

COMMISSION OF INQUIRY OF THE PUBLIC INVESTMENT CORPORATION

HELD AT

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10

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PROCEEDINGS HELD ON 3 APRIL 2019

CHAIRPERSON: Good morning.

ADV JANNIE LUBBE SC: Good morning Mr Commissioner, members.

CHAIRPERSON: Yes?

ADV JANNIE LUBBE SC: Mr Commissioner we're ready, Dr Survé is ready to proceed with his evidence, he can just perhaps be reminded that he's still under oath and he requested me that he wants to make a correction to his statement before we start with the proceedings and the questioning.

CHAIRPERSON: Good morning Dr Iqbal.

10 **DR IQBAL SURVÉ:** Good morning Mr Commissioner and ... (intervention)

CHAIRPERSON: Just remind you that you are still under oath.

DR IQBAL SURVÉ: Yes thank you I am, thank you.

CHAIRPERSON: Thank you.

DR IQBAL SURVÉ: Mr Commissioner there was just one point in our statement, point number 96 which is that we had mentioned the transaction fees were paid by Independent Media to Webber Wentzel Attorneys that is in fact a correction; it was to ENS at the time. I think it was mentioned twice in the statement.

CHAIRPERSON: Yes, we've taken note of that.

20 **ADV JANNIE LUBBE SC:** Thank you. Mr Commissioner I will then continue with my questioning, I will try to wrap up what I have to ask by 10 o'clock to have enough time left for the Commission to ask any questions to Dr Survé. Dr Survé before we start, can I make a deal with you that you will just answer the question I'm asking of you?

DR IQBAL SURVÉ: That is a good idea Adv Lubbe.

ADV JANNIE LUBBE SC: Thank you. Alright now is it correct that we have supplied your attorney with recordings of a meeting or two meetings that were held and we also

supplied you with a hardcopy of a transcript of those meetings?

DR IQBAL SURVÉ: Correct.

ADV JANNIE LUBBE SC: You testified yesterday that Mr Hardy was unwilling to make the call because he was going to be exposed, is that correct, do I remember your evidence correctly?

DR IQBAL SURVÉ: I ventured that correctly.

ADV JANNIE LUBBE SC: Now my instructions are, and on an objective reading of these transcripts and listening to the recordings, I put it to you and I want you to answer to that, Mr Hardy was uncomfortable to make the call because you put pressure on him

10 and other executives of Ayo to lie to the PIC?

DR IQBAL SURVÉ: That is incorrect.

ADV JANNIE LUBBE SC: He will further state and it appears from the recording that he did make the call but Fidelis didn't answer?

DR IQBAL SURVÉ: (Microphone not switched on) ... from the recordings.

ADV JANNIE LUBBE SC: Then we go to the BT transaction, is it correct that BT International requested you and the CEO of AEEI Mr Khalid Abdulla to resign last year?

DR IQBAL SURVÉ: The answer to that is there was a request for a change of directors as a result of all of the issues and the interrelated parties relating to Ayo and AEEI and I had indicated in fact to the BT Head of Global Services that I wanted to come off the

20 board of BT.

ADV JANNIE LUBBE SC: Thank you. Then what form did your initial investment in BT International take, did you pay money, Sekunjalo or any of your related companies did you pay any money?

DR IQBAL SURVÉ: Well the BT transaction was what is called a Venda Finance Transaction that was done with the support of BT.

ADV JANNIE LUBBE SC: So would it be correct to say that you didn't pay money for your shares in BT International?

DR IQBAL SURVÉ: It is correct but there is a greater context but you've asked me to short so I will be short.

ADV JANNIE LUBBE SC: Thank you. Was that also the form you took in other international investments made by Sekunjalo?

DR IQBAL SURVÉ: There are different models of funding the transactions and in some cases we approached it from the point of view of own capital, some cases we approached it from the view of Venda Financing and in some cases we approached it
10 from the view of Institutional Funding.

ADV JANNIE LUBBE SC: I do understand that, so the bottom line if I can ask you that is you made no payment, money payment for your shares into BT International but with the Ayo transactions you wanted the PIC to pay R1 billion for that stake is that correct?

DR IQBAL SURVÉ: That is correct and here I have to elaborate. In the first instance the transaction with BT at the time was when BT was getting its footprint into Southern Africa, that was about 8 to 10 years ago and of course BT wanted a far greater remand for their 30% equity stake. In fact, if I remember correctly at the time, which was about 8 to 10 years ago, British Telecom, and again I'm subject to confidentiality and I'm not quite sure that I'm able to say this because of the confidentiality with BT, so I'm a little
20 bit concerned about that. But let me make this point though, the point I want to make is that the time of the investment in BT was 8 to 10 years ago. The business of BT had grown substantially since the time of the investment and the valuation of the BT investment that AEEI had was in fact done by an independent JSE approved valuer, I think it's called Quest, so that was determined not by AEEI, not by Ayo, it was determined independently by a JSE approved valuer.

ADV JANNIE LUBBE SC: Thank you. I now turn to the Ayo transaction and I want first of all to ask you which other institutions did Ayo pitch to prior to the listing?

DR IQBAL SURVÉ: I would not have that information, you'd have to ask that of the Ayo and AEEI Corporate Finance team.

ADV JANNIE LUBBE SC: While we're on that score, and I want you to answer to this now because I'm putting it to you that we will provide evidence to the effect that the Ayo and Sagarmatha deals were done between you and Dr Matjila.

DR IQBAL SURVÉ: That is incorrect, it's clear from the statement that there was several meetings between the executives of Ayo and the PIC and between the
10 executives of Sagarmatha and the PIC.

ADV JANNIE LUBBE SC: Was the proposed listing of Sagarmatha on an ongoing basis running parallel to the Ayo transaction?

DR IQBAL SURVÉ: I think there was overlap between the listings yes.

ADV JANNIE LUBBE SC: I have an e-mail and it is dated 19 January 2018 it was sent by you to Dr Matjila, it is two days before the listing of Ayo, it reads as follows:

“Dear Dan,

Please find enclosed attachments. Redwood indicate that they had sent it to you directly as this was an independent expert commissioned report. I am not sure which e-mail they may have
20 used to send you the report. Note that only four businesses sectors, two businesses out of 14 have been valued by Redwood. The other 10 will be valued in preparation for the New York Stock Exchange listing etcetera.

Best Doc”

And then the next day, on the same day, the same day this is forwarded to Fidelis by Dr

Matjila:

“Please find attached evaluation conducted by an independent expert
I asked Sekunjalo to perform.”

Now what appears to me, and I want you to answer to that, what appears to me is that it was not the due diligence team or any other executive of the PIC requesting this valuation report by an independent expert it was Dr Matjila and Dr Matjila did not deal with the investment team of Sagarmatha he dealt directly with you.

DR IQBAL SURVÉ: I can't speak to your e-mail, I haven't seen it before but what I can say is that, what I can say is that the valuation, let's go back to the beginning. Right
10 there is no corporate finance business in South Africa that can value MSP companies, mutli sided platforms, let me continue ... (intervention)

ADV JANNIE LUBBE SC: We accept that Doctor.

DR IQBAL SURVÉ: That's good because that's very important in the context
... (intervention)

ADV JANNIE LUBBE SC: But just please speak to this e-mail then please.

DR IQBAL SURVÉ: I am speaking to this e-mail Adv Lubbe but if I can't provide context Mr Commissioner it's very difficult because the reality is Adv Lubbe has accepted that there is no corporate finance entity in South Africa that is able to value multi sided platform companies such as Sagarmatha, Uber, Airbnb *etcetera*. It was
20 important firstly for the listing on the JSE and secondly for international listing to get an international valuation company that is experienced in valuing multi sided platform companies and Redwood Capital Partners is one of those companies, it is based I think in San Francisco, and it has valued upwards of I think 500 companies including Snap, Facebook, WhatsApp *etcetera* and it was important to be able to have an international valuation for the business and so it was in that context that the Redwood valuation was

done.

ADV JANNIE LUBBE SC: I accept that, all I'm asking you is it appears from this e-mail which I've shown to you now, it appears that Dr Matjila requested this valuation, not his team, not his board, Dr Matjila did that. He forwarded to you personally, not to your team, not to the Board of Ayo, to you. Now I'm asking you why is that if you are not involved in these transactions?

DR IQBAL SURVÉ: Sorry so just to be clear you have mixed up Ayo and Sagarmatha here. This is nothing to do with Ayo.

ADV JANNIE LUBBE SC: I understand that.

10 **DR IQBAL SURVÉ:** You accept that?

ADV JANNIE LUBBE SC: But let's just talk then you said you also had nothing to do with Sagarmatha?

DR IQBAL SURVÉ: No, no but you've just said it's Ayo and Sagarmatha.

ADV JANNIE LUBBE SC: Well I correct myself then.

DR IQBAL SURVÉ: Thank you, this is to do with Sagarmatha.

ADV JANNIE LUBBE SC: Why would he then send it to you if you are not on the Board and had nothing to do with the Sagarmatha listing?

20 **DR IQBAL SURVÉ:** I mentioned yesterday in the testimony that I was called in by my colleagues to explain the valuation of multi sided platform companies to the PIC and there is no question Adv Lubbe that I am the one person that understands the valuation of multi sided platform companies and I also understand the entities globally that would value these entities and for that reason I was involved in the Sagarmatha component of it.

ADV JANNIE LUBBE SC: Thank you, I understand that. Now if we can get back to Ayo ... (intervention)

MS GILL MARCUS: No sorry, before you move off that if you don't mind. I think in the documents there's just as you've referred to Redwood and its valuations, I would just like to perhaps ask Dr Survé there are two, if you take the letter of the 17th January to Dr Matjila it states that it's the purpose of estimating fair market value for two specific business units namely and Loot and Anna and that was valued at, Anna Business Unit at, round figures, \$1.4 billion and Loot Business Unit at \$1.8 billion and then it goes on to say that the reports are based upon the information provided to Redwood by the company, so that would be the basis on which they would assess that and the attached exhibits and calculations of fair market value do not constitute a fairness opinion and should not be relied upon for the purpose of investment. Would you accept that that was the position taken by Redwood in communication to the PIC?

DR IQBAL SURVÉ: That is the standard position taken by entities that value technology companies and I think most companies in any event, ja that's a standard position.

ADV JANNIE LUBBE SC: Thank you Mr Commissioner, through you. Dr Survé then to get back to Ayo, why would Dr Dan and Fidelis call you and demand an answer on BT if you're not involved, why didn't they contact your team?

DR IQBAL SURVÉ: Adv Lubbe I was the one that called them.

CHAIRPERSON: Address yourself to me otherwise there might be some argument between the two of you.

DR IQBAL SURVÉ: Sorry Mr Commissioner. Mr Commissioner I was the one that called them, I mentioned that yesterday as well, it was not them, they might have called me back but I was the one that initiated the call.

ADV JANNIE LUBBE SC: Well if you're not part of this transaction why do you call them?

DR IQBAL SURVÉ: Mr Commissioner I explained this yesterday but I will do so again. I am Chairman of this group overall, of the Sekunjalo Group. These are material investments. The PIC is a very material investor in Ayo itself. When the SENS announcement was made the day before in terms of the BT transaction and when the CEO of AEEI called me to discuss the fact that Mr Hardy had informed him that the PIC was not willing to proceed with the BT transaction that was of grave concern to me and I needed to get clarification on that point and I saw nothing wrong as being the Chairman of this group overall even though I'm not a Board member of Ayo, to call either Dr Matjila or Fidelis and to get clarification whether this in fact was the position of the PIC because I didn't understand that if that was the position. And secondly, if Mr Hardy was in fact being dishonest or whether he was simply doing his own thing it was important to establish that point and that's the reason why I called. And I don't see any reason why I cannot make such a call, it's not unusual for someone in my position as the Chairman of a large group that has made several investments to call asset managers, institutions, banks and others in order to establish the facts and that's exactly what I did.

ADV JANNIE LUBBE SC: Sorry according to the typed version of the recorded meeting on page 19 and I read to you, and that is you speaking:

“And I think he was sitting with his ExCo and his guys you know and then Fidelis started calling me. Fidelis started texting me.”

That is the recording.

DR IQBAL SURVÉ: Adv Lubbe, Mr Commissioner sorry, it will take me a while to get used to that. First of all if I may say this, the recordings and transcripts that you've provided are jumbled up, they do not make any sense. They read as if they are one meeting and one recording. Yes it is correct that you have provided the voice

recordings but if I look at these transcripts that you or your office kindly provided to us they present themselves as one meeting and one recording. This is clearly not the case, that's the first point I'd like to make. In relation to that point Mr Commissioner, there are three meetings that I can ascertain from the recordings and the transcripts are presented in such a way that they are presented as one meeting or one continuous meeting I should add. The first meeting is a meeting of the Board of Ayo, I was not present at that meeting. I had indicated yesterday I was in fact at a meeting with Jack Ma ... (intervention)

ADV JANNIE LUBBE SC: Sorry can I interrupt you there, we fully agree with that, it is
10 clear from the recording that you were not at that Board meeting and you joined them after they concluded the Board meeting, that is clear from the recording.

DR IQBAL SURVÉ: So I'm making the point that there are three specific recordings or meetings here. The first meeting until, I think it's 25, I think it is page 25, I have absolutely nothing to do with that meeting and so I'm not quite sure of the relevance of that point. The second point is after the Board meeting the Chairman of Ayo and a few of the executives and some other individuals I think stayed behind and that recording is the recording which I want to also add, these recordings were unlawful and unethical, and it's really disgraceful that executives can do this but the second recording is a recording that I entered part of the meeting and I'm not sure exactly from which page it
20 is but I think ... (intervention)

ADV JANNIE LUBBE SC: Well let me read it to you again, it's on page 19 look at the top of the page, the third line and I'm going to read it to you if you have the page?

