

ANNUAL REPORT

2024 | 25

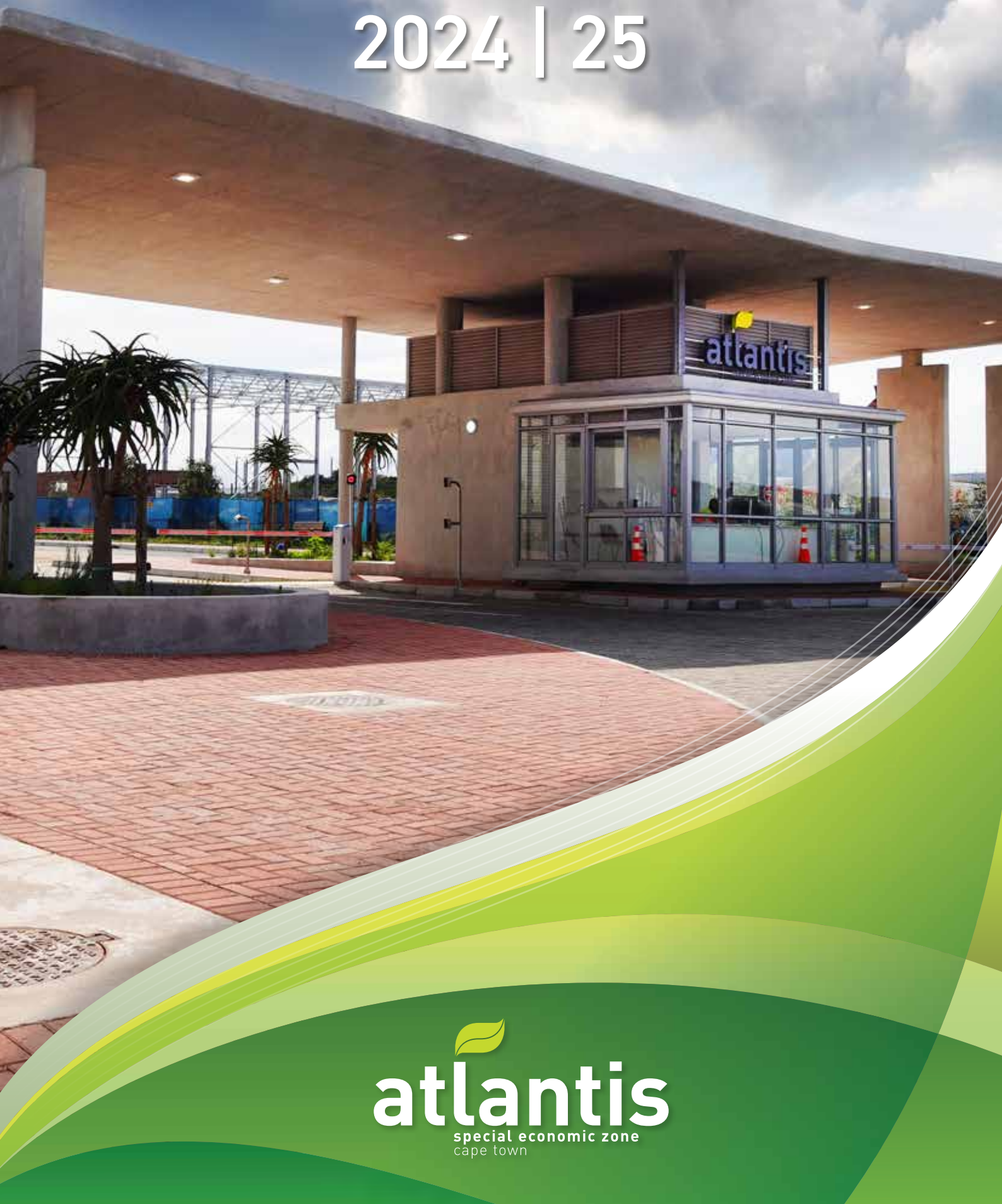


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PART A

GENERAL INFORMATION



PUBLIC ENTITY'S GENERAL INFORMATION

where green
tech grows



atlantis

special economic zone
cape town

REGISTERED NAME

Atlantis Special Economic Zone Company SOC LTD
Registration Number: 2018/587778/30

PHYSICAL ADDRESS

Atlantis Foundries
William Gourlay Road
Atlantis Industrial
Cape Town

POSTAL ADDRESS:

Atlantis Foundries
William Gourlay Road
Atlantis Industrial
Cape Town



021 495 4400



info@atlantiszez.co.za



<http://www.atlantiszez.com>

EXTERNAL AUDITORS

Auditor-General of South Africa
19 Park Lane Building
Century City

BANKERS

NEDBANK
Mutual Park
91 Jan Smuts Drive
Pinelands, Cape Town, 7441

COMPANY SECRETARY

Fredelaine Williams

LIST OF ABBREVIATIONS

3D	Provincial Business Enterprise as defined in Section 3D of the PFMA
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
ASEZCo	Atlantis Special Economic Zone Company SOC Limited
ASEZ	Atlantis Special Economic Zone
B-BBEE	Broad-Based Black Economic Empowerment
C&I	Commercial and Industrial
CCA	Customs Control Area
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoCT	City of Cape Town
CHEC	Cape Higher Education Consortium
CIPC	Companies and Intellectual Property Commission
CSIR	Council for Scientific and Industrial Research
CSN	Community Stakeholder Network (Atlantis)
CSP	Concentrated Solar Power
DEA&DP	Department of Environmental Affairs and Development Planning
DEDAT	Department of Economic Development and Tourism
DFI	Development Finance Institution
dti	Department of Trade and Industry and Competition (formerly Department of Trade and Industry)
dtic	Department of Trade, Industry and Competition
EA	Environmental Authorisation
EIA	Environmental Impact Assessment
EIP	Eco-Industrial Park
EIR	Environmental Impact Report
EMPr	Environmental Management Programme
ESG	Environmental, Social and Governance
EST	Environmentally Sound Technologies
G4J	Growth for Jobs
GBCSA	Green Building Council of South Africa
GDP	Gross Domestic Product
GIZ	German International Development Agency (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GTAC	Government Technical Advisory Centre
GTMEC	Greentech Manufacturing Evaluation Committee (of the CoCT)
IAG	Infrastructure Advisory Group
ICT	Information and Communication Technology
ICN	International Cleantech Network
IDC	Industrial Development Corporation
IDZ	Industrial Development Zone
IES	Integrated Ecosystem Management (addressing community, jobs, skills, and enterprise development)
IRP	Integrated Resource Plan
IWG	Infrastructure Working Group (subcommittee of CSN)
KPI	Key Performance Indicator

LED	Light Emitting Diode (light bulb)
LNG	Liquid Natural Gas
MEC	Member of the Executive Council
merSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MOU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
NCPC	National Cleaner Production Centre
NDA	Non-Disclosure Agreement
NDP	National Development Plan
NT	National Treasury
OEM	Original Equipment Manufacturer
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordinating Commission
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
PT	Provincial Treasury
PV	Photovoltaic
RECP	Resource Efficient Cleaner Production
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
RFP	Request for Proposal
RMIPPPP	Risk Mitigation Independent Power Producer Procurement Programme
RPL	Recognition of Prior Learning
SARS	South African Revenue Service
SAREBI	SEDA Atlantis Renewable Energy Business Incubator
SARETEC	South African Renewable Energy Technology Education Centre
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SEZ	Special Economic Zone
SDGs	Sustainable Development Goals
SIP5	Strategic Integrated Project 5 of the National Infrastructure Plan
SMME	Small, Medium and Micro Enterprise
SOC	State-Owned Company
SSEG	Small-Scale Embedded Generation
TISA	Trade and Investment South Africa
TNPA	Transnet National Ports Authority
TPT	Transnet Ports Terminal
UWC	University of the Western Cape
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
VIPs	Vision Inspired Priorities (Western Cape Province)
WCG	Western Cape Government
WISP	Western Cape Industrial Symbiosis Programme
WWTW	Wastewater Treatment Works



FOREWORD BY THE CHAIRPERSON

INTRODUCTION

It is with great pride that I present the Chairperson's Foreword for the 2024/2025 year. The Atlantis Special Economic Zone Company (ASEZCo) is a greentech zone dedicated to attracting companies and investments that contribute to zero carbon emissions, resource efficiency, and socially inclusive growth. Our aim is to build a sustainable manufacturing environment and contribute to a just energy transition, while revitalising Atlantis as a key industrial hub. ASEZCo continues to assert itself as a pivotal player in driving South Africa's green industrialisation agenda, fostering sustainable development, and positioning Atlantis as a premier greentech manufacturing hub. Despite ongoing challenges of a fiscally constrained environment and uncertain global trade paradigms, this period marked significant progress in our mission to position the ASEZ as a hub for green technology and sustainable industrial development. Most significantly, we saw the completion of the Zone 1 civil infrastructure, finalisation of the land transfer and the start of building the first factory in Zone 1.

OVERVIEW OF THE ATLANTIS SEZ COMPANY STRATEGY AND PERFORMANCE OF THE ENTITY

The ASEZCo has consistently aligned its objectives with national, provincial, and local development plans, as well as the overarching goals of the SEZ Programme. ASEZCo's strategy focuses on leveraging its location, competitive lease rates, and supportive ecosystem to attract greentech manufacturing and industry.

Over the past five years, our strategy has been anchored on four pillars: competitive business and commercial approaches, effective land and infrastructure development, strong social inclusion, and formation of a competitive investment rationale. We have established a robust pipeline of resource-efficient and emissions-reducing enterprises, while also promoting inclusivity and socio-economic upliftment. The ASEZ has set ambitious operational objectives as it strives to build skills, generate renewable energy, achieve net-zero water use, and zero waste to landfill. This year, we achieved notable milestones, including the finalisation of the 2025-2030 Strategic Plan, and the advancement of infrastructure projects in Zone 1.

To date, over R3,9 billion in investment has been secured, with over 900 direct jobs created. Our efforts have facilitated over R2,77 billion of this, in declared investments and created significant job opportunities. The company has maintained an unbroken track record of clean audits.

A significant investment pipeline promises substantial future growth.

We have also received prestigious awards recognising our leadership in climate change initiatives, green finance, and sustainable practices.

STRATEGIC RELATIONSHIPS

ASEZCo's success is deeply rooted in the strength of its strategic partnerships. Collaboration remains central to our success. We strengthened ties with national, provincial, and metropolitan government entities, international partners, and local stakeholders.

I am pleased to say that the ASEZCo maintains strong partnerships with various stakeholders, including numerous businesses and potential investors. Its unique approach has seen many international delegations from countries such as the Netherlands, Denmark, Italy, South Korea and Japan. Partnerships continue to yield tangible outcomes. Partnerships with organisations such as the National Business Initiative (NBI), GreenCape, and the CSIR have been instrumental in driving our green economy agenda.

CHALLENGES FACED BY THE BOARD

While we have made remarkable progress, the Board has navigated several challenges. These include finalising land transfer, navigating tax incentive discussions with SARS and National Treasury, and securing adequate funding for infrastructure development. Chief among these were uncertainties in national SEZ programme funding. Funding constraints for infrastructure development and the need to diversify revenue streams also pose significant hurdles. These factors, if unaddressed, can constrain our ability to attract investment and scale infrastructure beyond Zone 1. Despite these, we remain committed to finding innovative solutions to sustain our growth trajectory. I am confident that with proactive engagement and strategic planning, these challenges will be met.

STRATEGIC FOCUS: MEDIUM TO LONG-TERM GOALS OF THE ENTITY

Looking ahead, the Board has endorsed a bold and forward-looking five-year Strategic Plan (2025–2030). The ASEZCo 5-year Strategic Plan focuses on sustainable development, greentech investment, and maximising socio-economic impact. This plan charts a path toward deeper industrialisation, expanded infrastructure in Zones 2 and 3, and the launch of the Green Manufacturing Hub. Looking ahead, our focus will be on securing additional funding for Zones 2 and 3 and finalising the Green Manufacturing Hub. ASEZCo aims to position itself not only as a regional economic node but as a national leader in greentech innovation and job creation.

We will also prioritise investor retention and expansion, skills development, and community integration to ensure inclusive growth.

Our long-term vision includes becoming a pioneering industrial zone and “living lab,” setting new standards for green technology and community development. The development of our 2025–2030 Strategic Plan further aligns our objectives with national, provincial, and local priorities.

ACKNOWLEDGEMENTS

On behalf of the Board, I extend our sincere appreciation to the executive team, shareholders, government partners, and the community of Atlantis. I also wish to thank the Board of Directors and the entire ASEZCo team for their dedication and commitment to our shared vision.

Our gratitude goes to the Department of Trade, Industry, and Competition (the dtic), the Western Cape Government, and the City of Cape Town for their continued and unwavering support.

Finally, we appreciate the trust and collaboration of our investors, partners, and the Atlantis community.

Saliem Fakir

SALIEM FAKIR
ASEZCO BOARD CHAIRPERSON



CHIEF EXECUTIVE OFFICER'S OVERVIEW

INTRODUCTION AND OVERVIEW

In the 2024/25 Financial Year, the ASEZCo continued to deliver tangible results across infrastructure development, investment attraction, job creation, community, skills, and enterprise development. A significant milestone was the successful registration of the land transfer from the City of Cape Town in the Deeds Office on 7 March 2025, enabling the formal handover of Zone 1 for factory development. Construction of the first factory commenced in April 2025.

Zone 1 alone has created 451 jobs to date. Security and maintenance added an additional 23 jobs, including opportunities for 27 women. Small, Medium and Micro Enterprise (SMME) participation reached 35%, with 13 local packages awarded, representing a total spend of R24,4 million to date. Furthermore, the EGL refurbishment project contributed to the creation of 29 local jobs and achieved 51% SMME inclusion.

Cumulatively, ASEZCo has facilitated over 457 jobs and secured R2,7 billion in investment. Its investor pipeline includes 33 potential projects promising 2 092 jobs with an estimated R19 billion in capital infrastructure. Nine investors have been approved by the Investment Committee, with three site reservations secured.

Rental income for the FY 2024/25 was recorded at R424 135. As of 31 March 2025, own revenue reached 4% of the operational budget requirements. This will continue to grow once further tenants become operational. ASEZCo submitted five funding applications to the dtic, totalling R1,3 billion, including three for the current financial year. These applications are in the process of being reviewed by the dtic.

Over the past five years, 4143 individuals have benefited from 86 targeted initiatives through skills development, SMME, and community programmes, with 1637 beneficiaries recorded across 19 initiatives for 2024/25.

The organisation secured R127 million towards greentech infrastructure and formed five strategic partnerships with industry, academia, and government. The ASEZCo also recorded 75,8% of procurement spent on BBBEE suppliers and 3,6% (R823 081) directed toward learning and development, including internships—two of which have been absorbed into the entity. ASEZCo continues to build an inclusive, sustainable, and investor-ready industrial hub.

GENERAL FINANCIAL OVERVIEW OF THE ATLANTIS SEZ COMPANY

Figure 1: ASEZ General Financial Overview



The tight fiscal environment has meant that the ASEZ has had to do more with less. These budget constraints and belt-tightening come at a difficult time as we increasingly take on operational costs ahead of rental income. This is a new phase for the Atlantis SEZ and has resulted in unforeseen costs (e.g. electrical upgrades to support client needs). This has called for tight and carefully managed budgeting, with emphasis on ensuring we are able to cover growing operational expenses.

Through sound financial controls and disciplined budgeting, the ASEZCo achieved strong financial performance in the 2024/25 Financial Year. Total revenue recognised amounted to R96,8 million. Operating expenditure was R34,3 million, while Capex totalled R60,7 million – representing 99% of the entity's approved budget. The remaining expenditure is committed to approved roll-over projects. Significant investments have been attracted during the year and the entity maintained a stable and sustainable financial position.

SPENDING TRENDS

Spending trends include significant investments in infrastructure development (Zone 1), skills development programmes, and community initiatives. Capital expenditure focused on Zone 1 civills, the EGL Building, and the Quantum V3 facility. These infrastructure projects received significant allocations aligned with strategic priorities. Expenditure for conferences, learning and development, and capital projects have been carefully tracked.

CAPACITY CONSTRAINTS

Recruiting suitable candidates for specialised positions has remained a challenge. In certain cases, such as the role of the Business Development Executive, a decision was made not to fill the position immediately. The Commercial Executive is currently acting in this capacity. Similarly, the Business Development Specialist position remains vacant. While this is not an ideal situation, budget constraints have necessitated cost-saving measures, including the temporary consolidation of responsibilities.

Capacity constraints in procurement and project execution were addressed through targeted recruitment and partnerships.

DISCONTINUED KEY ACTIVITIES

There were no formally discontinued activities in the reporting year. However, some projects were delayed due to budget adjustments and re-prioritisation of resources.

NEW OR PROPOSED KEY ACTIVITIES

ASEZCo is progressing towards several strategic initiatives. These include the Green Manufacturing Hub, Quantum V3 top structure construction, and securing funding for Zone 2 and 3 developments. New activities also include the development of a 5-year strategy (2025-2030).

A variety of partnerships are currently being explored – several of which are expected to bring tangible and direct benefits to the SEZ. These partnerships aim to support the expansion of skills development programmes, the implementation of net-zero initiatives, and the enhancement of investor facilitation services.

REQUEST FOR ROLLOVER FUNDS

Not applicable. The Atlantis SEZ is a Provincial Business Enterprise and listed under Section 3D of the Public Finance Management Act (PFMA).

UNSOLICITED BIDS

No unsolicited bids were awarded during the financial period.

SUPPLY CHAIN MANAGEMENT (SCM) PROCESSES AND SYSTEMS

SCM processes and systems were established at inception and are now fully operational. The SCM specialist vacancy was filled during the year, and the Board approved amendments to the SCM policy to ensure alignment with updated procurement compliance frameworks. SCM compliance is regularly monitored and reported in accordance with National and Provincial directives. No unsolicited bids were concluded during the reporting period. The SCM policy, Delegations of Authority, and internal audit reviews affirm that governance structures are sound and compliant.

CHALLENGES EXPERIENCED AND RESOLVED

Despite notable successes, ASEZCo faced key challenges. These include the absence of readily available national infrastructure and top-structure funding, as well as the inability of investors to access the SEZ tax incentive. The lack of top-structure funding from the SEZ Fund has hindered the finalisation of investor commitments, including the conclusion of lease agreements. This shortfall also poses a risk to the achievement of the entity's financial sustainability targets.

With the completion of the Zone 1 civils projects and the corresponding growing operational expenditure requirements, which include security, maintenance, cleaning, landscaping, and utilities, it places further pressure on an already constrained operational budget.

In response, the ASEZCo will need to continue to strictly monitor its budget spending and actively explore revenue and financing outside of the government fiscal space. We are exploring innovative and alternative revenue generation options, acquiring top structures to lease to tenants, and working to ensure energy security through solar PV and battery storage. We continue to engage constructively with National Treasury and other departments to unlock policy and regulatory bottlenecks.

Our financial sustainability model—based on rental income, solar revenue, and third-party investment—has matured and is showing promise. As a company, we have stayed lean, agile, and values-driven. We know that our viability is not only about balance sheets, but about long-term developmental returns: new jobs, new factories, new skills, and a more competitive, green economy.

AUDIT REPORT MATTERS OF THE PREVIOUS YEAR

There were no significant matters reported in the previous year.

OUTLOOK AND PLANS FOR THE FUTURE

The 2025–2030 strategy focuses on diversifying funding sources (e.g., private partnerships and donor support), increasing investor uptake, and expanding commercial land availability. We will focus on securing additional funding, completing infrastructure projects, and enhancing investor services. Diversifying revenue streams and strengthening partnerships will be prioritised to ensure long-term sustainability. Enhanced fiscal modelling and stakeholder engagements are also priorities. The entity is exploring alternative revenue generation options such as renewable energy and pursuing tax incentives. We are also applying for top-structure funding from the dtic.

The construction of the Quantum V3 top structure factory will be a key highlight of the new financial year, marking the first factory to be built in Zone 1.

EVENTS AFTER THE REPORTING DATE

No significant events occurred after the reporting date that would impact the financial statements. Key events after 31 March 2025 include the continued implementation of the Quantum V3 Construction, and strategic preparations for unlocking Zones 2 and 3.

ECONOMIC VIABILITY OF THE ASEZCO

The ASEZCo remains economically viable, with a strong pipeline of investors. The core business strategy is based on making the ASEZ attractive for business and profit-making. Our focus on green technology and sustainable practices positions us as a leader in the sector. There is a strong focus on competitive business approaches to ensure economic viability. With ongoing infrastructure development and a growing investment pipeline, its long-term outlook is positive.

APPRECIATION

I express my deepest gratitude to the ASEZCo Executive leadership team. They have led with a focus on our objectives but remained flexible and responsive in the context of an evolving landscape. It is telling that we have achieved outstanding results in the areas under our direct control. This is a testament to the dedication, delivery-focused mindset, and adaptability of our exceptional team.

I also extend sincere thanks to the Board for their guidance and willingness to engage. Their commitment has ensured that our governance remains robust and responsive.

The Atlantis SEZ is an organisation that is built with and through strong partnerships. Thank you for including us and working alongside us. Together, we have achieved significant outcomes. We look forward to building on this momentum in the years ahead.

A special word of appreciation goes to the dtic, Western Cape Government, and City of Cape Town for their continued support. The Western Cape Government has remained steadfast in its financial support. Notwithstanding the challenges faced, the backing from the Western Cape Department of Agriculture, Economic Development and Tourism makes all our work possible.

Our success is the product of this collective effort and strategic alignment. Together with our partners, we will drive the ASEZ's success in the years ahead.

This report reflects our commitment to transparency, accountability, and excellence in delivering on our mandate.



MATTHEW CULLINAN
ASEZCO CHIEF EXECUTIVE OFFICER

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

1. All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.
2. The annual report is complete, accurate and free from any omissions.
3. The annual report has been prepared in accordance with the guidelines issued by National Treasury.
4. The Annual Financial Statements (Part F) have been prepared in accordance with the GRAP standards applicable to the public entity.
5. The accounting authority is responsible for the preparation of the annual financial statements and the judgements made in this information.
6. The accounting authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.
7. 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, the performance information, the human resources information and the financial affairs of the public entity for the Financial Year ended 31 March 2025.

Yours faithfully



CULLINAN, PATRICK MATTHEW
CEO
DATE



FAKIR, MOHAMED SALIEM
CHAIRPERSON
DATE

STRATEGIC OVERVIEW



VISION

The place where Africa's green economy grows.



MISSION

Our mission is to “develop a sustainable greentech SEZ which creates a conducive business environment for the Green economy and integrated economic growth and employment.”

In achieving this mission, the ASEZCo aims to become Africa's leading, globally competitive, and export-orientated greentech manufacturing zone and a Living Lab demonstrating the highest standards of good governance, low carbon and resource-efficient economic development and social inclusion.

In doing so, the ASEZCo will also contribute to global well-being through a commitment to the Sustainable Development Goals (SDGs) and the UNIDO Eco-Industrial Park Principles.



VALUES

Core values guide the way that we work and how we do business:

- » We are the global and African benchmark in greentech developments.
- » The Living Lab showcases and curates the future of the circular economy.
- » We create a flexible, adaptable, innovative, attractive, and competitive investment environment through a single-minded focus on the investor.
- » We ensure economic growth drives sustainable community development through enterprise creation, job creation and skills development.
- » We have committed staff who share this vision of the ASEZCo and see it as an employer of choice.
- » We are a respectful, open, and authentic work environment that prioritises diversity and inclusivity.
- » We focus on delivering on the expectations of our stakeholders.

The Atlantis Special Economic Zone Company SOC Ltd (ASEZCo) is a state-owned entity as defined in the Companies Act and a provincial public entity listed under Schedule 3D of the PFMA. It is characterised as a government business enterprise. The shareholders are the Western Cape Government and the City of Cape Town.

CONSTITUTIONAL MANDATE

THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996, AND THE WESTERN CAPE PROVINCIAL CONSTITUTION (ACT 1 OF 1998)

The governance and management of the Atlantis Special Economic Zone State-Owned Company Limited (ASEZCo) is guided by the Constitution of the Republic of South Africa, Act No. 108 of 1996, as well as the Constitution of the Western Cape, Act No. 1 of 1998. Several chapters of the South African Constitution inform ASEZCo's mandate and operational character. Chapter 3 provides principles of cooperative governance, intergovernmental relations, and collaboration between the three spheres of government: national, provincial, and local.

Relevant to ASEZCo's aims, Schedule 4 of the Constitution deals with functional areas of concurrent legislative responsibilities between national and provincial levels and lists the areas where national and provincial governments can legislate, including trade, industrial promotion, economic affairs, and regional planning and development. Chapter 7 deals with local government and prescribes that economic development at the local government level should be aligned with national and provincial plans. Chapter 13 on finance outlines the financial and fiscal responsibilities of different levels of government and thus enables budget allocation to the ASEZCo.

The Western Cape Provincial Constitution further provides a framework for governance that supports economic development and spatial planning through legislative powers, executive action, cooperative governance, and public participation.

LEGISLATIVE AND POLICY MANDATES

LEGISLATIVE MANDATE

The Atlantis Special Economic Zone Company SOC (ASEZCo) is governed concurrently as a State-Owned Company (SOC) as defined by the Companies Act 71 of 2008, and as a Schedule 3D listed entity under the Public Finance Management Act 1 of 1999 (the PFMA). A PFMA Schedule 3D listed entity is a provincial business enterprise that operates commercially. Although intended to generate profit, it is expected to balance this with the established socio-economic objectives. The PFMA and its regulations prescribe how to manage public finances and avoid irregular, fruitless, and wasteful expenditures.

ASEZCo operationalises the objectives of the designated Atlantis Special Economic Zone (ASEZ), which was established in 2018 in terms of the Special Economic Zone Act 16 of 2014, following its designation, as such, by the National Cabinet and the Western Cape Provincial Government's issuing of a license to operate.

The Shareholders of ASEZCo are the Western Cape Provincial Government and the City of Cape Town, respectively.

The **Special Economic Zone Act 16 of 2014** prescribes the designation, promotion, development, operation, and management of Special Economic Zones. The **SEZ Regulations of 2016**, published under Section 41 of the SEZ Act, enable support measures for businesses located within a Special Economic Zone and are prescribed as per Section 24 (4) of the SEZ legislation.

The support measures for businesses in special economic zones are specifically:

- » Tax incentives in terms of the Income Tax Act 58 of 1962, and the Employment Tax Incentive Act 25 of 2013 (as amended).
- » Tax relief applicable to a business in terms of the Value-Added Tax Act of 1991 (Act 89 of 1991), the Customs and Excise Act of 1964, and the Customs Duty Act 30 of 2014.

Companies in the ASEZ are eligible to apply for tax incentives to SARS. The SEZ Act Regulations of 2016 also stipulate that:

“a business located within a customs-controlled area of a Special Economic Zone as defined in Section 21A (1) of the Customs and Excise Act, 91 of 1964 may be subject to such controls and procedures as the Commissioner for the South African Revenue Services may prescribe by rule, which may include exemption from customs duties and levies and exemption from Value Added Tax”.

Due to ASEZ's chosen specialisation as the Greentech manufacturing hub, its outcomes, namely economic prosperity, social inclusion and environmental stewardship, mean that ASEZCo, through its operations, must give effect to the objectives of the following legal frameworks:

- » Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended by the BBBEE Amendment Act, 2013 (Act 46 of 2013), and the Broad-Based Black Economic Empowerment (B-BBEE) Codes as published in the Government Gazette from time to time
- » National Environmental Management Act 107 of 1998
- » National Water Act 36 of 1998
- » National Environmental Management: Biodiversity Act 10 of 2004
- » National Environmental Management: Waste Act 59 of 2008
- » National Environmental Management: Air Quality Act 39 of 2004
- » Atmospheric Pollution Prevention Act 45 of 1965

WESTERN CAPE ECONOMIC DEVELOPMENT INFRASTRUCTURE ACT, 2019 (ACT 3 OF 2019)

The Western Cape Special Economic Development Infrastructure Act 3 of 2019 also applies to the development of the ASEZ, as it enables the establishment and management of a juristic person to hold and safeguard the Western Cape Government's interests in special economic development infrastructure projects.

Other legislative mandates directly regulating the conduct of business by ASEZCo are the following:

- » Companies Act (Act 71 of 2008)
- » Financial Intelligence Centre Act (Act 38 of 2001)
- » Income Tax Act (Act 58 of 1962)
- » Public Finance Management Act (Act 1 of 1999)
- » Preferential Procurement Policy Framework Act 5 of 2000
- » Municipal Finance Management Act 56 of 2003
- » Competition Act 89 of 1998 as amended
- » Construction Industry Development Board Act 38 of 2000
- » Construction Regulations, 2014 (published under section 43 of the Occupational Health and Safety Act 85 of 1993)

As an employer, ASEZCo is also required to adhere to and comply with the following legislation:

- » Basic Conditions of Employment Act 75 of 1997
- » Compensation for Occupational Injuries and Diseases Act 130 of 1993
- » Employment Equity (EE) Act 55 of 1988
- » Labour Relations Act 66 of 1995
- » Occupational Health and Safety Act 85 of 1993
- » Skills Development Act 97 of 1998

Other legislative mandates are the following:

- » Consumer Protection Act (Act 68 of 2008)
- » Control of Access to Public Premises and Vehicles Act (Act 53 of 1985)
- » Council for the Built Environment Act (Act 43 of 2000)
- » Promotion of Access to Information Act (Act 2 of 2000)
- » Protection of Personal Information Act (Act 4 of 2013)
- » Spatial Planning and Land Use Management Act (Act 16 of 2013)

POLICY MANDATE

The ASEZCo policy mandate is derived from national, provincial, and local government strategies, policies, and plans, which are detailed below:

THE NATIONAL DEVELOPMENT PLAN (NDP)

The National Development Plan (NDP), adopted in 2012, remains the long-term national socio-economic development plan, and the mandate of the ASEZ directly contributes to its goals, including the aim to reduce unemployment, eradicate poverty, reduce inequality, and achieve a decent standard of living by 2030. The NDP goals and objectives align with various international development frameworks, including the Sustainable Development Goals (SDGs) and the African Union's Agenda 2063.

The NDP targets and objectives represent a proxy of economic development aspirations for the country by 2030, and these are to:

- » achieve GDP growth of 5,4%;
- » reduce official unemployment to 6%;
- » eradicate poverty; and
- » reduce inequality.

THE DISTRICT DEVELOPMENT MODEL (DDM)

Amongst the constraints to achieving the objectives of the NDP is the need for coherence and coordination in implementation. In 2019, the national government introduced the District Development Model (DDM), which aims to harmonise priorities of the different spheres of government and foster community engagement by adopting "one plan" and "one budget" when implementing interventions to achieve socio-economic development objectives at the local level.

Implementing the ASEZ strategy advances the DDM's multiple goals, including maximising impact, accelerating sustainable development, delivering integrated service, and meeting community needs.

THE ECONOMIC RECONSTRUCTION AND RECOVERY PLAN (ERRP)

The Economic Reconstruction and Recovery Plan (ERRP), introduced in October 2020, aims to unlock economic growth constraints through critical priority interventions, enablers, and several structural reforms. The priority interventions which are advanced through realising ASEZCo's strategic objectives are:

- » Infrastructure investment and resource mobilisation;
- » Industrialisation, localisation and exports;
- » Energy security;
- » Tourism recovery and growth;
- » Gender equality and economic inclusion;
- » Green economy;
- » Presidential employment stimulus; and
- » Strengthening food security.

THE GOVERNMENT OF NATIONAL UNITY STATEMENT OF INTENT (SOL)

The Government of National Unity (GNU), established after the 2024 elections, brings together multiple political parties committed to stabilising governance and accelerating national development. A Statement of Intent (Sol) binds the GNU and establishes its foundational principles and minimum priorities programme. It is founded on key principles including constitutionalism, non-racialism, ethical leadership, and inclusive growth. The GNU has adopted a Minimum Programme of Priorities focused on growing the economy and creating jobs, tackling crime and corruption, improving service delivery, investing in education and healthcare, securing energy and infrastructure, and building a capable, developmental state. This collaborative framework aims to promote unity, accountability, and sustainable progress across South Africa.

THE MEDIUM-TERM DEVELOPMENT PLAN FOR 2024 TO 2029 (MTDP)

The Medium-Term Development Plan (MTDP) 2024-2029 serves as the five-year strategic plan for South Africa's 7th Administration under the Government of National Unity (GNU), which was established following the 29 May 2024 general elections. It acts as the implementation framework for the National Development Plan (NDP): Vision 2030, aligning with its goals while emphasising development outcomes and economic growth.

The MTDP replaces the Medium-Term Strategic Framework (MTSF) and is designed to focus on fewer, high-impact interventions to drive measurable results. It was approved by Cabinet Lekgotla on 29 January 2025 and is structured around three core strategic priorities:

- » Inclusive growth and job creation (Apex priority) – driving economic interventions across all spheres of government.
- » Reducing poverty and tackling the high cost of living – ensuring social protection and economic inclusion.
- » Building a capable, ethical and developmental state – enhancing governance, law and order, and enabling infrastructure.

The WCG aligns its strategies with the MTDP's priorities while maintaining its own provincial mandates through the Provincial Strategic Plan (PSP) and the Provincial Strategic Implementation Plan (PSIP).

- » Economic Growth and Job Creation: WCG will contribute through provincial economic policies, investment attraction, skills development, and infrastructure projects that support the national focus on inclusive growth.

- » Poverty Reduction and Social Interventions: WCG's social development programmes, health initiatives, and education reforms will align with the national emphasis on lowering the cost of living.
- » Building a Capable State: The WCG's governance innovation, service delivery efficiency, and regulatory frameworks will support the national goal of strengthening institutional capacity and ethical leadership.

The ASEZ is uniquely positioned to realise the aims and policy intentions of the national government, the Western Cape Provincial Government, and the City of Cape Town.

