

MINUTES OF THE

**PUBLIC INVESTMENT CORPORATION SOC LIMITED
SPECIAL PORTFOLIO MANAGEMENT COMMITTEE (LISTED INVESTMENTS)
MEETING HELD ON WEDNESDAY, 20 DECEMBER 2017 AT 13:30
AT MAPUNGUBWE BOARDROOM, 2ND FLOOR
MENLYN MAINE CENTRAL SQUARE, CORNER ARAMIST
AND COROBAY AVENUES, WATERKLOOF GLEN EXTENSION 2**

1. WELCOME AND QUORUM

- 1.1. The Chairman welcomed all present to the meeting.
- 1.2. There being a quorum, the meeting was duly constituted and officially convened.

2. ATTENDANCE AND APOLOGIES

2.1. Present

Ms M More	Executive Director and Chief Financial Officer (Acting Chairman)
Dr D Matjila	Executive Director and Chief Executive Officer
Mr L Smit	Acting Executive Head: Listed Investments; and General Manager: Fixed Income
Mr M Nsibande	Acting Executive Head: Risk; and Compliance Officer: Properties
Ms W Setshedi	Acting Executive Head: Legal Counsel, Governance and Compliance; and Senior Legal Advisor
Mr M Nalla	Acting Executive Head: Research and Project Development; and Head: Economic Research and Project Development
Ms G Adams	Acting General Manager: Listed Equities; and Portfolio Manager: Listed Properties
Ms M Moloi	Acting General Manager: Externally Managed Funds; and Portfolio Manager: External Managers

2.2. In Attendance

Mr D Botha	Head: Corporate Affairs
Mr T Ndadza	Senior Market Risk Analyst
Ms M Taukobong	ESG Specialist: Listed
Mr K Motepe	ESG Specialist
Ms S Fako	Legal Advisor
Mr V Seanie	Assistant Portfolio Manager: Non-Consumer Industrials
Ms W Louw	Board Secretary

2.3. Apologies

Mr S Dolamo	Executive Head: Research and Project Development
Mr P Magula	Executive Head: Risk
Mr E Nesane	Executive Head: Legal Counsel, Governance and Compliance
Mr L Molebatsi	General Manager: Listed Equities
Ms M Breda	General Manager: Externally Managed Funds
Mr F Madavo	Executive Head: Listed Investments

2.4. Attendance Register

2.4.1. The attendance register was circulated and signed by all members present.

3. ADOPTION OF THE AGENDA

3.1. The agenda was adopted as presented.

4. DECLARATION OF INTEREST

4.1. The declaration of interest register was circulated and signed by all present.

4.2. Attendees were afforded the opportunity to declare any interests in transactions to be discussed at the meeting and to recuse themselves for specific items where a conflict of interest has been declared.

4.3. No conflicts of interest were declared.

5. AYO TECHNOLOGY SOLUTIONS LIMITED

5.1. The purpose of the submission was to request the Portfolio Management Committee (Listed Investments) (PMC-LI) to:

- Approve the waiving of the Due Diligence approval process (PMC-1) and combining the PMC-1 and PMC-2 approval processes; and to
- Approve for the PIC to participate in Ayo Technology Solutions Limited's (AYO) private share placement ahead of its planned listing on the Johannesburg Stock Exchange (JSE) on 21 December 2017.

5.2. It was reported that AYO was established in 1996 as an empowered ICT Group, offering numerous end-to-end solutions to a host of industries. JSE-listed African Equity Empowerment Investments Limited (AEEI) held 30.03% of the issued ordinary share capital of AYO. AEEI was a 30% shareholder of BT South Africa (BT) since 2009 and intended to sell its stake in BT to AYO as part of the listing. Key BT divisions would be transferred directly to AYO to enable it as an empowerment reseller. AYO had recruited Mr Kevin Hardy, the previous Managing Director of BT, as CEO; and Mr Siphwe Nodwele, the previous Divisional Director of Industrial Technologies at EOH Limited, as Chief Technology Officer. Through its superior empowerment credentials, and strategic alliance with BT, AYO recognised a clear opportunity to aggressively grow its business in order to continue to increase stakeholder value and drive true transformation in the South African and African ICT market sector.

5.3. AYO had requested the PIC to invest approximately R4.3 billion for 99.8 million shares at R43.00 per share, which amounted to 29.9% of AYO, and 100% of AYO's planned Initial Public Offering (IPO). AYO would use the net proceeds from the IPO to:

- Acquire a 30% stake in BT for approximately R1 billion;
- Fund the rollout of the BT strategic relationship; and
- Fund AYO's acquisition pipeline.

5.4. As at 31 August 2017, AYO had a net debt of R19 million and a debt/equity ratio of 28%. After raising the R4.3 billion in its listing, AYO would have a net cash of approximately R4.3 billion, giving it a very strong balance sheet. The reason for the significant increase in revenue in 2018 is due to the acquisition of BT. No historical Annual Financial Statements were available for the financial forecast provided by AYO's Management. The Listed Equities team had, however, interrogated Management's forecast and believed that the proposed transaction was a reasonably attractive catalytic investment, at a reasonable price, to stimulate significant transformation in the ICT sector.

5.5. The Risk team highlighted that the overall risk associated with the proposed transaction was rated as medium due to the following reasons:

5.5.1. Some of AYO's Board members were closely linked to AEEI, which created a risk that there might not be a clear balance of power at Board level, considering that AEEI would remain a significant shareholder of AYO post the listing. The composition of the Board was, however, reviewed and approved by the JSE;

5.5.2. Acquisitions within the same sector may result in Competition Commission issues. AYO should implement a Conflict of Interest Policy to regulate all related party transactions;

5.5.3. AEEI and Independent News Media South Africa (INMSA) had a common major shareholder, namely Sekunjalo Investment Holdings (Sekunjalo). Sekunjalo is an investment company to which the PIC have exposure through INMSA (Project Iris). There should be no linkage between the proceeds from the IPO and Project Iris; and

5.5.4. Empowerment would not guarantee the success of AYO, considering the level of competition in the ICT sector. The projected revenue presented in AYO's financial

forecast was dependent on AYO concluding the acquisition of businesses, efficient integration and talent retention.

5.6. The Legal team reported that:

5.6.1. The Legal Due Diligence was based on the draft Profit and Loss Statement. The signed Annual Financial Statements for 2017 were since submitted;

5.6.2. AYO was previously known as Sekunjalo Technology Solutions Limited;

5.6.3. No insurance disclosures were made. The PIC needed assurance from the company that the relevant insurance has been taken out; and

5.6.4. The legal risk associated with the proposed transaction was considered to be low, even though the Profit and Loss Statement contains conditions that have to be met before the Listing and the commencement of trade on 21 December 2017.

5.7. The ESG team highlighted that:

5.7.1. The majority of the Non-Executive Directors were not independent and 3 of the Non-Executive Directors also served on the AEEI Board. This could lead to a conflict of interest situation and the non-protection of minority shareholders;

5.7.2. The composition of the Audit and Risk Committee (ARC) should be revised and strengthened with members who have applicable Financial Reporting Standards skills;

5.7.3. The Management team lacked technical expertise and industry knowledge; and

5.7.4. The company should establish a Remuneration Policy that is aligned to the business strategy.

5.8. The Committee stated that the Legal and ESG teams should perform a complete Due Diligence and provide feedback to the Committee. Further, as the business

model was premised on acquisition growth, the PIC should have some level of protection, such as a Put Option. Acquisitions should be for growth and should happen within 18-24 months. AYO may, however, request an extension of the period, based on valid reasons. Shareholder approval should further be sought for all acquisitions greater in value than 10% of AYO's market cap.

- 5.9. The Committee raised a concern that PIC's participation in the proposed transaction would increase PIC's exposure to the ICT sector. It was emphasised that such tight timeframes may further force the PIC to liquidate stocks which may prejudice the PIC, in general, especially in low liquidity markets. PIC's exposure to other ICT companies should be decreased and PIC might have to sell bonds to raise the required funding.

Resolution

- 5.10. The Committee **RESOLVED** to **approve** the waiving of the Due Diligence approval process (PMC-1) and the combining of the PMC-1 and PMC-2 approval processes.
- 5.11. The Committee further **RESOLVED** to **approve** the acquisition of a 29% stake in AYO Technology Solutions Limited for a consideration of R4.3 billion ahead of its listing on the JSE, subject to:
- 5.11.1. The PIC and AYO entering into a Put Option, to protect PIC's clients against a share price decline;
- 5.11.2. A commitment that AYO will spend the equity funds raised only on acquisitions for growth and within 24 months;
- 5.11.3. The Legal and ESG teams performing a complete Due Diligence and providing feedback to the PMC-LI;
- 5.11.4. AYO implementing a Conflict of Interest Policy;
- 5.11.5. The appointment of Independent Non-Executive Directors to the Board of AYO; and

5.11.6. Shareholder approval for all acquisitions (other than BT) that are greater in value than 10% of AYO's market cap.

6. DATE OF NEXT MEETING

6.1. The next PMC (LI) meeting is scheduled for Thursday, 25 January 2018 at 09:00.

7. CLOSURE

7.1. There being no further matters for discussion, the Chairman closed the meeting at 14:30.

Confirmed as a true record of the proceedings of the meeting on this the ____ day of _____ 2018.

