



Ditikeni scores in *Mail & Guardian* awards ceremony

The *Mail & Guardian* 'Investing in the Future' awards are the highest form of acknowledgement for companies and NGOs supporting sustainable, healthy communities.

The *Mail & Guardian* 'Innovation Award' in 2008 went to Ditikeni, the BEE investment holding company representing non-governmental organisations.

The formation of Ditikeni was a highly innovative move by non-profit organisations into the field of investing, which has paid dividends for the 21 participants.

Faced with a sharp drop-off in foreign aid, these NGOs established Ditikeni as a fully commercial venture and provided seed-capital of R2.8-million to seek out BEE transactions. Today, the shareholders, which are 100%



Ditikeni board director Greg Erasmus (right) and Thembekile Sikenqe (left) at the Mail and Guardian 'Investing in the Future' ceremony to receive the award for Innovation.

not-for-profit, have seen a return of over 40% per annum compounded, and receive an annual cash dividend equal to over 20% of their original investment, increasing every year.

An innovative preference share issue to Old Mutual Foundation, Metropolitan Asset Managers, and the Pick n Pay Foundation has helped to position Ditikeni for further growth. Innovative partnerships with leading private schools Bishops and Michaelhouse have been formed.

In addition Ditikeni has formed a mining fund, the Natural Resources Empowerment Fund, which uniquely offers a broad-based partner to the mining industry.

Ditikeni currently holds 18 investments, and is represented on the boards of 11 of them.

> See Ditikeni's web site for more

Third ordinary distribution

Ditikeni's board has declared Ordinary Distribution Number Three of 25 cents per share to all Ditikeni shareholders. The distribution will be paid during February 2009. The total payment will be R717 581 – 12% more than the previous annual distribution.

Ditikeni's portfolio of listed securities was conservatively positioned when the recent financial storms occurred, and the board is pleased to report that to date there has been no impairment of value.



BEE ownership rating for Ditikeni

A ratings agency, Honeycomb BEE Ratings, has certified that Ditikeni is a black-controlled and black-owned organisation. Ditikeni is also confirmed as having 42% of voting rights and economic interest controlled by black women.

What the BEE Codes cannot measure, of course, is the depth and quality of our empowerment activities. But with 21 shareholders, from all round the country, working daily on a non-profit basis for grassroots empowerment in more than 200 poor communities, we believe Ditikeni is making a contribution second to none!

Ditikeni seeks stakes in BEE structures for cash

Black economic empowerment is now almost 17 years old, and a large number of ownership transactions have taken place since the early pioneering deals of 1992, such as Metropolitan and the Community Growth Fund. Many BEE deals are however still locked up in Special Purpose Vehicles (SPVs), which have years to run before the finance is fully repaid and shares become tradable.

Even with listed shares at low levels today, many BEE investments are nonetheless firmly 'in the money' due to the favourable prices obtained three or more years ago. This asset is invariably illiquid, however, until all the financing has been settled, and leads to the 'asset-rich, cash-poor' situation of so many BEE parties.

With cash in the bank, Ditikeni is willing and able to provide liquidity to other BEE players in this position.

Ditikeni believes that a win-win solution could be found where BEE parties sell part of their interest in SPVs, thus releasing cash while retaining the upside potential of their remaining stake. Obviously, the sellers also reduce their risk by taking cash, thus locking-in the gain on the portion sold.

Speak to our Investment Advisor, Gordon Young, for more information on this initiative.

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