DR IQBAL SURVÉ: Yes.

ADV JANNIE LUBBE SC: Third line:

“And I think he was sitting with his ExCo and his guys you know and

then Fidelis started calling me. Fidelis started texting me.”

DR IQBAL SURVÉ: Is this page 19 or ...(intervention)

ADV JANNIE LUBBE SC: 19, 19.

DR IQBAL SURVÉ: Nine o?

ADV JANNIE LUBBE SC: One nine.

DR IQBAL SURVÉ: I don't think I was present in that meeting, page 19 the first 25 pages I was not present.

ADV JANNIE LUBBE SC: Page 19 reads:

10 “And I think he was sitting with his ExCo and his guys you know and then Fidelis started calling me. Fidelis started texting me. And then I had to go back, I can't got to back in, I have got to back in. The bottom line is that we ended up all of us are saying okay I'm going to come here and get you guys to pick up the phone, speak to Fidelis, give him the explanation as to what is going on because for they, for them they have got the investment. I do think you need to speak to them, that is important.”

Isn't that you speaking there?

DR IQBAL SURVÉ: Well I'm on page 19 and I don't see, well you have a different page 19 to me.

20 **ADV JANNIE LUBBE SC:** There are two volumes.

DR IQBAL SURVÉ: Oh right okay, so there's a second ... (intervention)

ADV JANNIE LUBBE SC: Yes.

DR IQBAL SURVÉ: Second point.

ADV NAZEER CASSIM SC: It's page 19 of 25.

ADV JANNIE LUBBE SC: That's correct.

DR IQBAL SURVÉ: But 19 of 25 isn't there. Maybe he's talking of 19 of 43.

ADV JANNIE LUBBE SC: Ja 19 of 43.

DR IQBAL SURVÉ: Ah okay, here we go right. Ja okay can you just refer to ... (intervention)

ADV JANNIE LUBBE SC: Third line from the top and "I think" it starts with that, if you can just take your time and read it, and tell the Commission is that you speaking?

DR IQBAL SURVÉ: Ja it's – yes this is I think me speaking.

ADV JANNIE LUBBE SC: Thank you.

10 **DR IQBAL SURVÉ:** It's not clear in your transcript of course so, and in your transcript I have to point out Mr Commissioner that there are names given to certain people and if I listen to the voice recording it's not the same so whoever made this transcript has allocated names to different people in terms of the voice recording and what's in the transcript itself so ... (intervention)

ADV JANNIE LUBBE SC: But if I can then ask you from your recollection, your memory did you say that at the meeting with Hardy and the other executives when you entered the meeting?

DR IQBAL SURVÉ: Yes, yes, yes I did and I do not, I do not apologise for that because I was establishing the facts and there's nothing wrong with that.

20 **ADV JANNIE LUBBE SC:** And the facts as stated by you is that Fidelis started calling you, texting you?

DR IQBAL SURVÉ: No, no I had made it clear I think earlier on in the meeting that Mr Abdulla had called me, that I had called both Fidelis and Dr Matjila and I tried to get hold of someone else, I can't remember, they called me back, Fidelis texted me in terms of the BT transaction there was also a SENS announcement

and I was trying to establish the facts and if you listen carefully to this recording I'm actually protecting the interest of the PIC, that's what I'm doing.

CHAIRPERSON: Can I just get clarity on this, when it is asked whether you were at the meeting is it meant that you'd phoned in to a meeting that was sitting or you were actually there personally?

DR IQBAL SURVÉ: No I was, it was an informal meeting Mr Commissioner and I was, they were meeting and they had finished their Board meeting, there were about five executives there and they were discussing various items. I had come across and I joined that Board meeting and I conveyed to them at the Board
10 meeting the discussion which I had with both Mr Fidelis Madavo and Dr Dan Matjila in relation to the PIC's position on the BT transaction because Mr Hardy had indicated that Victor Seanie had informed him that the PIC did not wish to do the BT transaction and in fact Mr Hardy himself did not want to do the BT transaction as is evident from this transcript or voice recording towards the end. Because I was trying to establish is Mr Hardy, I gave him the benefit of the doubt, is Mr Hardy lying, is he telling the truth. If he's telling the truth there's no reason why he should not be able to call the PIC in my presence and I in fact made the point don't tell the PIC I'm here because I want to hear are different things being said to him or are different things being said to me in terms of the
20 PIC's position on BT because we were getting conflicting views on the BT transaction this is what ... (intervention)

CHAIRPERSON: Yes I think we got that evidence yesterday.

ADV JANNIE LUBBE SC: Just to put it on record and if necessary we'll recall witnesses, it was never the position of the PIC that they're not interested in the BT transaction, your version is different is that correct?

DR IQBAL SURVÉ: Well we can only go by on what Adv Wallace Mgoqi has said, what the Chairman of Ayo has said and various other people have said in relation to the PIC's position and we will maintain that the PIC in fact had a change of heart about the BT transaction and this was largely due to the media exposure and the suggestion wrongly that the funds that Ayo was going to pay AEEI were in fact going to Sekunjalo to settle Independent Media or to my family trust, this was of course baseless. And the second thing is that there was a question of valuation of the BT transaction and we will maintain that in fact it is the PIC itself that sabotaged the BT transaction by its conduct and its actions.

10 **ADV JANNIE LUBBE SC:** Mr Commissioner I'm running out of time, I was hoping to finish in half an hour, I've got two or three more questions and then I'm going to hand over to the Commission and if there's time left I will, and if it's necessary we'll have to ask Dr Survé to come but if you will grant me just a couple of minutes more to complete some of my questions. There's an interesting thing I want you to explain to the Commission Dr Survé is that very shortly before listing you changed jockeys, you replaced PSG with Vuyani and you replaced your lawyers Webber Wentzel with other lawyers that I can't remember now, is that correct?

CHAIRPERSON: In what matter, in which transaction?

20 **ADV JANNIE LUBBE SC:** TGR that is the listing for Ayo, thank you Mr Commissioner.

DR IQBAL SURVÉ: Commissioner you'd have to ask that question of the AEEI Corporate Finance Team. I'm not aware that, who did you say was replaced?

ADV JANNIE LUBBE SC: The PGS, PSG, sorry PSG and Webber Wentzel.

DR IQBAL SURVÉ: I don't think that's true from what I've seen on the PLS

PSG is there, Webber Wentzel is there, of course the support of, supporting black transaction houses such as Vunani Capital and supporting TGR which is a black law firm there's no problem to do that so as far as I'm aware and my recollection of the PLS of Ayo all of them were there. Can you check that?

ADV JANNIE LUBBE SC: We will check that, I don't want to give you the incorrect information. Then did you invest in Vuyani, any of your entities did you invest in Vuyani?

DR IQBAL SURVÉ: Mr Commissioner, I'm assuming the question is did Ayo invest in Vunani Capital?

10 **CHAIRPERSON:** I don't know whether that's the question but Mr Lubbe can clear that?

ADV JANNIE LUBBE SC: Thank you Mr Commissioner, any of your entities, Ayo or any of your entities?

DR IQBAL SURVÉ: Adv Lubbe, through you Mr Commissioner, I'm just making sure we're talking about the same company. The entity that I think Ayo, which is in the document presented to the Commission, is Vunani Capital not Vuyani Capital. Yes it is clear that Ayo has invested in Vunani Capital and it is clear from the statements made by the Ayo executives and what is in the media is that the investment is to support a black enterprise in order to bring in black ICT
20 entrepreneurs into the ecosystem of Ayo and Vunani Capital would in fact make that particular sort of due diligence of black ICT businesses and so yes, and Ayo made that investment into, it's in the documentation in any event, and again why not you know it's a black business and why can we not support it.

ADV JANNIE LUBBE SC: Thank you. My last question, is it correct that at the time of the listing of Ayo, that is we're talking now January 2018, the market

capitalisation of AEEI was about R3 billion would you agree?

DR IQBAL SURVÉ: I have not checked but I am going to accept Mr Commissioner, Adv Lubbe's information.

ADV JANNIE LUBBE SC: The point I'm making, and I want you to comment on that, at that valuation PIC could have bought the whole of AEEI for that amount and this would have given the PIC ownership, not only of AEEI's 80% stake in Ayo but also its 30% stake in BT SA held through its subsidiary Kilomax for R3 billion and AEEI also held some other investments which had value. Instead, the PIC paid R4.3 billion for 29% of Ayo which valued Ayo at some R14 billion.

10 Can you suggest any reason why they would do that?

DR IQBAL SURVÉ: Commissioner, first of all the pre-money evaluation of Ayo if you look at the PLS was in fact R11 billion. The second point is that the Ayo valuation as was indicated at this Commission by senior portfolio managers and analyst from the PIC was a base case of 43. In fact I was wrong yesterday I said a base case of 43. According to the transcript which I reread again from a very senior executive in the portfolio committee the general manager of I think it's consumer or retail or something, plus the general manager of listed equities, plus the head of listed equities, they have indicated their base case was R45,00 and that the high-end case was R47.00. The modelling that they followed in

20 terms of the Ayo transaction was clearly correct because Ayo had come to a pre-money evaluation of R43.00 so it took it to R11 billion. So that's the first part of my answer. The second part of my answer is that if you look at the share price of AEEI at the time and if you look for instance at the value of the investments of AEEI, I don't remember the specific period and the time I'd have to go look into that but the value, there was a huge discount between the market

or to use the term which is in fact commonly used in the financial services sector, the intrinsic market value, lots of companies produced results based on this and they talk about the intrinsic market value of their investments. If I'm not correct, if I'm not wrong, the intrinsic market value at the time of AEEI was in the region of about R6 billion and the market capitalisation was R3 billion. It's not unusual for a market capitalisation of a company to be well below its market value. Sometimes it's calculated on the back of NAV sometimes it is calculated on the back of market value, on the back of equity investments *etcetera*.

I'm very happy, I don't want to waste the Commission's time but I can
10 also give you an example for instance if you take Walmart in the USA, Walmart has 250 000 employees, Walmart has three times the revenue of Amazon, Walmart's market capitalisation is a third of that of Amazon, Amazon is a trillion dollar company, Walmart has been around for a very long time. So when you're talking about valuations in relation to, and yes the other point is if the PIC had tried to purchase those shares in AEEI I doubt they would have gotten the shares at that price, they would probably Mr Commissioner had to pay, if they had to invest it in AEEI, probably in my view to bring AEEI to a market capitalisation of 15 billion.

I tell you why, because as far as I'm aware none of the major
20 shareholder of AEEI were going to sell their shares. I certainly was not prepared to sell my shares, the other institutions, the other investors may not be prepared to sell the shares. All of them have superb, the high nett worth individuals that have invested in AEEI have superb confidence in the management team of AEEI and the Board of AEEI so it's unlikely for the PIC to be able to get an entry point in AEEI because who's going to sell the shares. As

far as the investors of AEEI are concerned it's a company that could reach R20 billion over the next five to seven years in market capitalisation why should they give up their shareholding so early on.

ADV JANNIE LUBBE SC: That concludes my part this morning and I apologise by overrunning by five minutes, I just want to make one correction. Dr Survé I put it to you that PSG was replaced with the Ayo transaction it's not correct but the Webber's law firm was replaced by TGR and in the Sagarmatha transaction Vunani Capital was then the sponsor instead of PSG, I just wanted to correct that.

- 10 **DR IQBAL SURVÉ:** Mr Commissioner if my memory serves me correct and I've just been given the good part of the PLS now Webber's are still on the PLS. So it's not that they were necessarily replaced but both them and TGR which is a black law firm, and this is our, you know from the inception, if I may just say so, from the inception of the Sekunjalo Group I've always insisted that where there are established and experienced companies that they should be accompanied by an emerging company, I don't want to use the term black, but an emerging company or advisor so that the emerging company advisor gets the experience and at our very first listing by the way, just to tell you this in May '99 when African Equity Empowerment Investments was called Sekunjalo Investments
- 20 Limited, not to be confused with Sekunjalo Holdings, I went out of my way to make sure that a number of black law firms and other entities and advisors worked alongside established corporates to allow them to get entry into the listing space. So we were the first company actually to provide that, really the first, I'm not kidding, the first to actually provide that entry point for black advisors and black professionals to participate in a listing and so that remains

the philosophy ... (intervention)

ADV JANNIE LUBBE SC: Thank you. Thank you Dr Survé we almost kept to our deal but thank you.

CHAIRPERSON: Yes, thank you.

MS GILL MARCUS: Thank you very much. And perhaps at the outset just to emphasise the purpose of our being here is, as a commission, has been set up to look into whether there were any – to investigate the allegations of impropriety on the part of the PIC. That is the purpose of the investigation. It is not to investigate your companies. It's to see the role of the PIC in relation to its investments, and that is the
10 core business of this commission, including then making recommendations to the President about governance, about the practices, about what has been done. It is within that context that the questions take place. It does then help us to get a better picture of one of the counterparties, which is yourself as the entirety of the Sekunjalo Group and all of the companies involved in that. So I'd like to perhaps start with the question of boards and the boards that you serve on. How many boards do you serve on? I don't need the names, but just the number in total, because on page 3 paragraph 5 you indicate you serve on many of the companies' boards. How many boards do you serve on, whether they are your own companies or companies in which there is a stake or an interest?

20 **DR IQBAL SURVÉ:** I cannot give you the exact number, but what I can tell you is that a few years ago, when I was much younger and had lots more energy, I served on many boards. But subsequently, the last five years I think it is, I decided to step off most of the boards that I was on, especially public company boards. I sat on other public company boards as well outside the Sekunjalo Group and I have only retained the main chairmanship of the main holding company as well as the multinational

boards. But I can't... But of course, besides that I sit on other boards such as World Economic Forum boards and other multinational... I was chairman of the BRICS Business Council, as you may be aware. So I would say a lot of my time is taken by my participation in multilateral institutions. And so those are the boards that I really serve on. The operating boards of the companies, the boards of directors, the executive management, my colleagues and I collectively make a decision in terms of the appointment to those boards where we have a say.