CHAIRMAN

14 December 2017

PORTFOLIO MANAGEMENT COMMITTEE (LISTED INVESTMENTS)

PARTICIPATION IN AYO TECHNOLOGY SOLUTIONS PRIVATE PLACEMENT

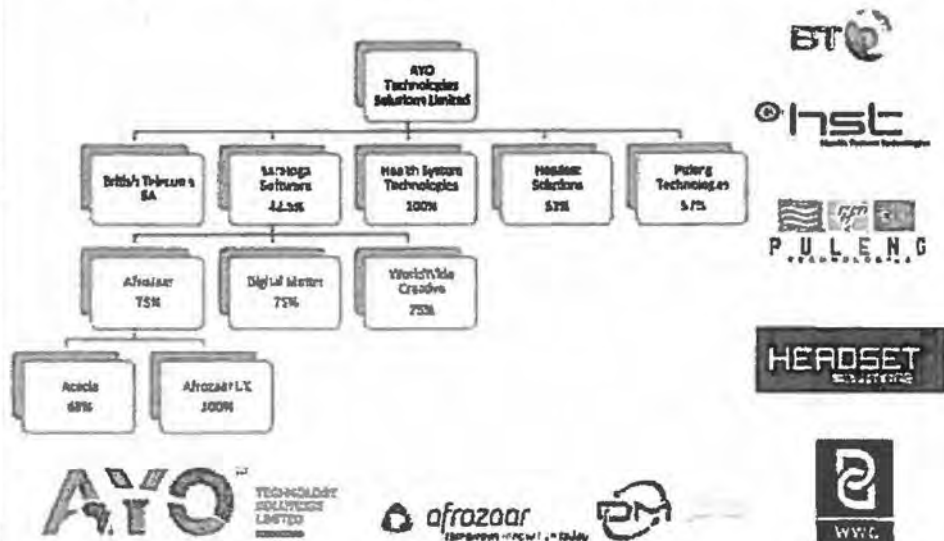
<p>Opportunity Overview:</p>	<ul style="list-style-type: none"> ▪ The purpose of this submission is to request approval via round robin resolution from the Portfolio Management Committee Listed ("PMC") to participate in Ayo Technology Solutions Limited's ("Ayo") private share placement ahead of its listing on the JSE. ▪ Ayo plans to list on the JSE on 21 December 2017 with an offer for subscription for R4.3bn to eligible investors of up to 29.0% of Ayo's ordinary shares. ▪ PIC intends to acquire shares up to the value of R4.3bn (or 29.0% of Ayo) in the private placement.
<p>Final Approving Committee</p>	<ul style="list-style-type: none"> ▪ Portfolio Management Committee Listed ("PMC")
<p>Target Company:</p>	<ul style="list-style-type: none"> ▪ Ayo Technology Solutions Limited
<p>Company Background:</p>	<ul style="list-style-type: none"> ▪ Ayo is an empowered ICT Group offering numerous end to end solutions to a host of industries. ▪ Ayo was established in 1996 and has evolved over this time through continually adapting to the local and international ICT landscape. The process of adaptation was enabled by acquiring new businesses, partnerships and sourcing innovative technology within its existing portfolio. ▪ Ayo, through its divisions, subsidiaries and partners provides solutions to both the public and private sector within South Africa and abroad, with its private sector client base comprising mostly of blue chip multinationals. ▪ Ayo maintains strong relationships and holds key value added reseller or supplier agreements with principals such as Nokia Siemens, Inter systems, Cisco, Microsoft, IBM and Riverbed, which provides the group with continuous access to up to date technology.



	<ul style="list-style-type: none"> Ayo has a strategic relationship with BT Communications Services South Africa Proprietary Limited ("BT"), which will form the cornerstone of its future strategy.
Transaction Background	<ul style="list-style-type: none"> JSE-listed African Equity Empowerment Investments Limited ("AEEI") currently holds 80.03% of the issued ordinary share capital of Ayo. AEEI has been a 30 % shareholder of BT South Africa since 2009 and through a strategic alliance, intends to leverage off BT's global innovation and experience into the African market. This will be done by selling its stake of BT to Ayo as part of the listing. Further to this, key BT divisions will be transferred directly to Ayo to enable it as an empowerment reseller. Through its superior empowerment credentials, and strategic alliance with BT, Ayo recognises a clear opportunity to aggressively grow its business in order to continue to increase stakeholder value and drive true transformation in the South African and African ICT market sector. In order to acquire BT and aggressively grow its business Ayo has approached the PIC to participate in its IPO in which it plans to raise R5.7bn.
PIC Investment:	<ul style="list-style-type: none"> Ayo has requested PIC to invest about R4.3bn for 99.8m shares at R43 per share. This amounts to 29.0% of Ayo (and 100% of the IPO), which will increase portfolio tracking error.
Use of Investment:	<p>Ayo will use the net proceeds from the IPO to:</p> <ul style="list-style-type: none"> Acquire a 30% stake in BT for approximately R1bn. Fund the rollout of the BT strategic relationship. Fund Ayo's acquisition pipeline.
Purchase Price:	<ul style="list-style-type: none"> R43 per share
Business Model	<p>Ayo's current subsidiaries are involved in the following activities:</p> <ul style="list-style-type: none"> Health System Technologies: provides healthcare information systems along with development, implementation and training services and systems implementation. Puleng Technologies: a converged infrastructure platform & professional IT services.



- **Headset Solutions:** one of the largest importers and distributors of headsets on the African continent, with a presence in 10 African countries.
- **Afrozaar:** software consulting services and product development; professional and managed services relating to cloud technology, as well as hosting of cloud infrastructure in the Amazon global cloud-based data centres.
- **WorldWide Creative:** digital transformation strategy and advisory.
- **Digital Matter:** enterprise application and solution development.



Investment Thesis:

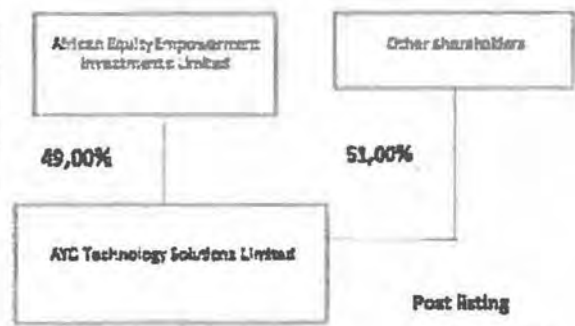
Empowerment an increasingly important customer requirement

- Currently significant BT clients with multi-billion ICT budgets are seeking to address their preferential procurement through supporting truly transformed ICT providers. Additional scope will be given to those service providers that show true transformation initiatives, specifically ownership criteria.
- The market lacks an appropriately empowered and transformed ICT service provider.
- Following the acquisition and integration of BT, Ayo would be positioned to be the most Empowered ICT Group, and is geared for significant growth.



Customer	Rating (current / future 3 months)	Implication
	2 → 8	Reduced to the lowest B-BEE score, Sasol have released an RFI for the services currently supplied by BT. The key factor in awarding the business will be the supplier's ability to help Sasol raise their score. We must respond to the RFI with our proposal by 7 th August, with the RFP expected to be decided by November 2017. Within this we have to respond to the immediate scope, but there is also scope to bid for wider requirements.
	4 → TBC	Anglo have been engaging with Sasol on their process and are likely to follow a very similar approach. They have yet to be rated through the new codes, however they are expected to make some significant supplier changes in line with a transformation policy.
	2 → 4	A downgrade to BT's rating means we are less likely to be able to sell to companies who require a favourably rated supplier. 25% black ownership of BTSA helps to keep BT's rating at Level 4, however this is not high enough to make a major impact for our customers (eg. Level 2).
	TBC	Changes to retail industry assessment have not currently been released, however are expected around 2019. This is about the time of the Unilever contract renewal, due in FY20/21, so will be key in our rebid.
	NA	As a government department, DABCO is not assessed in the same way, however they have an obligation to do business with most empowerment suppliers they can.

Competitor	Black Ownership (Threshold = 31%)	Black women Ownership (Threshold = 30%)	Current rating	Potential future rating	Expected date of assessment	Initiatives to improve rating
	23.67%	4.63%	2	4	26-Oct-17	DI Data are introducing an employee trust scheme and a potential acquisition in Sept 17 - but only 30% B.O. Numbers are NTF are wanting to invest in ABKA
	47.71%	10.15%	2	1	20-Oct-17	Recently awarded on new codes however don't have 51% black ownership and 30% black women ownership
	14.37%	6.87%	6	8	08-Jul-18	Engaging law advisers. Have plans to improve rating but not expected to have enough impact to major restructuring may be announced
	Unknown	Unknown	3	TBC	Ongoing	All ownership points toward minimal maturity on BEE - and we do not expect their credentials to be good enough unless they partner locally.
	80.00%	8.81%	1	2	23-Oct-17	For all BEE deals, they plan to work through a subsidiary which has 51% B.O. No current SWD.
	80.00%	0%	4	4	Mar-18	SAU involved in place however there are only anticipated to retain Level 4 rating



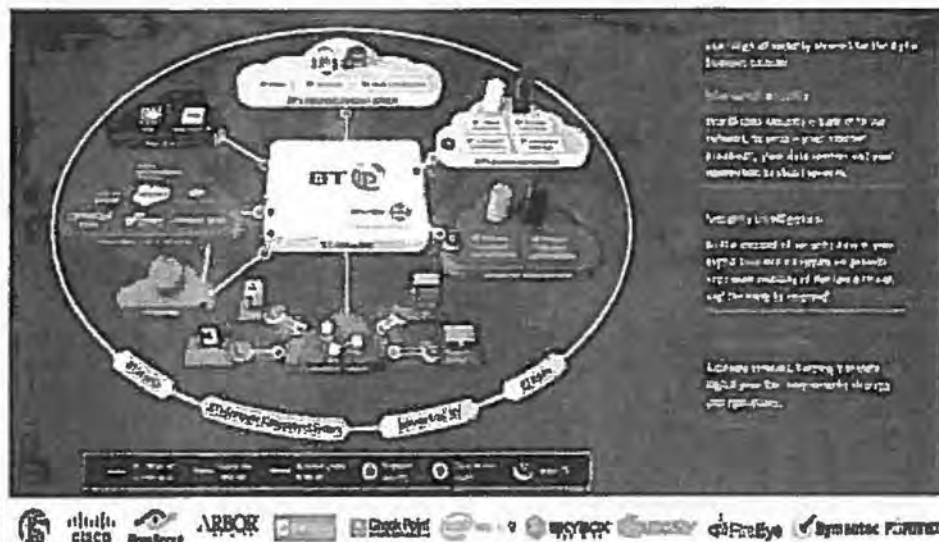
- Post listing**
- AYO Black shareholding will be 70.5%;
 - Black female ownership 82%;
 - 29% Mandated Investments.





Leveraging BT's technology and resources

- BT has agreed to move Kevin Hardy – current CEO of BT Africa - into Ayo as CEO of Ayo. Other key resources will likely follow this move.
- Ayo are in discussions to provide service delivery functions back into BT in order to improve BT's own preferential procurement.
- Ayo will have the ability to sell and deliver BT's full product and solutions portfolio across Africa and globally for certain agreed customers.
- Leveraging BT's significant R&D spend of R9.6bn annually.
- The following is a summary of BT's services and technology partners:



ICT market growth and Ayo's market share gain opportunity.

- Technology spend within South Africa and Africa are both on rising trends as the continent moves to digitization. This presents an opportunity to the Ayo as it has capability across all these technology areas.
- Ayo envisages capturing 5%–8% of the market by 2022 as part of its strategic marketing plan.

