilient and promising for all stakeholders.



Mr. Maoto Molefane
Chairperson of the Board
Tshwane Automotive Special Economic Zone (Pty) Ltd
Date: **30 July 2026**



4. *Acting Chief Executive Officers* OVERVIEW

The Tshwane Automotive Special Economic Zone (TASEZ) has demonstrated exceptional resilience and adaptability in navigating a rapidly evolving economic environment with unwavering determination. Despite the challenges posed by the global crisis, TASEZ not only remained steadfast in its mission but also exceeded expectations, setting a benchmark for excellence in public entity performance.

During the 2025/2026 financial year, TASEZ achieved 100% of its revised annual targets, continuing its consistent track record of high performance since its inception. This achievement is further underscored by the organisation's unbroken record of clean audit outcomes, which reflects robust financial management, sound governance and a commitment to transparency. These accomplishments are fully aligned with TASEZ's strategic framework, which is anchored by four core programmes designed to advance the organisation's mandate and ensure sustainable growth.

TASEZ's strategic direction is delivered through the following four core programmes, each of which plays a pivotal role in driving the entity's success:

- Programme 1: Administration – This programme focuses on establishing and maintaining robust governance structures, ensuring compliance with regulatory requirements and supporting effective organisational management. It underpins the operational integrity of TASEZ and facilitates the seamless functioning of all other programmes.
- Programme 2: Business Development – This programme is dedicated to fostering investment,

promoting industrial growth and supporting the development of new business opportunities within the Special Economic Zone. Through targeted initiatives, TASEZ continues to attract strategic investors and expand its economic footprint. In addition, it focuses on SMME support for transformation.

- Programme 3: Infrastructure Development – Infrastructure Development is central to TASEZ's operational delivery, encompassing the planning, design and construction of critical facilities. This programme ensures the provision of world-class infrastructure to support automotive manufacturing and related industries, thereby enhancing the zone's competitiveness.
- Programme 4: Zone Operations – Zone Operations are responsible for the day-to-day management of the SEZ, including the coordination of activities, optimisation of resources and implementation of operational best practices. This programme ensures that TASEZ operates efficiently and delivers value to stakeholders.

DURING THE 2025/2026 FINANCIAL YEAR, TASEZ ACHIEVED 100% OF ITS ANNUAL TARGETS, CONTINUING ITS CONSISTENT TRACK RECORD OF HIGH PERFORMANCE SINCE ITS INCEPTION.

The 2026 financial year reflected continued operational growth and infrastructure expansion within the zone, supported by strategic investments aimed at strengthening industrial capability, investor support and long-term sustainability. Total revenue for the year decreased to R474.4 million from R566.2 million in the prior year. Revenue from exchange transactions, however, increased to R337.6 million compared to R322.0 million in 2025. This growth was mainly driven by rental income from facilities and equipment amounting to R166.9 million and recoveries of R158.9 million. Interest received on investments declined from R17.4 million in the prior year to R11.7 million in the current year due to lower investment balances during the reporting period.

Revenue from non-exchange transactions declined significantly to R136.8 million from R244.2 million in 2025, primarily due to lower government grants and subsidies received during the year. The prior year also included SARS penalties recovered amounting to R12.5 million, which did not recur in the current financial year.

Total expenditure increased substantially from R387.3 million in 2025 to R522.1 million in 2026. The increase was mainly attributable to higher operational activity and zone-related costs. Zone utilities and rates increased significantly to R162.4 million from R116.6 million in the prior year, reflecting increased operational usage and expansion within the zone. Lease rentals on operating leases increased to R55.4 million compared to R30.3 million in the prior year, while general expenses increased to R53.2 million in line with the lease liability for land non cash movement for operations.

Employee-related costs increased to R95.6 million as more employees from TTA were appointed during the year, while depreciation and amortisation amounted to R85 million as additional infrastructure assets were brought into use.

As a result of the reduction in grant funding and increased expenditure incurred to support operational and strategic objectives, the entity recorded a deficit of R31.9 million for the 2026 financial year compared to a surplus of R140.2 million recorded in 2025.

Despite the reported deficit, the organisation remains financially stable and strategically focused on achieving long-term growth, infrastructure development, industrialisation and economic transformation. Management continues to strengthen operational efficiencies, enhance investor confidence and position the zone as a catalyst for sustainable economic development and job creation.

THE ORGANISATION'S INVESTOR-LED INITIATIVES FACILITATED THE CREATION OF 93 PERMANENT JOBS, WITH 21,5% OF POSITIONS FILLED BY WOMEN AND 51,6% BY YOUTH. AN ADDITIONAL 259 CONSTRUCTION JOBS WERE CREATED, OF WHICH 13% WERE OCCUPIED BY WOMEN AND 44% BY YOUTH.

In accordance with the Township Economic Revitalisation (TER) Strategy, TASEZ allocated 37% of construction activities to township enterprises, thereby fostering inclusive economic participation and empowerment. A total of 84 SMMEs received mentorship across automotive and construction value chains, exceeding the annual target of 80. The mentorship programmes supported 33% women, 25% youth and 13% persons living with disabilities. Additionally, TASEZ facilitated timely payment of invoices to implementing agents and contractors, achieving an average processing time of 9.4 days. This operational efficiency has enabled SMMEs to minimize dependence on bridging finance and sustain robust cash flows.

The organisation's investor-led initiatives facilitated the creation of 93 permanent jobs, with 21,5% of positions filled by women and 51,6% by youth. An additional 259 construction jobs were created, of which 13% were occupied by women and 44% by youth. TASEZ's training programmes aim to enhance inclusivity and skills development, with 1,437 individuals trained against a target of 1,200. Of those trained, 57% were women, 78% were youth and 3% were persons with disabilities. This outstanding achievement underscores the organisation's dedication to building a diverse and capable workforce.

The sustained success of TASEZ is rooted in the strategic direction, unwavering leadership and commitment to strong governance provided by the Board. Their emphasis on excellence, accountability and rigorous oversight has guided the organisation towards achieving its objectives and maintaining high standards of performance. I wish to express my sincere appreciation for the Board's pivotal role in steering TASEZ through both challenges and opportunities.

I also extend my gratitude to the board and the board sub-committees for their diligent efforts in ensuring a positive audit outcome. The Committees' commitment to clean administration and continuous improvement is integral to safeguarding TASEZ's control environment. Any weaknesses identified during the audit process are addressed expeditiously, further strengthening the organisation's operational and financial resilience.

The achievements and progress of TASEZ would not have been possible without the dedication and support of our shareholders, investors, Community Project Committee and other stakeholders. Your commitment to the organisation's mission and values has been instrumental in driving success. I extend my heartfelt thanks and appreciation to all those who have contributed to our journey and I look forward to deepening our partnerships in the years ahead.

In closing, TASEZ remains steadfast in its pursuit of excellence, sustainable growth and socio-economic impact. As we look to the future, we will continue to build on our achievements, strengthen our governance structures and drive innovation across all strategic programmes. The organisation's commitment to transparency, accountability and stakeholder engagement will remain at the forefront of our endeavours, ensuring that TASEZ continues to deliver value and contribute meaningfully to South Africa's economic development.



Mr. Andile Sangweni
Acting Chief Executive Officer
Tshwane Automotive Special Economic Zone (Pty) Ltd
Date: **30 July 2026**

5. TASEZ BOARD MEMBERS



Maoto Molefane
Board Chairperson



Vuyo Zitumane
Board member and Infrastructure
Committee Chairperson



Tshepiso Modikoe
Company Secretary



Nkoatse Mashamaite
Board member and Human
Resource and Remuneration
Committee Chairperson



Dr Lardo Stander
Board Member



Rhys Davies
Board Member



Matome Kgowedi
Board Member



Themba Mathibe
Board Member



Dr Musa Khumalo
Board Member and Social
and Ethics Chairperson

6. TASEZ EXECUTIVE MEMBERS



Dr. Bheka Zulu
Chief Executive Officer



Rebecca Hlabatau
Chief Financial Officer



Andile Sangweni
Executive Infrastructure
Development



Sibusiso Khuzwayo
Acting Executive: Zone
Operations



Msokoli Ntombana
Executive: Business
Development

7. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General of South Africa.

The annual report is complete, accurate and free of any omissions.

The annual report has been prepared in accordance with the guidelines on annual reports, as issued by National Treasury.

The annual financial statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the organisation.

The Board of Directors is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Board of Directors is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, performance information, human resources information and the financial affairs of the public entity for the financial year ended 31 March 2026.

Yours faithfully



Mr. Andile Sangweni
Acting Chief Executive Officer
Tshwane Automotive Special Economic Zone (Pty) Ltd
Date: **30 July 2026**



Mr. Maoto Molefane
Chairperson of the Board
Tshwane Automotive Special Economic Zone (Pty) Ltd
Date: **30 July 2026**

8. STRATEGIC OVERVIEW

8.1. VISION

In delivering on its mandate, TASEZ has the following vision:

‘A catalytic SEZ, empowering the evolution of the automotive sector.’

8.2. MISSION

In achieving its vision, TASEZ defines its mission as follows:
‘To attract investment, promote innovation and facilitate socio-economic development in the automotive and allied sectors.’

through:

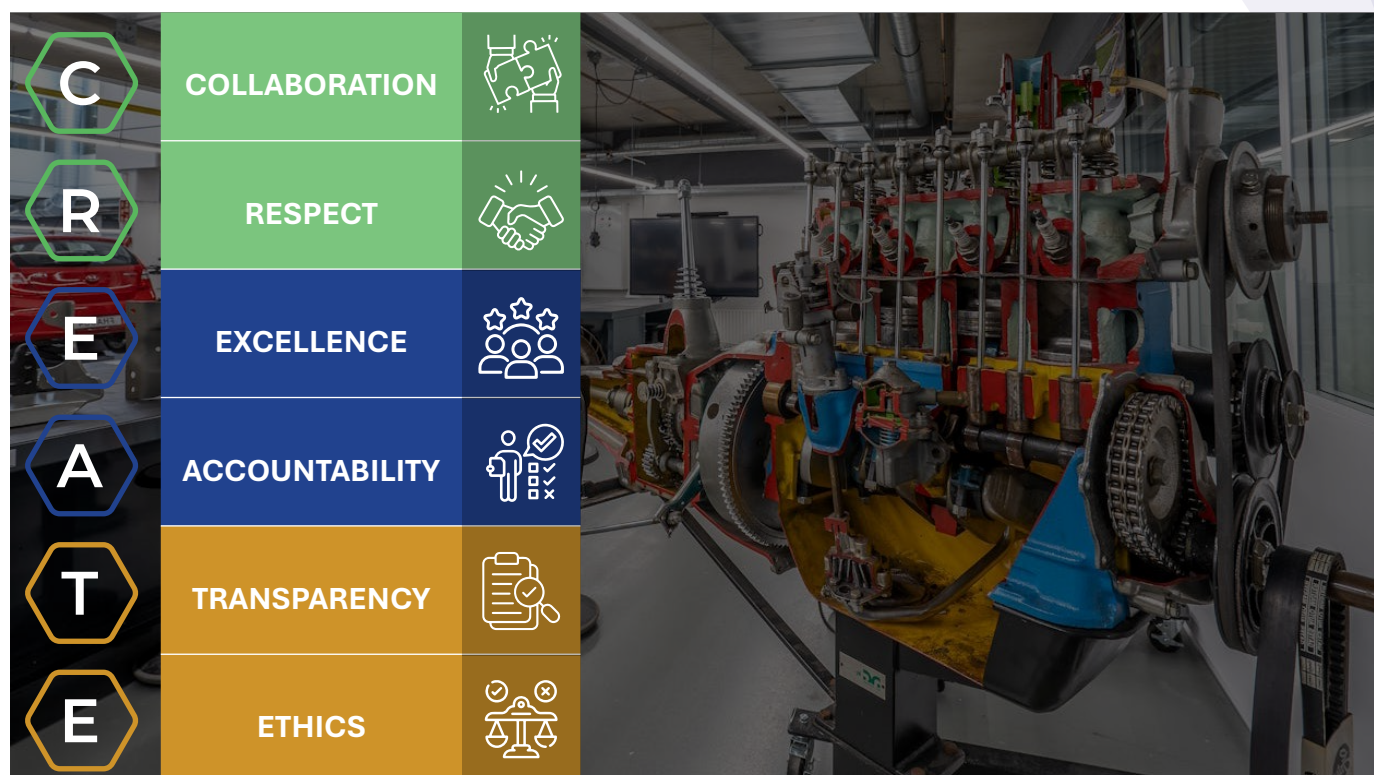
- Encouraging both foreign and local investment.
- Delivering high-tech industrial infrastructure.
- Achieving excellence in Zone Operations.
- Developing relevant and modern technical capabilities and skills.
- Establishing thought leadership in smart and competitive SEZs.

- Cultivating collaborative partnerships and fostering community participation’.

8.3. VALUES

The values of TASEZ are encapsulated in the acronym CREATE, reflecting the principles that guide our decisions, actions and interactions. These values are aligned with the organisation’s strategic goals and objectives and form the foundation of our organisational culture.

The TASEZ Ethics and Code of Conduct Policy sets out the standards of behaviour expected of all stakeholders, including Board members, the Company Secretary, executive management, senior managers, employees and contractors. In fulfilling their responsibilities, all stakeholders are expected to uphold the highest standards of integrity, professionalism and good governance by embracing the following values:



These values serve as the guiding principles that shape how TASEZ conducts its business, engages with stakeholders and delivers on its mandate to promote

sustainable industrial development and socio-economic transformation.

C



COLLABORATION

We work as a team towards common goals and harmonised outcomes.

We promote two-way open communication amongst ourselves and our customers and focus on active listening and understanding of needs and expectations.

We enable continuous, robust and honest engagements with our stakeholders to create synergy towards the achievement of common goals.

We leverage our networks and partnerships to accelerate the development and transformation of the automotive sector.

R



RESPECT

We are present and attentive when we engage.

We are responsive to each other (emails, meetings, calls), honour meetings and provide timely feedback.

We are courteous, polite and responsible in all your engagements with internal and external stakeholders.

We treat everyone with human dignity, impartiality and how we would like to be treated ourselves.

E



EXCELLENCE

We aim to be the best, drive quality and strive for excellence in all we do.

We display focus and perseverance in exceeding expectations, despite challenges and obstacles.

We value professionalism by taking accountability for personal growth and self-development.

We go beyond the call of duty and recognise team members who do the same.

A



ACCOUNTABILITY

We share accountability for higher level outcomes and respect decisions made by others, for the good of TASEZ (We demonstrate decisions are made on good principles).

We understand our role and expectations and take full ownership of what is expected (Individuals cannot be accountable if full accountability is not enabled).

We manage our own performance, ask for help and don't rely on others to do our work.

As leaders, we take accountability for our own and others' behaviour and exercise due diligence in what we do.

T



TRANSPARENCY

We are open and honest in our communication between all levels in the organisation (open-door)

We share decision-making processes and our own decisions taken by us as a team.

We inform others of the decision made that may affect them (both negative and positive, so they are prepared to handle the outcome).

We are unified in communicating a message to the whole of TASEZ employees.

E



ETHICS

We uphold strong moral principles, responsibility and ethics in our actions, behaviours, decisions and work practices.

We uphold sound governance practices and legislative compliance.

We strive for legitimacy and respect in the eyes of our stakeholders.

We do the right thing, even if no-one is watching.

C



COLLABORATION

We support each other and proactively follow-up on open ended issues.

We propose ideas/solutions to colleagues when/ where there is an opportunity that will benefit the organisation – share ideas for collaboration opportunity.

We are honest about why things are not happening and finding the problem and communicating it in a constructive way.

We mentor, coach and support each other in the delivery of our outcomes.

R



RESPECT

We follow rules of conduct, are thoughtful of each other and refrain from interrupting each other.

We acknowledge and respect our differences in our engagements, think before we speak, communicate with the right tone of voice and body language.

We value each other's time, contributions, feelings and wishes and acknowledge others' rights and beliefs.

We have courage to speak up when we witness disrespectful behaviour.

E



EXCELLENCE

We are committed, available and accessible to all our stakeholders.

A



ACCOUNTABILITY

We are open to learn and accept criticism, support each other in delivering our goals and correct our mistakes with grace.

We are solution oriented and brainstorm solutions to shared challenges.

We are proactive and timely in planning not to compromise each other with our own failure to plan.

We are reliable, dependable and committed team players.

T



TRANSPARENCY

We share information and provide feedback on relevant decisions taken at various governance structures.

We communicate our expectations clearly and talk about communication barriers.

We communicate openly and promptly during times of crisis, addressing concerns and providing clear information about how the organisation is addressing challenges.

We share our views and express our emotions and feelings honestly.

E



ETHICS

We respect workplace policies and guidelines, including compliance with ethical standards, confidentiality and other rules set forth by the organisation.

We ensure that decisions are taken within the prescribed regulatory prescripts.

We strive to understand why things are done in a certain way.

We keep our word and deliver on our promises.

C	R	E	A	T	E
COLLABORATION	RESPECT	EXCELLENCE	ACCOUNTABILITY	TRANSPARENCY	ETHICS
We brainstorm to find solutions and provide/ share feedback.	We embrace diversity and treat people equally.		We own the consequences of our actions and apologise where required.	We are open to feedback and to learning and provide honest feedback on performance	
			We take responsibility for our decisions, performance, behaviours and actions and accept accountability for the consequences.	We honour the confidentiality policy and handle the sharing of information responsibly.	
			We strive to create a safe, healthy and productive environment for our people to excel in.	We share information freely with relevant stakeholders to foster trust and create an empowering work environment.	
					We deal with issues openly and remain sensitive to issues requiring private conversations.

9. LEGISLATIVE AND OTHER MANDATES

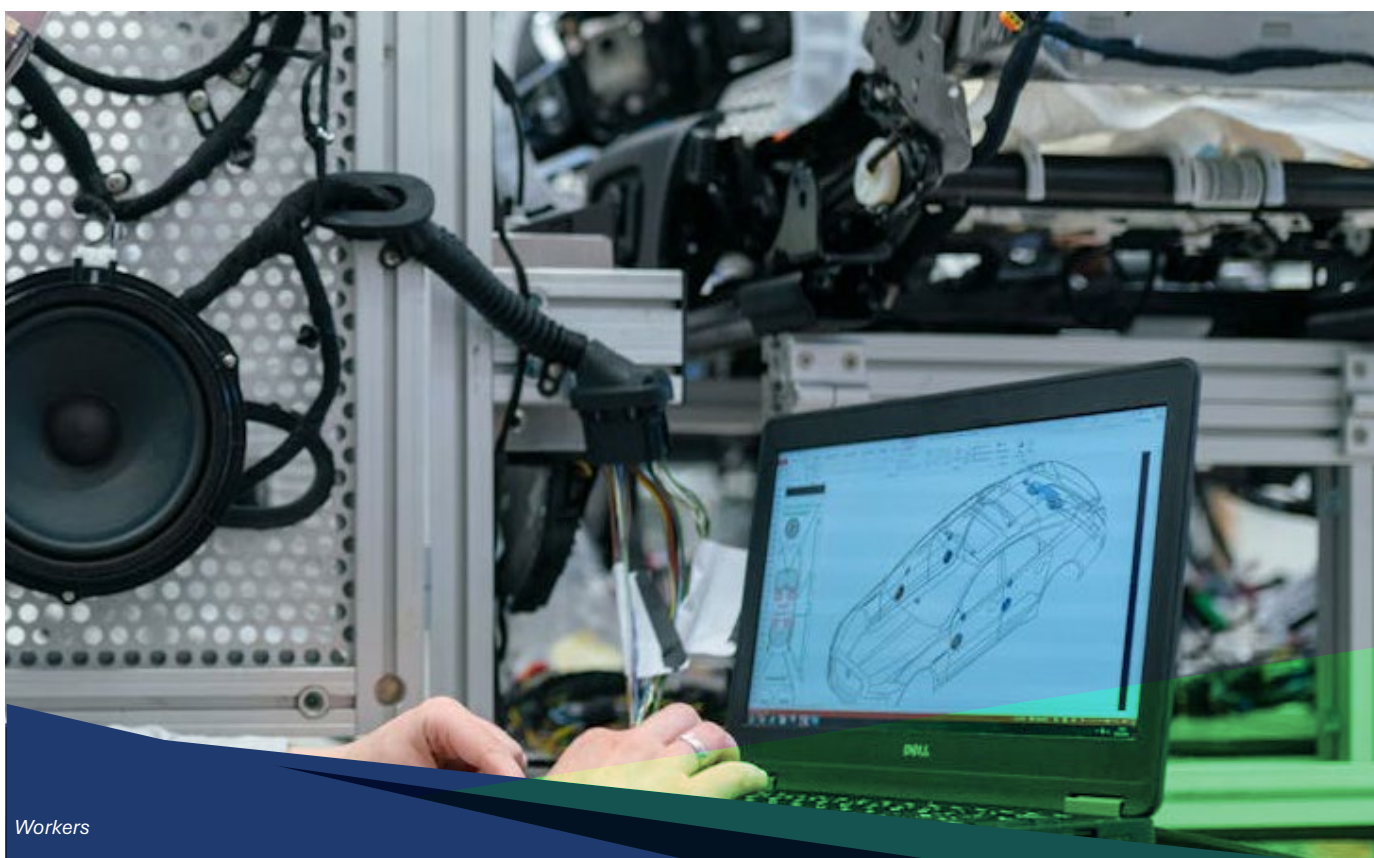
The Tshwane Automotive Special Economic Zone (TASEZ) occupies a pivotal role in South Africa's industrial landscape, serving as a catalyst for employment, socio-economic transformation and industry growth. Its mandate is firmly anchored in the national strategies promulgated by the South African government, with a particular emphasis on the Reimagined Industrial Strategy. TASEZ's establishment, operationalisation and governance reflect a commitment to fostering sustainable economic development, attracting automotive manufacturers and suppliers and supporting services that drive regional and national competitiveness.

TASEZ's mandate is intrinsically linked to the South African government's Reimagined Industrial Strategy, which was formally endorsed by Cabinet in June 2019. This Strategy forms a central pillar of the government's economic vision, led and coordinated by the Presidency and is distinguished by its focus on achieving tangible, actionable and impactful outcomes. The Reimagined Industrial Strategy advances a multipronged approach to industrial development, prioritising partnership-building between the public and private sectors in order to stimulate job-creating investment and accelerate economic growth. Through this alignment, TASEZ is designated as a key implementation vehicle, tasked with translating national policy objectives into practical outcomes within the automotive sector.

The operationalisation of the Reimagined Industrial Strategy is affected through a comprehensive master planning process. This process is designed to forge a shared vision among key stakeholders,—including industry participants, government entities and organised labour—by developing sector-specific master plans that mobilise all role players, stakeholders and beneficiaries towards cohesive implementation. Within this framework, TASEZ was identified as a strategic action, ensuring the integration of its objectives with broader industrial development goals and facilitating stakeholder engagement at every stage of the value chain.

TASEZ's core mandate extends beyond the establishment of an industrial complex; it encompasses a suite of objectives that collectively underpin regional and national economic advancement. Specifically, TASEZ is tasked to:

- Facilitate the development of an industrial complex that generates strategic economic benefits at regional, provincial, national and local levels.
- Build and sustain competitive advantages for targeted investments in the automotive manufacturing sector, spanning Original Equipment Manufacturers (OEMs) through Tier 3 suppliers.
- Provide a robust location for investment in infrastructure necessary for the advancement of targeted industrial activities.



Workers

- Attract and increase both foreign and domestic direct investment, with particular emphasis on the automotive manufacturing industry.
- Leverage existing industrial and technological capacity to foster integration with local industry and enhance value-added production.
- Promote the creation of decent, sustainable employment and deliver broader economic and social benefits to communities in which TASEZ operates, including heightened participation by SMMEs and co-operatives.
- Advance technology skills transfer and foster a culture of innovation within the sector.

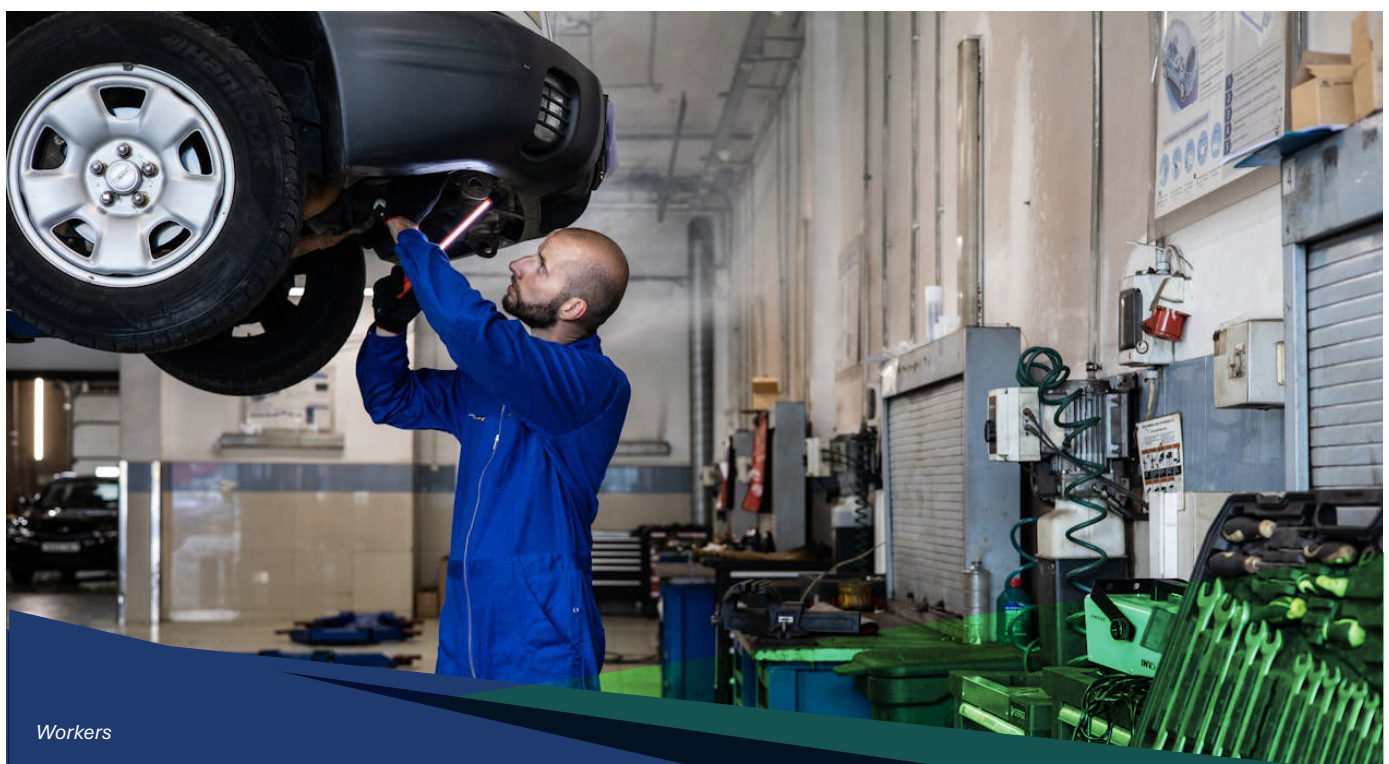
In terms of its legal framework, TASEZ is registered as a private company under the Companies Act 71 of 2008. The entity's funding structure is underpinned by three principal funders: the Department of Trade, Industry and Competition (the dtic), the Gauteng Provincial Government (GPG) and the City of Tshwane Metropolitan Municipality (CoT). This tripartite funding arrangement ensures the alignment of TASEZ's activities with both national and provincial priorities, while facilitating the mobilisation of resources essential for its operational and strategic objectives.

TASEZ's governance structure is designed to guarantee effective oversight, accountability and strategic guidance. The Board of Directors is constituted by nominees from the three funders, namely the dtic, GPG and CoT, as well as representation from the Ford Motor Company of Southern Africa (FMCSA). The Board's composition reflects a

balance between public sector interests and private sector expertise, ensuring that TASEZ's operations are conducted in accordance with principles of good governance, ethical conduct and robust stakeholder engagement.

TASEZ is formally designated as the operator of the Tshwane Automotive Special Economic Zone pursuant to the Special Economic Zone Act 16 of 2014 (SEZ Act). In this capacity, TASEZ is responsible for driving economic growth within the City of Tshwane and the broader Gauteng province, with a particular mandate to create employment and promote economic participation by SMMEs. The organisation's role extends to the leadership of Africa's new industrial revolution, positioning TASEZ as a critical engine for regional industrialisation, technological innovation and sustainable development.

In summary, TASEZ stands as a strategically significant entity within South Africa's industrial framework. Its mandate, underpinned by robust alignment with national strategies and operationalised through inclusive master planning, is executed via clear objectives, sound legal registration, a collaborative funding structure and effective governance. As the operator of the Tshwane Automotive Special Economic Zone, TASEZ not only advances regional economic development, but also contributes to the broader vision of Africa's industrial renaissance. Looking ahead, TASEZ remains committed to deepening stakeholder engagement, expanding economic opportunities and fostering sustainable growth in the automotive sector and beyond.



Workers

10. ORGANISATIONAL STRUCTURE

The following diagram shows the organisational structure of TASEZ during the year under review.