THE WESTERN CAPE PROVINCE'S GROWTH FOR JOBS STRATEGY (G4J)

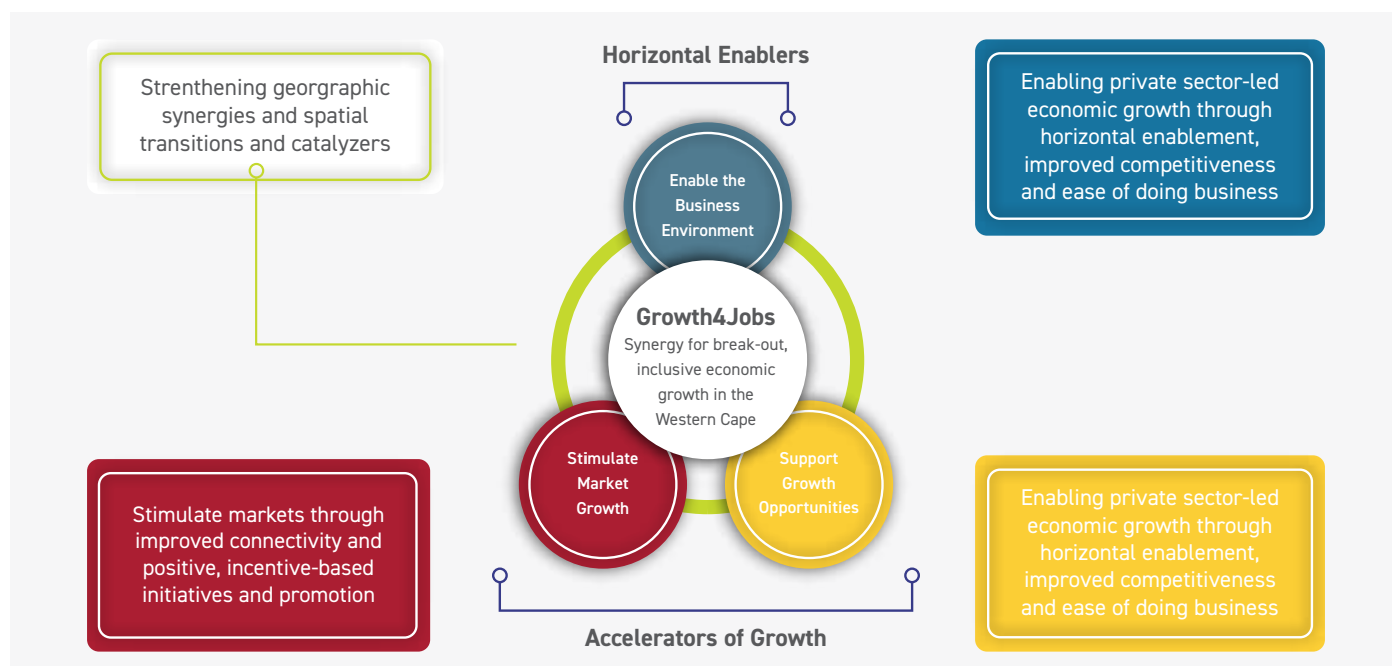
The Western Cape Provincial Government introduced the Growth for Jobs Strategy in 2023. The strategy aims to grow the economy by between 4% and 6%, to R1 trillion by 2035. By 2030, the overall target for the Growth for Jobs Strategy is to:

- » Grow the Western Cape Economy to R820 billion at an average of 3,1 % annually; and
- » Generate additional net jobs amounting to 360 000.

In its approach, the Strategy positions the private sector as responsible for creating jobs and the state as an enabler of "business and people to create and exploit opportunities." Success in achieving the strategy goals envisages an all-society approach.

The Strategy has also identified vital levers, enablers, and growth accelerators, as depicted in Figure 2 below. The ASEZ is a significant economic development catalyst in the Western Cape Province. It inherently strengthens geographic synergies and spatial transitions and enables private sector-led economic growth.

Figure 2: Growth for Jobs Strategy key levers, enablers, and accelerators of economic growth



Growth for Jobs Strategy's seven priority focus areas (PFAs) provides a framework for various interventions (see Figure 3).

Figure 3: The seven priority focus areas (PFAs) of the Western Cape Government's Growth for Jobs Strategy



THE WESTERN CAPE PROVINCIAL STRATEGIC PLAN (PSP) 2019 – 2024

The Western Cape Strategic Plan 2019–2024 plan refined the previous strategy's five Provincial Strategic Goals (PSGs) into five Vision-Inspired Priorities (VIPs): Safe and Cohesive Communities, Growth and Jobs, Empowering People, Mobility and Spatial Transformation, and Innovation and Culture. Midway through implementation, the PSP was adjusted through the Recovery Plan in response to the COVID-19 pandemic. This adjustment consolidated the VIPs into five overarching priorities: Growth for Jobs, Wellbeing, Safety, Innovation, Culture and Governance and introduced new initiatives to address the emerging challenges posed by the pandemic.

THE CITY OF CAPE TOWN INTEGRATED DEVELOPMENT PLAN (IDP): 2022 TO 2027 AND RELEVANT CITY POLICIES

This plan aims to position Cape Town as a forward-looking, globally competitive business City – a goal that aligns well with the ASEZCo's ambitions. It also emphasises the priority of being resource-efficient and ensuring security of services, and has prioritised the green economy policies. The City, which experienced an acute drought dubbed "Day Zero" in 2018, has had to respond not only to climate change through adopting a low-carbon economic path but has also placed great significance on water resource management and efficiency in water use. The national energy crisis also underpins the City's commitment to energy independence. It is positioning itself as an active player in adopting renewable energy generation technologies. The City is promoting itself as the destination for investments.

It also specifically notes its support for the ASEZCo:

"The City will continue working with the Province, the National Department of Trade and Industry and special-purpose vehicles to make the ASEZCo more attractive as an investment destination, particularly for manufacturing. In this regard, the City supports and believes in the success of the Renewable Energy Independent Power Producers Programme (REIPPP). In advancing this project, the Atlantis Investment Facilitation Office will continue to provide high-quality facilitation services to prospective and existing investors."

Table 1 on the next page shows the direct contribution of the ASEZ and ASEZCo to three of the City's IDP priorities: economic growth, basic services, and a resilient city.

Table 1: Relevant City of Cape Town's IDP objectives for 2022 to 2027

IDP Priority: Economic growth	IDP Priority: Basic services	IDP Priority: A resilient city
<i>Let's make Cape Town the easiest place to do business and create jobs in Africa.</i>	<i>Let's get the basics right as the foundation of a healthy and prosperous city.</i>	<i>Let's build a resilient and climate-responsive city by reducing our vulnerability to shocks and stresses.</i>
Relevant IDP objectives, programmes, projects or initiatives for 2022 to 2027		
IDP Objective 1: Increased jobs and investment in the Cape Town economy <i>Programme, projects, initiatives</i> » The Ease of Doing Business Programme (EoDB) » Investment and Partnership Development Programme » Inclusive Economic Development and Growth Programme	IDP Objective 3: End load-shedding in Cape Town over time <i>Programme, projects, initiatives</i> » Diversified Energy Supply Programme » Energy Demand Response Programme	IDP Objective 14: A resilient city <i>Programme, projects, initiatives</i> » Climate Change Programme
	IDP Objective 4: Well-managed and modernised infrastructure and to support economic growth <i>Programme, projects, initiatives</i> » Utility Business Model Reform Programme » Excellence in Water and Sanitation Service Delivery Programme » Excellence in Waste Service Delivery Programme » Excellence in Energy Service Delivery Programme » Water Resilience Programme » Waste Minimisation and Recycling Programme	

The City of Cape Town, hereafter the City, has prioritised green economy policies. The City, which experienced an acute drought dubbed “Day Zero” in 2018, has had to respond not only to climate change through adopting a low-carbon economic path, but also placed great significance on water resource management and efficiency in water use.

The national energy crisis also underpins the City’s commitment to energy independence. It is positioning itself as an active player in adopting renewable energy generation technologies. The City is promoting itself as the destination for investments in small-scale embedded generation, energy storage, and energy efficiency. In 2023, the City adopted “Our Shared Energy Future: the 2050 Energy Strategy for the City of Cape Town”, with its stated vision being, “Energy security for a prosperous Cape Town. Together, we can build a resilient energy system where all residents and businesses have access to reliable, affordable, and carbon-neutral energy”.

The strategy underpinning principles are:



RELIABILITY: Ensures that energy is available when it is needed.



AFFORDABILITY: Ensures that citizens can pay without compromising other needs.



CARBON NEUTRALITY: Aims to limit greenhouse gas emissions.



RESILIENCE: Aims to build the capability to adapt to change and disruption.



The City's energy strategy aims to facilitate the transition to a more sustainable, low-carbon energy system, with renewable energy generation being a key focus. It prioritises generating and procuring renewable energy from Independent Power Producers (IPPs). The strategy encourages private sector participation and aims to build energy resilience by diversifying energy sources.

The City of Cape Town's Climate Change Strategy provides high-level strategic guidance for decision-making, planning, and programme and project development and implementation in respect of climate change. Having a clear climate change strategy enables the City to take action to reduce and prepare for risks (adaptation), and to take action to pursue heightened ambition in reducing greenhouse gas (GHG) emissions (mitigation) to approach carbon neutrality by 2050. The strategy also aims to ensure that the co-benefits of climate change adaptation and mitigation – including job creation, improved health, reduced risk, improved energy and water security, and a range of other benefits – are maximised in the implementation of the strategy.

THE REIMAGINED INDUSTRIAL STRATEGY

In 2019, a new industrial policy implementation approach was adopted in the form of the Reimagined Industrial Strategy, which focuses on developing and implementing industry sector master plans. This industrial policy phase heralded an industry-level plan focused on collaborative development and implementing industry master plans involving government, the private sector, and labour. The master plans are focused on unlocking constraints and are meant to be action-oriented, including firming up demand, securing competitive inputs, resolving regulatory barriers and upgrading productive capacity in companies. Several industry master plans have been issued, and relevant to the ASEZ and ASEZCo mandate are the South African Renewable Energy Masterplan (SAREM) and the Agriculture and Agro-processing Master Plan (AAMP).

THE SOUTH AFRICAN RENEWABLE ENERGY MASTER PLAN (SAREM)

During the last financial year, the ASEZ engaged on various platforms to support the finalisation and implementation plans of the South African Renewable Energy Master Plan (SAREM). The SAREM is pivotal to achieving South Africa's economic, industrial, energy, and environmental objectives and is central to realising the ASEZ and ASEZCo mandate and strategy. It was finalised in November 2023 following an evidence-based and consultative process. The SAREM key objectives, which are set to be achieved by 2030, and the planned interventions, including supporting demand, driving industrial development, fostering inclusive growth, and building capabilities, are critical in contributing to ASEZ's realisation of its vision and attainment of the ASEZCo Strategic Plan for 2025 to 2030.

Figure 4 on the following page depicts SAREM's strategic intent well.



Figure 4: SAREM vision, key objectives by 2030 and critical interventions

Source: Department of Minerals and Energy Workshop Presentation of 9 July 2024

VISION

Industrialisation of the renewable energy and battery storage value chain to enable inclusive participation in the energy transition, serving the needs of society, and contributing to economic revival.



KEY OBJECTIVES BY 2030

- Grow the economy by fostering the rollout of renewable energy and battery storage projects.
- Grow the industrial capacity in the renewable energy and battery storage value chain.
 - Create and sustain decent employment across the value chain.
 - Build the capabilities needed for the industry's sustained growth.
 - Build a transformed industry throughout the value chain.
 - Contribute to a just transition.



SUPPORTING DEMAND

- Market certainty
- System readiness



DRIVING INDUSTRIAL DEVELOPMENT

- Localisation
- Input materials
- Trade promotion



BUILDING THE CAPABILITIES

- Skills and technology development



FOSTERING INCLUSIVE DEVELOPMENT

- Transformation
- New entrants
- Just transition

THE AGRICULTURE AND AGRO-PROCESSING MASTER PLAN (AAMP)

The AAMP was adopted in 2022, and ASEZCo's implementation of its strategic planning for 2025 to 2030 will contribute to achieving the critical interventions in areas such as renewable energy, energy efficiency, water management, climate resilience, sustainable supply chains and research and innovation.

THE INDUSTRIAL POLICY AND STRATEGY REVIEW

In May 2024, the dtic published the Industrial Policy and Strategy Review, titled "Transforming Vision into Action: Charting South Africa's Industrial Future" which recommended:

- » targeting sectors with high growth potential, including manufacturing, green industries, agro-processing and the automotive sector,
- » increased investment in research, development and innovation (RDI)
- » support for small and medium enterprises (SMEs),
- » enhancement of South Africa's participation in regional and global value chains
- » green economy transition,
- » skills development,
- » infrastructure development, and
- » industrial financing and incentives.

The review recommendations are intended to foster industrialisation, enhance competitiveness and support sustainable economic growth.

The document focuses on the Industrial Policy Action Plan to emphasise those elements that will support inclusion and private investment. It notes the fundamental building blocks of sustainable growth and includes adaptation to climate change and policies which contribute to equity, social stability, and cohesion. The new approach focuses on the following:

- » Five growth engines (Industrialisation; Investment and Infrastructure; Innovation; Integration; and Inclusion) fuelled by private-sector partnerships, growing productive forces, and an entrepreneurial State.
- » Seven priority sectors (Industrial; Agriculture and Agro-processing; Mining; Tourism; High Tech/Knowledge-based; Creative; and Oceans), our Jobs Drivers.
- » Four spatial interventions (SEZs; Industrial Parks; Smart Youth Centres; Business Centres and Incubation Hub; and Township and Village Enterprises).
- » A new integrated approach to implementation.
- » Clear action plans, budgets and timelines.

At the time, the strategy called for a complete regulatory and legislative process for a new and enlarged support programme for SEZs that includes competitive tax benefits and conditional grants for infrastructure. On the Atlantis SEZ, it specifically mentions an immediate priority to establish the SEZ Company and the development of its infrastructure.

The work on the Reimagined Industrial Policy focused on developing and implementing industry sector master plans. The master plans are focused on unlocking constraints and are meant to be action-oriented, including firming up demand, securing competitive inputs, resolving regulatory barriers, and upgrading productive capacity in companies. Several industry master plans have been issued, and those relevant to the ASEZ and ASEZCo mandate and priorities are the South African Renewable Energy Master Plan (SAREM) and the Agriculture and Agro-processing Master Plan (AAMP).

THE SOUTH AFRICAN ECONOMIC RECONSTRUCTION AND RECOVERY PLAN, 2020

The key concepts of the plan are:

- » A drive for infrastructural investment in collaboration with the private sector to stimulate job creation.
- » Achieving energy security by opening up the electricity supply chain to independent power producers.
- » Digital push with broad-based spectrum auction progress and a commitment to improve the capacity of the "state."
- » A relaxation of the regulatory environment to enhance the ease of doing business and the associated drive to develop small businesses.
- » The introduction of e-visas to enhance tourism.
- » A scheme to employ young people to assist teachers in school learning.

This national recovery plan resonates with a number of themes within the jobs theme of the Western Cape Recovery Plan.

SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JETIP)

The vision and objectives of the JETIP are to establish an ambitious long-term partnership to support South Africa's pathway to low emissions and climate-resilient development, accelerate the just transition and the decarbonisation of the electricity system, and develop new economic opportunities such as green hydrogen and electric vehicles, amongst other interventions to support South Africa's shift towards a low carbon future. This plan is an initiative of a partnership established between South Africa and some major G7 economies. The SA-H2 Fund also aims to facilitate the development of the country's green hydrogen sector and attract \$1 billion in funding.

The ASEZ is well-positioned to actively engage with the JETIP and contribute to its overall vision and objectives.

ONECAPE2040

OneCape2040 is a deliberate attempt to stimulate a transition towards a more inclusive and resilient economic future for the Western Cape region. It is a vision and strategy for society, rather than a plan of Government, although all three spheres of Government are essential for implementation. It does not replace any existing statutory plans required of either the province or municipalities. Instead, it serves as a reference point and guide for all stakeholders to:

- » Promote fresh thinking and critical engagement in the future;
- » Provide a common agenda for private, public, and civil society collaboration;
- » Help align government action and investment decisions;
- » Facilitate the necessary changes to adapt to our rapidly changing local and global context; and
- » Address our development, sustainability, inclusion, and competitiveness imperatives.

WESTERN CAPE GREEN ECONOMY STRATEGY FRAMEWORK

The aim of the Western Cape Green Economy Strategy Framework is to position the Western Cape as the lowest carbon province in South Africa and the leading green economic hub of the African continent.

WESTERN CAPE INFRASTRUCTURE FRAMEWORK

The Western Cape Infrastructure Framework aligns the planning, delivery, and management of infrastructure provided by all stakeholders, including national government, provincial government, local government, parastatals, and the private sector.

Alignment to ASEZCo:

Identified key infrastructure transition	ASEZCo alignment
Energy: Promote the development of renewable energy plants in the province and associated manufacturing capability.	The ASEZ is currently a stakeholder in Atlantis Foundries' PPA to develop a solar facility adjacent to the Special Economic Zone. Through its green taxonomy, the ASEZ is recognised as the first and only greentech manufacturing hub on the African continent. The ASEZ targets to install rooftop solar on 40% roof space for all top structures.
Water: Expand and diversify agriculture to increase the availability of surface water, but reduce the water intensity of the sector, given the limited availability of water for irrigation.	Apart from renewable energy components, Zone 2 of the ASEZ will also focus on the agricultural cluster, emphasising the use of technology and innovation to drive greener agricultural outcomes.

SOUTH AFRICA'S GREEN ECONOMY POLICIES

South Africa is advancing the development and growth of the green economy at national, provincial, and local levels, and across several policy interventions. The ASEZ is uniquely positioned to realise and substantively contribute to these aspirations.

Sectoral policies encompassing energy, transport, water and environmental policies play a crucial catalytic role in the development, support and growth of the green economy.

The Energy Crisis Plan announced in 2022, along with the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), are critical energy policy instruments aimed at building a resilient energy system by scaling up renewable energy sources. The ASEZ will directly contribute to the realisation of these policy objectives, thereby advancing the ASEZ's broader vision.

The Green Transport Strategy, covering the period 2018 to 2050, addresses the reduction of GHG emissions, the sector's contribution to a green economy and promotes sustainable mobility. It aims to contribute about 5% to GHG reduction targets by 2050.

The Hydrogen Society Roadmap (HSRM) was launched in 2021 and states that by 2050, it will contribute to just and inclusive net-zero carbon economic growth for societal well-being in South Africa. Furthermore, the South African Cabinet approved the Green Hydrogen Commercialisation Strategy in October 2023. It seeks to lock in price subsidies arising in various developed countries for green hydrogen derivatives exports, supports the decarbonisation of domestic hard-to-abate sectors and aims to create the industrial capacity to manufacture components for wind, solar, and electrolyser facilities.

In the July 2024 State of the Nation Address, renewable energy-underpinned inclusive economic growth was positioned as a crucial initiative to drive the green manufacturing sector, which is centred on the export of green hydrogen and associated products, electric vehicles, and renewable energy components. A special economic zone is being established in Boegoebaai, Northern Cape Province, to drive investment in green hydrogen energy projects.

As green hydrogen industry development is a strategic area of growth for South Africa and the Western Cape Province, ASEZCo will continue to explore opportunities to attract suitable green hydrogen value-chain firms and suppliers to the ASEZ.

The Electric Vehicles White Paper, published in 2023, enables the transition of the automotive market and the building of productive capacity for electric vehicles (EVs) while simultaneously achieving the objectives outlined in the South African Automotive Master Plan (SAAM).

According to the policy paper, the goal is to "Set a course to transition the auto industry from primarily producing Internal Combustion Engine (ICE) vehicles, to a dual platform that includes EVs in the production and consumption mix, alongside ICE vehicles in South Africa by 2035."

The intended transition to electric vehicles will positively impact and stimulate the uptake of green technologies in the economy, and the ASEZ is well-positioned to ensure that sustainable capabilities underpin the country's emerging EV manufacturing industry.

South Africa, one of the most water-scarce countries in the world, is particularly vulnerable to climate change-related physical and economic risks. Thus, it needs to implement water strategies and plans that build resilience in the economy and benefit citizens. Adopting water conservation and demand management strategies has been necessary. These strategies include promoting water-saving technologies, improving water efficiency, and promoting the reuse and recycling of water resources. ASEZCo, as an approach to operating the Greentech zone, is committed to implementing water efficiency practices and is implementing a Net-Zero Water Strategy.

Reinforcing South Africa's environmental and sustainable development policy, the National Adaptation Strategy published in 2019 identified nine key vulnerability areas to climate change. These include unreliable and uncertain access to water, threats to agricultural productivity, risks to human safety from extreme events, vulnerable energy systems and infrastructure, and economic exposure due to carbon intensity and impacts on ecosystems and biodiversity conservation. The ASEZ's focus on Greentech manufacturing is crucial in supporting South Africa's mitigation and adaptation response to climate vulnerability by developing the requisite green and clean technology capabilities.

Furthermore, the ASEZ is being developed as a green precinct consistent with eco-industrial park principles. This means the zone will adopt practices in energy efficiency, water efficiency, and waste minimisation. In this regard, the zone operations will directly contribute to realising the goals of the National Waste Management Strategy published in 2020 and the National Energy Efficiency Strategy. The National Waste Management Strategy locates the circular economy concept at the centre of waste management.

Over these five years, the policy landscape evolved from a foundation of industrialisation and transformation towards a sophisticated framework integrating climate resilience, green technology, and systemic economic enablers. The ASEZ adapted by positioning itself at the nexus of industrial development, social inclusion and climate action, in alignment with both national strategies, such as SAREM, and provincial ambitions captured in the Growth for Jobs Strategy. This journey reflects the ASEZ's transformation into a catalyst for inclusive, green economic growth in the Western Cape and beyond.

INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

Over the 2020–2025 strategic period, ASEZCo successfully implemented a range of operational strategies and policies aligned with its strategic objectives. These initiatives played a pivotal role in advancing the organisation's mandate and are summarised below.

SECTOR OR INDUSTRIAL CLUSTERING STRATEGY

Regional economic development zones adopt sector or industry clustering approaches, which have been demonstrated to strengthen the competitiveness of those industries by increasing productivity, stimulating innovative new partnerships, and providing opportunities to enhance entrepreneurship. Clusters typically include firms, suppliers, service providers, and government agencies that collectively enhance synergies among businesses on the same value chain.

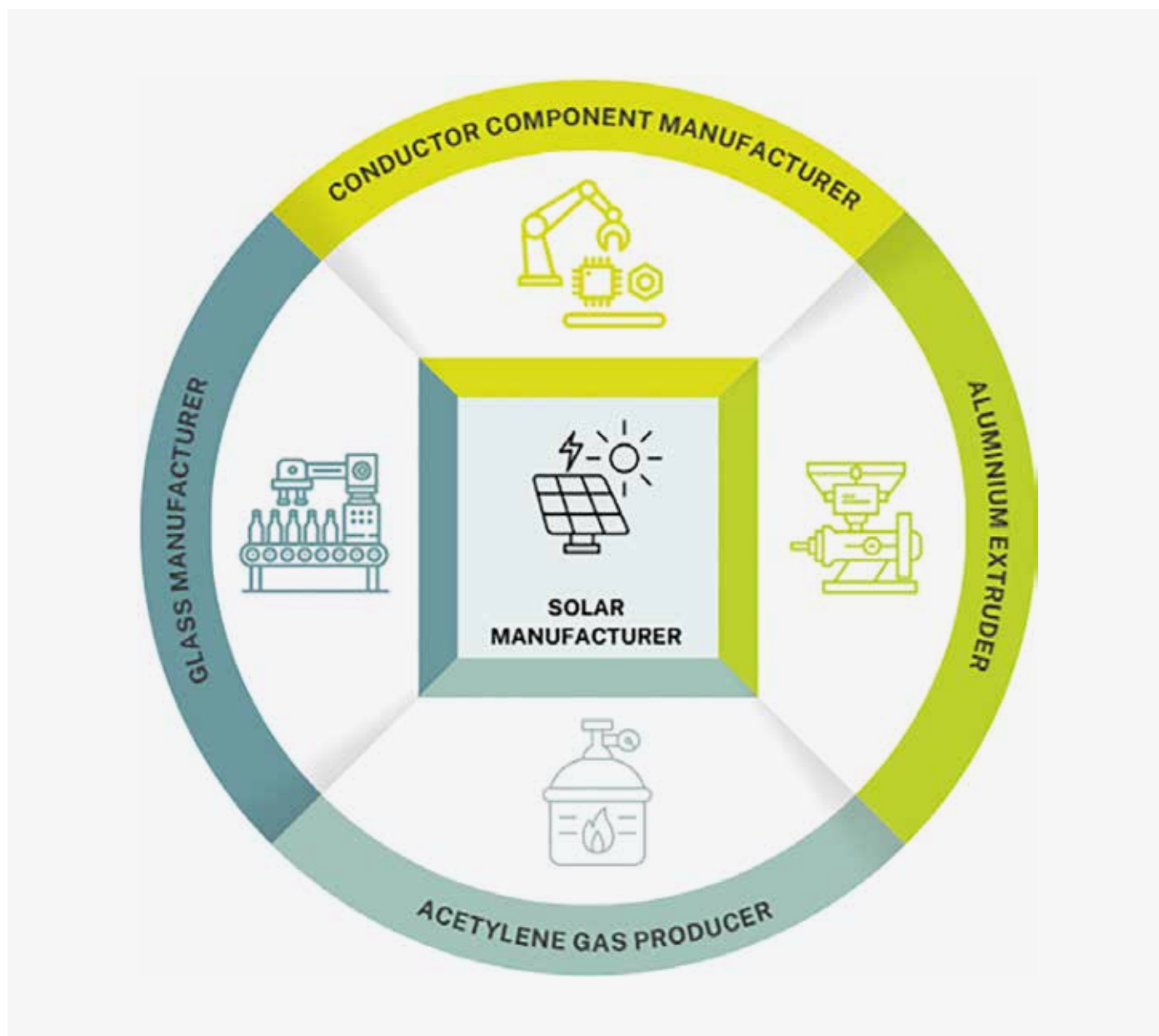
ASEZCo's tenant recruitment strategy follows an industry/sectoral clustering approach. Two sector/industrial clusters identified for tenancy in the ASEZ are renewable energy manufacturing and food and agri-processing or manufacturing.

The specific renewable energy subsectors that are being prioritised by ASEZCo are:

- » Inverter manufacturers
- » Solar component manufacturers
- » Wind turbine component manufacturers
- » Energy storage component manufacturers
- » E-mobility component manufacturers.

The example of solar panel component manufacturing in Figure 5 on the following page illustrates a clustering strategy.

Figure 5: An illustration of the sector / industrial clustering strategy



The food and agri-processing industry recruitment for tenancy in the ASEZ targets commodity producers around Atlantis. It focuses on wheat, maize, and canola producers and technologies contributing to more resource-efficient agricultural practices.

GREEN ZONE AND BUILDINGS, CLEAN ENERGY, AND RESOURCE-EFFICIENT AND CLEANER PRODUCTION (RECP) PRACTICES

ASEZ buildings and infrastructure are being developed in line with green building principles, ensuring environmental sustainability throughout their life cycle.

Tenants in the zone will benefit from clean and renewable energy installations, while Resource Efficiency and Cleaner Production (RECP) operational practices, such as energy and industrial water efficiency, will be implemented to reduce environmental impact.

Locally, the National Cleaner Production Centre of South Africa, a dtic initiative managed by the CSIR, offers the following description of resource efficiency and cleaner production (RECP): "A systematic and integrated approach to managing energy, water, environmental and financial resources, eliminating or minimising waste and emissions to the environment, on a sustainable and cost-effective basis".

Thus, tenants of the ASEZ will benefit commercially and improve their environmental performance.

Through a partnership approach and by leveraging the ASEZ's renewable energy supply and green zone service offerings, ASEZCo will support tenant companies in embarking on sustainability and greening journeys. This will help them achieve their lower carbon emissions, energy efficiency, water efficiency, and waste minimisation objectives and targets, which will benefit them commercially in trading and complying with Carbon Border Adjustment Mechanism (CBAM) regulations in some export markets.

RELEVANT COURT RULINGS

There are no new rulings which are relevant to the Atlantis SEZ SOC that are expected to have a significant impact on its operations.

POLICIES WE NEED TO ENGAGE WITH

Integrated Energy Plan (IEP)

The IEP is an overarching, multi-faceted, long-term national plan that describes the recommended future energy roadmap for South Africa.

This long-term policy has multiple objectives aimed at:

- » Guide the development of energy policies and, where relevant, set the framework for regulations in the energy sector.
- » Guide the selection of appropriate technologies to meet energy demand (i.e., what types and sizes of new power plants and refineries should be built and what prices should be charged for fuels).
- » Guide the investment and development of energy infrastructure in South Africa.

The current IEP and IRP are not aligned. The Integrated Resource Plan (IRP) can be viewed as a subset of the IEP in that it considers only the future demand and supply of electricity and proposes a capacity expansion plan to ensure that the energy demand needs are met most effectively.

Green Hydrogen Commercialisation Strategy

The Hydrogen Society Roadmap (HSRM) was launched in 2021 and states that by 2050, it will contribute to just and inclusive net-zero-carbon economic growth for societal well-being in South Africa. Furthermore, the South African Cabinet approved the Green Hydrogen Commercialisation Strategy in October 2023. It seeks to lock in price subsidies arising in various developed countries for green hydrogen derivatives exports, supports the decarbonisation of domestic hard-to-abate sectors, and aims to create the industrial capacity to manufacture components for wind, solar, and electrolyser facilities.

Western Cape Green Hydrogen Strategy

The Western Cape provincial government has set ambitious goals for the Western Cape Green Hydrogen strategy, by 2035, to:

Facilitate the generation and supply of 15 GW required for Green Hydrogen production in the Western Cape. The province also aims to support projects that generate their own power for electrolysis to meet the Western Cape's domestic green hydrogen demand, contributing significantly to hydrogen and hydrogen derivatives exported from the Western Cape. The quantum of this additional capacity will be demand-led by private-sector green hydrogen projects.

Through excess supply capacity generated by Green Hydrogen electricity requirements, contribute towards the 1 800 MW – 5 700 MW goal target of the Energy Priority Focus Area of the Growth for Jobs Strategy, in order to reduce reliance on energy from Eskom.

Utilise between 90 kt and 132 kt green hydrogen in hard-to-abate sectors in the province to reduce greenhouse gas emissions by 3,3 Mt to 5 Mt of carbon dioxide equivalent (MtCO₂e) per annum.

Export between 300 kt and 420 kt green hydrogen as pure hydrogen or in derivative forms, such as green ammonia, methanol, or synthetic aviation fuel. This can happen both through bulk exports and through refuelling of international marine and aviation transport

As green hydrogen industry development is a strategic area of growth for South Africa and Western Cape Province, ASEZCo will continue to explore opportunities to attract suitable green hydrogen value-chain firms and suppliers to the ASEZ.

Integrated Resource Plan (IRP)

The IRP is an electricity infrastructure development plan based on the least-cost electricity supply and demand balance, considering the security of supply and the environment (minimising negative emissions and water usage). Upon its promulgation, it was envisaged that the IRP would be a “living plan” to be revised regularly. The IRP 2010–2030 identified the preferred generation technology required to meet expected demand growth up to 2030. It incorporated government objectives such as affordable electricity, reduced greenhouse gas (GHG) emissions, reduced water consumption, diversified electricity generation sources, localisation, and regional development.

The Integrated Resource Plan is being updated after substantive input into the 2023 draft. It is envisaged to align with South Africa's Nationally Determined Contribution (NDC), which the country revised to reduce carbon emissions within the target range of 350–420 MtCO₂e by 2030.

Aligning the IRP objectives with our methodology of targeting tenants for the ASEZ is a sure-footed way to secure green technology manufacturing. Ensuring the implementation of the IRP is of utmost importance to ASEZCo's ambitions to promote and facilitate investment in the ASEZ.

ORGANISATIONAL STRUCTURE

At ASEZCo, our structure reflects more than reporting lines. It represents our commitment to people, purpose, and impact. As a small, diverse, and specialised organisation, we are deeply rooted in values of collaboration, inclusivity, culture, and community engagement. Guided by a vision to build a sustainable green economy in Atlantis and beyond, we bring together innovative, cross-disciplinary professionals who share a passion for holistic development and excellence. Operating within a public-private partnership framework, ASEZCo leverages flexibility and strategic alignment to remain responsive to the evolving green technology landscape. Our core team is appointed on three- to five-year fixed-term contracts and supported by a streamlined organogram that promotes clarity, accountability, and efficiency. This model, aligned with the Medium-Term Expenditure Framework (MTEF), this model enables phased, trigger-based implementation – balancing cost containment with operational agility over the next three to five years.

Importantly, our structure is people-centred. Through initiatives such as the ASEZCo's internship programme, we create pathways for young, talented, unemployed professionals to gain meaningful experience. In the past year, we proudly hosted several unemployed graduates, two of whom have transitioned into permanent roles within the ASEZCo – a tangible example of our commitment to nurturing local talent and building the next generation of professionals in greentech.