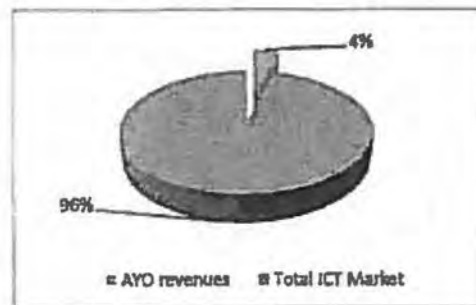


Segment 1	2014 YR	2015 YR	2016 YR	2017 YR	2018 YR	2019 YR	2020 YR	2017-2020 CAGR
Software	27 611	28 429	30 398	38 543	42 892	47 756	53 158	11,3%
IT Services	73 419	71 166	73 767	89 466	94 173	98 998	103 928	5,1%
Telecom Services	44 080	41 700	41 800	48 384	48 172	47 882	47 637	-0,5%
Devices	13 509	13 504	11 674	12 677	12 894	13 275	13 191	1,3%
Data Center Systems	7 453	8 208	7 698	9 272	9 656	9 836	9 986	2,5%
Grand Total	166 071	163 008	165 338	198 342	207 787	217 746	227 900	4,7%

Source: Gartner (January 2017)

AYO's expected market penetration

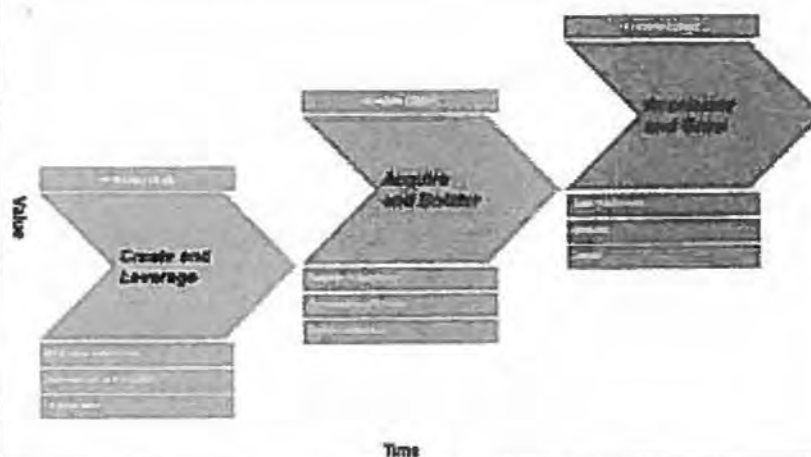
	R'm 2018	R'm 2019	R'm 2020
	207,787	217,746	227,900
1%	2,078	2,177	2,279
2%	4,156	4,355	4,558
3%	6,234	6,532	6,837
4%	8,311	8,710	9,116



ICT market consolidation and Ayo's acquisitive growth

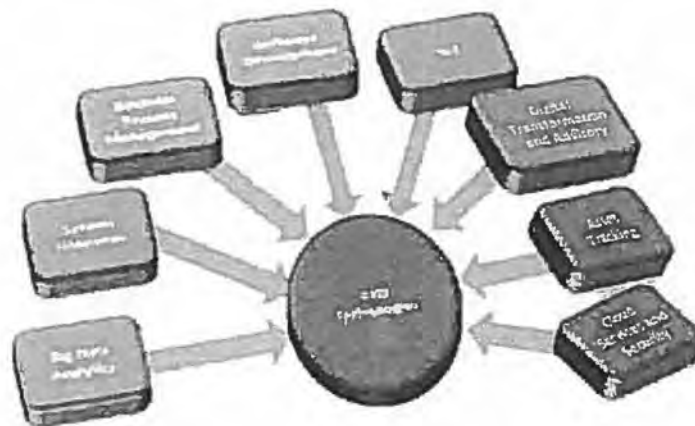
- The South African ICT sector is experiencing significant market consolidation in part driven by the above-mentioned supplier consolidation by customers.
- Ayo intends to participate in the consolidation trend through acquisitions and increasing its share of customer spend.

AYO GROWTH STRATEGY





- Ayo has been engaged in identifying a number of technology target companies that it believes offer significant growth from a market perspective. The current combined revenue of the entire pipeline is over R3.5bn with an average EBIT margin of 18%. The key competencies of the currently engaged businesses will be in line with our service offerings:



Experienced Management team

- Ayo recruited Kevin Andrew Warwick Hardy as Ayo CEO. Kevin is the previous managing director of BT Africa and has worked for various companies such as BT Sub-Saharan South Africa, Cisco Systems South Africa, Aspivia Intelligent Telecoms, Dimension Data and British Broadcasting Corporation in a directorship position.
- Ayo has also recruited Sphiwe Nodwele as Chief Technology Officer. Sphiwe was previously the Divisional Director (M&A Head) of Industrial Technologies at EOH Limited.



Reasonable valuation

- Management have provided the following forecasts for Ayo.
- The reason for the significant increase in revenue in 2018 is due to the acquisition of BT.
- On 16 November 2017 and twice since we requested historical financial statements for BT. As at the date of this memo Ayo management has not yet provided the said information.

Growth scenarios for the years ending 31 August	Growth Scenario	Growth Scenario	Growth Scenario
	12 months 2018 R'000	12 months 2019 R'000	12 months 2020 R'000
Revenue	4 430 912	7 740 563	9 288 675
Profit after tax	659 863	897 392	1 162 161
Profit attributable to: Owners of the parent	642 692	872 680	1 130 281
Basic and diluted earnings per share (cents)	209.08*	251.85	326.19
Weighted average number of shares in issue	307 390 639	346 511 621	346 511 621
*EPS weighted for 8 months of the year			
Weighted PE Ratio @ R 15 Billion	16	17	13

5-year median PE multiples of other JSE-listed IT services firms are:

EOH: 20.2

Adapt IT: 17.5



Competitive Position:	Threat of New Entrants	Rivalry Among Existing Competitors	Threat of Substitutes	Bargaining Power of Buyers	Bargaining Power of Suppliers							
	<p>There is a fair degree of switching barriers IT services depending on the extent of integration. Proprietary technology provides an entry barrier.</p> <p>There are generally modest scale economies and capex requirements</p>	<p>Price competition is limited due to non-standard pricing structures & low high switching barriers. The sector is consolidating.</p> <p>IT services is still a growing sector</p>	<p>Artificial Intelligence could pose some threat in the future.</p>	<p>IT is a critical part of modern business success for nearly all companies.</p> <p>Customers are increasing their understanding of IT services leading to some commoditization. The industry is not overreliant on a few large customers.</p>	<p>Highly skilled staff command high salaries</p> <p>Technology suppliers own the IP and can set prices in most cases.</p>							
	MEDIUM	MEDIUM	LOW-MEDIUM	MEDIUM	MEDIUM							
	<p>Competitive advantages</p> <ul style="list-style-type: none"> Empowerment Key Strategic Relationship with BT 											
ESG	<ul style="list-style-type: none"> The ESG report will be compiled during the due diligence process. 											
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #cccccc;">ENVIRONMENTAL</td> <td style="text-align: center;">5%</td> </tr> <tr> <td style="background-color: #cccccc;">SOCIAL</td> <td style="text-align: center;">47%</td> </tr> <tr> <td style="background-color: #cccccc;">GOVERNANCE</td> <td style="text-align: center;">52%</td> </tr> <tr> <td style="background-color: #cccccc;">OVERALL SCORE</td> <td style="text-align: center;">28%</td> </tr> </table> <ul style="list-style-type: none"> The Company's ESG assessment is rated as laggard with an overall score of 44%, the weak score is attributed to poor disclosure on environmental, social and governance issues with a rating of 25%, 47% and 52%, respectively. 					ENVIRONMENTAL	5%	SOCIAL	47%	GOVERNANCE	52%	OVERALL SCORE
ENVIRONMENTAL	5%											
SOCIAL	47%											
GOVERNANCE	52%											
OVERALL SCORE	28%											



<p>Risk Considerations</p>	<p>Acquisition risk</p> <ul style="list-style-type: none"> ▪ The majority of additional revenue and profits post-listing will come from acquisitions. There is a risk that Ayo overpays for these acquisitions and destroy shareholder value. <p>Execution risk</p> <ul style="list-style-type: none"> ▪ Given that the majority of growth is premised on market share gains from acquisitions and empowerment there is a risk that the anticipated additional revenues may not materialise. ▪ Management's forward looking estimates are very optimistic. <p>Empowerment can be replicated</p> <ul style="list-style-type: none"> ▪ Ayo's strategy depends heavily on its empowerment status. ▪ Empowerment credentials can be replicated by competitors such as EOH, Accenture, Dimension Data, etc.
<p>Financial Summary</p>	<ul style="list-style-type: none"> ▪ Ayo's financial year end is 31 August. ▪ At 31 August 2017 had a net debt of R19m and a debt/equity ratio of 28%. ▪ After raising R4.3bn in its listing Ayo will have net cash of approximately R4.3bn giving it a very strong balance sheet. ▪ Please refer to the appendices for complete financial statements.
<p>Conclusion</p>	<ul style="list-style-type: none"> ▪ At a forward PE of 16x on management's earnings estimates, the Ayo transaction appears to be a reasonably attractive catalytic investment to stimulate significant transformation in the ICT sector.
<p>Recommendation</p>	<ul style="list-style-type: none"> ▪ It is recommended that Portfolio Management Committee (PMC) listed approves an R4.3bn share purchase of 29% of Ayo at R43 per share in Ayo's private placement.



