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BLACK ECONOMIC EMPOWERMENT PROJECT

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Black Economic Empowerment Transactions in South Africa after 1994

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SOUTHERN CENTRE FOR INEQUALITY STUDIES

Introduction

On 13 May 1993, Sanlam, an apartheid-era insurance company that was established in 1918 to advance Afrikaner economic empowerment, announced the sale of a 10% stake in Metropolitan Life. The 10% stake was sold for R137 million to Methold, a black-owned consortium that was led by Ntatho Motlana, a Soweto businessman and community leader who was the doctor for Nelson Mandela's family. The Industrial Development Corporation (IDC), a state-owned development finance institution (DFI), funded the transaction. On 23 August 1993, Methold changed its name to New Africa Investments Limited (Nail), which became South Africa's pioneering black economic empowerment (BEE) company (Gqubule, 2006). It was the first major BEE transaction by a black consortium on the Johannesburg Stock Exchange (JSE).

On 2 February 1994, Anglo American (Anglo) sold 51% of subsidiary Southern Life's shareholding in African Life to Real Africa Investments ("Real Africa"), led by Don Ncube, in a transaction that was worth R162.8 million (Gqubule, 2006; Ernst & Young, 1995). On 24 February 1995, Anglo said that it would unbundle Johannesburg Consolidated Investments (JCI) into three companies – JCI, a mining company with interests in gold, ferrochrome and base metals; Anglo American Platinum (Amplats); and Johnnic, an industrial holding company that had interests in companies such as South African Breweries (SAB), Toyota, Times Media and Premier Foods. At the time, Anglo and De Beers, the world's largest diamond producer, which was also controlled by Anglo, owned 48.3% of JCI.

Anglo retained the crown jewels in Amplats, an amalgamation of its separately listed platinum interests that was established in 1997, and said it would sell 35% stakes in Johnnic and JCI to black investors and retain about 12% in each company (Gqubule, 2006). In November 1996, the National Empowerment Corporation (NEC), led by Cyril Ramaphosa, paid Anglo R2.6 billion for a 35% stake in Johnnic. In February 1997, the Saflife consortium, African Mining Group (AMG), led by former Robben Island political prisoner Mzi Khumalo, paid Anglo R2.9 billion for a 34.9% stake in JCI. The purchase price of R54.50c/share was at a 12% premium to the value of JCI's shares, after a bidding war with Nail, where Ramaphosa was deputy chairman. After failing to raise the capital, AMG's stake in the consortium was diluted to 11% (Chabane et al., 2003; Ernst & Young, 1997).

In 1994, South Africa's first democratic government inherited an economy that had developed around a minerals energy complex (MEC), from the late nineteenth century discovery of minerals. The complex was defined as a uniquely South African system of capital accumulation that was based on a core set of industries and institutions that developed around mining (Fine & Rustomjee, 1996). Key players were five mining houses, led by Anglo, which controlled companies that accounted for 43.3% of the JSE's market capitalisation in 1994 (Chabane et al., 2003), energy producers Eskom and Sasol, Iscor, a steel producer, and the IDC. The other mining houses were JCI, Gencor, Goldfields and Anglovaal.

The original seven mining houses were Union Corporation (established in 1886), Gold Fields of South Africa (1887), JCI (1889), Rand Mines (1893), Genmin (1895), Anglo (1917) and Anglovaal (1934). Partly due to exchange controls, disinvestment by

foreign capital and international sanctions, mining houses diversified into industry and finance. There were cross-shareholdings across the three sectors. For the first four decades, Anglo cemented its position as by far the largest mining house as it fought for control of De Beers, invested in Zambian copper (during the 1920s), expanded to the East Rand gold mines (1930s) and the Free State gold fields (1940s). By 1960, it also controlled Rand Mines and JCI. From the 1960s it diversified internationally and acquired interests in South African industry. By the end of the 1970s, it controlled five of the country's top 10 industrial companies (CEDT, 2017). During the 1970s, Anglo acquired shares in Barclays Bank, which became First National Bank after the British company pulled out of South Africa in 1987 and sold its 40% stake to Anglo.

Afrikaner capital built a number of companies to advance its interests. Anton Rupert set up Voorbrand, a tobacco company, which became Rembrandt in 1948. It became the most successful Afrikaner company. It expanded internationally and consolidated these interests in Rothmans International in 1972, which was listed in London. The Rembrandt group diversified beyond tobacco, wine and spirits with investments in other sectors in South Africa, including banking and financial services. It acquired interests in Volkskas, Rand Merchant Bank, Remgro and Goldfields. In 1988, the group separated its South African and international interests with the establishment of Richemont, a luxury goods company, which also acquired shares in Rothmans (Chabane et al., 2003; Fine & Rustomjee, 1996).

Sanlam established three Afrikaner empowerment investment companies – Federale Volksbeleggings (Fedvolks/FVB), Bonuscor and Sankor – in 1940, 1946 and 1960, respectively. It also set up Trust Bank in 1955. In 1968, Sanlam established Central Acceptances, which later became Bankorp, a holding company that consolidated the group's interests in banking, including Trust Bank. By 1986, it was the country's third largest banking group. Volkskas was established in 1934 as a cooperative bank. It became a commercial bank in 1940. It expanded rapidly after the National Party took power in 1948 and diverted state deposits to the bank. Volkskas and Sanlam were regarded as two factions – from the Transvaal and the Cape, respectively – within Afrikaner capital.

In 1953, Sanlam, FVB and Bonuscor established Federale Mynbou to facilitate the entry of Afrikaners into mining (Sanlam, 2021). The breakthrough was the takeover of Genmin by Federale Mynbou in 1964 through the assistance of Anglo. Fine and Rustomjee (1996: 161) say the move that signaled "a conscious accommodation of Afrikaner by English capital or compromise in the face of conflict". From the 1960s, there had been "an erosion of the disjuncture between English and Afrikaner capital. It resulted in the interpenetration first of English and Afrikaner capital and secondly of different factions within Afrikaner capital" (Fine and Rustomjee, 1996:160). In 1975, Genmin acquired control of Union Corporation, which was then independently owned after receiving financial assistance from the Afrikaner group, Rembrandt. In 1980, Gencor was established after a merger between Genmin and Union Corporation (Fine & Rustomjee 1996). In 1985, Sanlam formed Sankorp, a new investment holding company. There was extensive restructuring of Gencor and Sankorp during the 1980s that involved a separation of mining, industrial and financial interests (Sanlam, 2021).

In 1971, Barlow, an industrial group that had been supported by SA Mutual (Old Mutual), bought Rand Mines and formed Barlow Rand, which became the largest company in South Africa during the 1980s. Fine and Rustomjee (1996) said that, by 1988, there were six mining houses – conglomerates that produced more than 70% of all major minerals. (After the unbundling of the Barlow Rand group into four smaller companies during the early 1990s, there were five mining houses). There were also six organically-linked "axes of capital" each with varying interests in mining, manufacturing and finance (Fine & Rustomjee, 1996). In 1994, according to Chabane et al. (2003) they controlled shares worth 87.3% of the JSE's market capitalisation. Their individual JSE shares were Anglo (43.3%), Rembrandt/Remgro (13.0%), Sanlam (10.5%), SA Mutual/Old Mutual (9.7%), Liberty Life (7.2%) and Anglovaal (3.6%).

These conglomerates exercised control over many industries through complex and opaque pyramid and holding company structures and low-voting N-shares without a significant outlay of capital. Most listed companies have one class of shares with voting and economic rights. But others have dual share structures where one class has higher voting rights. For example, Naspers A shares have 1000 votes per share. The ordinary N shares have one vote per share. With such structures, the Oppenheimer family controlled Anglo, despite owning only 8.1% of its shares. Chabane et al. (2003: 7) say while this corporate structure was typical of modern capitalism, "the only significant difference was that the degree of concentration was more acute than in other developing countries." In manufacturing, 46% of the 57 main product groupings had four companies that accounted for more than half of output.

"Concentration is even greater if measures of firm size are based on control, which is often exerted through minority stakes and holding companies, such that many different companies in a sector can be identified as being part of the same conglomerate grouping." The activities of black entrepreneurs were blocked by racial barriers and were limited to small retail industries in the townships. Despite the fact that capitalism in South Africa had developed the forces of production to a higher level than anywhere else on the continent, the African business class remained relatively more backward than in the large majority of African countries (Chabane et al, 2003:5-7).

The African National Congress (ANC) went to the elections in 1994 with a blueprint called the Reconstruction and Development Programme (RDP) which said: "The domination of business activities by white business and the exclusion of black people and women from the mainstream economic activity are causes of great concern for the reconstruction and development process. A central objective of the RDP is to deracialise business ownership and control completely through focused policies of black economic empowerment" (ANC, 1994). This paper reviews the implementation of policies to deracialise ownership within the Top 50 JSE listed companies with a focus on mining and finance which accounted for 75% of black ownership within these companies at the end of December 2020. It looks at the context in which the policies were implemented – the performance of the economy and the restructuring of apartheid era conglomerates since 1994 that created opportunities for BEE companies.

The paper then evaluates the three waves of BEE transactions over the past 27 years and the failures of the Broad-Based Black Economic Empowerment (B-BBEE) policy framework, which included the BEE Codes of Good Practice and sector charters in mining and finance. The paper discusses the confusing maze of statistics on black ownership and presents its own findings. The prospects for further transformation of apartheid ownership structures are not good, with the economy likely to experience a second lost decade in terms of economic development until 2030, and due to policy design failures that have provided weak incentives for companies to enter into replacement BEE transactions. There also appears to be no political will to revive the project and confront powerful corporate interests, especially in mining and finance, who bullied the government into making fatal policy compromises.

Post-apartheid economic overview

South Africa's economic performance has been deeply disappointing since its miracle transition to democracy in 1994. Between 1994 and 2020, Gross Domestic Product (GDP), the value of all goods and services produced in the economy, has increased by an average of 2.3% a year. GDP per capita, an international benchmark of average living standards, which takes into account the growth of a country's population, increased by an average of about 0.7% percent a year. In 2020, GDP per capita was just 17.6% higher than it was in 1994 (SARB, 2020). There have been four phases in terms of post-apartheid economic policies and performance (Gqubule 2021).

From the RDP to the GEAR (1996 to 2003)

In 1996, the government replaced the RDP, a document that articulated a vision for a post-apartheid economy within Keynesian paradigm, with the Growth, Employment and Redistribution (Gear) programme, which was a neoliberal stabilisation plan (National Treasury 1996; Adelzadeh, 1996). In 1996, South Africa's debt to GDP ratio was only 49.5%, which was far lower than the current figure for 2021 of 80.3%. Foreign debt was 1.9% of GDP (National Treasury, 2020a). The annual inflation rate for 1996 was 7%. In other words, sovereign debt and inflation were low. There was no need for a neoliberal stabilisation plan. There were alternative post-apartheid recovery paths.

Despite the fact that there was no macroeconomic instability in 1996, Gear's slash and burn monetary and fiscal policies – which included sky-high prime lending rates that peaked at 25.5% in August 1998 and deep cuts to capital spending – depressed the economy. There was an annual average GDP growth rate of 2.6% between 1996 and 2003. GDP per capita increased by an annual average of 0.9% during the same period. The number of unemployed people, according to the expanded definition, which includes discouraged work seekers, soared to eight million in March 2003 from 4.6 million in October 1996. The expanded unemployment rate increased to 40.6% in March 2003 from 33% in October 1996 (SARB, 2020; Stats SA, 2000; Stats SA, 2009).

Post-Gear boom (2004 – 2008)

After the end of Gear, there were expansionary monetary and fiscal policies which took place within the context of an improved global economy and a boom in world commodity prices. The Reserve Bank dropped its repo rate by 650 basis points to a low of 7% in April 2005 from a high of 13.5% in June 2003. Household consumption

expenditure increased by an annual average of 5.2% between 2003 and 2007 (SARB, 2020). Average house prices trebled between 2001 and 2008 (Businesstech, 2016). Between 2003 and 2008, government final consumption spending increased by an annual average of 5.2%. Public investment increased by 19.2% a year. Gross Fixed Capital Formation (GFCF) increased by 14.4% a year to 23.5% of GDP in 2008 from 16% in 2003.

Between 2004 and 2008, the economy grew by an average of 4.8% a year. GDP per capita grew by an average of 3.2% a year. (SARB, 2020). The economy created 3.1 million jobs as employment increased to 14.8 million in December 2008 from 11.7 million in March 2003. The number of unemployed people fell by 2.1 million to 5.9 million. The expanded unemployment rate declined to 28.7% (Stats SA 2009). It is a myth that there was jobless growth during this period. Gqubule (2021) shows that the faster growth was due to domestic economic policies and not the commodity boom.

However, during the 2001 to 2008 commodities boom, the world's top 20 mining countries achieved an average mining GDP growth rate of 5% a year, while SA's mining sector GDP shrank by 1% a year, according to the Minerals Council of South Africa (MCSA, 2011). It appears that the strong rand wiped out the benefits of booming world commodity prices. Also, for every year between 2004 and 2007, gross domestic expenditure (GDE), a measure of the performance of the domestic economy, grew much faster than GDP, which takes into account the impact of the external sector or net exports.

GDE grew by 7.2% a year compared with GDP which grew by 5.1% a year. This meant that the external sector was a drag on the GDP growth rate. There was a sharp increase in mining investment between 2006 and 2008. But it only accounted for about 9.7% of total investment during this period (SARB, 2010). Finally, all sectors of the economy expanded employment during the mini-boom. But the mining sector shed 110 000 jobs. It was the only sector of the economy that lost jobs.

The lost decade (2009 to 2019)

South Africa had a "lost decade" between 2009 and 2019 in terms of economic development as it failed to recover from the global financial crisis (GFC) and Great Recession of 2007 to 2009. GDP declined by 1.5% during 2009. There was a mild recovery between 2010 and 2013 on the back of interest rate cuts and modest increases in government consumption and investment spending. The Reserve Bank reduced the repo rate by 700 basis points between December 2008 and July 2012. Government consumption spending increased by 3.1% a year between 2010 and 2013. Public investment (by general government and public corporations) increased by 3% a year. As a result, GDP grew by an annual average of 2.8% a year. There were budget revenue surpluses – defined as in-year budget revenues compared with budget forecasts – of R28.9 billion during this period (National Treasury, 2020b).

During the second period, from 2014 to 2019, there was a collapse in trend GDP growth to an annual average GDP growth rate of 1.1% on the back of tighter monetary policies and lower government consumption and investment spending. The Reserve Bank increased interest rates by 200 basis points between January 2014 and March 2016. National Treasury implemented austerity. The growth in real government

consumption spending fell to one percent a year between 2014 and 2019. Public investment (by general government and public corporations) collapsed by 22.4% between 2015 and 2019 (SARB, 2020). The collapse in trend GDP growth during the second period resulted in budget revenue shortfalls of R250 billion between 2014/15 and 2019/20 (National Treasury, 2020b).

It has been said that the collapse in the trend growth rate during the second period was partly due to the end of the commodity boom in 2012 (Sachs, 2020). But mining's direct contribution to the economy was small. Between 2014 and 2019 its share of GDP decreased marginally to 7.9% from 8.2%. Its share of total investment remained the same at 11%. Primary mineral sales as a percentage of total exports fell to 26.8% from 27.9%. (MCSA, 2020). The annual average contribution of mining to GDP growth between 2014 and 2019 was -0.1% (Stats SA, 2020b).

Between 2009 and 2019, the economy recorded its worst performance during the post-apartheid period. GDP increased by 1.4% a year. GDP per capita did not grow. It declined for five consecutive years between 2015 and 2019. The economy had three recessions during the "lost decade." It had two recessions during two consecutive years during 2018 and 2019. By March 2020, when the lockdown started, there had been three consecutive quarters of declining GDP (SARB, 2020). The economy was heading for a third recession in three consecutive years.

The lockdown (27 March 2020 to present)

Since the start of the lockdown, one of the most stringent in the world as measured by the Oxford COVID-19 Government Response Stringency Index, South Africa's economy has entered into a fourth phase of the post-apartheid economy (Oxford, 2020). The country is witnessing the shocks of a crisis that can eviscerate the promises and dreams of its liberation. GDP declined by 7% during 2020. GDP per capita declined by 8.2%. By the end of 2020, GDP per capita was 10.8% lower than it was in 2010 and 1.8% lower than it was in 2006. Treasury says: "GDP is only expected to recover to its pre-pandemic levels in late 2023" (National Treasury, 2021). Given that Treasury's forecasts have been wrong, in that they have been too optimistic every year for the past decade, and that the population will continue to grow at about 1.4% a year, it will take much longer for the economy to return to 2019 levels of GDP per capita (National Treasury, 2019). Under current austerity policies – planned budget cuts of R264 billion over the next three years until 2024 – South Africa could have a second "lost decade" until 2030.

