Catalyst

SA's quarterly Private Equity & Venture Capital magazine

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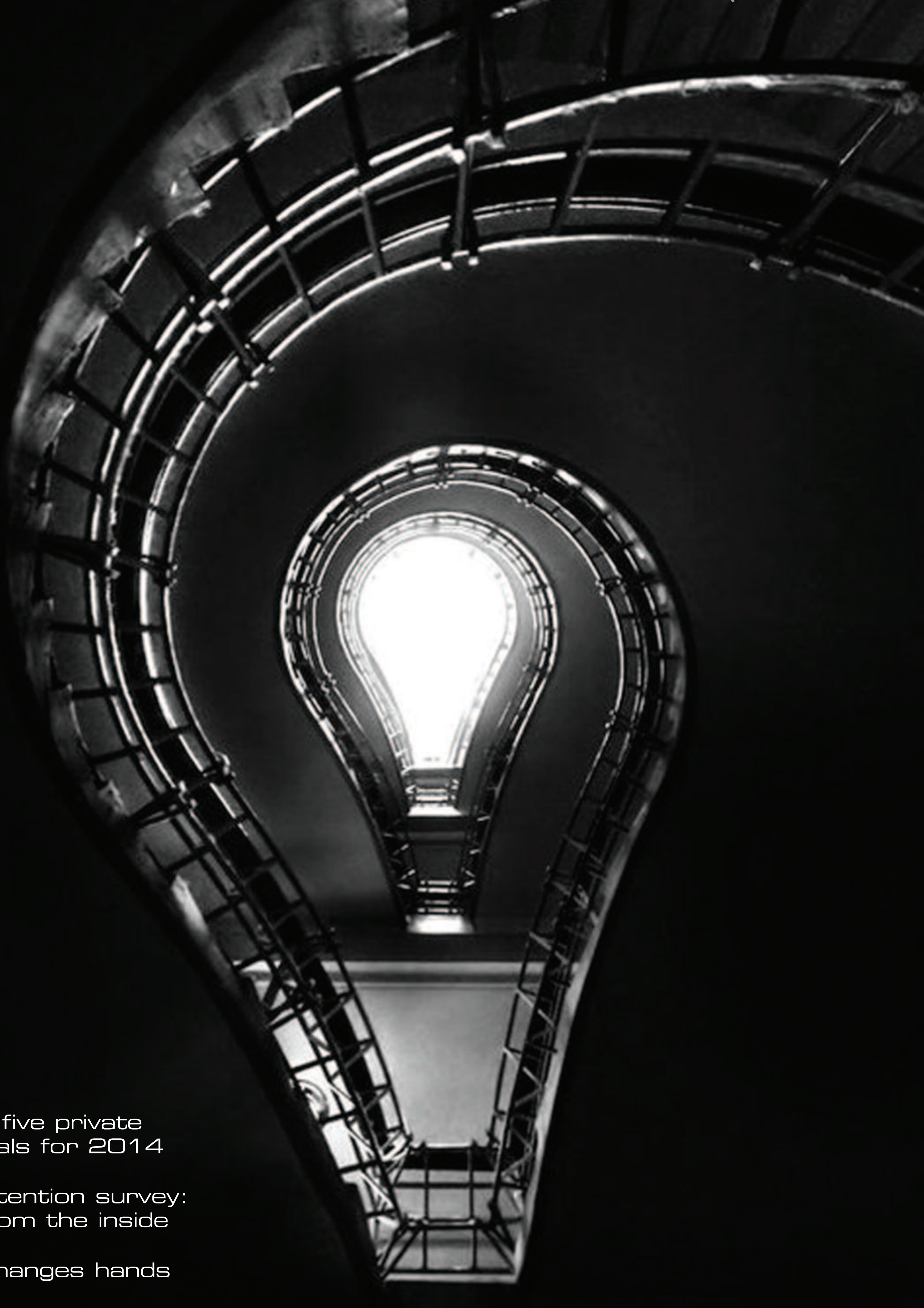
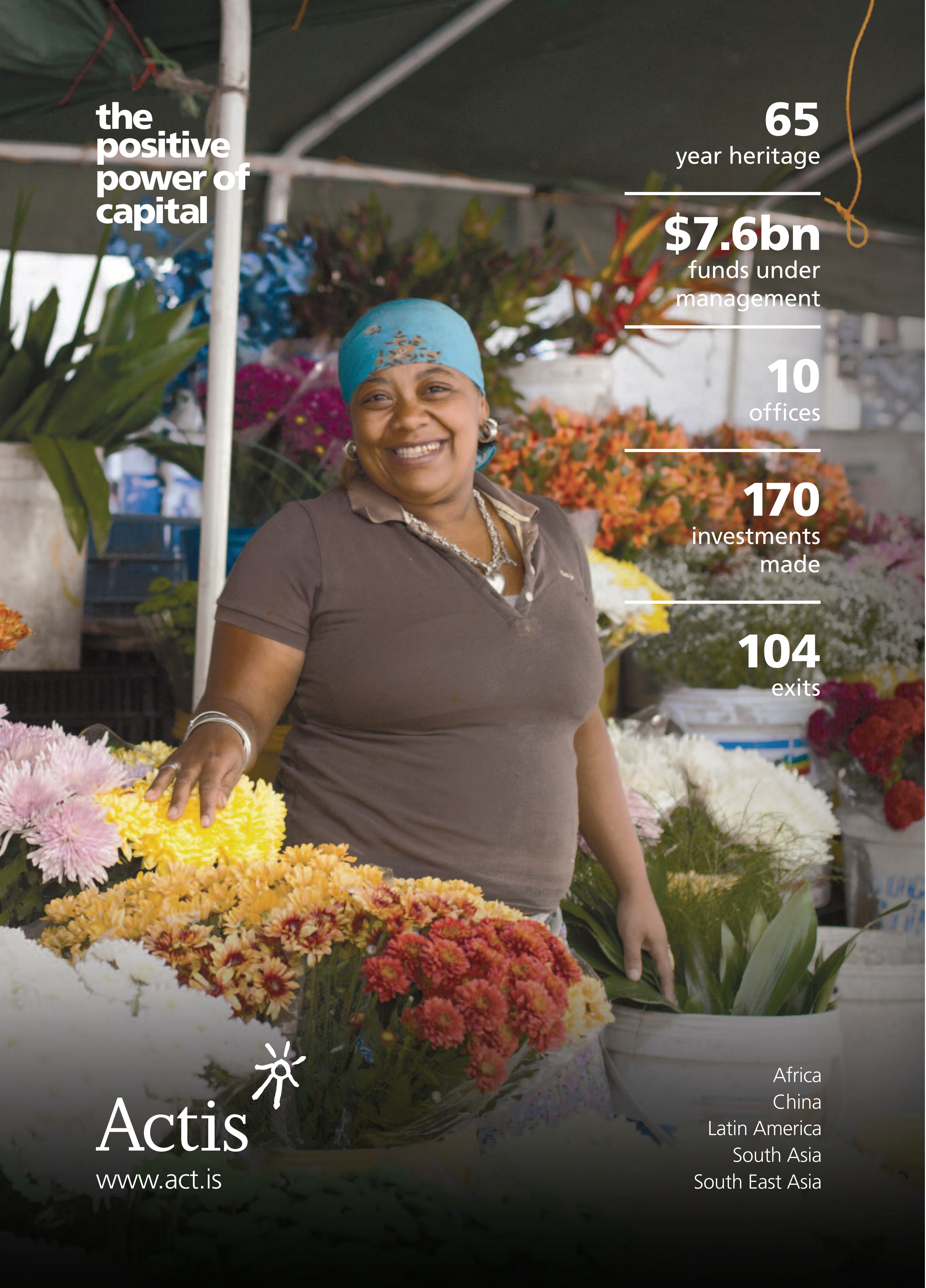


SA's top five private equity deals for 2014

Talent retention survey: A view from the inside

Libstar changes hands


the positive power of capital
65
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exits
Actis
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Africa
China
Latin America
South Asia
South East Asia

FROM THE EDITOR'S DESK

2014 was a vintage year for private equity in South Africa. DealMakers' recorded 38 reported transactions, 15 of which reported a total combined disclosed value of R5,7bn. The undisclosed value in the other 23 deals is certainly greater than that, with Lereko Metier's exit to Libstar reckoned to be worth R4,7bn alone.

The driving factors behind these phenomenal numbers include the heady equity market making for an attractive IPO exit environment and numerous funds reaching the end of lifecycles or new funds looking to deploy some dry powder.

Be that as it may, three things make South Africa a tough sell for GPs raising funds right now. The rand, the president and the power supply.

The rand can be explained using long-term trends between rates and the value of the currency; the power supply is slightly more complicated and provides a much tougher sell. It's a handbrake on economic growth no matter how you slice it but at least one can still make a case for investing in value sectors as a result. The president is the really tough sell. And much rests with the LPs stomach for that sort of political risk.