PUBLIC INVESTMENT
CORPORATION¹

Est. 1911

Annexure A

Historic financial statements

	Notes	2017 R'000	2016 R'000	2015 R'000
Assets				
Non-Current Assets				
Property, plant and equipment	2	7 116	2 404	5 180
Goodwill	2	43 411	17 302	17 302
Intangible assets	4	12 500	2 181	2 058
Investment in joint venture	8	33	39	33
Investment in associates	7	-	319	0
Loans to group companies	8	4 552	2 093	3 709
Other financial assets	9	747	1 129	2 485
Deferred tax assets	10	10 034	11 057	3 704
		<u>76 492</u>	<u>36 016</u>	<u>33 647</u>
Current Assets				
Inventories	11	9 702	-	3 085
Trade and other receivables	12	110 428	32 412	69 894
Other financial assets	9	19 200	3 575	2
Current tax receivable		384	908	160
Cash and cash equivalents	13	74 230	33 662	22 195
		<u>214 016</u>	<u>70 521</u>	<u>84 496</u>
Total Assets		<u>292 411</u>	<u>107 439</u>	<u>118 033</u>
Equity and Liabilities				
Equity				
Share capital	15	184 129	168 828	168 828
Reserves		(4)	-	-
Retained earnings		(151 787)	(169 577)	(198 867)
		<u>32 338</u>	<u>(749)</u>	<u>(30 039)</u>
Non-controlling interest		24 782	17 852	16 987
		<u>67 088</u>	<u>17 103</u>	<u>(16 982)</u>
Liabilities				
Non-Current Liabilities				
Loans from group companies	2	60 567	87 729	77 053
Other financial liabilities	15	69	72	282
Finance lease liabilities	17	2 549	-	-
Operating lease liabilities				523
		<u>63 185</u>	<u>87 801</u>	<u>77 857</u>
Current Liabilities				
Trade and other payables	16	108 505	12 770	35 471
Loans from shareholders		60	-	7
Other financial liabilities	16	5 892	204	-
Finance lease liabilities	17	259	-	-
Operating lease liability		305	528	-
Deferred income	18	2 023	1 180	10 474
Current tax payable		8 372	270	635
Provisions	20	12 473	7 268	9 431
Bank overdraft	13	3 110	-	-
		<u>141 766</u>	<u>22 235</u>	<u>64 268</u>
Liabilities on disposal groups	14	360	-	-
Total Liabilities		<u>225 321</u>	<u>90 036</u>	<u>132 126</u>
Total Equity and Liabilities		<u>292 411</u>	<u>107 439</u>	<u>118 033</u>
Net asset value per share (cents)		15.23	(0.37)	(14.67)
Net tangible asset value per share (cents)		(11.10)	(10.01)	(24.45)



PUBLIC INVESTMENT CORPORATION

Est. 1971

	Notes	2017 R'000	2016 R'000	2015 R'000
Revenue	21	479 883	169 217	222 620
Cost of sales		(315 621)	(115 030)	(153 337)
Gross profit		168 743	54 187	69 283
Other income		13 274	13 794	2 628
Operating expenses		(125 263)	(34 013)	(47 381)
Operating profit	23	46 753	35 014	24 808
Investment revenue	24	2 400	2 658	1 812
Fair value adjustments		-	-	28
Income from equity accounted investments		(679)	310	9
Finance costs	25	(5 604)	(8 574)	(5 033)
Profit before taxation		39 670	29 808	18 824
Taxation	26	(12 822)	2 042	(6 851)
Profit from continuing operations		26 848	31 850	11 973
Profit/(Loss) from discontinued operations	14	2 810	1 657	-
Profit for the year		28 658	33 507	11 973
Other comprehensive income		(4)	-	-
Total comprehensive income for the year		28 654	33 507	11 973
Total comprehensive income attributable to:				
Owners of the parent:				
From continuing operations		13 862	27 843	7 539
From discontinued operations		2 810	1 657	-
		16 672	29 500	7 539
Total comprehensive income attributable to:				
Owners of the parent				
Non-controlling interest		12 052	4 057	4 417
		28 654	33 507	11 973
Earnings per share information:				
39				
Basic earnings per share (Cents)				
- Continuing Operations		5.83	14.60	3.73
- Discontinued Operations		1.33	0.82	-
Headline earnings per share (Cents)				
- Continuing Operations		4.33	10.28	3.70
- Discontinued Operations		1.33	0.82	-



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Consolidated Statement of Cashflows for the year ended 31 August 2017

	Notes	2017 R'000	2016 R'000	2015 R'000
Cash flows from operating activities				
Cash receipts from customers		459 785	253 991	215 433
Cash paid to suppliers and employees		(406 815)	(231 298)	(201 405)
Cash generated from operations	27	53 170	22 693	14 028
Interest income		2 579	(3 540)	1 813
Finance costs	25	(8 804)	(2 852)	(8 033)
Tax paid	28	(8 955)	(7 512)	(8 700)
		-	-	-
Net cash from operating activities		38 990	8 789	1 108
Cash flows from investing activities				
Purchase of property, plant and equipment	2	(3 380)	(1 121)	(2 148)
Sale of property, plant and equipment		93	80	609
Increase in internally generated intangible assets	4	(1 205)	(1 488)	-
Expenditure on product development		-	(357)	(1 997)
Business combinations	29	(1 559)	-	-
Proceeds from disposal of subsidiary	30	17 140	207	-
Loans advanced to group companies		-	-	(668)
Proceeds from loans from group companies		10 483	8 466	2 399
Purchase of other financial assets		(13 812)	(1 208)	(3 424)
Net cash to investing activities		7 960	2 659	(5 225)
Cash flows from financing activities				
Repayment of other financial liabilities		265	(4)	(185)
Loans (to)/from shareholders		(530)	33	(40)
Finance lease payments		(888)	-	(622)
Net movement in other financial assets		(3 256)	-	-
Dividends paid		(5 985)	-	-
Acquisition of additional shares in joint venture		-	-	(33)
Net cash to financing activities		(10 392)	29	(880)
Total cash movement for the year		37 558	11 377	(4 997)
Cash at the beginning of the year		33 562	22 185	27 182
Total cash at the end of the year	13	71 120	33 562	22 185



Annexure A

Forecast financial statements (by Ayo)

REVENUE ANALYSIS

Existing customer contribution to forecasted revenue for the years ending	Growth scenario	Growth scenario
	2018	2019
	R'000	R'000
Anglo	490 518	699 728
Sasol	875 684	963 321
Dirco	208 933	250 877
GTM	129 692	195 538
Rest Domestic	99 063	604 762
Cyber security	293 864	367 330
Unified Communications	82 881	97 799
Software and Mobile development	149 343	180 906
Digital Transformation	23 062	25 368
	53%	44%
Additional revenue from identified clients for the years ending 31 August		
Retail market	432 889	907 276
Financial services market	1 038 934	2 177 463
Public sector	606 045	1 270 187
	47%	56%

GROWTH SCENARIOS

Growth scenarios for the years ending 31 August	Growth	Growth	Growth
	Scenario	Scenario	Scenario
	12 months 2018 R'000	12 months 2019 R'000	12 months 2020 R'000
Revenue	4 430 912	7 740 563	9 288 675
Cost of sales	(3 097 813)	(5 418 394)	(6 502 073)
Gross profit	1 333 099	2 322 169	2 786 603
Other income	954	1 039	1 058
Income from associate	88 590	88 355	98 043
Operating expenses	(554 311)	(1 200 158)	(1 272 167)
Profit before interest and tax	868 322	1 211 405	1 613 536
Finance income/(costs)	862	613	577
Profit before tax	869 194	1 212 018	1 614 113
Tax	(209 331)	(314 625)	(451 952)
Profit after tax	659 863	897 392	1 162 161



Annexure C

OFFER SUMMARY

LISTING	▪ Johannesburg Stock Exchange
INDICATIVE PRICE	▪ R 43 per share
INDICATIVE P/E	▪ 16, 17, 13 (2018, 2019, 2020 growth scenarios)
INDICATIVE MARKET CAP	▪ R 14.9 Billion

1. AYO Technology issuing up to 88 782 655 new Shares to invited investors at an issue price of R43.00 per share, thereby raising R4.3 billion for AYO Technology; and
2. the subsequent Listing of all the Shares of AYO Technology in the Computer Services sector on the main board of the JSE.

	2017
Opening date of Private Placement on	Wednesday, 13 December
Closing date of Private Placement at 17:00 on	Friday, 15 December
Results of Private Placement released on SENS on	Monday, 18 December
General Meeting to approve the issuing of the Private Placement Shares and the B-BBEE Consortium Shares at 10:00 on	Monday, 18 December
Listing of Shares on the JSE expected at commencement of trade at 0:00 on	Thursday, 21 December



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Compiled By:

Victor Seanie

Assistant Portfolio Manager: Listed Equities

Date: 14/12/2017

Reviewed by:

Sunil Varghese

Portfolio Manager: Listed Equities

Date: 14/12/2017

Recommended for submission to PMC:

Lebogang Molebatsi

General Manager: Listed Equities

Date: 14/12/2017

Approved for submission to PMC:

Fidelis Madavo

Executive Head: Listed Investments

Date: 14/12/2017



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CREDIT RISK REPORT	
COMMITTEE	PORTFOLIO MANAGEMENT COMMITTEE - LISTED INVESTMENTS ("PMC - LI")
FINAL APPROVING COMMITTEE	PORTFOLIO MANAGEMENT COMMITTEE - LISTED INVESTMENTS ("PMC - LI")
Project name/Group Name	AYO TECHNOLOGY SOLUTIONS ("AYO")
Executive Summary	The PIC has been approached by AYO Technology Solutions ("AYO Technologies" or "AYO") formerly known as Sekunjalo TSL, a subsidiary of African Equity Empowerment Investments ("AEEI") to underwrite its private placement to raise c.R4.3 billion. The proceeds from the listing will be utilised to acquire a c.30% stake in BT Communications Services South Africa ("BT") for approximately R1billion from AEEI, to fund the rollout of the BT strategic relationship and as well as funding its acquisition pipeline. AYO share will be offered at c.R43 per share to institutional clients and invited investors.
Credit Risk Rating (if available)	Internal Rating: N/A External Rating: N/A
Breaches	N/A
Overall Risk Rating	Medium
Additional Risk Mitigants Proposed	Yes

CREDIT RISK IDENTIFICATION AND RESIDUAL RISK RATING

RISK	RATING
MANDATE RISKS	
<p>Governance</p> <p>The Company is governed by the Board, which is responsible for ensuring that AYO Technology complies with all of its statutory and regulatory obligations, as specified in the Companies Act, King IV, and the company's MOI and the JSE Listings Requirements, following the Listing. The Board is made up of a Chairman (Independent Executive Director), a CEO, CFO, CTO, 4 Independent Executive Directors, as well as 2 Non-Executive Directors. AYO Technology also has an Audit and Risk Committee, a Remuneration Committee and as well as a Social and Ethics Committee which are subcommittees of the Board.</p> <p>However, some of the Board members namely, Mr Salim Young (Chairman), Mr. Khalid Abdulla (Non-Executive Director), Ms. Cherle Felicity Hendricks (Non-Executive Director) are closely linked to AEEI thus there may not be a clear balance of power and Board level considering that AEEI will remain significant shareholder of AYO post the listing. Furthermore, one of the Independent, Aziza Begum Amod, also holds the post of a Non- Executive Director in AEEI</p> <p><i>Mitigants:</i></p> <p><i>The composition of the board has been reviewed and approved by the JSE. AYO Technology is currently communicating with PSG regarding additional matters regarding the composition Board.</i></p>	Medium
<p>Social</p> <p>Post listing, AYO will have black shareholding of 70.5%, which is above the B-BBEE score of 51% threshold. AYO's black female ownership is expected to be 32% post listing, which is above the threshold of 30%.</p>	Low
SPONSOR RISKS	
<p>Reputational Risk</p> <p>As per the prelisting statement none of the Directors of AYO Technology or the directors of the Major Subsidiary:</p>	Low