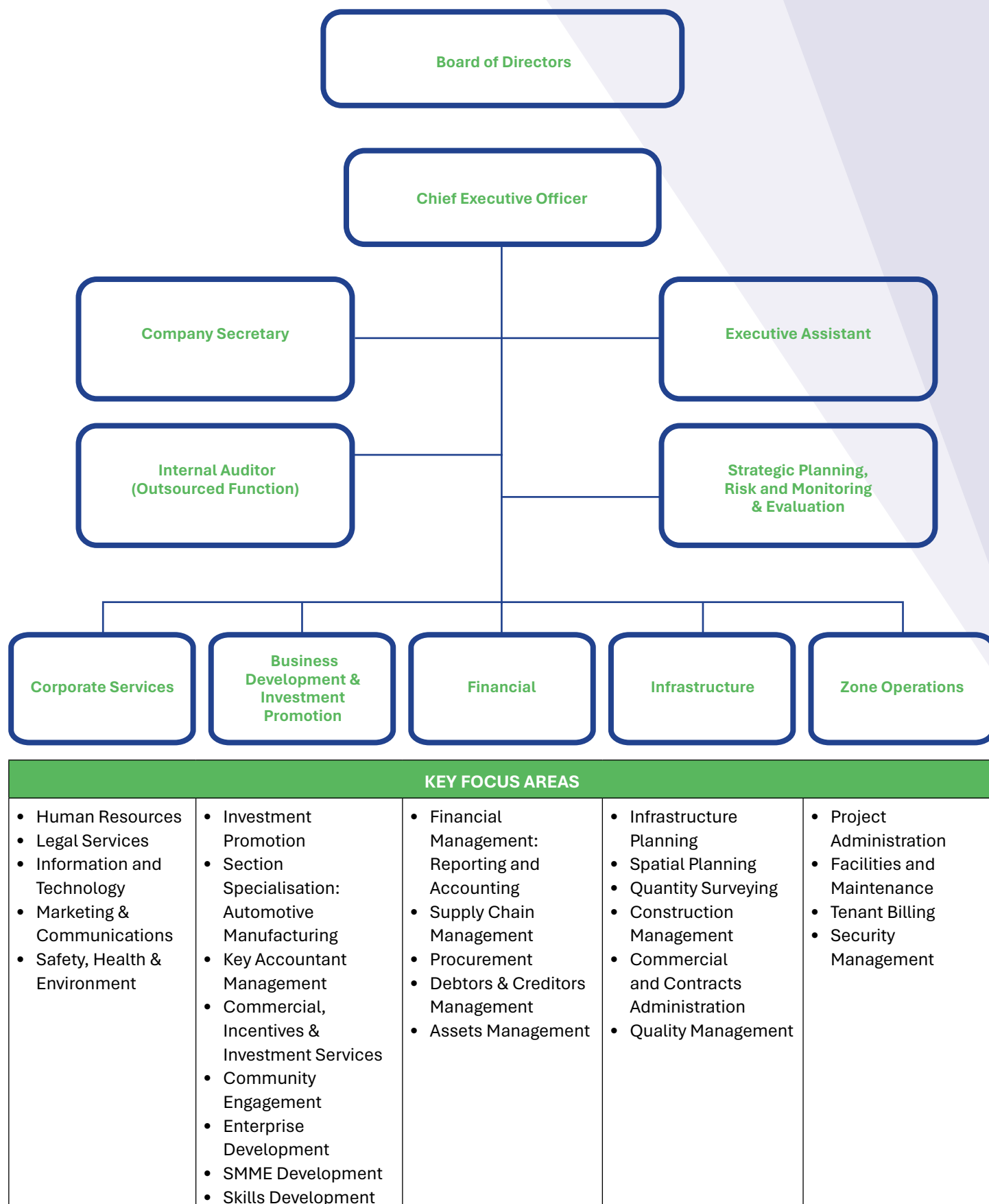


Figure 1: Organisational structure



TSHWANE AUTOMOTIVE
SPECIAL ECONOMIC ZONE

AFRICA'S FIRST AUTOMOTIVE CITY

PART B: **PERFORMANCE INFORMATION**



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General of South Africa (AGSA) evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the company's planning and delivery on its mandate and objectives. Refer to page 108 of the Auditors' Report, published as Part E: Financial Information.



ACCOUNTABILITY
IS NOT OPTIONAL.
IT'S BUILT INTO OUR DNA

2. OVERVIEW OF PERFORMANCE

2.1. SERVICE DELIVERY ENVIRONMENT

The Tshwane Automotive Special Economic Zone (TASEZ) was established in May 2020, at a time of significant social and economic disruption both locally and globally. The outbreak of the COVID-19 pandemic led to severe restrictions on economic activity and introduced unprecedented uncertainty in global markets. These conditions had a profound impact on the automotive sector, which experienced an estimated 30% contraction as manufacturers scaled down operations to manage costs and preserve liquidity.

In the 2025/26 financial year and notwithstanding the constrained economic environment, no investors withdrew their commitments; however, there was a reduction in job creation figures. The SEZ recorded investment inflows exceeding its initial targets, signalling sustained investor confidence in the zone's long-term value proposition.

South Africa's automotive industry, which marks over a century of vehicle manufacturing since Ford Motor Company established its first local assembly operations in 1924, has evolved into a globally competitive sector. This growth has been supported by key government interventions, including the Motor Industry Development Programme (MIDP) and the South African Automotive Masterplan (SAAM) 2021–2035.

Recent performance indicators reflect both resilience and structural shifts within the sector. Vehicle production increased to approximately 618,077 units in 2025, reflecting a 2,9% increase from the 600,473 units produced in 2024. 2025 further showed a strong recovery in domestic demand, with total new vehicle sales reaching 597,338 units - signaling a year-on-year increase of 15,7% and the highest level in over a decade.

Export performance also remained robust. South Africa exported a record 414,271 vehicles in 2025, representing a 5.9% increase from 2024 and accounting for over 67% of total domestic production. This reflects the continued importance of export markets, particularly Europe, which absorbed more than 330,000 units in 2025 despite declining demand in other regions.

The broader automotive sector continues to play a critical role in the national economy, contributing approximately 5.2% to GDP and over 22% of manufacturing value addition, while accounting for over 15% of total South African exports.

Globally, the automotive sector has rebounded beyond pre-pandemic production levels, driven largely by China's dominance in manufacturing and supply chains. At the same time, the rapid acceleration of electric vehicle (EV) adoption, — supported by policy mandates and technological advancements, — continues to reshape the global industry. In South Africa, while EV adoption remains



relatively low, the market is evolving, with new energy vehicles accounting for approximately 3% of total vehicle sales and expected to grow as infrastructure and policy support improve.

Domestically, economic conditions improved in 2025, supported by interest rate reductions, lower vehicle inflation and improved credit availability. This contributed not only to the recovery in new vehicle sales but also to growth in the used vehicle market, which recorded 383,410 units sold in 2025, generating R160.1 billion in value.

Looking ahead to 2026, the industry outlook remains cautiously optimistic. Continued recovery in domestic demand, growing investment from global and Chinese automotive manufacturers and increasing localisation opportunities are expected to support growth. However, risks remain, including global protectionism, evolving trade policies and the pace of transition to new energy vehicles.

From an environmental perspective, TASEZ continues to respond proactively to the impacts of climate change. Notably, the expansion of a wetland area within the development footprint has influenced infrastructure planning and necessitated comprehensive environmental impact assessments, which created further construction delays within the 2025/26 financial year. This has reinforced the importance of embedding Environmental, Social and Governance (ESG) principles into all aspects of decision-making. TASEZ remains committed to sound governance practices and the proactive management of climate-related risks, with a focus on preserving ecosystems and biodiversity while enabling sustainable development.

TASEZ is guided by the following strategic objectives:

- To drive economic growth and transformation within the South African automotive industry;
- To strengthen awareness and stakeholder support for the development and expansion of the automotive SEZ;
- To attract investment from automotive and related industries while advancing socio-economic empowerment in surrounding communities; and
- To deepen value addition through increased inclusion of SMMEs within the automotive value chain.

2.1.1 KEY OUTPUTS AND SERVICES RENDERED TO THE PUBLIC

In line with the TASEZ strategic objectives as stated above, TASEZ delivers a range of services and development interventions that directly benefit communities, SMMEs, job seekers, investors and other stakeholders within its area of operation.

During the 2025/26 financial year, TASEZ delivered the following key outputs through its Business Development and Infrastructure Development programmes:

Business Development, Skills Development and Enterprise Support

Through the TASEZ Training Academy and associated skills development initiatives, a total of 1 437 beneficiaries received accredited and non-accredited training interventions against a target of 1 200 beneficiaries. The training programmes focused on improving employability, technical skills, artisan development, business management and workforce readiness within the automotive and construction sectors. Women represented 57% of beneficiaries, youth represented 78% and persons living with disabilities represented 3% of all beneficiaries trained.

TASEZ further supported enterprise and supplier development by mentoring 44 SMMEs operating within the automotive value chain, exceeding the annual target of 42 enterprises. These interventions focused on improving business sustainability, compliance, operational efficiency and participation within the automotive sector.

Additional enterprise development support included the registration of 13 new companies, consisting of six companies on the Central Supplier Database (CSD), the reinstatement of one company and the successful registration of six enterprises at CIDB Grade 1 level to improve access to procurement opportunities.

TASEZ also concluded Memoranda of Understanding and Service Level Agreements with strategic partners to support skills development, enterprise development, innovation, township economic revitalisation and community development initiatives.

Infrastructure Development and Township Economic Revitalisation

TASEZ continued with the planning and implementation of Phase 2 infrastructure development activities while maintaining its focus on transformation and economic inclusion. Through construction activities, 259 employment opportunities were created during the reporting period, of which 44% were filled by youth and 13% by women.

To support the Township Economic Revitalisation Strategy, 37% of construction work packages were awarded to township enterprises, exceeding the annual target of 30% and creating opportunities for local businesses to participate in infrastructure delivery.

A further 40 SMMEs operating within the construction value chain received mentorship and business development support to strengthen their ability to participate in infrastructure projects and future procurement opportunities. These interventions included training on contract management, compliance, tendering, pricing, financial management and business improvement practices.

In preparation for future infrastructure expansion, TASEZ also provided generic business development and financial management training to 65 SMMEs to improve their readiness for participation in Phase 2 construction activities.

These outputs demonstrate TASEZ's contribution towards employment creation, skills development, enterprise development, transformation and inclusive economic growth within the automotive manufacturing ecosystem and surrounding communities.

In addition to infrastructure development within the Zone, TASEZ continued to facilitate the planning and implementation of strategic bulk infrastructure upgrades that support both the Special Economic Zone and surrounding communities. These interventions include road upgrades, stormwater management systems, water and sanitation infrastructure, electricity distribution networks and other enabling bulk services required to unlock industrial development and improve service delivery within the broader Silverton and automotive manufacturing corridor. These investments contribute to improved logistics efficiency, enhanced investor readiness, increased development capacity and long-term economic growth within the City of Tshwane. The implementation of external and internal bulk infrastructure for Phase 2 remained a key focus area during the reporting period, notwithstanding delays associated with township establishment approvals, environmental authorisations and flood line assessments.

Through its shareholders, TASEZ continues to leverage public investment in bulk infrastructure to create an enabling environment for industrial development, job creation and improved municipal services within the surrounding communities.

2.1.2 SERVICE DELIVERY CHALLENGES AND CORRECTIVE MEASURES

During the 2025/26 financial year, TASEZ continued to operate in a complex and evolving economic environment. While the organisation achieved its planned performance targets, several challenges impacted service delivery and operational efficiency.

A key challenge was the slowdown in demand within certain export markets, particularly in Europe, which contributed to lower-than-anticipated employment growth within the Zone. Increased competition from imported vehicles, particularly from Chinese manufacturers and changing global automotive market dynamics also influenced investor expansion plans and job creation projections.

The implementation of Phase 2 infrastructure development experienced delays due to the extended floodline review process, environmental authorisation requirements and town-planning approval processes. These delays affected the timing of infrastructure delivery and resulted in lower-than-planned infrastructure expenditure during the financial year.

In addition, ongoing energy security concerns, logistics inefficiencies and broader economic pressures continued to pose risks to investor confidence and manufacturing competitiveness. The organisation also faced challenges relating to the availability of specialised technical skills required by the automotive sector.

To address these challenges, TASEZ implemented several corrective measures. The organisation strengthened engagement with regulatory authorities to expedite environmental and planning approvals and enhanced project monitoring mechanisms to improve infrastructure delivery. TASEZ continued to diversify its investor pipeline and intensify investment promotion efforts aimed at attracting both domestic and foreign direct investment, including opportunities within the electric vehicle and green manufacturing sectors.

Through the TASEZ Training Academy, the organisation expanded skills development initiatives to improve workforce readiness and support investor requirements. TASEZ also continued to pursue sustainable energy solutions and embedded Environmental, Social and Governance (ESG) considerations into planning and operational decision-making to enhance long-term resilience.

These interventions position TASEZ to mitigate service delivery risks, improve operational efficiency and continue delivering on its mandate of promoting industrialisation, investment attraction, job creation and socio-economic development.

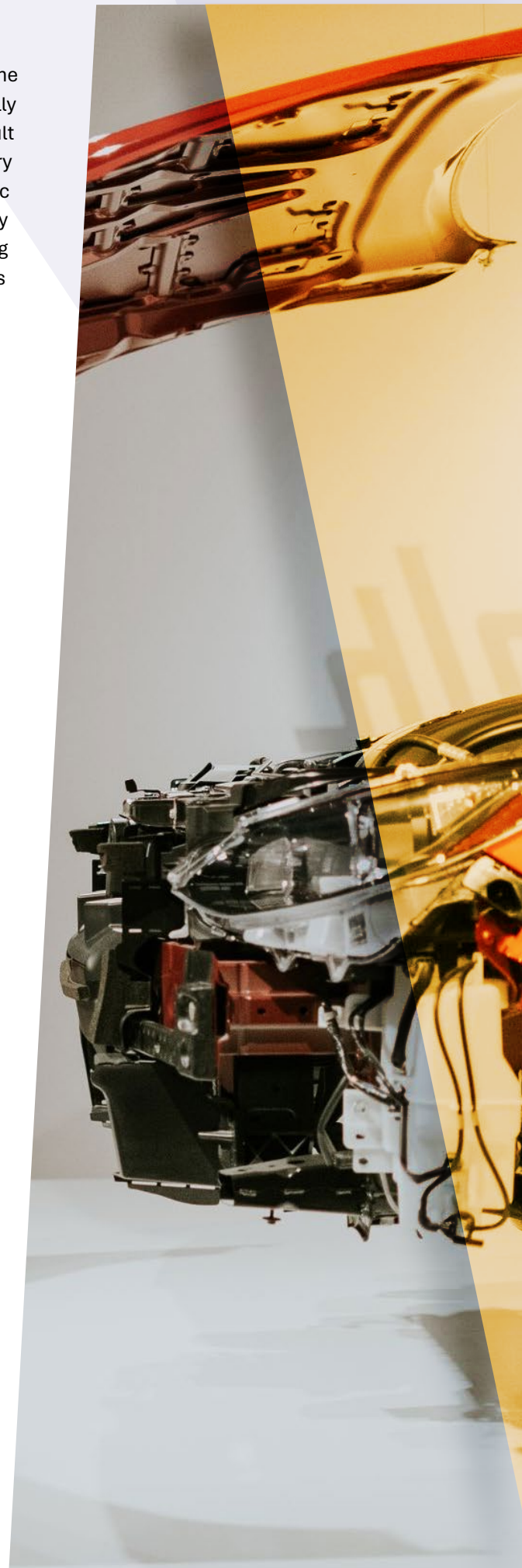
2.2. ORGANISATIONAL ENVIRONMENT

Established in 2020, the Tshwane Automotive Special Economic Zone (TASEZ) represents a flagship automotive manufacturing hub strategically located in Silverton, Pretoria. The establishment of TASEZ was the result of a coordinated partnership between the Department of Trade, Industry and Competition (the dtic), the Gauteng Department of Economic Development (GDED) and the City of Tshwane Metropolitan Municipality (CoT). This collaboration reflects a shared commitment to advancing industrialisation, localisation and economic growth within South Africa's automotive sector.

Following its launch in 2019 by President Cyril Ramaphosa, the initial strategic priority of TASEZ was the rapid execution of large-scale construction and infrastructure development to meet stringent investor timelines. This phase was critical in positioning the Zone as an investment-ready destination aligned with the needs of global automotive manufacturers. Upon completion of Phase 1 infrastructure in 2022, the organisation transitioned from a project-based implementation model to a more mature operational framework focused on long-term sustainability, governance and service excellence. A key milestone in this transition was the formal approval of TASEZ's first organisational structure by the Board in July 2021. This structure was designed to provide a clear framework for accountability, coordination and performance management across the organisation. It enabled the alignment of human capital with strategic objectives by clearly defining roles, responsibilities and delegated authorities, thereby strengthening institutional capacity.

In the 2022/23 financial year, TASEZ executed a comprehensive organisational design and job grading initiative to better align its structure with strategic objectives and operational needs. This effort led to a streamlined and more efficient organisational framework, which was approved by the Board on 29 July 2022. The updated structure reflects a strategic focus on operational agility, cost efficiency and scalability. Management endorsed these outcomes and prioritised the phased strengthening of organisational capacity. In the 2024/25 financial year, approval was granted for additional positions to support the establishment of TTA. By the end of the 2025/26 period, TASEZ had an approved staff complement of 72 positions, with 55 filled, 4 vacant and 13 positions on hold to reflect evolving operational requirements and fiscal prudence.

As a relatively young organisation, TASEZ initially operated across multiple locations within the City of Tshwane, including the main site in Silverton, the Automotive Industry Development Centre (AIDC) offices in Rosslyn and the COLAB facility in Menlyn. This decentralised footprint, while necessary during the early stages of development, presented challenges in terms of coordination, organisational cohesion and operational efficiency.



Recognising the need to consolidate operations and foster a unified organisational culture, TASEZ utilized the expiry of existing lease agreements as an opportunity to establish a centralised headquarters. In November 2024, the organisation successfully relocated its offices to the Council for Scientific and Industrial Research (CSIR) campus in Scientia, whilst some operational members are based within the Central Hub Parking Area that is situated in the Zone. This strategic move has enhanced collaboration, improved internal communication and created a more integrated working environment. All staff, except for those directly responsible for on-site Zone operations in Silverton, are now based at the CSIR campus, providing a stable and professional operational base. Importantly, as part of its broader mandate to support inclusive industrialisation and skills development, TASEZ has established the TASEZ Training Academy as a dedicated division. The Academy is positioned as a critical enabler of workforce readiness within the automotive value chain, focusing on the development of technical, vocational and industry-aligned skills. It plays a critical role in bridging the gap between education and employment by equipping local talent with competencies required by investors within the Zone. The Academy also supports enterprise development and contributes to socio-economic transformation by prioritising the youth, women and previously disadvantaged communities.

At a functional level, TASEZ operates through a structured set of divisions designed to support its strategic mandate and operational delivery. These include:

- **Office of the Chief Executive Officer (CEO):** Providing strategic leadership, governance oversight and stakeholder engagement.
- **Finance and Supply Chain Management:** Ensuring sound financial management, regulatory compliance and efficient procurement processes.
- **Corporate Services:** Encompassing Marketing and Communications, Human Capital Management, Legal Services, Information and Communication Technology (ICT) and Safety, Health and Environmental (SHE) Management. This division plays a central role in enabling organisational effectiveness and compliance.
- **Infrastructure Development:** Responsible for the planning, delivery and maintenance of world-class infrastructure to support investor operations.
- **Business Development:** Focused on investor attraction and facilitation, as well as enterprise and skills development to drive inclusive economic participation.
- **Zone Operations:** Overseeing the day-to-day management of the Zone, including facilities maintenance, security and operational continuity.

- **TASEZ Training Academy:** Driving skills development, workforce readiness and industry-aligned training to support investors and enhance local economic participation.

Collectively, these divisions form an integrated organisational system that supports TASEZ's mandate to serve as a globally competitive automotive manufacturing hub, while contributing meaningfully to regional economic development, job creation and industrial transformation.

2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The operating environment of the Tshwane Automotive Special Economic Zone (TASEZ) continues to be shaped by a range of significant policy and legislative developments in South Africa over the 2023–2026 period. These changes reflect a decisive national shift toward green industrialisation, economic transformation and global competitiveness, all of which have direct implications for the automotive manufacturing sector and Special Economic Zones (SEZs).

Climate Change and Carbon Regulation

The promulgation of the Climate Change Act and the progression to Phase 2 of the Carbon Tax Act represent a fundamental shift in South Africa's environmental regulatory framework. From 2026, large emitters will be subject to stricter carbon budgets, reduced allowances and increased carbon tax rates.

For TASEZ and its investors, this regulatory framework introduces heightened compliance requirements and potential cost pressures, particularly for energy-intensive manufacturing operations. At the same time, it creates a strong policy incentive to transition toward low-carbon production processes, renewable energy adoption and greener supply chains. This aligns with global automotive trends and positions TASEZ to support the transition toward sustainable manufacturing.

Automotive Industry Policy and Electric Vehicle Incentives

Government has introduced targeted incentives to support the transition of the automotive sector toward new energy vehicles. Notably, recent tax amendments provide enhanced investment allowances for electric and hydrogen vehicle production, including accelerated depreciation and expanded deductions. These measures are aligned with South Africa's broader industrial policy objectives and create a significant opportunity for TASEZ to attract investment in electric vehicle (EV) manufacturing,

battery production and associated component supply chains. The policy environment supports the evolution of TASEZ from a traditional internal combustion engine (ICE) manufacturing hub to a future-focused automotive production centre.

Trade and Industrial Policy Framework

South Africa's Trade and Industrial Strategy, led by the dtic, continues to prioritise export-led growth, regional integration and localisation. The implementation of the African Continental Free Trade Area is expected to expand market access across the continent and strengthen regional value chains.

For TASEZ, this enhances its strategic positioning as a key export platform for the automotive sector, enabling increased access to African markets and supporting the development of local supplier networks.

Land Reform and Infrastructure Development

The enactment of the Expropriation Act introduces an updated framework for land acquisition in the public interest. While this may raise considerations regarding investor confidence and regulatory certainty, it also has the potential to facilitate infrastructure development and support long-term spatial planning objectives.

TASEZ continues to monitor developments in this area to ensure alignment with investor expectations and regulatory requirements.

Transport and Logistics Reform

The introduction of the National Land Transport Amendment Act supports the modernisation of South Africa's transport systems, including improved regulatory frameworks for public and private transport services. The emphasis on integrated transport planning and enhanced municipal coordination is expected to improve mobility and logistics efficiency. For TASEZ, efficient transport and logistics systems are critical to supporting just-in-time manufacturing, workforce accessibility and export competitiveness.

Labour and Skills Development Policy

Ongoing policy focus on employment creation, transformation and skills development continues to shape the labour environment. Adjustments to incentive frameworks and increased emphasis on compliance reinforce the importance of structured workforce development initiatives.

In this context, TASEZ's investment in skills development, including the establishment of its Training Academy, plays a critical role in supporting industry requirements and enhancing workforce readiness.

Energy and Industrial Decarbonisation

National policy continues to prioritise energy security and the transition to cleaner energy sources, including renewable energy, green hydrogen and battery value chains. These developments are particularly relevant considering ongoing energy supply challenges and the need for reliable, cost-effective power. For TASEZ, securing sustainable energy solutions is essential to maintaining operational continuity and attracting future-focused investments in green manufacturing.

The evolving policy and legislative landscape present both challenges and opportunities for TASEZ. While increased regulatory requirements, particularly in relation to carbon emissions and global taxation, introduce additional compliance considerations, the policy direction strongly supports industrial growth, localisation and the transition to a green economy.

TASEZ is well-positioned to leverage these developments by aligning its strategic initiatives with national priorities, strengthening its role as a leading automotive manufacturing hub and advancing its ambition to become a centre of excellence for sustainable and future-oriented industrial development.

TASEZ's Management has developed policies and frameworks to align the organisation with its legislative mandate. TASEZ policies are reviewed upon the revision date required or as and when the relevant legislative amendments arise. The organisation has also established a Policy Committee that has championed the review of organisational policies during the financial year under review.

2.4. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Gauteng Department of Economic Development's Strategic Plan for 2025-2030 emphasizes a commitment to inclusive and sustainable growth in the province. This plan aligns with the Gauteng Provincial Government and national development goals, aiming to transform the economy and improve quality of life. It acknowledges the challenges ahead as opportunities for redefining the province's economic future. The strategy is aligned with the Medium-Term Development Plan (MTDP) 2024-2029, which focuses on inclusive growth, poverty reduction, lowering living costs and establishing a capable state. Key areas of focus include enhancing revenue, improving economic infrastructure, empowering Medium, Small and Micro Enterprises (SMMEs), structural transformation and fostering research and development.

TASEZ Strategic Plan for 2025-2030 sets out our objectives under the 7th Administration of Government. Our programmes are aligned to specific outcomes directly contributing to the Gauteng Provincial Government and national development goals. The strategy aligns with the Medium-Term Development Plan (MTDP) 2024-2029, which focuses on inclusive growth, poverty reduction, lowering living costs and establishing a capable state. TASEZ operates a four (4) programme structure.

Each Programme has primary and secondary roles and responsibilities that deliver on the outcomes reflected in the TASEZ Strategic Plan. The Programmes and the respective outcomes are summarised in the table below.

Table 1: TASEZ Programmes and Outcomes Linked to MTDP Priorities

MTDP Priorities	TASEZ PROGRAMMES	STRATEGIC PLAN OUTCOMES
PRIORITY 1: INCLUSIVE ECONOMIC GROWTH) (PRIORITY 3: BUILDING A CAPABLE ETHICAL AND DEVELOPMENT STATE	Programme 1: Administration	• Outcome 1: A growing, transformed and inclusive Automotive Sector • Outcome 2: Revenue enhancement (% Sustainability)
PRIORITY 1: INCLUSIVE ECONOMIC GROWTH)	Programme 2: Business Development (Inclusive of Skills and SMME development)	• Outcome 1: A growing, transformed and inclusive Automotive Sector
PRIORITY 1: INCLUSIVE ECONOMIC GROWTH)	Programme 3: Infrastructure Development	• Outcome 1: A growing, transformed and inclusive Automotive Sector
PRIORITY 1: INCLUSIVE ECONOMIC GROWTH)	Programme 4: Zone Operations	• Outcome 1: A growing, transformed and inclusive Automotive Sector

During the mid-year review, TASEZ made a downward revision to its Annual Performance Plan in terms of job creation; however, the overall target for the five-year strategic plan has been increased due to a stronger pipeline of potential investors. It is evident that TASEZ made significant progress in advancing its 5-year strategic objectives by expanding industrial infrastructure, strengthening skills development, promoting inclusive economic participation, supporting SMME growth, creating employment opportunities and maintaining strong governance. These achievements continue to position TASEZ as a catalyst for automotive sector growth, industrialisation and socio-economic transformation in South Africa.

TASEZ works with purpose to ensure that governance, operational and functional processes are established while delivering on its overarching mandate. TASEZ pursues a mandate expressed in its enabling legislation, the Special Economic Zones Act (Act 16 of 2014). Together with its complementary SEZ Policy Statement, the SEZ Act sets out a public-development programme that seeks to facilitate and promote industrial development outcomes at the immediate zone level and within the wider region. The SEZ Act clearly defines the purpose of an SEZ, in Chapter 2, Section 4. To date, TASEZ has achieved the following outcomes against the objectives set out in the Act.



Purpose 1:

Promote regional economic development and create decent (sustainable) work and economic and social benefits in the region in which it is located, through the development of mixed-use facilities within the SEZ.

TASEZ continued to contribute to employment creation through its construction programme. Since inception 5 467 jobs from construction activities have been created. More than 70% of these employment opportunities benefited residents from surrounding township communities (Target Area 1). In addition, 3 559 jobs were created by the tenants in the Zone with more than 20% of the jobs allocated to women and more than 50% filled by youth. This demonstrated TASEZ's initiatives in supporting inclusive local economic development demonstrating TASEZ's commitment to advancing the objectives of the SEZ Act and national government priorities on job creation and socio-economic inclusion.

Progress towards this purpose for the year under review is elaborated on in Programme 3: Infrastructure Development and Programme 4: Zone Operations under Section 3 below.

Purpose 2:

Facilitate the creation of an industrial complex, having strategic national and regional economic advantage for targeted investments in the automotive manufacturing sector, ranging from OEM-level to Tier 3 suppliers.

Phase 2 is estimated to host an additional 10 investors once fully constructed.

During 2025/26, TASEZ also commenced with the second phase of the development, which will focus on the inclusion of an incubation facility to support lower-tier-level development.

Purpose 3

Develop the infrastructure required to support the development of targeted industrial activities.

TASEZ successfully completed the development of 91 hectares of economic infrastructure in Silverton, Tshwane. It has also commenced construction of Phase 2 following the sod-turning ceremony in 2025, demonstrating continued investment in industrial expansion and long-term economic growth. TASEZ found itself in a peculiar position where external bulk infrastructure (roads, road upgrades, stormwater, water and sanitation) and top infrastructure (building and internal bulk infrastructure) needed to be developed concurrently to ensure investor timelines were met. Over and above the initial plan to commence with Phase 1, an additional 10 hectares of privately owned land were secured. As TASEZ is now busy with the second phase of the development and with the

healthy pipeline of investors generated during the 25/26 financial year, TASEZ has approached CoT to identify and secure two additional land parcels. TASEZ is currently awaiting CoT Council approval for these land parcels.

Purpose 4

Attract foreign and domestic direct investment.