Industrial policy

Since 1994, South Africa has also failed to achieve structural transformation of the economy. Zalk (2014) says there was no industrial policy until 2007 as the government pursued orthodox economic reforms. The result was capital flight, financialisation and deindustrialisation. After 2007, the Department of Trade, Industry and Competition (DTIC) released annual Industrial Policy Action Plans (IPAPs). They received limited budget support. Important elements of macroeconomic policy were misaligned with the objectives of structural transformation. Manufacturing's share of GDP declined to 13.2% in 2019 from 20.9% in 1994. The share of finance, insurance, real estate and business services increased to 19.7% from 16.0% over the same period. Mining's

share increased to 8.3% from 7.3% as the collapse of gold production was offset by increases in platinum, coal and iron ore. (CSS, 1995 Stats SA, 2020a).

According to a report by Women of South Africa, industrial policies have been gender-blind, which has re-enforced existing gender inequalities. They received too little state funding, most of which went to black men and established white companies. Industrial policies have used too few policy tools and targeted male-dominated sectors, which are associated with high rates of sexual harassment and oppressive work conditions for women. During 2020, the IDC disbursed funding of R11.7 billion, of which R2.2 billion (24.6%) went to businesses with more than 25% ownership by women (WOSA, 2020).

The DTIC's gender-blind annual incentive report for 2019/2020 says the industrial financing division disbursed R5.3 billion of which R2.3 billion (43%) went to the automotive incentive scheme. The projected new jobs in the automotive sector were 891. Zalk (2019) says the DTIC's incentives budget declined by 18% in real terms between 2012/2013 and 2018/2019. The total funding through the IDC and DTIC incentives was R17 billion in 2020, which was equivalent to only 0.3% of GDP. This is too little to achieve structural and racial transformation of the economy.

Public and private funding of black business has also been inadequate. Starting at the top of the inverted funding pyramid, the Banking Association of South Africa (BASA, 2020) says the balance sheet exposure of South African banks – ABSA, Investec, Firstrand, Nedbank and Standard Bank – towards BEE deals stood at R164 billion in 2018. WOSA (2020) says banks – Firstrand, Standard Bank, Nedbank and ABSA – provided BEE financing of R34.2 billion during 2019. The public sector has made almost no financial contribution towards transformation at this level. The BEE Commission (2020b) found that the government had provided funding of R400 million towards BEE transactions during 2018/2019. During 2020, the IDC and the DTIC provided funding of R3.1 billion and R531 million respectively towards black industrialists. The combined R3.6 billion would purchase 10% of Spar, the smallest company within the JSE Top 50.

More alarming is the failure to provide funding for black small and medium enterprises (SMEs) who should be at the front and centre of any strategy to transform the economy. While this paper focuses on transformation of the "commanding heights" of the company, there is also a need for "mass empowerment from below" that will provide tens of thousands of black SMEs with access to capital and economic opportunities through procurement in the public and private sector. For example, technology company BCX was established in 1996 by 23-year old twin brothers Benjamin and Isaac Mophatlane. An early Telkom contract provided it with the scale to diversify and enter into mergers with established companies such as Comparex and to later list on the JSE in 2004. Telkom bought the company in 2015. However, there appear to be few such companies. This points to the need to significantly expand access to finance and to have a procurement accord with the largest private companies who can commit to disclose the size of contracts with black SMEs and achieve certain targets.

During 2019/20, the Small Enterprise Finance Agency (SEFA) disbursed R1.3 billion. The National Empowerment Fund has not been capitalised since it received R2.4 billion in 2004. It also received R1 billion after selling MTN shares in 2007. Within a context of zero funding for 17 years, it is a miracle that this organisation that was meant to operate in a segment of the market that is above that of SEFA, managed to disburse R304 million during 2020. Since inception in 2005, the National empowerment fund (NEF) has had a clean audit every year and disbursed R7 billion (NEF, 2019; NEF, 2020). The Land Bank does not report on lending to black farmers and has not provided statistics to the author of this report. A total public sector contribution of R1.6 billion towards all black SMEs is derisory. BASA (2020) found that the exposure of banks to black SMEs was R28.8 billion in 2018. This was equivalent to just 0.5% of total bank assets of R5.9 trillion. WOSA (2020) found that Firstrand (R3.5 billon), Standard Bank (R2.5 billion), Nedbank (R2.4 billion) and ABSA (R0.4 billion) lent R8.8 billion to black SMEs during 2019 as part of their financial sector charter commitments.

Post-apartheid corporate restructuring

After 1994, there was major restructuring of the "six axes of capital." The conglomerates internationalised, dismantled and simplified complex ownership and control structures. They unbundled operations in industry and finance to achieve the sector focus that markets had demanded. However, McGregor and Zalk (2017) point out that the unbundling did not reduce levels of concentration. There was an "equally intense process of rebundling" to consolidate single sector control. In 1999, Anglo moved its primary listing to the London Stock Exchange. It took a decade after the listing to shed non-core financial and industrial investments. After more than two decades of deal-making, Anglo has remained in a strong position in mining with interests in platinum, iron ore, coal and diamonds.

Anglo was the only mining house to survive of the five that existed in 1994 (Gqubule, 2018). At the end of December 2020, it was the largest company on the JSE Top 50, according to this paper's ranking of the JSE Top 50 companies based on the value of their South African assets. Anglo American Platinum ("Amplats") and Kumba Iron Ore ("Kumba") were second and fifth on the ranking. Together the South African assets of the three Anglo companies were worth R961.7 billion, equivalent to 19.7% of the total value of the domestic assets of all JSE Top 50 companies. The country's top three mining companies accounted for an astonishing 64.3% of the R1.5 trillion value of South African mining assets (Table 11).

JCI and Gencor unbundled themselves out of existence. Goldfield sold all but one of its mines to Sibanye Stillwater in 2013. Anglovaal's operations became part of black-owned African Rainbow Minerals (ARM), led by Patrice Motsepe during 2003 (CEDT, 2017). In 1995, Rembrandt and Richemont consolidated their interests in Rothmans and then, in 1999, merged them with British American Tobacco (BAT) to create the world's largest tobacco company. In 2000, Rembrandt restructured four investment companies that held its interests and created Remgro and Venfin, which merged in 2009 under the Remgro listing (Chabane et al., 2003). In 2008, Remgro unbundled its investment in BAT to its shareholders. During the same year, Rupert established Reinet, a Luxembourg-listed company that has 3% of BAT, its largest investment by

value, and other investments. The Rupert family now owns 7% of Remgro and 25% of Reinet. A Rupert-controlled company owns 0.1% of Richemont and 10% of its voting shares.

Sanlam and Old Mutual demutualised in 1998 and 1999 respectively. Old Mutual moved its primary listing to London but returned to South Africa in 2018 with a primary listing on the JSE after a separation of its United Kingdom, United States and African businesses. At the end of December 2020, Sanlam's market capitalisation was more than double that of Old Mutual. ABSA was established in 1991 after a merger between United, Allied and Volkskas banks and the Sage group. In 1992, it acquired Bankorp, whose assets included Trust Bank, Senbank and Bankfin. In 1998, there was a R59 billion merger of the financial services interests of Anglo, Remgro and RMB to form the Firstrand group. In 2007, Industrial and Commercial Bank of China paid $5.6 billion for a 20% stake in Standard Bank.

The other big trends in terms of changing corporate structures after 1994 were the internationalisation of South African conglomerates and the JSE itself. While South African capital expanded offshore, international investors increased their presence on the JSE through share ownership and inward listings. Foreign ownership of shares on the JSE increased from 4.1% in 1995 to 39% in May 2020 (Ashman, Mohammed and Newman, 2013; Strate, 2020). At the end of December 2020, Prosus was the largest company on the JSE. It grew out of one of the most successful investments in history by Naspers, an apartheid-era media company, in Tencent, a Chinese technology giant.

There were seven companies – Prosus, BHP, Richemont, Anglogold Ashanti, NEPI Rockcastle, Quilter and Reinet – with a market capitalisation of R4.4 trillion, equivalent to 31.2% of the JSE Top 50 total – that had no South African assets. Three companies – BAT, Naspers and Glencore with a market capitalisation of R3.3 billion or 23.6% of the JSE Top 50 total – had less than 5% of their assets in South Africa. These large inward listings distort the JSE, which has volatile movements because of the China-United States trade war or Chinese anti-trust regulations to reign in the monopoly power of the country's technology giants. As is shown in Table 8, an astonishing 75% of the market capitalisation of JSE Top 50 is derived from the value of assets that have nothing to do with the South African economy. The government should ban these inwards listings to increase monetary sovereignty and because of the destabilising effect they have on the economy, capital flows and the exchange rate.

After stripping out foreign ownership and inward listings, the rest of the JSE Top 50 looks similar to what it was in 1994. The major difference is that there was a consolidation of dozens of separately listed mining companies. This illustrates the difficulty of dislodging entrenched oligopolies that dominate many sectors of the economy. There are a few new companies such as Vodacom, MTN, Discovery and Capitec. But Remgro helped to establish Vodacom. Firstrand helped to set up Discovery. Firstrand was created in 1998 after a merger of the financial services assets of Rand Merchant Bank and Anglo American. In most cases, large companies emerge from the endless restructuring of other large companies. Black-owned ARM and Exxaro emerged from existing mining assets. Developing an independent path towards capital accumulation by black companies cannot ignore existing assets.

If one only looks at domestic assets, mining and finance accounted for 68.4% of the value of South African assets within the JSE Top 50 at the end of December 2020. Despite ownership changes, the structure of the mining industry has not changed. There are still the same few companies that dominate production of platinum, iron ore, coal and gold. Capitec is the only large new entrant in banking. There are none in insurance which has grown exponentially over the past two decades. The ratio of industry assets to GDP increased to 65.8% in 2016 from 37.6% in 2000, according to the World Bank.

The first wave of BEE transactions (1995 – 2002)

The four historic transactions by Nail, Real Africa, the National Empowerment Consortium (NEC) and the African Mining Group (AMG) kick-started a first wave of post-apartheid BEE deals between 1995 and 2002, which took place within the context of a lack of coherent policy from the government. Initially, the new black oligarchs mimicked the complex ownership and control structures of their white predecessors. At one stage Nail controlled a R20 billion empire with a 2% black economic interest. It had low voting shares and numerous pyramid companies (Gqubule, 2006). I asked Motlana what he would do to address the issue. He replied: “That is an issue for the next generation to address.” First wave financing involved the establishment of special purpose vehicles (SPVs) with two classes of shares. The black investors had political control through a majority of voting shares. The third party financier issued preference shares – a debt instrument. The interest was rolled over for the funding period. The black investors would own the economic shares after settling the debt.

Therefore, the share price had to perform. This was near impossible within the context of an economy that did not perform during the Gear phase, sky-high interest rates and volatile share prices. Between 1995 and 2002 the annual average prime lending rate was 17.7%. At this rate, the share price would have to double in four years to break-even. An emerging market crisis started in Thailand in July 1997 and reached its apotheosis when Russia defaulted on its debt in September 1998. JSE share prices crumbled. Between 1995 and 2009, accounting firm Ernst & Young published annual reviews of merger and acquisition activity, which included statistics on BEE deal volumes and values. The investment banking methodology did not distinguish between purchases and sales of shares by BEE companies. Between 1995 and 2002, there were 694 BEE transactions worth R137.4 billion. Annual BEE deal values reached a low of R12 billion in 2002 (Ernst & Young, 2003). For different reasons, Nail, Real Africa, the NEC and AMG unravelled during this period and failed to transfer meaningful ownership to black people.

The second wave of BEE transactions (2003-2008)

A second wave of BEE transactions started towards the end of 2003 on the back of the development of empowerment charters in the mining and finance sectors in 2002 and 2003 respectively. The release of the DTIC’s BEE Strategy in 2003 provided an empowerment policy framework. According to Ernst & Young (2004): “2003 could be regarded as the year in which black economic empowerment entered a new phase as a generator of transaction flows. After some tough times in the 1990s, there are now a number of established black-empowerment firms around, headed by shrewd

dealmakers. After a quieter first nine months to 2003 there was a burst of activity in the final quarter as deals were lined up in response to charter requirements."

The second wave until 2008 took place within the context of a boom on world equity markets and soaring world commodity prices. Domestically, there was faster GDP growth and lower interest rates. Second wave transactions used vendor finance and facilitation, which further brought down the cost of capital. Vendor finance refers to "notional loans" provided by the seller (the established company) to black investors. The loans are "notional" because no money changes hands in most cases. But the black investors must repay the "notional loan" at an agreed interest rate from dividends.

Vendor facilitation can include discounts provided to BEE companies and donations of shares to broad-based groups, including charitable foundations. It can also include assisting black investors to acquire third-party finance using the seller's balance sheet as security. Typically, such BEE transactions were financed at about 75% of the prime lending rate. For most, the funding period was 10 years. The generic BEE transaction that was concluded in 2004 had a cost of capital of 8.1% based on an annual average prime lending rate of 10.8% during the ten-year funding period until 2014. This was much lower than what prevailed during the first wave of BEE transactions.

The share price would have to increase by 118% to break even. With a dividend yield of 2.7%, it would have to increase by 69.2%. Some BEE transactions were conducted at the level of unlisted companies, which gave black investors access to cash flow from which to repay the loans. Although such transactions are theoretically less sensitive to the vagaries of share price movements, the settlement of the debt at the end of the funding period usually requires the shares in unlisted companies to be converted into listed shares of the parent companies based on an agreed formula.

Towards the end of 2003, Motsepe concluded two historic transactions that resulted in the listing of ARM and the purchase of a stake in Sanlam. In September 2003, African Rainbow Minerals Exploration and Investment (ARMI), which represents the Motsepe's family interests, acquired a 13.6% stake in Harmony Gold in a transaction that was worth R7,1 billion. In November 2003, ARMI acquired 43% of Anglovaal Mining (Avmin) in a transaction that was worth R4.4 billion after the company bought ARMI's Harmony shares and its 41.5% stake in the Modikwa platinum project. Avmin was renamed ARM. In December 2003, Sanlam sold a 13% stake in the company to a consortium that was led by Motsepe (Ernst & Young, 2004; CEDT, 2017).

In 2018, Sanlam sold a further 5% stake to black investors, including Motsepe. At the end of December 2020, ARMI had a 39.7% stake in ARM that was worth R23.4 billion. Sizanani-Thusang-Helpmekaar, which is controlled by Motsepe family interests and charitable foundations, had a 10.5% stake in Sanlam that was worth R13.7 billion (Sanlam, 2018). The Motsepe family's stakes in ARM and Sanlam were worth R37.4 billion ($2.6 billion). According to Forbes (2020), Motsepe was South Africa's third richest person – after Nicky Oppenheimer, the grandson of Anglo founder Ernest and Johann Rupert, the son of Rembrandt founder Anton – with wealth of $2.6 billion and the tenth richest in Africa. The Motsepe wealth also accounted for 15.3% of total black ownership within the JSE Top 50.

Between 24 April 2003 and 21 May 2008, the JSE all share index, which tracks the performance of all companies on the exchange, soared by 439.2% to 32 907 from 7 492. The index shed 46% to a low of 17 814 on 20 November 2008 in the wake of the GFC, before staging a strong recovery. By the end of 2014, the index was at 49 755, which was 664% higher than its lows on 24 April 2003. Between the end of April 2003 and 26 May 2008, the JSE resources index, which tracks the performance of mining companies, increased by 427% to 75 816. There was a 59% slump to 30 987 over the next six months. But resource share prices rebounded sharply and peaked at 60 770 on 25 July 2014. Between 1 April 2003 and 26 April 2007, the JSE Financial 15 index, which tracks the performance of the 15 largest banks and insurers, soared by 254% to 9 880 from 2 790. There was a 54% decline to 4 559 until 6 March 2009. But by the end of 2014, when many financial sector BEE transactions matured, the index was at 15 614, which was 1 282.4% above the low of 2 790 on 1 April 2003.

Between 2003 and 2008, there were 1 099 BEE transactions worth R361.2 billion, according to Ernst & Young's annual reviews of merger activity. Due to the spectacular JSE performance, many of these BEE transactions comfortably cleared their cost of capital hurdles, especially those (such as ARM) that were concluded early or before the boom in share prices. Some of the largest gains in terms of net value created after the end of their 10-year funding periods included Firstrand (R23.5 billion), Exxaro (R17 billion), Sanlam (R15,4 billion); Standard Bank (R10.7 billion), South African Breweries (R8.6 billion, excluding dividends of more than R5 billion), Old Mutual (R7.9 billion) and Nedbank (R5.5 billion). Kumba paid dividends of more than R20 billion to its black shareholders. In November 2011, the company's workers received a cash payment of R2.7 billion or R576 045 for each employee. Multichoice South Africa's (MCSA) Phuthuma Nathi scheme has paid dividends of R11.9 billion to shareholders since inception in 2006.