RISK	RATING
<ul style="list-style-type: none"> • Have been publicly criticized by a statutory or regulatory authority, including recognized professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company. • Have been removed from an office of trust, on the grounds of misconduct, involving dishonesty • Have been the subject of any court order claiming him delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, or been disqualified by a court to act as a director in terms of section 219 of the Companies Act, 1973. 	
<p>Related Party Transactions</p> <p>AYO intends to acquire c.99% of Kilomix, a subsidiary of AEEI, through which it will have a c.30% in BT Communications Services South Africa for c.R1 billion which constitutes a related party transaction. AYO has a 'material' loan of R80 million from AEEI for the purpose of acquisitions which will be repaid at end of December 2017. AEEI has stated that the transaction is at an arm's length basis and the valuation of Kilomix was independently audited by Grant Thornton.</p> <p><i>Mitigants:</i></p> <p><i>It is recommended that a conflict of interest policy to regulate further related party transactions.</i></p>	Medium
<p>Common Shareholder Related Party Transaction</p> <p>Considering that AEEI and Independent News Media ("INM" or "Project Iris") have a common major shareholder namely Sekunjalo Investment Holdings (Sekunjalo). In light of the conditions tabled at PEPS FIP, a subcommittee of PIC's Board, it's recommended that proceeds from the private placement are not directly linked to Project Iris or Sagarmatha Technologies.</p> <p><i>Mitigants:</i></p> <p><i>The matter was communicated to AEEI who stated that the listing of AYO is not linked to Sagarmatha or INM. Furthermore, AYO has also indicate that none of the target companies (apart from Kilomix) are directly linked to AEEI or Sekunjalo.</i></p>	Medium



RISK	RATING
COMMERCIAL RISKS	
<p>Management Risk</p> <p>AYO Technology's management is made up of Kevin Andrew Warwick Hardy who is the Chief Executive Officer. Kevin holds a BCom Honors in Business Management with NMU. He has worked for various Information Communication Technology ("ICT") companies such as BT Sub-Saharan South Africa, Cisco Systems South Africa, Aspivla Intelligent Telecoms, Dimension Data and British Broadcasting Corporation. Siphwe Nodwele, the Chief Technology Officer has worked as a Divisional Director (M&A Head) of Industrial Technologies at EOH Limited. He holds a MBA (Henley Business School - University of Reading, UK), LLB (Wits) as well as LLM (Wits). Naahied Gamielien, has been recruited as the Chief Financial Officer, she holds a BCom with NMU, as well as CTA with UNISA.</p>	Low
<p>Market Demand Risk</p> <p>There is a significant move towards digitalization. International ICT market growth is stronger than expected, there is a rising trend in technology spending in South Africa as well as the rest of Africa. The increasing development of companies such as Uber, Uber Eats, Spree, Show max as well as Netflix, which are focused on customer experience will increase demand for ICT.</p>	Low
<p>Competition Risk</p> <p>AYO Technology has a competitive advantage in the technology solutions industry. Through its superior empowerment credentials, and strategic alliance with BT, AYO recognises a clear opportunity to aggressively grow its business in order to continue to increase stakeholder value and drive true transformation in the South African and African ICT market sector. The BBBEE ICT Sector Codes published provide more preferential procurement points to ITC companies which procure products and services from entities that are 51% Black owned (and 30% Black women owned) AYO Technology is favourably positioned to offer its clients maximum points for preferential procurement on their BBBEE scorecard.</p> <p>AYO's major competitors include Dimension Data, EOA, Telkom, HCL and Accenture. Currently, these competitors do not meet the BBBEE ICT ownership criteria. AYO's</p>	Medium

RISK	RATING
<p>market penetration is expected to be 4% of the total ICT industry in South Africa. By year 2022, AYO is expected to have captured 5%–8% market share.</p>	
<p>Regulatory Standards Non-Compliance Risk</p> <p>The following are JSE's listing conditions expected to be followed by AYO Technology:</p> <ul style="list-style-type: none"> • Shareholders of AEEI voting in favor of the resolutions required to implement the Listing • An amount of not less than R3.7 billion being raised for AYO Technology in terms of the Private Placement • AYO Technology obtaining the requisite shareholder spread as required in terms of the JSE Listings Requirements. 	Low
<p>Revenue Risk</p> <p>The 2018 revenues projections are expected to increase by 825% from 2017. This increase is expected to be mainly from TB's existing customers and as well as revenue increase through empowerment and acquisitions.</p> <ul style="list-style-type: none"> • BT's existing customers - AYO Technology has entered into the Alliance Agreement with BT, AYO will be BT's strategic partner for the provision of certain BT products and services in South Africa. The move of BT's existing primary customers to AYO is guaranteed. • Revenue increase due to empowerment - AYO Technology's empowerment credentials are a significant competitive advantage. AYO is aiming to increase its revenues by an additional R859 million in 2018 by filling in a gap resulting from customers moving to suppliers that would improve their preferential procurement spend. <p>However empowerment does not guarantee the success of AYO considering the level of competition in the ICT sector. Furthermore the projected revenue presented in AYO's financial forecasts depends on AYO concluding the acquisition of the identified target companies, efficient integration, and talent retention.</p>	Medium

<p>OVERALL RISK: MEDIUM</p> <p>Reasons:</p> <ul style="list-style-type: none"> • AYO technology's governance is not well diversified (on a gender basis) and 2 of the Independent Non-Executive Directors are associated with AEEI. • The revenue increase expected from empowerment is not guaranteed. • Signed audited financial statements for 2017 outstanding. 	
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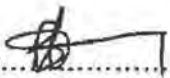
ADDITIONAL RISK MITIGANTS

	Conditions Precedent (CP)
1.	PIC to receive a market related fees for underwriting the private placement.
	Undertakings
1.	Board composition to be such that majority of the members are Independent Non-Executive Directors.
2.	AEEI to provide the signed Audited Financial Statements of AYO for the 2017 financial year.
3.	PEPS FIP conditions (relating to Project Iris) proceeds from the private placement should not be directly linked to Project Iris or Sagarmatha Technologies



Compiled By:

Busisiwe Mazibuko
Graduate: Risk

Sign. .....

Date. 15/12/2017.....

Reviewed by

Candace Abrahams
Senior Manager: Risk

Sign. .....

Date. 15-12-2017.....

Recommended for submission by:

Paul Magula
Executive Head: Risk

Sign. .....

Date. 15/12/2017.....

MEMO

15 December 2017

PORTFOLIO MANAGEMENT COMMITTEE (LISTED INVESTMENTS)

REQUEST TO WAIVE DUE DILIGENCE APPROVAL REQUIREMENT TO PARTICIPATE IN AYO TECHNOLOGIES SOLUTIONS LIMITED IPO PRIVATE PLACEMENT

PURPOSE

1. The purpose of this memo is to request the Portfolio Management Committee Listed ("PMC") to approve the waiving of the *request* to conduct a due diligence requirement to participate in Ayo Technology Solutions Limited's ("Ayo") private share placement ahead of its listing on the JSE.

BACKGROUND

2. Ayo is an empowered ICT Group offering numerous end to end solutions to a host of industries.
3. Ayo intends to list on the JSE on 21 December 2017.
4. Between 16 November 2017 and 14 December 2017 a due diligence on Ayo was conducted.
5. The due diligence process concluded that the Ayo transaction is a reasonably attractive catalytic investment to stimulate significant transformation in the ICT sector.
6. The closing date of the Ayo private placement is 15 December 2017.

RECOMMENDATION

7. It is recommended that the Portfolio Management Committee Listed ("PMC") approve the waiving of the *request* to conduct a due diligence requirement to participate in Ayo Technology Solutions Limited's ("Ayo") private share placement ahead of its listing on the JSE.



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Compiled By:

Victor Seanie

Assistant Portfolio Manager: Listed Equities

Date: 15/12/2017

Reviewed by:

Lebogang Molebatsi

General Manager: Listed Equities

Date: 10/12/2017

Recommended for submission to PMC:

Fidelis Madayo

Executive Head: Listed Investments

Date: 15/12/2017

Approved for submission to PMC:

Dr. Daniel Matjila

Chief Executive Officer

Date: 15/12/2017

WAIVER OF DUE DILIGENCE REQUIREMENT TO PARTICIPATE IN AYO PRIVATE PLACEMENT

MATTERS ARISING

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
1.	<p>Policies for Listed Investments</p> <p>EH: Listed Investment to compile a list of all policies needed within the listed investments environment.</p> <p>Item 9.5 of the minutes dated 22 Jan 2016 Item 10.11 of the minutes dated 15 June 2016 Item 8.7 of the minutes dated 15 July 2016 Item 11.2.2 of the minutes dated 06 February 2017 Item 8.1 of the minutes dated 22 March 2017 Item 9.1.2 of the minutes dated 3 May 2017 Item 9.1 of the minutes dated 18 May 2017 Item 14.2 of the minutes dated 21 August 2017 Item 8.1. of the minutes dated 21 November 2017</p>	<p>EH: IM EH: R EH: LI</p>	<p>a) Standard Operating Procedures (SOPs) submitted by EH: LI.</p> <p>b) ESG & Risk required to provide a report on the effectiveness of the SOPs.</p> <p>c) The Risk Team has reviewed the SOPs and the Listed Investments Team is busy incorporating the comments accordingly.</p> <p>d) The Committee noted that the ESG Team has reviewed the SOPs and is satisfied that the ESG processes are properly integrated into the investment processes.</p> <p>e) The Committee requested that the Listed Team should incorporate comments from the Risk Team into the SOPs for the Committee's approval.</p> <p><u>Update</u></p> <ul style="list-style-type: none"> The Committee requested that the SOPs should be tabled at the next PMC-LI Workshop to be held in 2018. 	2018
2.	<p>Cash Management</p> <p>Cash Management to be optimised. PIC could not underperform due to cash management.</p>	<p>EH: Risk EH: LI GM: Fixed Income</p>	<p>a) The following people should agree on the optimization of cash management:</p> <ul style="list-style-type: none"> GM: Externally Managed Funds GM: Fixed Income 	<p>April 2016 June 2016 Aug 2016 Sept 2016</p>