Through the successful attraction of 10 investors, including three Foreign Direct Investors and the mobilisation of more than R5.76 billion in investment for Phases 1 and 1A, TASEZ advanced key objectives of the Special Economic Zones Act and continue to show pursuit of its strategy. These achievements demonstrate the Zone's effectiveness in attracting foreign and domestic direct investment, providing a strategic location for targeted industrial investment, strengthening the automotive manufacturing ecosystem and promoting regional economic development.

Total foreign and domestic investment attracted during the 2025/26 financial year is elaborated on in Programme 4: Zone Operations under Section 3 below, as it is a strategic target of TASEZ.

Purpose 5

Provide the location for the establishment of targeted investments.

A TASEZ-specific Spatial Development Plan was developed in Silverton, which is geographically east of Pretoria within the CoT. TASEZ will provide a diversity of appropriate land uses and other economic activities. This development spans over 204 hectares and consists of:

- Phase 1: 81,6 hectares
- Phase 2: 81,0 hectares
- Phase 3: 42,2 hectares

Out of the above three phases, Phase 1 and Phase 2 land has been secured, with 10 hectares out of the 42,2 hectares for Phase 3 secured in the 2020/21 financial year. As indicated above, TASEZ has subsequently identified two additional CoT-owned land parcels in 2025/26 and currently awaits CoT Council approval for these portions of land.

Purpose 6

Increase investment and growth in the manufacturing industry, primarily in the automotive manufacturing industry.

This is a TASEZ strategic target and is captured in the section below.

Purpose 7

Take advantage of existing industrial and technological capacity, promote integration with local industry and increase value-added production.

TASEZ enters MoUs to establish structured partnerships that support its strategic mandate. The main goals of these partnerships are to enhance skills, foster enterprise and supplier growth, support SMME incubation, promote transformation and innovation, revitalise township economies and strengthen engagement with stakeholders and communities. The MoUs provide a framework for collaboration, clarify roles and responsibilities and supports coordinated implementation of joint programmes.

During 25/26, TASEZ has concluded 7 MoUs and SLAs with public and private sector partners, training institutions, SETAs, industry bodies, community media platforms and development agencies. These agreements vary in duration and scope, with some MoUs active and implemented and others under discussion for future execution.

The MoUs collectively focus on the following areas:

- Skills development, training, learnerships,

internships and artisan development;

- Enterprise and Supplier Development (ESD), including SMME incubation and mentorship;
- Support for township economic revitalisation and inclusive industrialisation;
- Collaboration on innovation, future skills, sustainability and research initiatives;
- Community outreach, stakeholder engagement and marketing of TASEZ initiatives; and
- Partnerships with educational institutions to align curricula with industry needs.

Several MoUs have progressed to implementation through signed SLAs, funded programmes and active projects. Some partnerships have recorded measurable outputs, such as beneficiaries trained, programmes underway and events hosted.

Other MoUs remain in planning, testing or engagement phases, with implementation dependent on factors such as funding availability, partner readiness, proposal approvals or strategic alignment.



TASEZ Building

The MoU register and implementation status are tracked to ensure that they align with TASEZ's strategic goals and governance standards. Management and committees are notified of expired contracts, suggestions for new partnerships and memorandums of understanding that need to be renewed.

The MoUs and SLAs form a critical mechanism through which TASEZ advances its mandate in skills development, transformation, industrialisation and community impact. The 2025/2026 status reflects a mix of active, progressing and pipeline partnerships, with ongoing management focus on strengthening implementation, reducing risks and ensuring value creation for the SEZ and its stakeholders.

Purpose 8

Generate new and innovative economic activities.

During 2023/24, the Board took a decision for TASEZ to bring forward the implementation of the Training Academy (TTA) as one of the six nodes identified in the establishment of a TASEZ Centre of Excellence in Phase 2. This initiative has assisted TASEZ to create a platform to enable new innovative activities. During the 25/26 financial year, TASEZ has capacitated the TTA whilst also establishing additional training facilities at our office at the CSIR Campus.

Since 2023/24, TTA has trained 3,070 beneficiaries, promoting strong inclusivity: over 40% were women, 78% were youth and 3% were people with disabilities who participated in the training programmes.

Purpose 9

Take advantage of existing SEZs and promote collaboration with these SEZs.

TASEZ has actively engaged both established and newly formed Special Economic Zones (SEZs) to develop robust management structures, institutional frameworks and collaborative implementation strategies. Acquiring institutional knowledge from these SEZs, particularly in terms of best practices and lessons learnt, is regarded as essential. Furthermore, TASEZ is committed to initiating and fostering additional collaborative ventures with these entities.

Within Gauteng province, a dedicated SEZ committee, led by the Gauteng Department of Economic Development (GDED), has been constituted to identify and address key programme barriers and to discuss acceleration initiatives. This committee is designed to promote collaboration among the various SEZs in the province.

TASEZ recognises substantial opportunities for enhanced cooperation among SEZs, which would strengthen service delivery and improve the overall value proposition of SEZs in South Africa. As a new entrant in the sector, TASEZ has proactively approached several established SEZs to facilitate these collaborative efforts. Notably, in May 2020, all funding stakeholders agreed that the Coega Development Corporation (CDC) would serve as the initial implementing agency for the commencement of Phase 1. The Department of Trade, Industry and Competition (dtic), CDC and TASEZ formalised this arrangement through a tripartite agreement. As TASEZ has matured and strengthened its institutional capacity, its staff have progressively assumed greater implementation responsibilities, resulting in a corresponding reduction in the role of the implementing agent.



3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The TASEZ Annual Performance Plan (APP) 2025/26 measured nine (9) key performance indicators, all of which were successfully achieved, resulting in an overall performance achievement rate of 100% for the 2025/26 financial year. It must, however, be noted that two targets relating to jobs created within the Zone and construction activities were revised downward during the mid-term review process as explained in the below section.

TASEZ carries out its mandate through the following key programmes:

- Programme 1: Administration
- Programme 2: Business Development
- Programme 3: Infrastructure Development
- Programme 4: Zone Operations

PERFORMANCE SUMMARY



Figure 2: Performance Summary

3.1 PROGRAMME 1: ADMINISTRATION

Purpose: The administration programme provides effective leadership, strategic management and administrative support services to TASEZ in line with applicable legislation and best practice.

For the 2025/26 financial year, two (02) annual performance targets were measured under Programme 1:

- Average number of days taken to pay the implementing agent; and
- Percent Self-Sustainability of TASEZ.

Table 2: Annual Performance Plan: Programme 1 – Administration

Programme 1: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2023/2024	Audited Actual Performance 2024/2025	Planned Annual Target 2025/2026	Actual Achievement 2025/2026	Deviation from Planned Target to Actual Achievement 2025/2026	Reasons for Deviation	
Outcome 1: A growing, transformed and inclusive SA Automotive Sector	Less reliance in bridging finance by SMMEs and Contractors	Average number of days taken to pay the implementing Agent.	7,94 Days	9,16 Days	14 Days	9,4 Days	+4,6 Days	Overachievement was realised due to TASEZ proactively requesting the implementing agent to submit invoices 3 days before a scheduled draw down/technical review session.	
Outcome 2: Revenue enhancement (% Sustainability)	Self-Sustainability	%Self-Sustainability of TASEZ	Not Measured	Not Measured	78%	79%	+1%	The overachievement is attributable to inflationary fluctuation.	

3.2. PROGRAMME 2: BUSINESS DEVELOPMENT

Purpose: This programme is responsible for the TASEZ overall business development, skills and enterprise development within the automotive value chain.

3.2.1. BUSINESS DEVELOPMENT PROGRAMME PERFORMANCE

Mentorship programmes for SMMEs in the automotive sector were rolled out to assist SMMEs in achieving of appropriate and deepened value-adding services. The overall target for the 2025/2026 financial year was to mentor 42 SMMEs. In total, 44 SMMEs were

mentored, exceeding the target of these, 13% were women, 11% Youth and 11% persons living with disability. TASEZ remains committed to advancing the transformation of the South African automotive sector and fostering an inclusive economy through its automotive skills development and training initiatives. During the period, a total of 1 437 beneficiaries received training against a target of 1 200. Of these trained, 57% were women, 78% were youth, and 3% were persons living with disabilities, demonstrating the inclusivity and broad reach of the training interventions implemented by TASEZ



Table 3: Annual Performance Plan: Programme 2 –Business Development

Programme 2: Business Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/2024	Audited Actual Performance 2024/2025	Planned Annual Target 2025/2026	Actual Achievement 2025/2026	Deviation from Planned Target to Actual Achievement 2025/2026	Reasons for Deviation
Outcome 1: A growing, transformed and inclusive SA Automotive Sector	Provision of appropriate and deepened value-add services	Number of SMME mentoring initiatives within the automotive Value Chain	31	60	42	44	+2	Overachievement was due to increased participation by SMMEs.
		Number of individuals trained within the Automotive Value Chain	597	1 036	1 200	1 437	+237	Overachievement was due to strong interest shown by candidates in the type of training offered by TASEZ.



3.2.2. SOCIAL COMPACTING

TASEZ has undertaken the implementation of a Social Compact Agreement (SCA) with local communities, represented by the Community Project Committee (CPC). The principal aim of the SCA is to reinforce an implicit partnership between TASEZ and the surrounding community, with a view to fostering a healthier working environment and society. The agreement, initially established during Phase 1 of construction, marked a significant milestone in

collaboration. Since then, the CPC has continued to uphold the tenets of the SCA by organising quarterly meetings, ensuring ongoing engagement and progress. Moreover, the Social Compact Agreement has served as the foundation for a new standard operating procedure, now adopted for Gauteng Provincial Government (GPG) projects within the construction sector, thereby formalising the approach and broadening its impact.

Table 4: The Seven Pillars of the Social Compact Agreement

Pillar #	Progress and Achievement
Pillar 1: Stakeholder Engagement 	The purpose of establishing stakeholder engagement was to ensure that agreed protocols were observed and that clear rules of engagement were in place. For the financial year 2025/2026, the Community Project Committee (CPC) held eight (08) meetings during the year. TASEZ also convened a two-day workshop for the CPC to address: • Lessons learnt from phase 1 development • Phase 2 progress update • Review of the social compact and terms of reference • Presentation on areas that could benefit the local communities, including: • National Empowerment Fund (NEF) • The Department of Public Works (EPWD division) The resolutions reached at the workshop were formally agreed at the CPC meeting held in December 2025 with the following agreed outcomes: • Collaboration with NEF and the BBBEE commission to roll out roadshows, sharing opportunities with local communities. • Implementation of the lessons learnt to deliver phase two of the TASEZ development.



Stakeholder Engagement

Pillar #	Progress and Achievement
Pillar 2: Employment Creation and Facilitation thereof 	TASEZ facilitated the creation of employment opportunities through its construction-related activities, with more than 60% of the jobs created benefiting individuals coming from the surrounding township communities (Target Area 1).
Pillar 3: Skills Development and Facilitation thereof 	During the year under review, 1 437 individuals were trained in different training interventions facilitated by TASEZ. Below are some of the training interventions implemented during the year: • Building Civil Construction learnership • SSETA Internship Programme • Artisan Recognition Prior Learning • Environmental Training- Waste Management Skills programme • Environmental Practice Skills Programme - EPWP • Upholstery Programme • Business Management • Brakes and Clutch Repair/ Suspension Fitter PWD Training • Forklift Training • Finance for Non-financial Managers Training • Bobcat Novice training • Storeman Training Programme • Professional Driving • TLB Training • First Aid Level 1,2 3 • Occupational Health and Safety Act and Regulation • Coaching and mentoring • Generic Management • End-user computing • Solar Installation Training • Project Management Training Program • Bricklaying Training • Electrical Maintenance • Hand Skills Training Programme



Forklift Training

Pillar #	Progress and Achievement
Pillar 4: SMME Support Programmes and Participation 	During the period under review, 44 SMMEs were mentored versus a target of 42 in initiatives within the Automotive Value Chain with at least 76% from within Area Target 1. Of these 13% were women, 11% Youth and 11% persons living with disability. 40 SMMEs were mentored on initiatives within Construction, against a target of 40 with at least 93% from Target Area 1. Of these, 17% were women, 20% youth and 20% persons living with disabilities. In preparation for Phase 2 construction, taking lessons learnt from Phase 1, mentoring included extensive programmes in: • Contract Management and interpretation (managing legally binding agreements from initiation through to execution). • Business Compliance and ethics (instilling professionalism and business etiquettes). • Business improvement (planning, budgeting & managing funds, establishing procedures, processes and controls). • Business Marketing (profiling your business, tools and platforms to advertise your business, and forming partnerships). • Tendering and pricing (Compliance, tender returnable, factors to consider when pricing (direct & indirect costs and margins, quality submission and others).



SMME Support Programmes and Participation

Pillar #	Progress and Achievement
Pillar 5: Enterprise Development and Facilitation thereof 	A total of 37% of construction work packages were awarded to township enterprises, amounting to over R38 million for the current financial year.



Enterprise Development and Facilitation thereof

Pillar #	Progress and Achievement
Pillar 6: Community 	For the period under review, TASEZ participated in three Corporate Social Investment (CSI) programmes, which were as follows: - TASEZ donated 300 blankets to the Togetherness Senior Citizens Social Event Club, which were subsequently distributed to elderly residents in the communities of Mamelodi and Nellmapius, providing much-needed support to vulnerable senior citizens during the winter season. - Banothando Foundation and Partners to youth hosted the youth empowerment and awareness even in June 2025. The event took place in Nellmapius ward 15. The purpose of the event was to inspire, educate and support young people by providing them with access to resources, mentorship and vital community services. TASEZ sponsored catering for the event. - The Eersterust Youth Development Movement hosted a community mobilisation and business showcasing event in June 2025. The event took place in Eersterust Ward 43. The aim of the event was to connect the local leaders and organisations, identify and support community business and receive youth resumes for potential job opportunities. TASEZ sponsored catering for the event. Tenants in the Zone also participated in the CSI programmes, as outlined below: - Sodecia sponsored the Child welfare Tshwane with the following: - Procurement and installation of a Jojo Tank; - Refurbishment of rooms; - Board games; - Kids' toys; - Paint; and - Two bathrooms. - In addition, Sodecia partnered with the Mamelodi Amalgamated Taxi Association to donate full school uniforms to 600 learners. - Thai Summit sponsored the following initiatives: - Robotics Programme with Tshwane North College, benefiting 21 College graduates who had completed qualifications in electrical, mechanical and industrial engineering. The Robotics Programme is worth R600 000. The programme provided participants with advanced technical skills and practical exposure to robotics, enhancing their employability and readiness for opportunities within the automotive and manufacturing sectors. - CSI initiative for Thandanani Drop-In Centre in Mamelodi. Thandanani is an NPO dealing with substance abuse, after school care and youth development. - R213 360 worth of kitchen equipment and building renovations was donated. - R60 000 worth of equipment to Courageous Athletics Development (CAD) learners.



Donations of school shoes

Pillar #	Progress and Achievement
Pillar 7: Communication and Reporting 	During the review period, regular meetings were held with the CPC, which includes TASEZ, CDC, nine ward leaders and stakeholders from organisations representing the youth, women, people with disabilities, military veterans, cooperatives and SMMEs. In alignment with MoU signed with PoortFM, TASEZ continued to strengthen its community outreach and stakeholder engagement through strategic collaboration with the community radio station with a strong footprint in the areas of Eersterust, Nellmapius, Waltloo and Silverton. During the reporting period, TASEZ participated in a series of radio interviews aimed at raising awareness, promoting inclusivity and facilitating access to economic opportunities within the automotive sector. In addition to these engagements, TASEZ continues to sponsor PoortFM's business programme, further reinforcing its commitment to empowering local communities through information dissemination, enterprise development and increased access to economic participation opportunities.

3.2.3. ENTERPRISE AND SUPPLIER DEVELOPMENT

During the reporting period, 13 new companies were registered, six were added to the Central Supplier Database (CSD) and one was reinstated, with full compliance achieved across CIPC, SARS, B-BBEE and

CIDB requirements. Additionally, six companies were registered at CIDB Grade 1, improving their eligibility for public-and private-sector tenders.

In preparation for Phase 2 of construction, 65 SMMEs were trained in generic business development and Finance for Non-Financial Managers to strengthen their operational and financial management capabilities. This training

aimed to provide strategic leadership by developing sound skills programmes that improve the quality and supply of labour to the SEZ during construction.



3.2.4. PARTNERSHIP AGREEMENTS

TASEZ has entered into agreements with various stakeholders through Memoranda of Understanding (MoUs) and Service Level Agreements (SLAs) involving both public and private institutions. The cultivated relationships with these stakeholders are essential for the successful attainment of TASEZ’s mandate and objectives. These parties share synergies with TASEZ regarding economic development and have recognised the necessity for formal, collaborative partnerships.

Key objectives of the MoUs:

- Strategic Alignment: Ensures all parties share a common vision on innovation, sustainability and industry growth.
- Collaboration Framework: Defines areas of cooperation such as research and development, supply chain integration, or technology transfer.
- Resource Sharing: Facilitates pooling of expertise, infrastructure and financial resources to achieve mutual goals.
- Risk Mitigation: Clarifies responsibilities and expectations, reducing misunderstandings and potential conflicts.
- Innovation & Competitiveness: Encourages joint projects in emerging areas like electric vehicles, autonomous driving and smart manufacturing.
- Policy & Regulation Support: Helps stakeholders collectively engage with regulators and policymakers to shape favourable industry standards.
- Relationship Building: Strengthens trust and long-term partnerships between manufacturers, suppliers, government agencies and research institutions.

The status of the MoUs for TASEZ is depicted on the figure below:



Figure 3: MoU Status

The graph illustrates that there are 17 partnership agreements in place for the year under review. Of these, 53% have been executed, 35% remain unexecuted and 12% have expired but are currently undergoing renewal.

3.2.5. TASEZ CENTRE OF EXCELLENCE CAMPUS

As part of the initial Master Plan development, TASEZ identified the need to establish a centre of excellence that would serve as a hub for current and future skills development programmes, entrepreneurial incubation and high-technology education initiatives. To inform its design and implementation, TASEZ commissioned a research and benchmarking study to identify international and

local best practices relating to centres of excellence. The findings of this research will guide the operationalisation and integration of the Centre’s various components. The Centre of Excellence will comprise six interconnected nodes.

On request by the Board, TASEZ commenced with the implementation of the first node, which involved the establishment of the TASEZ Training Academy (TTA). The resource structure for the TASEZ Training Academy was formally approved during the previous financial year. This approval established the framework for staffing the Academy, with a total of ten positions outlined to support its operations and objectives.

In the 2025/26 financial year, significant progress was made in strengthening the Academy's organisational capacity through the filling of key positions. Six posts were successfully filled, enhancing the Academy's ability to effectively deliver on its mandate and ensure smooth functioning within the set parameters.

At present, the filling of the three remaining positions has been deferred based on the current volume of work and training contracts. These positions will remain vacant until such time as additional work can be onboarded, justifying the need for further staff recruitment.

In terms of physical infrastructure, TASEZ Head Office at CSIR underwent significant refurbishment, which included upgrades to the facilities of the Tshwane Automotive Special Economic Zone Training Academy (TTA). As part of these improvements, two fully equipped classrooms were established to enhance the delivery of training programmes. Furthermore, an ICT laboratory was established to facilitate digital learning and skills training and a canteen was built to offer trainees and staff a pleasant dining area. The project also included the installation of new ablution facilities to ensure convenience and hygiene for all academy users.

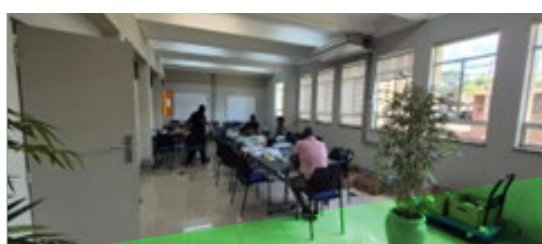
A significant achievement was confirming that the Training Academy now meets Occupational Health and Safety standards, demonstrating its dedication to ensuring a safe and supportive learning environment for all participants.

Another important goal is obtaining accreditation from the Quality Council for Trades and Occupations (QCTO).

The TTA has applied for accreditation to provide several programmes connected to Jobs of the Future, including Artificial Intelligence, Robotics, Global Business Services and more. The application has passed the desktop review phase of the QCTO accreditation process. These selected programmes align with the TTA's future vision of becoming a Centre of Excellence focused on the automotive value chain and covering logistics, transportation and other skills, competencies and capabilities needed to fulfil the SEZ's strategic goals of localisation and industrialisation.

During the next reporting period, TTA will prioritise securing the necessary accreditation and participating in strategic national programmes aligned with South Africa's Master Plan and Human Resource Development Council (HRDC) initiatives, as well as key interventions arising from the Industrial Policy and Strategy Review. Emphasis will be placed on developing capabilities and partnerships in emerging growth sectors, including new energy vehicles, battery production, solar and gas industries and the hydrogen economy, to ensure the Academy remains responsive to current and future industry skills demands.

To advance its operations and support its strategic goals, TTA remains dedicated to obtaining a range of funding sources. The Academy will seek out discretionary, mandatory and catalytic funding opportunities by consistently engaging in strategic dialogues and building partnerships at local, provincial and national levels. Through these efforts, TTA aims to secure stable financial resources vital for the ongoing development and delivery of its training and development programmes.



Photos: TTA new classroom and Lab additions

3.3. PROGRAMME 3: INFRASTRUCTURE DEVELOPMENT

This programme is responsible for the planning, design and development of all infrastructure within TASEZ, while ensuring that its implementation advances transformation, promotes job creation and supports towards Township Economic Revitalisation (TER) initiatives.

TASEZ completed the construction Phase 1 and 1A of its infrastructure programme. Practical completion of the main facilities was achieved in 2023 and completion of the auxiliary packages (Central Hub, landscape, parking and guardhouses) in 2024. Subsequently, during the 24/25 Financial Year TASEZ commenced with the design of Internal and External Bulks Services for Phase 2.

3.3.1. INFRASTRUCTURE DEVELOPMENT PROGRAMME PERFORMANCE

In accordance with the SEZ Act and other national development priorities of the South African government, it is mandatory for TASEZ to take part in employment creation. During the financial year under review, a total of 259 jobs were created through construction-related activities exceeding the revised target of 250 jobs.

Mentorship programmes were rolled out to assist SMMEs to provide appropriate and deepened value-adding services. The overall target during the 2025/2026 financial year was to assist 40 SMMEs through mentorship in construction-related activities. Ultimately, 40 SMMEs were mentored. Of the SMMEs mentored, 17% were women-owned enterprises, 20% youth-owned and 20% were owned by persons living with disabilities.

To support the Township Economic Revitalisation Strategy and Township Economy Development Act, the inclusion of SMMEs in economic growth was fostered by awarding construction work to township enterprises. The overall target during the financial year under review was 30% and 37% was achieved



Table 5: Annual Performance Plan: Programme 3– Infrastructure Development –Target that was adjusted during Mid-Year Review

Programme 3: Infrastructure Development									
Outcome	Output	Output Indicator	Audited Performance 2023/2024	Audited Performance 2024/2025	Planned Annual Target 2025/2026	**Actual Achievement 2025/2026	Deviation from Planned Target to Actual Achievement until date of re-tabling	Reasons for Deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Outcome 1: A growing, transformed and inclusive SA Automotive Sector	Jobs created within the construction space	Number of Construction Jobs created	409	137	400	91	-309	Delays on Implementation of Phase 2 developments affected the creation of employment through construction. The delays were a result of the following key dependencies: 1) Township Establishment Approvals. 2) Two Objection Tendered by Private Parties/ Developers.	The target was revised to 250 (as indicated in the table below) due to delays in the implementation of Phase 2, as a result of prolonged Township Establishment approval processes and objections raised by private developers.

** Actual Achievement is indicated as at end Quarter 2 when the mid-term adjustment took place.

Table 6: Annual Performance Plan: Programme 3– Infrastructure Development

Programme 3: Infrastructure Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/2024	Audited Actual Performance 2024/2025	Planned Annual Target 2025/2026	Actual Achievement 2025/2026	Deviation from Planned Target to Actual Achievement 2025/2026	Reasons for Deviation
Outcome 1: A growing, transformed and inclusive SA Automotive Sector	Jobs created within the construction space	Number of Construction Jobs created	409	137	250 (Revised from 400 as indicated in table above)	259	+9	One contractor created more opportunities than initially anticipated.
	TER Strategy and Township Economy Development Act implemented	% of Construction Work Packages awarded to Township Enterprises	42%	33%	30%	37%	+7	Additional commitment to appoint SMMEs was achieved.
	Provision of appropriate and deepened value-added services	Number of SMME Mentoring Initiatives within the Construction Value Chain	35	45	40	40	None	Not Applicable



Phase 1 and 1A

- Phase 1 and 1A top structures construction is at 100% completion, with the 5-year latent defects period being observed as per the Joint Building Contracts Committee (JBCC) contract suite.
- Bulk infrastructure works, including (electricity, water, bulk roads and storm water construction), are 100% complete, with all snag items resolved. The defects liability period is currently being observed.
- Final accounts and closing reports for the completed projects have been concluded.
- In essence the following were realised by the end of the 2025/2026 financial year.
- Phase 1 is now at proclamation stage, where a combined Section 16(7) certificate has been achieved. The amendment of the Conditions of Establishment (CoE) and new general plan have been approved.
- Phase 1 A Conditions of Establishment (CoE) were approved in March 2024 however the CoE had to be amended to replace Amakhosi street name with Hydrology. The approval of the amendment requires the Power of Attorney (POA). The POA will be concluded by quarter one 26/27.
- Further extension of time for the approval of the application was granted until the 25th of September 2026 and January 2027 for Phase 1 and 1A respectively, to allow for the conclusion of the following remaining activities during the 26/27 financial year.
- Opening of Township Register at the Deeds Office.
- Proclamation of Township in the Government Gazette.
- Obtain Section 16(10) Compliance Letters from the Energy & Electricity, Water & Sanitation and Roads & Stormwater departments to certify that all service installations have been done to the satisfactions of the City of Tshwane.
- Submit request for a Section 16(10) Certificate to the City of Tshwane to finalize the township establishment process.

Phase 2: Town Planning

The TASEZ Phase 2 programme has commenced. Land has been secured by the CoT and township establishment application processes are still underway, with construction initially anticipated to commence by the third quarter of financial year 2024/2025. However, challenges encountered in the township application process, where an application had to be resubmitted because of the discovery of wetland growth, did slow down the process. The revised construction commencement date was anticipated for March 2025, but there two objections to the development that further delayed the Township Establishment Application Approvals. After several engagements with the objectors, TASEZ amicably resolved the objections. After these delays, construction commenced in July 2025 with the 2nd LaMontagne Reservoir.

As of the end of the 2024/2025 financial year, all town-planning stages have been achieved up to the stage where the Phase 2 application is at CoE and the flood line position is aligned with the Extension 13 applicant (Phase 3). The electricity condition for township establishment is supported by the CoT through the Waltloo Substation. The CoT is currently working through the critical dependencies with the required reservoir to satisfy the Phase 2 water requirements for township establishment and the associated support required for conditional approval while the reservoir is being constructed by TASEZ. The growth of the wetland at the north end of the site resulted in various discussions with the CoT around the impact of this on the existing application and the need for an amendment application to be submitted.

A final wetland assessment study was conducted to determine the precise extent and delineation of the wetland within the project area. Following the identification and confirmation of the wetland, a new township establishment application was submitted on the 23rd of October 2024 under the name Samcor Park Extension 14. In the previous financial year 2 objections were also lodged against the application and during the 2025/26 financial year these objections have been resolved through separate MoAs entered between TASEZ and the two objectors.

The public participation period for both the EA Amendment and WUL applications began on the 11th of July 2025 and concluded on the 11th of August 2025 (EA Amendment) and 9th of September 2025 (WULA) respectively. The EA amendment approval has subsequently been achieved.

TASEZ aims to achieve Proclamation by Quarter 2 in the 2026/27. The following key activities are planned to be concluded during the 2026/27 financial year:

- **Positive comments** from CoT's Departments (Roads & S/Water and Traffic Engineering & Operations.)
- Finalisation and **Approval of Conditions of Establishment** which will identify all existing servitudes which must be registered within the township.
- Finalisation and **Approval of Township Layout.**
- **Approval of the General Plan** by Surveyor General.
- **Drafting and Approval of the Service Level Agreements** between TASEZ the City of Tshwane engineering service departments.
- Registration of Servitudes.
- Obtain **Section 16(7) Compliance letters** from the respective City of Tshwane engineering service departments.
- Submit request for a **Section 16(7) Certificate** to the City of Tshwane.

- Opening of **Township Register** at the Deeds office.
- **Proclamation** of Township in the Government Gazette.
- Obtain **Section 16(10) Compliance Letters** from the Energy & Electricity, Water & Sanitation and Roads & Stormwater departments to certify that all service installations have been done to the satisfactions of the City of Tshwane.
- Submit request for a Section 16(10) Certificate to the City of Tshwane to finalise the township establishment process.
- **Final Zoning Certificates** can be requested within 3 weeks of the Section 16(10) Certificate being received.

Phase 2 spans over 81 hectares and will be developed as a mixed-use development in line with market demands. Due to the wetland encroachment, an updated proposed site layout was concluded as presented in the figure below that reduced the available land by 22 hectares.