MS GILL MARCUS: I think it would be helpful if we can just get the number. It doesn't matter whether... I mean, I'm not... You can differentiate between whether they are
10 corporate boards or not, but I think it would be useful because it gives an indication of time availability in terms of being an executive chair of Sekunjalo and it would just give us some sense of your time allocation, at this point in time not historically, of how many boards you actually serve on now and you can differentiate between the BRICS boards or whatever, which are different kinds of boards to where you have a fiduciary duty in terms of those companies, and perhaps you can provide that to the evidence leader.

DR IQBAL SURVÉ: Mr Commissioner, very happy to provide that.

MS GILL MARCUS: I would then like to ask you about... Sorry, I'm just going through your statement. I then wanted to move to this discussion on Sagarmatha, if I could, and I think that this is... Sorry? Okay, ja, sure.

20 **MR EMMANUEL LEDIGA:** I've got a couple of broad questions before we go to the companies. Ja? Alright? Dr Survé, when you look at the amount which you have raised, you know, from the PIC, or tried to raise, when you tally it up it's about, say, R9.2-billion or so. So there is the 4.3-billion from Ayo and there is the purported, you know, the 3-billion which you wanted to raise from, you know, for Sagarmatha, which is 7.3-billion. I just wanted to check, on Premier Fishing, did you raise the 500-million?

DR IQBAL SURVÉ: Yes. Through you, Mr Commissioner.

MR EMMANUEL LEDIGA: Yes?

DR IQBAL SURVÉ: The capital raising for Premier Fishing was approximately 500-million.

MR EMMANUEL LEDIGA: H'm?

DR IQBAL SURVÉ: The PIC, I think, contributed part of that capital raising, in the region of about 200-million, I think. And I also want to add, at the same time there was a similar listing by – or Sea Harvest, which is a subsidiary of Brimstone, and the PIC investment in that listing was substantially greater than the investment into Premier
10 Fishing.

MR EMMANUEL LEDIGA: H'm. Okay.

DR IQBAL SURVÉ: So it was consistent with the policy of investment.

MR EMMANUEL LEDIGA: Alright. Okay. Okay, ja. Thanks. Say 200-million. And then on the Independent Media we are looking at about 1.3-billion or so because it was the subordinated loans, debentures and all that. Ja? Come again with it.

DR IQBAL SURVÉ: That is not correct. Specifically... Through you, Mr Commissioner.

MR EMMANUEL LEDIGA: H'm? Yes.

DR IQBAL SURVÉ: You are referring to the investment of the PIC in Independent
20 Media.

MR EMMANUEL LEDIGA: H'm.

DR IQBAL SURVÉ: So the Independent Media... And I'm saying the PIC as opposed to everyone else.

MR EMMANUEL LEDIGA: Yes.

DR IQBAL SURVÉ: In Independent Media in 2013 the PIC had invested, on day 1 of

the transaction, 1-billion, which was then paid to the Irish as part of the 2-billion acquisition price, just a little bit over 2-billion. The Sekunjalo Consortium, not to be confused with Sekunjalo Holdings, the Sekunjalo Consortium is a consortium of a number of trade unions, black empowerment groupings and other groupings together which owned 55% of Independent Media then paid the PIC immediately 150-million. So the PIC's exposure in 2013 was in fact 850-million, which is a combination. 25% of that was the equity contribution and the remain – equity out of the total equity and the remainder of that was debt. If I may just say one point, if you'll allow me, Mr Commissioner? The PIC has invested 7-billion in Tiso Blackstar. That, today, is worth
10 200-million.

MR EMMANUEL LEDIGA: Can I...? Ja, let's stop there. Ja, ja, ja, alright. So the main point, I mean, besides the numbers, we can get the correct numbers, the main point is that within three to four years the PIC sort of put in about 8-9-billion in your companies in about four transactions, or three transactions with – supposed to be four with the Sagarmatha. Don't you think that kind of a thing will make people think that, look, the PIC is like favouring you? Do you have comments on that?

DR IQBAL SURVÉ: I've got to look at that in the context of the size of our group.

MR EMMANUEL LEDIGA: H'm?

DR IQBAL SURVÉ: So if you look at the size of our group, for instance, it's a very
20 large group. It is one of the largest corporates in the country. But for a comparative example, the actual numbers that the PIC has invested in our group over the last, I would say, six or seven years is in the region – that's an investment for the PIC – it's probably in the region of about 5½-billion.

MR EMMANUEL LEDIGA: H'm.

DR IQBAL SURVÉ: But if you take Steinhoff, for example, it took the PIC, from my

understanding, two days to invest, to augment their existing 16-billion investment in Steinhoff with another 9.3-billion. So I don't want to compare Steinhoff. I mean, that's a completely different kettle of fish. However, it's not unusual. The key thing is not how much you invest. The key thing is that is it a good investment? Will it be a good investment over time? Do you have good management teams? Do you have a good strategy? Can it actually work? So I don't think that the amount that the PIC is invested... And, of course, I did make a point yesterday that I would like the PIC to invest a lot more in other black groups in the country, and it's one particular point I want to make. The reason why this investments in black groupings is not taking place in the

10 listed space is because it's very expensive, very time-consuming, and you need to go through a very rigorous process in order to list a company and many black companies, unfortunately, can't afford... Look, it's cost us, you know, tens of millions in each case. In the case of Ayo and Sagarmatha it's cost us 80-million to prepare for the listing. So the challenge that black companies have is that, first of all, they need a track record of experience, track record of profitability. Secondly, they need to have the funds available. In the event that a listing doesn't happen they would have expended huge amounts of money to advise us, etcetera.

MR EMMANUEL LEDIGA: Thanks. Ja, ja, thanks, thanks. To follow up then is that, you see, the concern is that your companies haven't proven to be success, you know,

20 coming into Ayo and Sagarmatha. So the Independent Media, like, has had problems, as we know, and you came and asked for more money, you know, and so far the PIC has lost money on all the companies. I mean, the Independent Media, Ayo, they've lost more than R2-billion now. And then there were – and the other companies. So it's a different matter that, you know, one of your companies is not doing well but they still – you still as for more money, you know, to invest.

DR IQBAL SURVÉ: Through you, Mr Commissioner. This is unfortunately not correct. The PIC has not lost any money on Ayo. It is correct that the share price of Ayo is what it is today, but when the PIC or CIPC makes a statement that the company has to pay back the money who is going to buy the share? Everyone is going to sell the share and it's quite normal for the share price to go down. However, let's look at the fundamentals of the company. I did manage now to go and look at the results that came out, I think it was on Monday afternoon. The performance of Ayo is exceptional, so if you extrapolate that performance to a full-year performance you're looking at revenue for this year of about 2-billion and you're looking at profitability heading towards
10 700-million. That is in spite of all the negativity. If you put a multiple on that you get to a multiple of about 15-billion and if you give it a year later you're looking at Ayo, once they deploy the capital, having a profitability in the region of 1.2, 1.3-billion. If you take a PE multiple... According the PIC's own multiple, 16 times to 30 times, if you look at EOH, adapt IT, dimension data, historically, etcetera, this Ayo share price, if the PIC supports its own investment in Ayo, should reach R100,00 within the space of three years, which means that the PIC would in fact almost triple its investments within a five-year period and I think that is superb. So what one must look at, you know, we build industrial economies. We take long-term view of our investments. And that's what we're doing. So, as a chairman of this group, no one is in here for a quick buck. What
20 you are trying to do is build the South African economy. You're trying to invest and create employment but at the same time demand excellence from your management teams and boards and I am extremely confident that Ayo will – its market capitalisation will reach 30-50-billion within the next three to five years and the PIC will have made a superb investment. Let's give the management team an opportunity to deploy the capital and let's give them... And the one more thing I want to say, if you take all the

other companies they all have significant debt. Even if you take a company like MTN and Aspen. Aspen's debt is greater than its market capitalisation. It came down from R400,00 a share to about – I think it is about R90,00 a share. MTN came from 220 a share down... It doesn't mean they're bad companies. Ayo has the one advantage, it doesn't have debt.

MR EMMANUEL LEDIGA: Okay. Alright, thanks. And then ... (intervention)

ADV JANNIE LUBBE: Sorry. Mr Commissioner, I'm sorry to interrupt you.

MR EMMANUEL LEDIGA: Alright.

ADV JANNIE LUBBE: Just for the record, and to make sure that we all understand,
10 the financial statements that you referred to that was released on Monday, they are an
unaudited financial statement. Is that correct?

DR IQBAL SURVÉ: Mr Commissioner, they are unaudited, but they are regulated. It
is part of the JSE regulation. In our history in our group, I mean, we have a track
record of sound governance of our public companies and you can extrapolate quite
easily from the six months... Those are the six-months statement. You can... And
normally all JSE companies in almost all instances, I can't think of one that's not the
case, have their – only their full year audited, but I have no reason to believe, based on
the profitability, the operating profits of the business, based on the acquisition
pipeline... And if I had to extrapolate from the data which is publicly available the
20 profitability of Ayo in this very difficult environment would in fact reach probably 6, 700-
million for this year.

ADV JANNIE LUBBE: Thanks.

MR EMMANUEL LEDIGA: Ja. Okay, thanks. And the performance of the sort of
Premier Fishing and the independent Media? Because I understand the Independent
Media is suffering losses, R22-million in the EBITDA loss.

DR IQBAL SURVÉ: Mr Commissioner, through you. You are correct. Independent Media, like all media houses globally... At the time when we did this transaction we had Citibank advising us. The Irish wanted more than 4-billion for it. We ended up paying 2-billion. There were many companies that wanted to acquire it at that point in time, including our main English-speaking media competitor, Tiso Blackstar. Its share price was in the region of about R26,00. Before that Mvelaphanda bought in, it was R48,00. Before that, when Cyril Ramaphosa let the NEC Group in to buy into what was then the Times Media it was R60,00. Today Tiso Blackstar's share price is R3,50. Their market capitalisation is 900-million. The PIC owned, directly, at least 22% in Tiso Black – what is today Tiso Blackstar, previously called Avusa and TMG, directly, and another, I think, 11% through Kagiso Asset Management. If you extrapolate the market capitalisation just taking five years ago, not even going back to the time of Mvelaphanda or President Cyril Ramaphosa when he headed the NEC Investment into them, at that time the market capitalisation, according to my calculation, was probably in the region of about 8-billion or so of Tiso Blackstar. Today their market cap... So the PIC, owning 25% of that market capitalisation, has lost R2-billion in Tiso Blackstar. But I don't blame Tiso Blackstar's management for that. The reality is that there has been a structural change in the media industry from the time that all of us invested, the digitalisation of the media industry. And that is why Sagarmatha was such a great investment for the PIC, because for the first time you could take a legacy print-media business ... (intervention)

MR EMMANUEL LEDIGA: No, thank you. Thank you, thank you. Alright. So let's move to another point.

DR IQBAL SURVÉ: Oh, yes. If you... Sorry, Mr Commissioner, through you. If you look at the results of the fishing business you'll see it's exceptionally profitable, no debt,

high cash flows, and the audited numbers for 2018 shows exceptional performance, so again, and I think their results will come out shortly. I know they have a six-months, again, results coming out and I expect their numbers to be exceptional, based again on the overall, you know, market conditions. So ... (intervention)

MR EMMANUEL LEDIGA: Ja. Ja. No, no, no. Sort of, I don't want to belabour the issue, but I've noted that the share price is sort of 60% of what it was.

DR IQBAL SURVÉ: Share price is a function of many things.

MR EMMANUEL LEDIGA: H'm. H'm.

DR IQBAL SURVÉ: The overall South African economy has gone into a recession.

10 The JSE's overall indices is down significantly. Company share prices are trashed. If you had bought Aspen at R400,00 about two years ago, it's sitting at 80. MTN. I mean, I can go. EOH, Tongaat Hulett, all the blue chip companies that you acquired. Unfortunately share price is a function of many factors. What one has to look at, through you, Commissioner, is the fundamentals of the business. Is it profitable? Is it doing well? Are there strong cash flows? Does it have any risk in debt? And, you know, in all of our businesses we have no debt, except for Independent Media.

MR EMMANUEL LEDIGA: (Indistinct). No, it's fine, it's fine.

DR IQBAL SURVÉ: Okay.

MR EMMANUEL LEDIGA: So you are saying it's the market, the general market.

20 Okay. Alright. In terms of key-man risk, concentration risk, I mean, the PIC has put in a lot of money in your businesses and you are a big figure within your companies. This exposure, I mean, what can happen to you if you fall under the bus, you know, as people say?

DR IQBAL SURVÉ: Through you, Commissioner. You know, this is so unfair to my colleagues. I must tell you, I'm the least important person in our organisation. I really

am. My colleagues, and in particular the talent that we have, both black and white, in our group is exceptional. There are superb boards, superb management teams across the board. I play no decision in those businesses. The performance of... Example. Just to give an example, Premier Fishing. I have absolutely nothing to do with the exceptional... And this is unfortunate because their excellence is clouded by the fact that I have bought Independent Media and in so doing become controversial for that. It's not fair to the thousands of people who work for our group who are really excellent at what they do. Maybe I provide a bit of the vision and I provide the mission, which is about caring for our country and putting back our money and growing our economy, but
10 that is my role. And of course internationally. The fact is that sometimes people joke that I'm more well-known internationally than in South Africa, and, yes, I do bring the international networks, but my colleagues, they run the businesses and they are superb and they manage it far better than I ever could. I must tell you that. Credit is given to me when it should never be given to me.