EXECUTIVE MANAGEMENT

Figure 6: ASEZ organisational structure

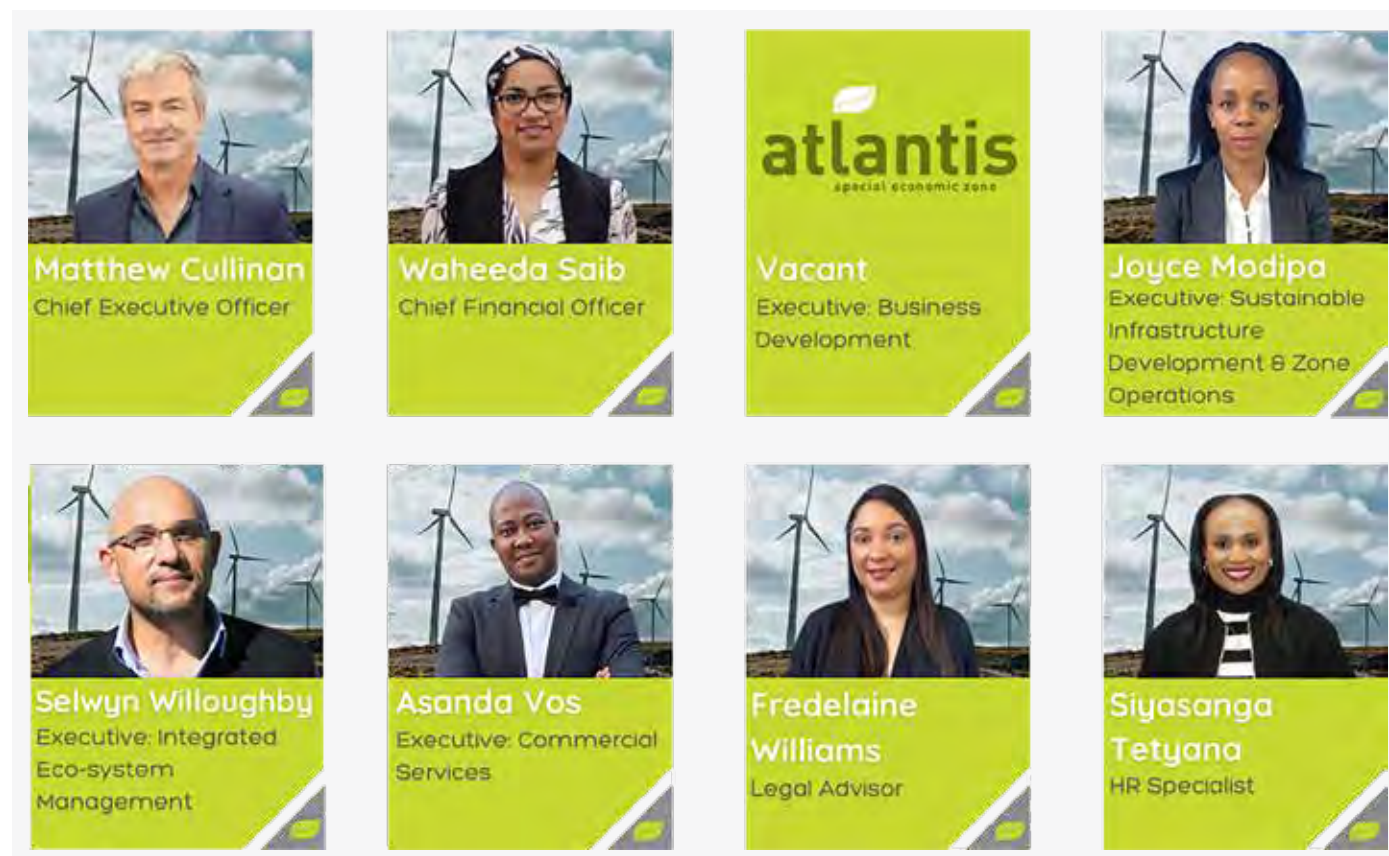
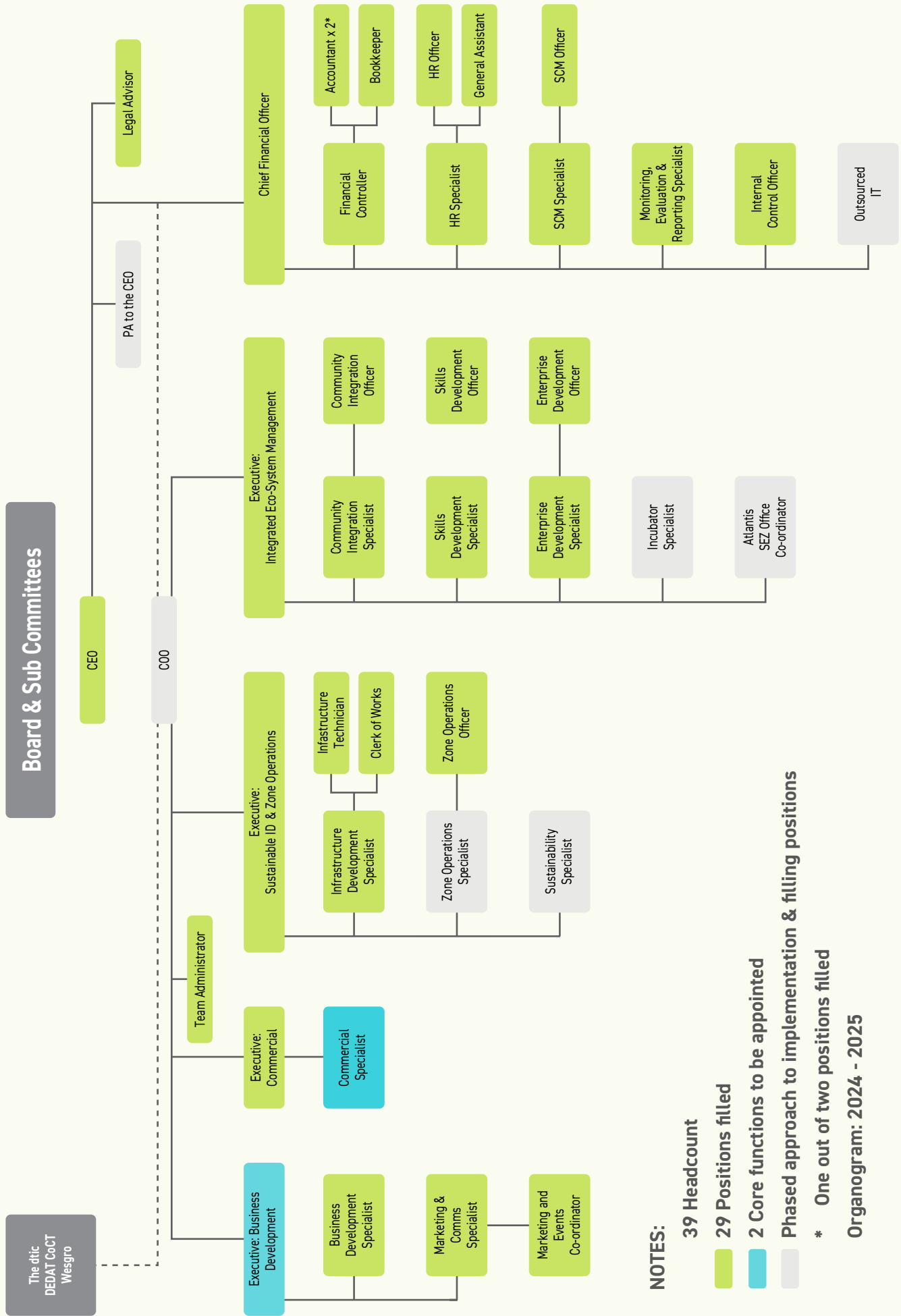


Figure 6: ASEZ organisational structure



NOTES:

39 Headcount

29 Positions filled

2 Core functions to be appointed

Phased approach to implementation & filling positions

* One out of two positions filled

Organogram: 2024 - 2025

BOARD OF DIRECTORS

BOARD COMPOSITION

The ASEZCo Board comprises representatives from the national, provincial, and municipal governments. Additionally, the Board includes a community and labour representative, as well as an independent greentech representative.



SALIEM FAKIR
BOARD CHAIRPERSON
APPOINTED: 29/05/2022

Saliem Fakir is an expert in climate, geopolitics, and financial economics. He is the founder and executive director of the African Climate Foundation – Africa's first strategic grant-making foundation focused on delivering impact through support to interventions at the climate-development nexus.

Before establishing the African Climate Foundation, Saliem led the Policy and Futures Unit at WWF South Africa for 11 years. He has served as a senior lecturer at the Department of Public Administration and Planning and as an associate director at the Centre for Renewable and Sustainable Energy at Stellenbosch University. Additionally, he was the director of the World Conservation Union, South Africa (IUCN-SA) for eight years. Saliem has served on several boards and is a prolific writer, contributing regularly to leading South African publications like Engineering News, Business Day, and the Daily Maverick.



ILSE VAN SCHALKWYK
APPOINTED: 20/02/2025

Ilse van Schalkwyk is the Acting Deputy Director-General of the Western Cape Department of Economic Development and Tourism. She is a development economist who holds a master's degree from the University of Stellenbosch with more than 18 years of experience in both the private and public sectors in economic research and planning, strategy development, market research, as well as economic analysis for local and international clients. The major programmes she is responsible for include sector trade and development, investment, tourism and economic planning.



ANTHONY HAZELL
APPOINTED: 29/11/2024

Before joining the Mayor's Office at the end of 2021, Anthony worked for the Western Cape Government for ten years, fulfilling roles as diverse as Chief Director: Policy and Strategy in the Department of the Premier and Chief Knowledge Officer, and Programme Management Advisor and Head of Ministry in the Department of Human Settlements. In between working for the Western Cape Government and the City, he worked as a senior knowledge partner with Douglas Knowledge Partners, collaborating with global management consulting firms, governments, and knowledge publications to develop, draft and edit strategies, research reports and articles. With a B.Sc. (Honours) in Zoology from the University of Cape Town, Anthony initially worked in marine research for a few years, before transitioning to political strategic communications and relationship management for the Democratic Alliance in Parliament and National Head Office, respectively, and then joined the provincial government in November 2009.



ZUKISWA KIMANI

APPOINTED: 25/11/2019

Zukiswa Kimani is the Chief Director in the Sectors Branch of the South African Department of Trade, Industry and Competition (dtic). She has been working in the industrial policy environment for over 17 years, responsible for managing, evaluating, and coordinating the development of South Africa's industrial policy, inclusive of the previous Industrial Policy Action Plan (IPAP) and the Reimagined Industrial Strategy's Master Plans. She is also responsible for the design and development of marine manufacturing / shipbuilding interventions, as well as oversight of the Aerospace and Defence sector. She is also responsible for overseeing industry research undertaken by the Sectors branch to ensure evidence-based policy formulation and Industrial Policy Capacity Building Programmes such as the African Programme on Rethinking Development Economics (APORDE). She serves on various panels, boards, and investment adjudication committees. She holds a master's degree in international and development economics from the Australian National University (ANU).



LEON JONATHAN ROMAN

APPOINTED: 26/06/2020

Leon Roman began his career in engineering (1985) as an Electronics Equipment Mechanician at Atlantis Diesel Engines, obtaining a National Diploma in Electrical Engineering (LC). He fulfilled roles such as Maintenance Foreman and Maintenance Manager. He attended various Management programmes as well as the Executive Development Programme (USB-ed). In the late 1990s, his career changed from technical to behavioural – Human Resource Development – and he completed his MBA at the Cape University in 2008, and his Doctorate in Human Resource Development at Canterbury University in the UK in 2010. Leon has held senior management roles in various organisations and served as a non-executive director on the Boards of West Coast College (Chairperson) and Foodbev Seta (Beverage Chamber). He changed to an academic route and became a senior lecturer and researcher (Employment Equity in the Wholesale and Retail Sector; B-BBEE in South Africa) at Cape Peninsula University of Technology (CPUT). His current employer is Swartland Investments (Pty) Ltd, where he is a senior manager in the Human Resource Development Department. His passion for the Atlantis community where he resides brought him back to work as a pastor of the Baptist Church, and he has a passion for giving back to the community he grew up in.



KENOSI PEARL LOUISA SELANE

APPOINTED: 25/02/2021

Ms Selane is a Chartered Accountant (CA) SA with over 15 years of post-qualification experience, including an MBA degree. Ms Selane brings extensive experience and knowledge in strategic financial advisory, core finance and economic regulation, gained locally and in the United Kingdom. Ms Selane is known for her results-driven approach in investments, finance, and operations, experience she gained whilst working with start-ups and global organisations.



MATTHEW CULLINAN
CHIEF EXECUTIVE OFFICER
APPOINTED: 12/09/2022

Matthew has a master's degree in City and Regional Planning from the University of Cape Town, with undergraduate degrees in Economics and Environmental Science. He has also pursued additional studies in communications, marketing, and sustainable urban precincts. Matthew has contributed to development studies through academic papers and lectures at the Universities of Cape Town, Stellenbosch, and Cape Peninsula. Matthew is currently a member of the Governing Council of the Cape Peninsula University of Technology, where he also serves as Chair of the Physical Planning Committee. Matt is a Registered Professional Town and Regional Planner (PR. Pln) with the South African Council for Planners.

Matthew started his career in 1990, working as a freelance sound technician for international TV crews in South Africa for one year. He spent three years in London working at the head office of the United World Colleges, an educational NPO, as Communications Coordinator. In 1994, he moved back to Cape Town, where he joined MLH Architects and Planners as a City and Regional Planner. In 1997, he co-founded MCA Urban and Environmental Planners, a city and regional planning firm. The development and management of this company were his main focuses for the next 22 years. As a founding partner and ultimately managing partner, Matthew was able to engage in a wide range of urban and regional, policy and sustainable development projects. For almost 10 years, Matthew was also a Senior Technical Advisor with the Government Technical Advisory Centre (GTAC) based in National Treasury. He joined the team that led to the establishment of the Atlantis SEZ Company in May 2019. Before becoming CEO in April 2023, he was the Infrastructure Executive.



WAHEEDA SAIB
CHIEF FINANCIAL OFFICER
APPOINTED: 03/12/2019

Ms Saib is a Chartered Accountant with over 20 years of experience in the public and private sectors. After completing her articles with the Big Four, she joined the Auditor-General of South Africa. Ms Saib has extensive experience in evaluating risk assessments, assessing internal control systems, financial and asset management systems, including financial statement reporting in terms of IFRS and GRAP, as well as the assessment of reported performance by entities in their annual reports. Waheeda also focused widely on compliance evaluations in respect of the PFMA, MFMA, Supply Chain Management and other public sector legislative requirements.



FREDELAINE WILLIAMS
COMPANY SECRETARY
APPOINTED: 11/10/2021

Fredelaine Williams is the Company secretary of ASEZCo. She acquired an LLB degree from the University of the Western Cape in 2014. Ms Brand has experience in corporate law and governance. Ms Brand has provided company secretarial services to both private and JSE-listed entities and was appointed as the Company Secretary of the ASEZCo in October 2021.



JO-ANN DIEDRE JOHNSTON

APPOINTED 25/11/2019 – RESIGNED 18/11/2024

Ms Johnston graduated from the University of Cape Town with a Master's in Urban Infrastructure Design and Management, a Post-Graduate Diploma in Higher Education, and a Bachelor of Arts degree. With over thirty years of experience in socio-economic development, she specialises in investment promotion and sector development. Ms Johnston has worked as an Investment Advisor at the Western Cape Trade and Investment Promotion Agency, Wesgro, as General Manager at the Department of Trade, Industry and Competition's Trade and Investment South Africa, and as a senior diplomat at the South African High Commission in London for four years, responsible for promoting investment, trade and economic relations in the United Kingdom and across Europe. She currently serves as the Head of Department (HOD) at the Department of Economic Development and Tourism (DEDAT), where she leads strategic initiatives to drive inclusive economic growth and sustainable development in the Western Cape.



LANCE GREYLING

APPOINTED 25/11/2019 – TERM ENDED 24/11/2024

Lance Greyling holds an Honours in African Studies from UCT and a Postgraduate Diploma in Sustainable Energy from Stellenbosch University. With over 20 years' experience across the private sector, civil society, and government, he served as a Member of Parliament from 2004 to 2015, including roles as Chief Whip of the Independent Democrats and Shadow Minister of Energy. Since 2015, he has led trade and investment promotion at the City of Cape Town, most recently heading the Enterprise and Investment Department.

He is a founder and board member of the Bulungula Incubator and also serves on the boards of Wesgro, Cape Town Tourism, the Atlantis Special Economic Zone Company, and the Cape IT Initiative. He is a fellow of the Africa Leadership Initiative under the Aspen Global Leadership Network.



MARSHALL JULIAN JULLIES

APPOINTED 16/09/2021 – RESIGNED 31/12/2024

Marshall Julian Jullies holds multiple qualifications in education, including a B Tech in Education Management (CPUT) and an Advanced Diploma in School Leadership & Management (Stellenbosch University). He is registered with the South African Council of Educators (SACE) and has over 30 years' experience teaching Biology, Natural Science, and Mathematics. He currently serves as Deputy Principal at Reygersdal Primary School.

A lifelong community activist, Marshall is a founder member of the South African Democratic Teachers' Union (SADTU), where he has held various leadership positions, including his current role as Regional Secretary for the West Coast. He has also served in COSATU leadership, participated in conciliation and arbitration processes with the Education Labour Relations Council, and contributed to community development through his work with the Orion Organisation.

PART B

PERFORMANCE INFORMATION

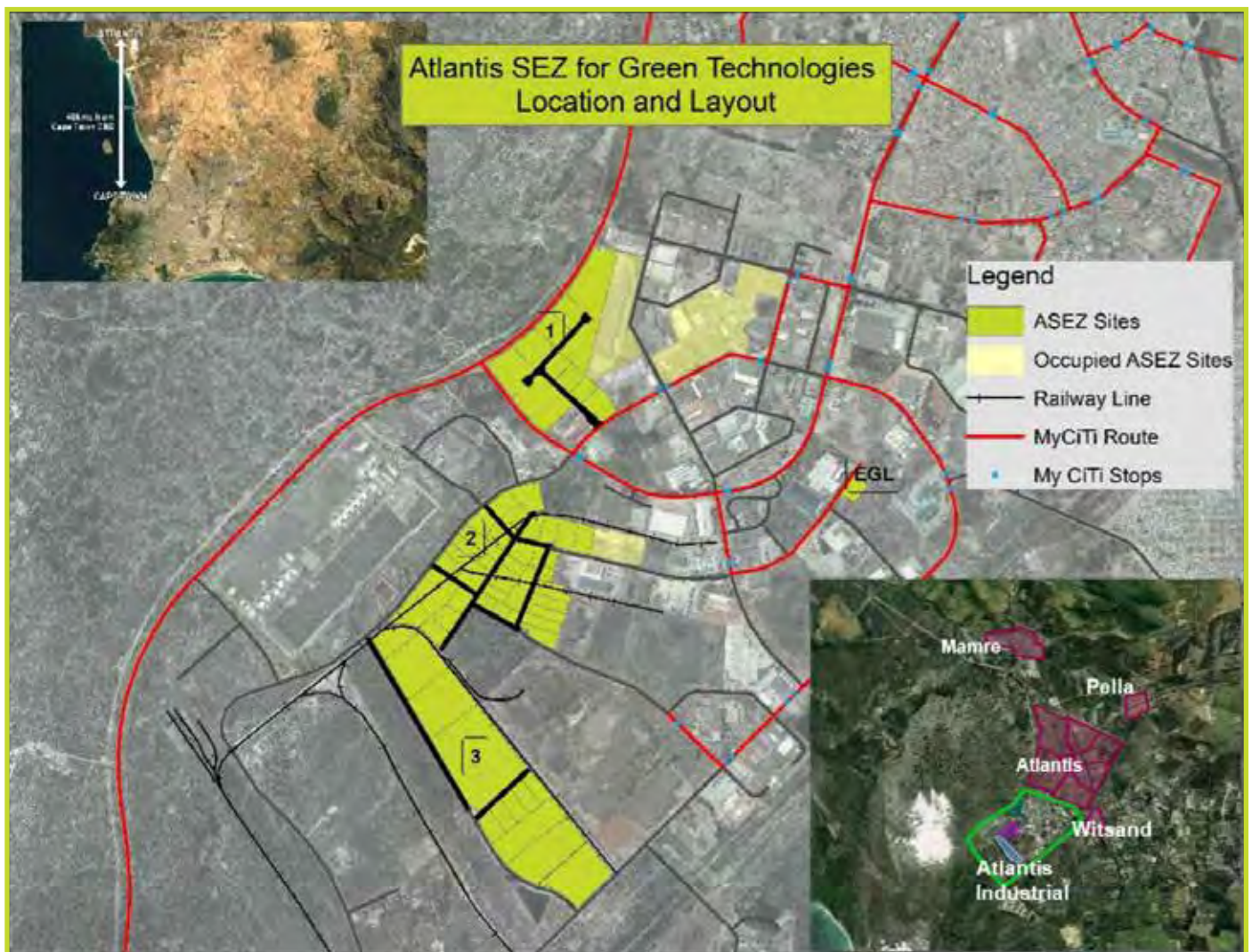




SITUATIONAL ANALYSIS

PHYSICAL CONTEXT AND OVERVIEW

Figure 7: Atlantis' physical context



Travelling north along the West Coast Road (R27), the Atlantis Industrial area is 54 km from the Port of Cape Town, 18 km from Melkbosstrand, and 108 km south of the Port of Saldanha Bay. Industrial development along the West Coast Corridor is considered a key initiative to the success of economic development in the Western Cape.

Figure 8: Atlantis SEZ Zone



The ASEZ is a geographical area of 119 ha within the Atlantis Industrial area. The 94 ha of land in the ASEZ has been transferred by the City of Cape Town to the ASEZ company. The ASEZ consists of Zones 1, 2 and 3. 24.6 ha of privately owned land was gazetted as part of the SEZ designation in 2018. The ASEZ purchased the lprop building in 2023, currently known as Zone 4 – EGL Building. Co. The building is currently leased to Mint & Honey, and Quantum V3 Holdings. The building has been refurbishment and upgraded to the roof and flooring. It is envisioned that Mint & Honey will occupy and commence production in the latter part of 2025/2026 Financial Year.

The ASEZ is a greentech-focused Special Economic Zone (SEZ) established to attract investment and manufacturers in the greentech technology sector. A landmark agreement was concluded between the ASEZ Company (ASEZCo) and the City of Cape Town (CoCT), in which CoCT-owned land was sold to the ASEZCo at a market value of R56,5 million in exchange for equity in the ASEZCo. The sale agreement was finalised on 14 December 2020. The ASEZCo subsequently issued 83 shares to the CoCT

on 31 March 2022. The registration of the properties in the Deeds Office was completed on 7 March 2025. This long-awaited milestone represents a significant and rewarding development for both ASEZCo and the City of Cape Town.

Four separate erven totalling 95,15 ha are owned by the Atlantis SEZ Company. Six erven totalling 23,9 ha are privately owned and were gazetted as part of the SEZ at the time of designation due to the activities deemed to fit the green technology criteria.

Table 1: SEZ four erven

Designation zone	Erf Number	Area (ha)
1	Erf 334	22,14
2	Erf 338	33,47
3	Erf 335	38,84
4	Erf 179	0,70
Total land area (ha)		95,15

Table 2: Privately-owned land

Designation zone	Original erf number	Revised erf number	Size per designation (ha)	Current ownership
1	CA1547	61	7,8	GRI
	CA4-128	69	2,3	Everflo (acquired from Ahlesa blankets)
	CA4-113	70	4,5	Ahlesa Blankets (manufacturing)
	CA4-212	73	5,3	Kaytech Engineering
	CA4-120-RE	74-RE	1,2	Kaytech Engineering
2	CA1183-72	245	2,8	Swartland Insulation (was Skyward windows)
Total private land as per designation			23,9	

The Western Cape has consistently recorded higher-than-average GDP growth over the past decade. Within the Cape Metropolitan Area, large parcels of industrially zoned and vacant land, such as those found in the Atlantis Industrial area and SEZ, are increasingly scarce. This scarcity, coupled with the growing need for a greentech industrial cluster to support the renewable energy transition and green industrialisation, provided a key impetus for the designation of the Atlantis SEZ. With world-class infrastructure and two international ports in close proximity, the Atlantis SEZ offers value to investors in both the greentech manufacturing and agriculture sectors. Manufacturing within the Western Cape's niche sectors is strongly linked to the food and beverage industry (Wesgro, 2021). Within the Western Cape, the manufacturing sector is supported by multinational corporations. These corporations have chosen the Western Cape to take advantage of the economic opportunities of not only the local economy but also to access markets across the African continent. The Port of Cape Town will further boost the Atlantis SEZ's ambition to become a leading export-oriented greentech manufacturing hub.

The City of Cape Town established a greentech manufacturing hub in Atlantis in 2011, in response to the then Department of Energy's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP).

The hub historically attracted five greentech investors (24,6 ha were gazetted as part of the SEZ designation):

- » Gestamp Renewable Industries (GRI, Steel wind turbine tower manufacturer);
- » Kaytech Engineered Fabrics (geotextiles for the construction industry);
- » Ahlesa Blankets (non-woven textile manufacturer with undeveloped vacant land);
- » Swartland Insulation (acquired Skyward Windows facility); and
- » Resolux (internal components for wind towers).

These investments were made on 24,6 hectares of privately owned land, which forms part of the designated SEZ. Before the ASEZCo entity was established in 2020, one investor, Resolux, had disinvested due to uncertainty in procurement on the REIPPPP, whilst others persisted and even sold portions of land and buildings to catalyse further investment from the private sector. The ASEZCo acquired the former Resolux facility and marketed it to interested parties for long-term lease. This facility is currently tenanted by Mint & Honey and has been refurbished using the dtic funds to align with the requirements of the EU-based buyers for their agriculture-derived product, SuperCereal Plus. To date, SEZ investments on privately owned land are as follows:

- » Gestamp Renewable Industries (GRI, steel wind towers);
- » Kaytech Engineered Fabrics expansion (geotextiles for the construction industry);
- » Ahlesa Blankets (non-woven textile manufacturer with undeveloped vacant land);
- » Everflo (acquired portions of Ahlesa Blankets' land listings on SEZ land);
- » Swartland Insulation (acquired Skyward Windows facility); and
- » Modulêr Electrical Assemblies.

Additionally, ASEZCo has secured further private sector investment on ASEZCo-controlled land and in ASEZCo-owned buildings as follows:

- » Quantum V3 Holding (acetylene gas manufacturer) on site 11 of Zone 1; and
- » Mint & Honey (agri-processing).

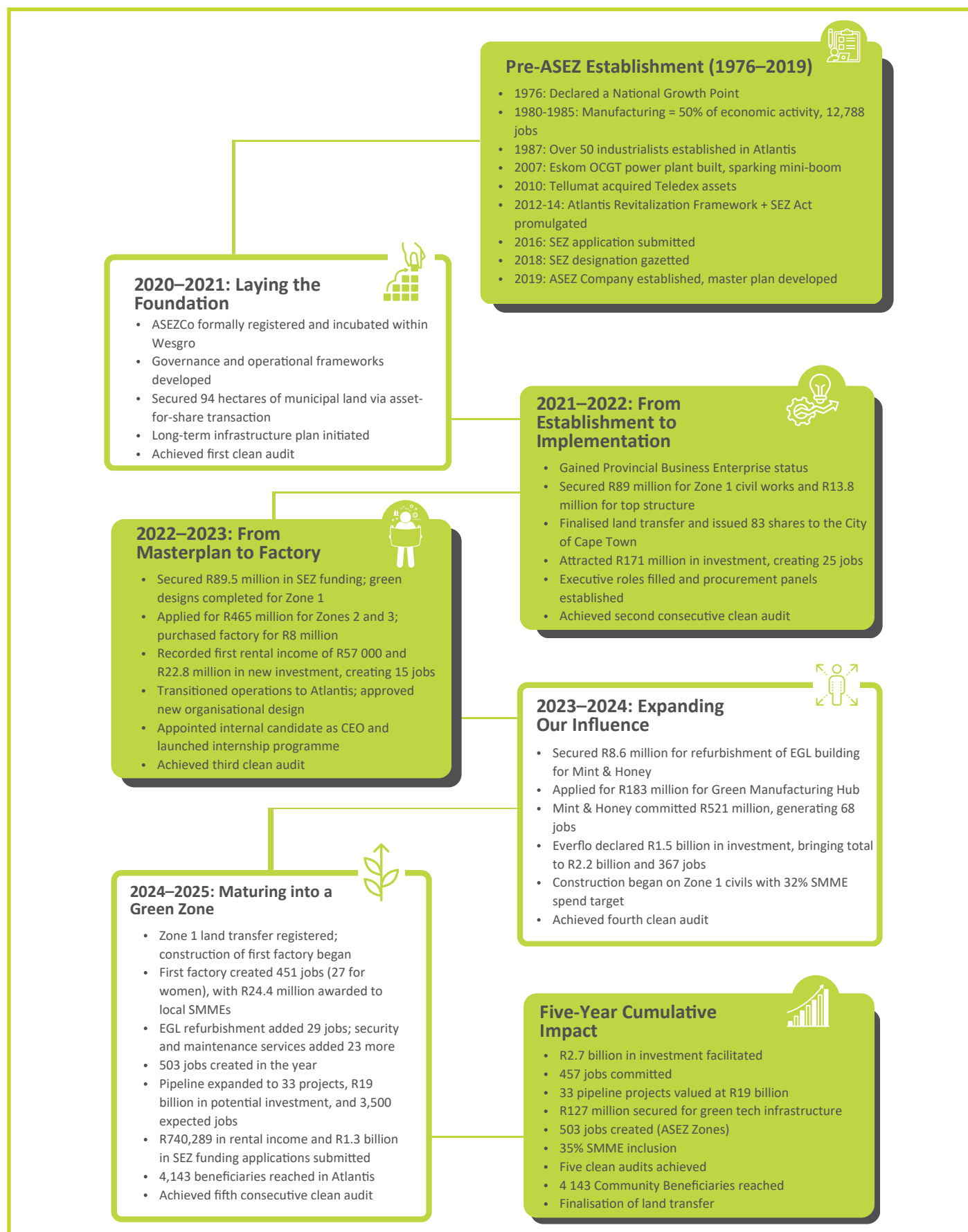
These investors/tenants above have been secured through signed lease agreements. Mint & Honey has requested the use of all of the internal space in EGL, resulting in greater revenue generation for the ASEZCo. The projected job opportunities amount to 68 jobs and a 5-year turnover of R135 million per year, as well as an estimated value of export of R46,8 million.

The Atlantis journey is depicted in the figure overleaf.

ASEZCO IMPACT JOURNEY (2020-2025)

To contribute to the GDP through greentech-related investment and the facilitation of jobs within Atlantis and the surrounding economy.

Figure 9: The Atlantis journey This will be replaced – figure information to be placed under the image once added



SERVICE DELIVERY ENVIRONMENT

“Targeting the transition to an inclusive green economy signifies a massive and disruptive shift, commanding a new model of development. Industrial policy is core to this process, notably to ensure a “just transition” and manage a balancing act, consisting of maximising the benefits of the transition and minimising the risks associated with not transitioning, but in line with South Africa’s capabilities to minimise the short-term trade-offs and threats. This requires a careful alignment of South Africa’s industrial policy with the inclusive green economy paradigm to support the country’s green industrial development. Ultimately, this requires the shift from industrial policy to green industrial policy” (Green Economy Policy Review of South Africa’s Industrial Policy Framework. DEFF, DTI&C and DSI. 2020 – Report Prepared by UNEP and TIPS).

The Atlantis SEZ, designated as a greentech SEZ, is a key enabler and supporter of this “just transition.” It aims to set the benchmark for green industrialisation and will provide these learnings to inform South Africa’s Green Economy Industrial Strategy going forward.

The concept of greentech is built on the principles of a green economy that is low-carbon (zero carbon), resource-efficient, and socially inclusive. Greentech can also be defined as technology intended to mitigate or reverse the effects of human activity on the environment. The definition of greentech includes, but is not limited to, technologies related to renewable energy, energy storage, energy efficiency, water efficiency and management, greener packaging, recycling, green chemicals, and e-mobility.

A resource-efficient, clean producer (RECP) is defined as one that employs processes, products, and services to increase the resource-efficiency of production while reducing pollution and minimising negative impacts on humans and the environment.

The categories of greentech utilised by the Atlantis SEZ are:

Figure 10: Categories of greentech



Source: Own analysis based on Kachan & Co /2012) and Cleantech Scandinavia /2018)

While the ASEZCo will focus on attracting producers of greentech products and services, resource-efficient manufacturers of products other than green technologies will also be eligible to apply for establishment within the ASEZ. In addition, agriculture-related activities will be considered for locating in the ASEZ, as it has been determined that Atlantis caters to many food and beverage industry operators. The requirement for stable and green power is key to the competitiveness of such manufacturers. With the introduction of Carbon Border Adjustment Mechanism (CBAM) certificate trading coming into effect as of 1 January 2026, industrialists, especially those in the ever-growing and utility-demanding agri-processing sector, are seeking resource-efficient platforms to operate from. The ASEZ meets this requirement and is therefore a favourable location to consider when making such decisions.

All three tiers of government prioritise "greener" economic growth, the creation of "green" jobs and the development of this future-focused sector in South Africa. This is demonstrated in:

- » Government interventions to promote the uptake of greentech products and services, including incentives such as the Section 12L energy efficiency tax regime, the Section 12B solar tax allowance, the Eskom integrated demand management programme, the independent power producer programmes, green building standards, and market mechanisms such as the proposed carbon tax.
- » The dtic's articulation of various visions for the growth of green industries in South Africa. Examples include the Re-imagined industrial Policy and Strategy, Solar and Wind Energy Strategy (the dtic, 2012), the Solar Photovoltaic (PV) Localisation Roadmap (EScience Associates, Urban-Econ Development Economists and Ahlfeldt, 2013), the Concentrated Solar Power (CSP) Localisation Roadmap (Ernst & Young and Enolcon, 2013), the Wind Industry Localisation Roadmap (Urban-Econ Development Economists, 2014), the Electric Vehicles White Paper (the dtic, 2023), the Electric Vehicle Industry Roadmap (the dtic, 2013) (DEFF, dtic, DSI, 2020), and the 2023 Green Hydrogen Commercialisation Strategy.

Furthermore, the South African Government's commitment to greener economic growth and renewable energy generation is demonstrated in several overarching economic policy frameworks and energy plans, such as the Integrated Energy Plan, the Integrated Resource Plan (IRP2019), including an in-process update of a revised version (2014), the National Development Plan 2030, the Industrial Policy Action Plan (2018), the South African Renewable Energy Master Plan (SAREM, 2025), and the Electric Vehicle Roadmap White Paper (the dtic, 2023). SAREM is an action-oriented implementation plan that focuses on leveraging investment in the renewable energy value chain to deliver jobs and support economic recovery through increased manufacturing. These objectives aim to impact transformation and support a just energy transition.