Despite this, the fundraising outlook for 2015 remains bullish according to Simon Hamilton, Global Head of Investec Fund Finance, a specialist business focused solely on lending to Funds and fund management teams. The team has members in London, New York, Johannesburg and Sydney and has closed over 150 transactions over the last 3 years and approved over $5bn of deals.

"We speak with a lot of funds and what we've seen is that about 80% of people will be in the market in the next couple of years".

Hamilton believes there are a few main drivers behind that. A significant divestment programme over the last few years as funds have exited investments that has returned a sufficiently large amount of money back to investors and those LPs are keen to redeploy that back into the asset class.

Couple that with the fact that the market saw a relatively low amount of money raised in 2008, 9 and 10 and so there's a bit of a catch up to do in the industry.

One of the most interesting facts is that 60% of the funds Hamilton talks to said their funds would be larger than last time.

With war chests swollen, the drums are starting to sound.

Catalyst is proud to be associated with the annual South African Venture Capital and Private Equity Conference through the sponsorship undertaken by sister publication DealMakers. The fit is seamless and furthers our efforts to provide you with insights from the frontlines of private equity and venture capital.

I look forward to bringing you the stories from this year's event in subsequent issues and relaying the mood of the industry from the utterly distracting surrounds of Spier Wine Estate in Stellenbosch.

A luta continua! ◆

Michael Avery

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Catalyst

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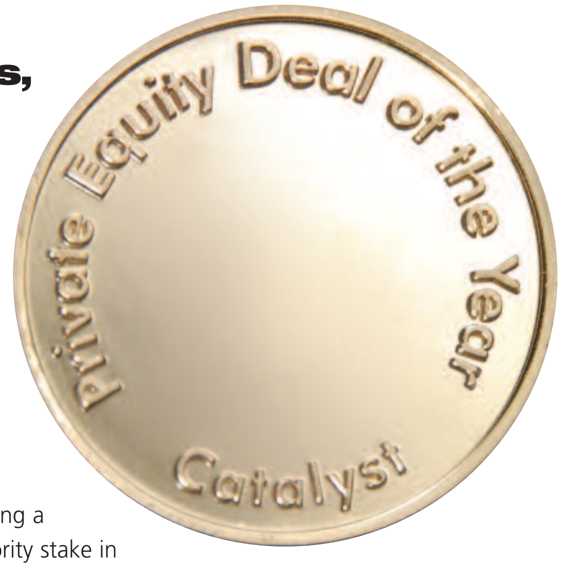
Gleason Publications

When it comes to vintage years, perhaps 2014 will be remembered as the year that private equity regained its pizazz.



Five of the best

An uptick in activity in both exits and acquisitions not seen since the global financial crisis led to one of those "nice" problems to have as an editorial team. Compiling the shortlist of the deal of the year was an exercise in which deals to exclude rather than who to include.

Ultimately, the editorial team at DealMakers & Catalyst were satisfied they had whittled away the also-rans and near misses to reveal the star transactions that serve as flag bearers for the strength of deal making in the South African private equity market.

In naming the short list of finalists, we celebrate a combination of impressive returns, clever structuring and timing across a range of sectors.

Actis - Tekkie Town

Actis, the global pan-emerging market private equity investor, announced a R724m ($65 million) investment in Tekkie Town, South Africa's leading independent sports and lifestyle shoe retailer in November. Taking a significant minority stake in the company, Actis is backing Tekkie Town's existing management, led by founder Braam van Huyssteen, who has been the driving force behind the company's success to date.

Van Huyssteen jokingly credits his mother with knitting retail into his DNA, referring back to her Parys-based ladies boutique as the place where he "learnt the art of doing business."

Founded in 2001 by van Huyssteen, the company currently boasts over 265 stores across South Africa based largely on organic growth, and selling the widest available range of global sportswear brands for value-seeking consumers.

"After a ten-year stint at a one-store operation in Mossel Bay, where we had the benefit of servicing the contract workers

Braam van Huyssteen

for Mossgas, pretty much after they left, we realised we'll have to change our strategy a little bit," recalls van Huyssteen.

"Our philosophy was always that if we don't have money to open new stores we don't do it, so we managed to do this with pretty much our own cash flow as we're a cash business. And as time went by momentum led us to this situation today where we can open 30 stores per annum."

Van Huyssteen will continue to be the majority shareholder and will remain as Executive Chairman. David Cooke, director at Actis, will join the Tekkie Town Board, as Actis plays an active role in helping the company craft its future growth strategy.


David Cook

The deal takes place against the backdrop of a tepid consumer growth story in South Africa but Cook is confident Tekkie Town's business model is robust enough to withstand those sorts of headwinds.

"One of the differentiating factors in Braam's retail story is the fact that [Tekkie Town] is a cash retailer and we've seen in cash retailers around the country a differential performance to those retailers that grew on the back of credit growth in South Africa," explains Cook.

When quizzed about his reasons behind choosing the private equity route opposed to a listing or other means of debt funding, van Huyssteen answered with his usual breviloquence.

"We had been looking at different means of trying to de-risk a little bit and we have spoken to different interested parties over the last four to five years and I think with this current transaction that we've concluded, the listing process will probably be staring us in the face in four or five years from now. We have had opportunities to list right now but we thought it was quite premature. We're still growing at quite a rapid pace and we really want to see whether we can unravel the Africa [expansion] story a bit first."

Tekkie Town sits at the heart of Actis's consumer-centric approach, as a differentiated retail proposition in a high-growth sector, underpinned by the demands of brand and lifestyle-conscious African middle class consumers. Actis has a strong track record of backing high-quality consumer-focused businesses on the continent, including fabric design company Vlisco Group and food group Edita. To date Actis has invested R18,2bn ($1.6bn) in the sector.

"Braam and his team have built a fantastic business targeting the consumer segment that aligns with our investment strategy – brand aspirational, emerging middle class consumers who are looking for quality products at real value," says Cook. "We look forward to partnering with Braam to help the business continue its impressive growth in South Africa and to expand to other countries in the continent."

The deal looks to have all the ingredients: excellent timing as the business looks to higher growth markets in Africa as the South African economy remains stuck in first gear; a clearly defined partnership playing to complementary strengths from van Huyssteen's operational acumen in retail to Actis's experience in Africa; and a plainly articulated exit strategy.

Actis – Compuscan

Actis is, unusually, nominated for two deals this year but the Compuscan deal was just too compelling to ignore.

Given the World Bank (*Financial Inclusion in Africa, 2014)* estimates that roughly three quarters of African adults do not have a formal bank account, combined with the phenomenal growth in banking this market through technological innovations mostly in the mobile banking space (think M-Pesa), it becomes clear why other parts of the financial services value chain have been firmly in the sites of private equity players for some time.

In April, Actis lifted the lid on its entrée into this space with the purchase of a 60% stake in CSH, the holding company for Compuscan, Scoresharp and Compuscan Academy. The acquisition includes credit bureau businesses in South Africa, Namibia, Botswana, Lesotho and Uganda, as well as Scoresharp, a leading analytics company and Compuscan Academy, a specialist credit training company.

> Considering only 5% of adults in Africa are covered by credit bureaux compared with 64% in OECD countries this deal has massive potential.

"We are excited about this deal as it represents major growth opportunities," says founder and CEO of Compuscan, Remo Lenisa. "Many countries in Africa are still without the necessary credit bureau infrastructure and there is huge potential in the emerging market credit services industry on the continent."

Actis plans to invest at least R1,14bn ($100m) in CSH, for the company and its management team to grow the business through acquisition and organic growth.

"This brings endless opportunities for our dedicated team to grow from strength to strength, providing world-class products and services to new and existing clients," says Lenisa.

Former FNB Chief Executive and financial "technopreneur" Michael Jordaan has beengiven the strategic role of executive chairman and his development of the FNB online brand into the market leader in South Africa speaks to the potential value he can bring to his new role.


Remo Lenisa

Jordaan will work alongside the current management team at CSH, as well as Actis Africa Financial Services Lead, Ali Mazanderani, to grow the business into new markets.

Founded in 1994, Compuscan is the fastest growing bureau in South Africa and one of the largest on the continent. Headquartered in Stellenbosch, with offices in Johannesburg, Windhoek and Kampala, it provides multiple credit data, decision analytics services and training to over 3 500 clients including banks, telcos, retailers, microcredit institutions and insurers, across several countries including South Africa, Namibia, Botswana, Uganda and Lesotho. The Data Analytics team in CSH operates under the Scoresharp brand and is headed up by Pieter van Heerden.


Ali Mazanderani

"This is not only a vote of confidence in the underlying business strategy of the CSH team, but a partnership to grow the business sustainably into the future," says Lenisa. "Actis's experience combined with its global footprint and sector specialisation, means that it is uniquely positioned to provide the necessary support to put the company on an upward trajectory."

Considering only 5% of adults in Africa are covered by credit bureaux compared with 64% in OECD countries this deal has massive potential.