MR EMMANUEL LEDIGA: Alright, next one. Some of the questions which came through in the testimonies here, it's about, you know, the PIC has suffered reputational damage in terms of political independence – sort of the politicians wanting a funding and all that and the political, you know, problems and... So when we look at your companies, I mean, you've got trade unions there, you've got big people in the political
20 sphere and the PIC is ... (indistinct), you know, and don't you think, I mean, looking at your transaction, I think it was Ayo transaction, you sort of wrote – you asked people to write letters to the PIC to encourage the PIC to fund the company, don't you think that putting political pressure on the PIC, like, it's a problem because that puts the PIC's name in danger, the reputational damage?

DR IQBAL SURVÉ: Through you, Commissioner. You may be referring to

Sagarmatha, not Ayo.

MR EMMANUEL LEDIGA: Yes, probably that, ja.

DR IQBAL SURVÉ: Ja. Sagarmatha.

MR EMMANUEL LEDIGA: Ja. Ja. Undue pressure on the PIC.

DR IQBAL SURVÉ: Look, my philosophy, simply put, is that I'd like to empower as many people as possible, including the workers of this country, and hence the participation of trade unions. I have met numerous times with a number of trade union leaders to talk about the vision of creating an African digital economy where Africans take control of their data and the economy, and so we create jobs. Trade unions are

10 important in terms of creating jobs and through all of our companies we built social contracts with trade unions. It's such an important part. Maybe it's a little bit about my background in terms of believing in a stakeholder capitalism, inclusive capitalism. On that basis I think people really want to participate in our businesses, and of course if they write letters to the PIC that's okay. However, my advice would be, if I may say this to the PIC, because that's the context of the question, is that you should ignore that. You should much rather look at the fundamentals of the business that is being invested into. You should look at whether it needs stakeholder requirements, including commercial returns to pensioners and taxpayers. You should look at whether it serves the purpose of transformation in the economy. You should look at whether it unlocks

20 monopolies within our economy, etcetera. There are... So my advice... But, you know, I don't think the PIC takes these kind of things seriously. I do think you need, if I may say so, listening and reading the transcripts, far more people on the PIC board that are smart about, you know, understanding the capital markets and the requirement of the capital markets to grow our economy, unlocking the balance sheets of companies that have got R1-trillion in investment and utilising that smartly in partnership with

entrepreneurs. And I think we need to get to the stage, as South Africans, where we move beyond simply just distributing wealth between ourselves, you know. We need to get to the point where we create wealth and we grow our economy, and I think the PIC can play that very important role, but it must do so with transformation being a critical component, but real transformation, you know, really supporting entrepreneurs that want to get on with the job of growing the country, running businesses, and also taking... You know, my organisation, I tell people I'm only going to be successful as an entrepreneur if the organisation exists 20 years after I leave.

MR EMMANUEL LEDIGA: Thank you. Then the last question from this section before
10 we move to companies. I just wanted to check, the battle between you and Tiso Blackstar and the others, and I'm asking it from the point of view of the PIC, was there no meeting between the PIC and you – the two companies for a peace deal at some point in time, that you guys, you need to make peace since the PIC has invested in both companies? What was the outcome of that meeting?

DR IQBAL SURVÉ: Yes, that is correct.

MR EMMANUEL LEDIGA: H'm?

DR IQBAL SURVÉ: I don't think a war situation between media houses is good for anybody, especially when you're dealing with the lives of people that are employed by both companies. But there are fundamental differences in terms of such, what you
20 would call a merger. The first issue is the issue of diversification of the narrative in the economy. The second issue that our company happens to be predominantly black at its leadership level and a lot of women at the leadership level. The third is that when I did have a discussion with Mr Bonamour at the time when he initially approached me to actually merge the entities his version was that, and he can of course deny this, but he did say to me at the Maslow Hotel that we should merge the entities, retrench half the

people of the combined entities, we would then have a profitability of about 250-million, combining the media assets. My view was that, you know, retrenching people in South Africa at this point in time with families and... I have 1 500 people, predominantly black people, who have bought into the vision and philosophy and aspirations. I could not do that. I'd rather put in money from Sekunjalo, which I do every month, to support Independent Media because I'm keeping people employed. But there's the other issue, of the narrative of this country. You know, we've not taken sides politically. We've in fact given all points and we've provided a balance narrative. So, philosophically, they have a very different outlook to Independent Media. And, yes, if you look at it pure commercially, as a ruthless capitalist, but unfortunately I'm not one of those, but if you were a ruthless capitalist you'd merge the entities, retrench half the workers, keep the brands, maybe shut one or two brands, combine digital publications and your profitability will definitely, for both companies, will increase. But is that in the interests of our country? I don't think so.

MR EMMANUEL LEDIGA: So the peace deal never happened?

DR IQBAL SURVÉ: Well, it doesn't happen, because what Tiso Blackstar has done is they have made me the face of the campaign, they've defamed me, they've lied about me repeatedly. They've said things which are not true.

MR EMMANUEL LEDIGA: Let's leave it there. Let's leave it there. Alright, ja, so I'm done with my part then, ja, I think, Commissioner Marcus, ja.

MS GILL MARCUS: Thank you. Thank you very much. I think just arising from what this discussion so far has been led by you, my colleague, I think, Advocate Lubbe, it would be useful, because what picture I would like to see is the extent of the PIC engagement with the entirety of that group so that we know what the total exposure is. And again, there seems to be quite a number of interrelated – the question of related

party activities. So I'd like to see a diagram, a schematic of this is the entire group, this is the interrelated activities, because otherwise it's very easy to look at one and in the meantime you mean the other one. Are there flows of money between them? You've just indicated Sekunjalo supporting the fishery. And therefore, from our perspective, a the commission, what is the total exposure of the PIC to every entity within that group and a schematic flow of funds that flow either from the PIC to different entities or between entities, and I think that would help us get a better picture of what the PIC's exposure is in total.

ADV JANNIE LUBBE: It is noted. Through you, Mr Commissioner.

- 10 **MS GILL MARCUS:** And perhaps the Sekunjalo team can assist in providing that. I think it would be very useful for the work of the commission. If I could go back to the question that arose around Sagarmatha, and I think it is... There is a number of questions that arise for me from this. Not whether it was listed and what happened in the listing, but the run-up to that. From my reading of it it indicates that there was a requirement – or a goal of R3-billion that would be raised from the PIC. And I'm looking at an email... And obviously there were differences in pricing and you've indicated definitely from your side the valuation that you would follow, the PIC's valuation. Yours was R39,00-something, that was to give you the 3-billion, and the PIC team was at R7,50. And I'd like to read an email to you, which is from Dr Matjila to his own team,
- 20 and it says:

“Dear colleagues,...”

And obviously he's engaging with you or your – the person represented by you in this matter. I've assumed that it is you, but if it's not you please indicate who it was.

“We have been able to move closer to our base case.”

‘Base case’ being the R7,50.”

“the deal now is to subscribe for shares worth 3-billion at the proposed listing price, that is R39,00 plus, and also to get full downside. Sagarmatha will provide us with a R1,00 strike call option on a number of shares that gives us an average price of R8,50 per share price exercisable on the day of listing. This will put our shareholding at about 32%. If the price of 39.9 holds then our value will be quite significant. Please prepare a submission on this basis. We will firm up the numbers as soon as a letter is received from Sagarmatha.”

10

The question I’m asking is that if I am not the PIC investing and I buy shares as an investor at R39.9 per share and there is a side agreement that actually we’ll reduce the price of that share to R8,50, issuing more shares to the PIC, what are the implications for me as a non-PIC investor? And obviously it changes the holding of the PIC, but is that something that was disclosed to – or would have been disclosed to all the investors, that there was a side agreement that the price would actually go down to R8,50?

DR IQBAL SURVÉ: That is not correct. So these are suggestions that the PIC made to us close to the Sagarmatha listing. They are not... That is not what happened.

20

What was in fact taking place is that the JSE listing was going ahead because the commitments were received to meet the minimum capital requirement excluding the PIC. That’s the first point. Dr Matjila and his team probably saw the benefits of this. What I was prepared to do, because I thought it’s an important opportunity for the PIC to benefit from this investment, and they would really make a good return on the investment, was that I was prepared to underwrite their investment in Sagarmatha and

to show them the confidence which I had. So I was prepared to put the balance sheet of the Sekunjalo Group on the table and said to them, look, you have to pay your R39,00 a share like every other investor because you can't do that selectively. Their suggestion was to come up with all sorts of various things at the time. My view was you pay your R39,00, I will underwrite the listing for you in full so that if the share price of this listing falls by the... I was confident that six to nine months after we list on the JSE we'd go to New York because I had already gone to New York with my team, met with the New York Exchange, we got an in-principal approval to list on the New York Stock Exchange at a much greater market capitalisation than what we were listing on the JSE

10 and I was confident that I could underwrite the listing for them. I also want to remind you that even at 7 or R8,50 the market capitalisation of Sagarmatha is 8-billion, so it's not small. This is a very significant investment. And again I want to remind you that we had two international valuations. One is by Redwood Capital Partners and the other one is the University of Columbia, who finance faculty for our audit committee, that provided detailed... It is not just, Mr Commissioner, through you, I want tell you, this is not a simple thing that the company provides the information. It is not how it works. You're not going to find Redwood or the University of Columbia simply putting together a valuation of this nature very quickly. It takes literally weeks to be able to do this. It requires many meetings or conference calls. Our ... (intervention)

20 **MS GILL MARCUS:** I appreciate that. I am asking the question of differentiation around the price, and that was clearly documented by Dr Matjila as the deal that would have gone forward.

DR IQBAL SURVÉ: That was his suggestion. That's not what Sagarmatha would have accepted.

MS GILL MARCUS: That's fine. But that's the answer that's on the record, is that it

was his suggestion, but what I am saying ... (intervention)

DR IQBAL SURVÉ: He probably thought he was acting in the best interests of the PIC by doing that.

MS GILL MARCUS: No, but we'll deal with – we'll ask Dr Matjila when he comes what it is. But what I am saying is that there would have been a different treatment between the prices that were there and ... (intervention)

DR IQBAL SURVÉ: We would not have allowed that.

MS GILL MARCUS: Okay.

DR IQBAL SURVÉ: Absolutely not.

10 **MS GILL MARCUS:** The second question that arises, again from PIC documents which you may or may not be aware of, I'm assuming that, given what it's saying, is that you would be, is that there was this deal that you talk about of coming in to Sagarmatha, that it would be something that the Sagarmatha deal, the PIC, the transaction team that's dealing with Sagarmatha, that the initial offer, which is to – the one you've referred to yesterday of:

“Exiting the Independent Media investment was conditional on the PIC's participation in the listing of Sagarmatha in that the exit would be in the – not be in the form of a cash pay-out but in the form of shares in Sagarmatha.”

20 So therefore it would be using PIC payments into Sagarmatha to pay out the Independent Media, and that is what has appeared before the PIC as the deal, which is what was rejected by the PIC.

DR IQBAL SURVÉ: Sorry, I don't think that is true. Are you referring to the offer we made to the PIC?

MS GILL MARCUS: That is what this document is referring to.

DR IQBAL SURVÉ: I don't think that that offer was in relation to Sagarmatha.

MS GILL MARCUS: This is definitely in relation to Sagarmatha.

DR IQBAL SURVÉ: I can check with my corporate finance team. Have you got a copy of that with you?

MS GILL MARCUS: Well, all I'm raising is the documentation that I have, which is records of what was tabled at the investment committee of the PIC.

DR IQBAL SURVÉ: I don't think, if I may, with respect...?

MS GILL MARCUS: H'm?

DR IQBAL SURVÉ: Through you, Commissioner. I don't think that offer has got
10 anything to do with Sagarmatha.

MS GILL MARCUS: But that's fine. That's your response to the question, which is what I'm looking for. Ja? Because I'm saying I'm going ... (intervention)

DR IQBAL SURVÉ: I can also check that with my corporate finance team,...

MS GILL MARCUS: Yes, absolutely. Absolutely. Ja.

DR IQBAL SURVÉ: ...who put the offer together and I'll get to the details of it and happy to come back to you with the details.

MS GILL MARCUS: I think that's what we're trying to get here, is exactly what was on the table, but this is what... When you say the PIC... Earlier in your statement you said the PIC accepted it but did not progress it. The reason for rejecting it was this tie-in to
20 the Sagarmatha, as I understand from the PIC documents.

DR IQBAL SURVÉ: Commissioner, you know, it's the first time we've heard this response from the PIC and it's, really, I don't understand why, we gave this offer many months ago, and if that is the concern, according to what you've just said, from the investment committee of the PIC was it not responsible for the PIC to come back to the corporate finance team and tell us that that is their concern? Because you're dealing ...

(intervention)

MS GILL MARCUS: I can't answer what they would have done to you. I am going by what is presented here, which is the evidence that we are considering. You have responded to that, which is what we're trying to get a response to. Obviously if you have other information on that that would be fine, but as I'm saying, this is what I have here, and I just want to see if I can...

CHAIRPERSON: In the meantime, Dr Survé, if you are able to verify with your team, not now, not now, you can do that and give the report to Advocate Lubbe.

MS GILL MARCUS: Because ... (indistinct)

10 **ADV JANNIE LUBBE:** Mr Commissioner, to speed things up, we have that and we will provide copies to Dr Survé and his team.

MS GILL MARCUS: And just to indicate, the resolution taken by that committee was:

“The offer to exit INMSA and SIM Investments should be separate from the offer to acquire a stake in Sagarmatha and the PIC's exit from INMSA should not be conditional upon the PIC's participation in the listing of Sagarmatha.”

So clearly that was the matter before the... You can reply in terms of what the accuracy of that is, but that's what I'm saying appeared before the PIC committee considering the matter. Ja?

