

Catalyst

SA's quarterly Private Equity & Venture Capital magazine

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DECEMBER QUARTER 2019



PE Deal of the Year 2019

Strategy execution the buzzword

Problems for venture capital companies



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FROM THE EDITOR'S DESK

Speaking to private equity law doyen John Bellew and SAVCA CEO Tanya van Lille recently, it's clear that the asset class continues to grow. But, what must be of concern is that fund managers are encountering lukewarm receptions on their offshore fund-raising travels.

Private equity is not only competing for capital with other PE fund managers, but with the alternative asset category, such as infrastructure funds. Institutional investors have options, not only from an asset class perspective, but also geographies. The Southern African region is competing for capital with the likes of East and West Africa, as well as South West Asia.

Metier recently announced the first close of the Metier's Sustainable Capital Fund II, The MSC II, impressively the team's tenth capital pool, but Metier's JP Fourie found it challenging.

"It's definitely taken a little bit longer than anticipated. We'd been on the road for just on nine months when we issued our original documentation, and it's taken another three or four [months] to actually conclude all the various legal agreements for the US\$113m raised for our next renewable energy and key infrastructure fund."

With a poor macro story to tell, and an even more fragile political reform narrative, the environment has all the hallmarks of a tough sell with a lot of uncertainties that are not always within the fund manager's control. But Fourie believes that there is also some introspection that is needed by the industry, in relation to performance.

"Because this is an illiquid asset, our trade-off is that, if we are not beating listed peers as an offset to the illiquidity, we should be out of a job," says Fourie. "If you compare us to the midmarket private equity space in the US, we are definitely under-performing. They are doing on a net basis, in dollars, anywhere between 10 and 12%, where in the South African context, that is in the region of 5 to 7%."

That isn't for a lack of opportunities either. Foreign PE funds are looking at attractively-priced South African assets, which is a clear sign that shrewd deal-making could make 2020 a vintage year, and help push up that average net return to healthy double digits.

The industry needs a better story to tell.

I think it's been a difficult market for fund raising; particularly where one is looking to raise international capital. It's often taking time, depending on the type of fund that you raise and the investment geography that you look at. But definitely, we're seeing greater understanding of the asset class. Family offices are coming into the market. We're seeing more capital raised for the venture capital market which is encouraging, and the industry as a whole is healthy. The problem is not an industry problem, it's a market problem.

When we speak to our members, we hear how difficult fund raising is. Specifically internationally, it's increasingly difficult to sell an SA Inc story, because of the problems with state-owned enterprises, and there are many macro and political factors that are beyond the control of fund managers. ♦

Michael Avery

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Catalyst

Editor: Michael Avery

Sub-editor: Lee Robinson

Design & Layout: Janine Harms,
Gleason Design Studio

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from its offices at 30 Tudor Park,
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Tel: +27 (0)11 886 6446



This is the 15th year in which the Gold Medal is awarded for the Private Equity Deal of the Year. Nominations were received from advisory firms which, together with nominations from the DealMakers editorial team, were passed on to an Independent Selection Panel (headed by Rob Wessels) who produced a short-list of five transactions.



Grassroots Group's (Acorn Private Equity) sale of Bearnibbles SA to Lotus Bakeries

The agri sector has offered fertile dealmaking ground for private equity over the years. In the second quarter of 2019, the seeds of a deal that were first planted in 2015, bore fruit when Acorn Agri's disposal of Bearnibbles – a subsidiary of Acorn majority-owned Grassroots Group – to UK-based Lotus Bakeries was finalised (for an undisclosed amount).

Grassroots Group Holdings was established in 1992, and specialises in the production of niche natural health and lifestyle products, with a focus on three distinct categories: health snacks; medicinal, aromatic products; and decorative fruit. Health snacks are the largest part of the business. Grassroots Group has developed its own production processes and technology to provide exclusive and innovative products. The company is 59.3% owned by Acorn Agri and the remaining shareholding is with the founders of the company.

Some weekend touring through the Witzenburg valleys of Tulbagh, Ceres & Wolseley will tell you all you need to know about how much our agri sector is still struggling to recover from the recent drought.

In 2015, Lotus Bakeries acquired BEAR, a brand that offers natural snacks made from pure fruit. BEAR only uses gently baked, freshly picked seasonal fruits. The products are free from added sugars, concentrate, preservatives and stabilisers.