"We understand the immense value of quality data to the credit industry and the economy as a whole and have developed innovative applications to enable us to provide real-time access to accurate credit information, combined with technologies that support the implementation of best credit granting principles," commented Lenisa.

"There is huge potential in the emerging market credit services industry. Credit bureaux have the potential to reduce loan interest rates and decrease the number of non-performing loans, while increasing financial access, credit expansion and ultimately economic growth," Mazanderani adds.

Lenisa said it would be business as usual following the transaction and that the team already had a number of acquisition targets on its radar screen.

The transaction is subject to regulatory approvals.

RMB - One Digital Media

The next finalist also finds itself in the consumer-facing arena of digital signage and offers attractive African growth prospects along with the inclusion of a black-owned private equity firm.

In October, RMB Ventures, the private equity subsidiary of FirstRand, and Bopa Moruo, an independent black-owned private equity firm, lifted the lid on a management buyout of One Digital Media from the previous majority shareholder.

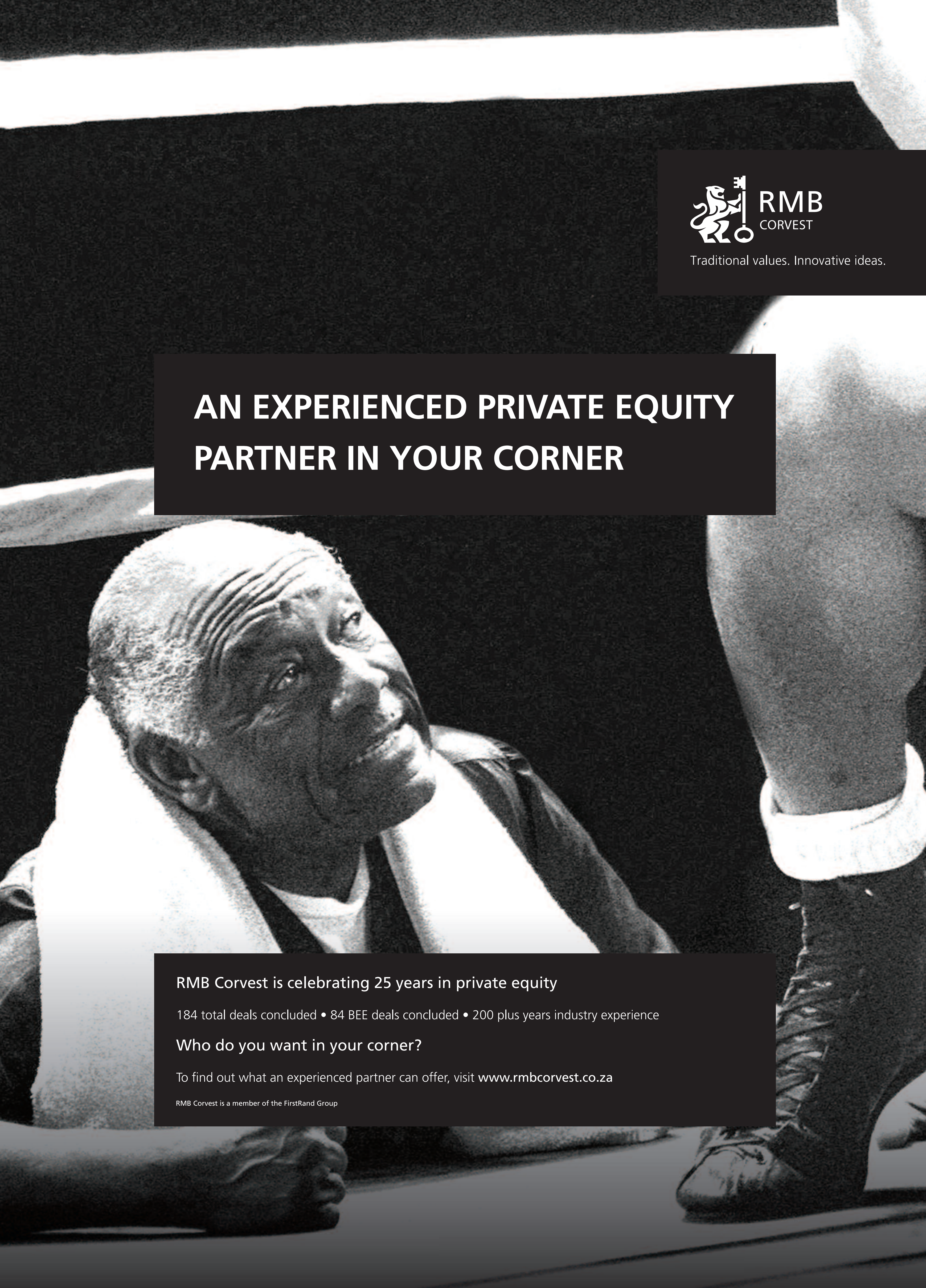

Tumi Tlhabanelo


Muhammed Moosa

RMB ventures lead transactor, Muhammed Moosa, says the deal ticks all the right investment boxes as a company with a leading market position, attractive long-term prospects as well as a committed and proven management team.

"We believe that ODM provides all the essential requirements we look for in our investments. It is the best company in the digital signage space in South Africa and has a passionate management team, while its long-term strategy of providing digital signage to clients in the rest of Africa is particularly attractive."

"Our strategy is to leave the day to day running of our investments to management while offering our expertise in optimising the capital structure, improving corporate governance and supporting management's strategies. We believe, as a private equity shareholder, we can assist ODM with growing its business."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Bopa Moruo identifies potential investments as those with long-term prospects for profitability, growth and cash generation. "We liked One Digital Media because it operates in the growing market of digital media," says Tumi Tlhabanelo, co-founder and director of Bopa Moruo. "We believe we can work with management to achieve their long-term growth and profit objectives."

One Digital Media is South Africa's largest provider of digital signage to retailers, corporate clients and restaurants.

"Retailers are continually having to adapt to a changing retail environment and new demands from consumers," says One Digital Media chief executive Andrew Ridl. "Our products allow our customers to use a digital media platform across a number of outlets while being able to select from a variety of digital communication methods such as screens for instore promotions and deals, digital menu boards (for restaurants) and internet kiosks. The partnership with RMB Ventures and Bopa Moruo in our business will be an important contribution to our future growth."

"It is the best company in the digital signage space in South Africa and has a passionate management team, while its long-term strategy of providing digital signage to clients in the rest of Africa is particularly attractive."

As well as its strong South African business, One Digital Media is expanding into other African countries.

"Large corporates have seen what we have done with Woolworths, Spar, KFC, Wimpy, Spur and Cell C, for example, and are keen to explore similar options in countries outside of South Africa," Ridl says. "Most recently, Indian-based telecommunications company Airtel has asked us to deliver a futuristic, interactive product to its stores in eight African countries, while many of our current South African clients, such as Le Creuset, are expanding their networks into Africa and taking us with them."

Ethos - Tiger Automotive

The fourth transaction on the shortlist is an excellent example of how the various pieces of the private equity investment ecosystem puzzle connect to provide a picture that is often greater than the sum of its parts.

In November, Ethos Private Equity revealed that it had decided to exit its investment in the Tiger Automotive Group, for an undisclosed sum, to another private equity consortium comprising US-based Carlyle Group [via its $700m sub-Saharan fund] and SA-based Old Mutual Private Equity [OMPE Fund IV].

It's an exemplary example of how private equity funds can work in tandem as investments that have come to the end of their lifecycle for the GP can be exited to satisfy LP commitments, while another private equity fund can still extract value for another set of LPs.

It's worth noting that Ethos was putting a deal together in the auto parts market around the same time as its exit, indicating its continued desire for exposure to what it deems an extremely profitable market. This was revealed when it announced the purchase of AutoZone in January 2015.

Ethos originally acquired TiAuto in 2008, delisting the business from the JSE in a transaction valued at approximately R1bn at the time. Over Ethos' investment holding period, TiAuto has grown significantly, increasing Tiger Wheel & Tyres retail stores from 52 in 2008 to 86 currently; Tyres & More retail stores were launched successfully in 2013 and now have 18 stores; a new battery line has been launched; the Hankook licence was secured and is distributed through the wholesale division; and the GT Radial Licence was secured for distribution through its Wholesale division.

It's an asset that has attracted interest over the years.

"For a number of years, Ethos has been receiving unsolicited offers for TiAuto," says Ethos partner, Shaun Zagnoev. "This is testament to the quality of the business, management team, and staff. We are proud of our partnership with management and have been fully supportive of the growth initiatives which have underpinned TiAuto's impressive performance, most especially during some challenging market conditions."

Shaun Zagnoev

Private equity ownership has been a positive experience for TiAuto, according to Ti Auto CEO, Alex Taplin.

