

11 March 2019

RE: STATEMENT ISSUED TO SAKHUMNOTHO STAKEHOLDERS AND PARTNERS IN RESPONSE TO THE SUNDAY TIMES ARTICLE

Dear Ms Trish Beale

1. I trust all is well with you.
2. In the interests of the transparency that has always been a cornerstone of our work, I am writing to respond to allegations recently levelled against Sakhumnotho Group Holdings (Pty) Ltd.
3. On 24 February 2019 the Sunday Times published an article titled *Dan Matjila named as key player in dodgy 1,8 billion PIC deal*. In it, it was stated that Kilimanjaro Capital – identified as a consortium seeking to buy a stake in Total SA – was forced by former PIC boss, Dan Matjila, to partner with Sakhumnotho Group Holdings “and to pay it R50m”. In breach of fairness and objectivity in reporting and journalism, we were never approached to comment on these allegations ahead of the story’s publication. We only received the Sunday Times questions through Mr Mulaudzi from Kilimanjaro Capital. He was the only one requested to respond to the allegations. Sakhumnotho was not given the opportunity to verify and/or confirm or deny the details contained in the story as they pertain to our business. On seeing the allegations, I immediately wrote to The Journalist at the Sunday Times and copied the Editor of the Sunday Times, SANEF and the Press Ombudsman.
4. As both the Chairman of Sakhumnotho Group Holdings and the Convener of the Global Business Roundtable (GBR), I would therefore hereby like to unequivocally reject these malicious allegations.
5. Over the past 19 years we have built Sakhumnotho Group Holdings into a diversified investment holding company based on the values of good business ethics, moral values and good corporate governance. Above all, we value honesty and integrity. Against this background, Sakhumnotho does not participate in paying bribes to anyone, including private sector and/or public sector staff or any politically connected persons, in order to gain any favour, business or funding.
6. We would like to place on record the facts with regards to the working relationship between Kilimanjaro Capital (Kilicap) and Sakhumnotho:
 - 6.1 The historic BEE Partners for Total were disposing of their shares in Total South Africa and thus mandated Nedbank to run a competitive bid process to find a buyer for their shares. The process of selecting the buyer was conducted professionally by Nedbank - and not by PIC as alleged.



- 6.2 Many BEE companies (including Kilimanjaro and Sakhumnotho) were invited to bid for the shares. We then proceeded to submit our bids separately to Nedbank as, at the time, we were unaware who else had been invited.
- 6.3 During this process, many bidding BEE companies approached PIC to raise the funding required to purchase the shares.
- 6.4 In response to our application for funding, PIC advised us (and other BEE companies) that whilst they wanted to fund the Total asset, they could not support one BEE company over another. They were prepared to only engage and fund the preferred bidder. Within this context, the PIC would proceed with the funding process of the deal with the preferred BEE company when Nedbank and the seller announced the successful bidder.
- 6.5 After Nedbank informed us that we were short-listed, together with another, undisclosed company, I visited the PIC to follow-up on our funding application.
- 6.6 At that meeting, Dr Matjila informed me that he was not prepared to engage with the different companies that had approached him but would rather engage with the preferred bidder when announced by Nedbank and the Seller.
- 6.7 Whilst walking me out of that meeting, Dr Matjila informed me he would be meeting with Mr Mulaudzi (who had also come to follow-up on his funding application) and that he was going to give him the same response as he had given me.
- 6.8 I then proceeded to follow Dr Matjila to the boardroom to meet Mr Mulaudzi where he repeated what he had told me to Mr Mulaudzi - that PIC will only engage with the winning bidder as opposed to competing prospective buyers.
- 6.9 When Dr Matjila left the boardroom shortly thereafter, Kilicap and us realised that we were in fact the two shortlisted bidders and that if we both wanted to win the bid, we should form one consortium as opposed to competing separately.
- 6.10 For commercial reasons, and in order to have a win-win situation, we both agreed to merge the two consortiums and have 50% share each in the merged consortium. After we agreed to merge the consortiums, we then approached Nedbank to ask if it would be acceptable to Nedbank and the Sellers to merge the consortiums.
- 6.11 After Nedbank and the Sellers gave permission for us to merge the consortiums, we visited PIC to advise them that there were no longer two shortlisted bidders but instead one merged consortium representing both Kilicap and Sakhumnotho. By agreeing to merge our consortiums we also solved our funding problem as there was now one preferred bidder for the PIC to engage with.



7. Based on these facts, it is disingenuous and factually incorrect to make the unfounded allegation that Sakhumnotho was imposed on Kilicap by Dr Matjila. Sakhumnotho therefore vehemently denies this allegation contained in the Sunday Times article.

I would also like to address the allegations regarding the transaction fees and the R50-million payable to Sakhumnotho. It is important to note that Kilicap and Sakhumnotho initiated our bids separately. We therefore separately commissioned the services of transaction advisors, technical advisors, legal advisors, financial advisors and others to advise us on the transaction, and conduct the due diligence on our behalf. This was done with no foreknowledge of the fact that we would ultimately merge our consortiums. Combining our entities did not, therefore, exonerate us from the commitments, costs and liabilities that we had incurred separately, before the merger.

8. It is therefore completely untrue, malicious and wrong to say the costs paid to Sakhumnotho were funds solicited by, or for, Dr Matjila by myself or Sakhumnotho. These are lies orchestrated by those who seek to tarnish my name or that of Dr Matjila. I further categorically deny ever having had a meeting with Mr Mulaudzi - or anyone for that matter - to discuss the payment of a bribe of R50-million, or any amount, to Dr Matjila. If it is true that Mr Mulaudzi is responsible for telling these lies, I would be greatly disappointed. Dr Matjila has never asked us for any favour or bribe and has, in our experience, always acted with integrity, professionalism and respect.
9. Finally, I am disappointed - and indeed appalled – that the Sunday Times would publish a story based on false allegations about Sakhumnotho and myself without giving us the right of reply. I hold the Sunday Times in high regard and expect better from the publication. It is my belief that the intention of those making these false allegations is to destroy the careers and businesses of innocent people, as a result of whatever issues they have with the PIC.
10. We are confident that our name will be cleared and that we will be exonerated of all malicious allegations. Should Sakhumnotho Group be invited to the PIC Commission, we intend to make a presentation in order to present our version of the story and to clear our name. We hope that the media, including the Sunday Times, will report fairly on this presentation in order to convey the correct facts and the truth on this matter.
11. Lastly, Sakhumnotho Group Holdings will be appointing one of the top three audit firms to conduct an independent investigation into all the allegations made against Sakhumnotho Group and/or its Directors and the report will be made available to all our Stakeholders

Regards,

SIPHO MSELEKU F.INST.D

Chairman

SAKHUMNOTHO GROUP HOLDINGS