INDEPENDENT

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BusinessReport

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LATEST PRICES

net chg

Prime Rate		10.75%	–0.25
Friday close			
R/$	▼	17.91	–0.14
R/£	▼	24.22	–0.10
R/€	▼	20.95	–0.17
Friday close			
Gold	▲	3368.15	+4.40
Silver	▲	38.60	+0.54
Platinum	▲	1444.85	+15.15
Oil (Brent)	▲	70.63	+2.90
Friday close			
All share	▼	97221.58	–0.15
Top40	▼	89403.07	–0.15
Dow Jones	▼	44371.51	–0.63
FTSE-100	▼	8941.12	–0.38

PROPERTY COMPANY

JSE and Altx-listed central and eastern Europe property investment group MAS has received offers to buy out its shareholders from Prime Kapital Investment Holdings (PKI) and South African retail-focused property Hyprop. On Friday its shareholder rejected a proposal that its directors realise the value of all of MAS's assets, within five years. | AI Ron

MAS shareholders reject asset sales amid takeover bids

EDWARD WEST

THE shareholders of MAS, the JSE-listed property company that is the target of two takeover bids and shareholder concerns about board governance, on Friday voted against resolutions to sell off the company's central and eastern retail Europe assets.

MAS's share price fell 3.2% to R22.93 on Friday on the JSE - a year ago the share price traded at R19.21.

The resolutions tabled at an extraordinary general meeting (EGM), which was requested by development partner, potential bidder and shareholder PK Investments (PKI), were not passed by the requisite majority of more than 50% of the shareholder voting rights exercised, a statement to the JSE's news service said.

The first resolution would have authorised the directors to dispose of all the assets within 5 years, with the overarching aim of maximising returns for shareholders.

The second resolution would have authorised the board to declare and pay special dividends to return the proceeds of the asset realisations.

Meanwhile, last week, nine minority shareholders asked the board for another, separate EGM to remove two MAS directors and appoint four new directors, amid concerns about alleged conflict of interest by the two directors, Mihail Vaslescu and Dan Pascariu.

The minority shareholders are Ninety One, Meago and Eskom Pension and Provident Fund, Sesfikile Capital, MandG Investment Managers, Catalyst Fund Managers, Stanlib Investment Managers, Maz Capital and Momentum Investments Management.

They want to appoint to the MAS board former Resilient REIT CEO Des de Beer, retired ABSA Group executive Robert Emslie, investment banker Sundeep Naran and former Lighthouse Properties CEO Stephen Delport.

In May, PKI said it would buy all of MAS' shares for cash and shares. After that, Hyprop Investments indicated it would bid for MAS, which then prompted PKI to raise its offer twice.

The terms of a development joint venture partnership with PKI are also the subject of different opinion between the parties.

MAS announced Friday it had appointed Investec Bank as corporate adviser to assist with the implications of the potential bids, as well as alternative strategic options for MAS.

On June 30, the company said neither PKI nor Hyprop had yet made formal offers to MAS shareholders, and the board had not yet consulted with either party about their offers.

MAS said in an operational update for its central and eastern European assets, for the year to June 30, that occupancy rates for the five months to May 30 were excellent at 99.2%, while occupancy fell marginally to 97.8%, from 98% at December 31, 2024, mostly due to the completed strip malls assets disposals during the period.

US TARIFFS

Trump's US tariffs on BRICS reflect deeper fears of Chinese dominance

Trump using tariffs on BRICS countries as a red herring to stifle perceived influence of China

SIPHELELE DLUDLA

INVESTORS in South Africa have cautioned that the US President Donald Trump was using tariffs on BRICS countries as a red herring to stifle the perceived dominance of China over the United States.

Trump last week announced that he was planning to slap a 10% tariff on imports from the BRICS economic group of emerging-market nations, including Brazil, Russia, India and China, along with a 50% duty on all copper imports and a possible 200% tax on pharmaceuticals.

The expanded BRICS+ now covers 43% of the world's population, 32% of the world's land area, around 35% of global GDP and 20% of world exports.

Trump explained the BRICS tariff threat was being driven by a desire to protect the US dollar from potential threats to its dominance as the BRICS bloc looks to unseat the greenback as the world's reserve currency.

Commentators indicate that the dynamics of global power shifts are increasingly influenced by economic alliances, and Trump's scepticism about BRICS appears to stem from a fear that any concerted effort to empower China could ultimately threaten the United States' position at the pinnacle of global affairs.