"We have enjoyed a constructive collaboration with Ethos, over which time we have worked together to strategically enhance our business and grow operationally. We are a better, more sustainable business today than we were six years ago and much of this value can be ascribed to the professional and supportive style that Ethos has demonstrated during their time with us. This is why management has been so supportive of partnering with private equity shareholders again. Carlyle and

OMPE represent a wealth of expertise which will dovetail perfectly with management's future vision and growth ambitions for the group."

On conclusion of the transaction, which, at the time of writing was still subject to some regulatory approvals, the acquiring consortium will hold 100% of TiAuto's share capital. TiAuto's current senior management team will form part of this shareholding.

Vantage – Surfline

The fifth finalist comes from the stable of Vantage Capital, a South-African GP that is rapidly developing a formidable reputation as a pan African dealmaker with an eye for the exceptional return.

In November, Vantage Mezzanine concluded a transaction with Surfline Communications to provide $30 million (R330m) of expansion capital to the company together with a fund co-investor. Yaw Keteku, Associate Partner at Vantage leading their investment activities in Ghana, says the name of the co-investor will be made public sometime towards the end of the first quarter due to contractual issues.


Yaw Keteku

What makes Ghana such a compelling market for Vantage?

Keteku says Ghanian market has strong similarities with many other Anglophone markets and the economy is in a secular growth cycle, which all add up to a strong investment case for the country.

"We look at places where it's easy to business, with relatively strong regulatory and legal regimes similar to SA," explains Keteku. "The businesspeople [in Ghana] are quite pragmatic – a bit easier than other markets – and the economy is on an upward trend which means there are a lot of companies requiring growth capital."

Surfline arose from the demand for wireless broadband and related services in the Ghanaian market. The network achieved a very successful commercial launch in August 2014 and is experiencing impressive growth in its customer base, in both the consumer and corporate/enterprise segments. Towards the end of 2014, Surfline was shortlisted for the award of "Breakthrough LTE Development" category by the Africa Communications Awards for its successful deployment of Ghana's first 4G LTE network. John Taylor, Surfline's Executive Chairman, has also been listed in the 2014 World Finance 100, which celebrates 100 individuals who have reached the pinnacle of achievement in their field of expertise.

The funds will be used for the on-going expansion of Surfline's 4G LTE network in Ghana, as well as to grow its product distribution and marketing network.

Keteku is full of praise for the stewardship of John Taylor.

"Under John Taylor's visionary leadership, Surfline has assembled a team of highly-skilled professionals and technical partners who have built a first class communication network to meet Ghana's ever-growing data demand. We have developed a close working relationship with the Surfline team and we look forward to supporting the business as it grows."

Vantage closed its Mezzanine Fund II In March 2012. The fund has a pan-African investment focus (with a 35% allocation to opportunities outside South Africa) and can make investments of up to R300m ($30m) in a single transaction. R1,9bn ($190m) of commitments were secured from fourteen pension funds, three charitable endowments, two development finance institutions and a family office.

Surfline is the eleventh mezzanine transaction in Vantage's second fund, of which more than 80% of available funds have been invested. More than half of the capital deployed has gone into growth projects such as Surfline. Vantage has commenced the raising of its third mezzanine fund, which is targeted to close by the first quarter of 2015 at $250mn (R2,75bn).

Keteku says that this isn't the end of the deal pipeline in Ghana, thanks to its third fund.

"[Surfline] is certainly not our last and we're still actively looking for deals in Ghana because we're very comfortable with that market and we'll probably be looking at two or three transactions."

Luc Albinski, Managing Partner at Vantage, considers Surfline to be one of the most exciting deals the Vantage team have seen among the over 600 investment opportunities they have reviewed since 2010.

> The businesspeople [in Ghana] are quite pragmatic – a bit easier than other markets – and the economy is on an upward trend which means there are a lot of companies requiring growth capital."

Surfline is Vantage's second investment in Ghana after its $18,5m (R204m) commitment to Genser Energy, an independent power producer that is currently commissioning a 30 megawatt power plant, which is expected to come on-line shortly.

Oxford & Beaumont Solicitors acted as legal counsel to Vantage on this transaction. ◆

One of the themes at this year's SAVCA private equity conference, hosted at Spier Wine Estate in Stellenbosch, was talent retention in private equity.

Tending the talent pool

Catalyst spoke to a range of players, from small funds to large players and fund advisors, to better understand the challenges facing private equity General Partners several years after the global financial crisis.

Private equity is mostly a talent game. Limited Partner (LP) capital flows to General Partners (GP) with established track records and cohesive teams. The wellspring of that deal resume resides in the intellectual capital of the GPs. It's therefore safe to state that talent acquisition and retention is a constant and fluid challenge for GP's, the direction of which is largely influenced by the prevailing economic and fund cycle tradewinds.

Take the challenges a few years after the global financial crisis. Some deals were under water. How do you motivate the team when carry is under water? How did firms stop industry from poaching talent with its short-term financial carrots and better security?

Now that private equity has recovered from the financial crisis, the challenges are different in form but perhaps not in function. How do you ensure your best and brightest rainmakers aren't being poached by rival GPs when the deal environment is glowing red hot? What is the best form of incentive structure to ensure stable succession planning as a generation of dealmakers approach their own exits?

The view from inside

If any private equity firm knows the challenges in the industry, it's Ethos.

Founded in 1984, Ethos has been in the business for 30 years and pioneered South African private equity, concluding the first private equity-led acquisition in the country, and has invested in over 100 companies.

Jos van Zyl

Jos van Zyl, Ethos COO, says that talent retention is critical.

"Given the long-term nature of our business, retaining institutional knowledge and maintaining continuity is paramount to successful investing and successful fund raising. Critically, it also provides our investors with a high degree of comfort and may be the difference in whether they invest in future funds."

Van Zyl also points to the fact that this often a contractual obligation between investors and GPs.

"It's worth noting that many of our investor legal agreements specify clauses relating to retention, particularly that of senior investment professionals."

Stuart Bradley

Stuart Bradley, Senior Partner of Phatisa, a pan-African development private equity fund believes the importance of talent retention cannot be understated.

"Private equity is a people's game and therefore talent retention is paramount."

Tshego Sefolo

It's a view echoed by Tshego Sefolo, CEO of Zico Group, a black-owned private equity and investment holding company.

"[Private Equity] is a long term investment game therefore it is critical to retain the right talent through the life span of the investments. The ideal of nurturing investments from 'cradle to grave' is principal."

The view from abroad

Simon Hamilton, head of Investec Fund Finance, believes the value of private equity is with its people, with the intellectual capital that's invested in that firm.

There are a couple of points worth understanding from the research that he and his team have conducted over the last five or six years.

"In talking to a lot of the private equity professionals, there is the perception that they felt their carry wasn't necessarily under water but that there was a timing delay on when that carry was going to come through," explains Hamilton.

Hamilton's research also points towards an industry making great strides towards recovering that feel-good factor decimated post the global financial crisis.

Simon Hamilton

"We've consistently tracked over the years the levels of satisfaction that have come through, and at the end of last year when we published our research we found that 82% of people were either satisfied or more satisfied than they were a year ago. If you look back into the previous years (2013's figures) it shows that 38% were more satisfied. So what we're seeing is a trend upwards."

Incentives

Sebastian Mallaby, in *More Money than God*, his hedge funds book, credits Alfred Winslow Jones with the invention of hedge funds.

In 1952 Jones is also attributed with creating the 20% plus 2% hedge funds and private equity GPs have been collecting ever since. He claimed this "incentive fee" was based on how Phoenician merchant ships kept 20% of profits from a successful voyage for themselves before paying shareholders.

Following the global financial crisis, LPs have been pushing back at this fee structure they have suspected enriches the GPs asymmetrically. They have succeeded in amending the formula to something more like "1.4 and 17", at least for newcomers to the business, according to research quoted by *The Economist*.

This has translated into a range of new challenges for talent retention as the financial incentive spread between traditionally "secure" corporate financial services narrows with the maverick dealmaking environment of the private equiteers.

Bradley believes incentives should not be narrowly defined.

"They are important but need to be used in conjunction with other tools - people need to enjoy what they do, be developed, identify with a career path, and so on."

But like most industries money does talk and Sefolo reckons talent needs to be appropriately incentivised for the long term to align them with company performance.

"This is typically done through carry allocation. There is obviously a fine balance incentivising talent too early in their careers and retaining them for the long term. Sometimes you need to allow them to 'find their feet' so to speak."

One part of the incentive equation is how much the general partners are investing in their own funds to demonstrate a certain degree of commitment and alignment to fund performance that LPs are looking for.

Investec's annual research reveals a notable trend that GPs would be well advised to take heed of in their next round of fundraising.

"We look at it as a percentage of people," details Hamilton, "and it used to be sub 1% [of the total fund committed out of the GP's pocket] pre-crisis and now we're seeing a big shift towards higher commitments with an average of around 2%, but 20% of the people that we speak to will be committing 3% or more. "

The interesting dynamic change from pre-crisis to post-crisis is whom within that GP team is actually writing that cheque.