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
	<p>Items 13.3.1 and 14.1.1 of the minutes dated 23 Jul 2014</p> <p>Item 6.3.1 of the minutes dated 3 Sep 2015</p> <p>Item 9.2 of the minutes dated 22 Jan 2016</p> <p>Item 7.7 of the minutes dated 14 Mar 2016</p> <p>Item 10.8 of the minutes dated 15 June 2016</p> <p>Item 8.5 of the minutes dated 15 July 2016</p> <p>Item 6.4 of the minutes dated 19 Aug 2016</p> <p>Item 11.3.1 of the minutes dated 06 February 2017</p> <p>Item 8.2.1 of the minutes dated 22 March 2017</p> <p>Item 9.2 of the minutes dated 3 May 2017</p> <p>Item 9.2 of the minutes dated 18 May 2017</p> <p>Item 14.3 of the minutes dated 21 August 2017</p> <p>Item 8.2 of the minutes dated 21 November 2017</p>	<p>GM: LE</p> <p>GM: Externally Managed Funds</p>	<ul style="list-style-type: none"> • EH: Risk • EH: Research and Projects Developments <p>b) The Task Team should agree on the best solution for the PIC and should then inform the IT department what they should do.</p> <p>c) The Task Team should enhance the cash management optimization system currently in place.</p> <p>d) The Task Team reported that they are exploring electronic solution to replace the current cash sweeping solution.</p> <p>e) The Committee requested that the Task Team convene testing processes for the solutions in the next two weeks and report back to the Committee accordingly.</p> <p>f) The Committee noted that the CEO, the Risk Team, the Fixed Income Team and the Investment Administration Team resolved that the Listed Investment Team shall provide the Investment Finance and Performance Team with the documented cash sweeping process to be agreed upon by the Task Team.</p> <p>g) The Listed Investments SOPs shall be provided to the Investment Finance Team once approved by the Committee.</p> <p>h) The Committee requested that the Listed Team and the Investment Finance Team should meet and discuss how to enhance the cash sweeping process already in place.</p>	<p>Dec 2016</p> <p>Feb 2017</p> <p>March 2017</p> <p>April 2017</p> <p>May 2017</p> <p>July 2017</p> <p>August 2017</p> <p>September 2017</p> <p>October 2017</p> <p>November 2017</p> <p>December 2017</p> <p>Jan 2018</p>

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
			<p>i) It was noted that the new Task Team consisting of Messrs. Leon Smit, Lebogang Molebatsi, Khathu Nedzamba, Paul Magula, Shelton Bloem, Simphiwe Maphumulo, Fidelis Madavo and Melissa Breda met and agreed that the optimization of the current cash sweeping process will form part of the proposed system upgrade that the Investment Finance and Investment Management are discussing with the service provider responsible for the upgrade of HiPort.</p> <p><u>Update</u></p> <p>.</p>	
3.	<p>Erin Energy</p> <p>PIC to provide a USD100 million bank guarantee to Erin Energy.</p> <p>Item 13.1.1.4 of the minutes dated 15 June 2016 Item 8.8 of the minutes dated 15 July 2016 Item 7.3 of the minutes dated 19 Aug 2016 Item 11.5.2 of the minutes dated 06 February 2017 Item 8.3 of the minutes dated 22 March 2017 Item 9.3.2 of the minutes dated 3 May 2017 Item 9.3 of the minutes dated 18 May 2017 Item 14.4 of the minutes dated 21 August 2017 Item 8.3 of the minutes dated 21 November 2017</p>	<p>EH: LI EH: IM CEO</p>	<p>a) EH: LI should discuss the collateral of the guarantee with the CEO and engage with the CEO of SacOil regarding the provision of technical advisory services to the PIC or recommending a technical advisor.</p> <p>b) EH: LI & GM: Inv. Management should request the Project Plan in order to monitor the transaction.</p> <p>c) A Technical Advisor has been appointed and will participate in the discussions with Mauritius Commercial Bank, which is funding the project.</p> <p>d) It was noted that a USD100 million bank guarantee to Erin Energy is currently in place.</p> <p>e) The Committee noted governance issues the Erin Energy is</p>	<p>December 2017 Jan2018</p>

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
			<p>facing and requested that they be addressed before disbursements are paid out. This includes the appointment of a new Chief Executive Officer.</p> <p>f) It was noted that the Team will be travelling to Mauritius for a site visit and feedback with regards to the abovementioned governance issues will be provided upon the Team's return.</p> <p>g) The Committee noted that the drawdown on the guarantee is being monitored by the Technical Advisor and drilling has commenced at Oyo-09.</p> <p>h) The Committee noted that a CEO of Erin Energy has been appointed.</p> <p>i) The office of the CEO was requested to provide the Committee with the letter received from Erin Energy, contents of which would be discussed with the Erin Energy Management in a meeting to be held in London in the upcoming weeks. Concerns were raised pertaining to the utilisation of funds, the drilling process, the guarantee and the process of signing off on any invoices.</p> <p>Update</p> <ul style="list-style-type: none"> <i>The EH: LI to take the Committee through the Technical Report.</i> 	
4.	Landbank	GM: FI	a) The Committee resolved to approve the request for extension of the duration of the current facility in the form of	October 2017

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
	<p>The Landbank has requested the PIC to extend the duration of PIC's investment with them.</p> <p>Item 8.6 of the minutes dated 22 March 2017 Item 9.6.1 of the minutes dated 3 May 2017 Item 6 of the minutes dated 18 May 2017 Item 9.4 of the minutes dated 18 May 2017 Item 8.4 of the minutes dated 21 November 2017</p>		<p>long term investment valued at R9.5 billion.</p> <p>b) The Committee resolved not to approve the request for the PIC to act as an underwriter for failed debt raising activities to the extent of R5 billion. The Transaction Team should advise Landbank to utilize the current Isibaya facility valued at R5 billion.</p> <p>c) The Committee requested that a meeting be scheduled with Landbank CEO to address the PIC's above decision as well as the outstanding Transformation Plan pertaining to the Isibaya facility.</p> <p>d) The Committee noted that the request to Landbank's CEO for a consultation has been held in abeyance on the instructions of the PIC CEO.</p> <p>e) The Committee noted that a new request for quasi-equity funding was received from Landbank and requested that the GM: FI should prepare and present a response to the said request, together with the request, to the Committee for consideration.</p> <p>Update</p> <ul style="list-style-type: none"> • See annexure marked 9.4. 	<p>December 2017 Jan2018</p>
5.	Collective Investment Scheme	EH: R EH: LI	a) EH: R highlighted that the PIC's CIS application is expected to take 4-6 months to finalize.	April 2017 May 2017

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
	<p>The PIC entered into a co-branding agreement with Momentum in terms of which the PIC is authorized to manage three different Collective Investment Schemes. Momentum has now decided not to offer white labeling anymore.</p> <p>Item 9.7 of the minutes dated 3 May 2017 Item 9.5 of the minutes dated 18 May 2017 Item 14.6 of the minutes dated 21 August 2017 Item 8.5 of the minutes dated 21 November 2017</p>	<p>EH: LGC Company Secretary</p>	<p>b) It was noted that the CIS co-naming services Evaluation team had visited Old Mutual and BCI for a due diligence and have subsequently submitted a memo, recommending the appointment of Old Mutual, for approval by the Executives. Old Mutual has indicated that the off-boarding process of the CIS portfolios from METCI to Old Mutual is likely to take 9 months to 1 year, due to regulatory approval process involved.</p> <p>c) It was noted that EH: Legal dispatched communication to the National Treasury requesting approval to register a separate legal entity under which CIS business will be conducted, the Team await a response therein. Once approval has been granted, the Company Secretariat Team will attend to the registration of the said entity to allow the Legal Team to proceed with the CIS License Application.</p> <p>d) It was noted that the CIPC company registration documents of the PIC CIS Manager are a prerequisite for lodging a CIS Application with the FSB, together with the supporting information of Service Providers to be appointed.</p> <p>e) The Committee noted that the PIC and Old Mutual are entering into a co-naming agreement. The entire off-boarding and on-boarding process is scheduled for completion between December 2017 and February 2018.</p>	<p>July 2017 August 2017 September 2017 October 2017 November 2017 December 2017 Jan2018</p>

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
			<p>f) The Committee highlighted that once the scheduled processes are completed, the monitoring process of the portfolio will be with the Investment Team.</p> <p>g) The Committee noted that the Legal Team is awaiting feedback from the National Treasury with regards to the request for approval to register a CIS.</p> <p><u>Update</u></p> <ul style="list-style-type: none"> • 	
6.	<p>GEPF Derivatives Exposure</p> <p>The Committee requested the Listed Equities Team and the Head: Quants/Derivatives to investigate whether it is possible to establish a Special Purpose Vehicle (SPV) to reduce and manage GEPF derivatives exposure.</p> <p>Item 8.6.3 of the minutes date 21 November 2017 Item 8.6.4 of the minutes dated 21 November 2017</p>	GM: LE H:Quants/Derivatives	<p>a) The Team was requested to investigate whether it is possible to establish an SPV to reduce and manage the GEPF's derivatives exposure.</p> <p>b) The Committee noted that the Listed Equities Team is working on a strategy vehicle pertaining to broad based participation and would present same to the Committee.</p> <p><u>Update</u></p> <ul style="list-style-type: none"> • 	December 2017 Jan2018
7.	<p>Premier Foods and Fishing Limited</p> <p>The PIC subscribed to c.R339.3m worth of shares in the private placement at R4.50 a share in Premier Food and Fishing Limited ahead of the IPO on 2 March 2017.</p>	GM: LE EH: IM	<p>a) The GM: LE to request at least two (2) board seats with one (1) being a lead independent non-executive director.</p> <p>b) It was reported that the Investee Company has requested that the PIC should provide a list of nominees for the board seats for the Investee Company's consideration and approval. The Transaction Team to</p>	March 2017 April 2017 July 2017 August 2017 September 2017