The third wave of BEE transactions (2009 – Present)

South Africa had a "lost decade" in terms of transforming ownership structures between 2009 and 2019 as a liquidity freeze in empowerment financing resulted in a dramatic slowdown in BEE transactions. There was an initial slowdown in financing in the wake of the GFC. But the situation became chronic as uncertainty about the application of the "once empowered always empowered" principle (explained below) and later the finalisation of amended charters in mining and finance put an end to the RDP objective of deracialsing ownership and control of the apartheid economy. The government effectively killed its own empowerment policy due to fatal flaws in the way it was designed. It has kicked away the ladder that enabled a few black people to accumulate capital through BEE transactions.

Between 2009 and 2019, there were few BEE transactions within the JSE Top 50. In 2010, South African Breweries sold 8.45% of its shares to black investors in a transaction that was worth R7.3 billion. During 2017 and 2018, there were replacement BEE transactions at Sasol (R16.6 billion), Vodacom (R16.4 billion) and Exxaro (R12.5 billion). In 2019, Sanlam sold 5% of its shares to black investors in a transaction that was worth R7.8 billion. In 2018, Anglo sold its Eskom-tied mines to Seriti Resources ("Seriti") in a R2.3 billion transaction. In 2020, South 32 sold its coal

mines to Seriti, which will pay the Australian miner 49% of the acquired company's cash flows up to a maximum R1.5 million a year until 2024.

The major trend within the JSE Top 50 was a reversal of transformation as many large BEE transactions were unwound at the end of their 10-year funding periods. For the empowerment process to continue, companies should eventually enter into new transactions – like Sasol, Vodacom and Exxaro – to replace exited BEE partners or unwound share schemes. In this way there can be liquidity in empowerment finance. But the empowerment policy framework has closed the tap. The BEE Codes were a political compromise between the stakeholders who helped develop them, including the DTIC, and emerging black businesses. Like most political compromises, the result was a mess.

The empowerment policy framework has four pillars: These are: the BEE Strategy (2003), the BEE Act (2004), the BEE Codes (2007) and the amended BEE Codes (2013). The 2007 Codes provided a measurement system and scoring mechanism with seven elements of Broad-Based Black Economic Empowerment (BBBEE): ownership, management control, employment equity, skills development, preferential procurement and socio-economic development. Each element had its own indicators, weighting points, targets, definitions and measurement principles. The Codes provided for independent verification of BBBEE contributions by accredited agencies. The amended codes, which consolidated the seven elements of BBBEE into five, were introduced because BBBEE had become an exam that was too easy to pass for established companies who had found ways to game the system.

The BEE Codes have a target of 25% for black ownership. But JSE-listed companies can exclude both mandated investments (by pension and provident funds) and state ownership, each of them up to a maximum of 40% from the denominator (the bottom part of the equation) when calculating the percentage of black ownership. This bizarre rule, whose rationale was never explained, has resulted in an effective 15% target for listed companies compared with a 25% target for unlisted companies.

According to the Continuing Consequences Principle in the BEE Codes, companies can keep 40% of their points after the exit of black shareholders. There are three conditions: the black investors must have held the shares for at least three years; the transaction must have created net value, which refers to the value created for black investors after they have settled their debts; and transformation must have taken place in the company. Also, companies cannot continue to earn points (or recognition) for longer than the period in which the shares were held by black investors. In theory, since most BEE transactions have 10-year funding periods, companies can continue to get recognition for a decade.

The list of absurdities in the mining charter is too long to outline in detail. However, the 2018 mining charter allows companies to have recognition for their past BEE transactions in perpetuity after black investors have exited. This is the "once empowered, always empowered" principle. For example, AngloGold Ashanti sold assets to black-owned African Rainbow Minerals Gold in 1998. The assets only remained under black ownership until 2003, when there was a merger between ARMGold, AngloVaal and Harmony. However, AngloGold still claims ownership credits

for these transactions after 23 years. If the BEE Codes had applied, the continued recognition for AngloGold would only have continued until 2008 because the assets remained under black ownership for five years.

In the 2012 financial sector code, the target for black ownership was 10%. Companies could keep their ownership credits after the exit of black shareholders. The amended 2017 financial sector code is more aligned with the ownership element of the BEE Codes, including on the issue of the recognition of past BEE transactions. However, the sector's "get out of jail" card is that they do not have to enter into new BEE transactions to achieve their ownership shortfalls against the higher effective 15% target and after the exit of black investors. They can get "equity equivalents" by investing in black business growth funding. This is an odd target for banks, part of whose core business is to fund the growth of enterprises. As a result, financial sector companies do not have to enter into replacement BEE transactions.

Therefore, the empowerment policy framework does not compel companies in mining and finance, which account for 75% of black ownership (Table 5) on the JSE, to enter into replacement transactions after the exit of black investors or the unwinding of transactions. In the rest of the economy, the incentives to enter into new transactions are weak. The government should have included a maximum period – of three years with a sliding scale of continued recognition – during which companies would earn points after the exit of black investors or the unwinding of BEE transactions.

The measurement of ownership

ver the past decade, South Africans have become confused by the dramatic differences between reported figures on black ownership of shares on the JSE. Between 2010 and 2013, the JSE released an annual report on black ownership within its Top 100 companies, which usually started an annual ritual of statistical mudslinging, that misled and confused the public. The debate came to a head in February 2015 when former president Jacob Zuma responded during a debate on his state of the nation address (SONA) to a question from Themba Godi, the leader of African People's Convention.

Godi pointed out that the government had not fundamentally changed the structure of the economy to effect true transformation. Zuma agreed with Godi and said: "Twenty years into freedom, we are still grappling with poverty, inequality and unemployment. Inequality is still staring at us in the face. Census 2011 informed us that the income of households has hardly changed and that the income of white households is still six times more than that of black households. In addition, the black majority still owns only 3% of the JSE, pointing to the need to move faster to achieve meaningful economic participation."

The following day, the JSE released its own study on black ownership at the end of 2013. It said black people owned 23% of the shares of companies within the JSE Top 100. The study said 10% of this ownership was direct and 13% was held indirectly through pension and provident funds (Gqubule, 2015). It was impossible to decode the JSE report. It only released a two-page press statement that had no per-company

analysis or explanation of the methodologies that it had used to calculate black ownership. The black ownership target in the BEE Codes refers to direct ownership.

Therefore, indirect ownership is not relevant because it is not part of black ownership, according to the empowerment rules. The BEE Codes do not allow companies to add direct and indirect ownership as the JSE study did. In response to the mini-furore that followed the speech, the Presidency issued a statement: "The President stands by his assertion, which was based on the measure used by the National Empowerment Fund (NEF) to assess direct black ownership and control of the South African economy, using the JSE as a proxy." Direct black equity control over the JSE's average market capitalisation of R11.9 trillion as at June 2014, stands at 3% (R358 billion).

"To reach 25% of black control it requires an additional 22% worth R2.6 trillion at current estimated market capitalisation of the JSE. This is a gap that still needs to be addressed and funded in order to achieve transformation of up to 25% of JSE market capitalisation." The NEF calculation of the black equity shortfall on the JSE was wrong because BEE only applies to domestic assets. About 75% of the JSE relates to foreign assets. Tencent cannot implement a BEE transaction.

In a statement, the JSE eventually conceded that the Presidency's 3% figure was correct: "Insofar as the direct investment that black South Africans hold in listed companies on the JSE, we roughly concur that the holding is 3%. When direct and indirect holdings are included as a value of the JSE Top 100 listed entities on the JSE, the figure is 23%." The JSE statement made no sense since the earlier one dated 20 February had said that direct ownership was 10%.

Theobald et al. (2015) found that there was black ownership of R209 billion within the JSE Top 100 at the end of December 2014. This was equivalent to 1.9% of the R10.8 trillion market capitalisation of companies listed on the JSE on that date, according to this author's calculation. The report found that BEE deals that had been undertaken from 2000 and that had matured before the end of 2014 had created value of R108 billion. Therefore, BEE deals had generated value of R317 billion during the 14-year period. In March 2017, a Nedbank presentation to the Parliamentary Standing Committee of Finance's hearings on transformation said the company had achieved black ownership of 37.6% (Nedbank, 2017a).

However, the bank's 2017 annual financial statements said it had black ownership of 1.4% (Nedbank, 2018). In 2017, a National Treasury report found that there had been black ownership of 1% within the Top 25 JSE-listed companies at the end of December 2016 (National Treasury, 2017). In June 2020, the BEE Commission released a report, which found that there was average black ownership of 25% in 2019 among 150 JSE-listed companies. At the end of December 2019, there were 360 companies listed on the JSE. They had a market capitalisation of R14.8 trillion. This implied that there was black ownership of R3.7 trillion. This was impossible and absurd.

The above examples illustrate the confusing maze of BEE statistics that are in the public domain. Though there has always been a huge difference between form and substance when it comes to BEE, reporting on black ownership has now lost all credibility. There is now no relationship between actual black ownership – as reported

by companies in their own annual reports – and the figures that appear on their BEE scorecards. There is now a huge difference between measuring actual black ownership and measuring black ownership for the purposes of scoring points on a BEE scorecard. This is due to the political compromises that were made during the drafting of the Codes. These include the following:

- The flow-through principle measures actual (or effective) black ownership. It strips out non-empowerment shareholders at each level of an ownership chain. For example, if a 51% black-owned company buys 25% of company A, effective black ownership is 12.75%. The political compromise – the modified flow-through principle – allows the 51% shareholding to count as 100% ownership only once in an ownership chain. The black ownership in company A will be 25%.

- The exclusion of mandated investments and state ownership can distort ownership scores. Using both these rules, Telkom could exclude 80% of its issued shares from the denominator when calculating black ownership. As a result, 6% black ownership by the former Elephant Consortium became 28%.

- The continuing consequences principle (CCP) allows companies to recognise up to 40% of black ownership after the exit of black shareholders if certain conditions are met.

- Many companies hire consultants to go through their share registers to identify ownership by subsidiaries of financial sector companies, whose inflated black ownership scores flow through to the measured entity. Therefore, a company can get recognition based on the black ownership scores of its shareholders, who may have concluded BEE transactions with third parties who have no relationship with the measured entity. For example, Pick n Pay is one of South Africa's least empowered companies. It is a Level Seven Contributor to BBEEE, the second lowest level of compliance, according to the Codes. The company has never concluded a black ownership transaction. Yet, Pick n Pay's 2020 BEE certificate shows that it has black ownership of 16.95%.

- Finally, BEE applies to a company’s South African operations. A company can exclude non-South African assets from the denominator that is used to calculate the percentage of black ownership.

Black ownership within the JSE Top 50

At the end of December 2020 the JSE had 1 003 listed companies and other instruments, according to a spreadsheet provided by the JSE. As shown in Table 2, the JSE had a market capitalisation of R17.9 billion. Following the methodology of National Treasury (2017) this report excluded 664 other instruments on the spreadsheet – investment products (361), exchange traded funds (78), preference shares (40), exchange traded notes (65), warrants (98), non-equity investments (7), other securities (1), Kruger rands (4) and corporate debt (10) – that had a market capitalisation of R2.4 trillion. Some of these other instruments are derivatives of listed companies. Their market capitalisations are derived from the value of a listed

company or a number of listed companies. Others are debt instruments (preference shares and corporate debt) issued by listed companies to fund their growth.

After the exclusions of other instruments, there were 339 listed companies on the JSE that had a market capitalisation of R15.5 billion. The selected sample of the JSE Top 50 companies had a market capitalisation R14.2 billion, which was equivalent to 91.9% of all companies listed on the exchange. Mining companies had a market capitalisation of R3.7 trillion. There were 14 mining companies that had a market capitalisation of R3.7 trillion, which was equivalent to 26.4% of the JSE Top 50 total (Table 10). There were also eight finance companies that had a market capitalisation of R1.1 trillion, which was equivalent to 7.9% of the JSE Top 50 total (Table 12). Mining and finance companies had a market capitalisation of R4.9 trillion, equivalent to 34.3% of the JSE Top 50 total (Table 3).

This paper then calculated black ownership at the levels of the listed (Table 7) and unlisted companies (Table 9) on the date of measurement at the end of December 2020. The companies in Table 9 sold shares in unlisted subsidiaries to black people. For example, black people do not own shares in Multichoice Group, the listed company. But they own shares in Multichoice SA, an unlisted company. Since ownership is calculated on a specific measurement date, the analysis excludes the effect of previous transactions that may have matured or unwound, or the sale of assets such as mines.

There were 25 companies within the JSE Top 50 that had black ownership at the level of the listed company. In most cases, for listed companies, the data for black ownership was based on what companies disclosed in the analysis of shareholders sections of their annual reports. There were eight JSE Top 25 companies that conducted BEE transactions at the level of unlisted subsidiaries. This has been a popular model of empowerment in the mining sector, where shares in unlisted mines were sold. The research also used BEE transaction presentations, circulars to shareholders and other relevant disclosures that were made by companies on their websites.

There was black ownership of R245 billion within the JSE Top 50 companies. This figures refer to gross black ownership before taking into account the debts used to acquire shares. This was equivalent to 1.7% of the total market capitalisation of the JSE Top 50 listed companies. This comprised R189.5 billion at the level of the listed company (1.3% of the JSE Top 50 total) and R55.5 billion at the level of unlisted companies (0.4% of the JSE Top 50 total) as shown in Table 3. Other studies have focused only on transactions at the level of the listed company. There was black ownership of R113.1 billion in mining at the listed and unlisted levels, which was equivalent to 45.8% of the JSE Top 50 total and 3% of the R3.7 trillion market capitalisation of the 14 listed companies within the Top 50 (Table 10).

There was black ownership of R69.5 billion in finance, which was equivalent to 28.4% of the JSE Top 50 total and 6.2% of the R1.1 trillion market capitalisation of the eight listed finance companies within the Top 50. There was black ownership of R181.6 billion in mining and finance. This was equivalent to 74.1% of total black ownership of R245 billion within the JSE Top 50. ARMI and RBH, which are by far the largest black-

owned companies with combined net assets of R67 billion, had a focus in mining and finance.

Unlike every other study of black ownership on the JSE, this paper also conducted an analysis of the value of South African assets within the JSE. The BBBEE Codes require companies to exclude foreign assets – as opposed to foreign ownership, which is a separate issue – in the calculation of black ownership. The only guidance is that companies must use an accepted valuation methodology to exclude the value of foreign assets. Calculating black ownership as a percentage of the value of South African assets is a more meaningful measure that is aligned to the objectives of government policy.

Some BEE transactions have been conducted at the level of South African subsidiaries. In such cases, for example Sasol, the company will create an unlisted South African company in which black investors can purchase shares. Other transactions, for example MTN, have provided black investors with the opportunity to purchase shares at the level of the listed company and participate in the company's growth in the rest of Africa and other markets. MTN uses its preferred profit measure – earnings before interest, tax, depreciation and amortisation (EBITDA) – to calculate the value of South African assets. The company uses the value of the listed shares (the numerator) and the value of South African assets (denominator) to calculate the percentage of black ownership.

The methodology used in this paper is mostly based on the measures that companies use to calculate the value of South African assets. It uses the segment analysis disclosed by companies in their annual reports and other information in the few instances where foreign companies do not provide such analysis. A limitation is the number of multinational companies, including BAT, AB Inbev and Naspers, which do not provide sufficient information about their South African operations.

For single commodity mining companies and BAT, the paper uses production statistics. This is the methodology that was used by Anglogold when it applied for the renewal of its mining licenses. For multi-commodity mining companies the paper uses the preferred profit measure, which was EBITDA in most cases. For other companies, the paper uses their preferred profit measures disclosed in their segment analysis. In a few cases, where companies did not provide segment analysis using a profit measure, this paper has used turnover as an imperfect proxy.

The value of South African assets was R3.5 trillion, which was equivalent to 25% of the JSE Top 50 total of R14.2 trillion. Therefore, foreign assets accounted for R10.6 trillion (75%) of the JSE Top 50's market capitalisation. Black ownership of R245 billion was equivalent to 6.9% of the value of South African assets. This comprised black ownership of R189.5 billion (5.4%) at the level of listed companies and R55.5 billion (1.6%) at the level of unlisted companies. In mining, black ownership of R113.1 billion was equivalent to 7.6% of the R1.5 trillion value of the South African assets of the 14 resources companies within the JSE Top 50. In finance, black ownership of R69.5 billion was equivalent to 7.5% of the R926.4 billion value of the eight banking and insurance companies within the JSE Top 50.

If one unpacks black ownership within the JSE Top 50 at the end of 2020, ARMI had investments in ARM and Sanlam worth R37.4 billion. Four BEE companies – Mpilo Platinum (9.4%), Women's Consortium (6%), BVI 1841 (4%) and Malundi Resources (4%) – had a 23.4% stake in Northam Platinum ("Northam") that was worth R25.4 billion. Northam's share price soared 373% to R209 on 31 December 2020 from a low of about R56 on 19 March 2020. RBH owned 4.1% of Firstrand worth R11.7 billion; 14.5% of Rand Merchant Investment Holdings worth R7.1 billion and 1.8% of Vodacom worth R4.1 billion. These investments were worth R22.9 billion. Five BEE partners – Firstrand Empowerment Trust, Firstrand Staff Trust, MIC Management Services, Kagiso Trust and WDB Group owned a 5.2% stake in Firstrand worth R14.9 billion. Lebashe Investment Group ("Lebashe") has a 7.27% stake in Capitec that was worth R12 billion. The Sishen Iron Ore Company (SIOC) Community Development Trust had a 3.1% stake in the SIOC that was worth R8.1 billion. These companies accounted for half of black ownership on the JSE.