Hamilton explains: "We've seen that LP's are far more interested in the spread of that commitment because now quite often that commitment is very relevant to the amount of carry that that individual get. So if I'm an investment professional and I want to get 10% of the carry out of the team's pot, then I'm probably going to be expected to write 10% of the team's commitment to the fund. And that's one of the things that LPs are looking at quite closely. How wide is that carry spread and commitment to the fund. Is it just the senior partners who are taking all the money at the table and putting all the money into the fund, and hence do we really have collective buy-in and real skin in the game from the whole team."

Succession planning

The long-term nature of private equity, the speciality, the importance of the relationships cultivated over many rounds of successful funds raised and consistent IRR returned to LP investors, the relatively early retirement of senior partners (unlike law say) all swirl around in the succession melting pot.

Hamilton says that in the discussion Investec has with people in Europe, the US and also within Africa, it's one of the core things they spend a lot of time thinking about.

"I think the concept of succession planning has at its basis the issue of talent management," says Hamilton. "As the teams come through they are developed individually. They are groomed to become, not only great investment professionals in their chosen markets, but also to be able to manage the business from fund-raising, to LP investor relations as well as running your own business. So the concept of succession planning takes a long time to happen but is a very relevant question."

Hamilton says that within most funds they have the concept of a key person. LPs will back a fund but they believe there are certain people who are the key drivers of performance and if those people aren't involved in the fund then the investors have the right to revisit the investment programme.

“Those key people are often the senior partners. But what it does allow for within that is for a certain amount of them to leave. And so succession planning is about orderly exit of people as they get to retirement and the promotion of new people into that key man team.”

Ethos managed its succession planning particularly well with Andre Roux, largely considered one of the fathers of the private equity industry in South Africa, succeeded by current CEO Stuart MacKenzie, at the time aged 45, in January 2014. MacKenzie originally joined Ethos in 1998. In sixteen years he understands the Ethos culture intimately.

Sefolo sees a comprehensive development plan as critical.

“One needs to have a clear development plan with an incentive structure that talks to that,” advises Sefolo. “Senior partners must also be cognisant of the fact that development needs to be proactive and in most cases it is the one intervention which is critical for the long term existence and sustainability of the firm.”

Training

Ethos has embarked on an analyst programme to train younger employees in the firm and it appears to be paying dividends in terms of talent retention already.

“We began our Analyst programme a couple of years ago,” says Van Zyl, “and it has been successfully growing since.”

“Ethos is committed to developing talent within our firm and we have high expectations of excellence. We recruit into the programme periodically, determined by deal activity and budgetary allowances. We hire a small number of exceptional individuals to work within our deal teams, evaluating investment opportunities and working with our portfolio companies to optimise performance.”

But what is such a programme for when dealing with such highly specialised talent pools?

“The programme is designed to give participants broad experience and exposure across the private equity value chain,” explains Van Zyl. “At the end of the programme, the highest performers have the opportunity to take on a permanent role within the business. Overall it has been a positive move for Ethos enabling us to access and hire young talent, test how different skills and backgrounds adapt to our business and provide develop rounded investment professionals with a clear career path through our business.”

And then there are the “many auxiliary benefits to the programme” that Van Zyl points out too: “a heightened sense of comradery and healthy competitiveness. Furthermore, fresh perspectives and insights flow freely from this group into the firm, influencing anything from investment decisions to venues for our corporate functions.”

The view over 2015 and beyond

So what now for private equity firms keen on cultivating their teams in this brave new post-crisis world?

Sefolo sees finding the right fish in the talent pool as one the most significant challenges ahead.

“It is probably more challenging in the early years of a fund managers life but as the business grows and demonstrates success then it becomes self-fulfilling. In some ways, finding and attracting talent is more difficult than retaining it.”

Despite the improved confidence levels tracked by Investec, Hamilton believes the research highlights the importance of maintaining staff morale amidst a period of significant generational change. A total of 18% expect to leave their firm in the next 12 months, with a further 15% unsure whether they will remain at their firm in this period.

Detailed questioning of leading players in the private equity market focussed on the importance of nurturing talent, planning for succession and correctly structuring compensation so that more junior members felt incentivised through carried interest payments.

Committing more capital to funds from within teams will be a challenge with three-quarters of GPs anticipating that they will need resources above and beyond their carry to fund their personal commitment.

“As the industry adapts to the post-crisis environment, it is clear that investors want greater alignment with the GPs who manage their money. One of the biggest issues is how they fund this commitment, not just at a senior partner level, but throughout the firm. Over the past 12 months we have seen a significant increase in GPs speaking to us about co-investment funding”.

Talent retention will undoubtedly remain at the forefront of the agenda for senior partners in the private equity industry. It is after all the nature of the human capital that they tend to – the individuals with the skillsets and psychological profiles that drive them to seek out new challenges – that leads to restless feet. So far, the industry appears to be luring the talent it needs to maintain its robust growth. The challenge for future leaders will be maintaining this momentum. ◆

One of the major deals announced during the fourth quarter – unlucky not to make the short-list for private equity deal of the year – was unquestionably international emerging market private equity fund Abraaj Group's acquisition, through its Funds, of a majority stake in Liberty Star Consumer Holdings (Libstar).

Abraaj takes the Libstar baton

Libstar is one of the largest unlisted food and personal care manufacturers in South Africa. Abraaj completed the buyout of Libstar from its existing shareholders including Metier, Old Mutual Private Equity, Development Partners International and Lereko in October.

Market speculation that only came to *Catalyst's* attention in January is that the South African consortium achieved an enterprise value of R4,7bn (that's market cap plus debt, minority interest and pref shares, minus total cash and cash equivalents), at a 10x earnings multiple, which would mean that it would have returned five times the initial cash invested at an IRR (internal rate of return) of over 40%.

The parties are bound by confidentiality and cannot comment, but the rumour mill is usually quite accurate.

Established by Metier, CEO Andries van Rensburg, and Robin Smith in 2005, Libstar and its subsidiary companies manufacture a broad range of private label and own-branded products for the rapidly growing South African food, fast-casual dining, household and personal care markets. The Company's range of products cover cheeses, sauces and condiments, packaging supplies, baking aids, herbs and spices, beef and chicken products, pasta, imported European deli products, confectionery snacks, and detergents and washing powders.

The firm boasts some the country's top retailers as clients including McDonald's South Africa, Woolworths, Shoprite, Pick n Pay, Spar and Tiger Brands.

Libstar operates nationally through 23 business units located in five of South Africa's nine provinces and employs roughly 4,200 people with nationwide manufacturing, supply and distribution capabilities.

Since its inception, Libstar's management team has pursued a successful buy and build strategy, growing and diversifying its product offering. Libstar's key business units include Cape Herb and Spice, which is the primary provider of private label spices; Finlar, the sole and exclusive provider of beef and chicken products to players in the fast food (or quick service restaurant) sector; Lancewood Holdings, a prominent manufacturer of soft cheese in South Africa; Rialto, the exclusive supplier to leading retailers of imported food products from Asia and Europe; and Dickon Hall, the leading producer of condiments in South Africa.

The acquisition of Libstar represents an attractive investment opportunity for Abraaj given the large, non-cyclical markets and industries that Libstar targets.

The R639bn South African grocery retail market and R159bn food services market are estimated to grow at 7% and 9,5% per annum respectively to 2018.

Davinder Sikand, Partner and Head of Sub-Saharan Africa for The Abraaj Group, believes the Company's private label manufacturing, supply and distribution business has strong organic growth potential given Africa's low market penetration rates for private label products and the rising popularity of fast-casual dining across the continent.

Thierry Dalais

"The acquisition of Libstar represents another exciting African investment partnership for us," enthuses Sikand. "Metier, along with the Libstar management team and employees, has built an impressive market position as one of the leading manufacturers and providers of high-quality products and services to the African foods service and retail industry. We look forward to adding our deep experience in helping accelerate the growth of our numerous FMCG and food businesses, not only across Africa but from our other growth markets as well."

This transaction continues Abraaj's focus on investment opportunities arising from the growth of large consumer and middle classes across its target markets of Africa, the Middle East, Turkey, Asia and Latin America.

Abraaj stated that it will continue with financial and operational support to Libstar's pan-African growth strategy, which includes the introduction of new product lines and the upgrade and expansion of existing Libstar plants. Abraaj will continue to support Libstar's successful buy and build strategy across South Africa as well as in Sub-Saharan Africa.

Thierry Dalais, Executive Chairman of Metier, shares the origins of the Libstar investment.

"Libstar's strategy originated in 2005 when we [Metier], along with Andries van Rensburg and Robin Smith, articulated an ambition to create and grow Libstar. We have been integrally involved in Libstar's development and are proud of what has been achieved. As private equity investors there comes a time when we need to pass the baton on and trust that Abraaj will run hard and be worthy owners of the business. We wish them all the very best."

The number of people employed by Libstar increased from 1 510 in 2006 to 4 100 in 2013. Libstar spent over R20m in education, training, donations and improvement of previously disadvantaged communities in the last 3 years.