The WCG's Green Economy Strategic Framework prioritises programmes aimed at greater diversity of energy supply to the region, as well as reducing the energy intensity of products from

the region. The WCG's Growth for Jobs Strategy (G4J) also seeks to reduce reliance on energy from Eskom by between 1 800 MW and 5 700 MW by 2035, which is estimated to attract between R21,6 billion and R68,4 billion in related investment. It also seeks to produce a Western Cape-specific Integrated Resource Plan. These programmes are aimed at stimulating the market for green technology (among others), by removing regulatory impediments to market growth and driving the localisation of manufacturing. Additionally, the Province plays a key role in coordinating industry efforts to reduce water requirements, adopt water-saving practices, and explore diversifying and decentralising water supply – in partnership with the City of Cape Town and entities such as GreenCape.

The CoCT's Carbon Neutral 2050 Commitment notes that the following disruptions have made the green transition possible:

- » **Renewable electricity technologies:** These are competitive and, in certain circumstances, cheaper than fossil fuel technologies.
- » **Battery storage:** While the Western Cape province has some of the best wind and solar resources in the world, they are variable; thus, battery (and other forms of) storage will be required for renewable energy to be dispatched when needed. Currently, the City of Cape Town accommodates multiple battery assemblers and has seen significant growth through the establishment of a new facility, or SolarMD, at Richmond Park.
- » **Electric vehicles:** The advent of these vehicles at steadily decreasing prices means that people and goods can be transported using clean, renewable electricity.

As part of its C40 membership, in 2017, the City of Cape Town committed to achieving carbon neutrality by 2050, outlining a comprehensive strategy that addresses energy, transport, waste, and urban development. This commitment is detailed in the City's Carbon Neutral 2050 Commitment document and the 2050 Energy Strategy.

The City of Cape Town has committed to becoming carbon neutral by 2050 through a comprehensive strategy focused on decarbonising electricity, promoting sustainable transport, improving energy efficiency, and managing waste responsibly. Central to this effort is the shift to renewable energy, including municipal procurement of solar and wind power, battery storage, and grid modernisation. The City is advancing electric mobility through an Electric Vehicle Framework and electrifying public transport, including My Citi buses. Green building practices are being promoted alongside retrofitting municipal infrastructure for greater energy efficiency.

Waste management reforms target a reduction in organic waste through composting and diversion strategies. Cape Town also emphasises a just energy transition, ensuring that the benefits of a low-carbon economy are inclusive and equitably shared. Community engagement and public participation are key to the strategy, which includes interim goals such as sourcing 35% of electricity demand from renewables by 2028, with progress monitored and action plans updated every five years.

This integrated approach positions Cape Town as a leading African city in climate action and sustainability.

The City of Cape Town is actively pursuing energy independence and sustainability through its Independent Power Producer (IPP) procurement programme. Launched in 2022, the City aims to procure up to 300 MW of renewable energy from IPPs to reduce reliance on Eskom and mitigate load-shedding. The programme is structured in two phases: the first focuses on embedded generation projects between 5 MW and 20 MW, primarily utilising solar photovoltaic (PV) technology, while the second targets dispatchable projects exceeding 20 MW, including those combining generation with storage solutions. The procurement process involves a two-stage tendering system, starting with technical proposals, followed by financial offers from shortlisted bidders. As of early 2024, the City has been evaluating submissions, with plans to award preferred bidder status and finalise power purchase agreements (PPAs) by the first quarter of 2025. This initiative is part of Cape Town's broader strategy to add 650 MW of independent power within five years, aiming to shield residents from up to four stages of Eskom load-shedding by 2026.

For SSEG clients, the added advantage of being able to sell power back to the City of Cape Town has further accelerated the uptake of solar on rooftops. The recent addition of a reduced-price energy feed-in meter to the City's approved meter list has also further increased this opportunity for SSEG uptake.

These commitments translate into demand for greentech from the CoCT. For example, its Environmental Management Department is seeking approval for a Green Procurement Action Plan (GPAP), which will promote the procurement of greener goods by the City itself – enabling/equipping the City to use its buying power to buy greener.

Also mentioned in the Inclusive Economic Growth Strategy (IEGS) are the Water and Waste Strategies, as well as the importance of procuring from IPPs – all of which will also contribute to an increase in demand for greentech.

Agriculture activities, specifically agri-processing/food and beer manufacturing, are well represented in Atlantis as a whole. Companies such as PEPSICO (Weetbix and other BOKOMO products at multiple locations), Joya Brands, Mint & Honey, Atlantis Foods Group, Promeal, and the Seiner Group (fishmeal), have resulted in the ASEZCo targeting similar activities for location in the SEZ, as these activities seek access to more resource-efficient utilities.

The various initiatives highlight the promising and growing market for greentech products, providing opportunities to build a greentech manufacturing and agriculture hub in Atlantis and through the Atlantis SEZ. The agriculture sector contributes significantly to global greenhouse gas emissions, and the ASEZ has an important role to play in reducing these emissions on behalf of the sector.

Thus, the ASEZCo seeks to leverage the infrastructure support and incentives available to companies through both the national SEZ policy framework and numerous municipal, provincial, national, international, and private sector funds to stimulate investment and job creation in areas of green technology. The ASEZ covers approximately 94,1 hectares of land, which is estimated to provide growth in the SEZ for at least another eight to ten years.

POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

South Africa's energy landscape is undergoing structural reform and recovery, creating momentum for green industrialisation. For the ASEZ, shifts in energy, infrastructure, and water policy support investment in renewable energy, battery storage, transmission equipment, and water treatment component manufacturing.

The Department of Mineral Resources and Energy's updated Integrated Resource Plan (IRP) promotes energy security through a diversified mix of renewables, gas-to-power, and storage. The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) has procured more than 6 GW of wind energy to date. Bid Window 6 alone allocated 1,6 GW to onshore wind (DMRE, 2024). This directly benefits ASEZ tenant GRI, the only utility-scale wind tower manufacturer in Southern Africa and supports local industrial capacity.

The Independent Power Producer Procurement Programme (IPPPP) Bid Window 7 procured 7 615 MW of new generation capacity from renewable energy (5000 renewable energy, 2000 Gas-to-Power and 615 Battery Energy Storage IPP BW2) (DoE, 2025). In May 2025, the Minister of Energy announced the appointment of five preferred bidders under the Battery Energy Storage Independent Power Procurement Programme (BESIPPPP) Bid Window 3. The five projects represent a total investment of R9,5 billion, 852 job opportunities during construction and operations, and over R3,7 billion local content spent during construction and operations.

One of the preferred bidders reached out to ASEZ to commence discussions regarding a possible investment to unlock the local content requirement. Additionally, the South African Renewable Energy Master Plan (SAREM) launched in June 2025 envisages localising 70% of components and 90% of Balance of Plant (BoP) and operations and Maintenance, combined with battery energy storage, and could deliver 36 500 new direct jobs by 2030, with a total GDP contribution of R420 billion (SAREM, 2024). The completion of Zone 1 bulk infrastructure and the enablement of ready infrastructure within ASEZ provide support for the implementation of both the IRP and SAREM localisation objectives.

Policy reforms now enable private participation in electricity markets. The City of Cape Town's wheeling framework allows independent producers to supply electricity to customers via the municipal grid. ASEZ's 40 per cent solar strategy positions the Zone to wheel surplus energy to tenants and the City. This supports revenue generation and enhances tenant competitiveness. ASEZ is partnering with the Verdure Fund and KfW Development Bank to evaluate ownership models, technical options, and energy mix scenarios to support phased implementation of its Net Zero strategy.

Table 3: Integrated Resource Plan (IRP) 2023 – National Capacity Outlook (2024-2030)

	CURRENT BASE (MW)	2024	2025	2026	2027	2028	2029	2030	ADDITIONAL NEW CAPACITY (MW)
COAL	38 000	720	720						1 440
GAS - IPP PROGRAMME	1 005		1 220		1 000	1 000		1 000	4 220
GAS - ESKOM	2 825					3 000			3 000
DISPATCHABLE CAPACITY	-							1 376	1 376
NUCLEAR	1 860								
HYDRO	1 600								
PUMPED STORAGE	2 732								
CSP	500	100							100
SOLAR PV	2 287		2 115			500	500	500	3 615
WIND	3 443		644	140	684		1 500	1 500	4 468
HYBRID IPP PROGRAMME	-	150	476						626
DISTRIBUTED GENERATION*	5 000	900	900	900	900	900	900	900	6 300
BESS - IPP PROGRAMME	1		513		2 000	615	615		3 743
BESS - ESKOM	20	199	141						360
UNSERVED ENERGY (TWH)		13.06	7.63	7.66	4.55	0.22	0.25	0.27	

Source: Independent Resource Plan 2023

The newly established National Transmission Company of South Africa, NTCSA, is managing the national grid expansion. Its 2024 Transmission Development Plan identifies R350 billion in investment over ten years, prioritising renewable corridors in provinces such as the Western Cape (NTCSA, 2024; NTP, 2024). ASEZ has seen increased interest from equipment suppliers looking to anchor transmission-related production near these corridors.

The water sector is also evolving. The establishment of the South African Water Resources Infrastructure Agency, SAWRIA, allows for expanded private participation in water infrastructure delivery (Cliffe Dekker Hofmeyr, 2025). These regulatory shifts mirror the impact of REIPPPP, which catalysed GRI's establishment in the ASEZ in 2014.

Cape Town's industrial land market remains constrained. According to the Rode Retail Report, Q1 2025, industrial rentals increased by over 14 per cent year on year. With the metro's population projected to reach 5 million by 2030, and land constrained between the Atlantic Ocean and Table Mountain, ASEZ offers a strategic and cost-effective base. These market dynamics, combined with policy clarity across energy, transmission, and water sectors, position ASEZ as a leading site for sustainable industrial development.

THE LIVING LAB

As the DEFF, the dtic and DSI (2020) Green Policy Review state, "The integration of sustainability into industrial policy should ultimately lead to greening the programmes which form industrial policy. Support to key industrial value chains should be strategic, time-bound, and conditional on green performance improvements. Measures incompatible with the transition, such as fossil fuel subsidies, should be progressively phased out. Complementarily, policy and regulatory bottlenecks for industries to move towards a sustainable development pathway should be identified and unlocked. Moreover, measures necessary to stimulate and unlock market demand, particularly from the private sector and households, should be prioritised."

This review places greentech and the green economy at the centre of South Africa's industrial policy going forward. However, it also acknowledges that this transition has many parts and that, as South Africans, we have much to learn. It stresses the importance of learning and sharing lessons.

THE LIVING LAB IN THE ASEZ

The Living Lab concept is central to the work of the Infrastructure and Planning sub-programme. The Sub-programme currently has several innovative concepts rolled out to support net zero water and carbon, working with nature, and zero waste in landfills – these range from ‘green’ infrastructure design to the use of ‘green’ construction materials.

The goals of the Living Lab are defined as:

- » To continually reduce carbon emissions, improve resource efficiency, and ensure social inclusion.
- » To test a policy and practical framework for sustainable industrialisation.
- » To share insights and lessons from implementing a green industrial zone (in the future, all industrial development will need to follow this approach to achieve sustainability, grow the circular economy and tackle the drivers exacerbating the climate crisis).
- » To actively pursue collaboration and partnerships as a basis for innovation and learning by doing.
- » To actively seek and work with institutions and agencies that share our vision and to use the zone as an opportunity to explore and test innovative ideas for sustainable industrialisation, social inclusion, and advancing the circular economy. This includes partnerships with research institutions, the private sector, the public sector, and international public and private organisations.

The following benefits are envisaged:

INVESTORS

- » Energy and water security
- » Opportunity for resource optimisation
- » Opportunity for reduction in carbon tax

COMMUNITY

- » Socio-economic inclusion
- » Spillovers from skills and enterprise development

GREEN TECHNOLOGY INDUSTRY

- » Pioneer pilot projects

The Atlantis greentech SEZ is a key enabler and supporter of South Africa's just transition. It aims to set the bar for green industrialisation and will provide these learnings to inform South Africa's Green Economy Industrial Strategy going forward. The goal of the Living Lab is to push the boundaries of running and operating a sustainable, green, industrial zone, and to share those lessons.

SYSTEMIC CHALLENGES:

Despite the progress made in the current period, several risks and challenges remain:

- » Stakeholder fatigue – political, community and investors.
- » Lack of funds for the capital programme and reduced operational funding.
- » A potentially exhausted National SEZ Fund for prospective infrastructure.
- » Lack of SEZ Programme incentives to attract foreign direct investment.

The 2024/2025 year marked a pivotal period in ASEZCo's transition from development to full-scale operations. This phase brought with it many successes to celebrate – successes that underscore the organisation's resilience and determination, even amidst the funding challenges faced by Special Economic Zones nationally. These achievements reaffirm our commitment to advancing the green economy and driving inclusive growth in Atlantis and beyond.

Our accomplishments during this year are the direct result of focused and engaged leadership from our CEO, complemented by the visionary guidance and diligent organisational framework-building led by our CFO and the executive team. At the heart of this progress lies a small but passionate, skilled, and highly motivated delivery team, working across Atlantis and Cape Town with a shared sense of purpose and dedication.

Throughout the year, **leadership and teamwork defined our journey**. Regular, open, and collaborative interactions across all portfolios remained the cornerstone of ASEZCo's success – ensuring alignment, agility, and excellence in every aspect of our operations. This organisation and its team remain resilient in seeking out alternative sources of funding for both its bulk infrastructure and top structures in reaching their self-sustainability target.

PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Any institution that is results-oriented must strive toward well-defined impacts and outcomes. Such impacts and outcomes should be ambitious, progressive, and achievable. The development of a five-year Strategic Plan forms the cornerstone of the Atlantis SEZ's five-year vision, but it is important that this vision is reflected in the desired annual impacts and outcomes as outlined in the annual Corporate Plan.

The contribution of outcomes towards the achievement of the Western Cape Government's Provincial Strategic Plan 2019 – 2024 and Vision Inspired Priorities (Provincial Strategic Priorities), the NDP Five-Year Implementation Plan, the Monitoring Framework for the NDP Five Year Implementation Plan, the mandate of the institution and priorities of climate change, women, youth, children, and people with disabilities.

The Atlantis SEZ has aligned its business model strongly to the Western Cape Government's 5-year Provincial Strategic Plan's overarching vision of "A values-based competent state that enables opportunity and promotes responsibility in a safer Western Cape". Operating in Atlantis, the Atlantis SEZ will be exposed to a geographic area with significant unemployment and crime. Either the Atlantis SEZ responds defensively by protecting itself, or actively participates and engages in activities to help the community, and in so doing helps itself. The Atlantis SEZ has unequivocally taken the latter approach. This can be seen in its sustainability approach, valuing financial, social, and environmental sustainability as the operating foundation of the entity.

The Atlantis SEZ is aligned to VIP 2: Creating an enabling environment which creates jobs and is demand-led and private sector-driven. The Atlantis SEZ has identified the value of investment and job facilitation as the outcomes towards achieving VIPs and consequently adopted those outcomes for its programmes. In any economic recovery plan, it is important that Government creates a conducive environment for investment, which will often result in a project such as an SEZ. It often means that Government lays the groundwork for an attractive investment environment, such as State funds used to make State land investment ready through infrastructure and civil works investment – spending that will, under normal circumstances, be done by the investor. It is a mechanism for Government to intervene with a catalytic objective with a medium- to long-term view in very sluggish economic conditions.

The Atlantis SEZ is a key instrument in the Economic Recovery and Reconstruction Plan launched by the President in 2020, as well as in the Western Cape's economic recovery process. It is not only a vehicle for creating a conducive, business-friendly environment, but also an incentivised, infrastructure-driven platform that can generate sustainable jobs in the Greentech manufacturing sector, a sector that has demonstrated economic resilience in the medium to long term.

Pooling resources between the three tiers of government has become a very necessary new way of working and the Atlantis SEZ Company has already laid the groundwork with the City of Cape Town becoming a minority shareholder – it allows for economies of scale and the pooling of not only the resources of the Western Cape Government (operational budget), but also the resources of the City of Cape Town (with its land contribution) and the national government (providing access to the SEZ Infrastructure Fund). It is an approach of "doing more with less."

The strategic outcome-oriented goal of Atlantis SEZ is primarily informed by the SEZ Act. In addition to the guidelines in the Act, it is also important for any SEZ to develop an operational approach that is tailored to its specific context, including the SEZ's unique culture, economic dynamics, and capacity constraints. The systems and structures built to ensure an SEZ's effectiveness in fulfilling its mandate must include an administration that is both responsible and responsive to the market it serves. The implementation of good governance is non-negotiable and serves as the main pillar of the ASEZCo. Without it, any other developmental efforts and creative approaches to fulfilling this mandate will be fruitless.

Sound financial management that is enabling rather than restrictive, a human resource base that is purpose-built and functional, a strong corporate governance culture with a credible and respected Board of Directors, a supply chain management system that is proactive, yet compliant, and an ICT management system that facilitates efficient operations are the cornerstones of such a responsive administration. This administration must follow the principles of good governance rigorously while also finding solutions to complex problems based on a solid set of rules.

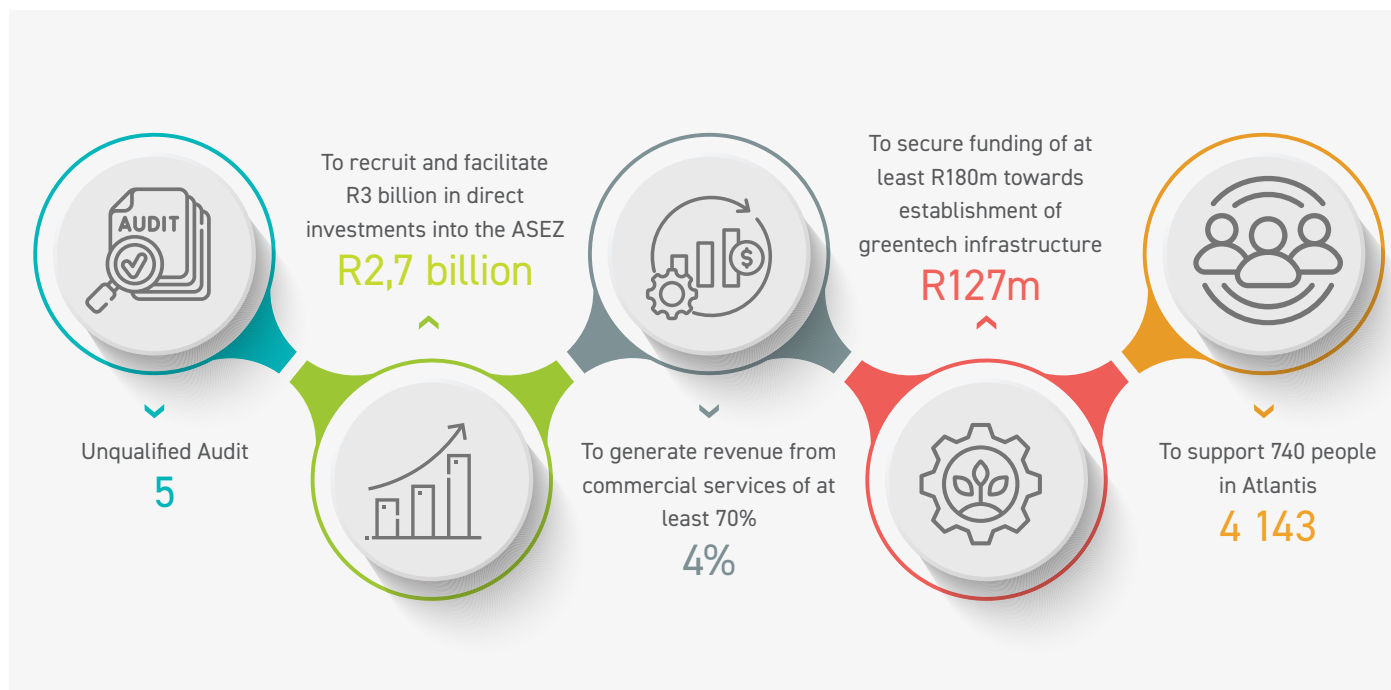
Talented, committed, and hard-working individuals are often the key components of any responsive administration and good corporate governance. The composition of human resources must ensure an effective mix of talent from diverse sources, all working toward a common purpose and goal.

Thus, the strategic goal of the Atlantis SEZ for 2020/21 to 2024/25 is outlined in the table below, which provides an indication of the state of achievement in the set institutional impacts and outcomes.

Table 4: ASEZCo strategic goal

The strategic goal of Atlantis SEZ for 2020/21 to 2024/25:		
Strategic outcome-oriented goal	To contribute to the GDP through greentech-related investment and facilitation of jobs within the Atlantis and surrounding economy.	Progress to date:
Goal statement	The Atlantis SEZ aims to achieve the following for the period 2020/21 to 2024/25:	Five unqualified audit reports with no material findings received to date.
	Unqualified audit report with no material findings.	
	Recruit and facilitate at least R3 billion in direct investments into the ASEZ with associated job creation and capital investment opportunities.	The ASEZCo has successfully recruited R2,7 billion of new investment into the ASEZ for the period 2020-21 to 2024-25; approximately 457 new jobs have been created from this declared investment into new and expansion ventures.
	To generate revenue from commercial services of at least 70% towards being independent of the Western Cape Government for operational budget purposes.	- The ASEZCo acquired the EGL building in January 2023. - For the 2024-25 financial year, rental revenue for the EGL facility was recorded at R424 135. Additionally, three site reservation fees were received for the 2024-2025 Financial Year, amounting to R449 796. - The overoptimistic target was not achieved due to circumstances beyond the ASEZCo's control; that being the listing of the entity as well as installation of the civils in zone 1. At 31 March 2025, revenue from commercial services reached 4% of the operational budget requirements. This will continue to grow once further tenants become operational.
	To secure funding of at least R180 million towards establishing greentech infrastructure, facilities, and services guided by UNIDO's Eco-Industrial Park and Living Lab objectives.	- The ASEZCo infrastructure portfolio secured R89 million in funding towards establishing greentech infrastructure. This is for the civils for Zone 1. - R8,6 million has also been secured for the refurbishment of the EGL Building. - The civil design and implementation are being done in accordance with green design principles. - R13,8 million has been secured for Quantum V3. This is for the construction of a manufacturing and office facility, and equipment storage for the production of acetylene, which is an important component in the green economy; the structure is designed in accordance with green principles. - An additional R4,2 million was approved by the dtic for Quantum V3. - R11 million interest generated from the dtic. - A total of R127 million towards greentech infrastructure, facilities and services has been secured.
	To facilitate an enabling investment environment to support at least 740 people in Atlantis.	This target has been exceeded. The ASEZCo saw a total of 4 143 people supported in Atlantis through our community integration, skills, and enterprise development initiatives.
Baseline	None	
Links	VIP2 of the Western Cape Government Provincial Strategic Plan, 2019 to 2024.	

Figure 5: Key Performance outcomes: 2020-2025 targets VS actuals



INSTITUTIONAL PROGRAMME PERFORMANCE (IPP) INFORMATION

1 PROGRAMME 1: ADMINISTRATION

PURPOSE:

The programme aims to provide efficient, cost-effective, transparent, and responsive administration to the Atlantis SEZ, and ensures that the principles of good corporate governance are implemented, employees are positively engaged, and stakeholder relationships support the achievement of the organisation's mandate.

Programme structure:

The programme encompasses the following functions:

- » Financial Management
- » Corporate Governance
- » Supply Chain Management
- » ICT Management
- » Human Resource Management
- » Legal Management

SUB-PROGRAMME 1.1: FINANCIAL MANAGEMENT

Effective financial management aimed at ensuring legislative compliance. The sub-programme of financial management also ensures that the necessary resources to efficiently run core operations are provided.

The finance unit successfully processed 636 payments in an average of 4 days for the 2024-2025 FY, maintaining an efficient payment process. Two payment runs are maintained on the 15th of each month and at the end of the month. ASEZ aims for quicker payment time as a support mechanism for SMMEs and local service providers. To date, the ASEZCo has received its fifth consecutive clean audit outcome for the 2024/2025 Financial Year. The ASEZCo continues to demonstrate its commitment to achieving the highest standards of good governance.

SUB-PROGRAMME 1.2: CORPORATE GOVERNANCE

This sub-programme is responsible for ensuring that effective corporate governance is developed and maintained within the Atlantis SEZ. As a State-Owned Enterprise (SOE), the principles of corporate governance are clearly outlined in legislation as well as King IV. It is the priority of this programme to affect the rules and processes outlined to ensure effective corporate governance.

On 27 March 2025, Minister Ivan Meyer officially tabled ASEZCo's five-year 2025–2030 Strategy along with the Annual Corporate Plan for the 2025/2026 Financial Year. This marked a significant milestone for ASEZCo, following an extensive and collaborative engagement process with stakeholders, partners, and the Atlantis community to ensure the development of a truly inclusive and representative Strategy to be implemented in the new financial year. These two targets were achieved.

The ASEZCo held five out of six board meetings for the 2024-2025 Financial Year. Two board meetings were scheduled during quarter 1 for the quarterly reporting and signing of the Annual Financial Statements, however, due to 29 May 2024 being an election day, the two meetings were combined and took place on 30 May 2024.

SUB-PROGRAMME 1.3: SUPPLY CHAIN MANAGEMENT

This sub-programme is responsible for ensuring the implementation of the supply chain function and approach for the ASEZCo in line with legislative requirements, with particular focus on the PFMA and Treasury Regulations governing the ASEZCo environment. A key aspect of the ASEZCo SCM is the localisation approach to SCM, ensuring that all internal procurement meets the needs of local content, in line with the SCM and SMME strategy, and in support of the overarching mandate for economic development and job creation within Atlantis.

ASEZCo set a target to allocate 70% of its procurement budget to BBBEE suppliers for the 2024/25 Financial Year. This target was successfully exceeded, with actual spend reaching 75,8%. The overachievement of the BBBEE supplier spend target is a result of ASEZCo's intentional and proactive procurement approach. This strategy prioritises inclusive sourcing and the empowerment of local black-owned businesses. The milestone reflects ASEZCo's strong commitment to economic transformation and sustainable development. This spend also includes the construction projects that were awarded to BBBEE level 1 contributors, targeting at least 30% SMME participation.

SUB-PROGRAMME 1.4: ICT MANAGEMENT

The purpose of this sub-programme is to ensure that the company establishes and maintains the necessary information technology systems, hardware, software, and networks to facilitate knowledge management and information sharing within the company.

The target for quarterly ICT reports was consistently met, ensuring the efficient maintenance of the ASEZCo IT environment. During the year under review, an ICT Steering Committee (SteerCo) was established to oversee IT-related matters and potential projects. The committee reviewed and adopted several key documents, including the IT Terms of Reference, the IT Security Policy, and the Business Continuity Plan. Additionally, the committee reviewed prospective projects for the upcoming financial year, such as implementing fibre connectivity for Zone 1 and introducing a Customer Relationship Management (CRM) system.

SUB-PROGRAMME 1.5: HUMAN RESOURCE MANAGEMENT

The human resources sub-programme ensures that the Company employs and maintains a skilled and properly remunerated workforce. A priority is to attract, recruit and retain staff by creating a culture and climate conducive to a motivated workforce. The sub-programme also ensures compliance with relevant legislation.

ASEZCo exceeded the target of allocating 3% of its budget to learning and development by achieving a total spend of 3,6%. Of this amount, R640 546 (78%) of the total spend was directed towards the ASEZ internship programme. This initiative has played a significant role in recruiting young unemployed graduates from Atlantis and surrounding areas, providing them with valuable opportunities to gain practical experience and improve their skills for better employment prospects in the job market. To date, two interns have transitioned from the programme to permanent roles within the ASEZ.

Table 5: Programme 1 performance information - Outcomes, outputs, output indicators, targets, and actual achievements

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	**Actual achievement 2024/2025	Deviation from the planned target to actual achievement 2024/2025	Reasons for deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Targets
Unqualified Audit report with no material findings	Payment to creditors	1.1 Number of days taken to process payments	7 days	3,25 days	30 days	4 days	-	Achieved	The Technical Indicator Description Desired performance "Higher than target" is incorrect and changed to "Lower than target"
	Corporate plan / Strategic plan tabled	1.2 Number of Corporate Plan's tabled by the legislated deadline	1	1	1	1	-	Achieved	The Indicator Title in the Quarterly Table is non-verbatim to the TID, which should be 'Number of Corporate Plans tabled by the legislated deadline'
		1.3 Number of Strategic Plans tabled by the legislated deadline	-	-	1	1	-	Achieved	The Indicator Title in the Quarterly Table is non-verbatim to the TID, which should be 'Number of Strategic Plans tabled by the legislated deadline. The Technical Indicator Description Calculation – changed to 'Non-cumulative'.
	Board meetings	1.4 Number of Board meetings held	8	6	6	5	1	Partially achieved – Due to the election day on 29 May 2024, the scheduled board meeting was cancelled and combined with the board meeting held on 30 May 2024.	
	BBBEE Plan	1.5 Percentage budget spent on BBBEE suppliers	82%	65,9%	70%	75,8%	5,8%	Achieved. The overachievement of the BBBEE supplier spend target is a result of ASEZCo's intentional and proactive procurement approach. This approach targets inclusive sourcing and the empowerment of local black-owned businesses. This milestone underscores the entity's strong commitment to economic transformation and sustainable development. This spend also includes the construction projects that were awarded to BBBEE level 1 contributors, targeting at least 30% SMME participation.	
	Maintenance of the ICT environment	1.6 Quarterly ICT reports produced	4	-	4	4	-	Achieved	
		ICT Governance Framework approved	-	1	Indicator discontinued	Indicator discontinued	-	-	
	Training and Development	1.7 Percentage budget spent on learning and development including internships	3,1%	3,1%	3%	3,6%	0,6%	Achieved. The target was over-achieved by 0,6%. The majority of the spend was towards the ASEZ internship programme. This programme has been successful in recruiting young unemployed graduates from Atlantis and wider areas in affording them opportunities to gain practical experience and enhance their skills for the market.	

PROGRAMME 2: OPERATIONS

PURPOSE

The purpose of the programme is to ensure the effective operations of Atlantis SEZ in contributing towards the GDP through greentech-related investment and the facilitation of jobs within Atlantis and the surrounding economy.

The Atlantis SEZ (ASEZCo) operations have been structured as a system of pillars interconnected by the fundamental principle of sustainability, sustainability being financial, social, and environmental: a triple bottom line. It is recognised that the SEZ is a catalyst for economic growth within the Atlantis area and regionally.

The various pillars making up the sub-programmes under operations seek to develop infrastructure and grow business in the ASEZCo to allow the zone to be efficient and optimise operations. The business development objectives of the organisation are intended to create a conducive environment for businesses in the ASEZCo and provide an environment to make their businesses productive and profitable. However, a golden thread exists to ensure the ASEZCo achieve sustainability in its operations. Various circular mechanisms have been put in place at the operational and job level to ensure that there are forward and backward linkages across the programmes. This means that business needs for suppliers, skills and others are fed through to the relevant programmes and that the businesses are utilising local Atlantis labour and businesses to maximum effect.

Furthermore, the pillars work together to grow skills and enterprises in and around Atlantis to foster an integrated ecosystem and provide meaningful participation and economic inclusion. Stakeholder engagements resulting in effective communication and community buy-in are critical to all the pillars achieving their objectives.

PROGRAMME STRUCTURE

This programme includes the following business units:

- » Business Development
- » Commercial Services
- » Integrated Ecosystem Development
- » Greentech Infrastructure Development

Highlights of each business unit for the year under review are shared below:

SUB-PROGRAMME 2.1: BUSINESS DEVELOPMENT

By acting as a catalyst and platform for targeted greentech investment, Atlantis SEZ aims to attract both local and foreign greentech investment through the provision of business facilitation services as well as transaction and investor support. Attracting greentech investment to the Atlantis SEZ also aims to encourage property investment to meet the Atlantis SEZ's developmental objectives for economic development, employment creation and social upliftment. The Atlantis SEZ takes a collaborative approach with respect to business development and, as such, undertakes many activities with key stakeholders such as Wesgro, City of Cape Town, GreenCape, and InvestSA for the purpose of enhanced impact and cost efficiency. In addition, collaborations with foreign business aggregators such as trade agencies and business chambers, the ASEZ is enabled to penetrate the international market to attract foreign direct investment.

This sub-programme ensures that there is effective marketing and communications of Atlantis SEZ to inform various stakeholders and manage the brand of Atlantis SEZ in accordance with the desired brand identity. It has and will continue to implement a targeted investor attraction plan based on a priority sector identification approach, while engaging partners like GreenCape to further understand which companies globally have the capacity and desire to expand into the Atlantis SEZ.

Implementing the marketing strategy through a well-thought-out plan continues to be a key focus area to expand the reach of the Atlantis SEZ and its offerings to investors/partners, both nationally and globally. These offerings are also to be well defined through product development and securing of finance for (a) the ASEZCo as a developer and (b) the tenants occupying said developments. There is a need to fund civil infrastructure for Zones 2 and 3 to strengthen the value proposition of the Atlantis SEZ to investors seeking a world-class location to operate from. The Business Development Unit will continue to pursue government funding to conclude civil infrastructure implementation for the remaining zones.

The 2024/2025 Financial Year marked a period of strong visibility, international engagement, and strategic progress for the Atlantis SEZ. The Business Development and Marketing Units worked in tandem to elevate the ASEZ's profile, promote investment readiness, and strengthen relationships with both local and international partners.