20 **DR IQBAL SURVÉ:** Just to make the point to you, Commissioner, we have no idea what the PIC Investment Committee's decision-making is because right up to now we have not received any formal communication from the PIC. We have only received through the Corporate Finance team and through the head of the Private Equity section of the PIC, Mr Mervyn Miller and Ms Ria – I have forgotten Ria's surname now – to our Corporate Finance team, they have only indicated, the first verbal communication to us was that the

transaction was approved by the Investment Committee of the PIC. And subsequent to that our legal team, their legal team went through all of the details. They asked us to submit a signed offer for the acquisition which included a cash payment up front of, I think within the three months, of R150 million or something, immediately.

We did all of that and then we heard absolutely nothing until last week when one of the PIC people, because I think Mr Miller has left, one of the PIC people called Mr Hove from our side and indicated that the Investment Committee has changed but there's a strong political influence and they no longer want to do the transaction for political reasons. So that is really the only information we have. We have no insight into if there
10 were any other concerns, what are the issues, and we could have dealt with that you know if we had been informed about it.

MS GILL MARCUS: That's fine. That is your response to it but just to reiterate the concerns that we as a Commission have from the documents before us, is arising about these linkages and the question of a share price that would be public and a share price that would be a side deal because those are obviously things that would be of great concern to any questions about the integrity and the functioning of the PIC. So that's really where we are coming from on the issue. You can provide a response as required in that regard. I don't know if you have got any questions there? Ja.

MR EMMANUEL LEDIGA: Yes, I've got three questions on Sagarmatha, ja. During the
20 time that you were sort of raising that 4.3 billion for Ayo you were busy raising money too from the PIC you know, in late December, late 2017. So you got 4.3 and you were seeking another 4.5 which is R8.5 billion within those particular months. I mean that's like close to R9 billion you know in six months, within six to 12 months I mean. And when this was presented here, I mean people were thinking the optics were not looking right you know, getting so much money from the PIC at such a short time and many people don't even get

to put a proposal to the PIC but you seem to be getting the money. Do you want to comment on that?

DR IQBAL SURVÉ: Yes, I thank you for this opportunity, through you Commissioner. So the way our group operates is that we have more than 200 investments. We have different sectors of investment, we have different investment teams. The Ayo listing was led by AEEI Corporate Finance and its executive team and the executives of Ayo. The Sagarmatha listing was led by, today he is the CEO of the Canadian Development Bank or called FinDev Bank, Canada, an appointment appointed by Prime Minister Pierre Trudeau, Paul Lamontagne and the team at Sagarmatha. And then simultaneously, just to make the
10 point, is that we had different teams that were doing capital raisings offshore.

Just recently, and I am bound by confidentiality, for instance we met one of the world's largest technology investment funds. I could mention the amount but let's just say one of the world's largest. Our team spent about three weeks with them. We passed all the due diligence phases for that investment fund. They are the biggest investor in all the major tech companies in the world today. And we are at – of course it hasn't helped, the Ayo negative publicity and the PIC negative publicity for our group hasn't helped us in terms of these international investors, which is quite sad because you know we are looking at an investment of a billion dollars into our technology companies.

A lot of the people, including very prominent global families, global investment
20 houses, have now told us regrettably after the Sagarmatha listing was pulled off the JSE they no longer have the confidence to invest in South Africa on the JSE, even though I have tried to convince them otherwise, and they will wait for us to go to New York and possibly Hong Kong and then they will participate in the listing of those entities. And the capitalisation that you are talking about is about \$5 billion.

So simultaneously in our group, so just to give you a sense of it, for instance in

the mining sector we have a different corporate finance team that's involved in vanadium, copper, precious metals, et cetera, they are responsible for capital raising in their sector. The asset management business is responsible, so the group operates – and I said earlier you know, too much credit is given to me. I really am not the person that is – the thing that I have done successfully in our group is to decentralise decision-making and appoint highly competent executives and boards across all of these sectors.

So yes, to answer the question, things do happen in parallel and yes, the optics may not look like – I agree with you, the optics may not look good but we have a timetable that we set for the New York listing for Sagarmatha. I was very excited by that timetable because we wanted to go to New York six to nine months - and we had met with the New York Stock Exchange. The Hong Kong Stock Exchange in fact changed their rules. They told us when we visited that I think it was, they lost Alibaba to New York, they would Sagarmatha to come to Hong Kong but they were changing their rules in February 2018, which they did by the way.

MR EMMANUEL LEDIGA: Ja, no, no, it's fine. I think it's the PIC which must manage the optics then you know, ja. The next question is on the valuation of Sagarmatha but I don't want us to go into the technical details and all that but I just want to ask one question there. You mentioned that you have got platforms and we call them multi-sided platforms or double-sided platforms. When you look at Uber and Lyft which you mentioned, don't you think those could be valued that way, the way you tried to value Sagarmatha, mainly because these are super-apps, what people call super-apps you know, that they have got growing customer bases. Even though they are making losses they are adding customers at a rapid rate and at some point in time with an audience they can monetise it.

So looking at the companies you have got there in Sagarmatha like Loot and the others, they haven't reached that super-app status like Ubers and all. I mean you look

at the competition, Loot competes with Takealot, in digital advertising you are competing with Facebook and Google. So I mean the companies which you are showing there, don't you think they haven't reached that super-app status for you to value Sagarmatha at 45 billion? I mean at R39 a share you are valuing this company at R45 billion.

DR IQBAL SURVÉ: Through you, Commission. I am so glad you have asked me that question.

MR EMMANUEL LEDIGA: Briefly ... (intervention)

DR IQBAL SURVÉ: I am going to try and be brief because this is my expertise, to be honest. So if you look at the graph of Unicorns or Decacorns which is MSPs and you rank
10 them according to centiles, if you take 25% centiles and then 25 to 75 and 75 and above, you will find that any company valued below \$5 billion in the capital markets of the US and Asia today is in fact very small. So if you take ByteDance from China it's got the app TikTok. It's valued at \$75 billion and it's lost a billion dollars. Uber loses \$400 million a quarter. I sat next to Dara in Davos two years ago. I actually met the founder of Uber, Travis, at DLD in Germany four years ago, who offered me shares in Uber at a valuation of \$4 billion. Uber will list somewhere between 100 and 120 billion dollars with a loss of 12 billion and so – sorry, a loss of \$11 billion.

So there's a Harvard Business Review article, because I don't want to take the Commission's time, I'd like to send that to the Commission if I may, first of all.

20 **MR EMMANUEL LEDIGA**: Please do, please do.

DR IQBAL SURVÉ: Which looks at the valuation of MSPs. I would also like to send to the Commission the works of Prof Damodaran who is the guru in the sector in the US capital markets, who looks at these valuations of MSPs. You know he did a study on Amazon in 2014 October, when he looked at Amazon at a value and he asked different entities to value Amazon. With a projection of Amazon's value today, at the time he valued Amazon –

different people valued Amazon between \$275 to \$350. Of course now Amazon is valued at, I think – I haven't seen the latest number - \$2 000, right? Giving it a market capitalisation of a trillion dollars. Amazon lost; in its first 15 years it didn't make a profit.

So the key thing about all of this, with respect, it's not technology. Technology is very easy to replicate. If you look at mobility companies you will for instance have Uber, Lyft, DD Chang and many others. What you need to look at is the cost of capital. So US capital markets have – so cost of capital equals the valuation of a company. So the reason why Elon Musk isn't in South Africa today, because the markets wouldn't understand Elon Musk. The reason why Shuttleworth isn't here, the markets wouldn't understand him. In
10 the US capital markets the cost of capital allows you to compete and to grow market share at the expense of profitability. So you end up with huge losses but your markets - so Snap listed and other one that listed, Lyft will list now.

So they all lose an enormous amount of money but the economic theory of MSP companies which makes up the top 10 companies in the world today, it's very important to understand that, that the capital markets have gone in that direction, is that as your platform has more uses then the marginal cost of production heads towards zero. In other words when you establish your platform it costs you a lot of money and to buy market share costs a lot of money and that's the losses that you will have. That's the losses Sagarmatha will have.

20 Similarly, if we take Loot into Africa for instance, yes of course we'll lose money but the value of your company goes up all the time and then you place your stock, and this is the modelling. It happened with Tencent. You know when rich – Koos Bekker, and I give him tremendous credit, when he acquired Tencent, Richard Lee, the richest family in Hong Kong owned Tencent along with Pony Ma and at that time when he invested R5 million in Tencent and he sold it for \$30 million, he thought he was doing well.

MR EMMANUEL LEDIGA: Alright thanks. A follow up question on that. the local market seems not to understand venture capital. I think you mentioned that. Don't you think with Sagarmatha you could have done better by not using the PIC money in a listed vehicle but go to Silicon Valley to raise money? Because you see the PIC in terms of listed investments is not really structured to supply venture capital, especially given that your investments were at their early stages you know, they were not Uber yet, they were not Lyft yet because you know those are quite advanced. Don't you think given the fact that the market here seems not to understand venture capital, that you put too much risk on the PIC's money in something that they don't really invest in, rather than go to Silicon Valley to
10 people who understand these kind of companies?

DR IQBAL SURVÉ: Through you, Mr Commissioner, that's a very complicated question I can tell you, for a number of reasons. The first is that the PIC, by the same token the PIC's biggest investment and its biggest risk, by the way, is Naspers. If the Chinese Government decides tomorrow morning to stop gaming with young children, Naspers collapses, Tencent collapses.

So whichever way you look at it they are heavily weighted in one share in the MSP space. Sagarmatha is a great – and that's probably what the PIC executives saw – Sagarmatha is a great opportunity for the PIC to diversify their risk. First of all to come in at the basement level; secondly, it's an African company wanting to control and own the
20 data for Africans so Africans can be skilled up in the MSP space and the economics of the space is for Africans itself. So I think what the PIC saw is exactly what I saw. If the capital – and yes, we did raise capital outside in the subsidiaries of Sagarmatha by the way, we did raise capital and Sekunjalo itself used its dividend flow and its investment. That is the confidence I had to invest back into all of these businesses.

So the point I am making, this is the best opportunity for the PIC to have made

a tremendous amount of money but more than that, to back an African Amazon, Alilbaba, Reuters, Bloomberg, because that's what we need to do as Africans. We need to own this technology space ourselves. It is so important. We cannot allow all our data, all our economic activity, all of this to be taken by companies from other countries because if we don't do that as Africans, we down own the economy of the future.

MR EMMANUEL LEDIGA: Thank you, thanks, thank you.

CHAIRPERSON: Sagarmatha I think we can ...

MS GILL MARCUS: Thank you. I would like to move to the independent media and to just get a picture of what the actual current circumstance is. If I understand this correctly, in
10 2013 the INM sold its investment in IMSA to SIM, right, and the PIC aborted the transaction with a total of – I am using round figures – 1.3 billion. There was an additional sale of 397 which paid the PIC back and therefore the amount outstanding at that time was 888 million, round figures, for 2013.

We come to an exposure to Independent Medias today, well, being a few months ago this would be as at the end of August, August 2018 and the indication there is that the amount owing by Independent Medias to the PIC is a total of – let me just get to my document here, paragraph 57, paragraph 58 – is a total of 1.35 billion and that has not been paid and that would mean, so there's a further six months of monies owed to the PIC which resulted in Dr Matjila writing to you on 27 August 2018. I am sure you recollect that
20 letter which says, a letter of default, the loan agreement entered into by the GEPE represented by the PIC and Independent News Media and paragraph 3 therein says:

“The borrower is in default as provided in terms of clause 17.1 of the agreement in that the borrower has not paid on the due date any amount payable pursuant to the finance document.”

And in paragraph 4 goes on to say:

“The amount outstanding is 91.5 million and interest that has accrued is 61.5 million which is a total of 153 million. A further 2% default interest shall accrue.”

The question that I am asking: has this been paid in full? What is the amount owed by Independent Medias to the PIC?

DR IQBAL SURVÉ: So it is a matter of public record that the PIC invested over 850 million, which is both equity and debt. The component that you are talking about is the interest on top of that, which is where you get to the 1.3 billion I think. Alongside of that there is the investment from Interacom, the Chinese that put in R1 billion at the same time and an investment from the Sekunjalo Consortium that put in 150 million and a further
10 investment from the Sekunjalo Group, at great risk to itself, that put in about another 300 million.

Now until recently the interest payments to the Chinese had to be made because that was the structure of the transaction. The PIC’s risk was substantially reduced from the initial investment that they were going to make, quite substantially, and they agreed that the Chinese, China Development Bank and CCTV would in fact get the interest. But the facts are that without the support of Sekunjalo, Independent Media is not in a position to repay the loan. That is a fact and that is something which is not unusual in the context of the legacy print media companies out there.

Of course that was exacerbated because at the time of doing the transaction
20 there were a number of factors to consider. The first was that, as the largest black-owned media house, we believed that with 30% of market share we would at least go from 11% to at least 25% of government advertising. That didn't happen because the Guptas took all the government advertising along with SABC.

The second thing was that when we acquired this business, the Irish had signed long-term contracts, printing contracts with Caxton Publishing which were onerous to

Independent Media. Those contracts have only expired now. The third thing is that Tiso Blackstar launched The Times where they lost 1.1 billion.