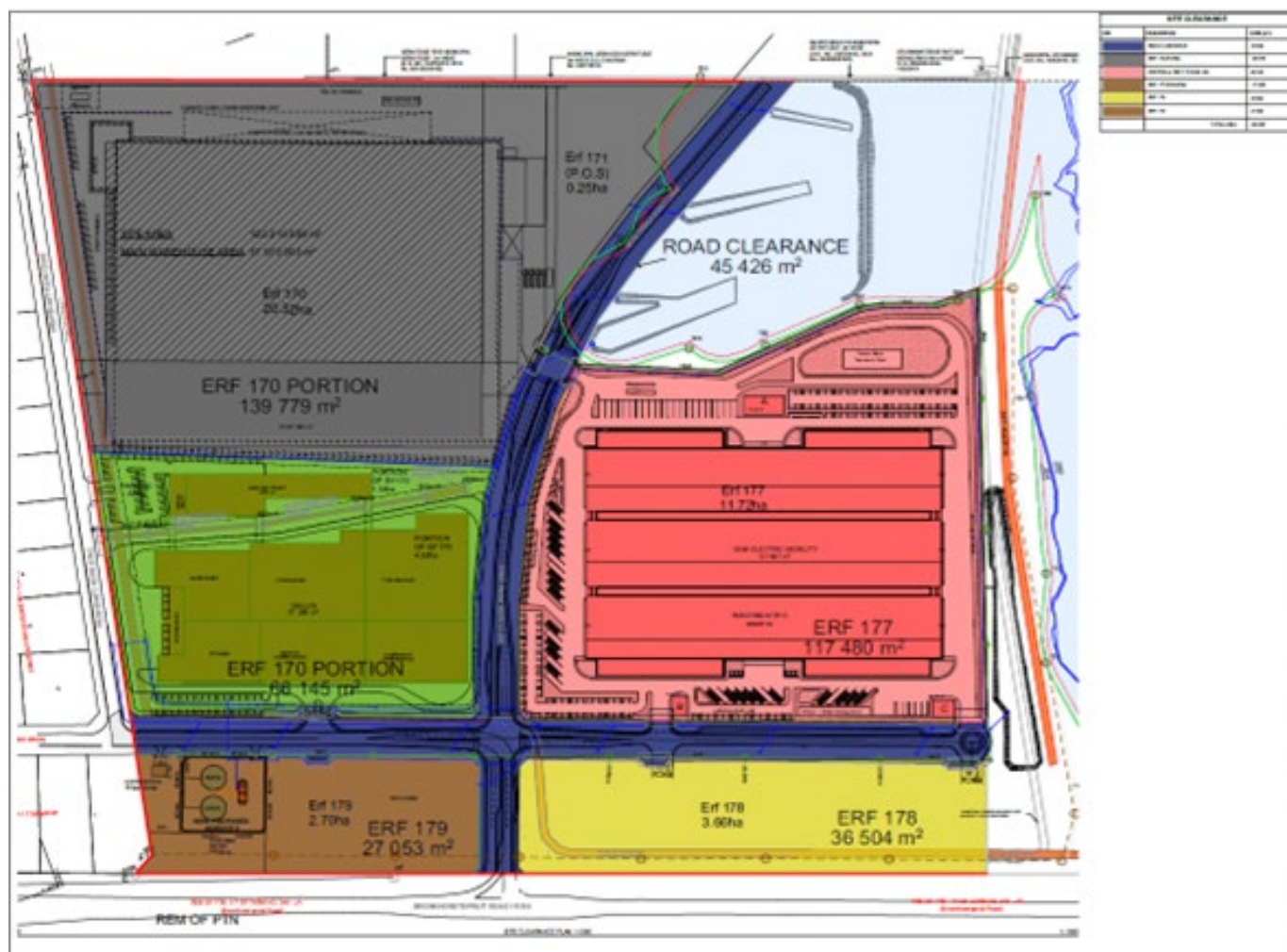


Figure 4: Proposed Layout Site

PSPs have been appointed to undertake designs for bulk infrastructure across the different engineering disciplines and design development has been concluded for:

- **Bulk Electrical Engineering**, both internal and external; and
- **External Bulk Water Infrastructure**, including 2nd LaMontagne Reservoir and water reticulation.

To provide the required internal engineering services (roads, sewer, storm water and water infrastructure), a design-and-build contractor was appointed. The designs for the bulk of the engineering services, together with a comprehensive stormwater management plan, were completed and submitted to the CoT for review and approval. However, the road designs, were still under development as at the end of the 2025/26 financial year. This delay was attributable to amendments made to the layout associated with the Township Establishment application.

A contractor for the internal electrical engineering services was appointed and access for construction was granted in March 2026.

For the top structure, as at end of the 2024/25 financial year, procurement for the design and build service provider for the Ford Facility was being concluded, with appointment earmarked for April 2025. The bid was highly contested and had appeals. This necessitated TASEZ to conduct a probity assessment through an independent service provider. Following the findings of the probity, TASEZ restarted the procurement process and the bid was re-advertised in March 2026.

Figure 5 below provides a visual representation of the progress achieved during the development phase as the end of the 2025/2026 financial year.

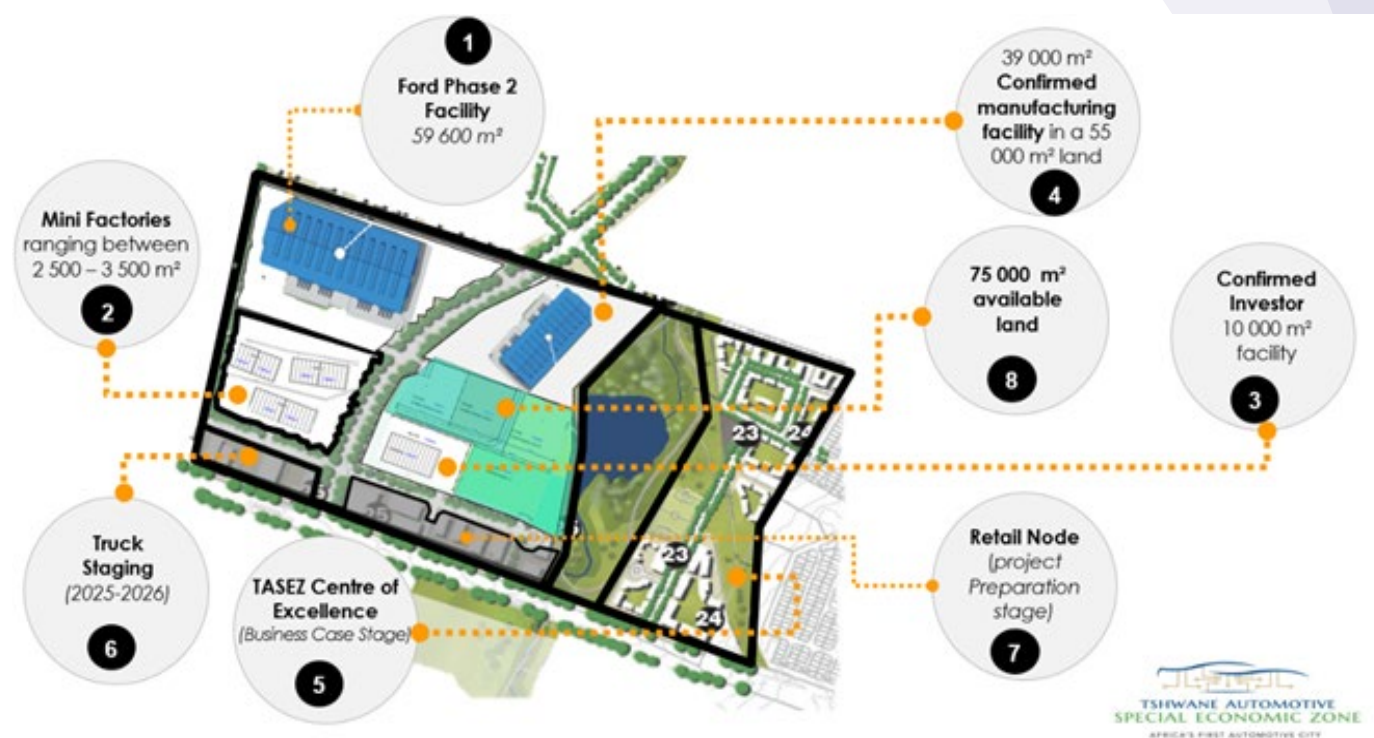


Figure 5: Phase 2 Site Layout

For the electricity energy mix programme, progress that has been made is as follows:

Following on progress from the previous financial year, TASEZ progressed with alternative energy solutions that will see a diversified mix of energy being utilised. The gas to power solution that will make 20MVA of power available has advanced with the conditions precedent and will be commissioned fourth quarter of financial year 2026/27.

A Solar Photovoltaic (PV) system with battery storage is being implemented through an Independent Power Producer (IPP) to provide a planned 20 MVA electricity supply. The Power Purchase agreement has been concluded and the IPP is closing other conditions precedent which includes securing the required funding. It is anticipated that the agreement and the conditions precedent will be finalised in the first quarter of 2026/2027 financial year.

The Figure below provides an overall view of the TASEZ energy mix.

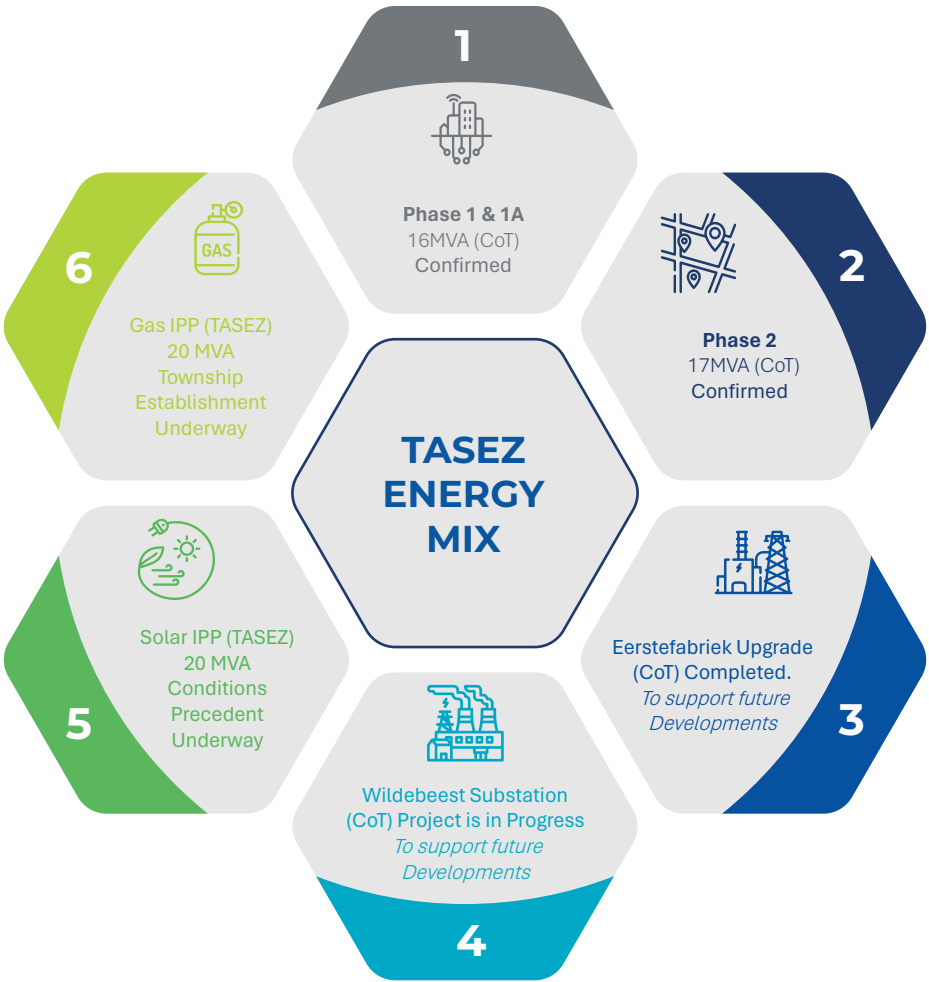


Figure 6: The TASEZ Energy Mix



The photographs below illustrate the progress made within the 2025/2026 financial year in terms of the infrastructure development within the Zone.



Phase 1 – Central Hub



Phase 1 A - Aerial view

3.4. PROGRAMME 4: ZONE OPERATIONS

The key outcome that must be achieved by this programme is to attract additional private-sector development into the Zone by adequately providing all services related to the efficient running of TASEZ post the construction phase. These services include infrastructure maintenance, ICT, security and tenant relations.

3.4.1. ZONE OPERATIONS PROGRAMME PERFORMANCE

A total of 93 jobs were created by the tenants in the Zone against the revised target of 80 jobs of which 21,5% of the jobs were allocated to women and 51,6% filled by youth.

The total committed investment realised amounted to R2,7 billion, which surpassed the target of R 1,5 billion.



Table 7: Programme 4 – Zone Operations – Target that was adjusted during Mid-Year Review

Programme 4: Zone Operations									
Outcome	Output	Output Indicator	Audited Performance 2023/2024	Audited Performance 2024/2025	Planned Annual Target 2025/2026	**Actual Achievement 2025/2026	Deviation from Planned Target to Actual Achievement until date of re-tabling	Reasons for Deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Outcome 1: A growing, transformed and inclusive SA Automotive Sector	Jobs created across the SA automotive sector value chain (manufacturing, assembly, repairs, maintenance, retail)	Number of permanent jobs created within the zone	216	222	200	22	-178	The automotive industry is experiencing economic challenges, as a result Ford Motor Company and other tenants have experienced Short-Time that is impacting employment creation by tenants in the zone.	Due to economic challenges that resulted in volume reduction, tenants in the Zone experienced Short-Time that impacted employment creation leading to a downward target adjustment from 200 jobs to 80 jobs as indicated in the table below.

*** Actual Achievement is indicated as at end Quarter two when the mid-term adjustment of the target took place.*

Table 8: Programme 4 – Zone Operations

Programme / Sub-programme: Zone Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/2024	Audited Actual Performance 2024/2025	Planned Annual Target 2025/2026	Actual Achievement 2025/2026	Deviation from Planned Target to Actual Achievement 2025/2026	Reasons for Deviations
Outcome 1: A growing, transformed and inclusive SA Automotive Sector	Jobs created across the SA automotive sector value chain (manufacturing, assembly, repairs, maintenance, retail)	Number of permanent jobs created within the zone	216	222	80 (Revised from the 200 as indicated above))	93	+13	The target was overachieved because one investor obtained additional work from a customer.
	Increased sector specific investments	Rand value of committed private-sector investment within Zone	R 918 207 million	R1, 349 billion	R 1,5 billion	R 2,7 billion	+ R 1,2 billion	The overachievement is attributed to the investor engaging with TASEZ subsequent to the setting of targets for the financial year.

The sub-programmes within the Zone are presented below.

3.4.2. INVESTMENT ATTRACTION

This sub-programme aims to provide strategic leadership in investment attraction to advance the acquisition and retention of new investors into TASEZ whilst also providing red-tape reduction and strategic linkage services to investors. Some of the highlights for 2025 – 2026 are the following:

CHINA VISIT - APRIL 2025



China Visit – April 2025

The Consulate-General's Office is primarily an economic mission, focused on promoting trade, investment, tourism and cultural exchange between South Africa and China's prosperous eastern and south-eastern region. Additionally, the Consulate-General provides consular services and support, as well as civic and immigration services. TASEZ established a strategic working relationship with

3.4.2.1 OUTBOUND MISSIONS

During the period under review, TASEZ undertook Outward missions to China and Turkey, among others:

relevant stakeholders to facilitate investment referrals into South Africa, particularly within the TASEZ precinct. This partnership has enabled the Office of the Consulate-General to coordinate engagements with prospective investors and institutions of strategic interest, thereby supporting investment attraction and facilitation efforts.

VISIT TO: LING-GANG SPECIAL AREA, SHANGHAI



Visit to: Ling-Gang Special Area, Shanghai

The Lin-gang Special Area focuses heavily on institutional innovation to build a special economic functional zone that will be more influential and competitive in the global market. Upholding the planning concept of open and inclusive, promoting integration among schools, parks and communities and gathers global innovation platforms to form a city of innovation.

Key outcomes of the visit:

- Looked at areas of collaboration and learning for TASEZ or Smart City development.
- Collaboration with Lanseria Smart City SEZ is being considered,
- TASEZ to facilitate a follow-up benchmarking by Lanseria Smart City SEZ.

VISIT TO: MESNAC CO., LTD., QINGDAO, SHANDONG PROVINCE



Mesnac has been identified as the primary equipment supplier to Sailun Africa tyre manufacturing plant to be established in South Africa.

Discussions also explored potential opportunities for the local manufacture of advanced production machinery in South Africa.

The factory construction programme will be shared with Mesnac once signed off in order for Mesnac to align and finalise its equipment manufacturing, delivery and installation schedules.





Visit to: Sailun Group Co., Ltd. Qingdao, Shandong Province

Sailun has established modern tire manufacturing plants in Qingdao, Dongying, Shenyang and Vietnam and set up sales networks and logistics centres in Canada, Germany and other regions to service markets around the globe. With total manufacturing capabilities of more than 26.6 million in a year, Sailun sells its products in more than 180

countries and regions across Europe, Americas, Asia and Africa. Sailun, through its South African partner (Sailun Africa), is currently engaging with TASEZ regarding the development of a tyre manufacturing facility within the TASEZ precinct.



Visit to: Heshun Energy, Xiamen

Heshun Energy, in Xiamen, specialises in renewable energy and battery storage systems. As one of the strategic partners in driving TASEZ's energy mix strategy, discussions

with Heshun Energy, included exploring integration of energy efficient solutions at the SEZ.

VISIT TO: BYD AUTOMOTIVE, IN SHENZHEN



Visit to: BYD Automotive, in Shenzhen

The BYD (Build Your Dream), based in Shenzhen, is one of the largest EV manufacturers globally. It manufactures passenger battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) – collectively known as New Energy Vehicles (NEVs), along with electric buses and electric trucks. The Company sells its vehicles under its main BYD brand as well as its high-end brands, which are DENZA, Frangchengbao and Yangwang.

- Engagements included potential for South African assembly operations and BYD's expansion strategy that aligns with TASEZ's vision of becoming a potential EV assembly hub in Africa.
- To enable the successful implementation of this initiative and ensure its long-term sustainability, BYD proposed a set of targeted fiscal and regulatory incentives.

3.4.2.2 INBOUND MISSIONS

From time-to-time TASEZ, will be hosting inward missions from various countries arranged by various groups of interest, including the dtic, GGDA and other interested groups.etc.

Aftercare Programmes

This engagement formed part of TASEZ's ongoing effort to strengthen and rebuild investor relationships, following a series of one-on-one meetings and engagements with Tenants.





TASEZ Investor Breakfast



The TASEZ Investor Breakfast was held at the Capital Menlyn Maine on 25 March 2026. The event was extended to all current tenants of the Tshwane Automotive Special Economic Zone (TASEZ), as well as prospective investors. The session included speeches by TASEZ representatives and a structured Q&A session, providing tenants with a platform to voice their concerns and receive direct responses from the organisation.

The Investor Breakfast was designed to strengthen collaboration between TASEZ and its tenants and to build confidence in the TASEZ zone's growth trajectory. Key objectives included:

- Presenting tenant support programmes that enhance operational efficiency and competitiveness within the zone.
- Fostering stronger partnerships between TASEZ, current investors and prospective tenants to drive innovation and shared value.
- Gaining deeper insight into tenants' operational needs and future plans to ensure alignment with TASEZ's long-term strategic priorities.
- Creating a platform for open dialogue, mutual understanding and transparent communication between TASEZ and its tenant community.



TASEZ Team

HOSTING OF DTIC OFFICIALS FOR PREPARATIONS OF SOUTH AFRICAN MISSIONS ABROAD



Hosting of dtic officials for preparations of South African Missions abroad

The Department of Trade, Industry and Competition (the dtic) facilitates the deployment of diplomatic officers to be stationed at South African embassies abroad. The primary objective of this initiative was to promote trade, investment and economic cooperation between South Africa and host countries.

These officials are mandated to analyse local market trends, support business collaborations and strengthen economic relations. In addition, they play a critical role in identifying viable business opportunities and facilitating links between companies to enhance bilateral trade and investment outcomes.

TASEZ hosted these diplomatic officers to ensure that they gain a comprehensive understanding of TASEZ's mandate, operations and investment offering. This engagement enables the officials to effectively represent the interests of TASEZ when stationed abroad, while also providing ongoing inputs and feedback to the dtic and TASEZ on country specific market conditions, investor sentiment and emerging opportunities in their respective host countries.

3.4.3 ZONE OPERATIONS

The financial year 2025–2026 has been largely planned to strengthen the Zone's service delivery to ultimately enhance the investor retention within the Zone. TASEZ has enhanced on-site capacity by securing essential resources, most notably through the employment of three Assistant Technicians, two specialising in electrical and mechanical disciplines. In addition, we have successfully engaged the services of a Senior Electrician, further reinforcing our technical and managerial expertise.

During the year under review, a total of 923 maintenance repairs were recorded. Of these, 812 were successfully resolved, representing an overall closure rate of 88%. Whereas preventative maintenance activities achieved a closure rate of 95%. While our objective remains to achieve full resolution of all maintenance matters, we continue to optimise performance through the effective use of the Integrated Facilities System. In addition to maintenance, close monitoring of key utilities specifically electricity and water consumption remains a critical component in managing the Zone's operational efficiency.



Electricity Consumption usage is extremely high, consistent with that of large-scale industrial operations, which rely heavily on energy-intensive processes (e.g., welding, painting, assembly lines, robotics, HVAC systems and compressed air etc). TASEZ is currently undertaking projects aimed at reducing electricity consumption and will, during 2026/27, collaborate with investors to advance additional Cleaner Production Initiatives aimed at improving operational sustainability.



Analysis shows that while the water consumption is in line with expectations for an automotive industrial area, there is still significant opportunity for efficiency improvements and sustainability gains. The main consumption is based on mainly surface treatment, painting, cooling systems, Process water, Sanitation and domestic use.

4. REVENUE COLLECTION

TASEZ is currently generating revenue from both its own revenue and government grant funding from the dtic, GDED, SETA and CoT. TASEZ collects rentals from tenants and aims to keep reducing its reliance on grant funding until it becomes self-sufficient. In the 2025/26 financial year, all of the main lease agreements with tenants were concluded.

TASEZ generated revenue from rentals as per Table 9 below. A portion of the operational expenditure was funded by the GDED and SETA. In terms of infrastructure funding, TASEZ was funded by three spheres of government, as reflected below.

Table 9: Revenue Collection

Outcome	2025/2026			2024/25		
Sources of Revenue	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Government grant – operational expenditure – GDED	52, 530	52, 530		51, 500	51, 500	-
Infrastructure funding – the dtic	-	-	-	-	-	-
Infrastructure funding – GDED	70, 000	70, 000	-	150, 530	150, 530	-
Infrastructure funding – CoT	56, 000	56, 000	-	-	-	-
Government grant – SETA	39, 207	47, 385	-8, 177	39, 011	15, 178	23, 833
TASEZ rental revenue and levies	184, 922	175, 256	9, 666	176, 605	156, 574	23, 935
Total	402, 659	401, 171	1, 489	417, 646	373, 782	47, 768

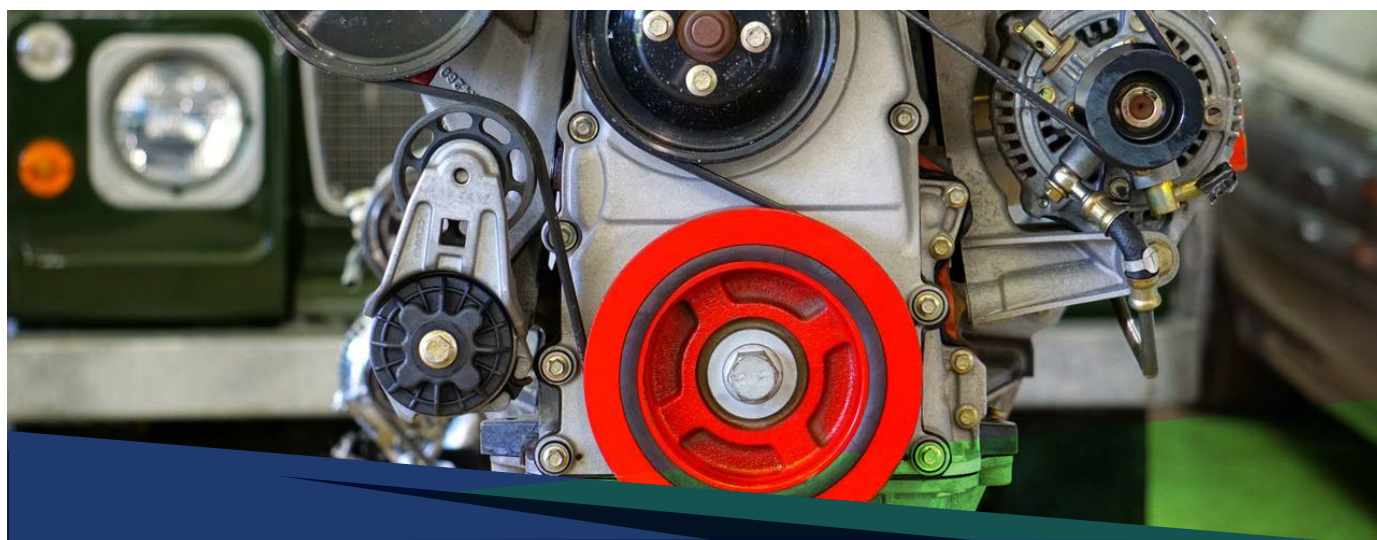
Variance:

- Government SETA

The variance is attributable to rates that were agreed upon in the previous financial year, which have since been revised based on the amounts currently paid to graduates through SETA for training initiatives and support of unemployed graduates. This revision is in line with a signed agreement with TASEZ in the last quarter of the 2025–2026 financial year. The amount billed was based on the rates agreed upon in January 2026 which are paid to graduates.

- TASEZ rental revenue and levies

The over-collection arose from amounts billed to tenants for recoveries related to infrastructure, cleaning, fibre and security costs. The overbilling resulted from the application of a uniform inflationary increase across all levies however, this approach was not appropriate for infrastructure maintenance and cleaning costs. These costs are subject to contractual percentage escalations as specified by the service providers.



5. CAPITAL INVESTMENT

TASEZ was established to manage a large-scale infrastructure project on an accelerated timeline. Phases 1 and 1A currently accommodate 11 tenants consisting of Ford South Africa and its suppliers, that manufactures the new Ford Ranger. For these phases, the dtic provided funding for top structures amounting to R3.303 billion. The City of Tshwane contributed R288 million, while the GDED allocated R338 million for bulk infrastructure.

In respect to the current Phase 2 of the development, TASEZ has obtained commitment of:

- the dtic– R662 Million over three years for top structures; and
- GDED – R268 Million over three years for Phase 2 internal bulk infrastructure

- CoT – R382 Million for phase 2 external bulk infrastructure

The commitment with regards to Top Structure Funding is linked to the funding applications that TASEZ needs to submit to dtic for consideration – and, during the 26/27 financial year TASEZ is planning to submit an additional four investor application for consideration by the SEZ Fund.

Table 10 below sets out the budgeted commitments and expenditure for the 2025/2026 financial year. The under-expenditure is mostly due to final accounts that have not been closed on top structures and external bulk infrastructure items related to Phase 2 and reservoir.

Table 10: Capital Investment

Outcome	2025/2026			2024/25		
Infrastructure Projects	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Infrastructure	112, 060	71, 507	40, 553	233, 800	188, 900	44, 900
Total	112, 060	71, 507	40, 553	233, 800	188, 900	44, 900

Construction work had not started on site due to delays in receiving site establishment from COT and approval of the EIA. Work of site clearing commenced after receiving

the EIA on the 1st of March 2026. Phase 2 Ford project expenditure will be realised in Q1 of the 2026/27 financial year.





TSHWANE AUTOMOTIVE
SPECIAL ECONOMIC ZONE

AFRICA'S FIRST AUTOMOTIVE CITY

PART C: **GOVERNANCE**



1. INTRODUCTION

Trust in state institutions is fundamentally anchored in the principles of sound governance and consistent organisational performance. For public entities to earn and sustain this trust, we must operate with high standards of transparency, accountability, participation, responsibility and responsiveness. Central to this is the integrity with which state entities administer our mandates and deliver on the objectives.

Good corporate governance forms the cornerstone of institutional success and long-term sustainability, irrespective of an organisation's legal status. It encompasses a framework of rules, practices and relationships between an organisation's management, its Board of Directors, shareholders and broader stakeholders. These structures enable effective leadership, guide strategic direction and ensure that organisational objectives are achieved while performance is continuously monitored and evaluated.

Strong governance practices are essential in promoting ethical leadership, enhancing investor confidence and supporting inclusive economic growth. They contribute

to long-term value creation, organisational resilience and financial sustainability, particularly within complex and evolving economic environments.

TASEZ remains committed not only to compliance but to the practical application of the principles of good corporate governance as articulated in the King IV Report on Corporate Governance. These principles guide the organisation in achieving ethical and effective leadership, transparency and responsible corporate citizenship.

TASEZ is governed by a Board of Directors in accordance with the Special Economic Zones Act 16 of 2014 and its associated Governance and Management Regulations. In addition, the organisation adheres to relevant provisions of the Companies Act 71 of 2008 and, where applicable, implements the objectives of the Public Finance Management Act 1 of 1999 and its regulations.

This section outlines the governance framework of TASEZ and presents the Board of Directors' statement on the realisation of governance outcomes for the 2025/2026 financial year.