Over the holding period Libstar has grown its EBITDA by a compound annual growth rate of 36% - what had started out in 2005 as a R90m revenue business was sold to Abraaj in August 2014 with revenues approaching R5bn. A truly remarkable feat.

All eyes on Abraaj as it picks up the baton. ◆

RMB Corvest, the on-balance sheet private equity arm of the FirstRand Group under the RMB brand, celebrates a quarter century of dealmaking this year.

RMB Corvest celebrates 25 years of dealmaking

Catalyst caught up with directors Stephen Brown and Mike Donaldson to look back on a journey that has witnessed 184 total deals to date, of which 84 are BEE deals – a large driver of deal flow.

"RMB Corvest was really established in 1989 by Neil Page, Dick Merks and Dave Rissik," explains Brown. "It wasn't always part of Rand Merchant Bank as it was initially owned by Corbank and then subsequently RMB acquired its stake in 1992."

Rissik left the team in 2007 but Merks and Page remain as part of an expanded team of 14 investment professionals. Brown gained lending experience as a Business Analyst at the Industrial Development Corporation before joining RMB Corvest in 1997.

Donaldson initially gained corporate finance experience with Coopers & Lybrand (UK) and thereafter with Investec Bank. He later cut his teeth in private equity at Investec prior to joining RMB Corvest in 2004.

Both Brown and Donaldson believe that the support of RMB, and the fact that being a captive fund has allowed them to focus on dealmaking rather than fundraising, have been significant advantages over the years.

"And then the second advantage, especially from a black empowerment point of view, is that we don't have to close out a fund," explains Brown. "We can hold transactions for a longer time and you don't necessarily want your black empowerment partner to be forced to sell because they're having a fund closure, so that's strategically important."

"So, when you have a downturn in a market cycle we can play and take a longer term view in a market and in terms of timing the cycle in the market we can exit when the time is best," adds Donaldson.

On-balance sheet private equity funds have come under pressure following the global financial crisis largely due to regulations like the Volcker rule in the US and Basel II globally. These regulations sought to increase the cost of perceived riskier capital and many bank captive private equity finds were subsequently spun out.

Brown says this has forced the firm to become more conscious of the return on capital. But he points to RMB Corvest's large portfolio as a significant advantage and buffer against the challenges presented by regulatory changes such as Basel III.

"Because we have an established portfolio we have been able to secure dividends and earnings, as well as sell various investments, which in effect have generated sufficient capital and return on capital to do new deals. So when you've got a large portfolio you can manage those constraints but it would be difficult to start up a new private equity portfolio as part of a bank, because the cash inflow takes six to eight years to come through."

BEE

Black Economic Empowerment has always been an important driver of deal flow. Typically realisations for BEE deals, given the complex funding structures, take longer to realise and hence fit better within the captive funds as there are no fixed time constraints placed by Limited Partners in which to return the invested capital and gains.

"It was before the BEE codes were even published that we saw black empowerment becoming very important in South

Africa as a driver of deal flow, so we set up a broad-based trust where, effectively, the employees of our investee companies were the beneficiaries of that trust," explains Brown. "We had a number of companies who wanted to be involved and it represented 4 500 employees. It was structured so that 90% of the benefits would go to black people and 10% to white people and that gave the fund excellent BEE credentials. It was done under the name Tandem Capital which invested in a number of different businesses."

"The BEE codes which have been changed from time to time ended up placing a major burden on the underlying investee companies to comply with the broad based codes at the time," he continues. "An example was that you had to hand out financials to every single participant which made it expensive and difficult to manage if you wanted to achieve the full points for the broad based ownership. However, it generated significant wealth for those 4 500 people. We paid out between R35 to R40 million rand in total."

Mike Donaldson

Stephen Brown

Donaldson laments the fact that the codes didn't lend themselves to do more of those structures.

In the end RMB Corvest unfortunately sold out of that structure and paid all the employees out.

That led to the formation of Shalamuka Capital which bought the Tandem Capital portfolio.

Brown says RMB Corvest wasn't involved in establishing the Shalamuka Foundation, which was founded by Paul Harris (former CEO of the FirstRand Group) to address South Africa's on-going need for quality education in disadvantaged communities.

Paul's vision was to create a long-term, sustainable funding vehicle that would not just pay lip service to problems in the community regarding education, but one that would make a real difference to inspire, educate and empower teachers, learners and communities.

The Foundation earmarked Penreach – a non-profit, in-service skills development programme that supports educators in Mpumalanga and surrounding communities, as a suitable vehicle to realise its vision.

The Foundation subsequently partnered with RMB Corvest in 2008 to establish Shalamuka Capital as its Broad-Based Black Economic Empowerment private equity company, to generate long-term sustainable funding for Penreach through private equity and BEE deals.

Shalamuka Capital is a Broad-Based Black Economic Empowerment,

on-balance sheet provider of private equity for mid-sized management buyouts, leveraged buyouts, development capital and funded BEE solutions.

"As the private equity company for the Shalamuka Foundation, we partner with and invest in sustainable, non-listed businesses that show future growth potential to raise funding for our investments," explains Brown.

Penreach's involvement in education ranges from early childhood development (ECD) to the mentoring of school governing bodies. Penreach also supports the upgrading of facilities, from computer rooms to kitchen lapas and communities are taught self-sufficiency through food gardens and the sinking of boreholes for water.

Starting out with 40 educators from 10 schools in 1994, Penreach today reaches more than 2 000 teachers, 350 000 students and over 900 schools a year, thanks to the funding and support from the Shalamuka Foundation, directors and stakeholders.

Fidelity still stands out

Looking back on some of the standout transactions RMB Corvest has been involved in over the last 25 years both Donaldson and Brown single out the Fidelity transaction, the second ever deal concluded by RMB Corvest, as the one that stands out.

"It has gone through various corporate activities. It originally was only a cash-in-transit business, then it bought Springbok Patrols, then it bought Supercare, then in order to enhance the BEE credentials and align management interests it unbundled the group into three different businesses. All of these different businesses have gone through various corporate activities and we are still very much involved with Fidelity Security to this day. The reason we still have an interest is because it has created value over the 25 years and continues to do so."

RMB Corvest at 50

Catalyst asked Donaldson to gaze into his crystal ball and tell us what he believes RMB Corvest will look like in another 25 years' time. And his answer speaks to the core of the business model's success over the years and that's continued concentration on the portfolio.

"We're going to continue to focus on the portfolio. We're currently sitting on 68 investments and we'd like to see that 68 grow over the years to come. We have a solid base and platform and we would be very disappointed if the business was not multiples in size from what it is today. We want to keep the diversity – we're across every single sector in South Africa."

Donaldson also want to increase exposure to the African growth story.

"We would like to have more Africa exposure but that we're going to have to do slowly. We do have some presence in Africa but on a very niche scale. We need to get that African experience because currently we just parachute people in from this office so we would like to build that portfolio."

Donaldson is confident the staff are all aligned and properly incentivised, which is critical to future success. "But it is very unlikely that two of the founders who are still present today would still be here in 25 years."

However, because of the ethos and passion developed within the firm, Donaldson and Brown remain unperturbed about any succession issues. The two are assured that the business model which has brought such success will continue to deliver the kind of outperformance that has seen RMB Corvest achieve the quarter of century milestone, and see it achieve many more on the road to another quarter century. ◆

On October 31, 2014, the COMESA Competition Commission published its 2014 Merger Assessment Guidelines. The guidelines provide much needed clarity on the interpretation of the COMESA Competition Regulations in so far as merger control is concerned.

Long-awaited clarity provided by COMESA Competition Commission

Anton De Bruyn

Although South Africa is not a COMESA Member State, the COMESA Competition Regulations apply to all firms (including South African firms) "operating" in COMESA Member States. The COMESA Member States are: Burundi, Comoros, DRC, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

In terms of the new COMESA Merger Assessment Guidelines:

- A merger must be notified to the COMESA Competition Commission when either the acquiring firm or the target firm "operate" in two or more COMESA Member States. However, an undertaking will only be considered to "operate" in a Member State if its annual turnover or value of assets in that Member State exceeds US$5m.
- A merger will not be a notifiable merger where the target firm does not operate in any Member State in the Common Market.
- Likewise, a merger will not be a notifiable merger where each of the merging parties realises more than two-thirds of its annual turnover or value of assets within the same Member State in the Common Market.
- Internal restructures within a group of undertakings will not be regarded as an acquisition of control for purposes of merger notification. Internal restructures are defined as instances where one undertaking already controls the other undertaking, or the undertakings concerned are ultimately controlled by the same undertaking.
- The COMESA Competition Commission may be approached for a "comfort letter" or a "pre-notification consultation" if uncertainty exists regarding the potential notifiability of a merger.

Even if a merger is not notifiable to the COMESA Competition Commission, always consider whether the merger must be notified to another competition regulator in Africa or elsewhere in the world.