After this successful commercial integration, the next step was the integration of production. Lotus Bakeries has initiated

vertical integration because of the direct access to its raw material providers located in the Ceres valley, and to establish increased quality control over the BEAR production activities, and stimulate the flexibility of new product development.

In March 2018, an agreement was reached with Grassroots, the co-manufacturer of BEAR, for the acquisition of the BEAR production activities, Bearnibbles. As part of this agreement, Grassroots was to deliver a brand-new production facility, fully-equipped and staffed for the manufacture of BEAR products. The BEAR production facility is operational and the deal has been closed.

The valleys are home to some of the poorest communities in the country, drawn to the opportunities of seasonal employment in the summer fruit picking months, but clearly struggling with legacies of the dop system, rampant alcohol abuse, the recent drought and a stagnant economy.

Deals of this nature, bringing inward foreign direct investment and opening up new foreign markets to sell products to, are welcome. ♦

Local Advisers

Legal Advisers: Werksmans, Van der Spuy Cape Town and PwC Legal

Transactional Support Services: Grayston Elliot, KPMG and PwC

Comment from the Independent Panel:

Acorn's involvement with Grassroots is a classic example of a well executed "buy & build" strategy. The business has grown substantially under their watch, both organically and through acquisitions. The partial exit last year has delivered good returns for Acorn; but it is also pleasing to see that they retain a residual exposure to the business.





PICK OF THE BEST (IN NO PARTICULAR ORDER)

RMB Ventures and Bopa Moruo Fund II acquisition of Cargo Compass

Private equity dealmaking is increasingly being driven by South Africa's ESG needs, and BEE in particular has become a core skillset of many adroit PE managers.

In November, RMB Ventures not only helped to facilitate BEE ownership by leading a 51% buyout of Cargo Compass, alongside Bopa Moruo Management Buyout, but also provided the replacement capital and network expertise, transforming ownership into shareholder value.

In order to best position Cargo Compass for continued growth, the largest independent, and proudly South African, freight forwarding and logistics solutions provider required an empowered partner with aligned values, and a shared vision for the future.

RMB Ventures and Bopa Moruo invested alongside the Cargo Compass Management Team. The original, founding shareholders both retain minority equity stakes in the business.

RMB Ventures, with a successful 20-year track record and deep South African roots, is skilled in partnering with owner-managed businesses and broadening their strategic horizons, allowing businesses to embrace next-level thinking and reach their full potential.

The partnership has resulted in Cargo Compass achieving 51% black ownership and has facilitated access to capital, ensuring future growth while preserving the owner-manager culture that has fuelled the success story of the business to date.

RMB's long-time BEE partner, Bopa (seSotho for shape, mould or build) Moruo (seSotho word for wealth), has a proven track record, partnering most recently in the MBO of One Digital Media in 2016.

This transaction has not only transformed the company's ownership profile, but furthers RMB's extensive networks through a shared lens of flexible, forward thinking.

RMB Ventures deal principal, Amina Pahad, says the partnership excites her and her team because of the potential to add significant value to an already exceptional business.

"The combination of Cargo Compass' freight forwarding and logistics skillset, RMB's trade-related expertise, and the broader FirstRand network, positions the business for exceptional growth," explains Pahad. "In addition, Cargo Compass and RMB have shared values in terms of their approach to business; both are passionate about doing business in South Africa and understand the value that an owner-manager culture can bring to an organisation."

The deal also highlights John Geel's growing impact at FTI Consulting, since leaving KPMG to help establish FTI's private equity consulting expertise inside the broader M&A business.

Dubbed Project Marathon, FTI acted as exclusive transaction advisors to the sellers, providing a range of services.

Sebastiano Iorio, CEO and Co-Founder of Cargo Compass, was delighted with the outcome achieved by FTI.

"They have been actively involved and have added value consistently throughout the process, from the initial stages of performing an indicative valuation of our business, to identifying



appropriate potential investors, to the preparation of the relevant sale documentation, and providing ongoing value enhancement in discussions and negotiations with potential parties," says Iorio.

"As an owner-manager, not having been through a transaction of this nature before, I value and appreciate the honest, efficient and professional approach of the FTI team, every step of the way." ♦

Local Advisers

Financial Advisers: FTI Consulting and Renmire

Legal Advisers: ENSafrica and Bowmans

Comment from the Independent Panel:

It's pleasing to see that RMB Ventures and Bopa Muruo uncovered this hidden South African gem. We suspect that the two private equity partners will work closely with management, not only to improve on current good business practices and governance, but also to find ways to drive growth in a lacklustre macro-economic environment.



