



PODI-YA-TSELA

GRAPEVINE

June 2011

Message from the CEO

2010 was a period of significant strategic progress for Royal Bafokeng Holdings (RBH), now in its fifth year of operation. The first half of the year was dominated by the build up to and the excitement of the 2010 FIFA World Cup, with the second half of the year marked by a number of meaningful corporate developments within the investment portfolio. Investment performance remained satisfactory with an total annual return to the shareholder of 23%. Over a five year period, the annualised compound return of 32% comfortably exceeds the comparable annualised returns of 15% from both the All Share and Mining Indices. A detailed review of the year may be found on our website, www.bafokengholdings.com

The first half of 2011 has been a difficult period for our major investment, Implats. Ongoing US dollar weakness and fresh concerns regarding the Zimbabwean indigenisation process have placed significant downward pressure on the Implats share price. Unless these factors unwind substantially in H2 2011, portfolio returns for the full year will almost certainly be poor. However, as long-term investors, we remain bullish on the long-term value creation potential of the PGM industry.

We remain committed to the ongoing growth and diversification of the portfolio. At the same time, we are likely to prune and shape the existing portfolio by selling certain holdings and reinvesting the proceeds into our core focus areas – extractive industries, financial services and enabling infrastructure. We also need to generate the dividend yield required by our shareholder. The Royal Bafokeng Nation's (RBN) internal capacity has grown significantly over the past five years, which has required an increase in its annual social expenditure budget from R300 million in 2006 to R800 million today. This increase has direct implications for the yield that RBH needs to generate from the asset base.

I am proud to be part of the committed and dedicated team of people working at RBH. But we do not work in a vacuum and many of our colleagues in other RBN entities, as well as the people working in our investee companies, have played very significant roles in developing, promoting and executing a bewildering range of activities that have directly or indirectly contributed to the successes of the past year enjoyed by both the RBN and RBH. To all of you, thank you!



Niall Carroll
Chief Executive Officer

New appointments to the RBH Board

In May 2011, RBH appointed two new non-executive directors to the Board, Ms Monhla Hlahla and Mr Tom Boardman.

Ms Hlahla holds international BA (Honours) and MA degrees from the United States of America, and is currently the Managing Director of Airports Company South Africa, a position she has held since 2001. She is also the Interim Chairman of the Industrial Development Corporation and the President for the African chapter of Airports Council International.

Mr Boardman is a qualified Chartered Accountant and has held senior positions throughout his career for companies including the Anglo American Corporation, Sam Newman Limited and Boardmans. Most recently he was the CEO of Nedbank and now, though retired, still serves on the boards of Nedbank, Woolworths Holdings and the Vodacom Group, amongst others.



Monhla Hlahla



Tom Boardman

Mluleki Majola, a worthwhile investment



Mluleki Majola

Mluleki Majola, Mlu to his colleagues and friends, is RBH's Investment Manager, a position he has held since joining the company in 2007. After completing his secondary education at Brettonwood High School in KwaZulu Natal, Mlu went on to obtain a Bachelor of Business Science (Finance Honours) degree from the University of Cape Town and a BComm (Accounting Honours) degree from the University of Natal. He is also a qualified Chartered Accountant.

Mlu's responsibilities at RBH include serving on the boards of companies in which RBH is invested, identifying value-adding investments, industry and company analysis, valuations, investment management, and managing the investment appraisal process for potential investment businesses.

"Working at RBH has been one of most fulfilling experiences of my life," says Mlu. "I get to work with the most talented people in the industry, and travel to parts of the world I never thought I could. It can be challenging at times, but at the end of the day it's an experience that I wouldn't trade for anything."

When he is not making carefully considered investments on behalf of RBH, Mlu spends most of his time with his family, but also enjoys going to the gym and playing golf from time to time.

Making new investments to secure wealth for the RBN

In 2010, RBH undertook important steps in its endeavour to diversify its investment portfolio, highlighted by a number of significant acquisitions. In March, RBH acquired a further 15% in Zurich Insurance Company South Africa (ZICSA) for R259 million, increasing our equity interest in the company to 25%. Following this, in the second half of the year, RBH acquired an 11% interest in Atterbury Investment Holdings (AIH), one of South Africa's leading property development and investment companies, for R500 million. And finally, in December, RBH was very pleased to be able to announce our intent to acquire a 5% interest in RMB Holdings (RMBH) for R2.5 billion which was subsequently completed in March 2011. RMBH is the holding company of the Firstrand Group and we hope to increase our shareholding in this premier financial services group over time. Other smaller investments totalling R100 million were made in other group companies during the course of the year.

Gifts for Godisanang

The Godisanang Orphan and Vulnerable Children Programme, a programme funded by RBH and undertaken by Royal Bafokeng Administration (RBA) and Tapologo HIV/Aids Hospice, aims to provide comprehensive, competent, child-focused and compassionate care to orphans and other vulnerable children within the poor and disadvantaged communities of the Bafokeng area.

Both RBA and Tapologo bring something to the partnership: while RBA provides the institutional strength, networking, and community leadership and liaison, Tapologo facilitates the project's administration, monitoring, evaluation, and implementation models and methods.

Godisanang employs child care co-ordinators and workers to assist with ensuring that the following measures are put in place to provide children in the Bafokeng region with the best possible quality of life:

- home-based care and support;
- psycho-social care and support;
- educational, health and recreational aid;
- social services access assistance;
- establishment of day care centres; and
- the creation of community empowerment programmes to deal with the stigmatisation and victimisation of OVCs.

In December 2010, MB Tech employees bought 450 Christmas gifts for orphans and vulnerable children supported by Godisanang. Their faces of joy and gratitude were a sight to behold, as these photographs clearly show.



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The Class of 2011

The 'Class of' concept aims to harness and develop young talent. Developed by the RBH human resources team, the initiative is aimed at recruiting and placing RBN graduates who have successfully completed tertiary qualifications across various disciplines of study. Graduates who have displayed promising performance at tertiary level are afforded an opportunity to experience the workplace, providing them with the practical experience required to launch them into their chosen careers.

In order to ensure that the programme achieves desired quality results, the interns appointed into the programme are put through rigorous performance assessments, which are conducted quarterly with mentors and supervisors. This allows for regular feedback to candidates and also ensures that areas of development are identified early in the process so that interventions can be implemented to help in areas where this is necessary.

The Class of 2010 was the inaugural group and a total of 14 professionals were recruited as part of this programme, 85% of which have since been appointed into permanent positions within RBH investee companies.

In 2011, a total of 23 candidates, a 64% increase from last year, became part of the class. This was undoubtedly influenced by the positive contribution made by the Class of 2010.

Katlego Kobe, who holds a BComm degree from the University of the Witwatersrand and is one of the 2011 interns currently employed by RBH, had the following to say about his Class of 2011 experience: "At first, being part of the Royal Bafokeng Holdings family was nerve-racking because the team has an important mandate to create value for 300 000 Bafokeng people. But in the four months that I've been part of the strategic investment team, I have learnt so much, and it helps when you are learning from experienced analysts who have been in the industry for decades. The working environment is relaxed but hard work and creativity is part of the philosophy. This has been an incredible experience."

Katlego Mongake, a fellow BComm graduate and Class of 2011 participant, agrees with his colleague: "Working at RBH has been an incredibly rewarding experience. I have loved being part of an environment where teamwork is highly prioritised, where generous guidance and mentorship is provided, and where I am invited to be a part of exciting transactions and to meet high profile individuals and clients. Working at RBH has inspired me to work harder in order to reach my goals."

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