2. PORTFOLIO COMMITTEES

Portfolio Committee are specialised Committees, established in terms of the Constitution of the Republic of South Africa. These are parliamentary committees with a focus on oversight, monitoring and evaluating entities' performance and their adherence to legislated prescripts and policies. Amongst others, a Portfolio Committee scrutinises the financial and performance reports and promote public participation to ensure transparency in

the operations of the Company and its involvement with communities it serves. During the 2025/2026 financial year, TASEZ has submitted quarterly, half-yearly performance reports, annual report, APP and Strategic Plans including any other reports required, to the Portfolio Committee of Economic Development established through the Gauteng Provincial Legislature for oversight and public sector accountability.



3. EXECUTIVE AUTHORITY

TASEZ was established through an Inter-Governmental Agreement (IGA) between the Department of Trade, Industry and Competition (the dtic), the Gauteng Provincial Government's Department of Economic Development (GDED) and the City of Tshwane (CoT) Metropolitan Municipality. This means that the executive authority to whom TASEZ is accountable in terms of

performance reporting and accountability is the Member of the Executive Council (MEC) for the GDED. The TASEZ Board of Directors ensures that quarterly, mid-year and annual performance information reports are submitted to the executive authority in terms of Section 26.1.2 of the National Treasury Regulations.

4. THE ACCOUNTING AUTHORITY / THE TASEZ BOARD

Section 25(5) of the SEZ Act, read together with section 49(1) of the PFMA and 66(1) of the Companies Act, requires: "that every public entity or a company must be managed by and be under the direction of its Board of Directors, which has the authority to exercise all the powers and perform any of the functions of the company/entity as outlined in its memorandum of incorporation and to be responsible for the efficient governance, management and control of the business affairs of the Special Economic Zone entity".

Therefore, TASEZ is under the leadership and control of the Board of Directors, which is the Accounting Authority as contemplated by section 25(5) of the SEZ Act, read together with section 49(1) of the PFMA and 66(1) of the Companies Act.

A. The Role, Duties and Responsibilities of the Board

The TASEZ Board upholds and embraces its fiduciary duties as outlined in section 50 of the PFMA and section 76 of the Companies Act. The role, duties and responsibilities of the Board include, amongst others:

- Establishing the vision, mission, values and risks and opportunities of the organisation;
- Setting strategic direction and structure to ensure that the organisation creates value;
- Setting business model, performance management and sustainability efforts and development mechanisms;
- Overseeing and monitoring the implementation and execution of the Company Annual Performance Report by Management.
- Ensuring accountability for organisational performance by means of reporting and disclosure;
- Considering and approving policies, rules and standards to give effect to the direction of the Company.
- Exercising accountability to shareholders and

being responsible to relevant stakeholders;

- Promoting a high performance and ethical culture aligned to the values of the organisation and promoting good corporate citizenship;
- Overseeing the assurance services and functions; and
- Ensuring that responsible investment is practised.
- monitoring investment and growth opportunities that the Company envisage.
- Financial and risk management monitoring and defining the Company's risk appetite.
- Providing advisory and support role to Management to ensure that the organisation remains sustainable.

B. Strategy, Performance and Reporting Responsibilities

The Board has taken responsibility for organisational performance by guiding and determining the strategic direction that advances the core purpose and values of the organisation. A strategic planning session was conducted jointly with TASEZ management, resulting in consensus on the organisation's core values and established targets for its short-, medium- and long-term five-year strategy. The Board subsequently entrusted management with the formulation and development of the strategy and annual performance plan targets, which were duly approved.

In fulfilling its oversight and monitoring duties, the Board received quarterly reports from management covering both financial and non-financial performance throughout the financial year for review, consideration and approval as appropriate. The Board affirms its satisfaction with the implementation of the strategy and annual performance plans (APPs) by management and acknowledges with appreciation the organisation's achievement of the agreed measures and targets for the 2025/2026 financial year.

C. Board Charter: Ethical Leadership and Corporate Citizenship

The Board of TASEZ leads and controls the organisation's activities with integrity and sets the tone at the top through modelling decision-making aligned to the policies and ethics code that instil a culture of inclusivity in the organisation. The Board, through its strategy review sessions held in October 2023, revised organisational values to ensure that they guide the way in which the organisation conducts its business and interacts with its broader stakeholders, setting a commitment to deliver as required by its SEZ Act mandate. The Board then instructed the management to revise the adopted ethics framework and the code of conduct to ensure that it integrates the adopted values of commitment, responsibility, fairness, accountability, transparency and ethical leadership and this has been communicated to all employees.

The TASEZ Board members demonstrated professional conduct and upheld business and professional ethics in discharging their fiduciary responsibilities. They also applied reasonable care, skill and diligence in exercising their duties. They therefore acted in good faith and in the best interest of TASEZ and exercised independent judgement in all decision-making. Members of the Board have, through the general disclosure process, completed and submitted their "declaration of interests forms" and declared any conflict of interest they may have during meetings on any matter in the agenda. Furthermore, the Board acted within the powers granted to it by the Memorandum of Incorporation (Mol) and acted with fidelity, honesty and integrity in managing the affairs of TASEZ.

In terms of the Code of Ethics and Conduct, all persons serving on behalf of TASEZ are required to uphold the highest standard of business ethics and integrity. In addition to this, all staff, contractors, consultants and others acting on behalf of the organisation are required to represent the organisation with honesty and to refrain from engaging in any activity or scheme intended to defraud anyone of money, property or services. The reputation and integrity of TASEZ are central to its ability to operate as an effective state-owned organisation.

The organisation is a juristic person that operates within the ambit of the broad society and has considered reasonable needs and interests of its stakeholders when executing its duties and responsibilities. The Board recognised that the organisation ceases to exist without its different stakeholders, i.e. the broader society, investors, tenants, other state institutions and automotive sector companies, amongst others. The Board has spearheaded

good corporate citizenship for TASEZ by ensuring that it applies a stakeholder-centric approach in all its business and investment efforts through various engagements with different stakeholders, with its oversight role being carried out by the Social and Ethics Committee.

D. Board progress: Key Decisions of the Board during the 2025/2026 Financial Year

The Board considered and approved the following key matters, which were considered and recommended to the Board by its Committees:

- The 2025-2030 Strategic Plan, its revisions and the Annual Performance Plan for the 2026/2027 financial year.
- Quarterly Performance Management Reports, which included the Annual Performance Plan and financial Performance.
- Quarterly implementation of the strategic risks mitigating factors.
- Quarterly progress on the implementation of prior year Internal and External Audit findings, including any new audit reports that were conducted during the financial year under review.
- The Annual Budget (2026/2027) and periodically approved any budget adjustments to align with emerging changes and operations of the Company, including the VAT Treatments and any related expenditure.
- Quarterly Infrastructure management and construction progress Report for TASEZ.
- Quarterly Health and Safety related reports
- Organisational policies and standard that were reviewed by Management.
- The performance appraisals of Executives, Senior Management and other employees, including their related performance incentives.
- Employee annual salary increases for implementation.
- The Company's Annual Financial Statement for the preceding fiscal year, which was compiled on the going concern principles.
- The Company's Annual Performance Report, including all its Annexures to the report.
- The implementation of the TASEZ Training Academy as a skills academy for the automotive industry.
- AGSA Audit Report and the Management Letter on the Annual Financial Statements and Performance Information Report of the preceding year.
- Financing / Frontloading of the 2nd La Montagne Reservoir Construction and external bulk infrastructure procurement.

- Noted the recommendations by the shareholders on appointment of Non-Executive Directors to the Company.
- The performance agreement of the CEO as delegated to implement the strategy of the Company.

E. Composition of the Board

The composition of the Board of Directors is broadly representative on the grounds of gender, race, experience and expertise and all Directors are Non-Executive Ex-officio Directors. The Board composition in numbers is required to be eleven (11) individual directors; however, at the end of the 2025/2026 financial year, the number of

active directors were eight (08) out of eleven (11) due to vacancies that arose during the period under review. The Chairperson of the Board is appointed by the Minister: the dtic, as contemplated in the tripartite agreement. The Chairperson of the Audit and Risk Committee is not a member of the Board but is a permanent invitee to Board meetings.

The term of office of Board members is five (05) years, as contemplated in the SEZ Governance Management Regulations, issued in line with the SEZ Act, 2014; and that on expiry, a director may be eligible for reappointment for only one additional term of office with the approval of the authorised shareholder.

Table 11: Composition of the Board

Name and Age	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
Maoto Molefane (45)	Director (Reappointed) Chairperson (Current)	3 July 2020	Reappointed Director and Chairperson from 07 August 2025	• Master of Science in Public Finance Management • Master of Science in Development Planning • Bachelor of Arts (Majors: Industrial and Economic Sociology and Industrial Psychology)	• Infrastructure planning and implementation • Financial planning and management • Project management, public policy analysis and development	HR & REMCO Member until 2 July 2025 Infrastructure Committee Member (Prior Interim Chairperson) until 2 July 2025
Lionel October (63)	Former Chairperson	6 May 2020	Term ended 05 May 2025	• MSc in Economics • Post-Graduate Diploma in Economics • BA Hons, Development Studies • B IURIS (Law degree).	• Strategy & policy development and implementation	N/A

Name and Age	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
Susan Mangole (49)	Former Director	6 May 2020	Term ended 05 May 2025	• Masters in Business Management • Postgraduate Diploma in Management • Public Financial Management • Leaders in Development • Advanced Management Development • Postgraduate Diploma in Business Management • Programme in Business Management • and Office Administration.	• Fund management • Strategy & policy development and implementation • Financial management & budgeting	HR & REMCO Chairperson until (05 May 2025)
Ockert Berry (58)	Director	6 November 2020	Term ended 05 November 2025	• Management Development Programme (MDP), Business Studies • National Higher Diploma in Personnel Management • National Diploma in Personnel Management	• Automotive sector – plant and production management value stream – mapping • Failure mode and effects analysis • Leadership culture development and manufacturing operations	N/A
Blake Mosley-Lefatola (64)	Director	30 July 2021	Resigned 20 November 2025	• Bachelor of Arts in African Political Studies and Sociology • Honours Degree in Industrial Sociology	• Strategic leadership Transformation and management • Financial management and • human resources	N/A

Name and Age	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
Musa Khumalo (42)	Director	15 July 2021	N/A	- PhD: Digital Transformation - MSc: Risk Management & Business Continuity - Bachelor of Social Science - Economics Hons - Bachelor of Social Science	- Risk management - Information and communications technology - Corporate administration - Knowledge management	Chairperson : TASEZ Social & Ethics Committee
Lardo Stander (50)	Director	15 July 2021	N/A	- PhD in Economics - M.Com Economics - Honours degree Economics B. Com Insurance Science	Agriculture and Climate Change	Member of TASEZ Human Resource and Remuneration Committee (HRREMCO)



Name and Age	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
Thulani Mdadane (59)	Director	01 May 2023	4 March 2026	• PhD Engineering in Construction Management • MSc in Construction Management • Masters in Urban Infrastructure Design and Development • Masters in Business Administration (MBA) • Management Development Programme • Executive Management Development Programme • Postgraduate Diploma: Management Studies • Diploma in Labour Law • Bachelor of Information Studies (Hons) • Postgraduate Diploma: Personnel Management • Certificate in Small-Medium Enterprise • (SMME) Development Policies (3 months) • Bachelor of Information Science • National Diploma in Information Technology	• Infrastructure planning, development and property management at an executive level • Public-sector infrastructure project management • Supply chain management and financial management systems	N/A

Name and Age	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
Vuyo Zitumane (61)	Director	01 April 2024	N/A	• Bachelor of Law • Bachelor of Arts Honours • Masters in Business Administration • Senior Management Development Programme • Various Diplomas in Leadership and Management, Project Management and Development • Training on Corporate Governance with the IoDSA and Wits Business School	• Public-sector strategic leadership and management • Business and turnaround strategy development and implementation • Integrated development plan • Water and building infrastructure project management • Local economic development • Financial management • Supply chain management and reporting • Investor engagement • Oversight and advisory • Chief Operations Officer for CoT	Chairperson: TASEZ Infrastructure Committee

Name and Age	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
Themba Mathibe (29)	Director (New)	01 August 2025	N/A	• Master of Laws in Public Policy and Procurement Regulation. • Master of Laws in Public Finance and Development Economics. • Master of Laws in Commercial and Business Transaction Law. • Bachelor of Arts – Law and Political Sciences • Bachelor of Laws (LLB) • Certificate Municipal Finance Management	• Strategy development, leadership and implementation. • Strategic financial leadership and management. • Internal and External Auditing. • Governance management and legal compliance. • Risk analysis and company law. • Strategic financial management and supply chain. • Develop Infrastructure and housing development implementation plans. • Growth and development strategy development and implementation. • Monitoring and evaluation.	Infrastructure Committee Member

Name and Age	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
Rhys Davies (46)	Director (New)	15 August 2025	N/A	Bachelor of Engineering (Mechanical)	- Automotive manufacturing operations and plant leadership - Greenfield plant development and large-scale project execution - Manufacturing engineering - Operational excellence and process improvement - Global leadership and cross-cultural collaboration - Strategic transformation and site optimisation	N/A
Matome Kgowedi (58)	Director (New)	01 August 2025	N/A	- Master's degree in Agricultural Economics. - Postgraduate Certificate in Executive Leadership.	- Formulating and implementing policies to develop and grow forest-based industries. - Develop and expand the automotive industry in the country. - Project Management for the Quality and Productivity Improvement project (KAIZEN). - Foreign economics and transport regulations	Social and Ethics Committee Member

Name and Age	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
Nkoatse Mashamaite (48)	Director (New)	05 January 2026	N/A	• LLB Degree • Postgraduate Certificate in Executive Leadership. • Postgraduate Diploma in Legal Principles Compliance	• Compliance Management with regards to laws and regulations. • Develop Strategies to address illegal gambling in the country. • Policy and legislative development with focus on gambling. • Leadership and management. • People management and policy development. • Financial management strategy and budget forecast. • Estate administration and legal representation.	Chairperson of the Human Resources and Remuneration Committee



F. Terminations and Appointments

During the financial year under review, there were four (04) Directors whose term of office ended. One (01) member was re-appointed by the authorising shareholder.

- Mr. Lionel October's term of office ended on the 05 May 2025.
- Ms. Susan Mangole's term of office ended on the 05 May 2025.
- Mr. Maoto Nape Molefane's term of office ended on the 02 July 2025 and the individual was reappointed by the authorising shareholder as a non-executive director and Chairperson of the Board with effect from 07 August 2025.
- Mr. Ockert Berry's term of office ended on the 05 November 2025.
- Mr. Blake Mosley-Lefatola resigned as a non-executive director on the 20 November 2025.
- Dr. Thulani Mdadane resigned 4 March 2026.
- Mr. Themba Mathibe was appointed as a non-executive director with effect from 01 August 2025.
- Mr. Matome Kgowedi was appointed a non-executive director with effect from 01 August 2025.
- Mr. Rhys Davies was appointed a non-executive director with effect from the 15 August 2025.
- Mr. Nkoatse Mashamaite was appointed a non-executive director with effect from the 05 January 2026.

There are three (03) vacant positions within the Board and the process of filling those vacancies was still in progress as at the end of the financial year.

G. Board Diversity and Competencies

Principle 7 of the King IV report states that: "The governing body should ensure that its composition is balanced with respect to the mix of competencies, diversity and independence that enable it to discharge its obligations objectively and effectively".

Majority of the board members are non-executive ex-officio directors nominated for appointment by the shareholders. The Board's composition is mixed and has a balance of skills, knowledge and experience which promote diversity in its membership in terms of age, culture, race and gender representation. The diverse knowledge and competencies enable and promote better decision making and effective governance.

H. Delegations to Committees of the Board

In discharging its fiduciary duties and responsibilities, the Board has approved the written terms of reference that outlines the duties, roles, responsibilities, composition, commitment and powers and authority of the Board. In ensuring that its arrangements for delegation promote independent judgement and assist with the balance of power and authority, the Board had delegated some of its responsibilities to the Audit and Risk Committee, the Social and Ethics Committee and the Human Resources and Remuneration Committee, the Infrastructure Committee, Investment Committee, which was created during Q2 of the financial year under review. All the committees of the Board have written terms of reference that sets out each committee's responsibilities, roles and powers, membership and meeting procedures.

I. Delegations to Management

The delegations by the Board to committees does not, constitute a discharge of the Board's accountability, there are matters reserved for the board exclusively and members of the board apply their collective minds to decision making, opinions and information presented by the committee or management before the board. The Board approved the Company's delegation of authority framework and delegated the day-to-day operations of the organisation to Management through the CEO. The purpose of these delegations of authority is to ensure that there are clearly defined roles, decision making, power and authority between the Board and Management.

J. Remuneration of the Board and Commitment to Fair Remuneration

The Board ensures that the organisation remunerates fairly, responsibly and transparently (Principle 14 King IV). The Human Resources and Remuneration Committee has effectively discharged its remuneration-related responsibilities and statutory duties to ensure that there is fair remuneration across the organisation. The Board has considered and approved, policies that gives effect to its strategic direction on remuneration of executive management and employees in the organisation.

The Board and Committee members of TASEZ are not remunerated for their contribution and the work that they do for the organisation. All Board and Committee Members, all though they are non-executive directors, are ex-officio members. Therefore, in according with the National Treasury Practice Note (2023), ex-officio directors are not entitled to additional remuneration for serving in the Board and committees of public institution.

However, TASEZ has made efforts to include in its policies, the provision to reimburse members for all reasonable expenses incurred while performing their duties, such as costs associated with travelling, car-rental costs, tollgates, parking fees and any other related costs incurred while exercising their duties as Directors of TASEZ. For the year 2025/2026 financial year, no remuneration paid to any director of the Company.

The Board and its committees are expected to meet at least four (4) times in the financial year to conduct the business of TASEZ. However, during 2025/2026, the Board managed to meet nine (9) times to consider the performance information reports, financial performance, policies, risk, compliance and auditing, as well as human resources and remuneration reports.

The table below sets out the number of Board meetings held during the 2025/2026 financial year and their attendance.

K. Board Meeting Attendance

Table 12: Board Meeting Attendance

Name	Position	Number of Meetings Held	Number of Meetings Attended
Maoto Nape Molefane	Non-Executive Director (Chairperson)	9	8/9
Thulani Mdadane (Resigned - 4 March 2026)	Non-Executive Director	9	4/9
Vuyo Zitumane	Non-Executive Director	9	8/9
Blake Mosley-Lefatola (Resigned - 20 November 2025)	Non-Executive Director	9	2/9
Musa Khumalo	Non-Executive Director	9	9/9
Lardo Stander	Non-Executive Director	9	9/9
Ockert Berry (Term ended - 05 November 2025)	Non-Executive Director	9	3/9
Rhys Davies (Newly appointed - 15 August 2025)	Non-Executive Director	9	6/9
Themba Mathibe (Newly appointed - 1 August 2025)	Non-Executive Director	9	5/9
Matome Kgowedi (Newly appointed - 1 August 2025)	Non-Executive Director	9	5/9
Nkoatse Mashamaite (Newly appointed - 5 January 2026)	Non-Executive Director	9	2/9

L. Committees of the Board

The Board, in ensuring that its arrangements for delegation promote independent judgement and assist with the balance of power, authority and the effective discharge of its duties, has delegated some of its oversight responsibilities within its own structures as guided by legal requirements and governance obligations. The Board is supported by four (4) committees in effective execution of its fiduciary duties, namely:

- Infrastructure Committee (INFRACOM)
- Social and Ethics Committee
- Human Resources and Remuneration Committee
- Audit and Risk Committee

During the financial year under review, the Board established an ad-hoc investment Committee (INVESCOM) responsible for investment oversight, management and approvals, namely, Investment Committee.

M. Infrastructure Committee

The Infrastructure Committee's role is to oversee the organisation's strategic, planning and technical infrastructure development processes and construction management implemented in the SEZ. This enables it to ensure that the significant economic and social targets set by the organisation are achieved. The role of the Committee includes reviewing the infrastructure development key deliverables to ensure that TASEZ meets the required standards in relation to land acquisitions, township establishment and safety, health and environmental requirements. Details of the duties and responsibilities of the Infrastructure Committee are stipulated in the approved Terms of Reference. The composition and meeting attendance of the Infrastructure Committee from April 2024 to March 2026 is reflected in Table 13.

Table 13: Infrastructure Committee Members and Meeting Attendance

Members of the Committee	Number of Meetings Held	Number of Meetings Attended
Vuyo Zitumane (Chairperson)	4	4/4
Maoto Nape Molefane – Term ended - 2 July 2025	4	1/4
Tiyani Sambo	4	4/4
Pieter Swanepoel	4	4/4
Thami Klassen – Term ended - 31 May 2025	4	1/4
Thokozani Zikhali – Member transferred to the HR & REMCO	4	2/4
Luxolo Lengs - Newly appointed - 28 October 2025	4	2/4
Themba Mathibe - Newly appointed - 28 October 2025	4	0/4

- Mr. Thokozani Zikhali was transferred from the INFRACOM and appointed as a new member of the HR & REMCO with effect from the 28 October 2025.
- Mr. Thami Klassen's term of office lapsed on the 31 May 2025.
- Mr. Themba Mathibe was appointed a new member of the INFRACOM from the 28 October 2025.
- Mr. Luxolo Lengs was appointed a new member of the INFRACOM from the 28 October 2025.

The Social and Ethics Committee of the Board is responsible for providing oversight on social and economic development standing, labour and employment, fraud and corruption matters, organisational ethics. In addition, it is also responsible to drive the corporate citizenship agenda, the promotion of equality and prevention of unfair discrimination amongst others.

The Committee oversees stakeholder relationships and the Company's interaction with its shareholders and members of the community. Details of the roles and responsibilities of the Social and Ethics Committee are outlined in its Terms of Reference. The composition and meeting attendance of the Social and Ethics Committee from April 2025 to March 2026 is reflected in Table 14 below.

N. Social and Ethics Committee

The establishment of the Social and Ethics Committee is a statutory requirement as regulated by Section 72(4) of the Companies Act read together with King IV.

Table 14: Social and Ethics Committee Members and Meeting Attendance

Members of the Committee	Number of Meetings Held	Number of Meetings Attended
Musa Khumalo (Interim Chairperson) - Appointed interim Chairperson from 28 October 2025	3	2/3
Mzwakhe Mbatha	3	2/3
Benjamin Manasoe	3	2/3
Thokozani Zikhali	3	3/3
Nalin Naicker	3	2/3
Matome Kgowedi	3	2/3

O. Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee is the Board committee that is responsible for overseeing the organisational performance with respect to human capital management strategy and whether the organisation provides fair and competitive remuneration. The Committee also oversees that the Company has implemented adequate systems to address employee wellness; training and development; performance

management and rewards; labour relations matters; productivity; and human resources policies and codes, amongst others. The Committee was fully able to discharge its fiduciary responsibilities as outlined in its Terms of Reference. However, the Committee was unable to meet at least four (4) times in the financial year, owing to the lack of a quorum.

Table 15: Human Resources and Remuneration Committee Members and Meeting Attendance

Members of the Committee	Number of Meetings Held	Number of Meetings Attended
Nkoatse Mashamaite (Chairperson) – Appointed from 05 January 2026	2	1/2
Lardo Stander – Appointed from 28 October 2025	2	2/2
Benjamin Manasoe	2	2/2
Nalini Naicker	2	1/2
Thokozani Zikhali – Appointed from 28 October 2025	2	2/2
Nomthandazo Sithole - Appointed from 5 January 2026	N/A	N/A

- Nomthandazo Sithole appointed as a new member with effect from 5 January 2026.

P. Audit and Risk Committee

The Audit and Risk Committee was established in terms of section 77 of the PFMA (Act 1 of 1999, as amended) and National Treasury's Regulation 27. The ARC discharges its responsibilities as set out in its approved Terms of Reference, which includes but not limited to combined assurance arrangements, review of the systems of financial

internal controls, internal and external audit functions, the review of financial statements for completeness and accuracy, liquidity ratios, non-financial performance reports, review of capital and operational budget and expenditures, approval of financial policies and exercise fiduciary responsibilities on investigations within its authority. The composition and meeting attendance of the Audit and Risk Committee for the period April 2025 to March 2026 are reflected in the Table below.

Table 16: Audit and Risk Committee Members and Meeting Attendance

Members of the Committee	Number of Meetings Held	Number of Meetings Attended
Irene Ramafola (Chairperson)	6	6/6
Madiagane Marota	6	4/6
Zane Mheyamwa	6	4/6



5. RISK MANAGEMENT

TASEZ maintains an Enterprise Risk Management (ERM) system to identify, assess, manage and monitor risks that may impact the achievement of its strategic and operational objectives. Risk management is integrated into strategic planning, operational processes and decision-making to support organisational resilience, good governance and the effective delivery of the entity's mandate.

The Board and Executive Management continue to promote a proactive and accountable risk management culture by embedding risk management into business processes, assigning clear risk ownership across the organisation and incorporating risk-related key performance indicators (KPIs) into performance management. This approach strengthens accountability and supports informed decision-making at all levels of the organisation.

The ERM Framework includes an approved Risk Appetite Statement that guides the entity's approach to risk-taking in pursuit of its strategic objectives. This approach supports innovation, growth and transformational initiatives, while maintaining a low appetite for operational and reputational risks. The entity maintains zero tolerance for financial, legal and compliance risks, reflecting its commitment to sound governance, regulatory compliance and the responsible stewardship of public resources.

During the reporting period, the entity reviewed and updated its Enterprise Risk Management Framework to ensure alignment with the evolving operating environment, strategic priorities and legislative requirements. Strategic and operational risk assessments were conducted as part of the annual planning process to identify key risk exposures, assess the adequacy of controls and identify emerging risks.

Risk monitoring remains an ongoing management responsibility and is supported through regular risk reporting, control assessments and mitigation tracking. The entity applies a combined assurance approach, leveraging the work of management, the risk management function, Internal Audit and external assurance providers to strengthen the effectiveness of the risk management system and provide assurance on key risk areas.

Oversight of risk management is exercised through the Board, supported by the Audit and Risk Committee, which meets quarterly to review the entity's risk profile, monitor the implementation of mitigation measures and assess the effectiveness of the overall system of risk management. The Audit and Risk Committee provides independent oversight and advises the Board on risk governance and internal control matters.



6. INTERNAL CONTROL UNIT

The TASEZ management has the responsibility of designing, implementing and continually reviewing internal controls to provide assurance on the effectiveness and efficiency of operations and the reliability of financial reporting. In this way, TASEZ Management safeguards and maintains accountability for the assets of the organisation. These controls are monitored throughout

TASEZ by both management and employees, with the necessary delegation of duties. The Internal Audit performs independent reviews on the effectiveness of these controls as part of its annual Internal Audit Plan and the audit reports are presented to the Audit and Risk Committee.

7. INTERNAL AUDIT

Internal Audit provides the TASEZ Management with independent, objective assurance and consulting services that are designed to add value and to continuously improve the operations of the Company. By adopting a systematic and disciplined approach, Internal Audit helps to identify areas of potential risk, inefficiency, or non-compliance and recommends practical solutions to address these issues. The function not only assesses existing processes but also encourages innovation and improvement, supporting management in achieving organisational goals. Through regular reviews, the Internal Audit function contributes to enhancing transparency, accountability and trust within TASEZ, ensuring that best practices are consistently applied across all departments.

Internal audit assists the organisation in accomplishing its objectives by evaluating and improving the effectiveness of governance, risk management and control processes. This includes reviewing policies and procedures, monitoring compliance with regulatory requirements and ensuring that resources are used efficiently and effectively.

The following key elements are performed in this regard:

- Assess and make appropriate recommendations for improving governance processes in achieving TASEZ's objectives;
- Evaluate the adequacy and effectiveness of the risk-management process and contribute to its improvement;
- Assist the Board of Directors (BoD) in maintaining efficient and effective controls by evaluating these controls and making recommendations for improvement.

TASEZ has outsourced the Internal Audit function (IAF) to O.M.A. Chartered Accountants. This was concluded in consultation with the Audit and Risk Committee in May 2024. The IAF is overseen administratively by the CEO and has produced an Annual Internal Audit Plan, as well as a three-year risk-based Internal Audit Plan, appropriately approved by the Audit and Risk Committee. Outsourcing the Internal Audit function allows TASEZ to benefit from specialised expertise and an independent perspective, ensuring that the audit process remains robust and impartial. The partnership with O.M.A. Chartered Accountants strengthens TASEZ's commitment to high standards of governance and risk management.

A summary of Internal Audit work conducted for the 2025/26 financial year is set out in the Audit Committee Report (Section 16). Overall, the Internal Audit function is integral to TASEZ's success, providing assurance that risks are managed effectively, controls are operating as intended and the Company is well positioned to achieve its strategic objectives. The collaboration between TASEZ management, the Audit and Risk Committee and O.M.A. Chartered Accountants ensures a comprehensive and professional approach to Internal Audit, underpinning the organisation's commitment to continuous improvement and operational excellence.

8. AUDIT COMMITTEES

The Audit and Risk Committee provides independent oversight over governance, risk management and internal control processes at TASEZ, which includes oversight and responsibilities related to:

- Internal audit
- External audit
- Accounting and financial reporting
- Accounting policies
- Review of management and audit reports
- Review of in-year monitoring reports
- Risk management
- Internal controls
- Pre-determined objectives
- Ethics and forensic investigations
- Combined assurance
- ICT governance

As stated previously, all Board and Committee Members, although they are non-executive directors, are ex-officio members. Therefore, in according with the National Treasury Practice Note (2023), ex-officio directors are not entitled to additional remuneration for serving in a board and committees of public institutions.

The Committee is reviewing the independence of the committee due to concerns about some members representing Funders, which may affect impartiality.