There are very few large black companies. There is not a single black-owned company within the JSE Top 100. ARM is black-controlled. ARMI was worth R37.4 billion at the end of December 2020. RBH had a net asset value of R30 billion at the end of December 2019. Lebashe has assets of more than R12 billion. Kagiso Trust Holdings is valued at R5.4 billion. Others are much smaller. But black males have dominated BEE transactions. In most cases, black women-led companies were tag-along investors. Although it is impossible to untangle every ownership structure to identify the gender of each shareholder, there are few black women-owned and led companies with shares in JSE Top 50 companies.

The Women's Consortium owned a 6% stake in Northam Platinum that was worth R6.4 billion at the end of December 2020. Zanele Mbeki's Women's Development Bank (WDB) Group – Women's Development Trust and Women's Development Bank Investment Holdings – is a public benefit organisation that provides microfinance to black women. The WDB Group owns shares in Firstrand (worth R2.1 billion); Discovery (R900 million); Bidvest (R200 million); and Bidcorp (R400 million). The group has a net asset value of R2.8 billion. Black women-owned companies, led by Kalagadi Investments, own 5.7% of Exxaro, which is worth about R2.7 billion (Mashile-Nkosi, 2020). Wiphold has a small stake in Old Mutual.

This paper has avoided delving into the political economy of empowerment, which has received significant attention. Some early BEE transactions benefited a few black businessmen and political insiders, who were known as the "usual suspects." Prominent examples, almost all of them men, included President Cyril Ramaphosa, former Gauteng premier Tokyo Sexwale, former ANC leader Saki Macozoma and his partner former presidential economics advisor Moss Ngoasheng, former trade union leaders and ANC members of parliament Johnny Copelyn and Marcel Golding, former director-general of communications Andile Ngcaba and former senior ANC official Smuts Ngonyama.

However, these transactions gave way to broad-based consortia that included black professionals, employees, charitable foundations, retail schemes and numerous other broad-based empowerment schemes. At the end of December 2020, none of the usual suspects owned shares in the JSE Top 50 companies. Exxaro is the only company

within this paper's sample that does significant business with the government. Its founders are black professionals who were victims of state capture when one of their contracts with Eskom was hijacked and diverted towards the Gupta family.

Jabu Moleketi, a former deputy minister of finance is a director of Lebashe. The Public Investment Corporation (PIC) Commission recommended that the PIC and the Government Employees Pension Fund should appoint an independent investigator to examine the Pan Africa Infrastructure Development Fund, which was established by Lebashe chairman Tsepho Mahloele, a former PIC employee, "to determine whether any monies due to overcharging or any other malpractice should be recovered". Future research could explore in more detail the composition of black ownership within the JSE. It is unlikely to find evidence of significant ownership by political insiders.

Conclusion

South Africa's post-apartheid project to transform ownership of the commanding heights of the economy is on its last legs due to policy design and implementation failures. It may never recover. The most important impediments towards transformation were at the level of macroeconomic policy. After 27 years of economic mismanagement, the government has failed to address the triple challenges of unemployment, poverty and inequality and deliver on the promises of a better life for all. There cannot be major transformation of the economy without changes to the failed macroeconomic policies. There has to be the political will to change and embrace a new developmental mind set, which was critical in all the episodes of rapid economic growth and transformation in East Asia and elsewhere.

Transforming ownership structures can only take place within a context of faster rates of GDP growth and a significantly lower cost of capital. The country needs a developmental central bank that can harness what Stephanie Kelton (2020) refers to as the power of "our sovereign currency" to support economic development, climate justice and structural, racial and gender transformation. It must also use the entire SA Inc. balance sheet that includes excess foreign exchange reserves, government cash balances, surpluses within social security funds and the ability to increase debt if it is required.

A developmental central bank would develop numerous other policy tools that extend far beyond the setting of interest rates. For example it could recapitalise DFIs and establish new ones to drive sectoral transformation. It could also tighten its leash over the financial sector – the defining feature of a developmental state – through regulation and licensing conditions that set racial and gender quotas and targets for bank lending that are in line with industrial policies. The government could also get a "seat at the table" if it spun the PICs existing significant interests in the financial sector into a separate holding company – along the lines of China's Central Huijin – that could drive sectoral transformation.

Furthermore, there should be a revamp of the failed BBBEE policy framework to stimulate a fourth wave of post-apartheid BEE transactions. The government must

develop the political will to confront powerful corporate interests and reverse all the major policy impediments and compromises that were made during the drafting of the BBBEE Codes and sector charters that have contributed towards the freeze in empowerment financing. A new policy dispensation must create liquidity in empowerment financing by inducing companies to enter into replacement BEE transactions. It must also create flexibility – smart incentives for BBBEE companies to realise value before the end of the funding periods.

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Annexure

1.JSE Top 50 Market Capitalisation at end-December 2020

	Company	Market Capitalisation (RBillion)	% of Market Capitalisation	Cumulative % of Market Capitalisation
1	Prosus	2 609.5	18.4	18.4
2	AB Inbev	1 759.3	12.4	30.8
3	BAT	1 339.9	9.5	40.3
4	Naspers	1 315.0	9.3	49.6
5	BHP	821.7	5.8	55.4
6	Richemont	684.3	4.8	60.2
7	Glencore	683.1	4.8	65.0
8	Anglo American	661.1	4.7	69.7
9	Amplats	382.9	2.7	72.4
10	Firstrand	286.3	2.0	74.4
11	Vodacom	228.4	1.6	76.0
12	Standard Bank	205.9	1.5	77.5
13	Kumba Iron Ore	200.6	1.4	78.9
14	Sibanye Stillwater	175.4	1.2	80.1
15	Mondi	166.6	1.2	81.3
16	Capitec	165.7	1.2	82.5
17	Impala Platinum	158.9	1.1	83.6
18	Anglogold Ashanti	142.8	1.0	84.6
19	South32	135.4	1.0	85.6
20	Sanlam	130.8	0.9	86.5
21	Gold Fields	121.5	0.9	87.3
22	MTN	113.4	0.8	88.1
23	Northam Platinum	106.8	0.8	88.9
24	Discovery	102.2	0.7	89.6
25	Absa Group	101.6	0.7	90.3
26	BIDCorp	88.2	0.6	91.0
27	Sasol	84.1	0.6	91.5
28	Shoprite	82.8	0.6	92.1
29	Nedbank	65.0	0.5	92.6
30	Clicks	62.8	0.4	93.0
31	MultiChoice	59.3	0.4	93.5
32	African Rainbow	58.8	0.4	93.9
33	Aspen	57.2	0.4	94.3
34	NEPI Rockcastle	56.9	0.4	94.7
35	Old Mutual	56.0	0.4	95.1
36	Quilter	54.8	0.4	95.5
37	Reinet	54.0	0.4	95.8
38	Bidvest	53.4	0.4	96.2
39	Remgro	50.9	0.4	96.6
40	Pepkor Holdings	49.9	0.4	96.9
41	Exxaro	49 8	0.4	97.3
42	RMIH	49.1	0.4	97.6
43	Comair	46.9	0.3	98.0
44	Harmony	44.1	0.3	98.3
45	Mr Price	43.6	0.3	98.6
46	Growthpoint	43.1	0.3	98.9
47	Mediclinic	42.0	0.3	99.2
48	Woolworths	41.5	0.3	99.5
49	Tiger Brands	39.5	0.3	99.7
50	The Spar	36.5	0.3	100.0
	TOTAL	**14 169.4**		

2. JSE Top 50 Reconciliation

		Number	Value (Rbillion)
JSE Companies			
	Sub-Total	**339**	**15 419.3**
JSE Other Instruments			
1	Investment Products	361	2 262.5
2	Exchange Trade Funds	78	101.9
3	Preference Shares	40	38.2
4	Exchange Traded Notes	65	13.9
5	Warrants	98	11.1
6	Non-Equity Investment Instruments	7	5.8
7	Other Securities	1	1.3
8	Kruger Rands	4	0
9	Corporate Debt	10	0
	Sub-total	**664**	**2 434.7**
	Grand Total	**1 003**	**17 854.0**
	JSE Top 50	**50**	**14 169.4**
	JSE Top 50 as a percentage of all JSE companies		**91.9**

3. Black Ownership within the JSE Top 50 (Summary)

	Value (Rbillion)	Percentage of JSE	Percentage of SA Assets
Black Ownership (Listed)	189.5	1.3	5.4
Black Ownership (Unlisted)	55.5	0.4	1.6
TOTAL	245.0	1.7	6.9

4. JSE Top 50 Mining and Finance Companies (as a Percentage of JSE Top 50))

	Market Capitalisation (Rbillion)	% of Total
Mining	3 740.9	26.4
Finance	1 113.5	7.9
Mining and Finance	4 854.4	34.3
Total (JSE Top 50)	**14 169.4**	

5. JSE Top 50 Mining and Finance Companies (as a Percentage of South African Assets)

	SA Assets (Rbillion)	% of Total	Black Ownership (Rbillion)	% of Total Top 50 Black Ownership	% of SA Assets
Mining	1 496.5	42.3	113.1	46.2	7.6
Finance	926.4	26.2	69.5	28.4	7.5
Mining and Finance	2 422.9	68.4	182.6	74.5	7.5
TOTAL	3 541.6				

6. BEE Transaction: Volumes and Values

Year	Number	Value (Rbillion)

1995	23	12.4
1996	45	7.0
1997	52	8.3
1998	111	21.1
1999	132	23.1
2000	126	28.0
2001	101	25.1
2002	104	12.4
2003	189	42.2
2004	243	49.9
2005	238	56.2
2006	221	56.0
2007	125	96.0
2008	83	60.9
2009	58	36.5
TOTAL	**1 851**	**535.1**

Sources: Ernst & Young Annual Reviews of Mergers and Acquisition 1994 to 2009

7. BEE Market Capitalisation of JSE Top 100 Companies at end-December 2020 (Listed Shares)

	Company	Market Cap (Rbillion)	BEE %	BEE Market Cap (Rbillion)	% of BEE Market Cap	Cumulative % of BEE Market Cap
1	Northam Platinum	106.8	31.4	33.5	17.7	17.7
2.	ARM	58.8	47.4	27.9	14.7	32.4
3.	Firstrand	286.3	9.3	26.6	14.0	46.4
4.	Sanlam	130.8	17.2	22.5	11.9	58.3
5	Vodacom	228.4	6.2	14.2	7.5	65.8
6.	Capitec	165.7	8.0	13.3	7.0	72.8
7	Exxaro	49.8	15.7	7.8	4.1	76.9
8	Amplats	382.9	2.0	7.7	4.1	81.0
9.	RMIH	49.1	14.5	7.1	3.7	84.7
10	MTN	113.4	4.1	4.6	2.4	87.1
11	Pepkor Holdings	49.9	8.8	4.4	2.3	89.4
12	Discovery	102.2	3.6	3.7	2.0	91.4
13	Tiger Brands	39.5	7.3	2.9	1.5	92.9
14	Harmony	44.1	5.9	2.6	1.4	94.3
15	Gold Fields	121.5	1.6	1.9	1.0	95.3
16	Standard Bank	205.9	0.9	1.9	1.0	96.3
17	Aspen	57.2	2.2	1.3	0.7	97.0
18	Sibanye Stillwater	175.4	0.7	1.2	0.6	97.6
19	AB Inbev	1 759.3	0.1	0.9	0.5	98.1
20	Nedbank Group	65.0	1.3	0.8	0.4	98.5
21	Sasol	84.1	1.0	0.8	0.4	98.9
22	Old Mutual	56.0	1.2	0.7	0.4	99.3
23	Mediclinic	42.0	1.5	0.6	0.3	99.6
24	BIDCorp	88.2	0.5	0.4	0.2	99.8
25	Bidvest	48.3	0.4	0.2	0.1	99.9
26	Prosus	2 609. 5	0.0	0.0	0.0	0.0
27	BAT	1 339.9	0.0	0.0	0.0	0.0
28	Naspers	1 315.0	0.0	0.0	0.0	0.0
29	BHP	821.7	0.0	0.0	0.0	0.0
30	Richemont	684.3	0.0	0.0	0.0	0.0
31	Glencore	683.1	0.0	0.0	0.0	0.0
32	Anglo American	661.1	0.0	0.0	0.0	0.0
33	Kumba Iron Ore	200.6	0.0	0.0	0.0	0.0
34	Mondi plc	166.6	0.0	0.0	0.0	0.0
35	Impala Platinum	158.9	0.0	0.0	0.0	0.0
36	Anglogold Ashanti	142.8	0.0	0.0	0.0	0.0
37	South 32	135.4	0.0	0.0	0.0	0.0
38	Absa	101. 6	0.0	0.0	0.0	0.0
39	Shoprite	82.8	0.0	0.0	0.0	0.0
40	Clicks Group	62.8	0.0	0.0	0.0	0.0
41	MultiChoice	59. 3	0.0	0.0	0.0	0.0
42	NEPI Rockcastle	56.9	0.0	0.0	0.0	0.0
43	Quilter	54.8	0.0	0.0	0.0	0.0
44	Reinet	54.0	0.0	0.0	0.0	0.0
45	Remgro	50.9	0.0	0.0	0.0	0.0
46.	Comair	46.9	0.0	0.0	0.0	0.0
47	Mr Price	43.6	0.0	0.0	0.0	0.0
48	Growthpoint	43.1	0.0	0.0	0.0	0.0
49	Woolworths	41.5	0.0	0.0	0.0	0.0
50	Spar	36.5	0.0	0.0	0.0	0.0
	TOTAL	**14 169.4**		**189.5**		

1. Black-owned Zambezi Platinum owned 31.4% of **Northam Platinum's ("Northam")** shares at the end of June 2020, according to the company's 2020 integrated report (p 148). In October 2014, Northam announced a R6.6 billion transaction that saw a BEE consortium purchase a 31.4% stake in the company. BEE consortia received 74% of the allocation. Two community trusts received 15.9%. An employee trust received 9.6%.

2. **African Rainbow Minerals (ARM)** was created in 2003 following a merger that brought together the assets of black-owned ARMGold (created in 1998 by founder Patrice Motsepe), Harmony Gold and Anglovaal Mining (Avmin). After the merger, Avmin was renamed as ARM. African Rainbow Minerals Exploration & Investment (ARMI) which represents the family interests of Patrice Motsepe, acquired 43% of Avmin. In April 2005, ARM became a black-owned company (with more than 50% black ownership) when a Broad-Based BEE Trust acquired 14% of the company's shares. During 2016, the black shareholding fell to below 50%, which is below the threshold to qualify as a black-owned company after a restructuring of the trust's financing that reduced its ownership. At the end of June 2020, ARM had black ownership of 47.36%, including treasury shares and 50.22% excluding treasury shares. ARMI owned 39.74% of ARM. The broad-based

BEE trust owned 7.12%. Botho-Botho Commercial Enterprises owned 0.5% of the company's shares (ARM 2020 annual financial statements, pages 124 and 125).

3. In February 2005, Firstrand sold 10% of its shares (at R12.28c a share) to black investors in a transaction that was worth R7.9billion. The First Rand Empowerment Trust (FRET) received an allocation of 6.5% worth R5.1billion. Although Firstrand recognised some of the FRET shareholders – the investment companies of the Women's Development Bank and the National Union of Mineworkers - as strategic BEE partners, this report categorises all of them as broad-based and community empowerment schemes, due to the nature of their beneficiaries. These women and mineworker investment companies and trusts received an allocation of 4.4% (including an allocation of performance shares) that was worth R3.4 billion.

The First Rand Empowerment Foundation received the remaining FRET allocation of 2.1% that was worth R1.7 billion. In terms of financing the FRET transaction, Firstrand made a donation of almost R1.5billion. The shareholders contributed R100 million. There was third party debt of R2.9 billion. Finally, the Firstrand Employee Trusts received an allocation of 3.5% worth R2.8billion. By the end of December 2014, when the transaction matured, the BEE investors had an 8.2% stake in the company that was worth R23 billion. In a presentation to parliament in March 2017, the company said the transaction had delivered net value of R23.5 billion.

Although the transaction had matured at the end of December 2014, some FRET shareholders (the women and mineworker's investment companies and trusts) agreed to retain their shares. At the end of June 2020, the BEE shareholders had a 5.2% stake according to Firstrand's annual report (p 281). Black-owned Royal Bafokeng (RBH) also a 4.1% stake in the company. RBH had purchased a 15% stake in Rand Merchant Bank Holdings (now called RMH) in two transactions in December 2010 and December 2011, which was subsequently reduced to 12.5%. RMH's main interest was a 34% stake in Firstrand. Therefore, RBH's indirect stake in Firstrand was about 4.3%. On 24 June 2020, RMH unbundled its stake in Firstrand and RBH ended up with a direct 4.1% stake in Firstrand. This means that Firstrand has 9.3% black ownership.