The Business Development Unit engaged in over 219 interactions and conducted 30 site visits with prospective investors and delegations, resulting in the generation of significant investment leads, potentially creating 2 092 new jobs, and attracting R13 billion in capital infrastructure investment. The ASEZ pipeline continues to show healthy and sustained growth with the completion of the Zone 1 bulk infrastructure roll-out. Work is underway to assist the applicants in obtaining additional information required by the ASEZCo to progress these applicants to a site reservation agreement stage and then further on to signing a formal lease with the ASEZCo.

The final completion of civil infrastructure in Zone 1 marks a major milestone in the development of the Atlantis SEZ. This foundational work, including roads, water, sewer, electricity, and stormwater infrastructure, has significantly enhanced the zone's readiness for occupation. As a result, there has been a notable increase in interest from international delegations, interested in what we do, as well as investor declarations and general peak interest.



Investor declarations into the ASEZ were received from Morwakoma Matji Investment Holdings (MMIH) (Pty) Ltd (R400 million) and Cape Refining (R115 million), resulting in an investment declaration of a little over R515 million and 90 jobs from these two investors. To date, the ASEZ has attracted R2,77 billion in investment and created 457 jobs over the past five years.

ASEZCo exceeded its target of two signed partnership agreements for the 2024/25 Financial Year by finalising five Memoranda of Understanding (MOUs). MOUs were signed with the Department of Labour, Casidra, ABSA, ACS Training, and Hydrogen Energy Applications (Hyena). These additional partnerships are a result of a strong and growing network of collaborators, which plays a critical role in mobilising resources, engaging stakeholders, building trust, and advancing ASEZCo's strategic objectives. These partnerships are fundamental to extending the company's greentech innovation and ensuring the depth of impact required for long-term, sustainable development.

The marketing team's efforts resulted in global profiling of the ASEZ through multiple platforms, campaigns, and marketing channels. One of the most notable achievements was the organisation's excellence recognised through multiple prestigious awards, including the Eco-Logic Gold Award for Climate Change, the Mail & Guardian Green Finance Award, and three accolades from the FDI Global Free Zones of the Year Awards, affirming the leadership in sustainable economic development.



The ASEZCo attended and hosted over 30 engagements, trade shows, panel discussions, and stakeholder events, both locally and abroad. A notable highlight was the Executive for Business Development's invitation to Paris to present ASEZCo's value proposition at the Africa-Indian Ocean Business Forum, supported by Business France. The event drew strong interest from European businesses, particularly in construction and green infrastructure, opening doors for further international collaboration. The organisation also participated in the Solar & Storage Live Cape Town Conference, where CEO Matthew Cullinan contributed to key discussions on sustainable supply chains and integrating renewable energy technologies. At the Doing Business in Cape Town Summit 2024, he also participated in a panel discussion on business setup, operation, and expansion in Cape Town.



Gasunie, a Dutch natural gas infrastructure company visits the ASEZ



Delegates from Africa Energy Week visit the ASEZ

As part of the Knowledge Sharing Programme, the CEO and Executive for Business Development visited the Incheon Free Economic Zone (IFEZ) in July 2024. This initiative is funded by the South Korean Government through KOTRA and facilitated by KMAC.



Mayoral Committee member for Economic Growth and Tourism Alderman, James Vos (left) and ASEZCO's Matthew Cullinan (right) at Enlit Africa 2024.



The ASEZCo successfully hosted its inaugural Women in Greentech Roundtable Discussion on 30 August 2024 at InvestSA, Cape Town. The event, held in celebration of Women's Month, brought together



ASEZ CEO Matthew Cullinan, on a panel discussion at Solar and Storage Live 2024

Knowledge-sharing exchanges and a series of inbound visits highlighted ASEZ's commitment to innovation, infrastructure-led growth, and the Just Energy Transition. The Zone welcomed delegations from across Europe, Asia, and Africa, with engagements focused on clean manufacturing, circular economy practices, and sustainable industrialisation.

influential women leaders in the green technology and renewable energy sectors, with a key focus on advancing gender inclusivity and innovation within the industry. The Women in Greentech Round Table included a diverse and dynamic panel of women, including Dr. Rethabile Melamu, CEO of the South African Photovoltaic Industry Association (SAPVIA), Adinda Preller, Head of Business Development at Phelan Green Hydrogen, Yolanda Mabutho, Managing Director of Divaine Growth Solutions, and Fezeka Stuurman, Chief Legacy Builder at the Cultiver Group. Moderated by Siyasanga Tetyana, the roundtable discussion provided an engaging platform for these women to share their experiences, insights, and challenges in navigating the greentech landscape.



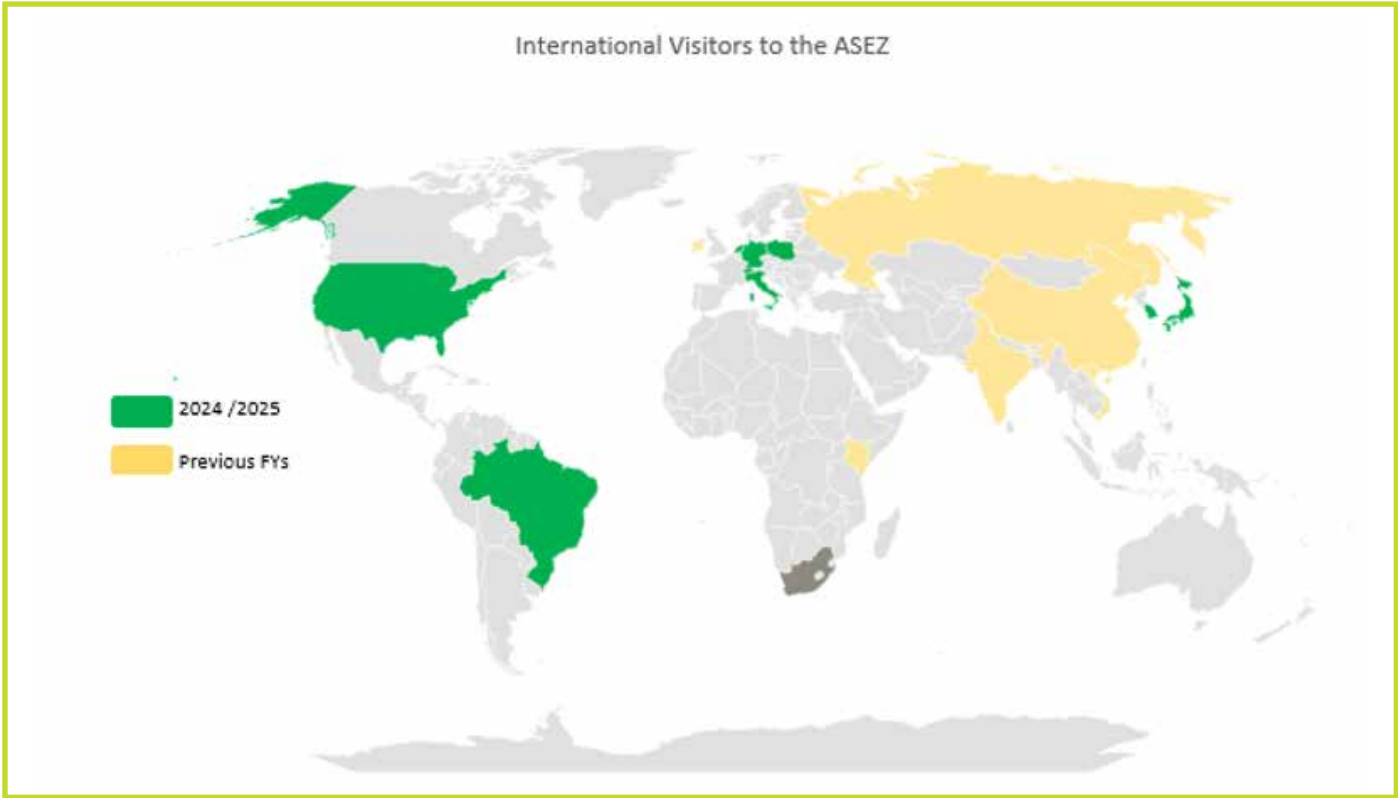
Additionally, on 27 August 2024, the ASEZ engaged with the German Academic Exchange Service (DAAD), the world's largest funding organisation for the international exchange of students and researchers. DAAD plays a key role in promoting global academic and technical collaboration.



Deutscher Akademischer Austauschdienst (DAAD German Academic Exchange Service) delegation site visit

Key visits included oversight engagements by the Standing Committee on Agriculture, Economic Development and Tourism, and InvestSA Gauteng, both of which reinforced ASEZ's role as a catalyst for regional development and investment. International delegations from the Netherlands, Denmark, and Italy explored opportunities in green technology, renewable energy, and sustainable manufacturing, laying the groundwork for future collaborations. Notable engagements also included Africa's Green Economy Summit, Amazon, the Verdure Fund delegation, the National Cleaner Production Centre South Africa (NCPC-SA), the Global Eco-Industrial Parks Programme (GEIPP), UNIDO, and GIZ (NatuReS), each contributing to ASEZ's growing reputation as a hub for innovation and industrial transformation.

From investment facilitation and stakeholder engagement to marketing innovation and international recognition, the 2024/2025 year has positioned the ASEZ as a trusted destination for green industrial investment and inclusive economic growth.



SUB-PROGRAMME 2.2: COMMERCIAL SERVICES

The Atlantis SEZ is committed to providing investors with a seamless, cost-competitive and reliable commercial property service, ensuring that the Atlantis Special Economic Zone remains globally competitive and meets investor development needs and decision-making timelines. To achieve this, ASEZ has streamlined policies and processes to proactively evaluate and accommodate investors, ensuring a smooth and efficient experience.

This sub-programme ensures that prospective tenants and investors are fully qualified and prepared, meeting the stringent requirements of the dtic SEZ Fund and other financiers. The Unit continuously evaluates the ASEZCo's financial model, adjusting according to the growing pipeline. The unit supports the ASEZCo financial sustainability objectives through the identification of possible alternative revenue and competitive lease rates for investors interested in locating within the ASEZ.

The 2024/2025 Financial Year marked significant commercial progress for the ASEZCo, with a growing investor pipeline, new investor engagements and strategic groundwork for long-term infrastructure and industrial development. The Commercial Unit was strengthened by the appointment of Mr. Asanda Vos as Commercial Executive on 1 June 2024. His extensive background in the commercial sector has significantly enhanced the company's investor engagement and pipeline development efforts.

SITE RESERVATION AGREEMENT (SRA)

The ASEZCo successfully concluded seven (7) new Site Reservation Agreements (SRAs) during the year across various sectors (i.e. Agro-processing, E-waste Management and Recycling, Lithium Battery Manufacturing, Waste-to-Energy and Retail). The ASEZCo concludes SRAs with potential investors to undertake project feasibility, financial close and environmental studies. The projects are at various stages of development, with some undergoing Environmental Impact Assessment, seeking rezoning approval from the City of Cape Town and conducting building designs.

Out of the seven (7) site reservation agreements, three have paid site reservation fees, amounting to R449 796.



ASEZ and MMIH Site Reservation Agreement

Several other investors are in advanced stages of feasibility and negotiation, including an agro-processing company proposing to take up 35 000 m² in Zone 1, as well as a number of new applications from companies in the renewable energy and clean technology sectors.

APPLICATIONS

ASEZCo submitted several applications for top structure funding to the Department of Trade, Industry, and Competition (dtic), aligning with the national priorities of decarbonisation, digitisation, and diversification. In total, the applications amounted to R1,3 billion, with a combined private investment of R1 billion estimated to create 614 direct jobs and 2 899 construction jobs.

Alternative funding is being explored through National Treasury's BFI. Due to the dtic SEZ Fund's 2024/25 allocation being depleted, ASEZCo's civil infrastructure application was referred back, prompting an application to National Treasury's Budget Facility for Infrastructure (BFI) as an alternative funding route.

Despite stronger investor interest, the ASEZCo did not achieve its target of securing two signed tenant lease agreements for the 2024/25 Financial Year, due to the unavailability of funding from the SEZ Fund. This shortfall is attributed to delays in funding availability from the SEZ Fund, a critical factor for investor confidence and funding certainty. Despite this, the entity continues to actively engage with investors, including those willing to self-develop top-structure factories, as well as with other funding institutions. ASEZCo has maintained a strong pipeline of potential investors and currently holds nine site reservation agreements in total, which are expected to convert into lease agreements once funding from the dtic becomes available. These efforts reflect the entity's ongoing commitment to investment facilitation and long-term growth.

Mint & Honey, a tenant within the ASEZ, has contributed approximately R424 135 in annual rental revenue – marking a meaningful step toward ASEZCo's long-term financial sustainability. The business is situated at the Eco-Green Link (EGL) Building at 30 Charles Mathews Street in Zone 4 of the ASEZ. Full operations are expected to commence in the latter part of the 2025/2026 Financial Year.

The completion of civil infrastructure and a robust pipeline of reputable investors signal a promising year ahead. The ASEZCo is positioned for increased lease commitments and commercial growth. The focus remains on securing funding, facilitating investor readiness, and enabling job creation aligned with national priorities of decarbonisation and economic diversification, driving inclusive industrialisation, and sustainable economic growth in Atlantis and beyond.

With the Commercial and Business Development Units working alongside private sector agents and developers, the ASEZCo is sure to continue signing many more leases in the near future.

Two Investment Committee meetings were held, and a total of four (4) investment due diligence reports were tabled. All due diligence reports were approved, pending successful financial raises for plant, equipment, and machinery and funding being available for top structures.

SUB-PROGRAMME 2.3: INTEGRATED ECOSYSTEM DEVELOPMENT

The Integrated Ecosystem Development Unit (IES) continues to enhance the integration of local communities into the broader socio-economic goals of ASEZCo. Utilising systems thinking, the team delves into the intricate socio-economic challenges within communities, fostering the growth of community assets and adaptive systems. Essentially, meaningful community integration and economic engagement flourish when individuals are equipped with the necessary skills for employment or receive support in establishing their own ventures.

ASEZCo remains committed to collaborating with the community to foster agreement on how small, medium, and micro enterprises (SMMEs) and Exempted Micro Enterprises (EMEs) can benefit from ongoing construction efforts. The Infrastructure Working Group (IWG) was an integral part of the Community Stakeholder Network (CSN). It played a significant role in supporting the operations in Zone 1. The remarkable integration between CSN and IWG ensured that the terms and conditions for local SMME participation are transparent to all stakeholders involved.

Over the past year, we reached a total of 1 637 individuals through 19 initiatives across our community engagement, skills development, and enterprise development programmes. Among these participants, 745 individuals enhanced their skills through targeted training opportunities, while 279 enterprises received support to achieve compliance and strengthen their business operations.

This year, our work received significant attention from both local and international media, as well as visiting delegations. The continued support of our ecosystem partners, combined with multi-sector collaborations, delivered tangible benefits for the community, local businesses, and our shareholders. The list below highlights the key partnerships and collaborative efforts that have contributed to these outcomes.

NOTABLE ENGAGEMENTS, COLLABORATIONS, AND PARTNERSHIPS

University of Cape Town, African Centre for Cities field trip – The institution is one of the leading knowledge centres conducting meaningful research on how to understand, recast, and address pressing urban crises, particularly on the African continent. On 4 June 2024, a group of 15 students visited ASEZCo and local industries, engaging in a group discussion with Atlantis community leader, Rene Ryk, Ward Councillor Allister Lightburn, and local EME, Catherine Jenkins. The discussion focused on understanding the multi-scalar and multi-stakeholder challenges faced by local community members and examining ASEZCo's contributions to the town's future.

University of the Western Cape CoLab site visit 4 May 2024 – The CoLab for e-Inclusion and Social Innovation prioritises the digital transformation of societies, aiming for inclusivity to ensure broad participation in the competitive global digital society and economy.

Recently, the ASEZCo IES team visited the Future Innovation Lab to explore potential collaborations and opportunities.

Wits Centre for Researching Education and Labour (REAL)

14 June 2024 – REAL conducts cutting-edge research, offers educational programmes, and supports policymakers and regulatory institutions. Its focus is on the intricate relationships between education, knowledge, work, the economy, and society, to promote social, economic, and ecological sustainability and foster a more just society.

KEY INSIGHT

The IES team has made significant strides in developing an effective partnership with the Atlantis community, businesses, civil society, and educational institutions. We have prioritised building transformational relationships grounded in the principles of shared value.

Working with diverse partners presents the challenge of managing expectations and ensuring alignment on expected outcomes. Continuous engagement with all stakeholders and visible benefits to the community are key to this sustained partnership. We remain committed to shaping a shared vision for the future of Atlantis. Our continued investment in our teams and the broader community reflects our belief in learning through action and delivering meaningful impact.

ASEZCo's impact has been amplified through continuous, structured engagement with diverse community groups, from youth and SMMEs to persons with disabilities and informal traders. Through maintaining open dialogue, co-creating solutions, and aligning development efforts with local needs, we have built trust, fostered shared ownership, and enhanced the relevance and sustainability of our collective initiatives.

The integration of vocational training, digital literacy, and space STEM education, combined with work-readiness and artisan certification, demonstrates a shift toward a dynamic, future-fit skills pipeline. Emphasising Work-Integrated Learning (WIL), entrepreneurship, and green economy awareness ensures youth and workers are equipped for jobs and for participation in a rapidly evolving economy.

Whether through the Driftshoogte Agriculture Hub, e-waste initiatives, or the SMME compliance programme, ASEZCo's enterprise development efforts underscore the power of cross-sector partnerships. The Living Lab model, which promotes circular economy principles and inclusive business practices, is proving effective in catalysing innovation, job creation, and economic resilience within underserved communities.

SKILLS DEVELOPMENT

The IES-Skills Unit engaged in multiple networking and brand awareness initiatives, working closely with the integrated ecosystem team to identify and activate meaningful opportunities. These efforts have laid the groundwork for a cohesive, incubation-style approach that bridges community integration, skills development, and enterprise development.

EDUCATIONAL ROADSHOWS

A significant focus has been on deepening relationships with the five high schools in Atlantis. Through educational roadshows, the Skills Unit engaged both staff and learners to raise awareness about ASEZCo's work, green technologies, sustainability, and progress within Zone 1. These engagements also served as opportunities to recognise long-standing partnerships by awarding Good Standing Certificates to each school.

CAREER DEVELOPMENT INITIATIVES

ASEZCo hosted the largest-ever Career Expo in Atlantis in partnership with the Cape Career Exhibitors Association (CCEA) and Atlantis City Mall. Strategically timed to align with final application rounds for the 2025 academic year, the expo connected learners, job seekers, and professionals with over 38 institutions and organisations, spanning higher education, training, and industry sectors.

In parallel, ASEZCo celebrated the successful Artisan Recognition of Prior Learning (ARPL) Welding Programme, certifying Red Seal welders and contributing to the National Skills Plan's goal of producing 30 000 qualified artisans annually. The programme not only enhanced participants' employability but also addressed skills shortages in critical industries such as manufacturing and green technologies.

ALIGNMENT WITH THE GROWTH FOR JOBS STRATEGY

Skills Development: ARPL provided formal qualifications for semi-skilled individuals, boosting their market readiness.

Economic Growth: By linking job seekers with institutions and industries, ASEZCo supports workforce development.

Industrial Growth: Artisan training feeds directly into the manufacturing sector's labour pipeline.

ADAPTING TO SECTORAL TRANSITIONS

The transition from legacy qualifications to QCTO-accredited programmes posed challenges across the training landscape. Many providers were forced to scale back or close. ASEZCo adapted by re-evaluating its offerings and reaffirming its learner-centred approach. The Skills Unit remains committed to innovation and resilience, planning strategically for the next five years.

DIGITAL LITERACY AND WORK READINESS

Mobile digital literacy programmes and Work Readiness Workshops focused on soft skills such as CV writing, interview techniques, time management, and workplace etiquette. These sessions aimed to build confidence and prepare participants for dynamic professional environments. Strategic partnerships with institutions like the University of the Western Cape and the Department of Labour expanded the reach and impact of these initiatives.



STRATEGIC FOCUS

The Skills Unit has embraced a dual role – delivering direct impact while shaping future-ready strategies. Work-Integrated Learning (WIL) emerged as a key focus, highlighting the need for hybrid, experiential education that benefits both learners and working professionals. However, the need for sustainable funding remains critical to scaling such programmes.

NEW PATHWAYS TO OPPORTUNITY

Several initiatives have been launched to diversify career entry points:

- » **Software Development Programme:** In partnership with Collective X and UWC CoLab, this 22-month initiative trains Atlantis youth in coding, digital innovation, and workplace integration.



- » **Vocational Awareness Programme:** Addresses misconceptions around TVET education and encourages practical learning pathways. Discussions around WIL highlighted the importance of volunteering and practical experience to counteract delays in funded placements.
- » **MaxIQ Space STEM Programme (launch):** The MaxIQ Space STEM Programme, developed in collaboration with MEDO, Daimler's Atlantis Foundries, WCED, and Wesgro's Edu Invest, is introducing 250 Grade 8 and 9 learners to space science, satellite technology, and coding. Over two years, participants will design and launch mini satellites, connecting their education to real-world applications. The programme prioritises diversity, ensuring that learners from underserved communities are included in South Africa's growing STEM industries.



The ASEZCo Skills Unit has made meaningful strides in shaping a dynamic, inclusive, and future-oriented skills development ecosystem in Atlantis. Aligning with national priorities and embracing innovative approaches such as work-integrated learning, digital literacy, and STEM education, the unit has empowered youth and adults alike with the tools to access meaningful employment and entrepreneurial opportunities. Through strategic partnerships, targeted training programmes, and a deep understanding of local needs, ASEZCo has positioned itself as a catalyst for workforce readiness and socio-economic advancement.

Looking ahead, continued investment, collaboration, and financial support will be essential to expand the reach and impact of these initiatives. ASEZCo remains committed to building a skilled, adaptable, and empowered local workforce capable of contributing to a sustainable and inclusive green economy.

ENTERPRISE DEVELOPMENT

Regional growth and its commensurate socio-economic impact are enshrined in the SEZ Act, underscoring the importance of the enterprise development workstream in achieving these goals. This workstream is crucial for unlocking growth opportunities for Atlantis SMMEs and businesses. This work focuses on equipping local businesses with the knowledge and capabilities to tap into increased opportunities available in the area, including linkages to markets outside the Special Economic Zone and within the broader green economy.

The Enterprise Development (ED) Unit at ASEZCo made significant strides in 2024/25, implementing targeted support programmes that empower SMMEs, drive sustainable innovation, and unlock local economic potential. The unit's work has been grounded in the ASEZCo Living Lab principles – promoting collaboration, environmental responsibility, and inclusive growth across sectors.

SMME ENABLEMENT AND CONSTRUCTION SECTOR READINESS

Key achievements included the rollout of the first accredited training programme, supported by SANRAL and delivered by ACS (Pty) Ltd. This intervention enhanced tender readiness for local contractors, particularly those participating in infrastructure projects within Zone 1. Complementing this, a Pre-Contractual Support Programme was introduced, ensuring SMMEs fully understand project requirements, planning, budgeting, and resource management before contract initiation.

These efforts have directly contributed to greater business preparedness, professionalism, and successful onboarding of local firms onto construction projects.



GREEN ECONOMY ACTIVATION: NET-ZERO TO LANDFILL

To advance ASEZCo's net-zero to landfill ambition, the ED Unit hosted Power Hour knowledge sessions on 4 and 18 June 2024, exploring business opportunities in E-waste recycling and plastic repurposing. These interactive sessions, attended by local entrepreneurs and sector leaders, raised awareness, and encouraged innovation in sustainable waste management and circular economy practices.

ENTREPRENEURSHIP TRAINING AND INNOVATION SUPPORT

Entrepreneurship remains a cornerstone of ASEZCo's development approach. In partnership with the National Business Initiative (NBI), a three-part Business Masterclass Series was delivered, covering the fundamentals of entrepreneurship, innovation, and resilience. The workshops (held on 21 May, 11 June, and 25 June 2024) provided participants with strategic insights and practical tools to grow their ventures sustainably.

AGRICULTURE SECTOR DEVELOPMENT

Recognising the importance of agriculture in the Western Cape's Growth for Jobs Strategy, ASEZCo has invested in:

- » Vertical and Hydroponic Farming Workshops, equipping 20 local beneficiaries with skills in sustainable urban agriculture. Participants also visited Freshlife Produce, South Africa's largest rooftop garden, for a practical demonstration of innovative farming methods.

- » The Driftshoogte Agricultural Hub, launched in partnership with PepsiCo. This project includes a 36-month loan agreement to develop a 2-hectare cash crop initiative and aims to support small-scale farmers through training, finance, and ongoing operational support.

These initiatives underscore ASEZCo's commitment to food security, agri-innovation, and inclusive rural development.



SMME COMPLIANCE PROGRAMME

In collaboration with Stoffberg Holdings, a local service provider, ASEZCo implemented a 6-month compliance journey supporting 50 EMEs and SMMEs. Through tailored workshops, one-on-one consultations, and technical assistance, businesses were guided toward full regulatory compliance – positioning them for better access to procurement opportunities.

The programme was conducted across Atlantis, Witsand, and Mamre, and concluded with all participating businesses achieving compliance – marking a significant milestone in building a more formalised and capable local business community.

TOWNSHIP ECONOMY AND INFORMAL SECTOR SUPPORT

To strengthen informal economies, ASEZCo launched:

- » E-waste roadshows in Atlantis, Mamre, Pella, and Witsand. These awareness campaigns, run in partnership with the E-Waste Recycling Authority (ERA), educating communities on the value of proper e-waste disposal and greentech opportunities.
- » On 29 November 2024, ASEZCo, in partnership with the City of Cape Town, hosted Business Linkage Day, featuring 35 local formal and informal enterprises. The event served as a dynamic platform for connecting businesses with potential partners and customers, while celebrating the vibrancy and economic potential of the township economy.

OCCUPATIONAL HEALTH AND SAFETY (OHS) TRAINING

In the final quarter of the 2024/2025 financial year, the Enterprise Development Unit facilitated Occupational Health and Safety training from 10 to 14 March 2025, reaching 35 participants. The sessions covered first aid and SHE Representative responsibilities, equipping participants with critical workplace safety knowledge essential for compliance and personal wellbeing.

COMMUNITY INTEGRATION

ASEZCo's approach to partnerships and community integration is grounded in inclusivity, partnership, and shared ownership. Through continuous dialogue, capacity building, and stakeholder collaboration, the organisation works to strengthen socio-economic inclusion and ensure that development efforts reflect the real needs and aspirations of Atlantis and its surrounding communities.



STRATEGIC ENGAGEMENT AND STAKEHOLDER INCLUSION

ASEZCo's community stakeholder engagement sessions serve as a cornerstone for inclusive development. Aligned with the Provincial Strategic Implementation Plan, these sessions promote youth empowerment, innovation, and equitable access to opportunity.

KEY EVENTS

- » Youth Day celebrations (15 and 21 June 2024) co-hosted with the Mamre Community District Clinic and the Witsand Youth Community Development Organisation.
- » Co-creation workshop with BPS and NBI (14 August 2024), aimed at fostering entrepreneurship and community capacity.

COMMUNITY FORUMS AND SECTOR REPRESENTATION

Small-group forums, hosted in collaboration with the Community Sector Network (CSN), created space for focused dialogue with key sectors – business, persons with disabilities, and informal traders. These forums:

- » Built trust between ASEZCo and community stakeholders;
- » Ensured two-way communication aligned with local priorities; and
- » Supported inclusive participation in the SEZ, especially in green initiatives and job creation.

HIGHLIGHTED ENGAGEMENTS

- » Emmanuel Day Care Centre on 7 October 2024;
- » Atlantis Kraal Members Meeting on 11 November 2024;
- » Orion Organisation on 5 December 2024; and
- » ASCOD – Association for Sustainable Community Development on 11 December 2024.

CAPACITY BUILDING FOR COMMUNITY RESILIENCE

ASEZCo's capacity-building strategy helps reduce dependency on external support and empowers communities to drive their own development. Through a series of events and workshops, the Skills and Integration teams offered training, awareness, and access to real opportunities.

NOTABLE PROGRAMMES:

- » Peer Connect Session (31 May 2024) with NACOSA, promoting youth understanding of green economy careers;
- » Maritime Training Workshop (20 June 2024) with STC-SA and CSN;
- » Entrepreneurial Learning Canvas Workshop (20 to 21 June 2024), aligned with UNESCO's TVET strategy;
- » Skills Activation Session with SAYouth, Swift Skills Academy, and CSN, assisting over 40 youth with registration for training in engineering, welding, and administrative roles;
- » CSG Group Business Breakfast, linking 40 SMMEs and unemployed youth to internship opportunities; and
- » Stakeholder Co-creation Workshop with BPS and NBI, connecting government, funders, and business to explore shared development priorities.

KNOWLEDGE SHARING AND CAREER ACCESS PLATFORMS

ASEZCo created inclusive platforms to connect job seekers with industries and to raise awareness of available educational and economic opportunities:

- » Community of Practice Workshops (5 February 2025) focused on skill-building, local development, and socio-economic empowerment;
- » All Things Jobs Expo (27 March 2025) in collaboration with BPS and WCG Health, bridging the gap between employers and job seekers, and addressing community literacy needs; and
- » Wesfleur Library Career Expo (8 May 2024), raising awareness around the links between education, employment, and a healthy society.

SUPPORT FOR LOCAL BUSINESSES AND ENTREPRENEURSHIP

Capacity-building extended to local business development through:

- » NYDA Business Training (3-day workshop), in partnership with SEFDA and BPS, focused on business skills and sustainability; and
- » SMME Briefing Session (3 February 2025), where participants were introduced to the Quantum V3 tender packages and taken on a site visit to better understand project scope and readiness expectations.

GREEN DIALOGUES AND SUSTAINABLE DEVELOPMENT

In line with ASEZCo's commitment to environmental and economic sustainability, the green dialogues series created platforms for critical reflection and future planning:

- » Sustainable Lessons Learned Workshop (30 September 2024) reviewed the region's first SEZ civil infrastructure project, with strong lessons on stakeholder involvement and green design principles; and
- » Entrepreneurship and Renewables Dialogue (18 March 2025) connected entrepreneurs with opportunities in the green economy, emphasising innovation and collaboration in the renewable energy sector.

SOCIAL INFRASTRUCTURE AND COMMUNITY RESILIENCE

The social infrastructure project brings together NGOs and professionals from Atlantis, Mamre, Pella, and Witsand. Through platforms like the Community of Practice Expo (October and December 2024), local organisations displayed their work, strengthened partnerships, and contributed to inclusive, environmentally-conscious development planning.

STRATEGIC GOVERNANCE AND FORWARD PLANNING

- » The CSN Community General Meeting (26 November 2024) provided an accountability platform for community stakeholders to reflect on challenges and achievements. A strong mandate was secured for CSN to continue engaging with ASEZCo on behalf of the community.
- » A joint ASEZCo-CSN Planning Session (12 December 2024) aligned 2025 priorities and identified key areas for enhanced cooperation and delivery.

Community integration is not a standalone initiative but a long-term, strategic investment in the social fabric of Atlantis. ASEZCo's deliberate, inclusive approach has enabled communities to take ownership of development, advocate for their needs, and participate meaningfully in shaping the future of the SEZ and the region as a whole.



SUB-PROGRAMME 2.4: GREENTECH INFRASTRUCTURE DEVELOPMENT

Effective Greentech infrastructure development for the Atlantis SEZ will provide the backbone for the effective operations of the Zone and create a conducive environment for optimal utilisation of the precinct. This sub-programme is concerned with providing infrastructure and servicing the development and operational needs of the Atlantis SEZ. The greentech focus of the Atlantis SEZ is underpinned by three core principles: reducing carbon emissions, increasing resource efficiency, and building social inclusion. These principles also guide our approach to infrastructure development within the zone. This approach is embodied in the concept of the Atlantis SEZ as a “living laboratory” for exploring sustainable and green manufacturing practices. By working in partnership with our tenants, shareholders, and stakeholders, we aim to drive the shift towards sustainable manufacturing. This commitment is reflected in our goals of achieving net-zero carbon, net-zero water, zero waste to landfill, working with nature, and promoting social inclusion – particularly through building shared values with the community and fostering skills and enterprise development. This approach provides a guiding framework for the work of the infrastructure portfolio.

ZONE 1 CIVILS CONSTRUCTION

Zone 1 stands as the flagship infrastructure development project of the ASEZ, showcasing the organisation’s commitment to catalytic investment, inclusive development, and sustainable urban planning. With practical completion achieved in February 2025 and final delivery expected by June 2025, the project has made impressive progress, including the successful completion of key civil works such as earthworks, stormwater drainage, and sewer reticulation. Notably, the project has exceeded its SMME participation target, with 35% of the contract value awarded to local SMMEs and has created 451 jobs – 204 of which benefited residents from the Greater Atlantis area. Enhanced security measures, including 24/7 patrols and surveillance systems, have not only ensured site safety but also generated additional local employment through the appointment of a local SMME for security services. Zone 1 sets a benchmark for future ASEZCo projects and reflects a model of inclusive, sustainable infrastructure delivery.

WCB Construction was appointed as the principal contractor for the Zone 1 civil infrastructure works, with a contractual start date of 21 February 2023. We are pleased to report that the project has reached practical completion. Construction of the first factory within Zone 1 is scheduled to commence at the beginning of the new financial year.

Local SMMEs have played a significant role in the Zone 1 civils project, delivering over 35% of the main contract value through 16 dedicated work packages awarded to these businesses.

The Community Stakeholder Network (CSN), together with the Infrastructure Working Group (IWG), has been working closely with the main contractor, the ASEZ, and the community to ensure the benefit and involvement of the local SMMEs. The time and effort invested in developing procedures, the right structures, and processes have created a solid foundation for the infrastructure programme roll-out in Zone 1. The CSN and IWG continue to do stellar work in ensuring that the terms and conditions for the participation of local SMMEs are clear to all parties.