The Committee has fulfilled its statutory responsibilities as prescribed by applicable legislation, including oversight of financial statements, risk management, internal controls and audit processes.

The Committee oversees the implementation of a combined assurance model to ensure coordinated assurance activities across management, Internal Audit and external audit, thereby reducing duplication and improving coverage of key risks.

The Committee comprises suitably qualified and experienced members. It is satisfied that members' external commitments and additional responsibilities do not impair their ability to discharge their duties effectively. The Committee met regularly as per its approved schedule. Attendance by members was satisfactory, demonstrating commitment to fulfilling their governance responsibilities. The Committee submits regular reports to the Accounting Authority and Executive Authority, providing assurance on financial reporting, governance, risk management and internal control effectiveness.

The Committee maintains constructive relationships with key stakeholders, including management, Internal Audit, external audit and regulatory bodies, to support effective governance and transparency.

Where relevant, the Committee has raised significant matters with the Accounting Authority, Executive Authority, National Treasury and/or the Auditor-General, ensuring that critical risks and control weaknesses are appropriately addressed.

The Committee monitors the implementation of its recommendations and is satisfied that management has taken appropriate and timely action to address identified issues.



Table 17: Audit and Risk Committee Members Profile

Name	Qualifications	Professional Affiliation (e.g. SAICA, IIA, IOD(SA))	Appointment: Term of Office		No. of meetings attended 2025/26		Has the ARC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g. Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
			Start date	End date	Ordinary Meetings	Special Meetings				
Irene Ramafola	BCom Honours Accounting Bachelor of Commerce Accounting	SAICA	1 March 2023	N/A	4	2	Yes	Yes	1	None
Zane Mheyamwa	Bachelor of Accounting Science Honours Accounting Science Postgraduate in Business Studies Masters in Business Administration Postgraduate in Data Science and Business Analytics	SAICA	21 April 2021	N/A	3	1	Yes	Yes	None	None
Madiagane Marota	Bachelor of Accounting Science	SAICA; CFE; IIASA; TEI	01 January 2022	N/A	3	1	Yes	Yes	None	None

9. COMPLIANCE WITH LAWS AND REGULATIONS

TASEZ complies with the SEZ Act, the Companies Act, as well as National Treasury Regulations, along with other relevant legislation, such as the Labour Relations Act 66 of 1995 and Health and Safety Acts, through TASEZ's compliance calendar. The TASEZ compliance calendar is continually monitored and updated.

TASEZ reviews the regulatory environment on a regular basis and incorporates all applicable laws, regulations and policies into its automated compliance-monitoring system. During the period under review, TASEZ complied with all laws and regulations that affected its business.

10. FRAUD AND CORRUPTION

TASEZ has a legal responsibility, in terms of the PFMA (Act 1 of 1999, as amended), to take appropriate steps to prevent unauthorised, irregular, fruitless and wasteful expenditure and losses that result from criminal conduct. An Anti-Fraud Prevention Policy and Whistle-Blowers Policy are in place to give effect to this responsibility. As at the end of the financial year, the company has worked tirelessly to establish an independent ethics management office, the progress is still under way. However, during the year under review, some of the interventions made by the organisation

to manage ethics includes, maintenance of the gift register, management of the antifraud hotline monthly reports, ethics awareness and training sessions for staff and the implementation of a confidentiality and non-disclosure agreement across all levels of the organisation. The whistleblowing and fraud prevention policies are reviewed regularly to ensure that the organisation is up to date with the current trends and developments relating to this matter.

11. MINIMISING CONFLICT OF INTEREST

The TASEZ Board has adopted and approved a Conflict-of-Interest Policy and all Directors and Prescribed Officers of the Company declare their personal financial interests on an annual basis as regulated by Section 75(4) of the Companies Act in advance and further disclose any conflict of interest they may hold during meetings of the Board before the matter is considered at the meeting. This principle has been rolled out to the entire staff of

TASEZ and, where necessary, all suppliers of goods and services to TASEZ are required to complete standardised National Treasury declaration of interest (SBD4 Dol) when submitting any bids. All employees appointed in the Bid Evaluation and Adjudication Committees are also required to complete a declaration and non-disclosure form at each meeting.



12. CODE OF CONDUCT

All staff members of TASEZ abide by the Code of Business Ethics and Conduct. TASEZ is committed to ethical, transparent and fair business dealings and promotes a socially and environmentally responsible corporate culture. It does so by subscribing to the following values and principles:

- **Collaboration:** TASEZ encourages teamwork and collaboration and promotes an enabling environment to network and build strategic partnerships that will contribute to accelerating the development and transformation of the automotive sector.
- **Respect:** The Company has respect for the human rights and dignity of all employees.
- **Excellence:** The Company values professionalism by taking responsibility for personal and self-growth and development and by providing service that adds value to change the lives of the ordinary people.

- **Accountability:** Directors and employees of TASEZ take responsibility for their own decisions, performance, behaviour and actions and they accept accountability for consequence management.
- **Transparency:** The organisation promotes fairness and integrity in all its business dealings, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- **Ethical Values:** The Board of Directors drives the ethics of the organisation and leads ethically and effectively to ensure that the organisation remains a good corporate citizen. Strong moral principles are at the centre of doing business with TASEZ.

13. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

TASEZ developed four (4) Objectives and Targets for the 2025/26 financial year. To ensure effective monitoring of the implementation of the SHE Objectives and Targets, the SHE Programme consisted of the following:

- **PROGRAMME 1: TRAINING AND AWARENESS**
To provide training and awareness to all workers to contribute to the effectiveness of the SHEQ Management System.
- **PROGRAMME 2: IMPLEMENTATION OF SHEQ SYSTEM SOFTWARE MANAGEMENT SYSTEMS**
To provide a system for report and investigate SHEQ incidents, non-compliance and conformities and to manage actions coming from these investigations and other sources such as strategic risks, operational risks and SHE risk assessments.
- **PROGRAMME 3: IMPLEMENTATION OF SHE RISK MANAGEMENT**
To prevent and reduce undesired effects of SHEQ risks.
- **PROGRAMME 4: VERIFICATION OF COMPLIANCE WITH SHE LEGAL REQUIREMENTS**
To provide a systematic process for evaluating compliance with compliance obligations and ISO 9001, 45001 and 14001 system requirements.

TASEZ is committed to providing a workplace that is safe and without risk to the health of its employees. The Company is also committed to the protection of the environment, including the prevention of pollution. To demonstrate this commitment, the organisation has established and implemented a Safety, Health and Environment (SHE) policy that is communicated to all affected stakeholders through employee induction and awareness programmes.

During the financial year, TASEZ recorded several notable highlights, including:

- Zero lost time incidents;
- Zero environmental compliance notes;
- Zero prohibition notices from the Department of Employment and Labour (DoEL);
- Amendment of the Phase 2 Environmental Authorisation;
- Submission of the Phase 2 Water Use License application with positive comments;
- Completion of a Compliance Audit for TTA;
- Concluded training in ISO 9001, 45001, 14001, Hazard Identification and Risk Assessment (HIRA) and Root Cause Analysis (RCA);
- Baseline Risk Assessments were reviewed for all divisions;

- Water quality compliance standards maintained; and
- Granting of Construction Work Permits for the:
 - o 15 ML Water Reservoir,
 - o External Bulk Water Reticulation and
 - o External Electrical Reticulation.

14. COMPANY/BOARD SECRETARY

In terms of section 86 of the Companies Act 71 of 2008, TASEZ is required to appoint a Company Secretary. The Board appointed a Company Secretary with effect from the 01 September 2023. The individual is responsible to discharge the following duties, among others:

- Providing the Board with guidance as to its members' duties, responsibilities and powers;
- Making the Board aware of any law relevant to or affecting TASEZ;
- Reporting to the Board any failures on the part of TASEZ;
- Ensuring that all the minutes of the Board meetings and meetings of the Board committees are properly recorded;

- Ensuring the annual financial statements are sent in accordance with the Companies Act to every person who is entitled to receive them;
- Certifying in the annual financial statements whether the Company has filed the required returns and notices in terms of the Act and whether such returns and notices appear to be true, correct and up to date; and
- Ensuring the annual financial statements are sent in accordance with this Act to every person who is entitled to receive them.

15. SOCIAL RESPONSIBILITY

The scale of the TASEZ project demands a well-coordinated, systematic and objective approach in responding to the socio-economic performance targets, job-creation and SMME opportunities.

TASEZ has developed an approach that considers the need for regular reporting, engagement and consultation with the communities, through an appropriate structure. During the 2025/2026 financial year, the Community Project Committee (CPC) supported by Community Liaison Officers (CLOs) facilitated community participation. The CPC is an integral part of the TASEZ social responsibility and holds engagements to oversee and manage the social responsibility aspect of the TASEZ construction project and operational phase of the SEZ.

The Labour and Socio-economic Framework deployed in the TASEZ project is based on three essential elements:

- Project Socio-economic Development Centre (PSDC)
- Community Liaison Officers (CLOs)
- Community Project Committee (CPC)

The CPC is represented by stakeholder groups in the target area, with nine representatives identified wards and the six designated groups as outlined in the Preferential Procurement Policy Framework Act (PPPFA).

The PSDC is utilised for:

- Community briefing sessions;
- Training of individuals and SMMEs; and
- Offices where members of the communities can register companies and/or present their resumés.

The specific projects that TASEZ participated in during this financial year are elaborated on in Part B of this report.

16. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2026.

Audit Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 51(1) (a) (ii) of the PFMA and Treasury's Regulation 27 (1). The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter and has regulated its affairs in compliance with this Charter. The Committee has discharged all its responsibilities as contained therein.

During the financial year, the Audit and Risk Committee:

- Approved the 2025/26 Internal Audit Plan;
- Considered the risk areas of the operations covered in the scope of internal and external audits;
- Considered accounting and auditing concerns identified as a result of internal and external audits;
- Assessed the adequacy, reliability and accuracy of financial information provided by management;
- Assessed compliance with applicable legal and regulatory requirements;
- Reviewed the effectiveness of the Internal Audit Function (IAF), compliance and risk departments, through assessments of the quality of the reports submitted to the Audit and Risk Committee;

- Reviewed the Financial Statements and reporting for proper and complete disclosure of timely, reliable and consistent information and confirmed that accounting policies used are appropriate;
- Reviewed the cash flow forecast on a quarterly basis and assessed the liquidity;
- Considered the effectiveness of the Company's risk management processes and the management of significant and emerging risks, including the implementation of measures to address identified areas requiring improvement
- Reviewed the quarterly progress and update on litigation.
- Reviewed the Probity Audit done by Internal Audit
- Review of Investigation done by Internal Audit
- Provided a channel of communication between the Board and management, the risk division, internal auditors, external auditors;
- Liaised with the Board Committees and met as required with internal and external auditors.

The Audit and Risk Committee ensured that the Company's IAF was independent and had the necessary resources and standing authority in order to enable the Internal Audit department to discharge its duties.



The Audit and Risk Committee is satisfied that management was reviewing the performance information reports on a quarterly basis against the approved Annual Performance Plan (APP).

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit's work, which were based on the risk assessments conducted in the Company, revealed certain weaknesses, which were raised with TASEZ Management. The following Internal Audit work was carried out during the year under review:

- Performance Information Audits;
- Governance and Compliance Follow-up Review;
- Procurement and Contract Management;
- Financial Discipline Review;
- Annual Financial Statements Review;
- Human Resource Management and Payroll Processing Review;
- Information Technology Follow-up Review; and
- Probity Review.

The following were areas of concern:

The Internal Audit reviews conducted during the year identified certain weaknesses in the internal control environment requiring management attention.

While Internal Audit assessed the overall control environment as Adequate, the follow-up review of previously reported Internal and External Audit findings indicated that some corrective actions remained outstanding at year-end. The Audit and Risk Committee will continue to monitor management's implementation of agreed corrective actions and progress in addressing outstanding findings.

In-Year Management and Monthly/Quarterly Report:

The Company has submitted monthly and quarterly reports.

Evaluation of Financial Statements:

We have reviewed the annual financial statements prepared by the Company.

Auditor's Report:

Having considered, analysed and reviewed the information provided by management, Internal Audit, External Audit, the Audit and Risk Committee confirm that:

- The internal controls of the Company were effective in most material aspects throughout the year under review;
- Appropriate policies, supported by reasonable and prudent judgements and estimates were applied;
- Proper accounting records were maintained;
- The adequacy and effectiveness of controls that are in place, safeguard the assets;
- The Financial Statements comply, in all material respects, with the relevant provisions of the Generally Recognised Accounting Standards; and
- The skills, independence, audit plan reporting and overall performance of the external auditors were acceptable.

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and annual performance report and is of the opinion that the audited annual financial statements and performance information be accepted and read together with the auditors' report.



Ms. Irene Ramafola
Chairperson of the Audit Committee
Tshwane Automotive Special Economic Zone (Pty) Ltd
Date: **30 July 2026**

17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Table 18 has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade and Industry.

Table 18: B-BBEE Performance Information

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 to 8) with regard to the following		
Criteria	Response Yes/No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law.	Not applicable	TASEZ does not issue any licences or concessions or provide any other authorisations in respect of economic activity in terms of the law.
Developing and implementing a preferential procurement policy.	Yes	TASEZ has developed a Supply Chain Management Policy to guide internal procurement within the Company.
Determining qualifications criteria for the sale of state-owned enterprises.	Not applicable	TASEZ does not sell state-owned enterprises.
Developing criteria for entering partnerships with the private sector.	Yes	TASEZ has developed a Supply Chain Management Policy to guide internal procurement within the Company.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment.	Not applicable	TASEZ has not awarded incentives, grants and investment schemes.





PART D: HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The Human Resource Management (HRM) Department is a strategic enabler within the TASEZ Corporate Services Division, responsible for aligning human capital capabilities with the organisation's mandate of driving industrialisation, investment attraction and inclusive economic growth within the automotive sector.

The Department contributes directly to TASEZ's strategic pillars, particularly in strengthening organisational capability, advancing transformation and enabling operational excellence. Through a proactive and integrated human capital approach, HRM ensures that the organisation is equipped with the skills, leadership and culture required to deliver on its long-term objectives.

HRM's strategic focus areas include talent optimisation, organisational effectiveness, skills development, transformation and employment equity and employee wellbeing. The Department further ensures full compliance with South African labour legislation and governance frameworks, while fostering a high-performance, ethical and inclusive organisational culture.

Key Functional Areas

- **Human Resource Policy and Governance**
Development, implementation and continuous review of HR policies and frameworks to ensure compliance, consistency and alignment with best practice and regulatory requirements.
- **Organisational Design and Workforce Planning**
Maintaining an agile and fit-for-purpose organisational structure supported by workforce planning, job evaluation and resource optimisation to meet evolving operational demands.
- **Talent Acquisition and Retention**
Execution of targeted recruitment strategies to attract scarce and critical skills, supported by retention initiatives aimed at reducing turnover and preserving institutional knowledge.
- **Learning and Development**
Implementation of structured training, leadership development and skills development programmes, including learnerships and internships, aligned to both organisational and sectoral needs.
- **Employee Relations and Labour Management**
Promotion of constructive employee relations through effective engagement, dispute resolution and adherence to labour legislation and internal procedures.

- **Employee Wellness and Engagement**
Delivery of employee wellness programmes and engagement initiatives designed to enhance productivity, morale and overall employee experience.
- **Performance Management**
Oversight of a performance management system that drives accountability, aligns individual outputs with organisational goals and supports continuous improvement.
- **Remuneration and Benefits Administration**
Management of equitable and competitive remuneration structures, ensuring alignment with market benchmarks, affordability and regulatory compliance.

During the 2025/2026 financial year, the HRM Department continued to strengthen its contribution to organisational performance and sustainability through the following key achievements:

- **Enhanced Talent Acquisition:**
Improved recruitment turnaround times and successfully filled critical positions to support operational expansion within TASEZ.
- **Skills Development Impact:**
Expanded training and development programmes.
- **Transformation Progress:**
Continued progress in achieving employment equity targets, reinforcing TASEZ's commitment to inclusive growth and transformation.
- **Strengthened Employee Engagement:**
Implementation of targeted engagement and wellness initiatives, contributing to improved employee morale and productivity.
- **Performance Culture Reinforcement:**
Full implementation of performance management processes, ensuring alignment between individual performance and organisational objectives.
- **Governance and Compliance:**
Maintained full compliance with labour legislation and strengthened internal HR governance frameworks.

The entity launched an attraction and retention strategy to enhance TASEZ's workforce. This initiative led to better recruitment and retention of employees, lower staff turnover and a stronger workplace culture supported by engagement platforms. The South African Board for People Practices (SABPP) evaluated TASEZ against the People Practices and Governance Standard (PPGS), focusing on strategic HR management, workforce planning, learning

and development, performance management, employee wellness, employment relations and service delivery. Following the audit's guidance, TASEZ has created a plan to further improve its human resources.

For the future, the HRM Department aims to prepare a workforce equipped to withstand upcoming challenges by initiating digital HR functions, expanding skills

development through the TASEZ Training Academy and promoting innovation, accountability and high performance. Talent retention, leadership growth and adaptability will remain central to supporting TASEZ's ongoing progress and competitiveness.



2. RECRUITMENT AND SELECTION (RESOURCING)

For TASEZ to run smoothly, it is crucial that the entity recruits suitable candidates that are responsive to the organisational mandate and targets. The recruitment process should always be aligned, evaluated and repositioned for optimum use in line with the TASEZ operational plans. For the 2025/26 financial year, the recruitment process also took into consideration the mandate of the entity, as well as its operational and strategic risks.

At the end of the 2024/25 FY, TASEZ had 62 approved positions on the structure with 10 of these positions being placed on hold. Subsequently, with the establishment of TTA, the TASEZ structure has grown to 72 approved positions, with 13 positions placed on hold as indicated in the Table below.

Table 19: List of Positions Put on Hold

Position	Division	Grading Level	Position Status
Key Accounts Manager	Business Development & Investment Promotion	C4	On Hold
Receptionist	Corporate Services	B5	On Hold
Marketing and Communications Officer	Corporate Services	C2	On Hold
Senior Buyer	Financial Services	C5	On Hold
Manager: Internal Audit	Office of the CEO	D4	On Hold
Tenant Billing Officer	Zone Operations	C3	On Hold
Customs Controlled Area (CCA) Officer	Zone Operations	C3	On Hold
Driver	Zone Operations	B5	On Hold
Call Centre Agent	Zone Operations	B5	On Hold
Call Centre Agent	Zone Operations	B5	On Hold
Project Administrator X2	TASEZ Training Academy	C2	On Hold
Key Accounts Manager	TASEZ Training Academy	C 4	On Hold

During the period under review, TASEZ had a vacancy rate of 6.7%, with 55 filled positions out of the 59 approved for placement and thirteen (13) positions on hold. It is

important to point out that the remaining four (4) vacant positions are at various stages of the recruitment and selection process.

Table 20: Personnel Cost by Department

Department	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Office of the CEO	30,386	13,985	46,02%	7	1,998
Business Development	80,459	22,995	28,58%	20	1,150
Corporate Services	42,305	15,668	37,04%	10	1,567
Finance	43,679	13,970	31,98%	10	1,397
Infrastructure	91,359	17,191	18,82%	8	2,149
Zone Operations	209,434	4,928	2,35%	7	704
Training Academy	3,868	3,744	96,79%	7	535

*Please note that TASEZ has also included nine CLOs and five additional temporary positions in its staffing complement.

*Throughout the financial year, TASEZ issued provident fund payments retroactively since its inception, which affected personnel expenses. Additionally, payouts were made to employees who had resigned, impacting the total number of employees included. The calculations exclude provisions for leave and bonuses amounting to R3,1 million.

Table 21: Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	Personnel Expenditure (R'000) *(Less Provident Fund & Leave Payments)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)	Average personnel cost per employee (R'000) *(Less Provident Fund & Leave Payments)
Top Management	15 989 859,49	12 413 898,41	17,29%	4	3 997 464,87	3 103 474,60
Senior Management	17 072 957,41	15 218 072,11	20,58%	9	1 896 995,27	1 690 896,90
Professional qualified	36 562 015,84	32 971 636,14	44,08%	18	2 031 223,10	1 831 757,56
Skilled	19 944 735,39	19 433 684,17	24,04%	25	797 789,42	777 347,37
Semi-skilled	2 911 988,49	2 911 988,49	3,51%	13	223 999,11	223 999,11
Unskilled	-	-	-	-	-	-
TOTAL	92 481 556,62	82 949 279,32	100,00%	*69	1 340 312,41	1 202 163,47

*Please note that TASEZ has also included nine CLOs and five additional temporary positions in its staffing complement.

*Throughout the financial year, TASEZ issued provident fund payments retroactively since its inception, which affected personnel expenses. Additionally, payouts were made to employees who had resigned, impacting the total number of employees included. The calculations exclude provisions for leave and bonuses amounting to R3,1 million.



FROM POLICY TO
PAYCHECK – WE CLOSE
EVERY LOOP WITH CARE

Table 22: Employment and Vacancies – Per Department

Department	2024/2025	2025/2026 Approved Posts	2025/2026	2025/2026 Vacancies	% of vacancies
	No.of Employees		No. of Employees		
Office of the CEO	7	7	7	0	0,00%
Business Development	11	12	12	0	0,00%
Corporate Services	10	11	10	1	9,09%
Finance	10	10	9	1	10,00%
Infrastructure Development	7	8	8	0	0,00%
Zone Operations	3	4	3	1	25,00%
Training Academy	1	7	6	1	14,29%
Total	49	59	55	4	6,78%

Table 23: Employment and Vacancies – Job Level

Department	2024/2025	2025/2026 Approved Posts	2025/2026	2025/2026 Vacancies	% of vacancies
	No.of Employees		No.of Employees		
Top Management	4	6	4	2	33%
Senior Management	6	7	7	0	0%
Professional qualified	17	19	18	1	5,26%
Skilled	22	27	26	1	3.7%
Semi-skilled	0	0	0	0	0%
Unskilled	0	0	0	0	0%
Total	49	59	55	4	6,78%



Table 24: Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	4	0	0	4
Senior Management	6	1	0	7
Professional qualified	17	2	1	18
Skilled	22	4	0	26
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
Total	49	7	1	55

Table 25: Reasons for Staff Leaving

Reason	Number of Employees	% of total no. of staff leaving
Death	0	-
Resignation	1	100%
Dismissal	0	-
Retirement	0	-
Ill health	0	-
Expiry of contract	0	-
Other	N/A	-
Total	1	100%

During 2025/26, one resignation was recorded. Recruitment activities to fill this vacancy are currently in progress and are expected to conclude in 2026/27.

It should be further noted that one (1) Executive position, held on a fixed term contract, reached the end of its term

during the 2025/26 Financial Year. The recruitment process for this position is in progress and to ensure operational continuity, the incumbent's contract has been extended by six months, pending the appointment of a completion of the recruitment process permanent incumbent.



3. TRAINING AND DEVELOPMENT STRATEGY IMPLEMENTATION

The Training and Development Strategy is designed to be aligned with the Skills Development Act and in support of the TASEZ strategic and operational requirements. The aim of the strategy is to design and implement occupationally-directed and other training activities that enable and increase the knowledge, practical skills and workplace experience and behaviour of individuals and teams. Training activities are based on the current and future occupational requirements for optimal organisational performance and sustainability.

The Annual Training Report and Workplace Skills Plan (ATR/WSP) 2025/26 was submitted to the Construction SETA (CETA) on the 30th of April 2025. The approved training plan were adequately implemented and monitored, which resulted in a total spent of R1,7 million.

Table 26: Training Cost

Department	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
	(R'000)	(R'000)			(R"000)
Office of the CEO	13, 985	124	1%	7	17,74
Business Development	22, 995	260	1%	12	21,68
Corporate Services	15, 668	418	3%	10	41,79
Finance	13, 970	283	2%	12	23,57
Infrastructure Development	17, 191	383	2%	8	47,93
Zone Operations	4, 928	173	4%	7	24,69
Training Academy	3, 744	94	3%	7	13,44



4. GRADUATE PROGRAMME

The organisation continued to implement and monitor the 24-month graduate programme, which consisted of five (05) graduates, who had completed technical

qualifications, from Mamelodi, Nellmapius and Eersterust local communities, to assist them and expose them to how the TASEZ zone operates.

5. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

TASEZ has an approved Performance Management Policy that clearly outlines the framework and processes for planning, monitoring, assessing and evaluating the individual performance of employees. These parameters are designed to ensure the achievement of TASEZ's strategic goals (recognising good performance and managing poor performance effectively).

The purpose of performance management at TASEZ is to ensure alignment of employee performance with organisational goals, improve individual and

team productivity and foster a culture of continuous improvement. This involves a systematic process of setting objectives, providing feedback and evaluating performance, which ultimately leads to increased employee engagement and consistent organisational success aligned with the overall strategic objectives. Performance contracts for the financial year 2025/26 have been finalised. The performance review process took place throughout the financial year in line with the Performance Management Policy.

Table 27: Performance Rewards

Programme//activity/objective	*Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
	(R'000)	(R'000)	(R'000)
Top Management	1, 882	15, 990	12%
Senior Management	1, 223	17, 073	7%
Professionally Qualified	2, 302	36, 562	6%
Skilled	1, 693	19, 945	8%
Semi-Skilled	0	2, 912	0%
Unskilled	0	0	0%
Total	7, 100	92, 482	8%

Note: Please note that these are provisional performance bonuses for the 2025/26 financial year.

Table 28: Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0

6. EMPLOYMENT EQUITY STATUS

The Employment Equity Act 55 of 1998 exists to guide organisations to achieve equity by promoting equal opportunities and fair treatment in the workplace through the elimination of unfair discrimination and implementation of affirmative action measures to redress the disadvantages in employment experienced by designated groups. The Act also aims to ensure equitable representation in all occupational categories and levels in the workforce.

The Employment Equity (EE) report for the 2025/26 reporting cycle was submitted to the Department of Labour in January 2026.

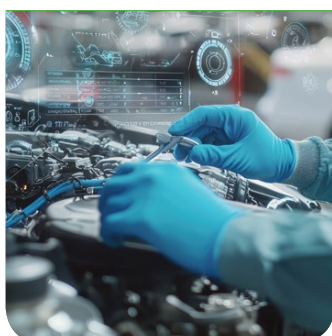
For the period under review, the EE target was not yet approved. Therefore, TASEZ prioritised building its capacity for EE compliance. The EE plan that includes the numerical targets has been prepared and is scheduled for approval by internal governance structures in FY 2026/27. This will facilitate comprehensive reporting of employment equity numerical targets.

Table 29: Employment Equity

Levels	African		Coloured		Indian		White	
	Male	Female	Male	Female	Male	Female	Male	Female
Top Management	3	1	0	0	0	0	0	0
Senior Management	3	4	0	0	0	0	0	1
Professional qualified	9	8	0	1	0	0	0	0
Skilled	5	17	0	1	0	0	0	2
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	20	30	0	2	0	0	0	3

It should be noted that, at present, TASEZ does not have, on record, any employees who are identified as people with disabilities (PWD); however, during the 2025/26 financial year, TASEZ developed Standard Operating Procedures (SOP) for the Training and Employment Equity Committee to establish a uniform and consistent framework for the Committee's operations.

Approval of these SOPs will allow the organisation to form a committee serving as a mandatory consultative body within TASEZ, responsible for promoting fair treatment, eliminating unfair discrimination and implementing affirmative action measures to support equitable representation of designated groups in the workplace, including people with disabilities.



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INVESTMENT**



7. HUMAN RESOURCE POLICY DEVELOPMENT

The purpose of the entity's policies is to provide guidelines to all employees in ensuring that TASEZ adheres to integrity and fairness. The policies also aim to ensure that TASEZ is compliant with all the requisite legislative requirements and develops best practices in relation to the HR legislation and prescripts.

Furthermore, the policies aim to provide a framework for guiding decision-making, establishing standards of conduct and ensuring consistency within TASEZ. The policies also serve as a tool for communicating the TASEZ values, culture and philosophy to employees and customers.

During the period under review, the HRM department reviewed and obtained approval from the Board of Directors regarding the following policies:

- Leave Policy
- Training and Development Policy
- Employee Wellness Policy
- Bursary Policy
- Internship Policy
- Bereavement Policy
- Grievance Policy
- Disciplinary Policy
- Dread Disease Policy
- Remuneration Policy
- Remote Working Policy

The HRM department will continue to monitor the implementation of policies and procedures and review policies as and when stipulated and necessary to ensure continued compliance and relevance.

8. CHALLENGES FACED BY TASEZ

The South African economy is currently faced with an array of challenges, including rising inflation, a deteriorating manufacturing sector and a decline in business confidence. These challenges have had both direct and indirect impacts on TASEZ's business operations.

TASEZ has experienced delays in the finalisation of executive appointments, which have extended the vacancy period for critical leadership positions beyond the

contemplated timelines. While TASEZ has demonstrated commitment to employment equity through its adopted Employment Equity initiatives and has made incremental progress in recent reporting periods, the organisation acknowledges that PWD representation at operational and management levels remains below the target threshold. Progress has been more notable in respect of awareness initiatives and the development of enabling policies than in terms of actual headcount representation.

9. FUTURE HUMAN RESOURCE PLANS

The HRM department is committed to implementing and continuously facilitating workshops focused on established organisational policies and procedures. Furthermore, the Department plans to develop the Job Evaluation Policy and undertake a comprehensive, organisation-wide skills audit. This audit is aimed to evaluate and identify existing skills, knowledge and competencies within the TASEZ. The process will help ascertain strengths, reveal skill gaps and inform strategic decisions regarding training, recruitment and workforce development, thereby ensuring effective achievement of organisational strategic objectives.