4. In December 2003, **Sanlam** sold an initial 8% of its shares to the Ubuntu Botho consortium, led by Patrice Motsepe, a black entrepreneur, in a transaction that was worth R1.3billion. The consortium also received deferred Sanlam shares that were equivalent to a 2% stake in the company. The shares would vest depending on the consortium achieving certain performance targets. The transaction became effective on 1 January 2004. The members of the consortium were Sizanani–Thusang-Helpmekaar, the Strategic BEE Partner that housed Motsepe's interests (with an allocation of 55%) and Broad-Based Ownership Schemes (BBOS) with 45%. The BBOS were: various provincial, church, worker and youth groups (25%) and the Sanlam Ubuntu Botho Community Development Trust (20%). Sizanani made a cash contribution of R200 million towards funding the transaction. During the 10 years to end-December 2013, Sanlam's share price soared by 360% to R40.51c from R8.80c at the end of December 2003. Its market capitalization soared by 379% to R118.8 billion from R23.4 billion during the same period.

At end December 2013, Ubuntu Botho had a 14% stake in Sanlam due to share buybacks that reduced the number of issued shares and the vesting of the deferred shares. In its annual report for the year to end-December 2013, the company said the Ubuntu Botho shares were worth R15.6 billion. After deducting the initial R200 million capital investment, the total value created was about R15.4billion. The dividends received during the 10-year period of the transaction were enough to repay all of the debt, cover costs, enable Ubuntu-Botho to pay a R50 million dividend to its shareholders and invest R110 million in Ubuntu-Botho Investments Holdings, a targeted investment company, Sanlam said. Ubuntu Botho agreed to remain invested in Sanlam for another decade after, the two companies said. At the end of October 2018, Sanlam announced that it would issue 5% of its shares to black shareholders (SU BEE Investment (RF) (Pty) Ltd 182.

Of the allocation, 80% would be to new black shareholders. Ubuntu-Botho would get the remaining 20%. The transaction would be implemented during the first half of 2019. In March 2019, Sanlam said it would issue 111.3m shares at a price of R70/share in a transaction that was worth R7.8 billion. The October 2018 announcement also said Sanlam would provide Ubuntu-Botho with a R2billion facility to purchase shares in Sanlam subsidiaries. At the end of December 2019, Sanlam had black ownership of 17.2%. This comprised the Ubuntu-Botho consortium, which had a 12.48% stake in Sanlam. SU BEE Investment had a 4.75% stake in Sanlam, according to the group's integrated annual report (page 234)

5. Yebo Yethu Investments acquired a 6.23% stake in **Vodacom** in a transaction that was worth R16.4billion, according to a statement released by Vodacom in July 2018. Yebo Yethu shareholders were Royal Bafokeng Holdings (with an allocation on 29%), Thebe Investments (12%), Yebo Yethu Black Public (28%), Yebo Yethu ESOP (11%) and Vodacom ESOP (20%). The transaction would replace a 2008 BEE transaction that was unwound during October 2018. At the end of March 2020, Yebo Yethu owned a 6.23% stake in Vodacom, according to the company's annual report.

6. In 2007, **Capitec Bank ("Capitec")** sold 12.2% of its shares to black-owned Coral Lagoon in a transaction that was valued at R300m. Coral Lagoon acquired 10 million shares at a share price of R30. The transaction valued Capitec at about R2.5 billion. Since then, there has been restructuring of the black ownership with the introduction of a new majority shareholder and the reduction of ownership and exit of others. At the end of February 2020, Capitec had 7.96% black ownership. The shareholders were: Lebashe Investment Group (7.27%), Coral Lagoon (0.45%) and employees and directors (0.24%), according to the company's integrated annual report (pages 265 and 266).

7. **Exxaro** had about 53% black ownership from its inception in November 2006 until 28 November 2016, when its 10-year BEE funding structure was unwound. In November 2017, the company implemented a replacement BEE transaction. New BEECo acquired 30% of Exxaro in a R12.5 billion transaction. Within the structure, BEE shareholders own 52.2% of BEE SPV, which owns 30% of Exxaro. The other shareholders are Exxaro (24.9%) and the Industrial Development Corporation (22.9%). The company says it plans to sell the Exxaro shares to communities who live near the areas where it has mines. Therefore, black ownership is 15.7% using the flow-through principle, which strips out all shareholders who are not black (IDC and Exxaro) in an ownership structure (Exxaro annual financial statements, page 168).

8. Anglo American Platinum (Amplats) had 2% black ownership at the level of the listed company at the end of June 2020, according to the company's South Africa Transformation Performance Report (Pages 10, 11). In 2011, Amplats sold

a 2.3% stake in the company to five community trusts in a transaction (named Project Alchemy) that was worth R3.5 billion.

9. In December 2010, black-owned Royal Bafokeng Holdings (RBH), the investment company of the Bafokeng nation, paid R2.5 billion for a 5% stake in **RMB Holdings (RMH).** RMH's main interest was a 34% stake in Firstrand. In March 2011, RBH acquired a 5% stake in **Rand Merchant Investment Holdings (RMI)** after the company was unbundled out of RMH. In December 2011, RBH paid R5.3billion to acquire 10% stakes in RMH and RMI. They obtained: 5% of the shares in each company from the group's founders GT Ferreira, Laurie Dippenaar and Paul Harris; 4% of the shares in each company from entrepreneur Johan Rupert's investment holding company Remgro; and 1% of the shares in each company on the open market. At the end of June 2020, RBH had a 14.5% stake in RMI, according to the company's integrated annual report (page 132).

10. In July 2010, MTN announced the MTN Zakhele BEE Scheme. It sold 4% of its shares worth R8 billion to MTN Zakhele investors. The transaction was unwound in October 2016. MTN then announced the MTN Zakhele Futhi Scheme that saw the company sell 4% of its shares in a R9.9 billion transaction. At the end of December 2019, Zakhele Futhi owned 4.1% of MTN Group's shares, according to the company's annual financial statements (page 160).

11. Lancaster 101 ("L101") had an 8.77% stake in Pepkor at the end of September 2019, according to the company's annual report (p 71). The shareholders of L101 are the Public Investment Corporation (50%), the Lancaster Group (25%) and a non-profit organisation (25%). Jayendra Naidoo is the sole shareholder of the Lancaster group.

12. In September 2005, **Discovery** sold 38.7m shares, equivalent to 6.6% of the company's shares in a transaction that was worth about R830m. The transaction valued Discovery at about R12.6 billion. Women's Development Bank Investment Holdings (WDBIH) received 17.7 million shares - an allocation of 3% (45.7% of the consortium) that was worth about R378 million. The Discovery Foundation received 14.2m shares – an allocation of 2.4% (36.7%) that was worth about R304 million. Employees received 5.3 million shares - an allocation of 0.9% (13.7%) that was worth R113.7 million. The company said: "The combination of this transaction with the existing empowerment shareholding held through FirstRand, will bring black ownership of Discovery above 25%."

At the time Firstrand had 10% black shareholding. It owned 65% of Discovery. This implied that the effective direct black shareholding in Discovery - flowing through from Firstrand's shares in the company – was 6.5%. Therefore, the direct and indirect (via Firstrand) black shareholding In Discovery was 13.1%. It is not clear how the company arrived at the 25% calculation. At the end of June 2020, Discovery claimed black ownership of 0.14% (annual financial statements, p180). Rand Merchant Insurance Holdings (RMI) owned 25% of Discovery. RMIH had 14.5% black ownership by Royal Bafokeng Holdings. Therefore, the effective indirect black shareholding in Discovery was 3.6%.

13. **Tiger Brands** had black ownership of 7.27% at the end of September 2020, according to the company's annual financial statements (page 100).

14. Harmony has no direct black ownership at the level of the listed company. However, African Rainbow Minerals (ARM), which has black ownership of 47.36%, has a 12.38% stake in Harmony. This is equivalent to indirect black ownership of 5.9%.

15. In 2010, **Goldfields** sold 2% of its shares worth R1.3 billion to: the Thusano Employee Trust, which got 95.6% of the allocation; Invictus, a consortium that included prominent politicians from the ruling African National Congress (ANC), which got 3.9% of the allocation; and the South Deep Community Trust, which got 0.4% of the allocation. The **e**mployee portion of the transaction – which was a donation - saw Goldfields transfer 13.5 million unencumbered shares worth about R1.2 billion to the Thusano Share Trust, representing 47 100 GFIMSA employees. The trust got a 1.9% stake in Goldfields.

In February 2013, Goldfields unbundled all but one of its mines (South Deep) into Sibanye Gold (now called Sibanye-Stillwater) which listed in the JSE and became the country's largest gold producer. According to Sibanye Gold's 2015 annual report: "With the unbundling of Goldfields, employees were allocated an equal number of Sibanye and Goldfields shares." At the end of December 2019, the share trust had 13.5 million shares, which were equivalent to 1.6% of the company's equity. (Goldfields 2019 annual financial report, page 223). The report did not disclose how many shares were owned by Invictus and the South Deep Community Trust.

16. In July 2004, **Standard Bank** sold 10% of its South African operations – equivalent to 7.5% of the group – to the Tutuwa Consortium in a transaction in a transaction that was worth about R4.3 billion. The cost of capital provided by Standard Bank was 8.5%. The transaction valued the Standard Bank Group (SBG) at about R57 billion. The company's shares were valued at R40.50c. By the end of December 2014, when the transaction matured, SBG had a market capitalisation of R232billion. The share price was at about R142. The Tutuwa stake had been diluted to 5.5% after the issue of new shares to the Industrial and Commercial Bank of China (ICBC) in October 2007. Its shares were worth R12.8 billion.

Tutuwa's shareholders were: two BEE strategic partners (Safika and Shanduka) with 40%; 6 100 current and previous employees with 40%; 261 black small, medium and micro enterprises (SMMEs) with 10%; and a community foundation with 10%. In a presentation to parliament during March 2017, the company said the transaction had created net value of R10.7 billion. The breakdown of the value created was: R3.4 billion for BEE partners; R3.1billion for the employee trusts; R805m for the SMMEs; and R880 million for the community foundation. BEE shareholders (Tutuwa participants) owned 0.9% of SBG shares at the end of December 2019, according to the company's annual financial statements (page 71).

17. At the end of June 2020, the Chemical, Energy, Paper, Printing, Wood and Allied Workers (Ceppwawu) Investment Company owned 2.2% of **Aspen's** shares, according to the company's integrated report (page 140).

18. In February 2013, Goldfields unbundled all but one of its mines (South Deep) into **Sibanye Gold (now called Sibanye-Stillwater)** which listed in the JSE and became the country's largest gold producer. According to Sibanye Stillwater's 2015 annual report: "With the unbundling of Goldfields, employees were allocated an equal number of

Sibanye and Goldfields shares." At the end of December 2016, the Sibanye-Stillwater share trust had 13.5m shares, which were equivalent to 1.5% of the company's issued share capital. At the end of December 2017, after a $1 billion rights issue, which doubled the company's issued shares, the share trust had 16.7 million shares, which were equivalent to 0.77% of the company's issued shares. At the end of December 2019, the share trust had 19.2 million shares, which were equivalent to 0.72% of the company's issued shares (Integrated annual report, page 259).

19. In June 2010, **South African Breweries Ltd (SAB)** – which then housed SAB Miller's South African operations – sold 8.45% of its shares to black investors in a transaction ("The SAB Zenzele Transaction") that was worth R7.3 billion. SAB Miller was a United States-based multinational alcoholic beverage company. After the transaction, SABSA Holdings, a wholly-owned subsidiary of SAB Miller, owned 91.55% of SAB. The SAB Zenzele transaction valued SAB Ltd at R34.8 billion. This valuation was based on SAB Ltd's 21% contribution to group earnings before interest, tax and amortisation (EBITA), the group's preferred profit measure, during the year to end-March 2009. SAB's retailers got an allocation of 42%. Employees received an allocation of 40%.

The SAB Foundation received an allocation of 18%. On 10 October 2016, AB Inbev completed a $100 billion (R1.4 trillion at the then prevailing exchange rate) takeover of SAB Miller to create the world's largest brewing company. AB Inbev paid a large premium – 53% above SAB Miller's share price before the transaction was announced – and accumulated a huge debt, which has depressed the group's share price over the past four years. At the end of June 2020, the AB Inbev share price was still trading 14% below the price that prevailed when it bought SAB Miller.

To arrive at an estimate of the value of SAB Ltd, at the time of the merger, this report used the company's contribution to EBITA. During the year to end-March 2014, SAB Miller's South African operations accounted for 17% of EBITA and 54% of the group's combined EBITA from African operations. During the following year, SAB Miller merged its African operations and ceased to provide information on South African operations. During the year to end-March 2016, SAB Miller's African operations accounted for about 29% of group's EBITA. Using the same 54% contribution to African operations as 2014, SAB Miller's South African operations accounted for 15.7% of group EBITA. Therefore, this report valued SAB Millers's 91.55% stake in SAB Ltd at $15.7 billion – or R216.3 billion based on a rand dollar exchange rate of R13.78c on 10 October 2016. On a 100% basis, SAB Ltd was worth $17.1 billion or R236.2 billion using the same exchange rate. After the merger, the SAB Zenzele stake was worth R20 billion.

In August 2016, after a protracted battle between SAB's new owner and the Food & Allied Workers Union (FAWU) over the terms of the merger, AB Inbev agreed to make an advance payment of R1.5billion to Zenzele beneficiaries. The company also agreed that the Zenzele beneficiaries would receive a minimum of £45 a share – the value AB Inbev paid for SAB Miller – in AB Inbev shares, even if their shares were trading at a lower level in April 2020, when the scheme matured. In other words, the agreement guaranteed that Zenzele beneficiaries would at get AB Inbev shares that are at least worth the premium price that the company paid for SAB Miller and SAB Ltd. In an article on the SAB Ltd website, the company said SAB Zenzele paid out dividends of R2.5billion to 42 000 beneficiaries – 29 543 retailers and 12 457 employees – and generated R10.3billion of net value after seven years. This implied that the SAB Zenzele stake was worth R17.6billion. It also implied that SAB was worth R208.3 million in 2017.

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In an in interview with Power FM on 16 April 2020, SAB acquisitions and treasury director Richard Rivett-Carnac said: "We are at the end of the scheme and we are very happy to announce that we've paid out this week to the scheme beneficiaries R7.5 billion in cash and a further R1.1 billion in AB InBev in shares." https://www.power987.co.za/news/sab-zenzele-scheme-pays-beneficiaries-billions/ This brought the total scheme payout including dividends over the past decade to R14 billion. At the end of June 2020, the AB Inbev share price was trading at R830. The remaining 1.1m shares were worth R913 million.

20. In April 2005, **Nedbank** sold 11.5% of its South African assets (Nedbank SA or NSA) to a consortium of black investors in a transaction that was worth R3billion. The 11.5% stake was equivalent to 9.3% of the Nedbank group's shares. Therefore, the transaction valued the Nedbank group at R32.2 billion. This deal was part of a R7.1 billion three-in-one transaction that saw the Old Mutual Group (Nedbank's parent company) also sell 13.5% of Old Mutual South Africa (worth R3.4billion) and 11% of Mutual and Federal (R655 million) to black investors. The beneficiaries of the Nedbank transaction were: Strategic BEE Partners (SBPs) who received an allocation of R590m (19.4% of the consortium) that was equivalent to 2.23% of NSA; employees who received an allocation of R680 million (22.3%) that was equivalent to 2.57% of NSA; and Broad-Based Ownership Schemes (BBOS) who received an allocation of R1 711 million (56.3%) that was equivalent to 6.48% of NSA. The BBOS portion included client schemes – for retail and corporate customers - with an allocation of R1 593 million or 6.03% of Nedbank SA. A community scheme received an allocation of R118m or 0.445% of NSA. The retail clients received an allocation of R708 million (45% of the client scheme allocation) that was equivalent to 2.68% of NSA. The corporate clients received an allocation of R885 million (55%) that was equivalent to 3.35% of Nedbank SA. Communities received an allocation of R118 million (3.9%) that was equivalent to 0.45% of Nedbank's South African business.

The schemes had different vesting periods. The employee schemes had vesting periods of between five and seven years. The retail and corporate schemes had vesting periods of three and six years respectively. The SBP and community schemes had a 10-year vesting period. During 2011, a number of the schemes vested. Nedbank's 2011 annual report showed that ownership by the BEE schemes had declined to 4.91% from 7.64% at the end of 2010. By the end of December 2014, Nedbank's market capitalisation had increased by 284% to R124.3 billion from R32.2 billion when the last of the schemes vested. The share price had increased by 233% to R249 from R74.75c over the same period. At the

end of December 2014, Nedbank had black ownership of 4.63%% that was worth R5.7 billion, according to the company's integrated annual report (page 91a). In its 2014 transformation report, the company said the transaction had created net value of R8.2billion when it was unwound at the end of December 2014. The two SBP's – the Wiphold and Brimstone consortiums – each netted about R800 million. But in the 2014 annual results booklet (page 6b), the company provided an odd explanation of the net value figure. The transaction had "enabled the creation of approximately R5,5 billion during the life time of the scheme itself, which would be worth an estimated R8,2 billion at prevailing market prices." The Stock Exchange News Service announcement (Sens) said: "Valuing this benefit (of R8.2 billion) at the time that shares became unrestricted, during the lifetime of the BEE schemes, the aggregate value created for the BEE stakeholders would be R5.5 billion."