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
	<p>Item 6.6 of minutes dated 24 February 2017. Item 8.13.1 of minutes dated 22 March 2017 Item 9.12.1 of the minutes dated 3 May 2017 Item 9.10 of the minutes dated 18 May 2017 Item 14.9 of the minutes dated 21 August 2017 Item 8.7 of the minutes dated 21 November 2017</p>		<p>discuss the nominations with the CEO and revert as soon as possible.</p> <p>c) It was noted that the Listed Investments Team is currently considering a set of directors and the skills Premier Foods require and will make a recommendation from the PIC database.</p> <p>d) The Committee requested that the EH: LI should provide the Committee with the set of directors for consideration and approval for further submission to DAC.</p> <p>e) The Committee noted that the PIC subscribed to shares held on behalf of a BEE company who is expected to meet with the Listed Investment Team to discuss a way forward with regards to possibly transferring the shares and agreeing on holding costs.</p> <p>f) The Committee noted that the BEE Company would revert with regards to the shares held by the PIC on its behalf.</p> <p>Update</p> <ul style="list-style-type: none"> <i>The Team together with the CEO recommended Patric Nonkola, Sisanda Tuku and Moira Moses for consideration to the DAC. Premier Foods Management highlighted that they did not require specific expertise from the nominees.</i> 	<p>October 2017 November 2017 December 2017 Jan2018</p>

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
8.	<p>GEPF AFRICA MANDATE</p> <p>The Chairman of the Committee highlighted that the GEPF has amended its Africa Mandate with the PIC to provide for portfolio diversification.</p> <p>Item 7.4 of the minutes dated 4 April 2017 Item 9.19.1 of the minutes dated 3 May 2017 Item 9.15 of the minutes dated 18 May 2017 Item 14.13 of the minutes dated 21 August 2017 item 8.9 of the minutes date 21 November 2017</p>	<p>GM: FI GM: LE EH: LI EH: R EH: LGC GM: Externally Managed Funds EH: R&D</p>	<ul style="list-style-type: none"> a) It was noted that the relevant Teams met and an addendum to the GEPF Mandate has been sent to the GEPF Legal Team for consideration and approval. b) The Committee requested the Listed Equities Team to review the current Listed Africa Strategy for effective implementation while approval of the addendum to the GEPF Mandate is still underway. c) The Committee noted that the Addendum to the GEPF Africa Mandate was amended to include KPIs as requested by the GEPF. The Legal Team awaits further input from the GEPF. d) The Committee noted that the Listed Equities Team presented a proposed benchmark document at the EXCO Strategy Session in September 2017 and requested that same be presented to the Committee for consideration as well as to the GEPF as the party with the authority to change the benchmark. e) The Committee requested that the Listed Equities Team, EH: Research and Projects Developments and the Externally Managed Funds Team should investigate whether the PIC could acquire the services of a third party to calculate a specialized benchmark for the PIC which would incorporate Fixed Income portfolios, ESG and alternative products. 	<p>April 2017 May 2017 July 2017 August 2017 September 2017 October 2017 November 2017 December 2017 Jan2018</p>

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
			<u>Update</u> <ul style="list-style-type: none"> • • 	
9.	<p>Risk Reports</p> <p>The Risk Team presented the Risk and Compliance report and the Risk and Performance report to the Committee.</p> <p>Item 18 of the minutes dated 3 May 2017 Item 9.23 of the minutes dated 18 May 2017 Item 14.19 of the minutes dated 21 August 2017 Item 8.10 of the minutes dated 21 November 2017</p>	EH: R CEO H: Corporate Affairs	<ul style="list-style-type: none"> a) The Committee requested that the Risk Teams meet with the IT Team to discuss acquiring IT infrastructure on rather than utilizing the systems on a trial basis. b) It was noted that the Risk Team is still providing reports but the IT Team has been tasked with creating a database for the Risk Team to adequately report on time. c) The Committee noted that the MSCI BARA system has been approved and the Risk Team is at the contracting stage. The Risk and IT Departments are in the process of acquiring a Multi Asset Class Risk System. d) The Committee noted that the Risk, IT and Research Teams are in the process of creating a database for the Risk Team to adequately report on time. The process is estimated to be completed in the next 24 months. e) The Committee noted that the National Treasury has raised an issue with the MSCI BARA System procurement process followed by the PIC and 	May 2017 July 2017 August 2017 September 2017 October 2017 November 2017 December 2017 Jan2018

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
			<p>requested that a meeting should be arranged between the CEO, Risk Team and the Director General of the National Treasury to provide the National Treasury with clarity on the matter.</p> <p>f) Committee Members were requested to put together a document identifying the key systems the PIC needs and present same to the Director General of the National Treasury to request guidance on how to obtain a blanket exception when procuring such key systems.</p> <p>g) The H: Corporate Affairs was requested to assist with arranging the required meeting with the Director General.</p> <p><u>Update</u></p> <p>.</p>	
10.	<p>African Rainbow Capital Investments (ARCI)</p> <p>It was reported that the PIC was approached to subscribe up to 14.2% of shares in ARCI. The company shall list approximately 47% of its shares on the JSE by September 2017.</p> <p>Item 5 of the minutes dated 21 August 2017 Item 13 of the minutes dated 21 August 2017</p>	EH:LI	<p>a) The Committee Confirmed the Round Robin Resolution granting approval to proceed with the due diligence process into ARCI.</p> <p>b) The Committee RESOLVED TO APPROVE subscription of up to 14.2% shares into ARCI subject to the following conditions:</p> <ul style="list-style-type: none"> • The Transaction Team should negotiate 	<p>September 2017 October 2017 November 2017 December 2017 Jan2018</p>

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
	Item 8.11 of the minutes dated 21 November 2017		<p>better fee structure, i.e operating costs plus a margin;</p> <ul style="list-style-type: none"> • Conduct an enhanced due diligence to address the potential need to refer the transaction to the SEC in line with the PEP processes. The Committee is comfortable with the transaction without presenting it to the SEC; • The company should address the issues pertaining to the lack of independence of its non-executive directors who are also employees of the company providing ARCI with secretariat services, i.e appointing independent directors; and • The Transaction Team should request a board seat. <p>c) The Committee requested that the Transaction Team should establish whether the performance fee can be linked to ARCI's share price as value for the shareholder will be determined by the share price.</p> <p>d) The Committee noted that the Transaction Team attempted to negotiate better fees with the ARCI Management but no agreement was reached. The fees remain unchanged.</p>	

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
			<p>e) The Transaction Team highlighted that the request by the Committee to negotiate better fees was not a condition to the approval of the transaction but a suggestion by the Committee. The Committee requested that the Transaction Team should submit, by way of a Round Robin Resolution, clarity on the issue. The Committee would thereafter ratify the Transaction Team's conduct of proceeding with the transaction on the unchanged fees based on the clarity provided.</p> <p>f) The Committee noted that seven PEPs were identified by the ESG Team and same were requested to provide the PIC with relevant declarations.</p> <p>g) It was noted that a Board seat has been requested to address the issue of lack of Independent Non-Executive Directors on the ARCI Board.</p> <p><u>Updates</u></p> <ul style="list-style-type: none"> • See item 8 of the Agenda pertaining to clarity on the issue of negotiating better fees. • 	
11.	MMELA MOBILITY	GM: FI Wellington	a) The Committee approved the request to proceed with	September 2017

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
	<p>The Transaction Team approached the Committee to request approval to proceed to due diligence process into Mmela Mobility. The beneficiaries of the securitization will be Government Employees. The Transaction Team highlighted that they intend to acquire up to 25% of the portfolio.</p> <p>Item 6 of the minutes dated 21 August 2017 Item 8.12 of the minutes dated 21 November 2017</p>	Masekesa	<p>the due diligence process into Mmela Mobility.</p> <p>b) The Committee requested that the relevant Teams within the Unlisted Investments Portfolio should investigate if a similar securitization vehicle can be established for GEPF Members.</p> <p>c) The Committee noted that the GEPF Member Benefit Structures document was presented at the PMC-UI and would be presented to this Committee for noting. The structures consider vehicles and education.</p> <p><u>Update</u></p> <ul style="list-style-type: none"> • <i>Due diligence process still underway.</i> 	<p>October 2017 November 2017 December 2017 Jan2018</p>
12.	<p>SILICOSIS</p> <p>The Unlisted Team presented a paper on Silicosis addressing its impact on the GEPF's portfolio.</p> <p>Item 19 of the minutes dated 21 August 2017 Item 8.13 of the minutes dated 21 November 2017</p>	EH: IM	<p>a) The Unlisted ESG Team recommended that a PIC representative should be present at the court proceedings to keep abreast of the proceedings against mining investee companies.</p> <p>b) The Committee requested that the Unlisted ESG Team should consider establishing a broader discussion forum to highlight possible social and environmental issues stemming from mining activities of investee companies. This will in turn allow the PIC to be pro-active in anticipating such issues.</p> <p>c) The Committee noted that the gold mines involved in the</p>	<p>September 2017 October 2017 November 2017 December 2017 Jan2018</p>

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
			<p>class-action have formed a Gold Working Group which is currently negotiating a settlement agreement with the Plaintiffs to the class-action. A report on new developments in this matter would be submitted to the Committee for noting.</p> <p>Update</p> <ul style="list-style-type: none"> <i>A draft report is currently under review and will be submitted to the committee once finalised.</i> <i>The gold-working-group and the class-action complainants are currently negotiating. Legal representatives from both sides jointly wrote a letter to the Supreme Court of Appeal on 15 December 2017, requesting for a postponement. The SCA responded on 09 January 2018 granting the postponement.</i> <i>The original court dates were set for the 19 to 23 March 2018. Court is postponed sine die (until further notice). It has been agreed between the two parties that, should a settlement be successfully finalised, the legal process will fall away.</i> 	
13.	<p>Inkunzi Student Accommodation Fund</p> <p>The Committee was approached by the Listed Investment Team requesting approval to proceed with due diligence into Inkunzi ahead of</p>	EH:LI	<p>a) The Committee confirmed the Round Robin Resolution granting approval to proceed with due diligence into Inkunzi Student Accommodation Fund.</p> <p>b) It was highlighted that because only 30% of the</p>	<p>September 2017 October 2017 November</p>