MS GILL MARCUS: Ja, but I want to curtail you there because my question here is not the reasoning for it. I am looking at the PIC exposures and according to this, obviously it would be greater now because the balance as at the end of September 2018 was 1.351 billion and the question is: is this being serviced or not being serviced and if it's not being serviced, that's the answer. This is an exposure of the PIC ... (intervention)

DR IQBAL SURVÉ: The answer is it is not being serviced, it is exposure of the PIC, it's a matter of public knowledge. Part of that amount includes the equity investment of the PIC
10 and I again reiterate, the only entity that is in fact funding Independent Media – if Sekunjalo decides tomorrow morning not to fund Independent Media, the PIC suffers because they are an equity holder and they have got the debt. We are funding the business against great risk to ourselves. It is for that reason, through you Commissioner, that my colleagues and I put together an offer to the PIC which effectively led to their capital portion being repaid. I think it was a very good offer and we were surprised to hear in the media that the GEPF said they had written off the PIC loan. That was the first time we heard about it and when that happened you know again the media went and slammed us for all of this and we didn't think that was good faith. And my colleagues and I said: well, maybe we should withdraw our offer, we should no longer keep our offer because if the
20 GEPF goes public and the PIC goes public and the chairman of the PIC makes public statements about Independent Media, completely disregarding our offer, well in that case it doesn't seem like they are interested in us, you know. When I say "us" – this is important to understand, if I may make this one critical point – over and above the 150 million and the 300 million that we have put in to help the business on a monthly basis over time, we have no exposure to Independent Media. I took it upon myself to give huge exposure to

the extent of 2.5 to 2.8 billion to Independent Media by going to put offers in to both the PIC and the Chinese and that is a fact. But I must tell you sitting here today I have – looking at the conduct of the PIC, looking at the conduct of the GEPF, looking at the way they have treated us with complete disdain when we have asked for meetings repeatedly, because if you really care about taxpayers' money and pensioners' money the first thing you would do is engage with us, ask us: how do you deal with these issues, let us give you the solutions to all of these issues. They point blank refuse to do this.

MS GILL MARCUS: Sorry, just on that for clarity, when you say the deal, is that the deal we referred to earlier about where there would be – obviously you are saying a different
10 view but what I read out, that it would be the question of taking a position in Sagarmatha which would take them out of Independent Media?

DR IQBAL SURVÉ: It's got nothing to do with Sagarmatha.

MS GILL MARCUS: I am just saying what I read to you ... (intervention)

DR IQBAL SURVÉ: My understanding ... (intervention)

MS GILL MARCUS: Is that the same deal that we are talking about?

DR IQBAL SURVÉ: No, I don't think so. My understanding from the offer and I can check
... (intervention)

MS GILL MARCUS: Can I ask you then if you can, because of our time constraints, provide information to the advocate that this is the deal that you have on the table, offered
20 to the PIC in relation to Independent Media. Okay? Because then we know which one we are talking about, but as things stand this is at six months ago, this is what the amount was. With an additional 2% interest accrual on that it is obviously much bigger, so there is an outstanding balance owed to the PIC of roughly R1.5 billion I would assume now.

DR IQBAL SURVÉ: It's a matter of public record.

MS GILL MARCUS: Ja.

DR IQBAL SURVÉ: (Microphone off) ... investments go well and some don't go well and market conditions change.

MR EMMANUEL LEDIGA: I have got two questions on the Independent Media. Looking at the performance I mean of the company, the forecast which had happened, which had been provided to the PIC when the deal was done, having happened as it has been with other media companies, I just wanted to know just in terms of the future – and look we are worried about job losses you know, across the media space and all that but looking at the future in the next three to five years, what's going to happen to this company, to Independent Media?

- 10 **DR IQBAL SURVÉ:** Through you, Commissioner. This is what gives me sleepless nights. I have to balance the need to keep people employed with a very difficult media environment, with advertising shifting and moving, with circulations falling and this is for all media companies, Media24, Novus, Tiso Blackstar, Caxton, all of them in South Africa and internationally have gone through all of this. I am busy working on a strategy with my team because the one company I think is of such importance socially in our company to provide a narrative, an alternative point of view. You know we have championed the dignity for women, the dignity campaigns for the homeless, we have championed the stop racism campaigns and we have great people working within that company and great brands and it gives me sleepless nights as to – and that is why I have taken my own money and invested
- 20 into this company on a month to month basis to keep people employed and to keep the business going.

I wanted to engage the PIC and the Chinese on the recapitalisation of Independent Media. Unfortunately, for whatever reason, the PIC has refused to engage us. Now I don't know the reasons for that and I think the responsible thing as South Africans, as you do with most companies, you recapitalise them and you say look, will you

put in a certain amount of money, will we put in a certain amount of money, will we take the risk, will you take the risk – or we have to do the most difficult thing ever which is retrench half the people. And I really can't do that right now. I mean I find it difficult to do that because it's job losses, it's people's families and it's, you know, maybe I am not tough enough to do that kind of thing and maybe my colleagues have to look at it. But it's the kind of discussion I need to have with our shareholders which includes the PIC, which includes the consortium members, which includes the Chinese. I cannot have those discussions until such time as the PIC sits with me, whoever at the PIC, and we have a discussion around these critical issues. The problem is that the executives at the PIC in
10 this particular portfolio responsible for this have left and I understand that the chairman of the PIC is hostile to myself and I don't know why and he doesn't want to meet and we have requested to the Acting CEO formally in writing for these meetings. They have not responded to us at all.

So really this gives me sleepless nights you know because it's so important to our country to have this media house exist, because the worst thing that could happen is that there could be attempts by other parties to surreptitiously acquire this business and collapse it and that – you know it's not good for democracy if you don't have diversity of media opinions.

MR EMMANUEL LEDIGA: Thank you. Thanks, thank you. Then the second question is:
20 you know that media companies, you know, survive because they are impartial, independent, and please let's answer this. There have been major allegations that you are tampering, you sort of interfere in the editorial policies of your media companies and you know maybe today you can give us the answer because it will affect the business that the PIC has funded.

DR IQBAL SURVÉ: Thank you. I am really glad. I can only speak to the facts. So the

facts are that I can give you copies of letters which I have written to all of the editors in the group in terms of how and what we do. And the principles of what we do is, first of all, be accurate; secondly, provide both sides of the story, don't take sides, be truthful. And that is the policy of our company and that is in writing. It's also in writing in terms of the contracts of all of our key editors and executives. I am happy to provide you with all of those letters. Especially during the election time I go to great lengths to write and to speak to the editors about not taking sides.

It is precisely because I have not taken sides, firstly, in the ANC factional battles; secondly politically, that I have come under attack. People want me to take sides, they want Independent Media to take sides. And I make the point repeatedly: I don't do the news, my editors do the news. In fact the editors can tell you themselves. You are welcome to ask them to come here. They understand that they have the responsibility and they must make sure that - our credibility, through you Commissioner, is based on our objectivity. The day that we no longer have objectivity, you know, our credibility is gone. And it is a commercial issue for us and ... (intervention)

MR EMMANUEL LEDIGA: The business is gone, I mean.

DR IQBAL SURVÉ: Ja absolutely, and for that reason I emphasise, even recently I have emphasised to my colleagues at Independent Media, don't get tempted into these ANC ... (intervention)

20 **CHAIRPERSON:** Have you got it? Ja and in the last sentence of paragraph 45 you say:

“This decision by the PIC is, once more indicative of its investment decisions being driven by political motives as opposed to the genuine interests of its investors.”

What did you mean by that, driven by political motives?

DR IQBAL SURVÉ: Through you Mr Commissioner if I may and this may be a little bit controversial and probably not what my counsel would advise me but I was informed by members of the NSC of the ANC that at the January the aide statement at a breakfast the Chairman of the PIC, Mondli Gungubele mentioned to them that he will crush Independent Media, he will crush Ayo and he will crush Sekunjalo and that he will not allow any decision at the PIC to favour Sekunjalo, he will taxpayers money to come after us and that's what he said to MEC members of the ANC. I'm sure some of them are advocates that he mentioned to this to, I'm sure that they are happy to come and testify of their own accord but I don't want to betray their confidence. But he has not
10 only made those statements there, he has made those statements to numerous other places certainly within the ANC circles he has told people that he's acting under instruction because Independent doesn't toe the line and that they will crush Independent Media. And I can only assume that when we put a commercial proposition to the PIC which is agreed upon according to the feedback they gave us and then the decision changes and we were told that the decision is based politically that's very sad you know and that's what is actually meant.

CHAIRPERSON: So the inference that one can draw from that is that you hold the view that the Chairperson of the Board might have interfered so that this decision could be reached?

20 **DR IQBAL SURVÉ:** If I believe what I've been told by, what I call people I respect that I've known for decades during the years of the struggle that are in the ANC that have told me this, and I believe them, yes I believe and if I look at the conduct and if I look at the statements being made, if I look at what's happening with Ayo it doesn't make any sense to me at all because it's an investment they've put into. Yes I'm saddened by it because it's sad, I wish it wasn't the case and it's very sad ja.

CHAIRPERSON: Thank you.

ADV JANNIE LUBBE SC: Mr Commissioner may I with your leave just put something on record that will help in the discussion about the proposed settlement of the Independent Media matter, I read from an affidavit from an official from the PIC which will come and testify and then perhaps Dr Survé can comment on that. It's a statement by Mercy Leroke she says:

“I further confirm that on the 23rd August 2018 I was appointed to be the legal resource to assist on the transaction ...”

This is the settlement.

10 “The first task was to assist and review a default letter. I was then later instructed to draft a payment agreement which would facilitate settlement terms. Once the payment agreement was settled internally same was sent out to Independent Media. Independent Media furnished us with their comments on the draft of the agreement. We then noted that the terms inserted on the draft were different from what was approved by the PIC Committee. We thus requested a conference call with Independent Media for clarity. On December 2018 I, together with the investment team, was on a conference call with Mr Takudzwa Hove concerning the settlement on

20 the Independent Media deal. From our telephonic conversation with Mr Hove I got the impression that Mr Hove stated that he had mentioned the deal to CEO Dr Matjila. This aspect was never explored in detail in our telephonic conversation but was clear on the call was that the parties were not in agreement on the terms of the settlement.”

So that is the situation at present.

DR IQBAL SURVÉ: Mr Commissioner through you, you are more than welcome to call Mr Hove to give his side of the story, because he was the individual that led the negotiations in terms of the settlement offer and I think he may have a completely different view to that letter. But he is best placed to actually provide the necessary facts that pertain to this matter, thank you.

CHAIRPERSON: I suppose you wouldn't be able to say anything of course in respect of your inference that the Chairperson of the PIC Board might have interfered in this matter, you wouldn't be able to do that?

10 **DR IQBAL SURVÉ**: I, you know Mr Commissioner I can keep you here the whole day from the things that I hear ... (intervention)

CHAIRPERSON: I wouldn't want to be here the whole day.

DR IQBAL SURVÉ: And neither, I have to fly back to Cape Town and it's sad. All I can say you know when people mix politics with business it's very sad, when people use State institutions, and I'm referring to CIPC now, it is sad. I mean I just heard this morning that the instruction to CIPC came from a Minister.

CHAIRPERSON: Okay let's not get into that.

20 **MS GILL MARCUS**: In the time available because we are running out of time and I would hope that we could conclude this without having you to come back next week, I'd like to just raise some issues around BT and Ayo and a lot has already been done and said around it so I will try to keep it fairly brief. The first question is around the question of BT and your prelisting statement. In your prelisting statement you list a whole number of the alliance, operations, transfer and the competitive advantage that BT would give you. That was in your prelisting statement but it did not materialise. You corrected that through a SENS announcement or how was that dealt with?

DR IQBAL SURVÉ: The BT acquisition did not materialise but the BT strategic alliance agreement did and that was the benefits to Ayo. So there are two distinct and material, if you call it relationships with BT, one is the alliance agreement which was in fact concluded and is in operation today and it is what is driving the profitability of Ayo. So the businesses of BT and the employees of BT that came across the only difference is the acquisition did not take place but the capital for the acquisition which is R1 billion remains in Ayo.

MS GILL MARCUS: And it's that R1 billion that you're asking or that is available for the PIC to, you're selling the BT to the PIC?

10 **DR IQBAL SURVÉ:** Not at all, as part of the R4.3 billion capital raised R1 billion of that was allocated for the acquisition of the BT stake ... (intervention)

MS GILL MARCUS: Into Ayo?

DR IQBAL SURVÉ: Into Ayo from AEEI subject to a valuation because it's a related party so only the PIC can determine the value and determine whether they would vote for it.

MS GILL MARCUS: But in essence that PIC money would be used to pay for that movement from one company to another of that BT transaction at R1 billion of the R4.3 raised, has that been done or not been done?

20 **DR IQBAL SURVÉ:** It is the, no it's not been done the Ayo acquisition of BT did not take place as is well-documented.

MS GILL MARCUS: Okay so that is an outstanding matter. The question there and obviously this is not, this does relate to you in terms of the pressure points, a lot of the discussion has been about the timelines for this listing and of concern to the Commission is that approval was given without due process in the PIC and that there was the question of an inability to change the listing date. I'm sure you're aware of all

of those issues and was there any interaction between yourself and Dr Matjila about the challenges being made to the PIC given that there was not due process?

DR IQBAL SURVÉ: I'm not aware of the challenges that were made to the PIC. As far as I'm informed by AEEI Corporate Finance team they had started this process months before the JSE, they had engaged the PIC timeously in terms of this kind of listing and the pressure was to try and conclude the Sasol alliance agreement and to capitalise the business so that they could end up where they are today. So I'm not aware of what's happening at the PIC.

MS GILL MARCUS: Okay in terms of the Ayo money at this point in time according to
10 a note that I have, there have been a number of investments that have been taken place, a large number of that into asset management as distinct from IT?

DR IQBAL SURVÉ: So if I look at the balance sheet of yesterday you will see that the current assets of Ayo are R5.2 billion of which R4.4 billion is in current assets or a little bit more R4.6 billion is in current assets, another R550 million is in fixed assets. So these monies, what corporates do, and this is quite normal, is that you diversify the money is owned by the company itself but you put it into banks, you put it in high yield bonds, asset management companies *etcetera*, all of this belongs to the company, it doesn't belong to anyone else.

MS GILL MARCUS: Sure.