Additionally, the entity initiated a comprehensive organisational structure review. The purpose for this exercise is to ensure that TASEZ's structure remained aligned with its strategic objectives and operational requirements. This review is aimed at identifying areas for improvement, enhance efficiency and support the organisation's growth and evolving mandate. By evaluating the existing structure, TASEZ sought to optimise resource allocation, clarify roles and responsibilities and position the organisation to better respond to future challenges and opportunities. The HRM department will continue to monitor to ensure completion of set project deliverables.

PART E: **FINANCIAL INFORMATION**



AUDITS DON'T SCARE US –
THEY SHOWCASE US

REPORT OF THE AUDITOR-GENERAL TO MINISTER OF THE DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION ON TSHWANE AUTOMOTIVE HUB SPECIAL ECONOMIC ZONE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of Tshwane Automotive Hub Special Economic Zone (the Company) as set out on pages 116 to 166, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Tshwane Automotive Hub Special Economic Zone as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa and the requirements of the Special Economic Zones Act No. 16 of 2014 and the Companies Act 71 of 2008.

Basis of opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa and the requirements of the Special Economic Zones Act No. 16 of 2014 and the Companies Act 71 of 2008; and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the Accounting Authority is responsible for assessing the company's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at pages 112-113, forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I selected the following material performance indicators related to Programme 3: Infrastructure Development presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the Company's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Number of Construction Jobs created
 - Percentage of construction work packages awarded to Township Enterprises
 - Number of SMME mentoring initiatives within the construction value chain
12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the Company's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the Company's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the Company's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets
14. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

16. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements.

REPORT ON COMPLIANCE WITH LEGISLATION

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The Accounting Authority is responsible for the Company's compliance with legislation.
19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the Company, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
21. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

22. The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information does not include the financial statements, the auditor's report and the selected presented in the annual performance report that have been specifically reported on in this auditor's report.
23. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
24. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

- 26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
- 27. I did not identify any significant deficiencies in internal control.

AUDITOR GENERAL

Pretoria

31 July 2026



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the company's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a company to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide the Accounting Authority with a statement that I have complied with relevant ethical

requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation Sections or regulations	Year originally recommended
Companies Act No.71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 112(2)(a) Section 129(7)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Special Economic Zones Act 16 of 2014	Section 28(1)(b)

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	Proprietary Limited
Nature of business and principal activities	The Development and Management of the Special Economic Zone in Tshwane
Members	Maoto Nape Molefane - Appointed on 7 August 2025 as the Chairperson of the Board Lardo Stander Matome Kgowedi - Appointed on 1 August 2025 Vuyo Zitumane Musawakhe Khumalo Blake Keith Mosley Lefatola - Resigned on 20 November 2025 Nkwatse Mashamaite - Appointed on 05 January 2026 Themba Mathibe Sehokwana - Appointed on 1 August 2025 Thulani Alfred Mdadane - Resigned 4 March 2026 Lionel Victor October - Term ended on 5 May 2025 Susan Phetogo Mangole - Term ended on 5 May 2025 Ockert Andries Berry- Term ended on 5 November 2025 Rhys Davies - Appointed on 15 August 2025 Bheka Zulu - Chief Executive Officer Rebecca Hlabatau - Chief Financial Officer Andile Sangweni - Acting Chief Executive Officer
Registered office	CSIR Campus Building 21 Meiring Naude Road, Brummeria, Pretoria, 0001
Bankers	Standard Bank of South Africa
Auditors	Auditor General of South Africa Registered Auditors
Secretary	Tshepiso Modikoe

INDEX

The reports and statements set out below comprise the annual financial statements presented to the parliament from pages 108 to 166:

	Page
Board Members’ Responsibilities and Approval	116
Statement of Financial Position	117
Statement of Financial Performance	118
Statement of Changes in Net Assets	119
Cash Flow Statement	120
Statement of Comparison of Budget and Actual Amounts	121
Accounting Policies	122-138
Notes to the Annual Financial Statements	139-166

Abbreviations used:

GRAP	Generally Recognised Accounting Practice
IESBA	International Ethics Standards Board for Accountants
ISAs	International Standards on Auditing
PAA	Public Audit Act 25 of 2004
PFMA	Public Finance Management Act
PRECCA	Prevention and Combating of Corrupt Activities Act 12 of 2004
CETA	Construction Education and Training Authority
SEZA	Special Economic Zone Act 16 of 2014

BOARD OF DIRECTORS RESPONSIBILITIES AND APPROVAL

The Board of Directors are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Board of Directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board of Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Board of Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable

circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board of Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable and not absolute, assurance against material misstatement or deficit.

The entity is wholly dependent on the grants and own revenue for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the Board of Directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report will be presented in the annual report.

The annual financial statements set out on pages 117 - 166, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 July 2026 and were signed on its behalf by:



Maoto Nape Molefane - Chairperson of the Board

Pretoria

Thursday, 30 July 2026



**Andile Sangweni -Acting Chief
Executive Officer**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

Assets	Note(s)	2026	2025
Non-Current Assets			
Investment property	3	3 256 655 385	3 299 153 263
Property, plant and equipment	4	20 278 327	5 979 174
Intangible assets	5	2 997 815	5 113 921
Operating lease asset	6	101 398 155	79 972 207
Total		3 381 329 682	3 390 218 565
Current Assets			
Receivables from exchange transactions	7	87 354 157	62 908 451
Inventories	8	65 368	45 764
Cash and cash equivalents	9	753 292 172	666 207 884
Prepayments	10	2 593 132	2 567 709
VAT receivable	11	-	30 518 462
Current tax receivable	12	15 909 292	28 214 212
		859 214 121	790 462 482
Total Assets		4 240 543 803	4 180 681 047
Liabilities			
Non-Current Liabilities			
Operating lease liability	6	136 655 184	90 251 632
Deferred tax	13	867 768 839	883 931 377
Total Non-Current		1 004 424 023	974 183 009
Current Liabilities			
Operating lease liability	6	142 827	-
Payables from exchange transactions	14	84 708 298	89 657 219
VAT payable	15	3 346 296	-
Unspent conditional grants and receipts	16	551 379 097	500 001 540
Provisions	17	21 933 556	10 329 316
Total Current		661 510 074	599 988 075
Total Liabilities		1 665 934 097	1 574 171 084
Net Assets		2 574 609 707	2 606 509 961
Accumulated surplus		2 574 609 707	2 606 509 961
Total Net Assets		2 574 609 707	2 606 509 961

STATEMENT OF FINANCIAL PERFORMANCE

Revenue	Note(s)	2026	2025
Revenue from exchange transactions			
Rental of facilities and equipment	18	166 938 713	153 901 185
Recoveries	19	158 929 536	150 619 626
Other income-proceeds on sale of asset and card sales		21 875	-
Interest received - investment	20	11 696 439	17 447 068
Total revenue from exchange transactions		337 586 563	321 967 879
Revenue from non-exchange transactions			
Taxation revenue			
Penalties recovered	21	-	12 519 408
Transfer revenue			
Government grants & subsidies	22	136 833 414	231 663 779
Total revenue from non-exchange transactions		136 833 414	244 183 187
Total revenue	18	474 419 977	566 151 066
Expenditure			
Employee related costs	23	(95 632 316)	(80 034 688)
SETA learnership expenses	24	(47 567 907)	(14 358 332)
Depreciation and amortisation	25	(85 006 936)	(80 774 329)
Lease rentals on operating lease	26	(55 275 800)	(30 255 108)
Zone utilities and rates	27	(162 390 466)	(116 640 085)
Contracted services	28	(17 258 116)	(15 361 176)
Loss on disposal of assets	3	(1 673 651)	(26 925)
General Expenses	29	(53 187 928)	(43 439 279)
SMME development	30	(4 066 321)	(6 411 964)
Total expenditure		(522 059 441)	(387 301 886)
Taxation	31	15 739 210	(38 680 943)
(Deficit) surplus for the year		(31 900 254)	140 168 237

STATEMENT OF CHANGES IN NET ASSETS

		Accumulated surplus / deficit	Total net assets
Opening balance as previously reported		2 475 800 383	2 475 800 383
Adjustments			
Change in accounting policy		(9 458 659)	(9 458 659)
Balance at 01 April 2024 as restated*		2 466 341 724	2 466 341 724
Changes in net assets			
Surplus (Deficit) for the year		140 168 237	140 168 237
Total changes		140 168 237	140 168 237
Balance at 01 April 2025		2 606 509 961	2 606 509 961
Changes in net assets			
Surplus (Deficit) for the year		(31 900 254)	(31 900 254)
Total changes		(31 900 254)	(31 900 254)
Balance at 31 March 2026		2 574 609 707	2 574 609 707

CASH FLOW STATEMENT

	Note(s)	2026	2025
Cash flows from operating activities			
Receipts			
Tax receipts		29 564 958	-
Grants		188 210 971	228 688 715
Interest income		12 129 193	19 157 440
Cash received from tenants and recoveries		279 566 011	371 724 960
Penalties recovered from SARS		-	29 171 601
VAT receivable movement		33 864 758	-
Total		543 335 891	648 742 716
Payments			
Employee costs		(86 716 848)	(72 259 605)
Suppliers		(300 342 221)	(374 466 207)
Tax paid		(17 683 366)	(28 025 546)
VAT payable movement		-	(75 401 522)
		(404 742 435)	(550 152 880)
Net cash flows from operating activities	32	138 593 456	98 589 836
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(17 503 837)	(2 561 111)
Proceeds from sale of property, plant and equipment	4	19 705	-
Purchase of investment property	3	(34 025 036)	(164 269 742)
Purchase of other intangible assets	5	-	(6 348 316)
Net cash flows from investing activities		(51 509 168)	(173 179 169)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		87 084 288	(74 589 333)
Cash and cash equivalents at the beginning of the year		666 207 884	740 797 216
Cash and cash equivalents at the end of the year	9	753 292 172	666 207 884

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities	169 152 513	(2 825 069)	166 327 444	147 717 604	(18 609 840)	
Recoveries	17 619 503	975 925	18 595 428	27 538 644	8 943 216	35.1
Municipal charges	167 721 282	-	167 721 282	146 244 665	(21 476 617)	35.2
Other income from sale of assets	-	-	-	21 875	21 875	
Interest received	46 800 000	(39 581 758)	7 218 242	10 778 448	3 560 206	35.3
Total revenue from exchange transactions	401 293 298	(41 430 902)	359 862 396	332 301 236	(27 561 160)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants	188 030 000	(65 500 000)	122 530 000	122 530 000	-	
CoT	293 075 000	(237 075 000)	56 000 000	56 000 000	-	
SETA Grants	29 011 613	10 195 665	39 207 278	28 837 798	(10 369 480)	35.4
the dtic	649 783 000	(645 302 318)	4 480 682	-	(4 480 682)	
Reserves	22 683 451	-	22 683 451	-	(22 683 451)	
Total revenue from non-exchange transactions	1 182 583 064	(937 681 653)	244 901 411	207 367 798	(37 533 613)	
Total revenue	1 583 876 362	(979 112 555)	604 763 807	539 669 034	(65 094 773)	
Expenditure						
Personnel	(113 076 125)	19 536 953	(93 539 172)	(86 716 848)	6 822 324	35.5
Depreciation	-	-	-	(85 006 936)	(85 006 936)	
Capital Assets	(27 516 160)	4 656 744	(22 859 416)	(20 129 413)	2 730 003	
Goods and services	(328 537 876)	(7 083 432)	(335 621 308)	(317 077 845)	18 543 463	
Infrastructure cost	(1 102 958 000)	990 897 817	(112 060 183)	(71 507 537)	40 552 646	35.6
Total expenditure	(1 572 088 161)	1 008 008 082	(564 080 079)	(580 438 579)	(16 358 500)	
Operating deficit	11 788 201	28 895 527	40 683 728	(40 769 545)	(81 453 273)	
Loss on disposal of assets and liabilities	-	-	-	(1 673 651)	(1 673 651)	
Deficit before taxation	11 788 201	28 895 527	40 683 728	(42 443 196)	(83 126 924)	
Taxation	11 788 201	(412 730)	11 375 471	(15 739 210)	(27 114 681)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	29 308 257	29 308 257	(26 703 986)	(56 012 243)	

For variance above 10%, please refer to note 35

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

These accounting policies are consistent with the previous period.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.4 MATERIALITY

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or related information, have been disclosed in the related notes.

ACCOUNTING POLICIES

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Trade receivables

The entity assesses at the end of each reporting period whether there is objective evidence that a receivable or group of receivables is impaired. A receivable is impaired and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a “loss event”) and that event has an impact on the estimated future cash flows of the receivable that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes:

- Significant financial difficulty of the debtor;
- A breach of contract, such as default or delinquency in interest or principal payments;
- The granting of a concession to the debtor that the entity would not otherwise consider;
- It become probable that the debtor will enter bankruptcy;
- Observable data indicates that there is a measurable decrease in the estimated future cash flows from a group of financial assets.

Where there is objective evidence of impairment, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the receivable’s original effective interest rate. The following key judgements and estimates are used in assessing impairment:

- Identifying individually significant receivables
- Assessing objective evidence of impairment
- Conducting individual or collective impairment assessments
- Estimating future cash flows, considering expected timing and amounts of recovery, which may include historical loss experience and observable data.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including variables such as production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest.

ACCOUNTING POLICIES

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions are recognised when the economic entity has a present obligation as a result of a past event;

- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. A provision is used only for expenditures for which the provision was originally recognised.

Contingencies

Provisions are not recognised for future operating surplus (deficit). If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. Contingent assets and liabilities are not recognised, however, if any are disclosed in the notes to the financial statements.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 13 – Deferred tax.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

ACCOUNTING POLICIES

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Useful lives of property plant and equipment

The entity's management determines the estimated useful lives and related depreciation charges for the property plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Accounting by principals and agent

Bulk water and electricity infrastructure developed by TASEZ as an agent of the City of Tshwane should be recognised in the books of the City of Tshwane and not by TASEZ. The trade receivables and other trade payables related to the development of the bulk infrastructure are recognised in the books of TASEZ as it is the one with the contractual obligation with the service providers. Coega as a principal agent implements bulk infrastructure projects and provides goods or services and charges management fees.

Additional information is disclosed in Note 44.

Statutory receivables

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. The carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

The nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied, or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- If the transaction is an exchange transaction, using the policy on revenue from exchange transactions;
- If the transaction is a non-exchange transaction, using the policy on revenue from non-exchange transactions (taxes and transfers); or if the transaction is not within the scope of the policies listed in the above or
- If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

ACCOUNTING POLICIES

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable (where applicable);
- Impairment losses; and
- Amounts derecognised.

1.6 INVESTMENT PROPERTY

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows on the next page:

ACCOUNTING POLICIES

1.6 INVESTMENT PROPERTY (CONTINUED)

Item	Useful life
Property - land	indefinite
Property - buildings	60 years
Lifts	5 to 20 years
Roads and pavement	20 to 50 years
Other components	3 to 10 years
Fire Prevention	5 to 20 years
HVAC Installation	10 to 30 years
Cameras	5 to 10 years
Electrical Installation	20 to 40 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.7 PROPERTY, PLANT AND EQUIPMENT

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

ACCOUNTING POLICIES

1.7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, plant and equipment is carried at cost less accumulated depreciation on straight line basis over useful life. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	10 years
Furniture and fixtures	Straight-line	5 - 10 years
Motor vehicles	Straight-line	5 - 8 years
Office equipment	Straight-line	3 - 5 years
Computer equipment	Straight-line	3 - 4 years
Leasehold improvements	Straight-line	over the lease term
IT Equipment	Straight-line	6 - 8 years
Marketing equipment	Straight-line	5 - 10 years

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.8 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or

- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and

- the cost or fair value of the asset can be measured reliably.

ACCOUNTING POLICIES

1.8 INTANGIBLE ASSETS (CONTINUED)

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	3 to 5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.9 FINANCIAL INSTRUMENTS

TASEZ has cash and cash equivalents, receivables from exchange transactions and payables from exchange transactions which are financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

ACCOUNTING POLICIES

1.9 FINANCIAL INSTRUMENTS (CONTINUED)

A portion of the cash and cash equivalents is ring-fenced for capital projects as these funds were specifically made available for this purpose.

A financial liability is any liability that is a contractual obligation to:

deliver cash or another financial asset to another entity; or

exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalent	Financial asset measured at amortised cost
Receivable from exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transaction	Financial liability measured at amortised cost

1.10 PREPAYMENTS

Prepayments are payments that the entity has made at the reporting date for economic benefits or service potential to be received in future periods. These are made in accordance with contracts between the entity and third parties. The entity recognises as an asset the extent to which payments made exceed the value of economic benefits or service potential received. The entity measures prepayments at the fair value of the consideration paid, to the extent that it exceeds the value of goods or services received.

As the entity receives the related goods or services, it shall reduce the carrying number of prepayments made by the fair value of those goods or services received. Any related asset or expenses will be recognised in accordance with the applicable GRAP standard.

ACCOUNTING POLICIES

1.10 PREPAYMENTS (CONTINUED)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that a taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.11 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 INVENTORIES

Inventories consist only of stationery at yearend and these are measured at cost. These are held for consumption by staff and not for the production of finished goods or for sale.

ACCOUNTING POLICIES

1.12 INVENTORIES (CONTINUED)

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.13 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

1.14 IMPAIRMENT OF CASH-GENERATING ASSETS

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

1.15 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

ACCOUNTING POLICIES

1.15 COMMITMENTS (CONTINUED)

Commitments are disclosed in terms of the accounting standards for investment property (GRAP 16) and property, plant and equipment (GRAP 17). GRAP 16 and GRAP 17 require an entity to disclose the number of contractual commitments for the acquisition of investment property and property, plant and equipment respectively. The entity only discloses capital contractual commitments that is, commitments for the acquisition of non-current assets.

1.16 REVENUE FROM EXCHANGE TRANSACTIONS

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Rental income and recoveries

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and
- The amount of the revenue can be measured reliably.

ACCOUNTING POLICIES

1.16 REVENUE FROM EXCHANGE TRANSACTIONS (CONTINUED)

Interest is recognised using the effective interest rate method for financial instruments and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.17 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. The entity received grants or tax refunds from the Department of Trade, Industry and Competition (dtic) and the Gauteng Department of Economic Development (GDED) for infrastructure development. If the projects are cancelled the funds would have to be returned to these funders. The grants received for capital projects cannot be utilised for other activities as the agreements with the funders specify the purpose for which these funds should be utilised.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

ACCOUNTING POLICIES

1.17 REVENUE FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Interest is recognised using the effective interest rate method for financial instruments and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Statutory receivables

The entity recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the entity controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The entity analyses the taxation laws to determine what the taxable events are for the various taxes levied. Taxation revenue are not grossed up for the amount of tax expenditures.

1.18 VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.19 ACCOUNTING BY PRINCIPALS AND AGENTS

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

ACCOUNTING POLICIES

1.19 ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.20 SEGMENT INFORMATION

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.21 BUDGET INFORMATION

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

ACCOUNTING POLICIES

1.21 BUDGET INFORMATION (CONTINUED)

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2025/04/01 to 2026/03/31.

The entity classifies all variances above 10% of the budgeted amount versus actual figures to be significant and as such the financial statements will include the disclosure for explanations for such variances. Comparative information is not required.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 35 & 36.

1.22 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

ACCOUNTING POLICIES

1.23 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the entity has adopted all the old approved standards and interpretations and the ones that were effective in the current financial year and are relevant to the entity’ operations, being the GRAP 104 - Financial Instruments . The details are included in note No 41

2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity’s accounting periods beginning on or after 01 April 2026 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2099	Impact is currently being assessed
GRAP 1(amended):Presentation of Financial Statements (Going Concern)	01 April 2099	Impact is currently being assessed
GRAP 103 (as revised): Heritage Assests	01 April 2099	Unlikely there will be a material impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

3. INVESTMENT PROPERTY

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	3 504 846 552	(248 191 167)	3 256 655 385	3 468 839 442	(169 686 179)	3 299 153 263

Reconciliation of investment property - 2026

	Opening balance	Additions	Disposals/ write off	Depreciation	Total
Investment property	3 299 153 263	37 792 066	(1 631 456)	(78 658 488)	3 256 655 385

Included under general expenditure are costs incurred for the current year amounting to R6.6 million for infrastructure maintenance. The amount recognised under additions in the table above relates to work in progress (WIP) for the Phase Two project. Of the total additions of R37,792,066, R35,596,367 relates to work in progress (WIP) for the Phase two project, resulting in a cumulative WIP balance of R133,218,633.16 at year-end. The Phase Two project is expected to be completed in 2028.

Reconciliation of investment property - 2025

	Opening balance	Additions	Depreciation	Total
Investment property	3 212 094 234	165 699 882	(78 640 853)	3 299 153 263

The investment property is situated in Silverton Pretoria and consists of twelve (12) factories including Thai Summit, a tenant that constructed its building and leasing the land from TASEZ. These properties are leased to companies and the zone is managed by the TASEZ. Phase 2, construction of other factories and planning processes are underway.

4. PROPERTY, PLANT AND EQUIPMENT

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	478 097	(143 429)	334 668	478 097	(95 619)	382 478
Furniture and fixtures	6 630 982	(821 646)	5 809 336	1 838 842	(290 631)	1 548 211
Motor vehicles	1 115 127	(23 232)	1 091 895	-	-	-
Office equipment	763 173	(208 032)	555 141	220 252	(89 809)	130 443
IT equipment	8 060 678	(1 684 161)	6 376 517	2 945 057	(1 373 825)	1 571 232
Leasehold improvements	3 965 622	(1 586 249)	2 379 373	-	-	-
Marketing equipment	4 771 866	(1 040 469)	3 731 397	2 955 502	(608 692)	2 346 810
Total	25 785 545	(5 507 218)	20 278 327	8 437 750	(2 458 576)	5 979 174

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	382 478	-	-	(47 810)	334 668
Furniture and fixtures	1 548 211	4 848 538	(42 194)	(545 219)	5 809 336
Motor vehicles	-	1 115 127	-	(23 232)	1 091 895
Office equipment	130 443	542 920	-	(118 222)	555 141
IT equipment	1 571 232	6 011 454	-	(1 206 169)	6 376 517
Leasehold improvements	-	3 965 622	-	(1 586 249)	2 379 373
Marketing equipment	2 346 810	1 816 364	-	(431 777)	3 731 397
Total	5 979 174	18 300 025	(42 194)	(3 958 678)	20 278 327

Rnil for repairs and maintenance in the current year.

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	430 287	-	-	(47 809)	382 478
Furniture and fixtures	361 034	1 303 056	(18 400)	(97 479)	1 548 211
Office equipment	118 382	50 179	(251)	(37 867)	130 443
IT equipment	834 900	1 167 659	(8 274)	(423 053)	1 571 232
Marketing equipment	2 599 466	40 217	-	(292 873)	2 346 810
Total	4 344 069	2 561 111	(26 925)	(899 081)	5 979 174

5. INTANGIBLE ASSETS

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software, other	6 348 315	(3 350 500)	2 997 815	6 348 316	(1 234 395)	5 113 921

Reconciliation of intangible assets - 2026

	Opening balance	Disposals	Amortisation	Total
Computer software	5 113 921	-	(2 116 106)	2 997 815

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	-	6 348 316	(1 234 395)	5 113 921

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
6. OPERATING LEASE ASSET (LIABILITY)		
Non-current assets	101 398 155	79 972 207
Non-current liabilities	(136 655 184)	(90 251 632)
Current liabilities	(142 827)	-
Total	(35 399 856)	(10 279 425)

TASEZ's primary business function is renting out properties to tenants in the automotive sector. TASEZ is renting out properties to 11 tenants, with Ford South Africa (Ford) serving as the primary tenant. Other tenants include suppliers of Ford for the manufacturing of the new Ford Ranger. The lease terms vary from 7 years to 20 years and the related lease payments escalate at CPI but limited to 4.6%. The minimum lease payments that are receivable from the tenants are outlined below:

Operating lease asset

Within 1 year	179 641 863	168 474 234
2-5 years	694 421 617	552 060 780
After 5 years	673 602 008	989 268 341
Total	1 547 665 488	1 709 803 355

Tshwane Automotive Special Economic Zone (TASEZ) leased the land where these buildings are situated from the City of Tshwane for a period of 60 years linked to the inflation rate above on the lease asset.

Operating lease payments represent rentals payable by the entity for office accommodation and rental of printers from Konica Minolta. The lease term for printers is one year. The lease contract with CSIR for office accommodation was effective from 1 November 2024 for the period of 36 months with 6% escalations on this contract. No contingent rent is payable.

The minimum lease payments that are payable are detailed on the table below.

Operating lease liability

Within 1 year	18 646 682	13 471 090
2-5 years	48 719 844	44 160 808
After 5 years	3 486 137 652	3 502 202 177
Total	3 553 504 178	3 559 834 075

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
7. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Trade debtors	63 826 630	61 729 219
Staff debtors	220 365	61 144
Accrued Interest	3 086 018	3 518 772
SETA	16 404 916	-
CoT	5 859 414	-
Total	89 397 343	65 309 135
None of trade and other receivables have been pledged as security.		
Reconciliation of provision of allowance for credit losses		
Balance at the beginning of the year	2 400 684	9 458 659
Raised during the year	1 320 779	1 424 774
Reversed during the year	(1 678 277)	(8 482 749)
Total	2 043 186	2 400 684
Analysis on net trade receivable		
Gross trade receivables	86 090 959	64 129 903
Allowance from credit losses	(2 043 186)	(2 400 684)
	84 047 773	61 729 219
Financial asset receivables included in receivables from exchange transactions above	87 354 157	62 908 451

In line with GRAP 104 on Financial Instruments, allowance for credit losses are calculated for debtors with long outstanding balances. Management assessed the recoverability of the debts by considering the debtors' payment arrangements, historical payment patterns and the increased credit risk associated with delayed settlement. Expected cashflows for debtors amounts which have been outstanding for 90 days or longer were discounted using the prevailing prime interest rate of 10.25% to determine the present value of the expected future cash flows, with the resulting difference between present value and gross value being recognised as allowance for credit losses in line with GRAP 104. The movement in allowance for credit losses (allowance for credit losses raised during the year) of R-357498 has been included in general expenses. Note 29

8. INVENTORIES

Consumable stores	65 368	45 764
Inventories recognised as an expense during the year	19 604	336 715

In the prior year inventories related to stationery and access cards that were not utilised leading to higher balance of stationery.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
9. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Petty cashbook account	17 170	21 084
Bank balances	753 275 002	666 186 800
Total	753 292 172	666 207 884
Of the cashbook amount reflected above, there was R221.30 cash on hand at year end.		
Cash and cash equivalents held by the entity that are ringfenced for capital purposes	585 103 897	500 001 540
10. PREPAYMENTS		
Advance payments	1 482 018	1 658 595
Prepayments-insurance	1 111 113	909 113
Total	2 593 131	2 567 709
The prepayments relate to prepaid insurance, rent and software licences. The terms of each contract require a prepayment of the contract amount or premium. The service to which the prepayment relates will be rendered in future periods.		
11. VAT RECEIVABLE		
VAT	-	30 518 462
12. CURRENT TAX PAYABLE (RECEIVABLE)		
Balance at beginning of the year	(28 214 212)	(24 490 859)
Current tax for the year recognised in surplus or deficit	1 298 129	28 637 578
Prior year under or over provision	(874 800)	(4 335 386)
Interest received on over provision	(1 350 745)	-
Tax refund	29 564 958	2 623 710
Tax paid	(16 332 621)	(30 649 255)
Total	(15 909 292)	(28 214 212)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
13. DEFERRED TAX		
Deferred tax liability		
Temporary differences	(867 768 839)	(883 931 377)
Reconciliation of deferred tax asset / (liability)		
At beginning of year	(883 931 377)	(869 552 627)
Investment property	10 068 699	(22 100 290)
Property plant and equipment	(450 825)	(263 399)
Intangible assets	(418 989)	133 315
Employee benefit obligations	3 133 145	(1 011 154)
Section 24C allowance	-	6 912 456
Operating lease liability	12 528 959	6 185 691
Operating lease asset	(5 785 006)	(4 235 369)
Credit loss provision	551 660	-
Section 11(j)	(3 465 105)	-
Total	(867 768 839)	(883 931 377)
14. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	38 601 532	12 736 233
Provident fund	-	10 530 047
Income received in advance	33 724 800	-
Retention payable	3 721 757	774 515
Zone utilities payable to CoT	8 660 209	65 616 424
Total	84 708 298	89 657 219
15. VAT PAYABLE		
VAT payable	3 346 296	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants		
Unspent grants dtic	498 671 693	470 969 665
Unspent grants GDED	52 707 404	28 212 761
Unspent grants SETA	-	819 114
Total	551 379 097	500 001 540
Movement during the year		
Balance at the beginning of the year	500 001 540	502 976 604
Additions during the year	135 956 738	177 188 742
Income recognition during the year	(84 579 181)	(180 163 806)
Total	551 379 097	500 001 540

17. PROVISIONS

Reconciliation for utility provisions - 2026

	Opening balance	Additions	Transfer to payables	Total
Leave	2 890 217	962 863	(678 750)	3 174 330
Bonus	7 439 099	8 631 718	-	16 070 817
Other provisions	-	2 688 409	-	2 688 409
Total	10 329 316	12 282 990	(678 750)	21 933 556