Bear in mind that a "merger" occurs when one undertaking establishes direct or indirect "control" over the whole or part of the business of another undertaking. "Control" is not always a clear-cut concept in law and the assessment of whether a merger is formally notifiable to the COMESA Competition Commission can be quite complex. It is important for specialist input to be obtained in each instance. ◆

De Bruyn is a director in the Competition Law Advisory Practice at KPMG

Local and International news

International

Bloomberg reports that two of the biggest private equity firms in the US are disclosing fees that had largely been hidden as U.S. regulators demand increased transparency from the industry.

Blackstone Group LP said it could collect as much as $20m annually from investors and companies in its next buyout fund, for services such as health care consulting and bulk purchasing. TPG Capital put the potential charge for similar services at as much as $10m a year for its new fund, which is currently seeking to raise as much as $10bn.

The fees, detailed in recent marketing materials obtained by Bloomberg News, are on top of other monitoring and transaction fees and haven't been disclosed in such detail in documents governing earlier funds. The U.S. Securities and Exchange Commission has criticized the industry for passing on charges to clients without their knowledge, and is trying to persuade the $3.5tn private-equity industry to improve disclosure. ◆

Helio's Investment Partners has raised slightly over $1bn for the largest ever Africa focused private equity fund. This is the first time any investment firm has raise more than a billion dollars for any fund that targets investment opportunities on the continent.

The London-based investment group, which was founded almost a decade ago by a Nigerian born deal maker, Tope Lawani, said it stopped taking contributions for its third private equity fund after it reached $1.1bn.

Bloomberg quoted a Helios statement saying investors in the fund included sovereign wealth funds, corporate and public pension funds, endowments and foundations, and development finance institutions across the U.S., Europe, Asia and Africa. ◆

National news

Appointments

The Southern African Venture Capital and Private Equity Association (Savca) made two new appointments to its board of directors in October.

Women-led private equity firm Identity Partners principal partner, Sonja de Bruyn Sebotsa, and Rand Merchant Bank Corvest executive, Arnold van Wyk, bring more than 30 years of financial and private equity experience to the organisation, Savca stated.

"We welcome Sonja and Arnold to the board and look forward to the new energy and perspectives that these seasoned finance professionals will bring to our organisation," Savca CEO, Erika van der Merwe, commented.

Dave Stadler was unveiled as SAVCA's new chairman in December. Stadler, who is the founding partner of Paean Private Equity, takes up the position after serving on the SAVCA board for five years.

He has some 30 years' investment banking and private equity experience. Stadler replaces Emile Du Toit, Head of Infrastructure Investments at Harith General Partners, who stepped down as chair in October 2014.

"It is an honour to serve the Southern African private equity community through a strong, established platform such as SAVCA. As an industry body, SAVCA has been successful in promoting the asset class and investment opportunities in the Southern African region amongst local and foreign investors and the business community. There is, however, still substantial work to do and I look forward to the challenge," says Stadler.

Stadler was formerly head of Nedbank Private Equity, having previously established BoE NatWest Equity Partners, the private equity division of BoE NatWest. He has served on the boards of directors both as chairman and non-executive director of a number of investee companies. Stadler is a Chartered Accountant and holds an MBA from the University of Cape Town. ◆

The latest edition of the RisCura-SAVCA South African Private Equity Performance Report confirms that the local asset class continues to yield excellent returns for investors. Data indicates that investments into private equity funds delivered an annualised rate of return of 18,5%, net of fees, over the ten years to September 2014. However, the asset class's performance has decline against listed equity. ◆

PRIVATE EQUITY DEALS Q1 – Q4 2014 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Disposal by	Times Media to Subcocept	Nu Metro Cinema division and Popcorn Cinema Advertising Sales	Arbor Capital Corporate Finance; icapital; PSG Capital; ENSafrica	R75m	Jan 6
Disposal by	Acorn General Fund 1	25% stake in Target Investments	Acorn Equity; VanderSpuy	undisclosed	Jan 13
Acquisition by	Investec Asset Management and The Carlyle Group	undiscolsed stake in J&J		undisclosed	Jan 24
Acquisition by	Acorn Agri from Thembeka Capital and Overberg Agri	23.6% stake in Overberg Agri	Acorn Equity; VanderSpuy	R189,3m	Feb 6
Acquisition by	MICROmega from Acorn General Fund 1 and Acorn Venture Technology Fund 1	56,67% stake in USC Metering	Acorn Equity; Merchantec Capital; VanderSpuy	R39,67m	Feb 7
Acquisition by	Nedbank Capital Private Equity	30% of Little Green Beverages	Nedbank Capital	undisclosed	Feb 10
Disposal by	AngloGold Ashanti to QKR Corporation	AngloGold Ashanti Namibia (Navachab Gold Mine)	Standard Bank; CIBC World Markets; UBS; ENSafrica; Webber Wentzel	$124,2m	Feb 10
Acquisition by	Old Mutual Private Equity	Stake in 10X Investments	Leaf Capital; Cliffe Dekker Hofmeyr; Bernadt Vukic Potash & Getz	undisclosed	Feb 12
Acquisition by	Trinitas Private Equity and management (70%:30%)	The Auto Industrial Group		undisclosed	Mar 18
Disposal by	Corvest 2	42.2964% stake in Kwikot	Cliffe Dekker Hofmeyr	undisclosed	not announced Q1
Disposal by	Corvest 2 to Pastral	4.4894% stake in Kwikot	Cliffe Dekker Hofmeyr	undisclosed	not announced Q1
Disposal by	Corvest 2 to Ciral	0.4% stake in Kwikot	Cliffe Dekker Hofmeyr	undisclosed	not announced Q1
Disposal by	Vantage Capital	stake in CA Sales		undisclosed	Apr 3
Acquisition by	Credit Services Holdings (Actis and management)	Compuscan	Webber Wentzel	not publicly disclosed	Apr 24
Acquisition by	Bopa Moruo Private Equity from Kagiso Stragetic Investments	25% of Waco Africa	Cliffe Dekker Hofmeyr	undisclosed	Jun 9
Acquisition by	PSG Private Equity	50% stake in Entrepo		undisclosed	Jun 24
Acquisition by	Ethos led consortium (incl Public Investment Corporation) from Actis, Rand Merchant Bank and Old Mutual	80% stake in RTT Group	Rand Merchant Bank; Ernst & Young; Webber Wentzel; ENSafrica	undisclosed	Jun 30
Acquisition by	Medu Capital	Thoroughtec	Webber Wentzel	undisclosed	not announced Q2
Acquisition by	Acorn Agri	25.1% stake in Lesotho Milling Company	Acorn Equity	R34,5m	Jul 1
Acquisition by	Zukubu (Pan-African Private Equity Fund 2012) from Ebrahim Valli Investments and Ms Shehnaaz Kadwa	49.99% (24.99%:25%) of R and S Consulting		R70,99m	Jul 3
Disposal by	Morvest Business to Zukuba	50,01% stake in R and S Consulting	Sasfin Capital; Cliffe Dekker Hofmeyr; Mazars	R73,3m	Jul 3
Acquisition by	Rockwood Private Equity Fund I	remaining 51% stake in Bravo Group not already held	Werksmans	not publicly disclosed	not announced Q3
Acquisition by	Horizon	a majority stake in National Urethane Industries	PwC; Webber Wentzel; GirardHayward	R58m	not announced Q3
Acquisition by	Vantage Mezzanine Fund II Partnership from RMB Corvest	Dynamic Bedding	Werksmans	not publicly disclosed	Oct 2
Acquisition by	Abraaj Group	a majority stake in Liberty Star Consumer	Cliffe Dekker Hofmeyr; Webber Wentzel	undisclosed	Oct 8
Acquisition by	RMB Ventures, Bopa Moruo and management	One Digital Media		undisclosed	Oct 20
Acquisition by	Ascendis Health from Capitalworks Private Equity Partnership, the Scientific Management Trust, The Scientific Incentive Trust and The Scientific GP Trust	74,9 % stake in Diagnostics division of Scientific Group	Coast2Coast Investments; Werksmans; Webber Wentzel	R187,4m	Oct 27
Acquisition by	Vantage Fund II	stake in a Pembani-owned SPV that holds 30% of AfriSam		R77m	Oct 31
Acquisition by	Actis	42.5% stake in Tekkie Town	Webber Wentzel	$65m	Nov 5
Acquisition by	Marlow Capital-led consortium	100% of Mailwise International	Marlow Advisors	undisclosed	Nov 5
Disposal by	Nampak to Ethos Private Equity	Corrugated ,Sacks and Tissue divisions	UBS; Webber Wentzel	R1,58bn	Nov 20

PRIVATE EQUITY DEALS Q1 – Q4 2014 – SOUTH AFRICA (Continued)