DR IQBAL SURVÉ: So it's part of your risk stratification of treasury and we have a
20 treasury function within our group within different areas, there's nothing abnormal about that as long as you get your return and you don't – and you minimise the risk of where you put the money that's ... (intervention)

MS GILL MARCUS: No I understand that and that is a specific question at this point in time which would obviously from the current may change but at this point in time it was

R3.6 billion that were in financial institutions that was part of the funding. I'm asking for the investments given that this is, and Ayo was focused on as an IT company, a lot of the purchases seem to be asset management's R400 million for ... (intervention)

DR IQBAL SURVÉ: No, no that's not correct, all of the purchases are in technology and asset management companies. The only one which is the Fintech Fund with Vunani Capital to bring in black entrepreneurs into the ICD space and it's almost like delegating VAT and that's a small amount of money relevant to the total capitalisation.

MS GILL MARCUS: Sure so 3 Laws Asset Management which was R470 million, Oasis Asset Management R400 ... (intervention)

10 **DR IQBAL SURVÉ:** 3 Laws that mandate was terminated and that money is back with Ayo because of the media hype I advised the Chair, the CEO of 3 Laws that he must please repay that money back to Ayo even though it's Ayo's money it was in the 3 Laws account and that's been repaid along with the interest.

MS GILL MARCUS: And Oasis Asset Management R400 million?

DR IQBAL SURVÉ: No there's a mandate which you know you cannot, so they have those funds and that's okay it's a highly reputable asset management company and that mandate, I'm not sure when it expires but from 3 Laws side because it's a related party, fully disclosed in the financials of the JSE in August 2018 financials, I instructed the CEO of 3 Laws to please terminate the mandate because I didn't want the nonsense
20 that the Sunday Times was running you know out there, to continue because that's just complete nonsense.

MS GILL MARCUS: I would like to just briefly look at the appointment of your new Board of Ayo because that is something that was a question of Independent.

DR IQBAL SURVÉ: Yes.

MS GILL MARCUS: And you have appointed or has been appointed is Adv

Ramathlodi, Adv Mgoqi, Dennis George and Sello Rasethaba.

DR IQBAL SURVÉ: Yes.

MS GILL MARCUS: A couple of questions in terms of their independence, has any of them ever borrowed any money from or have been supported in any financial dealings by any of the Sekunjalo Group?

DR IQBAL SURVÉ: I don't recall any of them having, I think Adv Mgoqi many years ago, and I'm talking about maybe 18, 20 years ago was involved with the Sekunjalo Group and there may have been interactions at that point in time. I don't think anyone else over there, I'm not aware of that, but I can check that for you but just to make the
10 point, those appointments were made by the PIC, they were not made by us.

MS GILL MARCUS: No I understand that, I'm just saying that given that you want an independent board I'm asking whether there were any related or interactions with those Board members, they are ... (intervention)

DR IQBAL SURVÉ: I don't, I can check that ... (intervention)

MS GILL MARCUS: Completely independent non-exec ... (intervention)

DR IQBAL SURVÉ: I can check that for you Commissioner with the Chairman of Ayo I can check to see whether ... (intervention)

MS GILL MARCUS: I think that would be helpful.

DR IQBAL SURVÉ: Because what they have to do is, which regrettably which Mr
20 Hardy and Nodwele didn't want to do is to sign a conflict of interest policy and declare all interest and they refused to do that. And every board that we have in our group, every single director has to do that upfront, you have to indicate whether there's a conflict, related party and all of those kind of things.

MS GILL MARCUS: And in the remaining Board members is there anyone who are family or related in terms of the two independent non-execs that would have any links

to you which is Ms Mosia and Mr Amod, again in terms of independence?

DR IQBAL SURVÉ: Mr Amod is related to me, and it's not unusual because ... (intervention)

MS GILL MARCUS: No it's not about, it's just a question of whether they're independent or non-dependent?

DR IQBAL SURVÉ: Mr Amod is related, Amod is related, Ms Mosia is independent, definitely she is a world-class chartered accountant with a masters, Rosemary Mosia.

MS GILL MARCUS: So it's just a question of classification within your Board of how many are independent and how many are non-independent.

10 **DR IQBAL SURVÉ:** Mr Amod is, ja so we have the minority of the Board positions, most of the positions are independent and that in a way goes against us but I'm okay with that because it just strengthens the governance of the company and that's a good thing.

ADV JANNIE LUBBE SC: Perhaps for the record Mr Commissioner, Ms Mosia is she not the Deputy Chairperson of Sagarmatha?

DR IQBAL SURVÉ: She was but she's independent, she's not a – but you see there's no reason why she can't be appointed to other boards, she's not related, she's completely independent and she's a black woman with a, I hate to say black woman I apologise for that once again ... (intervention)

20 **MS GILL MARCUS:** You don't have to apologise for indicating what you are saying, the difference yesterday was something very different, so please do not behave in that manner.

DR IQBAL SURVÉ: I was making the, thank you for that and I really appreciate that through you Commissioner, Ms Rosemary Mosia is a black woman with outstanding degrees in accounting and is a huge asset to the boards of our company, she is a

woman of high integrity and a real asset to us and I'm really delighted that she could sit on our Boards, thank you.

MR EMMANUEL LEDIGA: Quick one, I've got about four or five questions here, quick ones now ja. But I need to return to ... (intervention)

DR IQBAL SURVÉ: I don't want to come back so I'm going to answer very quickly.

MR EMMANUEL LEDIGA: Ja definitely, definite ja, I want to return to the point I asked about sort of the editorial issues you know within your company that people are asking is the Independent is it independent, is the Independent independent and I'm just trying to put it quickly. You know I've got friends who are not buying the Star, the Independent
10 on Sunday and they said they don't trust the paper anymore?

DR IQBAL SURVÉ: You know all of these papers are run by editors and every editor has their own point of view. The important thing from a policy point of view ... (intervention)

MR EMMANUEL LEDIGA: Still buy the paper but ...

DR IQBAL SURVÉ: Thank you you're still buying the paper, I appreciate that through you Commissioner, the point is and may I encourage everyone to buy the Independent Media group's papers, the point I'm making is that we can only set policy. The policy is you have to be accurate, you have to be fair, you have to be truthful, you must give the right of reply and you must not take sides. But we can't police people, you know once
20 you set the policy and once you've appointed your editors the Sunday Independent editor Zingisa is a fantastic woman, I think she's a woman of great integrity. Sometimes you have columnists who write in your papers that have a particular point of view that take a particular side, you may not agree with them, some people assume that everything written in our titles, about 20 newspapers were written by me, I mean I, if I'm lucky I get to read one or two of our titles a day and online maybe look at the headlines.

It's very difficult.

The media business is a very difficult business you know and the risk is that people must not become partisan. My view is our democracy can only deepen and be enriched if you give the diversity, so in fact if you look at it Independent Media was the DA mouthpiece, it's titles were all DA supporting from the time I bought it, and even today we give the DA significant, what do you call this, coverage, which is good. We give the EFF coverage which is good. We give the ANC coverage and people have to accept that is our role, everybody must be able to have. But for me the greater thing is that we don't present people of this country as negative, we present our country in the positive light, that's important.

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MR EMMANUEL LEDIGA: Thank you. And I don't know whether this question can be answered by you or somebody else, when Victor Seanie came here he complained that Malick Salie actually treated the PIC staff with disdain or contempt because they tried to get some information, he didn't respond and all that, is there, can you add something you know on that issue?

DR IQBAL SURVÉ: I did in fact follow that up, when I saw that I was really disappointed and very, very angry that that could have happened and if it had happened and I was told by Mr Salie himself that that was not the case, that he had engagements with, he is here of course, sitting here. But I do want to say as a matter of policy you know I personally treat everybody with respect, I give them the due no matter who you are, no matter if you're a cleaner in my office, a tea lady, a corporate finance person, an investor, that is the example I can set as the Chairman of this group. I expect the employees of our organisation to follow that example and when you are asked questions, and I willingly came here Adv Lubbe you know that, I was very happy to come here because I have nothing to hide and it was important for me to share with

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you my point of view and to listen to what you have to say and I think that's the kind of open engagement that I encourage my colleagues and the employees of the organisation. I really like Victor Seanie personally because I tried to explain to him the MSP's and I really do apologise to him if any of my group executives have in any way offended him but that's not the culture of our organisation, it should, it will never be.

MR EMMANUEL LEDIGA: When there was this Ayo listing Dr Dan signed the subscription you know document before he did agreements with you guys you know, the put option and the other things, were you surprised by that and did you do something about it I mean ... (intervention)

10 **DR IQBAL SURVÉ:** No we do not have insight into the PIC or how they operate. You learn things post the event now in particular with this commission and you read the transcripts or you watch the videos. But for us you know we don't have insight into what the PIC does and how they do things. Honestly I always assumed that whatever they've done is absolutely in accordance with their processes, I mean it's not, why would we think any differently. The reality is that if I look at what's being written I think it's Dr Dan himself that must come and explain himself to me that is the sensible thing and the questions has to be asked because I read different things from different – if I read the transcripts of the two directors that came here, they may be different to some of the executives, you know I'm not an expert at any of these things and I guess that

20 the best person that should avail himself and I'm sure he will, would be Dr Dan possibly. But I must tell you I have enormous respect for Dr Dan, I really do.

MR EMMANUEL LEDIGA: You got a put option which I think goes to around sort of it's protected up to R22,00 a share is that correct on Ayo?

DR IQBAL SURVÉ: I don't know whether the put option materialised and I don't, I definitely know there's no put option to Ayo because that was not in the PLS and as far

as I'm aware there's been no public announcements in relation to it, I don't think there's any put options. I think what's happened is the PIC with all the media pressure felt they needed to reinforce their position and contacted the Ayo or AEEI people and I don't know whether or not they have concluded, I don't think they did personally.

MR EMMANUEL LEDIGA: I think we need to check that whether there's a signed put option or not, Advocate.

ADV JANNIE LUBBE SC: Thank you Mr Commissioner it is noted we will.

MR EMMANUEL LEDIGA: And I note that Ayo is purchasing maybe one or two companies from AEEI or your companies, say some of your companies, so it looks like
10 there could be some conflict of interests when you know the PIC has put in money and then that money is being used to buy some of your companies I mean in terms of valuation ... (intervention)

DR IQBAL SURVÉ: No that's not possible, through you Commissioner, when you're a JSE listed company there are very stringent regulations as you would know in terms of related party transactions, all of those have to be disclosed. Any material related party transactions have to have a special resolution and be voted on by the shareholders. I am not aware of any such acquisitions. I think you may be referring to the just recently, the SARB Grintek Telecommunications acquisition. Ja that is not an investment that we're invested in, that's a completely new investment but it's a joint investment by both
20 AEEI and Ayo for the benefit for Ayo. So but it's not a company that belongs to us *per se*, it's an unrelated entity if I may say. I am not aware of any other, I speak under correction but I did read through the interim results yesterday and I didn't see any acquisition there but I can cross-check with the Chairman of the Board and ask if that is the case, but I'm not aware of anything.

MR EMMANUEL LEDIGA: Second last question from me, the work done by PSG

Corporate Finance and AEEI Corporate Finance was there no duplication there, I mean can you justify the fees there?

DR IQBAL SURVÉ: Look fees ... (intervention)

MR EMMANUEL LEDIGA: The amount looks fine in terms of the percentage of the transaction but ... (intervention)

DR IQBAL SURVÉ: I think the amount overall is fine actually from what I see from a, if you reference it against other transactions for instance of similar size, I think the amounts look okay. I mean we can check with the teams whether they divided up the work with the different did different work and whether there was a different emphasis in
10 terms of the PLS. I'm not involved in that at all but I can certainly get the response to you from the AEEI Corporate Finance teams and the Ayo teams, happy to get that to Adv Lubbe.

MR EMMANUEL LEDIGA: The final question from me, in terms of the R4.3 billion that the PIC has put in Ayo, we understand the PIC's trying to get its money back and all that you know given what is happening, is that possible, I mean how would the PIC get its money back, are you going to resist this and is that possible I mean can the PIC get its money back, how is this going to play out in the next months?

DR IQBAL SURVÉ: Well I can assure you that we have done nothing wrong and no one has said we've done anything wrong. At all times have acted with integrity,
20 professionally our teams have presented to the PIC they've invested. Our duty is to all shareholders including the PIC right now, we will utilise the funds for the purpose for which they were intended which is to grow the businesses, to make the acquisitions and to increase the profitability. I would like to engage the PIC, it's never helpful, this is taxpayers' money, this is pensioners' money, it's not helpful to litigate on these matters. It's much better to sit around a table, address the concerns, if any, which the PIC has.

Perhaps we could strengthen the boards even further, perhaps we could get input from the PIC, perhaps we could agree together on the strategy and what we need to do. This is pensioners' money, I wouldn't go this litigation route.

Of course we have the company itself and the Board of the company has to exercise its rights in terms of whether it will defend its rights and the Board of the company I have no doubt is of the view that this is a very legitimate investment and that they have responsibility to all shareholders and of course but that's not the way to go. I think that if I may give advice to our counsel, it would be to engage with the PIC's counsel, to sit down around a table and to find a way, you know if there were mistakes
10 and whatever mistakes there were from the PIC's side, I'm not saying there were, whatever anyone thinks let's sit down, let's talk, let's understand. At the end of the day you want to deliver value to the pensioners and the shareholders of the company and you need to take a responsible decision and this is about building the largest black ICT company in the country, it's about the 1 400 people and possibly by two years time 5 000 people being employed in this company.

The key thing for me and this is assurance I can give you as the Chairman of the group, I will make sure that every cent that's in that business is utilised for the benefits of the shareholders and to grow profitability to do acquisitions that are sensible, responsible so that the business itself will have a value of many multiples of
20 what the PIC invested in. That is the only thing I can do in terms of, and I can do that by nominating to the Board really credible South Africans with expertise and all of those things and litigation is never good for anybody and I really hope the PIC will engage us constructively on this.