The sentiment is that Trump perceives the BRICS coalition not merely as a trade agreement but as a strategic challenge to the supremacy of the US dollar.

Deon Gouws, chief investment officer at wealth management firm Credo, said Friday he did not think that Trump cared much about BRICS, but he does care a lot about China.

Gouws said Trump's focus is squarely on China as the only nation that poses a substantial challenge to the United States' longstanding supremacy with its impressive economic growth and innovative prowess.

"For perspective, the GDP of the five founding members of BRICS members combined approximates that of the USA; having said that, China represents more than two thirds of that number on its own," Gouws said.

"In a nutshell, therefore, Trump is pretty scared of China, for good reason (large economy, productive workforce, strong growth, lots of adaptability and innovation) and therefore he also takes a dim view of any country that might be seen to be assisting China in growing even powerful."

In the broader context, this sentiment reflects a growing unease in Western political circles—one that transcends individual leaders and speaks to an emerging narrative about the future balance of power.

Luncedo Mtwentwe, managing director of Vantage Advisory, concurred with this sentiment, saying that Trump believes that the BRICS bloc was set up to undermine the US dollar so that it no longer serves as the world's standard currency, hence he wants to destabilise it.

Mtwentwe said Trump sees the US was at risk of losing its position as the global trade standard if the dollar was weakened as other countries would then be able to trade on their own without using the greenback.

"With China and Russia being part of that, countries he doesn't favour, he knows that the moment you remove the dollar as the standard, the Chinese can take over. That's one of the key reasons he's opposed to BRICS. Therefore, we must expect more additional tariffs that might be coming into BRICS countries," Mtwentwe said.

"So the question is, will countries take the risk and accept trade losses in the name of fighting the US? I don't think most of these countries are willing to take that risk. The impact would be too severe.

"If they retaliate in the short term, things like inflation and unemployment can skyrocket in these countries, due to the fact that they are fighting the world's number one economy in terms of trade. But in the long term, if they take the risk, I'm sure these countries can reap the rewards."

Mtwentwe said BRICS nations have to unite more and forge intentional trade relations that will make these countries more competitive.

"It's time to focus on building strong local supply chains, increasing trade through AfCFTA, and establishing South Africa as a manufacturing and innovation hub for the entire continent. And let's not forget the BRICS nations who offer a massive opportunity for us to establish more competitive trade deals and diversify our reach," he said.

TRUMP last week announced that he was planning to slap a 10% tariff on imports from the BRICS economic group of emerging-market nations, including Brazil, Russia, India and China. The expanded BRICS+ now covers 43% of the world's population, 32% of the world's land area, around 35% of global GDP and 20% of world exports. | PABLO PORCIUNCULA AFP

CREDIT RATINGS

TRANSNET has had its credit rating downgraded. | SUPPLIED

S&P Global Ratings downgrades Transnet's credit ratings

PHILIPPA LARKIN

S&P Global Ratings (S&P) has downgraded Transnet's credit ratings due to high debt and negative operating cash flow.

It lowered the long-term local currency and foreign currency ratings from BB- to B+. The standalone credit profile was downgraded from 'b' to 'ccc+', while its national scale rating was changed from 'zaAA-/zaA-1+' to 'zaA/zaA-1'.

It kept the outlook stable and said it reflects S&P's view that Transnet will not face any material payment or liquidity events given the current R51 billion government guarantee framework.

S&P highlighted several issues in its rating report. "The downgrade reflects the incremental deterioration of the financial profile in the past few years that extraordinary government support could partly mitigate but will not fully offset in our view, especially as the support is principally in the form of government guarantees," it said.

It said Transnet is entirely dependent on state support to be able to service its debt. This is due to sizable negative free operating cash flow (FOCF) and its unsustainable capital structure without government support.

"We think that the substantial support provided by the government in the form of guarantees underpins Transnet's access to funds to refinance its upcoming debt maturities, which, in our view, would otherwise have been extremely challenging," it said.

However, structural business weaknesses remain and will take time to improve materially. Notably, S&P expect low cash flow generation capacity to persist in the next few years andhinder its ability to sustain or substantially improve its current leverage and capital structure.

Based on S&P's updated forecasts, it thinks that Transnet's credit metrics will remain weak over fiscal years 2025 and 2026, ending March 31, despite gradual improvement in volumes.