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	Acorn Agri (Acorn PE)	73.5% stake in Montagu Dried Fruit & Nuts	Bravura Capital	undisclosed	Nov 21
Disposal by	Ethos Private Equity to Carlyle Group and Old Mutual Private Equity	Tiger Automotive Group	Webber Wentzel	undisclosed	Nov 26
Acquisition by	ADP II Holding 3 (African Development Partners II) from HomeChoice	10 000 000 share in HomeChoice prior to JSE listing	Webber Wentzel	R294m	Nov 28
Acquisition by	Permira and Management	100% of Teraco Data Enviornments	Torch Partners;Quayle Munro; Freshfields; ENSafrica; Bowman Gilfillan	undisclosed	Dec 3
Acquisition by	Ethos from a consortium comprising Corvest 6, Zico Capital and existing management	AutoZone	Webber Wentzel	undisclosed	Dec 18
Acquisition by	Educas Investments	a significant stake in Reddam Schools	Bowman Gilfillan	undisclosed	not announced Q4
Acquisition by	Second Chapter Investments from Standard Chartered Private Equity	46.33% of Lodestone Brands	Glyn Marais; Webber Wentzel	R480m	not announced Q4

PRIVATE EQUITY DEALS Q1 – Q4 2014 – REST OF AFRICA

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Africa	Capital Raising	Helios Towers Africa : Existing shareholders and new shareholders		$630m	Jul 10
Africa	Investment by	The African Agriculture Fund in The Meridian Group		$250m	Oct 1
Algeria	Acquisition by	Emerging Capital Partners of a 33% stake in Atlas Bollting Corporation		undisclosed	Mar 14
Angola	Disposal by	Abraaj Group of it's stake in Fibrex		undisclosed	Aug 3
Angola	Acquisition by	Vital Capital Fund of a stake in the Luanda Medical Centre		$16,6m	Sep 24
Cote d'Ivoire	Investment by	Fonds Cauris Croissance II in Cipharm		undisclosed	May 1
DRC	Investment by	XSML in Inzia		undisclosed	Jan 23
DRC	Investment by	XSML in Manoah Investments SARL		undisclosed	Sep 26
East Africa	Disposal by	LeapFrog Investments to Swiss Re of its minority stake in Apollo Investments	Coulson Harney, a member of Bowman Gilfillan Africa Group	$36m	Oct 8
Egypt	Acquisition by	Abraaj Group (through Creed Healthcare) of 41.98% of Cairo Medical Centre		EGP75 per share	Feb 23
Egypt	Acquisition by	Abraaj Group (through Huxley Holdings) of Cairo for Investment and Real Estate Development		EGP20.5 per share	Feb 23
Egypt	Disposal by	Actis on the open market of a 2.6% stake in Commercial International Bank		$117m	Apr 1
Egypt	Acquisition by	Ripplewood of a 2.3% stake in Palm Hills		undisclosed	May 7
Egypt	Disposal by	Qalaa (Citadel Capital) and minorites of 100% of Sphinx Glass (73.3%:26.7%) to Construction Products		$114,2m	May 13
Egypt	Disposal by	Actis to Fairfax Financial of its remaining 6.5% stake in Commercial International Bank	CI Capital Investment Banking	undisclosed	May 19
Egypt	Acquisition by	KKR of a stake in Afriflora		undisclosed	Jun 5
Egypt	Acquisition by	8 Miles of a 25.1% stake in Eagle Chemicals Group		undisclosed	Sep 2
Egypt	Acquisition by	TVM Capital Healthcare Partners of a 48% stake in Ameco Medical Industries from National Bank of Egypt and Al Ahly Funds and Portfolio Management		undisclosed	Nov 9
Egypt	Acquisition by	Actis of a 21% stake in Integrated Diagnostics		undisclosed	Nov 16
Ethiopia	Investment by	Acumen in Mekelle Farms, through majority shareholder AGFlow Ventures		undisclosed	Mar 14
Ghana	Acquisition by	Leapfrog Investments of a stake in Petra Trust		undisclosed	Jan 15
Ghana	Acquisition by	Amethis Finance and ERES of a minority stake in Fidelity Bank Ghana	Fidelity Securities; IC Securities	$35m	Feb 26

PRIVATE EQUITY DEALS Q1 – Q4 2014 – REST OF AFRICA (Continued)

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Ghana	Investment by	Duet Consumer West Africa in Shop N Save and GNFoods		$50m	Mar 13
Ghana	Investment by	The West Africa Emerging Markets Growth Fund in Leasafric Ghana		$5m	Jul 1
Ghana	Disposal by	Synergy Capital of its investment in Ridge Energy		undisclosed	Aug 29
Ghana	Investment by	Vantage Fund II and co-investor in Surfline Communications		$30m	Nov 4
Kenya	Acquisition by	Actis of a 36% stake in AutoXpress	Webber Wentzel	undisclosed	Feb 3
Kenya	Acquisition by	Acumen of an equity stake in Miliki Afya		$600 000	Feb 10
Kenya	Investment by	Agri-Vie in Kariki Group		$5m	Feb 12
Kenya	Acquisition by	TransCentury of all the shares in Cable Holdings held by Aureos East Africa Fund	Coulson Harney, a member of Bowman Gilfillan Africa Group	share swop	Feb 26
Kenya	Acquisition by	Pearl Capital Partners of a minority stake in Eldoville Dairies	Horizon Africa Capital	KES200m	Mar 3
Kenya	Disposal by	TransCentury subsidiary Safari Rail to Africa Railways (subsidiary of Citadel Capital), of an additional 34% stake in Rift Valley Railways	Stephenson Harwood	undisclosed	Apr 1
Kenya	Investment by	Catalyst Principal Partners and Africa Chemist and Beauty Care in Mimosa Pharmacy		undisclosed	Sep 8
Kenya	Equity Investment in	Ramco Plexus (a consortium of 9 companies, part of the Ramco Group) by Amethis Finance		undisclosed	Dec 19
Mauritius	Acquisition by	Adenia Partners of a majority stake Mauvilac from the Maurel family and other shareholders		undisclosed	Sep 29
Morocco	Acquisition by	Abraaj Group of a stake in Kool Food		undisclosed	Apr 16
Morocco	Acquisition by	African Development Partners II of an equity stake in Université Privée de Marrakech	Capital Trust	$20m	May 14
Nigeria	Acquisition by	Fusion Capital of a 45% equity stake in GAL Baking Services		undisclosed	Mar 14
Nigeria	Acquisition by	Fusion Capital of a 25% stake in REMU Microfinance Bank		undisclosed	Mar 25
Nigeria	Acquisition by	Helios Investment Partners of a minority stake in ARM Pension Managers PFA	Ernst & Young	undisclosed	Jun 2
Nigeria	Investment by	African Capital Alliance in Gas Train		undisclosed	Jun 9
Nigeria	Acquisition by	Fusion Capital of a 40% equity stake in Xtra Publishing		undisclosed	Jul 10
Nigeria	Investment by	African Capital Alliance in online travel agency, Wakanow		undisclosed	Aug 29
Nigeria	Equity Investment in	Boulos Foods and Beverages by the IFC ($3,5m) and ARM Capital Partners ($6m)		$9,5m	Oct 23
Nigeria	Investment by	African Capital Alliance in Filmhouse Cinemas and Film One		undisclosed	Nov 1
Nigeria	Acquisition by	Carlyle Group of a minority stake in Diamond Bank (through take up of rights issue)		$147m	Nov 25
Republic of Congo	Investment by	XSML in Quickprint		undisclosed	May 20
Rwanda	Investment by	Acumen in KZ Noir (convertible debt)		$1,2m	Jan 30
Rwanda	Acquisition by	Greenoaks Partners of an 85% stake in Cogear and Prime Life Insurance		undisclosed	Oct 17
Sudan	Disposal by	Citadel Capital of its 66.12% in Sudanese Egyptian Bank to Islamic Solidarity Bank of Sudan		$22m	Apr 27
Tanzania	Acquisition by	Catalyst Principal Partners of a majority stake in heavy equipment rental and logistics firm, EFFCO		undisclosed	Feb 26
Togo	Disposal by	The Central Africa Growth Sicar (Emerging Capital Partners) to Gabon's Strategic Investment Fund of its stake in Oragroup		undisclosed	May 12
Tunisia	Acquisition by	The Abraaj Group of a majority stake in Polyclinique Taoufik S.A.		undisclosed	Jul 14
Tunisia	Acquisition by	Actis of a significant stake in Université Centrale Groupe		undisclosed	Dec 5
Uganda	Acquisition by	Acumen and Novastar Ventures of an equity stake in SolarNow		$2,5m	Oct 11
Uganda/Kenya	Disposal by	Actis of a substantial stake (39%) in Umeme to Investec Asset Management (18.47%) and other institutional investors	Stanbic Bank Uganda; CFC Stanbic Kenya; Coulson Harney, a member of Bowman Gilfillan Africa Group	$85,5m	May 19
Zambia	Acquisition by	Standard Chartered Private Equity of a 25.8% stake in Copperbelt Energy through the acquisition of a stake in parent company Zambian Energy Corporation	Standard Bank	$57m	Mar 11