A Nedbank Sens announcement on 23 February 2015 outlined various transactions that would result in the rationalisation of the BEE schemes. This rationalization would include the unwinding of schemes that had reached their maturity dates, the company said. "Post the rationalization it is estimated that the empowerment shareholding of the black business partners will be approximately 1.7% of the value of Nedbank Group's South African businesses and the remaining BEE trusts, being the Community Trust, Nedbank Eyethu Evergreen Trust, the Nedbank Eyethu Black Management Trust ('the BMT') and the Nedbank Eyethu Black Executive Trust ('the BET'), will have approximately 1.7% of the value of Nedbank Group's South African businesses. The Eyethu shareholders owned 1.3% of Nedbank at the end of December 2019, according to the company's annual financial statements (pages 228 and 229).

21. In April 2008, **Sasol** sold 10% of its shares to black investors in a transaction that was worth R23.1 billion. Sasol sold 63.1m shares, then trading at R441/share and worth R27.8 billion, to participants in the Sasol Inzalo Scheme. The shares, issued at R366/share, a 17% discount, were worth R23.1 billion. The allocation went to: employees (4%); the Sasol Inzalo Foundation (1.5%); BEE groups (1.5%); and black members of the public who participated in a public offer (3%). The 10-year scheme had notional vendor finance (provided by Sasol) for the employee and foundation shares and debt funding of R8.8 billion for BEE Groups and members of the public who made a contribution of R1.6billion to pay for their shares which were worth R10.4 billion. There were different unwind dates in June 2018 (for employees and BEE groups) and September 2018 (for the public offer shares). There were different break-even share prices – of R483/share for the BEE Groups and R462/share for those participants in the public offer.

On 20 September 2017, with the share price trading at about R373, Sasol announced a new scheme called Sasol Khanyisa, which involved the sale of shares in Sasol South Africa (SSA), an unlisted subsidiary, to black shareholders. The scheme would become operational at the end of June 2018 after the unwinding of Sasol Inzalo, which had created little value for participants. Sasol Khanyisa said employees had received dividends of more than R1.5billion. The Sasol Inzalo Foundation had received dividends of more than R1billion. Sasol wrote off the debt or notional vendor finance that had been provided to employees and the foundation. However, the BEE Groups (with debt of R4.6billion) and members of the public (R7.4 billion) now owed R12billion to third party funders. This was after the BEE Groups had paid dividends of R1.9 billion to reduce the debt. Members of the public had paid R3.2 billion. In June 2018, with the share trading at R475/share, Sasol said it had had repurchased and sold the shares allocated to BEE Groups and used the proceeds to pay debt of R4.6 billion. There was a shortfall of R59.4 million, which Sasol settled. In September 2018, with the share trading at R542/share, Sasol said it had repurchased and sold the shares allocated to participants in the public offer and used the proceeds to repay debt of R7.4 billion. There was a surplus of R1.4 billion, which was paid to them.

The **Sasol Khanyisa** resulted in black shareholders acquiring 18.4% of SSA in a transaction that was worth R16.6 billion. There were two components to the transaction. The transaction valued SSA at R90 billion. Sasol provided preference share (debt) funding of R8.3 billion (at 75% of the prime interest rate) to external public participants (Sasol Khanyisa Public) to acquire 9.2% of SSA. Participants included those who had invested in Sasol Inzalo. Sasol also provided notional vendor finance to the Sasol Khanyisa employee share ownership plan (ESOP) to acquire 9.2% of SSA. The transaction provided participants with incentives (bonus share) to participate in the new transaction at two levels – Sasol, the listed company (SOL) and Sasol BEE ordinary shares (SOLBE1), which trade on the JSE's empowerment segment. SOL and SOLBE1 shares are identical and receive the same dividend. The only difference is that SOLBE1 shares can only be sold to other black people. At the end of June 2020, Sasol had 1% black ownership in the listed company (Sasol annual financial statements, pages 18 and 19).

Sasol's other businesses in South Africa are Sasol Mining and Sasol Oil, which comply with the mining and liquid fuels charters. In October 2010, black-owned Ixia Coal, 51%-owned by WIP Coal Investments and 49% by Sasol Mining Holdings, paid R1.8 billion to acquire 20% of Sasol Mining. In June 2006, black-owned Tshwarisano paid R1.5 billion to acquire 25% of Sasol Oil, which houses the liquid fuels business. Tshwarisano settled the debt in 2016.

22. In April 2005, **Old Mutual** announced a R3.4 billion transaction that saw it sell 13.5% of unlisted Old Mutual SA (OMSA) to a consortium of black investors who received a 5.58% stake in Old Mutual plc, the parent company that is listed in London and Johannesburg. This was part of a R7.1 billion three-in-one transaction that saw the company also sell 11.5% of Nedcor's South African business (worth R3billion) and 11% of Mutual and Federal (R655 million). The beneficiaries of the OMSA transaction were: Strategic BEE Partners (SBPs) who received an allocation of R864 million (25.3% of the consortium) that was equivalent to a stake of 3.41% in OMSA; employees who received an allocation of R1 689 million (49.4%) that was equivalent to a 6.66% stake in OMSA; and Broad-Based Ownership Schemes (BBOS) who received an allocation of R864 million (25.3%) that was equivalent to a stake of 3.41% of OMSA. Within the BBOS portion, an allocation of R576 million (66.6% of the BBOS shares) went to communities and charitable organisations. The remaining R288 million of the BBOS shares went to OMSA clients and distributors.

In 2010, Mutual and Federal (M&F) became a wholly-owned subsidiary of Old Mutual. M & F's black shareholders received Old Mutual shares. The beneficiaries of the M & F transaction were; SBPs who received an allocation of R238 million (36.3% of the consortium) that was equivalent to a stake of 4% in M & F; employees with an allocation of R357 million (54.5%) that was equivalent to a stake of 6%; and BBOS with an allocation of R60 million (9.2%) that was equivalent to a stake of 1%. Looking at the combined Old Mutual and M & F transactions that were worth R4.1 billion, the beneficiaries were SBPs (27.1% of the consortium); employees (50.2%) and BBOS (22.7%). In a press statement dated 7 May 2005, Old Mutual said the transaction had created net value of R7.9 billion. The beneficiaries were SBPs (Wiphold, Brimstone and Mtha) with R2.1 billion (26.6%); 9 000 employees with R4.6 billion (58.2%) which was equivalent to an average of R500 000 per worker; BBOS with R1.2 billion (15.2%). The Wiphold Consortium netted about R1,2 billion. The

Brimstone Consortium netted about R840 million. BEE trusts had a 1.2% stake in the company at the end of December 2018, according to the company's annual financial statements (page 175).

19. In 2010, Goldfields sold 2% of its shares worth R1.3 billion to: the Thusano Employee Trust, which got 95.6% of the allocation; Invictus, a consortium that included prominent politicians from the ruling African National Congress (ANC), which got 3.9% of the allocation; and the South Deep Community Trust, which got 0.4% of the allocation. The **e**mployee portion of the transaction – which was a donation - saw Goldfields transfer 13.5 million unencumbered shares worth about R1.2 billion to the Thusano Share Trust. The trust got a 1.9% stake in Goldfields.

23. **Mediclinic International** had black ownership of 1.49% at the end of March 2020, according to the company's integrated report. The stake was held by BEE special purpose vehicle Mpilo, which owned almost 11 million shares (Mediclinic International annual report, page 348).

24. **Bidcorp** had black ownership of 0.5% at the end of June 2020, according to the company's integrated annual report (page 112).

25. **Bidvest** had black ownership of 0.4% at the end of June 2020, according to the company's annual financial statements (page 120).

26. **Prosus** had no black shareholders at the level of the listed company at the end of December 2020.

27. **British American Tobacco (BAT**) had no black shareholders at the level of the listed company at the end of December 2020.

28. **Naspers** had no black shareholders at the level of the listed company at the end of December 2020.

29. **BHP Billiton** had no South African assets at the end of December 2020.

30. **Richemont** had no South African assets at the end of December 2020.

31. **Glencore** had no black shareholders at the level of the listed company at the end of December 2020.

32. **Anglo American** had no black shareholders at the level of the listed company at the end of December 2020.

33. **Kumba Iron Ore** had no black shareholders at the level of the listed company at the end of December 2020.

34. **Mondi plc** had no black shareholders at the level of the listed company at the end of December 2020.

35. **Impala Platinum** had no black shareholders at the level of the listed company at the end of December 2020. Its long-time black shareholder Royal Bafokeng Holdings exited its remaining 6.3% investment in the company during 2019.

36. **AngloGold Ashanti** had no black shareholders at the level of the listed company at the end of December 2020.

37. **South 32** had no black shareholders at the level of the listed company at the end of December 2020.

38. **ABSA** had no black shareholders at the level of the listed company at the end of December 2020.

39. **Shoprite Holdings** had no black shareholders at the level of the listed company at the end of December 2020.

40. **Clicks Group** had no black shareholders at the listed level at the end of December 2020.

41. **Multichoice** had no black shareholders at the listed level at the end of December 2020.

42. **NEPI Rockcastle** had no black ownership at the listed level at the end of December 2020.

43. **Quilter** had no black ownership at the listed level at the end of December 2020.

44. **Reinet** had no black shareholders at the level of the listed company at the end of December 2020.

45. **Remgro** had no black ownership at the listed level at the end of December 2020.

46. **Comair** had no black shareholders at the listed level at the end of December 2020.

47. **Mr Price** had no black shareholders at the level of the listed company at the end of December 2020.

48 Growthpoint had black ownership of 0.09% at the end of June 2020, according to the company's annual financial statements (p 99).

49. **Woolworths** had no black shareholders at the level of the listed company at the end of December 2020.

50. **The Spar Group** had no black shareholders at the level of the listed company at the end of December 2020.

8. JSE Top 50 JSE-listed Companies: Value of South African Assets at end-December 2020

	Company	Market capitalisation (Rbillion)	% SA Assets	Value of SA Assets (Rbillion)	% of SA Assets	Cumulative % of SA Assets
1	Anglo American	661.1	59.8	395.3	11.2	11.2
2	Amplats	382.9	95.5	365.7	10.3	21.5
3	Firstrand	286.3	83.0	237.6	6.7	28.2
4	AB Inbev	1 759.3	11.4	201.0	5.7	33.9
5	Kumba Iron Ore	200.6	100.0	200.6	5.7	39.6
6	Capitec	165.7	100.0	165.7	4.7	44.3
7	Standard Bank	205.9	73.0	150.3	4.2	48.5
8	Vodacom	228.4	65.3	149.1	4.2	52.7
9	Sibanye Stillwater	175.4	67.0	117.5	3.3	56.0
10	Northam Platinum	106.8	100.0	106.8	3.0	59.0
11	Impala Platinum	158.9	67.0	106.5	3.0	62.0
12	Discovery	102.2	100.0	102.2	3.0	65.0
13	Sanlam	130.8	67.0	87.6	2.5	67.5
14	Shoprite	82.8	100.0	82.8	2.3	69.8
15	Absa	101.6	75.4	76.6	2.2	72.0
16	Nedbank Group	65.0	96.3	62.6	1.8	73.8
17	Clicks Group	62.8	95.0	59.7	1.7	75.5
18	MultiChoice	59.3	100.0	59.3	1.7	77.2
19	ARM	58.8	100.0	58.8	1.7	78.9
20	Old Mutual	56.0	94.5	52.9	1.5	80.4
21	Remgro	50.9	100.0	50.9	1.4	81.8
22	Exxaro	49.8	100.0	49.8	1.4	83.2
23	Bidvest	53.4	89.3	47.7	1.3	84.5
24	Pepkor Holdings	49.9	95.0	47.4	1.3	85.8
25	Comair	46.9	100.0	46.9	1.3	87.1
26	RMIH	49.1	85.9	42.2	1.2	88.3
27	Mr Price	43.6	93.6	40.8	1.2	89.5
28	Woolworths	41.5	98.0	40.7	1.1	90.6
29	Harmony	44.1	87.0	38.4	1.1	91.7
30	Tiger Brands	39.5	96.1	38.0	1.1	92.8
31	Sasol	84.1	44.4	37.3	1.1	93.9
32	**BAT**	**1 339.9**	**1.7**	**28.0**	0.8	94.7
33	MTN	113.4	26.5	26.4	0.7	95.4
34	South 32	135.4	21.1	24.8	0.7	96.1
35	Spar	36.5	74.8	24.8	0.7	96.8
36	Growthpoint	43.1	59.2	23.9	0.7	97.5
37	**Naspers**	**1 315.0**	**1.5**	**20.0**	0.6	98.1
38	**Glencore**	**683.1**	**3.7**	**19.8**	0.6	98.7
39	Mediclinic	42.0	34.8	14.6	0.4	99.1
40	Gold Fields	121.5	10.3	12.5	0.4	99.5
41	Mondi plc	166.6	7.4	12.3	0.3	99.8
42	Aspen	57.2	20.0	11.4	0.3	100.0
43	BIDCorp	88.2	5.0	4.4	0.1	0.0
44	Prosus	2 609. 5	0.0	0.0	0.0	0.0
45	BHP	821.7	0.0	0.0	0.0	0.0
46	Richemont	684.3	0.0	0.0	0.0	0.0
47	Anglogold Ashanti	142.8	0.0	0.0	0.0	0.0
48	NEPI Rockcastle	56.9	0.0	0.0	0.0	0.0
49	Quilter	55.8	0.0	0.0	0.0	0.0
50	Reinet	54.0	0.0	0.0	0.0	0.0
	TOTAL	**14 169.4**	**25.0**	**3 541.6**		

1**. Anglo American's** South African operations accounted for 59.8% of the group's underlying EBITDA during the year to end-December 2019. (Anglo American 2019 annual report, page 217).

2. **Anglo American Platinum's (Amplats')** South African operations accounted for 95.5% of production during the year to end-December 2019, according to the company's production report. The Unki mine in Zimbabwe accounted for 4.5% of production. https://www.angloamericanplatinum.com/investors/quarterly-production-reporting. The Unki mine also accounted for 5.1% of earnings before interest, tax, depreciation and amortisation during the year to end-December 2019, according to the company's annual financial statements (page 23).

3. **Firstrand's** South African operations accounted for 83% of the group's profit before tax, according to the group's supplementary slides to its 2020 results presentation (slide 4).

4. In June 2010, **South African Breweries Ltd (SAB)** – which then housed SAB Miller's South African operations – sold 8.45% of its shares to black investors in a transaction ("The SAB Zenzele Transaction") that was worth R7.3 billion. SAB Miller was a United States-based multinational alcoholic beverage company. After the transaction, SABSA Holdings, a wholly-owned subsidiary of SAB Miller, owned 91.55% of SAB. The SAB Zenzele transaction valued SAB Ltd at R34.8 billion. This valuation was based on SAB Ltd's 21% contribution to group earnings before interest, tax and amortisation (EBITA), the group's preferred profit measure, during the year to end-March 2009. SAB's retailers got an allocation of

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In August 2016, after a protracted battle between SAB's new owner and the Food & Allied Workers Union (FAWU) over the terms of the merger, AB Inbev agreed to make an advance payment of R1.5 billion to Zenzele beneficiaries. The company also agreed that the Zenzele beneficiaries would receive a minimum of £45 a share – the value AB Inbev paid for SAB Miller – in AB Inbev shares, even if their shares were trading at a lower level in April 2020, when the scheme matured. In other words, the agreement guaranteed that Zenzele beneficiaries would get AB Inbev shares that are at least worth the premium price that the company paid for SAB Miller and SAB Ltd. In an article on the SAB Ltd website, the company said SAB Zenzele paid out dividends of R2.5 billion to 42 000 beneficiaries – 29 543 retailers and 12 457 employees – and generated R10.3 billion of net value after seven years. This implied that the SAB Zenzele stake was worth R17.6 billion. It also implied that SAB was worth R208.3 million in 2017.

In February 2020, in an article on the Business Live website, the company said Zenzele shareholders would receive a payout of R9.7 billion when the scheme was unwound in April. This implied that the SAB Zenzele stake was worth R17 billion. It also implied that SAB was worth R201 billion. The announcement said Zenzele shareholders would get an opportunity to invest in a new R5.4 billion scheme – SAB Zenzele Kabili ("twice in Zulu). https://www.businesslive.co.za/bd/companies/retail-and-consumer/2020-02-17-ab-inbev-to-launch-new-r54billion-black-empowerment-scheme/ On 6 April 2020, in a circular, SAB said it had decided to postpone the unwind for up to one year due to the lockdown that was introduced to delay the spread of the coronavirus and the volatility of share prices. However, shareholders would receive a partial payment of 77% of their entitlement in terms of the unwind. http://www.inceconnect.co.za/article/corporate-announcement-by-sab-zenzele-holdings-rf-limited.