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
	<p>its IPO.</p> <p>Item 12 of the minutes dated 21 August 2017 Item 8.14 of the minutes dated 21 November 2017</p>		<p>company is black owned, the company is not transformed in line with the relevant BEE guidelines.</p> <p>c) The Committee noted that the due diligence process is still underway and that the BEE component cannot be addressed at this point in time for liquidity purposes.</p> <p><u>Update</u></p> <ul style="list-style-type: none"> • See annexure marked 9.13. 	<p>2017 December 2017 Jan2018</p>
14.	<p>PICOF Asset Allocation Review and Optimization</p> <p>It was reported that asset allocation optimization is aimed at optimizing the returns for the PIC based on long term return of asset classes and the risk profile of those asset classes.</p> <p>Item 18 of the minutes dated 21 August 2017 Item 12 of the minutes dated 21 November 2017</p>	<p>Head: Quants/Derivatives</p>	<p>a) It was noted that the documents contained in the meeting pack were outdated and that updated documents shall be presented to the Committee once finalized.</p> <p>b) The Committee noted that the proposed asset allocation optimization table would require the Fixed Income Team to reduce some of the bonds allocation and that the timing of the drawdown should be discussed once the proposal has been approved by the Committee.</p> <p>c) A potential cash flow report should be provided on a regular basis to prepare the Fixed Income Team for the potential drawdown. Coupons received in the meantime would be held as cash.</p>	<p>September 2017 October 2017 November 2017 December 2017 Jan2018</p>

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
			<p>d) The Committee requested that the H: Quants should separate the presented report to address the Listed Investments targets and the Unlisted Investments asset allocation differently. The document would be reviewed annually.</p> <p>e) The H: Quants should consider utilizing the four factor model to manage the equity component of the optimization strategy. If same is attained, a Unit Trust could be opened to house the proceeds.</p> <p><u>Update</u></p> <p>•</p>	
15.	<p>Anchor Investments</p> <p>The Committee requested that the Listed Investment Team should prepare a paper addressing factors considered when deciding to be an anchor investor.</p> <p>Item 12 of the minutes dated 21 August 2017 Item 8.15 of the minutes dated 21 November 2017</p>	EH: LI GM: LE	<p>a) The Committee noted that this matter relates to strategic investments and addresses equity concentration. The document is still underway.</p> <p><u>Update</u></p> <p>•</p>	September 2017 October 2017 November 2017 December 2017 Jan2018
16.	<p>Project Metamorphosis – PIC/Glencore Joint Venture</p> <p>The Transaction Team approached the Committee requesting approval to proceed to</p>	EH: PE EH: LI GM: LE	<p>a) The Committee RESOLVED to APPROVED due diligence process.</p> <p>b) The Committee requested that the Transaction Team should establish how the BEE Consortium is structured</p>	November 2017 December 2017 Jan2018

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
	<p>due diligence process in a transaction with a view to jointly invest in Chevron South Africa and Chevron Botswana using a jointly held investment vehicle on a 50:50 basis between Glencore and the PIC.</p> <p>Item 5 of the minutes dated 23 October 2017 Item 8.16 of the minutes dated 21 November 2017 Item 6 of the minutes dated 4 December 2017</p>		<p>and alert the BEE Consortium that it will be required to invest its own funds into the transaction at some point.</p> <p>c) The Transaction Team was requested to establish when the transaction will be listed in order to ascertain the timelines to adhere to internal processes.</p> <p>d) The Committee requested that the Transaction Team should consider the potential transaction multiples that can be utilized to value the transaction as a whole and assess recent trends in similar markets. This process will allow the Committee to ascertain how the transaction will further IRR.</p> <p>e) The Committee noted that the due diligence process is still underway and requested that the appraisal report should address how the transaction would be listed.</p> <p>Update</p> <ul style="list-style-type: none"> • <i>The Committee resolved to approve the transaction subject to the following condition precedents:</i> <ul style="list-style-type: none"> ➤ <i>The PIC should secure approval from the GEPF;</i> ➤ <i>The PIC should ensure a balance of power between the two shareholders (Glencore and</i> 	

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
			<p><i>PIC), including acquiring a Board seat;</i></p> <ul style="list-style-type: none"> ➤ <i>The PIC should obtain a minimum five year lock-in period for Glencore as the main originator of the transaction and as a technical partner;</i> ➤ <i>Technical agreements should be entered into specifying the services, support functions and fees to be signed by Glencore; and</i> ➤ <i>The Transaction Team should address the depreciation numbers in the financials presented to the Committee.</i> <ul style="list-style-type: none"> • <i>See annexure marked 9.16. pertaining to financial issues raised by the Committee.</i> 	
17.	<p>PMC-LI Workshop, 2018</p> <p>The Committee requested that the Company Secretariat Team should schedule a PMC-LI Workshop during 2018. An agenda should be discussed.</p> <p>Item 9 of the minutes dated 21 November 2017</p>	Company Secretary	<p><u>Update</u></p> <ul style="list-style-type: none"> • 	2018
18.	<p>Lonmin Plc</p> <p>Following the SEC deliberations on Lonmin, the Committee requested that at least two Board seats should be secured on the Lonmin Board</p>	EH:IM	<p><u>Update</u></p> <ul style="list-style-type: none"> • <i>A letter will be sent to Lonmin informing them that the PIC intends to nominate a Non-Executive</i> 	December 2017 Jan2018

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
	based on the PIC's 30% shareholding. Item 11 of the minutes dated 21 November 2017		<i>Director to the Lonmin Board of Directors.</i>	
19.	Report on the GEPF's large exposures It was reported that the GEPF has requested a document from the PIC detailing the large exposures held on behalf of the GEPF.	EH: IM EH: R EH: LI	a) The Committee Members were requested to draft a document discussing PIC Management responsibilities in terms of ownership of shares in investee companies and the benefits of holding those shares. <u>Update</u> •	December 2017 Jan2018
20.	Naspers and Sector Education The Committee requested that the GM: LE should conduct a deep dive session with the Committee Members into Naspers to better understand the company's outperformance and the sector it is operating in. Item 15.1.1. of the minutes dated 21 November 2017	GM:LE EH: R&D	a) The Committee Members were requested to identify key sectors to be considered in detail by the Committee and address how they would be dealt with in the respective portfolios in the long term, both locally and globally. <u>Update</u> •	December 2017 Jan2018
21.	Listed Properties The Listed Equities Team reported that the South African retail market is bearish and has underperformed in the last quarter. Vacancies	GM:LE PMC-UI Properties Teams	a) The Committee requested that the Listed Equities Teams should arrange a discussion between the Unlisted Investments Teams, Listed Properties Teams and the Research Teams to deliberate the PIC's view in the retail property sector. The session could also consider the	December 2017 Jan2018

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
	are expected in the next three to five years. Item 15.1.1. of the minutes dated 21 November 2017		effects of the global digitization of the retail sector to the status quo. <u>Update</u> •	
22.	UIF Performance The H: Quants/Derivatives reported that a letter was sent to the UIF advising them to cap the benchmark as derivatives are not the best way to manage the Naspers exposure. Item 15.3 of the minutes dated 21 November 2017	H: Quants GM: LE	a) The Committee noted that the Team awaits a response from the UIF in this regard. <u>Update</u> •	December 2017 Jan2018
23.	Dangote Cement PLC The Transaction Team approached the Committee requesting approval to acquire a 3.3% stake in the Dangote Cement valued at USD350 million. Item 6 of the minutes dated 23 October 2017. Item 5 of the minutes dated 4 December 2017	EH: LI	a) The Committee RESOLVED to APPROVE due diligence process. b) The Committee requested that the Transaction Team should establish the transaction's effect on the benchmark as well as on the Africa Strategy. They should also discuss the concentration in the portfolio. c) The Committee suggested that the Transaction Team should assess whether the PIC should still seek to acquire 5% overall stake in the company over time.	October 2017 November 2017 December 2017 Jan2018

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
			<p>d) The Transaction Team should request the company to indicate at what percentage an investor will qualify to acquire a Board seat.</p> <p>e) The Transaction Team should conduct the necessary technical tests as to the effect of the transaction if listed on either the London Stock Exchange or on the JSE.</p> <p><u>Update</u></p> <ul style="list-style-type: none"> <i>The Committee resolved to approve the transaction.</i> 	
24.	<p>AYO Technology Solutions Ltd (AYO)</p> <p>AYO approached the PIC to participate in its Initial Public Offering (IPO) ahead of its listing on the Johannesburg Stock Exchange (JSE) on 21 December 2017 in which it plans to raise R5.7 billion. The PIC intends to acquire R4.3 billion (29% of AYO) in the private placement.</p> <p>Item 5 of the minutes dated 20 December 2017.</p>	GM: LE	<p>a) The Committee resolved to approve the acquisition of a 29% stake in AYO for a consideration of R4.3 billion ahead of its listing on the JSE subject to:</p> <ul style="list-style-type: none"> The PIC and AYO entering into a Put Option to protect the PIC's clients against a share price decline; A commitment that AYO will spend the equity funds raised only on acquisitions for growth and within 24 months; The Legal and ESG Teams conducting a complete due diligence and providing feedback to the Committee; AYO implementing a Conflict of Interest Policy; The appointment of Independent Non-Executive Directors to the Board of AYO; and Shareholder approval for all acquisitions (other than BT) that are greater in value than 10% of 	Jan2018

NO.	MATTER	OWNER	ACTION AND STATUS UPDATE	DUE DATE
			<p style="text-align: center;">AYO's market cap.</p> <p><u>Update</u></p> <p style="text-align: center;">•</p>	

Ayo Private Placement Protections

20 December 2017 at 15:02

📁 Found in Inbox

Good day Malick

We just concluded a committee on Ayo.

The committee believes the issue price is very high and as such we require downside protection in the form of:

1. A put option to protect PIC's clients against a share price decline
2. A commitment that Ayo will spend the equity funds raised only on acquisitions and within 24 months.
3. Shareholder approval for all acquisitions (other than BT) that are greater in value than 10% of Ayo's market cap.

Please could you provide us with total value of Ayo's current acquisition pipeline.

Kind regards
Victor

→ From: **Victor Seanie** >

Ayo Private Placement Protections

Hide

VS

To: **Malick Salie** >

Cc: **Naahied@healthsystems.co.za** >

Nomvuyo Dube > **Gaanewe Adams** >

Daniel Matjila > **Paul Kahumuza** >

Tshifhango Ndadza > **Matseko Taukobong** >

Sasa Fako >

20 December 2017 at 15:02

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2. A commitment that Ayo will spend the equity funds raised only on acquisitions and within 24 months.
3. Shareholder approval for all acquisitions (other than BT) that are greater in value than 10% of Ayo's market cap.

Please could you provide us with total value of