It expects Transnet's key segment, Transnet Freight Rail (TFR), to report rail volumes of approximately 160.8 million metric tonnes (mt) for fiscal 2025, compared to 151.7 million mt in fiscal 2024 and relative to a target of 170 million mt for the year.

Anticipated growth in commodity volumes drives Transnet's corporate plan for TFR volumes to increase to approximately 180 million mt in fiscal 2026 and further to about 188 million mt in fiscal 2027.

Given the extent of network rehabilitation required due to maintenance backlogs, aged infrastructure, and ongoing security incidents, S&P expects TFR volume recovery to fall short of budgeted projections under its basecase. Nonetheless, it anticipates that the recovery in rail volumes, coupled with improved availability of port equipment, will support revenue growth to approximately R82bn in fiscal 2025 and to about R87bn in fiscal 2026 compared with R76.7bn in fiscal 2024. However, given Transnet's high fixed-cost base, S&P expects that Transnet will generate Ebitda margins of about 30%-34% over fiscal years 2025 to 2027, equivalent to Ebitda of approximately R25bn-R30bn compared with R21bn in fiscal 2024.

IMPORT RESTRICTIONS

SA lifts restrictions on Brazilian poultry imports amid avian flu concerns

YOGASHEN PILLAY

THE Minister of Agriculture, John Steenhuisen, officially announced on Friday that South Africa will lift its import restrictions on live poultry and poultry products from Brazil, effective 4 July 2025.

This decision comes in response to extensive discussions between South African veterinary authorities and their Brazilian counterparts, culminating in a resolution that addresses health concerns over Highly Pathogenic Avian Influenza (HPAI).

The HPAI outbreak, first detected on 15 May 2025 in the municipality of Montenegro, Rio Grande do Sul, has since been contained.

Steenhuisen confirmed that the stamping out measures, which included the depopulation and thorough disinfection of the affected premises, were executed in line with the standards set by the World Organisation for Animal Health (WOAH).

"The 28-day waiting period after stamping out was observed, with the self-declaration of freedom effective from 18 June 2025," he said.

On 4 July 2025, a bilateral technical meeting was convened between the South African and Brazilian veterinary authorities, resulting in the creation of a revised Veterinary Health Certificate (VHC) certifying Brazil's freedom from HPAI.

Importers were promptly informed, and Veterinary Import Permits (VIPs) began to be issued immediately.

"The positive outcome is a direct result of the dedicated efforts of our officials. With this resolution, imports can resume, which will significantly enhance food security for all citizens."

However, Steenhuisen emphasised that as a precaution, poultry products packed in their final packaging between 1 May and 18 June 2025 will remain temporarily restricted from entry into South Africa.

"The Department of Agriculture remains vigilant and will continue to monitor the situation. The lifting of the suspension may be reviewed should new information emerge indicating the outbreak spreading to other areas within Brazil."

Wandile Sihlobo, the chief economist of the Agricultural Business Chamber of South Africa (Agbiz), said the department wanted to ensure that Brazil controls the avian influenza outbreak before imports resumed.

"This decision was not unique to South Africa, but a standard global practice, and at the time, the EU and China had already placed temporary bans on Brazil's poultry imports," he said.

"We also had haunting memories of the 2023 avian influenza in South Africa, which led to significant financial losses for poultry producers and higher prices for eggs and other poultry products for consumers."

Sihlobo the industry was seeing the perverse spread of the various strains of bird flu in the US and parts of the UK, which had crossed from poultry to dairy, and then to humans.

"Having witnessed such cases, it only seemed fair to ensure that South Africa takes a careful approach to the imports. After it was established that the ban was only in a few areas, South Africa started applying a regionalised poultry import restriction and opened some regions for imports," he said. "This was to ease the poultry supplies in the domestic market, while ensuring there were careful considerations for the potential spread of the disease."

Sihlobo added that this was also on the back of the recognition of the importance of Brazil in South Africa's poultry imports. South Africa imports roughly 20% of its poultry products, which is about 350 000 tons a year, and approximately 70% of those imports are from Brazil.

"Having received convincing data on the successful containment and eradication of the disease, the South African authorities have sufficient confidence to lift the ban on Brazil's poultry product imports. "This was effective on July 4, 2025. With imports now back on a regular schedule, it is fair to assume that the fears of a meat price inflation uptick should subside."

MINISTER of Agriculture John Steenhuisen officially announced on Friday that import restrictions on live poultry and poultry products from Brazil have been lifted with effect from 4 July 2025. | SUPPLIED