



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

The Rand Merchant Bank (RMB) was appointed as a transaction advisor to select a Strategic Equity Partner (SEP) for South African Airways (SAA). RMB undertook the first phase of the evaluation process which entailed initial evaluation phase of expressions of interest.

On the 24th of August 2020, Harith General Partners notified the Department of Public Enterprise (the Department) its interest of becoming a bidder via a formal expression of interest. It was then contacted by RMB on the 25th of August 2020 to formally join the process.

The second and third processes were conducted by the Department. The second and third processes entailed the selection of shortlisted parties to enter into strategic discussions on the potential fit and the commencement of due diligence, negotiation and signing of transaction agreements. It is also very important to state that the Department had entered into a non-disclosure agreement that prohibits the disclosure of details of the offers made by the parties in this process. It is for this reason that the Department is unable to provide detailed information relating to the processes and in particular offers made by the interested parties.

It is further important to state that the impact of the COVID-19 pandemic on global aviation became increasingly debilitating world-wide and as a result some of the parties who had expressed an interest in the process could not provide the capital required to operate the airline. All interested parties made it clear that Government had to take responsibility for all historic costs inclusive of bank debts.

From the interested parties, Harith General Partners was willing to provide the funding for the new airline and it partnered with Global Aviation for aviation management expertise, and they formed Takatso Consortium.

There is misinformation in the media space that the suspended Director-General was not involved in the SEP process. This is incorrect. The Director-General was involved in the process. Only the Sale and Purchase

Agreement was signed by the Acting DG on the 22nd of February 2022 as the DG was on sick leave, but he was privy to the sale and purchase agreement and its contents or terms and conditions.

The DG has been part of the SEP process throughout. He engaged with the potential SEPs when the Non-Disclosure Agreement (NDA) was signed. He also communicated the outcome of the expression interest to the parties. Furthermore, the letter of acceptance of Harith General Partners as the preferred bidder for SAA was signed by the DG. The DG was actively involved in engaging with local and international parties wishing to invest in SAA. He was intimately involved in the SAA transaction and further engaged with the media in the process.

The Department would like to condemn the deliberate misinformation that is being spread about the transaction and processes of acquiring the SEPs for SAA. This distortion of facts negatively impacts and compromise the process. Members of the public and all interested parties in the process need to be treated with respect and be given accurate information.

The Department is seeking legal advice on action to be taken on the leakage of official information and the peddling of false and distorted information about this process.

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