MR EMMANUEL LEDIGA: Thank you. Just the final question is that you seem to be getting money from the PIC without the other fund managers putting money into your

businesses. Why is that so? You know, people say if the other fund managers do not support your businesses these are not great businesses, or whatever, but why do you think the other fund managers shun your businesses, including, by the way, black fund managers?

DR IQBAL SURVÉ: Well, largely speaking, I can only speculate on this, the reality is that we have funded our own businesses over the time. We have our own capital to do that. We have not gone to institutions. But we don't have the networks in the certain institutions. I was about to use the word 'white', but let me just say that. We don't have the networks and that is regrettable, you know. And South Africa is still regrettably polarised in that respect and so perhaps things will change over time. But what you do need to look at is the performance of our companies from a profitability, balance sheet. It's remarkable that we have no debt and we're highly profitable with good cash flows. There is also a narrative that's been painted about myself, through you, Commissioner, by, regrettably, the media, related, primarily, to Independent Media, since I took over Independent Media. Before Independent Media everything was hunky dory. There was no issues at all. I was fine. I mean, I was building up a fantastic business and good partnerships. After Independent Media everything changed and it was as if I had no right to actually acquire – or a black business had no right to acquire a media space and the hostility and the negativity, and so in a way, I guess, we don't have the confidence that white institutions will invest with us because of the narratives out there. And maybe I'm too forthright in my views. Maybe I'm too much of a champion for transformation. Maybe I should not be as activist as I am, as a businessman. I don't know, but, you know, it's very difficult. This is a difficult country. It's very complex. It's very complex. That's all I can say.

MR EMMANUEL LEDIGA: Ja, thanks for dealing with many questions which I had

and some issues which I had. Thank you very much.

CHAIRPERSON: Advocate Lubbe, I think you mentioned that you may have some questions.

ADV JANNIE LUBBE: Thank you, Mr Commissioner. Just a couple of final questions. Dr Survé, on the date of the listing of Ayo were you on the floor of the JSE?

DR IQBAL SURVÉ: Yes, I did visit the JSE to celebrate the listing that morning.

ADV JANNIE LUBBE: And Dr Matjila? Was he there?

DR IQBAL SURVÉ: Yes, he was there. I saw him there as well, yes.

ADV JANNIE LUBBE: Did you interact with him on the listing? Did you discuss it?

10 **DR IQBAL SURVÉ:** The day of the listing? Yes. Ja.

ADV JANNIE LUBBE: Did he inform you that the PIC was not in a position to make full payment on the day of the listing?

DR IQBAL SURVÉ: No. I don't recall that on that day of the listing.

ADV JANNIE LUBBE: Did he tell you that the PIC had to sell off stock to get funds, make funds available for the purchase of the Ayo shares?

DR IQBAL SURVÉ: No, not at all.

ADV JANNIE LUBBE: So, for the record, you were totally unaware of this?

DR IQBAL SURVÉ: I was not aware of that, yes.

20 **ADV JANNIE LUBBE:** Now, in your previous dealings with the PIC surely, and as a businessman, you must know that it is almost impossible for a deal like the Ayo listing to be, from date of origination till final signoff and listing, to be completed in less than a month.

DR IQBAL SURVÉ: Well, I don't think that's entirely true because if you look at the Ayo listing the engagement with the JSE would have happened at least, and the preparation, a couple of months before that. It is the nature of PLSs and prospectuses,

by the way, that when you're in the listed environment, and this is an issue for the PIC, as opposed to the unlisted, in the listed environment generally you put forward your private placement documentation or your prospectuses and the key decision-making from the time of a listed company to investment is much quicker. So, for example, you may find that for the PIC to invest to Anglo American it could take them six hours, just as an example. So the listed environment... And that may call into play, because you did say to me you're looking at the PIC, that may – you may have to look at IPOs going forward. Do they have to have a different timeline as opposed to companies that are already listed? And maybe it requires, as in the unlisted portfolio, a different approach
10 to that. But this is not unusual. In fact, I think that's quite a long timeline. That's my view, of course.

ADV JANNIE LUBBE: Have you any personal knowledge of the processes that must be followed by the PIC when approving an investment of this magnitude?

DR IQBAL SURVÉ: I have learnt about it and, interestingly, I've learnt about it from the commission. I mean, I'm assuming the way it works is that the PIC would, you know, invest based on their mandates, or whatever it is.

ADV JANNIE LUBBE: Were you surprised to learn in January, when the board of the PIC issued a statement, that officials at the PIC totally flouted all policies and procedures with this investment?

20 **DR IQBAL SURVÉ:** You're talking about the Ayo investment, of course. Look, there are two sides to every story. Sometimes there are three sides. From what I've read, the board members of the PIC who came here were saying that there was nothing wrong with the Ayo transaction. The head of the Listed Equities came here and said there's nothing wrong with it. His General Manager, Lebogang Molebatsi, said there was nothing wrong with it. Mr Sunil Varghese, who was the Head of Retail, came here

and said there was nothing wrong with it. Even Mr Victor Seanie, by his own admission, had said that it followed the process, so... I remember in one of the transcripts one of the persons saying, I think it was one of the board members, said that this matter came to the PIC investment committee 15 times, so... I mean, really, what I see is very different to what... I was also surprised to learn that... You're talking about January 2019. Am I right?

ADV JANNIE LUBBE: Yes.

DR IQBAL SURVÉ: Ja. I was also surprised to learn from the transcripts here that the Chairman of the PIC had instructed someone to do something and then, according to
10 what two of the directors said, this was never brought to the board in time, they never had an opportunity to look at this. So it seems like the Chairman of the PIC had an agenda when he did all of this. And so my answer is let's look at the facts which – and let's look at all of the facts here, but based on the transcripts that I have read, and I haven't, admittedly, Advocate Lubbe and you, Commissioner, I have not read everything but what little I have read I seem to think that this transaction, there was no issues with it. There may have been some, from what I've read, issues in terms of timing of payments and that kind of thing, but fundamentally it was all fine. There was no issues. The question you have to ask is: Let's say you take all the PIC transactions over the last five years and examine all of them and the process pertaining to all of
20 them. Are you going to find that all of them are perfect? Are you going to find all of them are imperfect? I don't know. But that requires a far more intensive research, due diligence. It sounds to me like the nature of what's happening is that there's a specific focus on a couple of transactions, but... I hear, for instance, that transactions like MTN Nigeria was done within the space of a few days. I don't know if it's true. You hear this in the marketplace. But I'm only speculating. I do think to assist the PIC going forward

you need to separate, in decision-making, unlisted companies, you need to separate IPOs coming into the market and then listed equities, and then I would divide up listed equities not necessarily by sectors but divide them up by size because market capitalisation, those companies in the top 40, those companies in the top 100 of the JSE or similar exchanges, and then have different teams. And the other thing, I don't think you must have cross-fertilisation, or cross of the teams. I think the teams need to be independent of each other. I mean, those are the suggestions that I can make in order to improve the investment decision-making process.

ADV JANNIE LUBBE: Thank you. Following up on the question Ms Marcus raised on
10 the 3 Laws, according to the documentation, on an analysis of the documentation we did on Ayo annual financial statements there was a R400-million reinvestment into 3 Laws post-balance sheet. Can you explain that?

DR IQBAL SURVÉ: Look, 3 Laws is an asset manager. It's got a category 2 licence from the FSB. It's one of the entities that Ayo invest its money in order to get a return. And again, from what I've read, part of the funds, it was fully disclosed in the financial statements of August 2018. So there's nothing secretive or unusual about that. But what I did, once I saw all of this hype about this I spoke to the asset manager and I said to him, look, just terminate this mandate with Ayo, it's an annual mandate, terminate it, return the funds, because, you know, people are misrepresenting this issue and it's
20 fine, you know, it's okay. You know, as a treasury function you're always going to put funds with institutions and asset managers. There's nothing wrong with that. And the money belongs to Ayo. It doesn't belong to anyone else.

ADV JANNIE LUBBE: Can I ask you then, lastly, I've been informed that you, or through your Sekunjalo Group, are the owner of apartments in what I understand is the Silo Development in Cape Town. Is that correct?

DR IQBAL SURVÉ: That is correct.

ADV JANNIE LUBBE: And who is the owner?

DR IQBAL SURVÉ: Thank you for asking me that and I'm so glad that you did, through you, Commissioner. We have numerous property investments through our different companies. One of those companies is ProDirect and it in fact acquires us lots of companies. But I am deeply offended by the Sunday Times article that even suggests for one moment that I would have taken a cent of that money. Some of those apartments were before then. They are rented out, those apartments. So some of them I... Well, I stayed in my... I bought my house when I was a doctor, young doctor, 10 in 1996 in Rondebosch. I stayed in that house for more than two decades. I was happy to do so. Let me just complete. One second. And for safety and security reasons I decided to move personally to the Waterfront because of the danger to my life, and I regrettably have to have bodyguards because some people believe what's in the newspapers is what I write. Some people want to, frankly speaking, kill me because they believe that Independent Media is championing the, you know, black people's rights against, you know, all sorts of things. So I moved to one of the apartments, yes, and my daughter lives in another, but why can't I do that? I live a simple life. I don't have jets. I don't have Ferraris. I don't have aeroplanes and boats. And my family donates a substantial amount of our money to social impact, to Survé 20 philanthropies, etcetera, all of those things, and the rest I reinvest back into my companies to create jobs and employment. So I am deeply, deeply offended that Sunday Times... They were very clever. They had a line in there which said the funds did not come from Ayo, but they created the impression for the whole of South Africa and it's unethical and disgraceful journalism when you do something like that, so, yes, I am deeply offended by that.

ADV JANNIE LUBBE: Can I ask you, is there any financial exposure to Ayo regarding these apartments?

DR IQBAL SURVÉ: The only exposure is that two of the apartments are rented to Ayo and one of them is a former British/American senior executive that flew in from London, that came from London and he needed a place and that contract was terminated; it was an annual contract. The other one is for Ayo executives. But that's out of about 10 – eight or 10 apartments. I'm not exactly sure. So that's okay. It's an arms-length transaction. But I am deeply offended by even the suggestion that this... You know, I'm a wealthy person, I live a simple life, and why do I not have a right to invest in
10 property and diversify my portfolio? I mean, there's nothing wrong with that.

ADV JANNIE LUBBE: You say you don't own a jet or a Ferrari. Do you own a Bentley?

DR IQBAL SURVÉ: My car that I drive in is eight years old, we were talking about it yesterday, and it's quite funny that my senior executives, you know, drive in more fancier cars and... Look, I choose to live simply because I want to be – have an example to my family and to friends and to my employees that success must not be about, you know, material possessions. It must be about creating success to give back to society. I'm not perfect, Advocate Lubbe. I do make mistakes, through you, Commissioner, but I try. I try every day. I try to live a good life. I remember the people
20 that sacrificed for this country and every time I'm tempted to do something a little bit extravagant I think about that.

ADV JANNIE LUBBE: Do you own a Bentley?

CHAIRPERSON: Sorry ... (intervention)

DR IQBAL SURVÉ: No, I don't own a Bentley. I don't own a Bentley.

CHAIRPERSON: No, no, I was going to say I'm not sure whether you said yes or no.

Do you ... (intervention)

DR IQBAL SURVÉ: I don't own a Bentley, no. I drove a Beatle when I was a doctor for a period of 10 years and the only thing that was remarkable about it, through you, Commissioner, is that if you sat in the passenger... All my colleagues had BMWs and Mercedes Benzes when they were practicing. I practiced for 10 years in a community practice and the only thing, I had to warn you if you sat in the passenger seat that there was no floor, you might go through the floor, but I was happy to do that because I loved my patients, I loved what I did, they didn't have to pay if they couldn't afford to and it was a calling, and I try and live my life, I'm not perfect, I try and live my life that way, ja.

10 **ADV JANNIE LUBBE:** Thank you, Mr Commissioner. On that lighter note, it's the end of the business for today and this week. We will... Can I ask you then that we adjourn till Monday ... (indistinct)

CHAIRPERSON: Let me make sure first whether Mr Cassim has anything to say.

ADV NAZEER CASSIM: No. No, Commissioner.

CHAIRPERSON: Yes, thank you very much, Doc. Thanks for your time. I, well, we, I'm speaking on behalf of the three of us, appreciate the fact that you came here and you came to put your side of the story before us and answered certain questions that we thought need to be answered. Thank you also for offering your officials in your companies should the legal team want to interview them. And Mr Lubbe, I take it that
20 you will, particularly those officials who took part in the Ayo transaction and at meetings at the PIC, one or two of them that you will interview to clear up certain things that are still outstanding.

ADV JANNIE LUBBE: Thank you. Thank you, Mr Commissioner. We will definitely do that.

CHAIRPERSON: Yes.

ADV JANNIE LUBBE: And we're also going to interview Dr Survé further on statements he made here about possible intervention by the Chairman of the Board and statements made in public about Independent Media. We'll have to follow that up and we will interview Dr Survé.

CHAIRPERSON: Yes, thank you. And I'm sure, Dr Survé, you will cooperate.

DR IQBAL SURVÉ: I will definitely cooperate. Hopefully I don't have to come back and I'm happy to give Advocate Lubbe, you know, whatever he requires by statement or meeting, ja. This takes up... I mean, I'm really happy that I'm here but it takes up a lot of time. Thank you.

10 **CHAIRPERSON:** And that's why we appreciate your time. Right, we shall then adjourn until Monday 10 o'clock. I'm trying to work out the date. The 8th.

ADV JANNIE LUBBE: It is the 8th, Mr Commissioner. It is the 8th.

CHAIRPERSON: So we'll then adjourn until Monday the 8th at 10 o'clock.

INQUIRY ADJOURNS TO 8 APRIL 2019