In an in interview with Power FM on 16 April 2020, SAB acquisitions and treasury director Richard Rivett-Carnac said: "We are at the end of the scheme and we are very happy to announce that we've paid out this week to the scheme beneficiaries R7.5 billion in cash and a further R1.1 billion in AB InBev shares." https://www.power987.co.za/news/sab-zenzele-scheme-pays-beneficiaries-billions/ This brought the total scheme payout including dividends over the past decade to R14 billion. At the end of June 2020, the AB Inbev share price was trading at R830. The remaining 1.1m shares were worth R913 million.

5. **Kumba Iron Ore** had no foreign assets at the end of December 2020.

6. **Capitec** had no foreign assets at the end of December 2020.

7. **Standard Bank Group's (SBG's)** South African operations – banking activities and insurance company Liberty – generated headline earnings of R20.6billion during the year to end-December 2019. This was equivalent to 73% of the group total of R28.2 billion, according to the company's annual financial statements (page 122).

8. **Vodacom's** South African operations accounted for 65.3% of group earnings before interest, tax depreciation and amortisation (EBITDA) during the year to end-March 2020, according to a Vodacom Fact Sheet. https://www.vodacom.com/factsheet.php

9. **Sibanye Stillwater's** South African assets accounted for 67% of the group's adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) during the year to end-December 2019, according to the integrated annual report (page 4).

10. **Northam Platinum** had no foreign assets at the end of December 2020.

11. **Impala Platinum's** South African operations accounted for 63% of the group's mine-to-market platinum production during the year to end-June 2020, according to the company's annual results presentation.

12. During the year to end-June 2020, **Discovery's** five South African business (SA Health, SA Life, SA Invest, SA Vitality and SA Bank) reported normalised profits from operations prof R6.1 billion, according to the company's annual financial statements (p 31). This was equivalent to 100% of the segment total before International Financial Reporting Standards (IFRS) reporting adjustments. The UK Health business reported a profit of R830 million. The UK Life business reported a loss of R272 million. Other international operations are in business development phase. Some are grouped under "all other segments," which reported a loss of R562 million. This report assumes that Discovery's South African operations account for 100% of the group's value.

13. **Sanlam's** South African assets accounted for 67% of the group's net result from financial services during the year to end-December 2019, according to the company's integrated annual report (page 22).

14. **Shoprite Holdings** has four segments. These are Supermarkets Republic of South Africa (RSA), Supermarkets non-RSA, Furniture and Other. Within the Furniture segment, 80% of stores are in South Africa. In the "other" segment, more

than 90% of stores and other operations are in South Africa. During the year (52 weeks) to 28 June 2020, the RSA supermarkets and other segments accounted for 100.5% of the group's trading profit.

15. **ABSA's** South African assets accounted for 75.4% of the group's profit before taking into account costs related to the separation from Barclays. (Annual Consolidated and Separate Financial Statements, pages 124 and 125).

16. **Nedbank's** Africa regions accounted for 3.7% of headline earnings during the year to end-December 2019, according the group's annual financial statements (pages 30 and 31).

17. **Clicks** does not provide financial information according to geographic segments. However, in its integrated annual report for the year to end-August 2020, the company had 51 out of a total of 884 stores (5.8%) in the rest of Africa (page 12).

18. **Multichoice South Africa** (MCSA) accounted for 67% of the Multichoice Group's (MCG) revenues and 127% of its trading profit during the year to end-March 2020. The group's Rest of Africa segment reported a trading loss of R2.9 billion during the year. This report values MCSA at 100% of the MCG total.

19. Except for a 27% stake in the loss-making Sakura Ferroalloys in Malaysia, **African Rainbow Minerals** had no foreign assets or operations at the end of December 2020.

20. **Old Mutual** has six segments. Five of the segments – mass and foundation cluster, personal finance, wealth and investments, corporate and insure – that serve the South African market. The rest of Africa segment serves 12 countries across three regions – Southern Africa, East Africa and West Africa. During the year to end December 2019, the rest of Africa segment contributed 5.5% to the group's Results from Operations, which is Old Mutual's primary measure of the performance of its segments, according to the integrated report (p 6) and the annual financial statements (page 35).

21. **Remgro** had no foreign assets at the end of December 2020.

22. According to this report, **Exxaro's** South African assets account for 100% of the group's value. Exxaro also owned a 10.38% stake in Tronox Holdings plc, a United Kingdom producer of titanium dioxide. In the 2019 annual report, Exxaro says: "Our 10.38% interest in Tronox Holdings plc remains classified as a non-current asset held-for-sale and we are committed to monetizing this asset through an efficient and staged sales process."

23. **Bidvest's** South African operations accounted for 89.3% of the group's trading profit and 83% of profit before finance charges and associate income, according to the company's annual financial statements (page 48).

24. **Pepkor**, does not provide geographic segment reporting. It says: "The revenue, operating profits and assets are al classified as one geographic region." The company has 5 416 stores of which 329 (6.2%) were in the rest of Africa. The group's other stores were in South Africa and Botswana, Lesotho, Namibia and Swaziland (BLNS countries). Pep Africa accounted 5% of the group's revenues during the year to end-September 2019 (Pepkor integrated annual report, pages 5, 22 and 34)

25. **Comair** had no foreign assets at the end of December 2020.

26. At the end of June 2020, **Rand Merchant Investment Holdings (RMI)** had the following investments in listed companies:
5% of Discovery, 27.3% of Momentum Metropolitan and 29.7% of United Kingdom-based insurer Hastings. The unlisted investment were 89.1% of OUTsurance Holdings, 100% of RMI Investment Managers and 100% of Alpha Code. The listed investments were worth R32 billion, which comprised: Discovery (R17.2 billion), Hastings (R7.7 billion) and Momentum Metropolitan (R7.1 billion). The unlisted investments were worth R22.6 billion, which comprised: OUTsurance (R21.1 billion) and RMI Investment Managers and Alpha Code R1.5 billion. The gross value of the listed and unlisted investments was R54.5 billion. Therefore, the Hastings was worth 14.1% of the gross value of RMI's investments. The South African investments were worth 85.9%. RMI also said its South African assets accounted for 68% of normalised earnings (RMI Integrated report, page 29).

27. **Mr Price's** South African operations accounted for 93.6% of retail sales and other income and 95.8% of assets, according to the company's integrated report for the year to end-March 2020 (page 173).

28. **Woolworth's** South African operations accounted for 63.1% of revenues and 98% of earnings before interest and tax (EBIT), according to the group's annual report and financial statements. (Annual report, page 2 and annual financial statements, page 121)

29. **Harmony's** South African gold mines account for 87% of the group's total production during the year to end-June 2020.

30. **Tiger Brands** has four segments: grains, consumer brands, home, personal care and baby and exports and international (E & I). It has three associates, where it owns minority stakes. These are 24.4% of Empresas Carozzi in Chile, 49% of UAC Foods in Nigeria and 37.4% of National Food Holdings, a JSE-listed Zimbabwean manufacturer. During the year to end-September 2020, the E & I segment accounted for 11.3% of revenue and 3.9% of operating income.

31. **Sasol** made a loss before interest and tax of R111 billion during the year to June 2020. The recent collapse and partial recovery of the Sasol share price on the back of huge losses in the North American business due to cost overruns at the R200 billion Lake Charles chemicals project has created a valuation conundrum for its South African operations. Sasol has three businesses in South Africa. Sasol South Africa (SSA), the largest, is a synthetic fuels, chemicals and gas business. It was valued at R90 billion in 2018 when it sold an 18.4% stake in the company to black investors. The other businesses are Sasol Mining and Sasol Oil. In October Sasol sold a 50% stake in the Lake Charles to LyondellBasell for a give-away R30 billion. The R90 billion valuation of SSA alone is worth more than the R83 billion market capitalisation of the whole of SASOL at the end of June 2020. In its 2020 annual report, Sasol Khanyisa Public says the fair value of its

9.2% investment in SSA had "decreased from R8.1 billion to R1 billion. SSA's fair value was R11.4 billion. This report uses the South African operations' 44.4% contribution to turnover to arrive at a valuation.

32. During the year to end-December 2019, **British American Tobacco (BAT)** sold 668billion sticks, according to the company's annual report (page 35). During the same year, the company sold an estimated 11.5m sticks in the South African market. This was equivalent to 1.7% of total sales.

33. **MTN's** South Africa assets accounted for 26.5% of the group's earnings before interest, tax, depreciation and amortisation (EBITDA) during the year to end-December 2019, according to the group's annual financial statements (page 41).

34. **South 32's** aluminium, coal and manganese assets accounted for 12% of the group's earnings before interest, tax, depreciation and amortisation (EBITDA) during the year to end-June 2020. In November 2019, the group announced that it had sold its coal assets to Seriti Resources. The transaction was expected to close before the end of 2020. If one excludes the coal assets, which reported an EBITDA loss, the remaining aluminium and manganese assets accounted for 21.1% of group EBITDA (South 32 integrated annual report, pages 46 and 98).

35. **The Spar Group's** South African operations accounted for 63.2% of turnover and 74.8% of operating profit during the year to end-September 2020 (The Spar Group preliminary reviewed condensed results, page 23).

36. At the end of June 2020, **Growthpoint's** South African properties accounted for 59.2% of the value of the company's assets at the end of June 2020.

37**. Naspers** owns 72.6% of Prosus, which owns 30.9% of Tencent, the Chinese technology giant. Prosus also owns other classified, food delivery and e-tail companies in Europe. In SA, Naspers owns Takealot, an e-commerce company and Media 24, which had revenues of R10billion during the year to end-March 2020. The group had 5 110 full-time employees during 2020. Takealot had revenues of $392 million (R5.9 billion) during the year to end-March 2020. Takealot owns Mr D Food and Superbalist.com. Media 24, had revenues of $272 million (R4.1 billion) during the year to end-March 2020. Naspers Foundry invests in technology companies. It has invested in SweepSouth, an online cleaning services company and Aerobotics, a drone company.

During 2017, Naspers increased its stake in Takealot in two transactions (In August and December) to 96% from 47%. The two transactions were worth $202 million, which was equivalent to R2.7 billion at the then prevailing exchange rate. During the first transaction Naspers paid $74 million (R1 billion) for an additional 11% stake in the company. During the second transaction, Naspers paid $128 million (R1.7 billion) for another 38% stake in the company. The two transactions valued Takealot at R5.5 billion or about 1.7 times its revenues. Its revenues have since increased by 61%. The company reported a trading loss $43million during the year to March 2020. This report values Takealot at R9 billion.

In 2006, Media 24 sold 15% of its shares to Welkom Yizani, a group of black investors in a transaction that was worth R730m. The transaction valued Media 24 at a slight discount to its then estimated enterprise value of R5 billion. The company raised R146m – 20% of the purchase price – after it issued 14.6million Welkom Yizani shares at R10 each. The shares were traded on the JSE's BEE segment. Media 24 also issued preference shares (a debt instrument) to enable Welkom Yizani to pay the remaining 80%.
Very few of the shares traded on the BEE segment. Naspers later wrote off Welkom Yizani's debt. In December 2020, Media 24 bought out 6% of Welkom Yizani shares at a price of R15.70c, a large premium to the then prevailing share price. This transaction valued Media 24 at about R7.6 billion. Therefore, this report values Takealot and Media 24, which are classified as Nasper's local SA assets, at R17.6 billion. In December 2017, Naspers subsidiary OLX paid $41 million (R545 million) to purchase Autotrader. OLX does not disclose any financial information about Autotrader. This report values all Naspers' SA assets at R20 billion.

38. **Glencore** is one of the world's largest mining companies. In South Africa, the company has coal and ferrochrome assets, which this report values at R19.8billion, which was equivalent to 3.7% of the company's market capitalisation. At the end of December 2019, it owned: 74% of the Goedgevonden joint venture with African Rainbow Minerals (ARM); 49% of ARM Coal; 49.9% of Izimbiwa Coal; 48.7% of Umcebo Mining; and 100% of Tavistock Collieries. The coal operations produced 26.9 million tonnes. They generated revenues of $1.3 billion and adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) of $324 million. The coal EBITDA was equivalent to 2.8% of the group's total of $11.6 billion. Based on this contribution, this report values the coal assets at R14.9 billion. In ferrochrome, Glencore owns 79.5% of the Glencore-Merafe Ferrochrome Joint Venture (GMJV). JSE-listed Merafe Resources ("Merafe"), which owns the remaining 20.5%, Merafe had a market capitalisation of almost R1.8 billion at the end of June 2020. Glencore also owns 29% of Merafe. This means that Glencore has an effective 85.4% stake in GMJV. Based on Merafe's market capitalisation, the GMJV is worth R5.8 billion. Glencore's share is worth R4.9 billion.

39. **Mediclinic International's** Southern African operations (49 hospitals in South Africa and three in Namibia) accounted for 34.8% of the group's adjusted EBITDA during the year to end-March 2020, according to the company's integrated report (page 11).

40. **Goldfields'** South African assets – the South Deep mine – accounted for 10.3% of the group's gold production during the year to end-December 2019, according to the group's annual financial report (page 80).

41 **Mondi plc's** South African assets accounted for 7.4% of the group's revenues during the year to end-December 2019, according to the company's annual report (page 68).

42. **Aspen** does not provide detailed segmental reporting by geography. In 2016, the last time it provided such information, the South Africa business segment, which included Botswana, Namibia, Lesotho and Swaziland, accounted for 16% of the group's EBITDA, according to the company's integrated report (page 84). Aspen now has a Sub-Saharan Africa (SSA) segment, which is primarily in South Africa. During the year to end-June 2020, the SSA segment contributed 20% to group revenue (Aspen integrated annual report, page 6). According to this report, Aspen's South African businesses account for 20% of its value.

43. **Bidcorp's** foreign operations (outside Southern Africa) accounted for 95% of revenues and 90% of trading profit, according to a presentation dated April 2016 that explained its unbundling from the Bidvest Group. The South African operations accounted for 5% of revenues during the year to end-June 2020, according to the company's annual financial statements. (page 38).

44. **Prosus** had no South African assets at the end of December 2020.

45. **BHP Billiton** had no South African assets at the end of December 2020.

46. **Richemont** had no South African assets at the end of December 2020.

47. In February 2020, **AngloGold Ashanti** announced its intention to sell its remaining mine in South Africa to Harmony and exit the country. At the end of June 2020, the sale had not been concluded. This report assumes that the assets have been sold.

48. **NEPI Rockcastle** had no South African assets at the end of December 2020.

49. Apart from a very small technology company, **Quilter plc** had no South African assets or operations during the year to end-December 2019.

50. **Reinet** had no South African assets at the end of December 2020.

9. BEE Market Capitalisation of JSE Top 50 Companies at end-December 2020 (Unlisted Shares)

	Company	Value of SA Assets (Rbillion)	BEE %	BEE Value (Rbillion)	% of BEE Value	Cumulative % of BEE Market Cap
1	Kumba Iron Ore	200.6	6.0	15.8	28.5	28.5
2	Multichoice SA	59.3	25.0	14.8	26.7	55.2
3	Impala Platinum	106.5	12.9	13.7	24.7	79.9
4	South 32 (Manganese)	10.5	26.0	5.2	9.4	89.3
5	Sasol	23.2	18.4	4.3	7.7	97
6	Anglo American (DBCM)	3.1	26	1.0	1.8	98.1
7	Naspers (Media 24)	7.6	9.0	0.7	1.3	100.0
8	Glencore (Coal)	14.9	NA	NA	0.0	0.0
	TOTAL	**316.0**		**55.5**		

1. In November 2006, **Kumba Iron Ore ("KIO")** sold 26% of its shares in the Sishen Iron Ore Company (SIOC) – its main operating subsidiary - to black-owned Exxaro (20%), the SIOC Community Development Trust (3%) and an employee trust (3%). The transaction was worth R8.4billion. At the end of December 2019, KIO owned 76.3% of SIOC. Exxaro owned 20.6%. SIOC-CDT owned 3.1%. (KIO 2019 Annual Report, page 8). At the end of December 2020, KIO had a market capitalisation of R200.6 billion. On a 100% basis, SIOC was worth R262.9 billion. The two Envision employee trusts were unwound in 2011 and 2016. In November 2016, Exxaro's BEE transaction, which had provided about 53% black ownership from inception in November 2006, was unwound. The company announced a replacement structure that had 14.2% black ownership. Therefore, the indirect black ownership relating to the 20.6% stake is 2.9%. Total black ownership, including the SIOC-CDT shares, is 6%.

