

**NATIONAL ASSEMBLY  
QUESTION FOR WRITTEN REPLY  
QUESTION NUMBER: 74 [NW78E]  
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**74. Mr R A Lees (DA) to ask the Minister of Finance:**

- (1) What are the full circumstances which led to the Public Investment Corporation's purchase of the farm Palmietfontein 403, extent 547 hectares, and the Farm IP 564, extent 481 hectares, in the North West for the purchase price of R586 500 000;
- (2) whether he has found that there was no impropriety in this purchase; if not, how did he reach this conclusion; if so, what are the relevant details?

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**REPLY:**

- (1) I am advised by the Public Investment Corporation (PIC) of the following:

The PIC, on behalf of its client, the Government Employees Pension Fund (GEPF), acquired a 60% undivided share in a property development in the City of Matlosana (Klerksdorp), named the N12 Development. A consortium approached the PIC for funding to buy the land. Since vacant land is not income generating, an investment of this nature by the PIC was impermissible as it would not generate cash flows to service debt. The PIC decided to participate as an equity investor, and acquired the undivided share and will use the development to grow the GEPF's investment portfolio.

The development consists of two sites on the northern and southern sides of the N12 between Klerksdorp and Stilfontein of approximately 426.5ha and 979ha, respectively. 90% of the land has approval for the establishment of a township consisting of Business Rights (retail, office, car dealerships, etc.), Residential (low and medium density), Industrial, a school and a hospital.

The PIC records that it conducted a full due diligence process on the acquisition of the land. The due diligence was done by independent service providers and included the following:

- Land Valuations; and

- Town Planning.

Further to this, the PIC conducted Legal-, Risk and Environmental, Social and Governance (ESG) evaluations.

The Valuator used the comparable sales method of valuation that incorporated various development models. The Valuator concluded that the land be valued at an average of R2100/ha with a combined total of R2.010 billion for both portions of land. The PIC acquired a 60% undivided share in the development at a purchase price of R510 million (excluding VAT) – well below the R1.2 billion valuation for a 60% share, in terms of the independent market evaluation.

An amount of R306 million of the purchase price is being retained in an escrow account, to ensure that the developer can contribute their 40% of the development costs, as and when needed.

Isago@N12Development (PTY) Ltd., the co-owner and developer, entered into an agreement with the South African National Military Veterans Association (SANMVA) in terms of which SANMVA acquired a 1% shareholding in the investment. That shareholding and their 40% undivided share was transferred from Isago@N12Development (Pty) Ltd. to Isago Holdings (Pty) Ltd .

- 2) From the information recorded and provided by the PIC, as set out above, I have no basis to suspect any impropriety with the transaction.