

The path of BEE can sometimes be a gradual one. At a shareholding level, not all deals are instant, and it can take time before ultimate broad-based ownership transactions are finalised.

Last year, JSE-listed shipping and logistics group, Grindrod – celebrating its centenary this year – announced its most far-reaching BEE shareholding transaction to date.

The new partners in subsidiary Grindrod (SA) are Calulo Petrochemicals and Cyril Ramaphosa's Adopt-a-School Foundation.

Looking back at Grindrod's empower-

ment history, its first BEE equity agreement (concluded at an operating level), was with Dudula Shipping. The two companies linked up in 2001 in the Southern Tankers venture, aimed at serving the southern African oil industry, with Dudula as the majority partner holding 51%.

Four years later in 2005, Grindrod parted ways with Dudula. Reasons for the break up were cited as a financially unsuitable structure and the deal being commercially inappropriate.

Soon after the Dudula decoupling, Grindrod's BEE interests were reconfigured, this time bringing in the Holgoun Maritime Consortium. Holgoun held an 18.75% interest in Southern Tankers with an employee trust taking up a 6.25% stake.

This partnership was dissolved a few years later as it was also considered financially unsuitable for the parties involved. In the meantime, the Grindrod Bank subsidiary entered into its own BEE equity transaction in 2007.

In 2009, Grindrod, through subsidiary Grindrod SA, entered into a R274-million BEE deal with Calulo and the Adopt-a-School Foundation. These organisations have taken up a 25% plus-one-share stake through a new equity issue in Grindrod SA.

Calulo Petrochemicals, a black-owned oil and chemicals company, holds 15% and the Adopt-a-School Foundation, which aims to improve education infrastructure in rural SA, has a 10% share. Both incoming

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shareholders are subject to a 10-year lock-in period.

Grindrod SA includes the majority of its SA-based operations, particularly its bulk product terminal operations, container freight logistics, automotive logistics and storage, dry and liquid bulk transportation, perishable cargo clearing, and supply chain solutions in the furniture and durable goods sector.

Calulo is not a newcomer to the shipping industry and has worked with Grindrod prior to this deal. In 2008, Grindrod's Unicorn subsidiary announced the formation of a partnership with Calulo Services.

The Unical joint venture provides a coastal shipping service for the oil majors and bunkering in the ports of Durban and Cape Town.

In the 2009 deal, Calulo made an own-equity contribution that will remain in place for the duration of the lock-in period, with the balance being vendor financed.

The Adopt-a-School Foundation, facilitates the participation of companies and individuals wanting to improve the conditions of schools in historically disadvantaged communities. Its equity interest in Grindrod SA has been 100% vendor financed by Grindrod and includes a 10-year, R10 million interest-free loan.

Grindrod will also contribute a significant portion of its corporate social investment expenditure to the foundation over the lock-in period.

The foundation will have capital assets – being the shares – which will allow it to