

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 20 [NW22E]**

**DATE OF PUBLICATION: 14 February 2013**

**Mr T D Harris (DA) to ask the Minister of Finance:**

Whether the Public Investment Corporation (PIC) purchased any shares in a certain financial entity (name furnished) from certain investment company (name furnished); if not, how was this conclusion reached; if so, (a) how was the deal structured, (b) who authorised the deal and (c) what (i) was the motivation for the transaction and (ii) is the current status of the transaction?

NW22E

**REPLY:**

The Public Investment Corporation (PIC) did purchase shares of a certain financial entity (name furnished) from certain investment company (name furnished).

- (a) The deal was structured as an equity purchase that went through the JSE. A total of 5,284,735 (cum dividend) shares in the 'financial entity' were purchased from the 'investment company' by PIC listed equities on 29 February 2012 for a purchase price of R156.11 per share. At close of trading on 28 February 2012, the 'financial entity' traded at R183.50 with a VWAP of R183.15. As such, the acquisition price represented a 14.76% discount to market.
- (b) The deal was a purchase of listed equity and as such it was authorised by the Chief Investment Officer of the PIC in line with the PIC's Delegation of Authority.
- (c)(i) The shares were purchased at a price of R156.11 (cum dividend). At close of trading on 28 February 2012, the 'financial entity' traded at R183.50 with a VWAP of R183.15. As such, the acquisition price represented a 14.76% discount to market. From a commercial perspective, based on the discount to market value and the PIC house view of the value of the 'financial institution' (at the time PIC listed equities had a 12 month target price of R216.24), the returns from the acquisition were attractive.
- (c)(ii) To date the PIC has generated an internal rate of return of 26.52% for the GEPF on the 'financial entity' share appreciation alone (excluding dividends received). The shares are currently being warehoused by PIC listed equities and the PIC Isibaya Fund is working to establish a BBBEE vehicle to benefit GEPF members who will

ultimately acquire these shares. The PIC has appointed Empowerdex to advise on the structuring of this vehicle to comply with the BBBEE Codes of Good practice and are in the process of engaging service providers to administer this vehicle.