Currently, the SMME inclusion is at 35% of the contract value, which has exceeded the target of 30% SMME inclusion. The following packages have been awarded to local SMMEs:

- » Clear and Grub
- » Demolition of Structures
- » Straw Stabilisation
- » Construction of Sewer Manholes
- » Construction of Water Valves & Hydrant Chambers
- » Construction of Stormwater Swales & Ponds
- » Installation of Sleeves
- » Construction of Road Kerbing
- » Construction of Sidewalk Paving
- » Road Marking and Signage
- » Construction of Stormwater Structures
- » Construction of Guardhouse and Pumproom Buildings
- » Construction of ClearVu Fencing
- » Electrical Installation
- » Solar Installation
- » Landscaping
- » Pipelaying and earthworks

ASEZ Zone 1 Jobs created	
Total number of jobs created	451 jobs created in Zone 1
Greater Atlantis area jobs created	204 jobs created within the greater Atlantis
Non-Atlantis residents	247 jobs created for non-Atlantis residents
Male	424 males employed in Zone 1
Female	27 females employed in Zone 1





First female SMME in Zone 1

ZONE SECURITY

AIM Protection Services, a local SMME, has been appointed on a three-year contract to provide 24/7 physical security services at the ASEZ land, including Zone 1 and the EGL Building. This continuity will allow the security personnel to familiarise themselves with the investors in the ASEZ and will allow for continuous improvement measures to be incrementally tested and implemented.

In addition, Zone 1 has a secure fence, CCTV cameras, and access control in the form of turnstiles, booms, and a biometric sign-in system.

ENVIRONMENTAL IMPACT ASSESSMENT (EIA):

Zone 1 has received positive feedback based on the inspection DEA&DP made on 20 February 2025. The close-out report for this project is scheduled for the end of April 2025.

Zone 2 has been successfully registered as part of the City of Cape Town's Generic EMPr. Search and rescue of indigenous vegetation will take place in autumn this year.

Zone 3 is still in the process of undergoing specialist studies. The presence of a wetland has complicated the EIA process, necessitating General Authorisation (GA) from the Department of Water and Sanitation. The EIA process is scheduled to be concluded by the end of the first quarter of 2025/26.

EGL BUILDING

The EGL Building, situated at 30 Charles Mathews Street, currently houses Quantum V3's Oxygen facility and Mint & Honey. The refurbishing and upgrading of the EGL Building are progressing well. SMME participation accounts for 51 % of the contract value, including the creation of 29 local jobs.

The construction work began in October 2024, but was delayed due to the requirement for approval from the Authorised Asbestos Inspection Authority (AAIA) before any work involving asbestos could commence. As a result, a one-month extension of time was granted. Practical completion was reached in March 2025.

The refurbishment of the EGL Building included the following:

Phase 1:

- » Site establishment;
- » Removal of asbestos roof sheets;
- » New IBR roof sheets; and
- » New floor coverings.

Table 4: EGL jobs created

Eco-Greenlink building refurbishment demographic report	
Total number of jobs created	29
Greater Atlantis area jobs created	17
Non-Atlantis residents	12
Male	28
Female	1
Youth	5

Phase 2:

- » Installation of electrical infrastructure, including wireways, power cables, distribution boards, small power, lighting, and fire detection systems; and
- » Improvements of fence, gate, and driveway.

Phase 2 will commence once funding has been confirmed.

New flooring and new roof at the EGL Building**QUANTUM V3 TOP STRUCTURE FACILITY**

The project entails the construction of a factory building, featuring an 840 m² manufacturing area, a 300 m² equipment canopy, and 119 m² of office space. The facility will incorporate sustainable design elements, including solar infrastructure and hempcrete.

Originally set to begin in July 2024, the project experienced delays due to issues with erf transfers and plan approvals. These challenges have since been resolved, with land transfer and plan approvals finalised, and key site establishment milestones reached on 7 March and 24 March 2025, respectively. Construction is now scheduled to commence in April 2025, with a planned duration of nine months.



Front portion of the Office Block Foundation Sub-structure completed. Taken on the 19th of June 2025.



On-going Works: Stripping of Base Formwork and Setting Column Formwork. Taken on the 20th of June 2025.



Backfilling around the Foundation Bases. Taken on the 20th of June 2025.



Backfilling on the Office Block's Sub-structure. Taken on the 20th of June 2025.



GREEN MANUFACTURING HUB

The concept design and costing for the Green Manufacturing Hub have been completed by the service provider, Koop Design. The funding application was submitted at the end of March 2024 to the dtic. The ASEZCo has secured tenancy letters for the Green Manufacturing Hub from the following stakeholders and partners who have indicated that they will take up tenancy: City of Cape Town, Modulêr Electrical Assemblies, and New Era Roofing.

The ASEZCo is currently waiting for a response from the dtic on the outcome of the funding application. The status of the funding application remains the same for the quarter under review.

Figure 11: Green manufacturing hub concept



SUSTAINABLE URBAN PRECINCTS GREEN STAR RATING

The Green Star Sustainable Urban Precincts Rating, awarded by the Green Building Council of South Africa, is a highly regarded certification that recognises excellence in sustainable urban development. Securing this rating will affirm the Atlantis SEZ's commitment to environmental responsibility and significantly strengthen its reputation. To advance this goal, an RFQ has been issued for an accredited professional to lead the application process, with the appointment expected in the first quarter of 2025/2026.

FUNDING APPLICATION

An application to register the Atlantis SEZ Programme on the Infrastructure Fund has been submitted to Infrastructure South Africa (ISA). Additionally, an application for project preparation funding and support has been submitted to ISA. The ASEZ is also working towards applying for the National Treasury's Budget Facility for Infrastructure (BFI).

SMART ZONE

The Smart Zone research aims to inform the ASEZCo on how to utilise IoT and remote sensing technologies to monitor utility usage. The ASEZ is being developed in such a way that electricity, water, and waste can be monitored. This is done through remote electricity sensors in the EGL Building. Further innovation in this domain is demonstrated through our solar-powered guardhouse, solar streetlights, and solar-powered CCTV system. The strategy is to monitor the renewable energy consumption for reporting purposes.

LOOKING AHEAD

The ASEZCo is set for a productive 2025/2026 Financial Year, with well-defined targets across all business units. Our vision is to develop an industrial zone that offers long-term value for both investors and tenants. With a strong focus on sustainability, inclusivity, and strategic partnerships, we are committed to placing our tenants at the centre of our efforts. As we advance towards becoming a leading greentech zone, ASEZCo will continue to build trust and confidence in our offerings through steadfast dedication to environmental stewardship, local economic empowerment, and financial sustainability – laying a solid foundation for ongoing success in the years ahead.

Due to significant budget limitations, securing infrastructure funding has become increasingly difficult, making the development of Zones 2 and 3 more challenging. The SEZ Fund is adopting a new approach to the submission of funding applications. The ASEZCo is exploring alternative funding opportunities through the DBSA, IDC, BFI, GSTIC, and others. It is imperative that the ASEZCo raises the required capital for civil infrastructure, as prospective tenants need certainty about development timeframes and locations to secure financing for their projects.

The Business Development and Commercial work must continue despite challenges and the lack of civil infrastructure for Zones 2 and 3, including encouraging investors to develop own facilities. The various plans and strategies guiding the ASEZCo are sound and well thought out. Consistent application of these investment and clustering strategies is likely to yield positive results in investment promotion. Additionally, the Business Development Unit will continue to leverage partnerships with CoCT, Wesgro, GreenCape, and the dtic to maximise returns on investment promotion activities. Since the completion of civil infrastructure in Zone 1, partnerships with private sector brokers are expected to further drive investment into the area. The construction of the Quantum V3 top structure factory will be a key highlight of the new financial year, marking the first factory to be built in Zone 1.

The Integrated Ecosystem unit will continue to foster positive stakeholder engagement and promote social inclusion in Atlantis. The skills, enterprise and community development work will continue to build on the solid foundation already established. The programmes will have a more programmatic focus to ensure longevity and impact. This will include exploring new funding sources and/or project partners.

Table 7: Programme 2 performance information

Outcomes, outputs, output indicators, targets, and actual achievements

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	**Actual achievement 2024/2025	Deviation from planned target to actual achievement 2024/2025	Reasons for deviations
To recruit and facilitate at least R3 billion in direct investments into the ASEZCo with associated capital investment and job creation opportunities.	Investment realised	2.1.1 Number of investment projects committed	2	2	2	2	-	Achieved
	Facilitating investment into the SEZ	2.1.2 Number of quarterly investor pipeline registers maintained	4	4	4	4	-	Achieved
	Targeted marketing in facilitating investment into the SEZ	Investor marketing plan	1	Indicator discontinued	Indicator discontinued	-	-	-
		Investor target market analysis	-	1	Indicator discontinued	-	-	-
	Leveraging partnerships	2.1.3 Number of partnership agreements	2	3	2	5	3	Overachieved – three additional MOUs were signed; these additional partnerships are a result of a strong and growing network of collaborators, which plays a critical role in mobilising resources, and the impact required for long-term sustainability.
To generate revenue from commercial services of at least 70% towards being independent of the Western Cape Government for operational budget purposes.	Commercial services initiated	2.2 Number of signed tenant lease agreements	2	2	2	0	2	Not achieved. This was due to the unavailability of funding from the SEZ Fund. Despite this, the entity continues to actively engage with investors, including those willing to self-develop top-structure factories, including other funding institutions.
To facilitate an enabling investment environment for the support of at least 740 people in Atlantis.	Skills development initiatives supported	2.3.1 Number of skills development initiatives supported	7	7	6	6	-	Achieved

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	**Actual achievement 2024/2025	Deviation from planned target to actual achievement 2024/2025	Reasons for deviations
To facilitate an enabling investment environment for the support of at least 740 people in Atlantis.	Enterprise development initiatives supported	2.3.2 Number of enterprise development initiatives supported	6	6	6	7	1	Overachieved. An additional initiative was held as part of the ASEZ's collaboration; this offered a valuable financial literacy training opportunity for local small business enterprises. Failing to seize this opportunity would have meant a missed chance for Atlantis-based entrepreneurs to gain essential financial insights and develop key partnerships that could support the sustainability and growth of their businesses.
	Community integration initiatives supported	2.3.3 Number of community integration initiatives supported	5	6	6	6	-	Achieved
To secure funding of at least R180 million towards the establishment of greentech infrastructure, facilities and services, guided by UNIDO's Eco-Industrial Park and Living Lab objectives	Living Lab and related strategies for zone infrastructure	Number of approved strategies for water, waste, and energy, and associated updates	2	Indicator Discontinued	Indicator Discontinued	-	-	-
UNIDO's Eco-Industrial Park and Living Lab objectives		2.4.1 Percentage of roof space generating solar electricity on newly constructed buildings	-	40,48%	40%	13%	27%	Not achieved – the current installation pertains to a guardhouse canopy where 13% coverage was deemed sufficient to meet the building's energy requirements. Increasing the solar capacity to 40% would have resulted in an oversized system
	Funding for projects implemented	2.4.2 Number of funded projects initiated	1	2	2	3	1	Over achieved. This was due to increased investor interest, with the specific investor needing to start operations in a new factory, which would be built in Zone 1 in the next financial year. This has led to more funding requirements than initially anticipated.

LINKING PERFORMANCE WITH BUDGET

Table 8: Linking performance with budget

Programme	2024/2025			2023/2024		
	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	18 818	18 282	536	15 631	15 453	178
Operations	15 747	14 130	1 617	11 025	10 957	68
Total	34 565	32 412	2 153	26 656	26 410	246

amounts exclude depreciation

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Infrastructure remains the backbone of our value proposition. To date, applications totalling over R1,3 billion have been submitted to the dtic, of which only R127 million has been accessed by the ASEZCo. Uncertainties in national SEZ programme funding have constrained our ability to deliver bulk services and top structures at the pace required. This has directly impacted our ability to meet our signed lease agreement targets, as infrastructure readiness is a key condition for lease finalisation. A GTAC spending review notes that most SEZs in South Africa remain reliant on fiscal support, with limited capacity to self-fund capital projects.

In response, the ASEZCo is actively engaging stakeholders and exploring blended finance models, public-private partnerships, and catalytic funding to bridge this gap. Current efforts include the submission of various funding applications targeting civil works in Zones 2 and 3, the Green Manufacturing Centre, and top-structure factory buildings to accelerate implementation.

To address the shortfall in achieving the 40% solar rooftop target, ASEZCo will refine its renewable energy implementation strategy to ensure better alignment between building-specific energy demands and target solar capacity. Future designs will incorporate early-stage feasibility assessments to identify structures capable of supporting higher solar coverage without oversizing. Additionally, ASEZCo is exploring supplementary rooftop solar opportunities across other suitable buildings within the zone to offset shortfalls and progressively meet the overall renewable energy targets.

REVENUE COLLECTION

Table 9 Revenue collection

Sources of revenue	2024/2025			2023/2024		
	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
Rental Income & other	895	756	139	1 020	987	33
Total	895	756	139	1 020	987	33

Rental income relates to the EGL facility currently tenanted. The facility refurbishments were completed in March 2025 and the tenant is expected to be operational in the next financial year.

CAPITAL INVESTMENT

No capital funding for the 2024/2025 Financial Year was received.

Table 10: Capital investment

Infrastructure projects	2024/2025			2023/2024		
	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Civils Zone 1*	57 391	52 514	4 878	28 666	25 061	3 605
Quantum V3*	524	479	45	1 011	884	127
Holdings						
EGL	7 634	6 985	648	323	282	41
Total	65 550	59 979	5 572	30 000	26 227	3 773

*Funds received reflected in unspent conditional grants

The completion of these three projects will continue into the 2025/26 Financial Year.

PART C

CORPORATE GOVERNANCE REPORT





INTRODUCTION

The ASEZCo is committed to the highest standards of business integrity and ethics. The Accounting Authority (Board) ensures that the ASEZCo is governed in accordance with the PFMA, the Companies Act, and appropriate non-binding rules, codes, and standards such as the principles of the King IV Report.

EXECUTIVE AUTHORITY

The Atlantis Special Economic Zone Company SOC Limited is a 3(d) registered entity in terms of the Public Finance Management Act (PFMA) (Act No. 1 of 1999) that is owned by the Western Cape Provincial Government and City of Cape Town. In accordance with the PFMA, states that the Executive Authority of a provincial public entity, means the member of the Provincial Executive Council who is accountable to the provincial legislature for that public entity. The Member of the Executive Council (MEC) for Agriculture, Economic Development and Tourism, Dr Ivan Meyer, as the Provincial Minister acting on behalf of the Western Cape Government, who is the majority shareholder and Executive Authority of the ASEZ Company.

The Executive Authority provides oversight, ensures alignment with the entity's mandate, and is accountable to Parliament for the efficient and effective use of public funds. Regular reporting and formal engagement between the Executive Authority and the Accounting Authority takes place to review performance, compliance and governance matters.

COMPOSITION OF THE ACCOUNTING AUTHORITY (BOARD OF DIRECTORS)

The ASEZCo Memorandum of Incorporation specifies the composition of the Board of Directors as follows:

- » One member shall be a representative of the **City of Cape Town**, who was duly appointed.
- » Two members shall be representatives from the **Western Cape Department of Economic Development and Tourism**, both of whom have been duly appointed.
- » One member shall be a representative of the **Department of Trade and Industry** and has been duly appointed.
- » One member shall be a **community member from the Atlantis** area who is part of the community stakeholder network and shall be nominated for consideration for appointment by the community stakeholder network in the Atlantis area and has been duly appointed.
- » One member shall be a **labour representative** and shall be nominated for consideration for appointment by one or more labour organisations from the Atlantis area and has been duly appointed.

- » One member shall be an **independent non-executive director** who shall be appointed through an open advertised process and has been duly appointed.
- » **Two executive directors of the company** – the Chief Executive Officer and Chief Financial Officer have been duly appointed in line with King IV principles of corporate governance.
- » One member shall be the **operator of the company**, appointed in terms of Section 31 of the SEZ Act, or a representative of such an operator, if required.

The powers and duties of the Board of Directors are outlined in the Companies Act and further defined in the Board Charter. This includes:

- » Procedures for Board meetings and decision-making;
- » Appointment to Committees and powers of delegation; and
- » Board and sub-committee remuneration.

The Board's responsibilities, as defined in the PFMA and the Companies Act, emphasise independence and accountability to the shareholders of the ASEZCo. Each year, the Board enters into a Shareholders' Compact with the Executive Authority, setting out the strategic objectives.

During this financial year, there were two resignations from the Board, and two members' terms had expired. Only two vacancies had been filled at the end of the financial year.

BOARD MEETINGS

The ASEZCo Board meets at least four times per year. In the 2024/25 Financial Year, five ordinary meetings were held, including for the approval of the Annual Financial Statements. Board meetings are typically held in person, with provisions for online attendance.

The quarterly Board meetings provide updates on the business activities of the entity, and the quarterly performance reports are tabled for review.

BOARD OF DIRECTORS

Table 10: ASEZCo Board meeting attendance

Name	30 May 2024	30 July 2024	17 September 2024	27 November 2024	24 February 2025
Mohamed Saliem Fakir (Chairperson and second WCG seat)	✓	✓	✓	✓	✓
Jo-Ann Johnston (DEDAT representative) - resigned 18 November 2024	✓	✓	A	-	-
Ilse van Schalkwyk (DEDAT representative) - appointed 20 February 2025	-	-	-	-	✓
Lance Greyling (CoCT representative) - term ended 25 November 2024	A	✓	✓	-	-
Anthony Hazell (CoCT representative) - appointed 29 November 2024	-	-	-	-	✓
Zukiswa Kimani (dtic representative) - term ended 25 November 2024	✓	✓	✓	-	-
Leon Roman (Community representative)	✓	✓	✓	✓	✓
Kenosi Selani (Independent member)	✓	A	A	✓	✓
Marshall Jullies (Labour representative) - resigned 31 December 2024	✓	A	✓	-	-
Waheeda Saib (CFO)	✓	✓	✓	✓	✓
Patrick Matthew Cullinan (CEO)	✓	✓	✓	✓	✓

A - Absent

Table 11: Composition of the Board – attendance of committee meetings

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorship	Other committees	Number of meetings attended
Mohamed Saliem Fakir	Chairperson Greentech (DEDAT)	29/05/2022	-	Master's in environmental science and management; BSc Honours	Greentech representative, strategic environmental, and climate advisory	GreenCape		0
Jo Ann Deidre Johnston	Chairperson (WCG)	25/11/2019	18/11/2024	Master's in urban infrastructure design and management; postgraduate diploma in higher education; Bachelor of Arts degree	Sector development, and investment and trade promotion	None	Investment Committee, HR & Remco	1
Lance William Greyling	CoCT	25/11/2019	25/11/2024 term expiry	Honours in African studies; postgraduate diploma in sustainable energy	Trade and investment	Wesgro, WCEDP, Cape Town Tourism	Investment Committee, HR & Remco, Nominations Committee	4
Zukiswa Kimani	The dtic	25/11/2019	25/11/2024 term expiry	Master's in international and development economics; honours degree in economics	Sector strategy development, industrial policy development, policy analysis	None	Nomination Committee, Social & Ethics Committee, Audit, IT and Risk Committee	8
Leon Jonathan Roman	Community representative	26/06/2020	-	MBA doctorate in human resource development at Canterbury University Executive Development Programme (USB-ed); ND in electrical engineering (LC)	Human resource development	Human Capital Transformation CC	HR & Remco, Social & Ethics Committee, Investment Committee, AIRC	3
Kenosi Selane	Business	25/02/2021	-	B Com Hons; CA(SA), MBA	Strategic financial advisory, core finance and economic regulation	Malvicol, Tatogystix, Ullisync	Audit, IT and Risk Committee, HR & Remco, Social & Ethics Committee, Nominations Committee	10
Marshall Julian Jullies	Labour representative	16/09/2021	31/12/2024	Diploma in Education III (SP); B Tech (Hons)	Labour representative	None	Social & Ethics Committee	1
Waheeda Saib	Chief Financial Officer	03/12/2019	-	B Com Hon; CA (SA)	Public sector financial management, compliance, and governance	None	Investment	9
Patrick Matthew Cullinan	Chief Executive Officer	12/09/2022	-	Master's in city and regional planning; BA Social Science in economics, geographical and environmental science	Public sector infrastructure planning, sustainable urban and industrial development	MCA Urban and Environmental Planners	Investment, Social & Ethics Committee	9
Anthony Hazell	CoCT	29/11/2024	-	B.Sc. (Honours) in Zoology UCT	Public sector policy and strategy, to political strategic communications and relationship management and marine research	None	Nominations Committee	0
Ilse van Schalkwyk	DEDAT (WCG)	20/02/2025	-	Master's in Public Development Management	Private and public sector economic research and planning, strategy development	None	Nominations Committee	0

Table 12: Board committees

Committee	Number of meetings held	Number of members	Name of member
Audit, IT and Risk Committee	6	4	Kenosi Selane (Chairperson) Ian Bartes – independent Paul Slack – independent Zukiswa Kimani (appointed 29 May 2023)
Investment Committee	3	6	Lance Greyling (Chairperson) Andre Human Fernel Abrahams Waheeda Saib Patrick Matthew Cullinan
Nomination Committee	1	3	Zukiswa Kimani (Chairperson) Gerschwin Williams Lance Greyling (appointed 29 May 2023) Kenosi Selane
Human Resources & Remuneration	3	3	Leon Roman (Chairperson) Zukiswa Kimani Marshall Jullies Patric Matthew Cullinan
Social & Ethics Committee	1	4	Marshall Jullies (Chairperson) Zukiswa Kimani Leon Roman Patrick Matthew Cullinan

Table 13: Remuneration of Board members

Name	Board committee fees	Board subcommittee fees	Audit committee fees	Total
Selane, Kenosi	11 386	9 842	24 928	45 156
Marshall Jullies	11 386	2 698	-	14 084
Roman, Leon Jonathan	17 478	8 892	2 698	29 068
Mohamed Saliem Fakir	21 157	-	-	21 157
Bartes, Ian	-	-	16 188	16 188
Slack, Paul	-	-	20 634	20 634
Human, Andre	-	5 396	-	5 396

RISK MANAGEMENT

ASEZCo has adopted and implemented a comprehensive risk management framework as required by the Public Finance Management Act (PFMA) (Act 1 of 1999), King IV, and the associated Corporate Governance Codes. Annual risk assessments are conducted to identify key strategic and emerging risks, which are monitored and updated on a quarterly basis. Mitigation measures, where applicable, are implemented to manage these risks within its control. The Audit, IT and Risk Committee monitors the effectiveness of risk management practices and advises the entity accordingly. The lack of policy certainty, unclear incentives, and reliance on inconsistent SEZ funding undermine investor confidence and hinder the long-term viability of the entity. The ASEZCo is seeking to diversify funding sources through partnerships with funders and financiers and implement robust revenue generation models to reduce its dependency on state funding.

INTERNAL CONTROL UNIT

The entity has established and implemented internal controls designed to ensure operational effectiveness, efficiency, integrity, and the reliability of annual financial statements, performance reporting, and compliance monitoring. The internal controls also aim to safeguard the entity's assets. The internal controls are based on the policies and procedures currently being implemented, with the required segregation of duties to ensure robust oversight. An internal Control Officer was appointed on 1 July 2024 to strengthen the monitoring of the entity's internal controls.

AUDIT IT & RISK COMMITTEE (AIRC)

The AIRC comprises two non-executive directors, with the Chairperson being an independent director, along with two independent members. The AIRC operates as a subcommittee of the Board within a clearly defined and adopted charter. Its main purpose is to provide a forum that supports and makes recommendations to the Board on strategic and operational governance matters affecting the ASEZCo.

The AIRC evaluates and oversees:

- » Financial management;
- » Internal controls;
- » Risk management;
- » Information technology issues;
- » Regulatory compliance; and
- » Internal and External Audit functions within the ASEZCo.

Table 14: Audit IT & Risk Committee

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	Number of meetings attended	Attendance of Risk Register Workshop*	Attendance of SCOPA**
Kenosi Selane	BCom (Hons), CA (SA); MBA	External	-	04/03/2021	-	6	-	-
Ian Bartes	BCom; EMBA	External	-	04/03/2021	-	5	0	0
Paul Slack	BCom (Hons); CA (SA)	External	-	04/03/2021	-	5	1	1
Zukiswa Kimani	Master's degree in international and development economics; Honours degree in economics	External	-	29/05/2023	25/22/2024 term expiry	5	1	0

*Attendance of Risk Workshop **Attendance of SCOPA

INTERNAL AUDIT

The ASEZCo Internal Audit function is outsourced to Nexia SAB&T (BDO until January 2025) and reports directly to the Audit, IT & Risk Committee. The AIRC approved the scope of work performed by Internal Audit at the commencement of the financial year. The following internal audits were completed relating to the 2024/25 Financial Year:

- » Risk workshop
- » Supply chain management
- » Audit on performance information
- » Review of the AFS
- » Contracts review
- » Health & safety review
- » Revenue generation review

EXTERNAL AUDIT

The Auditor-General of South Africa (AGSA) is responsible for performing the annual audit of the ASEZCo.

COMPLIANCE WITH LAWS AND REGULATIONS

The ASEZCo is firmly committed to adhering to the Public Finance Management Act (PFMA), the Companies Act, the Special Economic Zones (SEZ) Act, and all related regulations. The entity has adopted a compliance framework that is actively implemented and monitored, on a quarterly basis, by the Audit, IT and Risk Committee (AIRC).

Furthermore, the management team participates in provincial forums where the latest legislative amendments and guidance, including Supply Chain Management and other key legislative reforms, are considered and discussed.

The entity has noted the amendments to the Companies Act and will incorporate the changes where appropriate.

FRAUD AND CORRUPTION

The ASEZCo maintains a zero-tolerance policy towards fraud and corruption. This policy mandates that all employees comply with existing systems, policies, procedures, rules, and regulations designed to prevent, detect, respond to, and mitigate the impact of fraud and corruption. The policy further outlines the mechanisms available to staff and the public for reporting suspected incidents confidentially, with protections in place for whistleblowers. All allegations of fraud and corruption must be reported to the ASEZCo Board via the AIRC for further consideration and action.

MINIMISING CONFLICT OF INTEREST

All ASEZCo employees are required to complete an annual declaration regarding conflicts of interest. These declarations are reviewed by executive management. The Board has established procedures in accordance with Section 50(3) of the PFMA and Section 75 of the Companies Act, requiring the Board and committee members to declare any conflicts of interest before the commencement of each meeting. If a conflict of interest is declared, the relevant Board or committee member must recuse themselves from discussions and decisions on the matter. Additionally, Board and committee members complete a declaration of interest annually.

The Board has also undergone corporate governance and Board effectiveness training, conducted by the Institute of Directors in South Africa. The entity adopted and implemented a Supply Chain Management policy which incorporates all applicable legislation. Every member of the bid specification, bid evaluation, and bid adjudication committees is required to declare any interest in any advertised bid. Non-disclosure of interest is addressed in accordance with the ASEZCo's disciplinary policy.

CODE OF CONDUCT

Integrity and accountability remain central to ASEZCo's organisational culture and operations. Our Code of Conduct applies to all employees and is anchored in the organisation's Conditions of Service, supported by comprehensive human resources policies and procedures that align with South African labour legislation, including the Basic Conditions of Employment Act and the Labour Relations Act. This framework ensures fairness, transparency, and ethical practice throughout the organisation.

In December 2024, all ASEZCo staff completed an ethics training programme. This initiative strengthened understanding of ethical principles, provided practical guidance for real-world scenarios, and reinforced our shared commitment to integrity and accountability. By embedding these principles beyond policy documents, ASEZCo continues to foster a values-driven culture that supports both compliance and trust.

Board members remain governed by the approved Board Governance Charter and Board Code of Conduct, ensuring ethical leadership and sound governance at the highest level. Any breach of the Code, whether by staff or leadership, is addressed in line with ASEZCo's disciplinary policy and procedures, underscoring our consistent, fair, and values-based approach to accountability.

HEALTH, SAFETY, AND ENVIRONMENTAL ISSUES

ASEZCo maintains a comprehensive Employee Health & Safety (H&S) Policy that sets out our governance framework, responsibilities, reporting lines, and control measures for the ASEZCo corporate offices. Within the broader Special Economic Zone, health and safety risks are further governed through

zone management protocols, policies, and procedures that guide tenants, contractors, and operational activities across the precinct. A formal Health & Safety Committee, constituted in accordance with the Occupational Health and Safety Act 85 of 1993, has been established to provide structured consultation between management and employee representatives, monitor compliance, review incidents and audit findings, and drive continuous improvement in our safety practices.

An H&S audit was conducted during the reporting period to test controls, identify gaps, and inform corrective action planning. In support of internal emergency readiness, five employees completed an accredited five-day first aid, health and safety training programme in the 2024/2025 Financial Year. The training strengthens ASEZCo's immediate response capability and contributes to embedding a culture of proactive risk management, preparedness, and care for our people.

COMPANY SECRETARY

In compliance with the Companies Act, ASEZCo appointed a Company Secretary on 11 October 2021.

The Company Secretary is accountable to the ASEZCo Board in terms of the Companies Act and is responsible for:

- » Providing the Board of Directors with guidance on their duties, responsibilities, and powers.
- » Ensuring directors are aware of any laws relevant to or affecting the ASEZCo.
- » Reporting to the Board any failure on the part of the ASEZCo, or a director, to comply with the Memorandum of Incorporation, the Companies Act, or any other applicable legislation.
- » Ensuring the proper recording of minutes of all shareholders' meetings, Board meetings, and meetings of Board committees in accordance with the Companies Act.
- » Certifying in the ASEZCo annual financial statement whether the Company has filed the required returns and notices in compliance with the Companies Act and that these appear to be true, correct and up to date.
- » Ensuring a copy of the ASEZCo annual financial statement is sent to relevant parties in accordance with the Companies Act.

In consultation with the Board Chairperson, the Company Secretary ensures that the contents of the Board meeting agendas are relevant to the Directors' decision-making responsibilities. The Company Secretary also ensures that information for the respective Board meetings is distributed to the directors in a timely manner, to enable them to familiarise themselves with the material and consider it in line with their statutory and fiduciary responsibilities.

The Company Secretary serves as the primary point of contact between the Board of Directors and ASEZCo.

CORPORATE SOCIAL RESPONSIBILITY

The Atlantis Special Economic Zone recognises the responsibility to contribute to the well-being and sustainable development of the community in which the entity operates, beyond the bounds of its immediate mandate. The entity's Corporate Social Investment (CSI) Policy outlines its commitment to making a positive social impact through strategic and meaningful investments in community initiatives.

A CSI Steering Committee has been established, serving as a platform to frame CSI priorities, develop proactive approaches to reaching out to the community, ensure effective liaison with stakeholders, and evaluate submissions, making recommendations to EXCO within the bounds of the CSI Policy.

The ASEZCo has elected to provide corporate social responsibility support by not just designing impressive plans on paper with no relevance to the actual needs. In parallel with the CSI policy, the entity collaborates with stakeholders to design and implement social programmes based on the philosophy that the responsible entities are moving from pure shareholder value to the practice of "shared values."

The ASEZCo actively involves the local community and relies on local insights to achieve results. Therefore, the ASEZCo is dedicated to fostering sustainable change. This approach involves developing initiatives that empower communities for the long term, enabling them to become self-sustainable and productive. The entity continues to monitor its impact long after the project is completed, seeking ways to enhance effectiveness and fulfil the entity's social responsibilities in Atlantis.

Since the inception of ASEZCo's CSI initiatives, a total of 35 applications has been received. Four initiatives have been approved, with an additional seven initiatives supported as part of broader community engagement efforts. ASEZCo has conducted three rounds of public application calls, ensuring a transparent and accessible process for eligible organisations. These opportunities were widely promoted through local newspapers and ASEZCo's social media platforms, effectively engaging the Atlantis community.

ASEZCo's Corporate Social Investment (CSI) initiatives play a critical role in advancing the vision of an SEZ that drives economic growth, reduces social inequalities, and fosters sustainable livelihoods. These efforts are strongly aligned with South Africa's developmental priorities and the Sustainable Development Goals (SDGs), reinforcing ASEZCo's commitment to meaningful and lasting community upliftment.

The volume of applications received this year highlights the significant need for support within Atlantis. While only four projects could be funded, many others presented deserving and impactful initiatives, underscoring the need for ASEZCo to explore innovative approaches to expand its reach and impact in future cycles. This includes administrative support to ensure applications meet the minimum requirements for funding.

The achievements of this financial year reflect ASEZCo's sustained focus on education, skills development, poverty alleviation, and broader community development.

Beyond direct CSI activities, ASEZCo is making a transformative contribution to Atlantis through its environmental and governance practices, the "E&G" of ESG. We are committed to prioritising local procurement. Our policy is to ensure that at least 30% of zone construction work is allocated to local small businesses. In addition, we support broader civil society initiatives, promote green skills development, and invest in the growth of local enterprises.

Through strategic partnerships, ASEZCo has also secured physical resources for small businesses, including tools, computers, and office supplies, further strengthening local economic development and enterprise resilience.

Looking ahead to the new financial year, ASEZCo's CSI programme remains firmly committed to prioritising strategic, high-impact interventions that address evolving community needs. Our focus will continue to be on education, skills development, poverty alleviation, and resilience-building initiatives to ensure a lasting and transformative social impact in Atlantis and beyond.

SOCIAL INFRASTRUCTURE PROJECT

The Social Infrastructure Project is a collaborative initiative designed to build stronger, more resilient communities in Atlantis by addressing local challenges, enhancing social cohesion, and integrating sustainable practices. Rooted in the principles of social infrastructure, the project focuses on creating shared spaces, systems, and services that support community interaction, well-being, and environmental stewardship.

Led by the ASEZ, and in partnership with a wide range of stakeholders – including government entities, non-profits, educational institutions, and local businesses – the project brings together diverse expertise and resources to co-develop impactful solutions tailored to community needs.

By fostering collaboration and empowering local actors, the initiative aims to:

- » Address pressing social and environmental concerns,
- » Strengthen community networks and support systems,
- » Encourage green practices and ecological responsibility.