Phatisa-led exit of an 85% interest in Meridian Group

Private equity has evolved drastically from the halcyon days of financial engineering and leverage, to the partnership approach that seeks to add material long-term value to its investments – an approach based on appropriate care and consideration for creating the fertile grounds that precede prosperous harvest later on.

It's an ethos that pan-African private equity fund manager, Phatisa, has sought to cultivate through the Phatisa Food Fund and its successor the Phatisa Food Fund II, which housed the shortlisted deal of the year nominee transaction:

Phatisa-led exit of an 85% interest in Meridian Group.

Meridian is a prominent African agricultural inputs business, distributing approximately half a million tonnes of fertiliser across four countries; generating revenues in excess of US\$300 million.

Meridian's flagship fertiliser brand, Superfert, is available throughout Malawi, Mozambique, Zimbabwe and Zambia, and has earned a loyal customer base due to its superior quality and bespoke blends, proven to stimulate agricultural productivity.

Meridian sources its raw materials from producers around the globe, importing them into the two main Mozambican ports of Beira and Nacala.

Apart from the fertiliser unit, the business extends into three key areas: retail, commodities and value-added production.

Phatisa partner, Rinolan Moodley, says the Meridian deal best exemplifies Phatisa's ethos of development equity.

The deal demonstrates "how private equity investments can deliver a tangible and sustainable impact on food security within

the continent, as well as driving superior returns for our investors," explains Moodley.

"Our capital and insight were instrumental in developing Meridian's distribution networks, providing smallholders with access to customised fertiliser blends that continually drove volume growth and resulted in EBITDA tripling over our investment period. Importantly, during this growth trajectory, we positively impacted over 13,000 smallholders – 69% of whom were women – with our training programmes and technical assistance facility."

The Meridian executive team will remain with the business, partnering with Ma'aden, a diversified resources company, listed on the Saudi Arabian stock exchange.

This partnership will further strengthen Meridian's market position, leveraging Ma'aden's global presence and integrated supply chain, allowing the company to better service the growing demand for fertiliser across the region. ♦



Rinolan Moodley

Local Advisers

Financial Advisers: Rothschild & Co

Legal Advisers: Baker McKenzie and DLA Piper

Comment from the Independent Panel:

Phatisa's investment in Meridian is good example of impact private equity. They assisted management in the early years to improve distribution and widen the product range. Meridian's products were much better than some of the legacy fertilisers in some of its markets. Not only did yields increase but the soils improved. A private equity impact story in agriculture on our continent like this one earns Phatisa a place on this year's short list,

Recapitalisation of Brait and the introduction of Ethos as a new strategic equity partner/advisor

The implosion of Steinhoff, Brexit and a shift in the economic winds all combined to create a perfect storm for Investment Holding company, Brait.

In November, Brait announced that it will have a rights offer of R5,5bn, that Titan (Christo Wiese) will renounce its rights,

and that Ethos will become a new shareholder and strategic advisor.

Brait will restructure its R12bn debt and over the next few years, sell assets and return cash to shareholders. It will issue new shares at a 27% discount.



A fascinating and gory story involving good friends on Fricker Road and Fredman Drive.

Ethos Capital CE, Peter Hayward-Butt, explains the rationale behind the entrance of Ethos as one of opportunity.

"Brait has got a high quality asset base, one that we as investors really like," says Hayward-Butt. "We do think it's massively undervalued and I think a certain part of that is due to the leverage, around R12bn, of net debt on its balance sheet, and I also think that from the perspective of the macroeconomic environment, it's really difficult. So the board took a decision over the last couple of months to change its strategy from being an investment holding company, and actually wind down the assets over a five year period and realise value for shareholders. This new strategy probably required a new manager to come in and assist the board in doing so and to provide advice, and they have appointed Ethos to do so."

Hayward-Butt recognises that all of this is about performance at the end of the day and Ethos, as manager, needs to continue to perform and realise an exit around the key assets that Brait has, and to return that to shareholders. So lots of hard work is still to be done.

Virgin is still seen as the crown jewel. Premier Food relies on food inflation, which has been quite weak in South Africa – there is a really good underlying business there.

Iceland's valuations have come down substantially while New Look has Pound denominated debt.