Reconciliation for utility provisions - 2025

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Leave	3 242 473	89 662	(441 918)	-	2 890 217
Bonus	5 052 548	5 449 867	(3 063 316)	-	7 439 099
Provident fund	5 779 310	-	-	(5 779 310)	-
Total	14 074 331	5 539 529	(3 505 234)	(5 779 310)	10 329 316

Leave provision

The provision for leave represents the unutilised leave earned by employees as at 31 March 2026. The timing of when an employee will utilise leave is unknown.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
17. PROVISIONS (CONTINUED)		
Bonus provision		
The provision for performance bonus relates to the payment of bonuses to the entity's employees based on the assessment of performance for the financial period ended 31 March 2025 and 2026. The outflow is considered to be probable. The settlement of the provision is dependent on key factors such as the performance of employees as well as the timing of the approval by the Board of directors. The entity's remuneration policy bases the performance bonus on the organisational, business unit and an individual's performance for the financial year in question. The performance bonus for an individual is capped at a maximum of 20% of total cost to company.		
Other provision		
The provision of R2 688 409 relates to services rendered by a service provider during the financial year. Although the service provider performed certain aspects of the contracted work, the services were not completed to the full satisfaction of the Tshwane Automotive Special Economic Zone (TASEZ) in terms of the agreed deliverables and quality standards. Consequently, TASEZ disputed the full amount invoiced and is currently engaged in negotiations with the service provider to determine a reasonable amount payable for the work partially performed.		
At reporting date, the final settlement amount had not yet been agreed upon and therefore remained uncertain. In accordance with the requirements of the applicable Standards of GRAP relating to provisions, management recognised a provision based on the best estimate of the expenditure expected to be required to settle the present obligation arising from services received. The estimate of R2 688 409 was determined using available information and management's assessment of the value of work completed at year-end.		
18. REVENUE		
Rental of facilities and equipment	166 938 713	153 901 185
Recoveries	158 929 536	150 619 626
Other income- proceeds on sale of assets and cards	21 875	-
Interest received - investment	11 696 439	17 447 068
Penalties recovered	-	12 519 408
Government grants & subsidies	136 833 414	231 663 779
The amount included in revenue arising from exchanges of goods or services are as follows		
Rental of facilities and equipment	166 938 713	153 901 185
Recoveries	158 929 536	150 619 626
Other income- proceeds on sale of assets and cards	21 875	-
Interest received - investment	11 696 439	17 447 068
Total	337 586 563	321 967 879

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
18. REVENUE (CONTINUED)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Penalties recovered	-	12 519 408
Transfer revenue		
Government grants & subsidies	136 833 414	231 663 779
Total	136 833 414	244 183 187
19. RECOVERIES		
Electricity recovery	132 560 947	126 668 091
Security Zone	11 236 670	8 122 531
Water Recovery	5 056 630	6 263 468
Cleaning Services	590 117	-
Sewerage & waste	1 626 723	2 989 064
Diesel generators	-	1 087 098
Infrastructure Maintenance Fee	3 992 183	4 021 676
Gardening Services	1 521 646	1 467 698
Cost Recovery- AIDC	608 696	-
Fibre Link Enterprise	1 735 924	-
Total	158 929 536	150 619 626
20. INVESTMENT REVENUE		
Interest revenue		
Bank	11 696 439	17 447 068
21. PENALTIES RECOVERED		
Penalties recovered from SARS	-	12 519 408
22. GOVERNMENT GRANTS & SUBSIDIES		
Operating grants		
Government grant (operating)-GDED	52 530 000	51 500 000
Government grant (operating)-SETA	47 928 492	14 358 999
Total	100 458 492	65 858 999

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
22. GOVERNMENT GRANTS & SUBSIDIES (CONTINUED)		
Capital grants		
Government grant (capital)- GDED	36 374 922	165 804 780
Total	136 833 414	231 663 779
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	36 374 922	259 461 189
Unconditional grants received	100 458 492	66 553 913
Total	136 833 414	326 015 102
Department of Trade and Industry and Competition Grant - CAPEX		
Balance unspent at beginning of year	470 969 665	444 947 851
Interest received	27 702 028	31 138 456
Conditions met - transferred to revenue	-	(5 116 642)
Total	498 671 693	470 969 665
Conditions still to be met - remain liabilities (see note 16).		
Gauteng Department: Economic Development Grant - CAPEX		
Balance unspent at beginning of year	28 212 761	58 028 753
Current-year receipts	60 869 564	130 872 173
Conditions met - transferred to revenue	(36 374 921)	(160 688 165)
Total	52 707 404	28 212 761
Sector Education and Training Authority (SETA) grant		
Balance unspent at beginning of year	819 114	-
Current-year receipts	47 385 131	15 178 113
Conditions met - transferred to revenue	(48 204 245)	(14 358 999)
Total	-	819 114

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
23. EMPLOYEE RELATED COSTS		
Basic	72 164 743	64 830 199
Bonus	8 631 719	5 449 867
Medical aid	1 909 166	1 591 114
UIF	265 095	237 314
SDL	807 359	674 787
Leave pay provision	774 157	28 518
Group life insurance	1 225 310	1 065 139
Provident fund	7 560 700	4 750 738
Acting allowances	1 001 639	183 212
Car allowance	738 000	713 000
Cellphone allowance	554 428	510 800
Total	95 632 316	80 034 688
24. LEARNERSHIP EXPENSES		
SETA learnership expenses	45 932 954	14 358 332
CETA Learnership expenses	1 634 954	-
Total	47 567 908	14 358 332
25. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	4 277 616	899 081
Investment property	78 613 215	78 640 853
Intangible assets	2 116 105	1 234 395
Total	85 006 936	80 774 329
26. LEASE RENTALS ON OPERATING LEASES		
Office Accommodation	5 663 131	3 798 056
COT land rental	49 442 566	26 383 877
Rental - Photocopy Machine	170 103	73 175
Total	55 275 800	30 255 108

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
27. ZONE UTILITIES		
Zone costs	162 390 466	116 640 085
28. CONTRACTED SERVICES		
Catering - External	101 220	30 286
Cleaning	1 082 103	272 892
Employee Wellness	534 525	111 520
Internal Audit Services	786 689	605 684
Garden Services expense	727 964	1 740 153
Integrated facilities management	388 818	-
Security - Zone	13 636 797	12 600 641
Total	17 258 116	15 361 176
29. GENERAL EXPENSES		
Advertising	5 293 018	7 092 481
Auditors remuneration	2 760 251	2 695 820
Bank charges	92 852	74 931
Annual software licenses	1 665 364	1 585 968
Consulting and professional fees	5 133 463	2 957 277
Consumables	361 758	178 973
Enterprise supplier development	6 869 870	5 878 733
Fraud hotline	33 200	50 500
Insurance	5 360 386	5 261 236
Community development and training	452 372	391 375
Conferences and events	5 986 732	6 455 855
Diesel	57 900	24 260
IT expenses	4 729 039	6 228 696
Rates and levies	276 006	114 660
Postage and courier	1 898	-
Printing and stationery	459 578	395 107
Protective clothing	191 455	215 159
Repairs and maintenance	-	338 015
Other costs	57 343	77 444
Subscriptions and membership fees	311 841	78 913

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
29. GENERAL EXPENSES (CONTINUED)		
Telephone and fax	558 506	221 103
Staff training	1 712 119	732 627
Travel	3 350 030	1 333 376
Small assets purchased	655 286	137 263
Infrastructure maintenance	6 912 709	7 977 482
Directors liability	262 450	-
Movement in allowance for credit losses	(357 498)	(7 057 975)
Total	53 187 928	43 439 279
30. SMME DEVELOPMENT		
SMME Development	4 066 321	6 411 964
31. TAXATION		
Major components of the tax (income) expense		
Current		
Local income tax - current period	1 298 129	28 637 577
Local income tax - recognised in current tax for prior periods	(874 800)	(4 335 384)
Total	423 329	24 302 193
Deferred		
Deferred tax temporary differences	(16 162 539)	14 378 750
Total	(15 739 210)	38 680 943
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	27.00 %	27.00 %
Permanent differences	6.00 %	(4.00)%
Total	33.00 %	23.00 %

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
32. CASH GENERATED FROM OPERATIONS		
(Deficit) surplus	(31 900 254)	140 168 237
Adjustments for:		
Depreciation and amortisation	85 006 936	80 774 329
Loss on disposal of assets	1 673 651	26 925
Movements in operating lease assets and accruals	25 120 431	7 223 417
Movements in employee obligations	11 604 240	(3 745 015)
Movement in tax receivable	12 304 920	(3 723 353)
Annual charge for deferred tax	(16 162 539)	14 378 750
Proceeds on sale of assets	(19 705)	-
Credit losses	357 498	-
Changes in working capital:		
Inventories	(19 604)	336 715
Receivables from exchange transactions	(24 803 205)	77 543 095
Other receivables from non-exchange transactions	-	16 652 193
Prepayments	(25 423)	(826 644)
Payables from exchange transactions	(4 948 921)	(151 842 227)
VAT	33 864 758	(75 401 522)
Unspent conditional grants and receipts	51 377 557	(2 975 064)
Accruals relating to purchase of assets	(4 836 884)	-
Total	138 593 456	98 589 836

33. CHANGE IN ACCOUNTING POLICY

During the current financial year, the entity adopted the amended requirements of GRAP 104, which became effective for the current reporting period. The amendments introduced changes to the accounting treatment and measurement of impairment losses on financial assets measured at amortised cost, including trade and other receivables.

Previously, impairment losses were recognised based on an incurred loss model, whereby impairment was recognised when there was objective evidence that a loss event had occurred after initial recognition of the receivable.

In terms of the amended standard, the entity now applies an expected credit loss ("ECL") model in determining the allowance for credit losses. Under this approach, the impairment allowance is measured as the difference between the gross carrying amount of trade and other receivables and the present value of estimated future cash flows expected to be received, discounted at the original effective interest rate where applicable. The revised accounting policy was applied retrospectively in accordance with GRAP 3. Comparative information was restated where applicable. The effect is as follows:-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
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33. CHANGE IN ACCOUNTING POLICY (CONTINUED)

2024

	Note	As previously reported	Change in accounting policy	Restated
Retained earnings		2 475 800 383	(9 458 659)	2 466 341 724

	Note	As previously reported	Change in accounting policy	Restated
Receivables from exchange transactions	7	65 309 155	(2 400 684)	62 908 471

Statement of financial performance

2025

	Note	Change in accounting policy	Restated
Credit losses	29	7 057 975	7 057 975

Cash flow statement

2025

	Note	As previously reported	Change in accounting policy	Restated
Cash flow from operating activities				
Receivables from exchange transactions		84 601 071	(7 057 975)	77 543 096

34. CHANGE IN ESTIMATE

Property, plant and equipment

The useful life of IT equipment and computer equipment was previously assessed as 4 years and disclosed under one category. During the current period, management reassessed the estimated useful life of computer equipment. Management has therefore revised the useful life of IT equipment from 4 years to 8 years and computers and laptops remained at 4 years. The effect of this revision resulted in a decrease in depreciation expense for the current year by R112 059.36 with a corresponding impact on future periods.

The impact on tax is R30 255.03

The impact on the cash flow statement is R81 803.33

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
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Statement of financial position

35. BUDGET DIFFERENCES

Material differences between budget and actual amounts

Changes in the Approved Adjusted Budget

The changes between the approved adjusted budget and final budget disclosed in the statement of comparison are a consequence of reallocations within the budget. The details and variance explanations are below.

Budget	Adjusted Budget	Virements	Total
Employee costs	93 539 167	3 799 614	97 338 781
Goods and Services	346 996 778	(1 077 281)	345 919 497
Machinery and Equipment	22 859 416	(2 722 333)	20 137 083
Infrastructure	112 060 183	-	112 060 183
Total	575 455 544	-	575 455 544

35.1 RECOVERIES

The over collection arose from applying an inflationary increase uniformly across all levies. However, this approach was not applicable to infrastructure maintenance and cleaning levies, as these increases were based on contractual percentage escalations quoted by the respective service providers.

35.2 MUNICIPAL CHARGES

The under collection in municipal charges is linked to tenants usage of electricity and water being less than what was anticipated.

35.3 INTEREST RECEIVED

The increase in interest income is attributable to higher funding received from GDED for infrastructure development purposes during the current financial year.

35.4 SETA GRANTS

The under collection is due to delays in finalising the process to resolve the amount payable to learners, which was initially proposed at a lower rate. The addendum was only finalised in March and the funds subsequently received in April 2026.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
35. BUDGET DIFFERENCES (CONTINUED)		
35.5 EMPLOYEE COSTS		
The under spending is primarily attributable to vacant positions and ongoing recruitment processes at executive level. Furthermore, provision was made in the budget for the payment of bonuses; however, these payments were not yet paid by year-end.		
35.6 INFRASTRUCTURE COSTS		
The underspending on infrastructure projects is mainly attributable to certain professional services that were not yet undertaken and some construction activities not commenced on site by year-end. The entity received site establishment approval from the City of Tshwane (CoT) late in the financial year and could only proceed following approval of the Environmental Impact Assessment (EIA). However, site clearing activities commenced after receipt of the EIA approval at the beginning of March 2026.		
Differences between budget and actual amounts basis of preparation and presentation		
The budget and the accounting bases differ. The annual financial statements for the entity are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements are for the fiscal period from 2025/04/01 to 2026/03/31. The annual financial statements differ from the budget, which is approved on a cash basis.		
The amounts in the annual financial statements were recasted from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.		
36. RECONCILIATION BETWEEN BUDGET AND CASH FLOW STATEMENT		
Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:		
Operating activities		
Actual amount as presented in the budget statement	(26 703 988)	(135 249 549)
Basis differences	165 297 444	233 839 386
Net cash flows from operating activities	138 593 456	98 589 837
Investing activities		
Basis differences	(51 509 168)	(173 179 169)
Net cash generated from operating, investing and financing activities	87 084 288	(74 589 332)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
37. COMMITMENTS		
Authorised capital expenditure		
Already contracted for but not provided for		
Property, plant and equipment	-	9 392 684
Investment property	1 133 425 666	1 063 258 666
Total	1 133 425 666	1 072 651 350
Total capital commitments		
Already contracted for but not provided for	1 133 425 666	1 072 651 350
Total commitments		
Total commitments		
Authorised capital expenditure	1 133 425 666	1 072 651 350
This committed expenditure relates to investment property and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	18 646 682	13 471 090
- in second to fifth year inclusive	48 719 844	44 160 808
- later than five years	3 486 137 652	3 502 202 177
Total	3 553 504 178	3 559 834 075

Operating lease payments represent rentals payable by the entity for land rental. Refer to note 6.

38. SEGMENT INFORMATION

Identification of segments

This entity manages its operations as a single segment with the Board of Directors and Chief Executive Officer (CEO) making key financial decisions based on combined operations for its programmes focusing on infrastructure (linked to the automotive manufacturing industry). This means that the entity provides financial and infrastructure related deals and make it easier for businesses to operate while developing the South African economy. The transformation is a crucial factor for previously disadvantaged individuals and will be included in the performance report.

Resource allocation, assets and liabilities are also managed in the Gauteng area. Geographical information is not provided as there are no distinct economic benefits derived from different locations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
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39. GOING CONCERN

draw attention to the fact that at 31 March 2026, the entity had an accumulated surplus of **R2 574 609 707** and that the entity's total assets exceed its liabilities by **R2 574 609 707**.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Board of directors continue to procure funding for the ongoing operations for the entity.

40. RELATED PARTIES**Relationships**

Shareholder with significant influence	Department of Trade, Industry and Competition
Shareholder with significant influence	Gauteng Department of Economic Development
Shareholder with significant influence	City of Tshwane

Related party balances**1. Unspent grants**

the dtic	498 671 693	470 969 665
GDED	52 707 404	28 212 761
SETA	-	819 114

2. Trade receivable (trade payable) regarding related parties

City of Tshwane (CoT) receivables	5 859 414	-
City of Tshwane (CoT) payables	-	(65 616 424)

3. Related party transactions paid to / (received from) related parties**3.1. Expenses**

Executive directors' fees	(8 157 194)	(6 518 439)
Zone utilities and rates	(159 897 212)	(116 640 085)

3.2. Grant income

the dtic actual receipts	-	-
GDED actual receipts	113 399 564	182 372 173
the dtic (grants utilised)	-	(5 116 642)
GDED (grants utilised)	(88 904 921)	(212 188 165)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
40. RELATED PARTIES (CONTINUED)		
Other related-party transactions: Automotive Industry Development Centre (AIDC)		
Income	700 000	-
Expenses	(1 223 034)	-
Other related-party transactions: Tshwane Economic Development Agency SOC LTD (TEDA)		
Expenses	(50 000)	-
Non-Executive Directors		
Non-Executive Directors	8	9
Executive Board members	2	2
Executive Directors	4	4
Related-party transactions		
Remuneration of management		
Management class: Board members		
2026		
No board emoluments were paid as the Board of Directors are employees in service of the state, appointed by the shareholders. As of 31 March 2026, there were 8 non executive Board of Directors.		
Management class: Executive management		
2026		

Name	Basic salary	Other short-term employee benefits	Acting allowance	Total
Bheka Zulu (Chief Executive Officer)	4 126 355	415 633	-	4 541 988
Rebecca Hlabatau (Chief Financial Officer)	3 072 714	325 308	217 184	3 615 206
Andile Sangweni (Infrastructure Executive)	2 707 583	285 372	-	2 992 955
Msokoli Ntombana (Business Development Executive)	2 707 583	284 844	-	2 992 427
Sibusiso Khuzwayo (Acting Zone Operations Executive)	2 204 322	253 920	319 045	2 777 287
Bianca Kortenhoeven-Jagger (Acting Zone Operations Executive)	2 318 359	207 194	29 267	2 554 820
Total	17 136 916	1 772 271	565 496	19 474 683

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
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40. RELATED PARTIES (CONTINUED)

Employee-related costs for executives increased by R2,3 million, from R17,1 million in 2025 to R19,4 million in 2026. The increase was primarily attributable to once-off payments relating to backlog provident fund contributions amounting to R2,8 million, which were paid directly to employees during the 2026 financial year. These contributions relate to the period from August 2022 or later if the employee joined the organisation later and could not previously be remitted to a provident fund, as the fund was only established with effect from 1 March 2025.

In line with this treatment, the backpay was recognised as part of basic salaries, as payments were made directly to employees rather than to a fund. Excluding this once-off adjustment, the underlying increase in basic salaries reflects an average annual salary increase of 6,5% as approved by the Board of directors.

2025

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Acting allowance	Total
Bheka Zulu (Chief Executive Officer)	3 306 647	-	191 880	-	3 498 527
Rebecca Hlabatau (Chief Financial Officer)	2 490 260	354 038	175 614	-	3 019 912
Andile Sangweni (Infrastructure Executive)	2 165 546	413 608	164 971	-	2 744 125
Msokoli Ntombana (Business Development Executive)	2 165 546	396 769	164 743	-	2 727 058
Bianca Kortenhoeven-Jagger (Acting zone Executive)	1 855 354	465 904	44 173	377 056	2 742 487
Dinky Mathabela (Acting Corporate Services Executive)	1 855 354	177 622	50 819	320 475	2 404 270
Total	13 838 707	1 807 941	792 200	697 531	17 136 379

41. RISK MANAGEMENT

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Board has overall responsibility for the establishment and oversight of the entity risk management framework. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The Entity's Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed grants and own generated revenue. The entity manages liquidity risk by continuously monitoring forecasts and actual cash flows. Liquidity risk is the risk that the entity may fail to meet its payment obligations as they fall due to the consequences of which may be the failure to meet the obligations to creditors. The entity identifies this risk through periodic liquidity gap analysis and the maturity profile of the assets and liabilities. Action is taken in advance to close or minimise the gaps. The entity's exposure to liquidity risk is reduced as it is funded by dtic and the GDED. The annual budgets are approved at the beginning of each fiscal year and funding agreements are concluded between the parties. Cash flows are monitored monthly against budgets and adjustments are made where necessary. Risk management assessments are conducted to assist with identifying any possible cash flow, liquidity or other risks. In addition, the entity is exploring opportunities for raising more of its own revenue to ensure the sustainability of the organisation in case the grant is reduced or cut back.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
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41. RISK MANAGEMENT (CONTINUED)

Liquidity gap analysis - 2026	On demand and less than 1 month	1 to 12 months	12 months to 5 years	Total
Assets	-	-	-	-
Cash and cash equivalents	753 292 172	-	-	753 292 172
Liabilities	-	-	-	-
Payables from exchange transactions	-	(50 983 498)	-	(50 983 498)
Total	753 292 172	(50 983 498)	-	702 308 674

Liquidity gap analysis - 2025	On demand and less than 1 month	1 to 12 months	12 months to 5 years	Total
Assets	-	-	-	-
Cash and cash equivalents	666 207 884	-	-	666 207 884
Liabilities	-	-	-	-
Payables from exchange transactions	-	(89 657 219)	-	(89 657 219)
Total	666 207 884	(89 657 219)	-	576 550 665

Credit risk

The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Management evaluated credit risk relating to tenants before they were incorporated into the zone. Management evaluates credit risk relating to customers on an ongoing basis. The carrying amounts of financial assets, represent the entity's maximum exposure to credit risk in relation to these assets.

There has been no significant change since the beginning of the financial year to the entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing the risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the entity's maximum exposure to credit risk. Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a contract. Credit risk arises from cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposures to members, including outstanding receivables and committed transactions. Credit exposures are closely monitored for indications of impairment. All debtors which are older than 90 days have been assessed for impairment. Management assessed the recoverability of the debts by considering the debtors' payment arrangements, historical payment patterns and the increased credit risk associated with delayed settlement. The outstanding balances were discounted using the prevailing prime interest rate.

Financial assets exposed to credit risk at year end were as follows:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
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41. RISK MANAGEMENT (CONTINUED)**Financial instrument**

2026 Financial Assets	At amortised cost	Total
Trade and other receivables from exchange transactions	87 782 381	87 782 381
Cash and cash equivalents	753 356 867	753 356 870
Total	841 139 248	841 139 251

2026 Financial Liabilities	At amortised cost	Total
Trade and other payables from exchange transactions	(82 121 861)	(82 121 861)

2026 Financial Instruments	2026	2025
Bank balances	753 292 172	666 186 800
Trade debtors	87 354 157	62 908 451
Total	840 646 329	729 095 251

Analysis by credit quality of financial assets is as follows:**Neither past due nor impaired**

Cash and cash equivalents	753 292 172	666 207 884
Trade and other receivables from exchange transactions	87 354 157	62 908 451

Credit quality analysis of financial assets

Total	840 646 329	729 116 335
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2026 Trade receivables ageing	Gross balance	Impairment	Net balance
Current	41 597 109	-	41 597 109
30–60 days	10 200 110	-	10 200 110
61–90 days	658 595	357 498	1 016 093
More than 90 days	33 635 146	-	33 635 146
Total	86 090 960	357 498	86 448 458

2025 Trade receivables ageing	Gross balance	Impairment	Net balance
Current	32 382 471	-	32 382 471
30–60 days	8 029 363	-	8 029 363
61–90 days	1 275 792	-	1 275 792
More than 90 days	22 442 277	(2 400 684)	20 041 593
Total	64 129 903	(2 400 684)	61 729 219

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
41. RISK MANAGEMENT (CONTINUED)		
Maximum exposure to credit risk		
The maximum exposure to credit risk at reporting date amounted to R86 090 960 (2025: R64 129 903), representing the gross carrying amount of financial assets at amortised cost before impairment allowances. The entity does not hold significant credit derivatives or similar instruments to mitigate exposure to credit risk.		
Expected credit loss allowance		
An expected credit loss allowance of R357 498 (2025: R2 400 684) was recognised during the reporting period due to increased default risk and deterioration in the recoverability of certain receivables. A prime interest rate was utilised for time value of money purposes.		
The impairment assessment considered:		
- historical default experience; - debtor ageing profiles; - current economic conditions; and - forward-looking information affecting collectability.		
Market risk		
Interest rate risk		
The entity's interest-bearing assets are included under cash and cash equivalents. As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates due to the short-term nature of interest-bearing assets. Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit. Interest charged on trade debtors in arrears is linked to the South African prime interest rate.		
The sensitivity analysis below has been determined based on financial instruments' exposure to interest rates at the reporting date. The basis points increase or decrease, as detailed in the table below, were determined by management and represent management's assessment of the potential change in interest rates. A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus. The sensitivity analysis shows reasonably expected changes in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite percentage adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below. The disclosure only indicates the effect of the change in interest rate on the surplus.		
Sensitivity of interest changes assessment		
Impact of the 100 basis points	753 292 172	666 207 884
Interest rate of increase 100 basis points (%)	7 532 921	6 662 078
Impact on the surplus of the year	31 900 255	140 168 237
Interest rate decrease of 100 basis points (%)	24	5
Interest rate decrease of 100 basis points (%)	(24)	(5)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
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42. EVENTS AFTER THE REPORTING DATE

There were non-adjusting and adjusting events after the reporting date are below:

42.1 ENVIRONMENTAL COMPLIANCE MATTER

Summons were received on 01 April 2026 relating to a possible obligation or penalty of up to R10 million should there be development on the wetland during the construction of new buildings for Phase 2. Fines are documented in the National Environmental Management Act, 1998, National Environmental Management: Waste Act, 1998, National Environmental Management Air Quality Act, 1998 and the Occupational Health and Safety Act, 1993.

42.2 APPOINTMENT OF NEW MEC

A new Member of the Executive Council (MEC) for the Gauteng Department of Economic Development was appointed subsequent to the reporting date.

43. CONTINGENCIES

43.1 CONTINGENT LIABILITIES

As at 31 March 2026, Tshwane Automotive Special Economic Zone (TASEZ) had received notice of alleged environmental non-compliance relating to development activities affecting wetland areas during the construction of TASEZ projects. Should non-compliance be confirmed by the relevant regulatory authorities, TASEZ may be exposed to possible penalties of up to R10 million.

The outcome of the matter remains uncertain at the reporting date and, accordingly, no provision has been recognized in the annual financial statements.

There was no changes to the contingent liability disclosed as at 31 March 2025.

43.2 CONTINGENT ASSETS

Historically, TASEZ accounted for and paid output VAT to SARS on grants received from the dtic and GDED at standard rate of 15%. TASEZ sought professional opinion from professional tax experts who advised that these grants may qualify for zero-rating for VAT purposes. Accordingly, as at 31 March 2026, a ruling request was submitted to SARS to confirm the appropriate VAT treatment.

Should the ruling be favourable, TASEZ may be entitled to recover VAT previously paid, resulting in a potential inflow of economic benefits estimated at approximately R615.1 million.

As the outcome of the ruling application remained uncertain at the reporting date and the inflow of economic benefits was not yet virtually certain, no asset has been recognised in the annual financial statements in accordance with applicable accounting standards.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
44. ACCOUNTING BY PRINCIPALS AND AGENTS		
The entity is a party to a principal-agent arrangement(s).		
1. Arrangement with the City of Tshwane:		
TASEZ entered into an agreement with the City of Tshwane as an implementing agent for the provision of bulk infrastructure services (water, sewer, electricity, roads and stormwater) for the TASEZ phase 1 and 1A.		
TASEZ did not hold any resources on behalf of the City of Tshwane at year end.		
At the end of the reporting period, no liabilities were incurred on the behalf of the principal that have been recognised by the entity as all liabilities have been settled.		
2. Arrangement with Coega Development Corporation		
Resources held on behalf of the principal(s), but recognised in the entity's own financial statements		
TASEZ entered into a principal agent agreement with Coega Development Corporation (CDC) which is a Special Economic Zone situated in the Eastern Cape. The entity was identified and appointed as an implementing agency during the prior financial years to assist TASEZ with completing construction for Phase 1 and Phase 1A. This was due to the expertise and experience they have acquired over the years in facilitating investment, infrastructure development, facilities management, SMME development mentorship and the facilitation of skills development and capacity building.		
As part of assisting TASEZ with the construction of buildings, it was agreed that an implementation agency fee would be paid. The buildings which were constructed are under the custodianship of TASEZ and the agent has not recognised these in their books.		
44.1 PRINCIPAL AGENT - COEGA		
The aggregate amount of expenditure that the entity recognised as compensation for the transactions carried out on behalf of the principal is below.		
Management fees paid to Coega		
Fees	1 155 945	7 625 554
44.2 AGENT DISCLOSURE - COT		
Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)		
Reconciliation of the carrying amount of payables		
Recoveries		
Opening balance	65 616 423	229 278 750
Payment made to CoT	(250 117 236)	(301 924 800)
Rent, rates and utilities	193 161 022	138 262 473
Total	8 660 209	65 616 423

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2026	2025
44. ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)		
There were no write-offs, settlements or waivers of amounts that reduce the amount that the principal is entitled to.		
Accrued Income and other debtors		
Opening balance	-	56 082 660
Billing to COT	66 522 831	-
Write-offs, settlements or waivers of amounts that reduce the amount that the principal is entitled to	-	-
Cash received from CoT	(60 663 417)	(56 082 660)
Total	5 859 414	-

REFERENCES

NOTE ON EXTERNAL DATA SOURCES

“Unless otherwise stated, all automotive industry statistics, trade indicators, export data, employment figures, and vehicle sales information contained in this report are sourced from naamsa | The Automotive Business Council, Automotive Trade Manual 2026 and associated naamsa monthly new vehicle sales reports and industry releases.”

NOTES

This image shows a full page of blank, lined paper. It features approximately 30 evenly spaced horizontal grey lines running across the width of the page, typical of notebook or composition paper. The lines are thin and light grey, set against a plain white background. There are no margins, text, or other markings present.

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