Ultimately, the Social Infrastructure Project seeks to create inclusive, supportive, and sustainable environments that enhance quality of life and ensure a lasting, positive impact on both the social fabric and ecological health of the Atlantis community.

INTERNSHIP PROGRAMME

The Human Resources department remains committed to advancing societal progress by supporting youth employability and graduate development through structured workplace learning. ASEZCo's Internship Programme provides on-the-job training within a professional and supportive environment, equipping graduates with practical skills and exposure to real-world business operations.

With the greater Atlantis area as a focal point, reflecting ASEZCo's mandate to drive local economic revitalisation, the ASEZ's internship programme attracts and develops talented graduates from across the broader Western Cape. By doing so, ASEZCo not only contributes to the growth of Atlantis as a vibrant place to live and work but also supports regional employment creation and skills development.

Our aim is to become the employer of choice for emerging talent by investing in the next generation of professionals, embedding ASEZCo's values, and fostering a pipeline of skilled individuals who can contribute to the region's economic and social upliftment.

THE ATLANTIS SMMES

Since the inception of the Atlantis SEZ in 2020, SMME development has been a key focus, with the majority of its programmes aimed at benefiting the local community. In 2021, through continuous engagement, it was identified that the construction sector could play a meaningful role in the first civil works project after the ASEZCo successfully raised over R89 million to service Zone 1.

With this in mind, the ASEZCo set out to implement systems to ensure that construction business owners and supporting service providers were given first preference. This led to the establishment of the CSN Infrastructure Working Group (IWG), comprising community members nominated by their peers to act as advisors to the ASEZCo and the main contractor. In June 2022, the IWG was appointed and began engaging with the ASEZCo to ensure that local small businesses added their voice to the discussions and had a seat at the table. The IWG also provided a platform for local business owners to remain informed and for key issues to be addressed.

Before the civil project started, the ASEZCo facilitated training sessions, held roadshows, and engaged with community leaders, business owners, and students to ensure that all stakeholders were informed of the opportunities and responsibilities involved.

The success of the first civil works programme was built on strong collaboration with the community, industry stakeholders, and the local construction sector. The ASEZCo achieved this by developing work packages tailored for SMME participation. The Zone 1 civil infrastructure project created significant opportunities, with 35% of the contract value executed by local SMMEs, resulting in the creation of 451 jobs.

Zone 1 development also contributed to the creation of a further 23 additional jobs through security and maintenance services.

Similarly, the refurbishment and upgrade of the EGL Building project enabled strong SMME participation, with 51% of the contract value executed by local SMMEs – exceeding the 30% target –resulting in the creation of 29 jobs.



AUDIT COMMITTEE REPORT

Please see page 97

Table 15: B-BBEE compliance performance information

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regard to the following:		
Criteria	Response Yes / No	Discussion (Include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licenses, concessions, or other authorisations in respect of economic activity in terms of any law?	No	The ASEZCo does not perform such functions
Developing and implementing a preferential procurement policy?	Yes	Per ASEZCo approved SCM policy
Determining qualification criteria for the sale of state-owned enterprises?	No	The ASEZCo has not been involved in such activities
Developing criteria for entering partnerships with the private sector?	Yes	Limited to collaboration on the integrated ecosystem community partnership initiatives
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	No	The ASEZCo has not been involved in such activities for the 2024/25 Financial Year

Table 16: SCOPA resolutions

SCOPA Resolution No.	Subject	Details	Response	Resolved (Yes/No)
None for 2024/25 FY	N/A	N/A	N/A	N/A



PART D

HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT





INTRODUCTION

Human Resources remains integral to fostering a supportive and productive environment for both leadership and employees at ASEZCo. Over the past year, the HR function has continued to drive key activities, including recruitment and onboarding, talent development and retention, employee wellbeing, performance enhancement, and the strategic management of remuneration and benefits. These efforts are underpinned by a culture of fairness and accountability, guided by a robust Code of Conduct, clear disciplinary procedures, sound occupational health and safety practices, a commitment to employment equity, diversity, equity and inclusion, and a vibrant internship programme that nurtures future talent.

KEY ACHIEVEMENTS

1. RECRUITMENT AND SELECTION

ASEZCo made significant strides in strengthening its workforce by successfully filling key positions across several critical operational areas. Recruitment efforts were strategically focused on bolstering the Commercial Services Unit, Internal Control Environment, Infrastructure & Zone Operations, and Supply Chain Management — all essential functions that drive the entity's efficiency, compliance, and delivery on its strategic objectives.

In parallel, we continued to prioritise the attraction of skilled professionals aligned with our greentech mandate. Through the use of enhanced recruitment platforms and ongoing collaboration with local academic institutions, the organisation has refined its talent sourcing approach. These efforts have led to an increase in the quality and diversity of candidate applications, positioning ASEZCo to meet both current and future talent needs effectively.

2. TALENT MANAGEMENT AND RETENTION

This year, ASEZCo's talent strategy centred on strengthening internal capabilities within the organisation. With a stable workforce in place, the emphasis has shifted toward nurturing existing talent through enhanced learning opportunities and cross-functional exposure.

These efforts are designed to retain high-performing employees, foster a culture of continuous development, and build leadership capacity from within — reinforcing ASEZCo's commitment to being an employer of choice in the green economy sector.

3. EMPLOYEE WELLNESS

Employee wellness continues to be a central pillar of ASEZCo's organisational culture, with an evolving focus on holistic wellbeing. This year, wellness efforts matured beyond awareness-building to actively embedding wellbeing into the employee experience. The programme offered a well-rounded mix of mental health support, physical wellbeing initiatives, and financial wellness education, tailored to meet employees' diverse needs.

Increased participation across all offerings, along with encouraging feedback from staff, reflects the growing value placed on wellbeing within the organisation. ASEZCo remains committed to cultivating a workplace where employees feel supported, motivated, and equipped to thrive both personally and professionally.

4. PERFORMANCE MANAGEMENT

ASEZCo's performance management approach has evolved into a more strategic and tailored system, designed to align individual contributions with the organisation's broader goals. The framework emphasises clear goal setting, continuous feedback, and structured development plans that are customised to support both employee growth and ASEZCo's strategic priorities. At the ASEZ, the performance process is not only a compliance exercise but a developmental tool — one that supports excellence, encourages regular dialogue between managers and staff, and recognises the value of every contribution toward the entity's success.

5. REMUNERATION AND BENEFITS

In a fiscally constrained environment, ASEZCo remains committed to maintaining a fair, transparent, and responsible approach to remuneration.

The broader reward philosophy goes beyond monetary compensation, recognising the value of non-financial incentives such as meaningful work, growth opportunities, supportive leadership, and a positive organisational culture. Managers are encouraged to actively recognise employee contributions through regular feedback, visibility in high-impact projects, and internal career development opportunities.

This balanced approach has helped sustain employee engagement and motivation, while reinforcing ASEZCo's commitment to being a values-driven employer that rewards effort, dedication, and performance within available resources.

6. DIVERSITY, EQUITY, AND INCLUSION (DEI)

ASEZCo remains committed to building a diverse, inclusive, and agile workforce. The entity is focused on strengthening the representation of women, youth, and previously disadvantaged groups across all levels. We continue to foster a workplace culture where every employee feels valued, supported, and equipped to thrive in a dynamic environment.

7. INTERNSHIP PROGRAMME

The ASEZCo internship programme remains a vital component of our talent pipeline. This year, we successfully hosted seven interns, providing them with valuable hands-on experience and contributing to their professional development. Feedback from the interns and their host departments has been overwhelmingly positive. At the end of the internship period, incumbents who exhibit exceptional conduct and possess suitable qualifications are encouraged to apply for vacant junior positions within the entity. To date, two interns have transitioned from the programme to permanent roles within the ASEZ.

CHALLENGES AND MITIGATION

The filling of key portfolios has provided stability and continuity, positively influencing our retention strategies. In response, the Human Resources team has focused on strengthening the employee experience — listening actively, responding intentionally, and reinforcing a sense of purpose and belonging across the organisation.

FUTURE OUTLOOK

As ASEZCo progresses along its growth path, our focus for the upcoming year will be on further enhancing our HR practices to support the organisation's strategic objectives. Key initiatives will include:

- » Expanding our Diversity, Equity and Inclusion (DEI) efforts to ensure a more inclusive workplace;
- » Implementing innovative HR technologies to streamline processes and improve efficiency;
- » Enhancing our employee development programmes to ensure continuous learning and career growth; and
- » Strengthening our wellness initiatives to support the holistic well-being of our employees.

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 17: Personnel cost by programme/activity/objective

Programme/ activity/ objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	Number of employees	Average personnel cost per employee (R'000)
Operations	14 130	#10 304	73%	24	506
Administration	20 240	#11 177	55%	17	626

Excludes professional fees capitalised and includes directors' fees and non-cash movements

Table 18: Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Top management	2 349	10%	1	2 349
Senior management	7 690	34%	5	1 538
Professional qualified	6 799	30%	11	618
Skilled	782	3%	2	391
Semi-skilled	4 127	18%	12	344
Unskilled	174	1%	1	174
Temporary contracts	875	4%	9	97
TOTAL*	22 797	100%	41	556

*Includes professional fees and excludes directors' fees and non-cash movements

Table 19: Performance rewards*

Programme/ activity/ objective	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	-	2 349	0%
Senior management	-	7 690	0%
Professional qualified	-	6 799	0%
Skilled	-	782	0%
Semi-skilled	-	4 127	0%
Unskilled	-	174	0%
Temporary contracts	-	875	0%
TOTAL	-	22 797	0%

*No performance rewards were paid for the 2024/25 financial year

Table 20: Training costs

Programme/ activity/ objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	Number of employees trained	Average training cost per employee
Operations	10 304	76	0,7%	24	3
Administration	11 177	99	0,9%	17	6

Training expenditure excludes internships

Table 21: Employment and vacancies*

Programme	2024/2025 Number of employees	2024/2025 Approved posts	2024/2025 Vacancies
Operations *	15	23	8
Administration *	14	16	2

**Excludes temporary contracts*

Table 22: Vacancies by level

Level	2024/2025 Number of employees	2024/2025 Approved posts	2024/2025 Vacancies
Top management	1	1	0
Senior management	4	6	2
Professional qualified	10	15	5
Skilled	2	3	1
Semi-skilled	11	13	2
Unskilled	1	1	0
Total	29	39	10

Excludes temporary and project roles

Table 23: Employment changes/terminations

Salary band	Employment at the beginning of the period	Appointment	Movement (reclassification)	Terminations	Employment at the end of the period
Top management	1	-	-	-	1
Senior management	4	1	-	1	4
Professional qualified	6	2	3	1	10
Skilled	9	2	-9	0	2
Semi-skilled	3	3	6	1	11
Unskilled	1	-	-	-	1
Temporary contracts	6	5	-	3	8
Total	30	13	0	6	37

Table 24: Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death		
Resignation	3	50%
Dismissal		
Retirement		
Ill health		
Expiry of contract	1	17%
Other – moved from temporary to permanent	2	33%
Total	6	100%

Table 25: Labour relations: Misconduct and disciplinary

Nature of disciplinary action	Number
Verbal warning	0
Written warning	4
Final written warning	1
Dismissal	0

Table 26: Equity target and employment equity status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	1	0
Senior management	1	0	1	0	0	0	1	0
Professional qualified	1	0	4	0	0	0	1	0
Skilled	1	0	0	0	0	0	0	0
Semi-skilled	2	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Temporary contracts	3	0	1	0	0	0	1	0
Total	8	0	6	0	0	0	4	0

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	1	0	0	0	1	0	0	0
Professional qualified	2	0	1	0	1	0	1	0
Skilled	0	0	1	0	0	0	0	0
Semi-skilled	2	0	8	0	0	0	0	0
Unskilled	0	0	1	0	0	0	0	0
Temporary contract	2	0	1	0	0	0	1	0
Total	7	0	12	0	2	0	2	0

PART E

PFMA COMPLIANCE REPORT





IRREGULAR, FRUITLESS, AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	1 146	0
Adjustment to opening balance	0	239
Opening balance restated	0	239
Add: Irregular expenditure confirmed	480	907
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	1 626	1 146

Two cases of irregular expenditure, totalling R1 626 060, initially identified during the 2023/24 audit process, were confirmed and quantified following assessment and investigation. The irregular expenditure related to non-compliance with Section 2 of the PPPFA. An amount of R1 299 565 was identified by external auditors during the 2023/24 audit, while a further R326 429 was identified and confirmed by management. Of the R326 429, R238,530 pertained to items from before the 2023/24 Financial Year, identified by management during its investigation into the irregular expenditure.

Case 1 (R1 212 480) pertained to an award made to a service provider in contravention of Regulation 11(2) of the Preferential Procurement Regulations of 2017. The objective criteria of local presence was not directly and clearly stipulated in the bid documentation, however, the award was made to a local service provider that did not score the highest points.

Case 2 (R413 580) related to awards made to service providers on the marketing panel, in contravention of Regulation 4 of the Preferential Procurement Regulations of 2022. The objective criteria of fair rotation on the panel was not explicitly included in the bid documentation, even though rotation was applied in practice.

It was confirmed that goods and services were received/rendered and that value for money was achieved in both cases. None of the transgressions involved fraudulent, corrupt, or other criminal conduct indicators that would require referral to the South African Police Services (SAPS).

The lapse in controls that resulted in the identified irregular expenditure has been addressed with the utmost seriousness. Disciplinary action has been taken against those responsible, and corrective measures have been implemented to mitigate the risk of recurrence.

CORRECTIVE MEASURES WERE IMPLEMENTED TO IMPROVE THE INTERNAL CONTROL ENVIRONMENT:

- » The control environment has been enhanced through updates to tender templates and the SCM policy, aligning them with the Preferential Procurement Regulations of 2022.
- » Standardised procurement templates have been implemented to incorporate the requirements of the Preferential Procurement Regulations of 2022.
- » Compliance monitoring capacity has been strengthened through the appointment of an Internal Control Officer, responsible for conducting thorough reviews of all tender stages prior to the final approval of awards.
- » Regular training and workshops on the SCM process are being rolled out to all relevant officials. These focus on the drafting of RFQs and TORs, understanding RFQ requirements and the panel process. Additional external training is currently being arranged.
- » The SCM Specialist vacancy was filled, with the incumbent commencing duties on 1 November 2024.

An irregular expenditure condonation request was submitted to the Provincial Treasury and is under consideration.

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure that was under assessment	0	0
Irregular expenditure that relates to the prior year and is identified in the current year	0	0
Irregular expenditure for the current year	480	907
Total	480	907

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure under assessment	47	0
Less: Irregular expenditure under determination	0	0
Less: Irregular expenditure under investigation	0	0
Total	47	0

c) Details of current and previous year irregular expenditure condoned

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure condoned	0	0
Total	0	0

Irregular expenditure condonation request was submitted to the Provincial Treasury and is awaiting condonation

d) Details of current and previous year irregular expenditure removed (not condoned)

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

e) Details of current and previous year irregular expenditure recovered

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure recovered	0	0
Total	0	0

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure written off	0	0
Total	0	0

Additional disclosure relating to inter-institutional arrangements

g) Details of non-compliant cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
None

h) Details of irregular expenditure cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2024/2025	2023/2024
	R'000	R'000
None		

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken

Disciplinary steps were taken against the employees who caused the irregular expenditure

FRUITLESS AND WASTEFUL EXPENDITURE

a. Reconciliation of fruitless and wasteful expenditure None identified for 2024/2025 and 2023/2024.

ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) AND (III)

a. Details of current and previous year material losses through criminal conduct No material losses through criminal conduct for 2024/2025 and 2023/2024.

INFORMATION ON LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated value
		R'000
Valid invoices received	636	87 275
Invoices paid within 30 days or the agreed period	635	87 249
Invoices paid after 30 days or the agreed period	1	26
Invoices older than 30 days or the agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or the agreed period (unpaid and in dispute)	1	1

The reason for the late payment was due to a dispute with a supplier, however, all payments relating to the invoices under dispute were made before year-end. At year-end, there were no overdue (over 30 days) invoices.

The reason for the non-payment of the invoice older than 30 days was due to a dispute with a supplier. The supplier has agreed to issue a credit note and reverse this invoice.

INFORMATION ON SUPPLY CHAIN MANAGEMENT

Procurement by other means

None.

Contract variations and expansions

Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Internal Audit Services	BDO Advisory Services (Pty) Ltd	Expansion	ASEZ- 004-2021 CS	1 350	-	409
Total						409



PART F

FINANCIAL INFORMATION



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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE

South Africa | Registration Number | 2018/587778/30

LEGAL FORM OF ENTITY

State owned company listed as a Schedule
3D entity of the PFMA

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Development of a sustainable greentech Special Economic
Zone in Atlantis, Cape Town

BOARD MEMBERS

Fakir, Mohamed Saliem
Selane, Kenosi Pearl Louisa
Roman, Leon Jonathan
Cullinan, Patrick Matthew
Saib, Waheeda
Jullies, Marshall Julian
Johnston, Jo-Ann Deidre
Greyling, Lance William
Kimani, Zukiswa
Hazell, Robert William Anthony
van Schalkwyk, Ilse

REGISTERED OFFICE

Atlantis Foundries Business Park
William Gourlay Street
Atlantis Industria Atlantis
7349

POSTAL ADDRESS

Atlantis Foundries Business Park
William Gourlay Street
Atlantis Industria Atlantis
7349

BANKERS

Nedbank Limited

AUDITORS

Auditor General South Africa

SECRETARY

Williams, Fredelaine Elna Cindy

ABBREVIATIONS

AGSA	Auditor General South Africa
ASB	Accounting Standards Board
ASEZCo	Atlantis Special Economic Zone Company
COIDA	Compensation for Occupational Injuries and Diseases Act
DEDAT	Department of Economic Development and Tourism
DTIC	Department of Trade, Industry and Competition
GRAP	Generally Recognised Accounting Practices
IAS	International Accounting Standards
Merseta	Manufacturing, Engineering and Related services SETA
NBI	National Business Initiative
PFMA	Public Finance Management Act
SDL	Skills Development Levy
SEZ	Special Economic Zone
TR	Treasury Regulations
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

REPORT OF THE AUDIT, IT AND RISK COMMITTEE

We are pleased to present our report for the Financial Year ended 31 March 2025.

AUDIT COMMITTEE RESPONSIBILITY

The Audit, IT and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Committee further reports that it has adopted appropriate formal terms of reference in the form of its Audit, IT and Risk Committee Charter, has regulated its affairs in compliance with this charter, and has discharged all its responsibilities as set out therein, except for the review of changes in accounting policies and practices.

RISK MANAGEMENT

The Audit, IT and Risk Committee provides oversight of risk management within the entity and reviews the entity's risk management plan, risk register, and related reports on a quarterly basis.

THE EFFECTIVENESS OF INTERNAL CONTROL

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity, revealed certain weaknesses. These were raised with the public entity, and management action plans to address the identified areas for improvement were also reviewed. The Committee will continue to monitor progress on their implementation.

The following internal audit work was completed during the year under review:

- » Risk workshop
- » Supply chain management
- » Audit on performance information
- » Review of the AFS
- » Contracts review
- » Health and safety review
- » Revenue generation review

IN-YEAR MANAGEMENT AND QUARTERLY REPORT

The public entity has reported quarterly to the Treasury, as required by the PFMA.

EVALUATION OF FINANCIAL STATEMENTS

We have reviewed the annual financial statements prepared by the public entity.

AUDITOR'S REPORT

We have reviewed the entity's implementation plan for audit issues raised in the prior year, and we are satisfied that the matters have been adequately resolved.

The Audit Committee agrees with and endorses the Auditor-General's conclusions on the annual financial statements and believes that the audited financial statements should be accepted and presented alongside the Auditor-General's report.

KENOSI SELANE
CHAIRPERSON OF THE AUDIT, IT AND RISK COMMITTEE
ATLANTIS SPECIAL ECONOMIC ZONE COMPANY SOC LTD
30 JULY 2025

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON ATLANTIS SPECIAL ECONOMIC ZONE COMPANY SOC LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Atlantis Special Economic Zone Company SOC Ltd set out on pages 106 - 143, which comprise the statement of financial position as at 31 March 2025, the statement of financial performance, statement of changes in net assets and cash flow statement 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 the Atlantis Special Economic Zone Company SOC Ltd as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR 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 public entity 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.

EMPHASIS OF MATTER

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of errors in the financial statements of the public entity at, and for the year ended 31 March 2025.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA; 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.
9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity'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 entity 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

10. 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.
11. 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 on page 101 - 102 forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

12. 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.

13. I selected the following material performance indicators related to Programme 2: Operations presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- » Number of investment projects committed.
- » Number of signed partnership agreements.
- » Number of enterprise development initiatives supported.
- » Percentage roof space generating solar electricity on newly constructed buildings.
- » Number of funded applications submitted.

14. 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 public entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- » the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
- » all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included.
- » the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 and is comparable and understandable.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

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

OTHER MATTER

Achievement of planned targets

18. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under- achievements. This information should be considered in the context of the material findings on the reported performance information.

19. The table that follows provide information on the achievement of planned targets and lists the key indicator that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 47 to 69.

Programme 2: Operations

Targets achieved: 80%		
Budget spent: 99%		
Key indicator not achieved	Planned target	Reported achievement
Percentage roof space generating solar electricity on newly constructed buildings	40%	13%

REPORT ON COMPLIANCE WITH LEGISLATION

20. 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 public entity's compliance with legislation.
21. 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.
22. 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 public entity, 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.
23. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

24. The accounting authority is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported on in this auditor's report.
25. My opinion on the financial statements, the report on the audit of the annual performance report and the report on 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.

26. 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 programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. We have received the draft annual report, but did not audit the other information, as the information is still in draft. The other information in the annual report will be assessed once the final annual report is made available to us by 31 August 2025. We will report this in the auditor's report and indicate that any material inconsistencies we identified when we receive it and which are not corrected, might result in us retracting the auditor's report and reissuing an amended report. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

28. 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.
29. I did not identify any significant deficiencies in internal control.

Auditor General



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

**CAPE TOWN
30 JULY 2025**

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 the selected programme and on the entity'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 public entity'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 public entity 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 public entity 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:

Selected legislation and regulations	RIM
Public Finance Management Act 1 of 1999	Section 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i);
	Section 51(1)(b)(ii); 51(1)(e)(iii); 52(b); 54(2)(c);
	Section 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); Section 56; 57(b); 57(d); 66(3)(d); 66(5); 67
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1.
	Regulation 29.2.2; 29.3.1; 31.2.5; 31.2.7(a);
	Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1.
	Regulation 31.1.2(c); 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii);
	Section 45(4); 46(1)(a); 46(1)(b); 46(1)(c);
	Section 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 05 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 05 of 202/21	Paragraph 2
National Treasury instruction No. 04 of 2015/16	Paragraph 3.4
National Treasury instruction No. 05 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2.
	Paragraph 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5.
	Paragraph 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2.
	Paragraph 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The accounting authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is 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 accounting authority 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 was 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 accounting authority acknowledges 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 accounting authority to meet these responsibilities, the entity 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 ASEZCo 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 accounting authority is 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 accounting authority has reviewed the entity's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the Department of Economic Development and Tourism 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 accounting authority is 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 is presented on pages 98 - 102.

The annual financial statements set out on pages 106-143, which have been prepared on the going concern basis, were approved by the board of directors on 30 July 2025 and were signed on its behalf by:



HAZELL, ROBERT WILLIAM ANTHONY
DEPUTY CHAIRPERSON OF THE BOARD

ACCOUNTING AUTHORITY'S REPORT

The accounting authority submit their report for the year ended 31 March 2025

1. INCORPORATION

The entity was incorporated on 03 December 2019 and obtained its confirmation as a state-owned company on 6 March 2020. The National Minister of Finance officially listed the ASEZCo as a schedule 3D PFMA public entity on the 15 December 2021.

2. REVIEW OF ACTIVITIES MAIN BUSINESS AND OPERATIONS

The entity is engaged in development of a sustainable greentech special economic zone in Atlantis, Cape Town and operates principally in South Africa.

3. GOING CONCERN

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus of R108 961 351 and that the entity's total assets exceed its liabilities by R165 461 451.

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.

4. SUBSEQUENT EVENTS

At the reporting date, the ASEZCo has not identified any subsequent events.

5. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the prescribed Standards of GRAP issued by the Accounting Standards Board as the prescribed framework by National Treasury. The accounting policies have been applied consistently compared to the prior year.

6. SHARE CAPITAL / CONTRIBUTED CAPITAL

On establishment, initial share capital was issued to the Western Cape Government at date of inception. Subsequently shares were issued to the City of Cape Town in exchange for land. This issue was in line with the valuation agreement, sale agreement and shareholders agreement on the 31 March 2022.

7. DISTRIBUTIONS TO OWNERS

No dividends were declared or paid to owners during the 12 months.

8. ACCOUNTING AUTHORITY

The accounting authority of the entity during the year and to the date of this report are as follows:

Name	Nationality	Appointed	Term expired
Johnston, Jo-Ann Deidre	South African	25/11/2019	18/11/2024
Greyling, Lance William	South African	25/11/2019	25/11/2024
Kimani, Zukiswa	South African	25/11/2019	25/11/2024
Jullies, Marshall Julian	South African	16/09/2021	31/12/2024
Saib, Waheeda	South African	03/12/2019	
Cullinan, Patrick Matthew	South African	12/09/2022	
Roman, Leon Jonathan	South African	26/06/2020	
Selane, Kenosi Pearl Louisa	South African	02/03/2021	
Fakir, Mohamed Saliem	South African	29/05/2022	
Hazell, Robert William Anthony	South African	29/11/2024	
van Schalkwyk, Ilse	South African	20/02/2025	

9. AUDITORS

The AGSA as the Supreme Audit Institution for our country is constitutionally mandated to fulfil the role of external audit. This will remain the status quo unless the AGSA indicates otherwise (i.e., opt not to perform our audit in terms of section 4(3) of the Public Audit Act).

The annual financial statements set out on pages 106 - 143, which have been prepared on the going concern basis, were approved by the board of directors on 30 July 2025 and were signed on its behalf by:



HAZELL, ROBERT WILLIAM ANTHONY
DEPUTY CHAIRPERSON OF THE BOARD

COMPANY SECRETARY'S CERTIFICATION

DECLARATION BY THE COMPANY SECRETARY IN RESPECT OF SECTION 88(2)(E) OF THE COMPANIES ACT

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



WILLIAMS, FREDELAINE ELNA CINDY
COMPANY SECRETARY

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

Figures in Rand	Note(s)	2025	2024 Restated
Assets			
Current Assets			
Receivables from exchange transactions	3	1 150 790	580 656
Prepayments	4	199 377	378 103
Cash and cash equivalents	5	30 153 151	89 848 416
Statutory receivables	6	10 062 121	1 605 071
Operating lease asset	12	232 380	475 049
		41 797 819	92 887 295
Non-Current Assets			
Property, plant and equipment	7	81 888 130	30 771 380
Intangible assets	8	1 041	5 422
Investment property	9	73 780 613	66 088 312
Operating lease asset	12	443 400	41 796
		156 113 184	96 906 910
Total Assets		197 911 003	189 794 205
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	2 192 628	600 328
Operating lease liability	12	221 660	122 657
Employee benefit obligations	13	696 319	706 912
Unspent conditional grants and receipts	14	29 334 689	85 197 574
		32 445 296	86 627 471
Non-Current Liabilities			
Operating lease liability	12	4 256	130 673
Total Liabilities		32 449 552	86 758 144
Net Assets		165 461 451	103 036 061
Share capital / contributed capital	15	56 500 100	56 500 100
Accumulated surplus		108 961 351	46 535 962
Total Net Assets		165 461 451	103 036 062

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 MARCH 2025

Figures in Rand	Note(s)	2025	2024 Restated
Revenue			
Revenue from exchange transactions			
Interest received	16	1 814 643	1 229 545
Other revenue		997 167	67 572
Recoveries		178 181	307 439
Rental income		424 135	886 565
Total revenue from exchange transactions		3 414 126	2 491 121
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	18	93 382 587	54 384 141
Total revenue	17	96 796 713	56 875 262
Expenditure			
Depreciation and amortisation	19	1 958 889	1 242 619
Employee related costs	20	21 480 996	16 751 640
General Expenses	21	10 271 329	8 823 253
Loss on disposal of assets		72 032	52 899
Operating lease rental	22	588 077	734 144
Total expenditure		34 371 323	27 604 555
Surplus for the year		62 425 390	29 270 707

STATEMENT OF CHANGES IN NET ASSETS

AS AT 31 MARCH 2025

Figures in Rand	Share capital / contributed capital	Accumulated surplus	Total net assets
Opening balance as previously reported	56 500 100	18 883 037	75 383 137
Adjustments	-	(1 617 782)	(1 617 782)
Prior year adjustments			
Balance at 01 April 2023 as restated*	56 500 100	17 265 255	73 765 355
Changes in net assets Surplus for the year	-	29 270 707	29 270 707
Total changes	-	29 270 707	29 270 707
Opening balance as previously reported	56 500 100	52 665 352	109 165 452
Adjustments	-	(6 129 391)	(6 129 391)
Prior period error - Note 31			
Restated* Balance at 01 April 2024 as restated*	56 500 100	46 535 961	103 036 061
Changes in net assets Surplus for the year	-	62 425 390	62 425 390
Total changes	-	62 425 390	62 425 390
Balance at 31 March 2025	56 500 100	108 961 351	165 461 451
Note(s)	15		

CASH FLOW STATEMENT

AS AT 31 MARCH 2025

Figures in Rand	Note(s)	2025	2024 Restated
Cash flows from operating activities			
Receipts			
Rental & other income		756 443	986 582
Government grants & subsidies		34 194 782	41 874 469
Interest received		5 532 072	7 901 618
		40 483 297	50 762 669
Payments			
Employee costs		(21 491 589)	(17 137 643)
Suppliers		(19 134 934)	(11 101 490)
		(40 626 523)	(28 239 133)
Net cash flows from operating activities	23	(143 226)	22 523 536
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(52 925 957)	(26 465 665)
Purchase of investment property	9	(6 626 082)	(1 398 965)
Net cash flows from investing activities		(59 552 039)	(27 864 630)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		(59 695 265)	(5 341 094)
Cash and cash equivalents at the beginning of the year		89 848 416	95 189 510
Cash and cash equivalents at the end of the year	5	30 153 151	89 848 416

ACCOUNTING POLICIES

AS AT 31 MARCH 2025

1. SIGNIFICANT ACCOUNTING POLICIES

The significant 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. They are presented in South African Rand.

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

These accounting policies are consistent with the previous period.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statement, are disclosed below.

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

Material 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. Materiality is determined as 1% of total income recognised. This materiality is from managements perspective and does not necessarily correlate with the auditors materiality.

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 judgement 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:

Trade receivables and other financial assets

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period. Refer to accounting policy 1.6.

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 key assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of 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 entity specific variables, together with economic factors such as exchange rates, inflation and interest.

Employee benefits

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Useful lives of assets

The entity's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. Refer to accounting policy 1.9, 1.10 and 1.11

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition. Refer to accounting policy 1.13

1.6. 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.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- » Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- » It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- » It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- » equity instruments or similar forms of unitised capital;
- » a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- » a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- » the entity designates at fair value at initial recognition; or
- » are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- » derivatives;
- » contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- » combined instruments that are designated at fair value;
- » instruments held for trading. A financial instrument is held for trading if:
 - » it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - » on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - » non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - » financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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
Receivables from exchange transactions	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost
Cash	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 transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- » Financial instruments at fair value.
- » Financial instruments at amortised cost.
- » Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to

provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- » combined instrument that is required to be measured at fair value; or
- » an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, 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 financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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 directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition**Financial assets**

The entity derecognises a financial asset only when:

- » the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- » the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

- » the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:

- » derecognise the asset; and
- » recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The entity removes a financial liability or a part of a financial liability from its statement of financial position when it is extinguished.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.7. 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. Prepayments are made in accordance with contracts between the entity and third parties.

The entity recognises the prepayments as an asset to an extent to which the payments made exceed the value of economic benefits or service potential received. Refer to note 4.

1.8. 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.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.9. Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment transferred as part of the transfer of functions are depreciated over their remaining useful lives.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	50 - 100 years
Leasehold property	Straight-line	Over lease term
Furniture and fixtures	Straight-line	6 to 10 years
Motor vehicles	Straight-line	5 to 10 years
Office equipment	Straight-line	5 to 10 years
Computer equipment	Straight-line	3 - 5 years
Infrastructure		Refer below
• Roads, Structure, Footpaths Traffic Control & Road Furniture	Straight-line	15 - 100 years
• Storm water	Straight-line	50 - 100 years
• Sewer	Straight-line	15 - 100 years
• Water supply	Straight-line	15 - 100 years
• Electricity	Straight-line	15 - 100 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the 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.

1.10. 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.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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.

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.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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.

1.11. 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.

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. The entity applied iGRAP 18 in determination of whether to recognise property in instances where legal ownership may not exist but rather a right granted to an entity in a binding agreement, which enables it to direct access to the land.

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 over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	50 - 100 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.

1.12. Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- » its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- » the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13. 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.

1.14. Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
- b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

- a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and
- b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

- a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and
- b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

1.15. Provisions and contingencies

Provisions are recognised when:

- » the 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; and
- » 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 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.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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. Provisions are not recognised for future operating surplus.

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.

A constructive obligation to restructure arises only when an entity:

- » has a detailed formal plan for the restructuring, identifying at least:
 - » the activity/operating unit or part of an activity/operating unit concerned;
 - » the principal locations affected;
 - » the location, function, and approximate number of employees who will be compensated for services being terminated;
 - » the expenditures that will be undertaken; and
 - » when the plan will be implemented; and
- » has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- » necessarily entailed by the restructuring; and
- » not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- » the amount that would be recognised as a provision; and
- » the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- » financial difficulty of the debtor;
- » defaults or delinquencies in interest and capital repayments by the debtor;
- » breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- » a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- » the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and

- » the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.16. Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.17. Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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.