2. In 2006 and 2007, Multichoice South Africa (MCSA) implemented the Phuthuma Nathi 1 and Phuthuma Nathi 2 share schemes which sold 45m shares worth R2.3 billion (13.3% of MCSA) and 22.5 shares worth R1.1 billion (6.7%) to black retail investors and members of the public respectively. The two schemes purchased 67.5m Phuthuma Nathi shares, which enabled them to acquire a combined 20% stake in Multichoice SA worth R3.4 billion. The schemes were mirror images of each other. Each share was R50. Each investor paid R10 upfront (20% of the purchase consideration). The balance of R40 was financed through preference shares (a debt instrument). Since inception, shareholders have received dividends of R11.9 billion. (Phuthuma Nathi 2020 integrated annual report). This enabled the schemes to repay their R2.7 billion debt in 2014.

In 2019, shareholders voted to combine the two schemes. During the year, Multichoice Group (MCG) also allocated an additional 5% in MCSA to Phuthuma Nathi at no cost. Phuthuma Nathi has 80 676 shareholders On 8 January 2021, Phuthuma Nathi shares were trading at R120 on the Equity Express Securities Exchange (EESE), where they can only be traded by black shareholders. Phuthuma Nathi had a market capitalisation of R8.1 billion. This valued MCSA at R32.4 billion or 54.6% of MCG's R59.3 billion market capitalisation at the end of December 2020. However, this report (as analysed above) valued MCSA at 100% of MCG's market capitalisation. On this basis, the Phuthuma Nathi stake in MCSA was worth R14.8billion at the end of December 2020 The illiquid PN shares shares are trading at a large discount to the value of Multichoice SA. Journalist Ann Crotty wrote on the Business Live website (28 November 2019) that Phuthuma Nathi's generous dividend policy alone justified a share price of R200. This report assumes that MCG will find a mechanism to unlock value for Phuthuma Nathi shareholders.

3. During 2006 and 2008, Mmakau Mining, Tubatse Platinum and the Marula Community Trust purchased a 27% stake in **Impala Platinum's** Marula mine in a transaction that was worth R800 million. The mine accounted for 7% of the group six elements (6E) platinum production during the year to end-June 2020. (Impala Platinum 2020 Integrated Annual Report, page 9). In December 2014, Impala Platinum sold a 4% stake in the group's Impala mine to an employee share

ownership plan (ESOP) in a transaction that was worth R1.1 billion. The mine accounted for 39% of the group's 6E platinum production during the year to end-June 2020 (Impala Platinum Integrated Annual Report, page 9). The ESOP's attributable production was 44 600 ounces or 1.6% of Impala Platinum's production. Therefore, the attributable black production at Impala Platinum is 8.6% or 12.9% of its South African mines.

4. In December 2007 and July 2009, **Samancor Holdings** – a 60:40 joint venture between BHP Billiton (now part of South 32) and Anglo American – sold 26% of its shares in Hotazel Manganese Mines (HMM) to a consortium of black investors in a transaction whose value was not disclosed. After the sale, the effective ownership was South 32 (44.4%), Anglo American (29.6%) and the BEE consortium (26%). During the year to end-June 20120, South 32's manganese ore operations accounted for 8.9% of group EBITDA, according to the company's annual report (p 47). Based on this contribution, South 32's 60% share in the manganese ore operations was worth R12.1 billion. On a 100% basis, Samancor Holdings was worth R20.2billion. The BEE consortium's 26% share in HMM was worth R5.2 billion.

5**. Sasol** has three unlisted subsidiaries in South Africa. Sasol South Africa (SSA), the largest, is a synthetic fuels, chemicals and gas business. The other subsidiaries are Sasol Mining and Sasol Oil. On 20 September 2017, Sasol announced the Sasol Khanyisa black ownership scheme which would replace its predecessor - the failed 2008 Sasol Inzalo scheme - in June 2018, the date when it would be unwound. Sasol sold 18.4% of SSA to black shareholders in Sasol Khanyisa in a transaction that was worth R16.2 billion. The transaction valued SSA at R90 billion. There were two components to the transaction. Sasol provided preference share (debt) funding of R8.3 billion (at 75% of the prime interest rate) to external public participants (Sasol Khanyisa Public) to acquire 9.2% of SSA. Participants included those who had invested in Sasol Inzalo.

Sasol also provided notional vendor finance to the Sasol Khanyisa employee share ownership plan (ESOP) to acquire 9.2% of SSA. The transaction provided participants with incentives (bonus share) to participate in the new transaction at two levels – Sasol, the listed company (SOL) and Sasol BEE ordinary shares (SOLBE1), which trade on the JSE's empowerment segment. SOL and SOLBE1 shares are identical and receive the same dividend. The only difference is that SOLBE1 shares can only be sold to other black people. In October 2010, Ixia Coal, 51%-owned by WIP Coal Investments and 49% by Sasol Mining Holdings, paid R1.8 billion to acquire 20% of Sasol Mining. The transaction valued Sasol Mining at R9billion. In June 2006, Tshwarisano paid R1.5 billion to acquire 25% of Sasol Oil, which houses the liquid fuels business. The transaction valued Sasol Oil at R6billion.

The recent collapse and partial recovery of the Sasol share price on the back of huge losses in the North American business due to cost overruns at the R200 billion Lake Charles chemicals project and the impairments of assets worth R111.6billion has created a valuation conundrum for its South African operations. Sasol made a loss of R97 billion during the year to June 2020. SSA had a turnover of R88 billion and made a loss of R24 billion during the year to end-June. Sasol says the SSA Group's fair value at June 2020 was R23.2 billion (Sasol Additional Information for Analysts 2020, page 31). The group's annual reports show no information that would enable the valuation of Sasol Mining and Sasol Oil, which are excluded from this analysis.

5. In December 2006, **Anglo American ("Anglo")** the sold 26% of its shares in De Beers Consolidated Mines (DBCM) – which houses its South African diamond mines – to black-owned Ponahalo Holdings in a transaction that was worth R3.7billion. During the year to end-December, DBCM reported earnings before interest, tax, depreciation and amortisation (EBITDA) of $57 million. This was equivalent to 0.57% of the group total of $10 billion. On this basis, this report values DBCM at R3.8 billion on a 100% basis. The Ponahalo share was worth R1 billion.

6. In 2006, **Media 24** sold 15% of its shares to Welkom Yizani, a group of black investors in a transaction that was worth R730 million. The transaction valued Media 24 at a slight discount to its then estimated enterprise value of R5 billion. The company raised R146 million – 20% of the purchase price – after it issued 14.6 million Welkom Yizani shares at R10 each. The shares were traded on the JSE's BEE segment. Media 24 also issued preference shares (a debt instrument) to enable Welkom Yizani to pay the remaining 80%.
Very few of the shares traded on the BEE segment. Naspers later wrote off Welkom Yizani's debt. In December 2020, Media 24 bought out 6% of Welkom Yizani shares at a price of R15.70c, a large premium to the then prevailing share price. This transaction valued Media 24 at about R7.6 billion. The remaining 9% shareholding was worth R684 million.

7. Glencore is one of the world's largest mining companies. In South Africa, the company has ferrochrome and coal assets. In ferrochrome, Glencore owns 79.5% of the Merafe Pooling Joint Venture (GMJV). The JV does not have any black shareholders. At the end of December 2019, it owned: 49% of African Rainbow Minerals (ARM) Coal, 74% of the Goedgevonden (GGV) joint venture with black-owned ARM, 79.8% of the Participating Coal Business, PCB (the Impunzi and Tweefontein operations), 49.9% of Izimbiwa Coal (a joint venture with the black-owned Pembani Group that was formerly Shanduka Coal), 48.7% of Umcebo Mining, which has 26% ownership by Pembani and 100% of Tavistock Collieries. During the year to end-December 2019, the group's South African thermal coal mines produced 26.9mt. But the company provides no breakdown of production per mine. Therefore, this report cannot calculate black ownership within the group's mines.

Further notes

Anglo American Coal has 27% black ownership within its Zibulo mine.

Anglo American Coal has a joint venture (JV) with 14.2% black-owned Exarro at the Mafube mine. **Anglo American Platinum** (Amplats) also has a JV with African Rainbow Minerals (ARM) at the Mototolo mine. This report assumes that this black ownership is already accounted for within Exarro and ARM.

Impala Platinum has a JV with **ARM** at the Two Rivers mine. This report assumes that this black ownership is already accounted for within **ARM.**

10. JSE Top 50: Black Ownership in Listed and Unlisted Mining Companies at end-December 2020

	Company	Market Capitalisation (Rbillion)	BEE (%)	BEE Market Capitalisation (Rbillion)	% of Market Capitalisation	Cumulative % of Market Capitalisation
1.	Northam Platinum	106.8	31.4	33.5	29.6	29.6
2.	ARM	58.8	47.4	27.9	24.6	54.2
3	Kumba Iron Ore	200.6	6.0	15.8	14.0	68.2
4	Impala Platinum	158.9	8.6	13.7	12.1	80.3
5	Exxaro	49.8	15.7	7.8	6.9	87.2
6	Amplats	382.9	2.0	7.7	6.8	94.0
7	Harmony	44.1	5.9	2.6	2.3	96.3
8	Gold Fields	121.5	1.6	1.9	1.7	98.0
9	Sibanye	175.4	0.7	1.2	1.1	99.1
10	Anglo (DBCM)	661.1	0.2	1.0	0.9	100.0
11	BHP	821.7	0.0	0.0	0.0	0.0
12	Glencore	683.1	0.0	0.0	0.0	0.0
13	Anglogold Ashanti	142.8	0.0	0.0	0.0	0.0
14	South 32	135.4	0.0	0.0	0.0	0.0
	TOTAL	**3 740.9**	**3.0**	**113.1**		

Note: DBCM refers to De Beers Consolidated Mines

11. JSE Top 50 (Value of South African Assets in Mining Companies)

	Company	Market Capitalisation (Rbillion)	% SA Assets	Value of SA Assets (Rbillion)	% of Total SA Assets	Cumulative % of Total SA Assets
1	Anglo American	661.1	59.8	395.3	26.4	26.4
2	Amplats	382.9	95.5	365.7	24.4	50.8
3	Kumba Iron Ore	200.6	100.0	200.6	13.4	64.2
4	Sibanye Stillwater	175.4	67.0	117.5	7.9	72.1
5	Northam Platinum	106.8	100.0	106.8	7.1	79.2
6	Impala Platinum	158.9	67.0	106.5	7.1	86.3
7	ARM	58.8	100.0	58.8	3.9	90.2
8	Exxaro	49.8	100.0	49.8	3.3	93.5
9	Harmony	44.1	87.0	38.4	2.6	96.1
10	South 32	135.4	21.1	24.8	1.7	97.8
11	Glencore	531.8	3.7	19.8	1.3	99.1
12	Gold Fields	121.5	10.3	12.5	0.8	99.9
13	BHP	821.7	0.0	0.0	0.0	0.0
14	Anglogold Ashanti	142.8	0.0	0.0	0.0	0.0
	TOTAL	**3740.9**	**40.0**	**1 496.5**		

12. JSE Top 50: Black Ownership in Finance Companies

	Company	Market Capitalisation (RBillion)	BEE %	BEE Market Capitalisation (Rbillion)	% of Total BEE Market Capitalisation	Cumulative % of BEE Market Capitalisation
1	Firstrand	286.3	9.3	26.6	38.3	38.3
2	Sanlam	130.8	17.2	22.5	32.3	70.6
3	Capitec	165.7	8.0	13.3	19.1	89.7
4	Discovery	102.2	3.6	3.7	5.3	95.0
5	Standard Bank	205.9	0.9	1.9	2.7	97.7
6	Nedbank Group	65.0	1.3	0.8	1.2	98.9
7	Old Mutual	56.0	1.2	0.7	1.0	99.9
8	Absa	101.6	0.0	0.0	0.0	
	TOTAL	**1 113.5**	**6.2**	**69.5**		

13. JSE Top 50: Value of South African Assets in Finance Companies)

	Company	Market Capitalisation (R Bilions)	SA Assets %	Value of SA Assets (Rbillion)	% of Total SA Assets	Cumulative % of Total SA Assets
1	Firstrand	286.3	83.0	237.6	25.6	25.6
2	Capitec	165.7	100.0	165.7	17.9	43.5
3	Standard Bank	205.9	73.0	150.3	16.2	59.7
4	Discovery	102.2	100.0	102.2	11.0	70.7
5	Sanlam	130.8	67.0	78.5	8.5	79.2
6	Absa	101.6	75.4	76.6	8.3	87.5
7	Nedbank Group	65.0	96.3	62.6	6.8	95.3
8	Old Mutual	56.0	94.5	52.9	5.7	100.0
	TOTAL	**1 113.5**	**83.2**	**926.4**		

14. JSE Top 50: Companies with no South African Assets

	Company	Market Capitalisation (R Bilions)	% of JSE Top 50 Market Capitalisation	Cumulative % of JSE Top 50 Market Capitalisation
1	Prosus	2 609.5	18.4	18.4
2	BHP	821.7	5.8	24.2
3	Richemont	684.3	4.8	29.0
4	Anglogold Ashanti	142.8	1.0	30.0
5	NEPI Rockcastle	56.9	0.4	30.4
6	Quilter	55.8	0.4	30.8
7	Reinet	54.0	0.4	31.2
	TOTAL	4 425.0		

15. JSE Top 50: Black Ownership at the levels of listed and unlisted companies

	Company	Market Capitalisation (RBillion)	BEE %	BEE Value (Rbillion)	% of Total BEE Value	Cumulative % of BEE Value
1	Northam Platinum	106.8	31.4	33.5	13.7	13.7
2	ARM	58.8	47.4	27.9	11.4	25.1
3	Firstrand	286.3	9.3	26.6	10.9	36.0
4	Sanlam	130.8	17.2	22.5	9.2	45.2
5	Kumba Iron Ore	195.5	6.0	15.8	6.4	51.6
6	Multichoice SA	59.3	25.0	14.8	6.0	57.6
7	Vodacom	228.4	6.2	14.2	5.8	63.4
8	Impala Platinum	106.5	12.9	13.7	5.6	69.0
9	Capitec	165.7	8.0	13.3	5.4	74.4
10	Exxaro	49.8	15.7	7.8	3.2	77.6
11	Amplats	382.9	2.0	7.7	3.1	80.7
12	RMIH	49.1	14.5	7.1	2.9	83.6
13	South 32 (Manganese)	10.5	26.0	5.2	2.1	85.7
14	MTN	113.4	4.1	4.6	1.9	87.6
15	Pepkor Holdings	49.9	8.8	4.4	1.8	89.4

	Company	Market Capitalisation (RBillion)	BEE %	BEE Value (Rbillion)	% of Total BEE Value	Cumulative % of BEE Value
16	Sasol (Unlisted)	23.2	18.4	4.3	1.8	91.2
17	Discovery	102.2	3.6	3.7	1.5	92.7
18	Tiger Brands	39.5	7.3	2.9	1.2	93.9
19	Harmony	44.1	5.9	2.6	1.1	95.0
20	Gold Fields	121.5	1.6	1.9	0.8	95.8
21	Standard Bank	205.9	0.9	1.9	0.8	96.6
22	Aspen	57.2	2.2	1.3	0.5	97.1
23	Sibanye Stillwater	175.4	0.7	1.2	0.5	97.6
24	Anglo (DBCM)	3.1	26	1.0	0.4	98.0
25	AB Inbev	1 759.3	0.1	0.9	0.4	98.4
26	Nedbank Group	65.0	1.3	0.8	0.3	99.1
27	Sasol	84.1	1.0	0.8	0.3	99.4
28	Naspers (Media 24)	7.6	9.0	0.7	0.3	99.7
29	Old Mutual	56.0	1.2	0.7	0.3	100.0
30	Mediclinic	42.0	1.5	0.6	0.2	
31	BIDCorp	88.2	0.5	0.4	0.2	
32	Bidvest	48.3	0.4	0.2	0.1	
	TOTAL			**245.0**		

16. South Africa Prime and Real Lending Rates (1995 – 2019)

Year	Real Interest Rate	Interest Rate
1995	7.0	17.9
1996	10.8	19.5
1997	11.1	20.0
1998	13.0	21.8
1999	10.3	18.0
2000	5.2	14.5
2001	5.7	13.8
2002	3.2	15.8
2003	8.7	15.0
2004	4.5	11.3
2005	4.9	10.6
2006	4.6	11.2
2007	4.0	13.2
2008	5.8	15.1
2009	3.9	11.7
2010	3.3	9.8
2011	2.3	9.0
2012	3.3	8.8
2013	2.2	8.5
2014	3.4	9.1
2015	4.0	9.4
2016	3.0	10.5
2017	4.9	10.4
2018	5.9	10.1
2019	5.9	10.1
Average (1995 – 2019)	**5.6**	**13.0**
Average (1995- 2002)	**8.3**	**17.7**
Average (2003-2008)	**5.4**	**12.7**
Average (2009 – 2019)	**3.8**	**9.8**

Source: South African Reserve Bank Online Statistical Queries