

MEDIA RELEASE

PIC statement on its investment in Edcon

PRETORIA: 04 July 2019 - The Public Investment Corporation (PIC) has been following media reports suggesting that it has been politically pressured to invest in Edcon Limited (Edcon), a non-food retailer operating in Southern Africa. The PIC would like to state, at the outset, that this suggestion is misinformed. PICs investment is underpinned by sound commercial, social and governance principles.

From a governance point of view, the investment in Edcon was made on behalf of the Unemployment Insurance Fund (UIF) and was in line with the client's investment mandate. The PIC had an extensive engagement with all the stakeholders, including the UIF, labour unions and Edcon before making the final investment decision. In making the investment decision, the PIC subjected the transaction to the PIC's rigorous internal investment processes and did not succumb to any external political or union pressure as suggested by some media houses.

The PIC confirms that binding agreements have been concluded amongst Edcon Limited's existing secured lenders, the PIC on behalf of the UIF and participating landlords, which will result in the implementation of a recapitalisation programme for Edcon in terms of which the debt and capital structure of Edcon was restructured. This programme includes the contribution of new cash commitments and rent reductions totalling approximately R2.7 billion into the Edcon group, with PIC investment totalling an aggregate amount of R1.2 billion.

The UIF's Socially Responsible Investment mandate allows the PIC to invest in projects that create and sustain jobs. As indicated above, the UIF's investment was just one component of interventions by multiple stakeholders aimed at preventing loss of over 140 000 jobs across the value chain. Other interventions included the removal of all interest-bearing debt in Edcon. The result of this is that UIF is now one of the shareholders in Edcon. Had there been no intervention by both the UIF and other stakeholders, jobs would have been lost in Edcon and companies that service Edcon. In the final analysis, the UIF would have to bear the burden of having to pay unemployment insurance claims.

The PIC will continue to implement its impact investing mandate, which seeks to generate financial and social returns for the benefit of its clients and other stakeholders. The PIC believes that impact investing is necessary to achieve inclusive growth.

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