Measurement

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

Rendering of services

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 services performed to date as a percentage of total services to be performed. Refer to note 17.

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.

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.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.18. Revenue from non-exchange transactions

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.

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. Refer to note 17.

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.

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.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.19. Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.20. Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- a) this Act; or
- b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is accounted for in line with the irregular expenditure framework of National Treasury Instructions.

1.21. 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.

1.22. 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. Commitment are disclosed excluding Value Added Tax.

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.

1.23. 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.

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.

1.24. Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.25. 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.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.26. Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

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.

1.27. Tax

Current tax assets and liabilities

No provision for Income Tax is made. The entity is exempted from Income Tax in terms of S10(1) (cA)(ii) of the Income Tax Act (Act. No. 58 of 1962)

1.28. Statutory receivables

Identification

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.

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 transaction amount 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 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.

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.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- » Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- » It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- » A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- » Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- » the rights to the cash flows from the receivable are settled, expire or are waived;
- » the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- » the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - » derecognise the receivable; and
 - » recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

NOTES TO THE ANNUAL STATEMENTS

AS AT 31 MARCH 2025

2. NEW STANDARDS AND INTERPRETATIONS

2.1. 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 2025 or later periods:

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The new standard has been aligned to IFRS 9 and replaces the current standard. The standard has a significant impact on classification of financial instruments and the impairment model amongst others. Some simplifications regarding disclosures are included which are not available in IFRS 7.

The effective date of the revisions is not yet set by the Minister of Finance.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

It is unlikely that the standard will have a material impact on the entity's annual financial statements. Management will be reviewing the extent of the impact in the 2025/26 financial year this will be considered in the next 12 months.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Figures in Rand	2025	2024
Trade debtors	867 054	279 800
Deposits	277 336	180 485
Accrued interest receivable	6 400	120 371
	1 150 790	580 656

The ageing of amounts past due but not impaired is as follows

Figures in Rand	2025	2024
1 month past due	563 770	243 385
2 months past due	68 472	-
More than 2 months past due	234 812	36 415
	867 054	279 800

Trade and other receivables which are less than 3 months past due are not considered to be impaired.

Figures in Rand	2025	2024
Total receivables from exchange transactions	1 150 790	580 656

Deposits relates to the office rentals for the entity in Atlantis and Century City and is refundable when the lease agreement expires and includes the utilities deposit for the City of Cape Town that relates to the EGL building purchased on 1 January 2023 as well as the utilities deposits for Zone 1.

No interest receivable on deposit.

Trade debtors primarily reflects the introduction of site reservation agreements for the zones. These agreements result in upfront receivables as customers pay reservation fees to secure plots. Additionally, the main debtor occupying the EGL building has not yet settled outstanding rent balances. The building was refurbished and completed on 26 March 2025, and the tenant will commence full operations within the next 6 months.

4. PREPAYMENTS

Figures in Rand	2025	2024
Rentals	16 601	15 515
Software	166 457	188 233
Subscriptions	-	28 591
Training	-	19 980
COIDA	7 372	125 784
Insurance	8 947	-
	199 377	378 103

Prepayments consist mainly of operating leases, software and COIDA.

COIDA was paid on the incorrect sector, request to change the nature of the sector was submitted to the Department of Labour and which is still in the process of being resolved.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Figures in Rand	2025	2024
Cash on hand	30 141 454	89 833 797
Other cash and cash equivalents	11 697	14 619
	30 153 151	89 848 416

6. STATUTORY RECEIVABLES

The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

Figures in Rand	2025	2024
Value Added Tax	10 061 267	1 604 217
Entities that are VAT vendors are either obligated to pay or entitled to receive the net VAT on taxable goods and services to/from SARS. The ASEZCo has a VAT receivable that is governed by the VAT Act. As a result, the arrangement is a statutory agreement. Current VAT rate is 15%.		
Skills Development Levy	854	854
	10 062 121	1 605 071

Statutory receivables increased during the current financial year primarily due to the VAT payment of R8 475 000 for the finalisation of a land transfer transaction between the entity and the City of Cape Town. The land was transferred in the Deeds office on the 7th March 2025.

7. PROPERTY, PLANT AND EQUIPMENT

item	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	9 029 473	(22 264)	9 007 209	-	-	-
Leasehold property	1 173 684	(775 156)	398 528	680 873	(539 063)	141 810
Furniture and fixtures	1 260 722	(935 352)	325 370	1 217 727	(740 223)	477 504
Motor vehicles	1 715 566	(946 288)	769 278	1 715 566	(603 176)	1 112 390
Office equipment	1 168 723	(850 887)	317 836	1 165 533	(664 266)	501 267
IT equipment	4 392 527	(855 495)	3 537 032	1 423 389	(748 989)	674 400
Infrastructure assets	67 865 684	(332 807)	67 532 877	27 864 009	-	27 864 009
Total	86 606 379	(4 718 249)	81 888 130	34 067 097	(3 295 717)	30 771 380

Reconciliation of property, plant and equipment - 2025

item	Opening balance	Additions	Work in progress	Transferred to additions	Disposals	Depreciation	Total
Buildings	-	9 029 473	-	-	-	(22 264)	9 007 209
Leasehold property	141 810	534 246	-	-	(24 785)	(252 743)	398 528
Furniture and fixtures	477 504	128 185	-	(73 794)	(2 921)	(203 604)	325 370
Motor vehicles	1 112 390	-	-	-	-	(343 112)	769 278
Office equipment	501 267	59 211	-	-	(10 014)	(232 628)	317 836
Computer equipment	674 400	3 295 963	-	-	(34 313)	(399 018)	3 537 032
Infrastructure assets	27 864 009	53 988 651	13 877 033	(27 864 009)	-	(332 807)	67 532 877
	30 771 380	67 035 729	13 877 033	(27 937 803)	(72 033)	(1 786 176)	81 888 130

Reconciliation of property, plant and equipment - 2024

Item	Opening balance	Additions	Work in progress	Disposals	Depreciation	Total
Leasehold property	165 539	51 793	-	-	(75 522)	141 810
Furniture and fixtures	606 400	-	73 794	(11 145)	(191 545)	477 504
Motor vehicles	816 185	600 140	-	-	(303 935)	1 112 390
Office equipment	744 397	-	-	(9 181)	(233 949)	501 267
Computer equipment	300 689	629 609	-	(32 573)	(223 325)	674 400
Infrastructure	2 753 679	-	25 110 330	-	-	27 864 009
	5 386 889	1 281 542	25 184 124	(52 899)	(1 028 276)	30 771 380

Pledged as security

No assets were pledged as security:

Assets subject to operating lease (Net carrying amount)

Figures in Rand	2025	2024
Leasehold property	398 528	141 810

Reconciliation of Work-in-Progress 2025

Item	Infrastructure Work in progress	Furniture & Fittings Work in progress	Total
Opening Balance	27 937 803	73 794	28 011 597
Additions	13 877 033	-	13 877 033
Transferred to completed assets	(27 937 803)	(73 794)	(28 011 597)
	13 877 033	-	13 877 033

Reconciliation of Work-in-Progress 2024

Item	Infrastructure Work in progress	Furniture & Fittings Work in progress	Total
Opening balance	2 753 679	-	2 753 679
Additions	25 110 330	73 794	25 184 124
	27 864 009	73 794	27 937 803

Expenditure incurred to repair and maintain property, plant and equipment included in the statement of Financial Performance

Figures in Rand	2025	2024
Repairs - Leasehold property	75 037	27 152

During the current financial year, management conducted a thorough review and reassessment of the useful lives of office equipment, computer equipment, and furniture and fittings. This review was performed to ensure that the estimated useful lives remain appropriate and reflective of the current usage patterns and expected economic benefits of these assets.

A register containing the information required by Regulation 25(3) of the Companies Regulations 2011 is available for inspection at the registered office of the entity.

8. INTANGIBLE ASSETS

Item	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer software, other	338 161	(337 120)	1 041	338 161	(332 739)	5 422

Reconciliation of intangible assets - 2025

Item	Opening balance	Amortisation	Total
Computer software	5 422	(4 381)	1 041

Reconciliation of intangible assets - 2024

Item	Opening balance	Amortisation	Total
Computer software	55 742	(50 320)	5 422

During the current financial year, management conducted a thorough review and reassessment of the useful life of computer software assets. This review was performed to ensure that the estimated useful lives remain appropriate and reflective of the current usage patterns and expected economic benefits of these assets.

Pledged as security

No intangible assets are pledged as security:

9. INVESTMENT PROPERTY

Item	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	74 150 597	(369 984)	73 780 613	66 289 964	(201 652)	66 088 312

Reconciliation of investment property - 2025

Item	Opening balance	Additions	Work in progress	Transferred to additions	Depreciation	Total
Investment property	66 088 312	7 974 368	479 878	(593 612)	(168 333)	73 780 613

Reconciliation of investment property - 2024

Item	Opening balance	Additions	Work in progress	Depreciation	Total
Investment property	64 853 371	233 601	1 165 363	(164 023)	66 088 312

Included under general expenditure are costs incurred for the current year amounting to R13 265 for repairs and maintenance. Rent received is disclosed under Note number 17.

Pledged as security

No investment property has been pledged as security.

Figures in Rand	2025	2024
Details of property at cost		
Zone 1 (Land)		
Portion of remainder Cape Farm 1183 and Remainder Farm 4-93, located on the corner of Dassenberg Street and Charel Uys Street, Atlantis industrial. Zone 1 is 22.14ha		
• Purchase price: 31 March 2022	13 284 790	13 284 790
• Subsequent costs	93 005	-
	13 377 795	13 284 790
Zone 2 (Land)		
Portion of Cape Farm 1183-4-1 bounded by Gideon Basson Road and Neil Hare Road, Atlantis industrial. Zone 2 is 33.47ha		
• Purchase price: 31 March 2022	23 180 908	23 180 908
• Subsequent costs	162 286	-
	23 343 194	23 180 908
Zone 3 (Land)		
Portion of Remainder Erf 171, portion Remainder Erf 277, Erf 254, Erf 246, all located along Neil Hare Road, Atlantis Industrial. Zone 3 is 38.84ha		
• Purchase price: 31 March 2022	20 034 302	20 034 302
• Subsequent costs	140 257	-
	20 174 559	20 034 302
Zone 4 (Building)		
30 Charles Mathews Street, Atlantis Industrial, Erf 179. Zone 4 is 0.7ha		
• Purchase price: 1 January 2023	8 312 792	8 079 190
• Subsequent costs	7 578 820	233 602
	15 891 612	8 312 792
Work in progress		
Terms and conditions		
• Opening balance	1 477 172	311 810
• Quantum V3 construction costs	479 878	883 560
• EGL building	-	281 802
• Transferred to additions	(593 612)	-
	1 363 438	1 477 172
Total	74 150 598	66 289 964

The investment properties include land made up of Zone 1, Zone 2 and Zone 3 which were acquired by means of an asset for shares transaction between the City of Cape Town municipality and the ASEZCo. The value of the shares was independently determined and agreed by both parties. The value determined was R56,500,000 excl VAT.

A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the entity.

Zone 1, Zone 2 and Zone 3 (Land) was valued at R79 100 000 excl VAT. The valuation of Zone 4 (Building) situated at 30 Charles Matthews was determined at R 10 200 000 as at 20 March 2025. The valuation of all four properties was performed by a professional valuer Karl Crosland on behalf of BVS Valuation Services (Pty) Ltd.

10. CHANGE IN ESTIMATE

Property, plant and equipment

During the financial year the average useful life of property, plant and equipment and intangible assets were assessed and adjusted:

Property, plant and equipment	2025	Future years
-Decrease in depreciation in current year	(87 575)	-
-Increase in depreciation in future periods	-	87 575
-Decrease in depreciation in current year	(63 250)	-
-Increase in depreciation in future periods	-	63 250
	(150 825)	150 825

Property, plant and equipment	2024	Future years
-Decrease in depreciation in current year	(102 223)	-
-Increase in depreciation in future periods	-	102 223
	(102 223)	102 223

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Figures in Rand	2025	2024
Trade payables	1 306 610	-
Accruals	566 424	370 561
Rental Deposits	230 400	170 479
Employee deductions	88 390	59 283
Sundry creditors	800	-
	2 192 624	600 323

12. OPERATING LEASE (SMOOTHING)

Figures in Rand	2025	2024
Current assets	232 380	475 049
Non - Current assets	443 400	41 796
	675 780	516 845
Current liabilities	221 660	122 657
Non - current liabilities	4 256	130 673
	225 916	253 330
Operating lease asset		
Opening balance	516 845	516 845
Increase in asset	158 935	-
	675 780	516 845
Operating lease liability		
Opening balance	253 330	331 397
Decrease in liability	(27 414)	(78 067)
	225 916	253 330

The operating lease asset relates to EGL Building situated at 30 Charles Mathews Street, a lease agreement was signed with Mint & Honey for a period of 5 years Included in the above rentals are operating lease rentals at straight-lined amounts.

The operating lease liability relates to premises utilised for the entity's offices. The entity extended it's current operating lease agreement with Atlantis Foundries and terminated it's contract with the South African Reserve Bank from January 2023. A new agreement was signed for 3 years and has a fixed annual escalation. A new lease agreement was signed with Patrick

Waterson & Associates CC for a period of 3 years for the satellite offices in Century City. Included in the above rentals are operating lease rentals at straight-lined amounts.

Refer to note 22 - Operating lease rental.

Refer to note 24 - Commitments.

13. EMPLOYEE BENEFIT OBLIGATIONS

Figures in Rand	2025	2024
Carrying value		
Leave pay	696 319	706 912

Reconciliation of employee benefit obligations - 2025

	Opening Balance	Additions	Paid out	Utilised during the year	Total
Leave pay	706 912	1 573 314	(119 805)	(1 464 102)	696 319

Reconciliation of employee benefit obligations - 2024

	Opening Balance	Additions	Paid out	Utilised during the year	Total
Leave pay	470 331	1 368 188	(97 255)	(1 034 352)	706 912
Employee remuneration provision	618 152	-	-	(618 152)	-
Directors and members remuneration	4 432	-	-	(4 432)	-
	1 092 915	1 368 188	(97 255)	(1 656 936)	706 912

Leave provision - The provision for employee leave has decreased compared to the prior year primarily due to better leave management in the current year

14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants and receipts comprises of:

Figures in Rand	2025	2024
Unspent conditional grants and receipts		
Grant DEDAT	9 809 843	8 932 875
Grant DTIC	19 426 888	75 718 862
Grant Merseta	-	278 539
Grant NBI	97 958	267 299
	29 334 689	85 197 575
Movement during the year		
Balance at the beginning of the year	85 197 573	91 479 852
Additions during the year	34 194 784	41 874 469
Payments during the year	(278 539)	-
Interest capitalised	3 603 458	6 227 393
Income recognition during the year	(93 382 587)	(54 384 141)
	29 334 689	85 197 573

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

The entity receives conditional grants from the Department of Trade, Industry and Competition (DTIC) and the Department of Economic Development, Tourism and Environmental Affairs (DEDAT).

The DTIC grant is conditional on the funds being utilised for construction projects, and revenue is recognised to the extent that expenditure has been incurred on such projects.

The DEDAT grant is conditional on the funds being used for operational requirements, and revenue is recognised accordingly upon incurring qualifying operational expenses.

See note 18 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

15. SHARE CAPITAL / CONTRIBUTED CAPITAL

Figures in Rand	2025	2024
Authorised		
1000 No par value shares	-	-
Reconciliation of number of shares issued:		
Total shares issued	183	183
Issued		
100 No par value shares held by DEDAT	100	100
83 No par value shares held by City of Cape Town municipality	56 500 000	56 500 000
	56 500 100	56 500 100

16. INTEREST REVENUE

Figures in Rand	2025	2024
Interest received	1 814 643	1 229 545

Interest income on the grant received, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 1 814 643.

17. REVENUE

Figures in Rand	2025	2024
Other revenue	997 167	67 572
Rental income	424 135	886 565
Recoveries	178 181	307 439
Interest received	1 814 643	1 229 545
Government grants & subsidies	93 382 587	54 384 141
	96 796 713	56 875 262
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental income	424 135	886 565
Recoveries	178 181	307 439
Other revenue	997 167	67 572
Interest received	1 814 643	1 229 545
	3 414 126	2 491 121
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	93 382 587	54 384 141

Other revenue consists of the site reservation agreements for the zones. These agreements result in upfront receivables as customers pay reservation fees to secure plots.

18. GOVERNMENT GRANTS & SUBSIDIES

Figures in Rand	2025	2024
Operating grants		
Government Grant - DEDAT	33 317 814	27 703 273
Grant - NBI	169 341	243 701
	33 487 155	27 946 974
Capital grants		
Government Grant - DTIC	59 895 432	26 437 167
	93 382 587	54 384 141
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	93 382 587	54 384 141
Unconditional grants received	-	-
	93 382 587	54 384 141
Government and other grants received		
Balance unspent at beginning of year	85 197 573	91 479 852
Current-year receipts	34 194 783	41 874 469
Current year payments	(278 539)	-
Interest capitalised	3 603 458	6 227 393
Conditions met - transferred to revenue	(93 382 587)	(54 384 141)
	29 334 689	85 197 573
Conditions still to be met - remain liabilities (see note 14).		

The unspent portion above is included in unspent grants balance. A reconciliation of each grant received is provided below.

Grant - DEDAT

Balance unspent at beginning of year	8 932 874	2 612 669
Current-year receipts	34 194 783	34 023 478
Interest received	1 814 643	1 229 545
Conditions met - transferred to revenue	(35 132 457)	(28 932 818)
	9 809 843	8 932 874

Conditions still to be met - remain liabilities (see note 14).

Provide explanations of conditions still to be met and other relevant information.

Grant - DTIC

Balance unspent at beginning of year	75 718 862	88 384 244
Current-year receipts	-	7 544 391
Interest received	3 603 458	6 227 394
Conditions met - transferred to revenue	(59 895 432)	(26 437 167)
	19 426 888	75 718 862

Conditions still to be met - remain liabilities (see note 14).

Grant - Merseta

Balance unspent at beginning of year	278 539	278 539
Current-year repayments	(278 539)	-
Conditions met - transferred to revenue	-	-
	-	278 539

The repayment of conditional grant received from Merseta due to the challenges with the initial contract. ASEZCo has since been contracted for an increased allocation to be received in the next financial year.

Figures in Rand	2025	2024
Grant - NBI		
Balance unspent at beginning of year	267 299	204 400
Current-year receipts	-	306 600
Conditions met - transferred to revenue	(169 341)	(243 701)
	97 958	267 299

Conditions still to be met - remain liabilities (see note 14).

The funding received from the National Business Initiative (NBI) is conditional upon the entity providing packages of support to existing enterprises aimed at increasing their capacity, technical skills, and market access. A key condition is that these enterprises must incorporate young people from township communities into their training and employment programs. Revenue from the NBI grant is recognised only when the entity has incurred expenditure in line with these conditions.

19. DEPRECIATION AND AMORTISATION

Figures in Rand	2025	2024
Property, plant and equipment	1 786 176	1 028 276
Investment property	168 331	164 023
Intangible assets	4 382	50 320
	1 958 889	1 242 619

20. EMPLOYEE RELATED COSTS

Figures in Rand	2025	2024
Basic	20 621 480	15 706 596
Medical aid	283 840	217 181
UIF	66 276	52 906
COIDA	118 411	189 895
SDL	2 799	8 277
Leave pay provision charge	(10 593)	236 580
Cellphone allowance	246 100	206 900
Directors and members remuneration	152 683	133 305
	21 480 996	16 751 640
Remuneration of Chief Executive Officer (PM Cullinan)		
Annual Remuneration	2 321 400	2 190 000
Contributions to UIF and Medical Aid	12 972	12 972
Other Allowances	14 400	14 400
	2 348 772	2 217 372
Remuneration of Chief Financial Officer (W Saib)		
Annual Remuneration	1 936 658	1 827 036
Contributions to UIF and Medical Aid	12 973	13 748
Other Allowances	14 400	77 608
	1 964 031	1 918 392

The entity has made no provision for bonuses in this financial year.

21. GENERAL EXPENSES

Figures in Rand	2025	2024
Advertising	1 338 453	653 352
Auditors remuneration	1 746 231	1 709 757
Bank charges	2 391	1 160
Catering	427 867	245 990
Cleaning	15 620	11 043
Community skills & development programmes	869 053	1 687 202
Computer expenses	68 914	105 425
Consulting and professional fees	978 033	138 771
Fuel and oil	49 905	63 228
Hire	14 727	4 772
IT expenses	1 419 948	1 382 870
Insurance	126 845	112 342
Legal Fees	126 000	76 304
Parking	85 781	59 974
Placement fees	36 025	91 501
Printing and stationery	47 079	159 990
Protective clothing	18 330	14 229
Repairs and maintenance	88 302	27 152
Security	1 282 082	1 023 717
Staff welfare	66 499	75 326
Subscriptions and membership fees	41 667	225 835
Telephone and fax	262 921	146 935
Travel - local	223 367	255 744
Travel - overseas	72 675	158 949
Utilities	862 614	391 687
	10 271 329	8 823 255

Advertising - The current year's expenditures included the production of a promotional video for the ASEZco investment awareness campaign highlighting the FDI award, sponsorship of the Green Hub at Enlit Africa, and participation in Africa's Green Economy Summit. Additionally, costs also covered the drafting and publication of the Annual Report and Corporate Plan.

Catering and Community skills and development - The reduction in community skills and development expenditure is mainly attributed to improved collaboration with partners and additional funding secured from NBI and Lesedi for skills development initiatives. ASEZco contributed by providing the venue, catering, and hosting the closing ceremony, which can be seen by the increase in catering expenses. In the current financial year, the entity also conducted basic compliance training for Atlantis-based SMMEs, empowering them to participate in construction sector tenders.

Consulting and professional fees - Included in consulting fees was the drafting of the 5 year strategy plan and 2025/26 Corporate plan. This entailed extensive stakeholders engagements and workshops.

Repairs and Maintenance - The repairs and maintenance expenses pertain to the cleaning and upkeep services in Zone 1, following the practical completion of the civil infrastructure and landscaping in that area.

Subscription fees - The subscription fees have decreased due to the CIDB best practices project assessment we conducted in the prior year.

Utilities - The utilities have increased due to the completion of Zone 1 civils with connections available for usage.

22. LEASE RENTALS ON OPERATING LEASE

Figures in Rand	2025	2024
Premises		
Contractual amounts	418 640	547 959
Equipment		
Contractual amounts	169 437	186 185
	588 077	734 144

The entity has an operating lease with Atlantis Foundries and Patrick Waterson and Associates CC for the office space in Atlantis and Century City. These agreements are for 3 years with fixed escalation rates.

Photocopying machines are leased for a 3-year period and fixed rentals for the duration of the lease.

Coffee machines and water dispensers are leased for a 3-year period.

23. CASH (USED IN) GENERATED FROM OPERATIONS

Figures in Rand	2025	2024
Surplus	62 425 390	29 270 707
Adjustments for:		
Depreciation and amortisation	1 958 889	1 242 619
Loss on sale of assets and liabilities	72 032	52 899
Movements in operating lease assets	(27 414)	(516 845)
Movements in operating lease liabilities	(158 935)	(78 067)
Movements in employee benefits obligation	(10 593)	(386 003)
Changes in working capital:		
Receivables from exchange transactions	(570 134)	686 530
Statutory receivables	(8 457 050)	(978 594)
Prepayments	178 726	98 693
Payables from exchange transactions	1 592 299	(586 125)
Unspent conditional grants and receipts	(57 146 436)	(6 282 278)
	(143 226)	22 523 536

24. COMMITMENTS

Figures in Rand	2025	2024
Authorised capital expenditure		
Already contracted for but not provided for		
• Work in progress Infrastructure	4 135 987	50 233 287
• Work in progress Investment property	13 362 970	1 460 106
	17 498 957	51 693 393
Not yet contracted for and authorised by member		
• Work in progress Investment property	-	18 915 863
Total capital commitments		
Already contracted for but not provided for (excl VAT)	17 498 957	51 693 393
Not yet contracted for and authorised by members (excl VAT)	-	18 915 863
	17 498 957	70 609 256
Total commitments		
Total commitments		
Authorised capital expenditure	17 498 957	70 609 256

The current year capital commitments include open orders for the design work and construction of civil infrastructure in Zone 1, Quantum Facility & the EGL Refurbishment in Atlantis. The funding for this has already been approved by the DTIC.

Operating leases - as lessee (expense)

The entity has entered into a maintenance contract for the investment properties. Commitments regarding the maintenance are as follows.

Figures in Rand	2025	2024
Minimum lease payments due		
- within one year	707 230	837 885
- in second to fifth year inclusive	50 560	757 790
	757 790	1 595 675

Operating lease payments represent rentals payable by the entity for its office properties, printers, phones, coffee machines and water dispensers. Leases are negotiated for an average term of 3 years and rentals are fixed for the duration of the lease term. No contingent rent is payable.

Operating leases - as lessor (income)

Figures in Rand	2025	2024
Minimum lease payments due		
- within one year	708 600	823 800
- in second to fifth year inclusive	3 777 454	5 538 049
	4 486 054	6 361 849

The EGL Building situated at 30 Charles Matthews is held to generate rental income. Lease agreements are non-cancellable and have terms from 3 to 5 years. There are no contingent rents receivable.

Figures in Rand	2025	2024
Rental income		
Rental income including smoothing (excl VAT)	424 135	886 565

25. CONTINGENCIES CONTINGENT LIABILITIES

No Contingent liabilities were identified:

Contingent assets

No contingent assets were identified.

26. RELATED PARTIES

Relationships	
Shareholder with significant influence	Department of Economic Development and Tourism City of Cape Town Municipality
Non executive directors	Fakir, Mohamed Saliem Jullies, Marshall Julian (Resigned) Johnston, Jo-Ann Deidre (Resigned) Greyling, Lance William (Term expired) Kimani, Zukiswa (Term expired) Hazell, Robert William Anthony (Appointed) van Schalkwyk, Ilse (Appointed) Selane, Kenosi Pearl Louisa Roman, Leon Jonathan
Members of key management	Cullinan, Patrick Matthew Saib, Waheeda Williams, Fredelaine Elna Cindy
Entities with same economic portfolio	Western Cape Tourism, Trade and Investment Agency Free Port Saldanha Industrial Development Zone

Departments and public entities in each province are related parties according to the GRAP 20 based on the definition of common control.

The City of Cape Town municipal services is that of a supplier and client relationship with the entity as per paragraph 32 of GRAP 20.

The detail of the remuneration of the members of key management and non-executive directors is included in note 20 and 27 to the financial statements.

Figures in Rand	2025	2024
Related party balances		
Amounts included in Unspent conditional grant		
- Department of Economic Development and Tourism	9 809 843	8 932 875
Related party transactions		
Grants received: Revenue recognised		
- Department of Economic Development and Tourism	33 317 814	27 703 273
Grants received: Transfer payment received		
- Department of Economic Development and Tourism	34 194 783	34 023 478
Interest received		
- Department of Economic Development and Tourism	1 814 642	1 229 545

27. DIRECTORS AND MEMBERS REMUNERATION

Figures in Rand	2025	2024
Board meeting fees		
Fees for attending board meetings		
Fakir, Mohamed Saliem	21 157	11 399
Selane, Kenosi Pearl Louisa	11 386	6 516
Roman, Leon Jonathan	17 478	9 774
Jullies, Marshall Julian	11 386	10 860
	61 407	38 549
Subcommittees fees		
Fees for attending subcommittees of the board		
Selane, Kenosi Pearl Louisa	34 770	31 071
Roman, Leon Jonathan	11 590	20 380
Jullies, Marshall Julian	2 698	5 532
Bartes, Ian	16 188	14 839
Slack, Paul	20 634	17 537
Human, Andre	5 396	5 397
	91 276	94 756

28. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

Figures in rand		At amortised cost	Total
2025			
Financial assets			
Receivables from exchange transactions	3	1 150 790	1 150 790
Cash and cash equivalents	5	30 153 151	30 153 151
		31 303 941	31 303 941
Financial liabilities			
Trade and other payables from exchange transactions	11	2 192 628	2 192 628

Figures in rand		At amortised cost	Total
2024			
Financial assets			
Receivables from exchange transactions	3	580 656	580 656
Cash and cash equivalents	5	89 848 416	89 848 416
		90 429 072	90 429 072
Financial liabilities			
Payables from exchange transactions	11	600 328	600 328

29. OPERATING SURPLUS

Figures in Rand	2025	2024
Operating surplus for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	418 640	547 959
Equipment		
» Contractual amounts	169 437	186 185
	588 077	734 144
Loss on sale of property, plant and equipment	72 032	52 899
Amortisation on intangible assets	4 382	50 320
Depreciation on property, plant and equipment	1 786 176	1 028 276
Depreciation on investment property	168 331	164 023
Employee costs	21 480 996	16 751 640

30. AUDITORS' REMUNERATION

Figures in Rand	2025	2024
Expenses	1 746 231	1 709 757

Audit fees include work that was done on the prior year financial statements which was not provided for in the prior year as the work was only performed in the current financial year.

31. PRIOR PERIOD ERRORS

A misclassification error was identified with the treatment of interest income received from the DTIC Grant funding which was subsequently corrected.

A misclassification error has been identified with the treatment of the health and safety expenses that have been incurred which as been subsequently corrected.

The correction of the error(s) results in adjustments as follows:

Statement of financial position	Note(s)	As previously reported 2024	Correction of error	2024 Restated
Unspent conditional grants & receipts	18	77 401 398	7 845 176	85 246 574
Property, plant and equipment	7	30 722 380	49 000	30 771 380
		108 123 778	7 894 176	116 017 954
Statement of financial performance				
Interest received	16	7 456 938	(6 227 394)	1 229 544
General expenses	21	8 872 253	(49 000)	8 823 253
		16 329 191	(6 276 394)	10 052 797
Re-classification of cash flow statement				
Suppliers	23	11 150 492	(49 000)	11 101 492
Property, plant and equipment	23	26 416 665	49 000	26 465 665

32. 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 entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2025	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Over 5 years
• Trade and other payables	2 192 628	-	-	-
At 31 March 2024	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	
• Trade and other payables	600 328	-	-	-

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.

The banks utilised by the entity for current investments are all listed on the JSE (Nedbank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions to be low.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Figures in Rand	2025	2024
Financial instrument	2025	2024
Cash and cash equivalents	30 153 151	89 848 416
Receivables from exchange transactions	1 150 790	580 656

Market risk**Interest rate risk**

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.

The entity's interest rate risk arises from cash in current banking institutions and call deposit investments. This financial asset is at variable rates thus exposes the entity to cash flow interest rate risk.

At 31 March 2025 the weighted average interest rate was 7.5% and the cash and cash equivalent balance is R 30 153 151.

33. GOING CONCERN

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus of R108 961 351 and that the entity's total assets exceed its liabilities by R 165 461 451.

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 ASEZCo's continued existence is dependent on the ongoing support and funding from DEDAT and DTIC, which has historically been provided and is expected to continue. The investment from the DTIC is expected to catalyse further investment into the area. Further top structure funding applications have also been submitted to the DTIC. There are no material uncertainties that cast significant doubt on the entity's ability to continue as a going concern for the foreseeable future, being at least twelve months from the reporting date.

34. SEGMENT INFORMATION**General information****Identification of segments**

The entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Operating function includes the following functions:

- » Business Development
- » Commercial
- » Infrastructure
- » Integrated Eco-system management

The Administration function includes the following function:

- » Corporate services

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The entity operates throughout the Western Cape. Segments were aggregated on the basis of management functions.

Segment surplus or deficit, assets and liabilities

2025	Administration	Operations	Total
Revenue			
Interest revenue	1 814 643	-	1 814 643
Other revenue	479 548	517 619	997 167
Recoveries	178 181	-	178 181
Rental Income	424 135	-	424 135
Grant grant and subsidies	17 530 072	75 852 515	93 382 587
Total segment revenue	20 426 579	76 370 134	96 796 713
Entity's revenue			96 796 713
Expenditure			
Depreciation and amortisation	1 958 889	-	1 958 889
Employee related cost	11 176 878	10 304 117	21 480 995
General expenses	6 444 613	3 826 717	10 271 330
Loss on disposal of assets	72 032	-	72 032
Operating lease rental	588 077	-	588 077
Total segment expenditure	20 240 489	14 130 834	34 371 323
Total segmental surplus/(deficit)	186 090	62 239 300	62 425 390
2024	Administration	Operations	Total
Revenue			
Interest income	1 229 545	-	1 229 545
Other revenue	67 572	-	67 572
Recoveries	307 439	-	307 439
Rental income	886 565	-	886 565
Government grants and subsidies	14 866 978	39 468 163	54 335 141
Total segment revenue	17 358 099	39 468 163	56 826 262
Entity's revenue			56 826 262
Expenditure			
Depreciation and amortisation	1 242 619	-	1 242 619
Employee related cost	9 675 371	7 076 269	16 751 640
General expenses	5 290 306	3 532 947	8 823 253
Loss on disposals of assets and liabilities	52 899	-	52 899
Operating lease rentals	435 156	298 988	734 144
Total segment expenditure	16 696 351	10 908 204	27 604 555
Total segmental surplus/(deficit)	661 748	28 559 959	29 221 707

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

35. BBBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the Annual Report under the section titled B-BBEE Compliance Performance Information.

36. IRREGULAR EXPENDITURE

Figures in Rand	2025	2024
Irregular expenditure	480 160	907 380

The irregular expenditure related to non-compliance with Section 2 of the PPPFA. The objective criteria was not stipulated in the terms of reference for the security tender (18 month contract) and an award for the marketing panel.

No fruitless or wasteful expenditure has been identified in the period under review. Refer to reconciling notes in Part E of the Annual Report.



021 495 4400



info@atlantiszez.co.za



www.atlantiszez.com



@AtlantisSEZ



Atlantis Special Economic Zone



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Atlantis Foundries Business Park,
William Gourley Street, Atlantis,
7349, Cape Town