"We need to sit down with the management teams of those various businesses," says Hayward-Butt. "We, as Ethos, have a view, but we think they have got very high quality management teams."

"Each of them are in a slightly different space. Iceland, UK retail has been difficult for a number of years and is increasingly so with Brexit, so we see a medium strategy to exit that business."

"The other side of the coin is Virgin which continues to grow well, most recently it grew EBITDA up 7%, which is a good performance in this environment.

"All of the assets are very cash generative, so for us it's about different strategies. We think Premier could be grown a bit with a few adjacencies in terms of product added to that and then potentially bringing it back to market over a three-year horizon.

"Virgin we think would be a great listed business. There are a number of listed peers that are global gym businesses that are very highly rated and we think the management team there are great. Whether you leave that as part of the Brait stable, and leave that as the only asset there and effectively list it by introduction is one possibility.

"And we think that, hopefully, if there is a turnaround in the UK retail market, Iceland has built itself a great footprint and we'd hopefully sell that into some form of consolidation thesis in the UK."

Hayward-Butt moved from RMB to Ethos a few years ago, and throughout there are a few RMB and RMH links to this deal. Paul Roelofse, who now heads up Titan, was once head of corporate finance at RMB and there's RMB money in this, too. The relationships were important in getting the deal over the line but Hayward-Butt bristles at that being the key determining factor behind Ethos' successful bid.

"The relationships were key in facilitating the deal and getting it over the line," explains Hayward-Butt. "But it's not only about the relationships. Ethos is a genuinely successful institution, and I think that's what we sold to the Brait Board, which is not about a couple of individuals but, more importantly, an institution that they are buying into."

Hayward-Butt points to the instrumental roles played by Paul Roelofse and Jaan Van Heerden, Investment Banking Director at RMB, in getting the deal done.

"And they've gone from working for me at RMB to now being my new boss!"

So where to from here for Brait and its new advisers?

"It starts with getting exit ready strategies in place in all the underlying portfolio companies, and we will start that as soon as we take the reins," shares Hayward-Butt.

"There is also an operational cost reduction strategy. There is a significant amount of cost that has resided in Brait over a number of years that we think can be reduced immensely. Not just the management fee which has been reduced to 50% of what it was, but there are operational costs as well.

"And then, finally, it's about getting these assets into a position where we can talk to an exit in a three-year time frame for some of them."

That will be 33 years since Anthony Ball and Thierry Dalais dreamed of creating the country's premier private equity titan.

A period that has seen wealth beyond the dreams of avarice created, and also destroyed. ♦



Peter Hayward-Butt

Local Advisers

Financial Advisers: Rothschild & Co and Rand Merchant Bank

Sponsors: Rand Merchant Bank

Legal Advisers: Webber Wentzel and DLA Piper South Africa

Comment from the Independent Panel:

The deal, which is not a classic private equity "deal", has attracted the odd newspaper headline. Looking at it from the Ethos perspective, it's an innovative answer to the current Private Equity environment: they step in as the manager and have allocated funds that will benefit from a new direction for the underlying assets and/or realisations if the strategies are well executed.



Actis' exit of Compuscan and ScoreSharp to Experian

The 2019 PE Deal of the Year nomination of Actis' exit of Compuscan and ScoreSharp to Experian in the second quarter completes the circle, as the acquisition of Compuscan by Actis five years prior was one of the top Private Equity deals of 2014, winning the Catalyst Private Equity Deal of the Year.

Global information services company, Experian, has completed the acquisition of South African credit bureau Compuscan and decision analytics firm Scoresharp.

Compuscan was founded by Remo Lenisa in 1994. It was established as South Africa's first credit bureau for the micro finance sector, at a time when South Africa was a fledgling democracy.

Charles Butterworth, managing director of Experian UK&I and EMEA, says that, overall, one of the biggest goals of the deal is to improve financial inclusion and the availability of fair and affordable finance.

"As a result of the benefit of bringing the two companies together, Experian and Compuscan/Scoresharp, we are getting the benefit of the global capabilities and experience of Experian and all the local experience and strength that Compuscan and Scoresharp bring," explains Butterworth.

Compuscan and Scoresharp already have a presence in six sub-Saharan African countries and have a good knowledge and understanding of these markets.

Butterworth is also excited by the firm's history of working with the micro-lending industry.

"Compuscan/Scoresharp are very innovative and fast moving, which is a great set of skills that we can bring to the table now, and when combined with Experian; we've been in South Africa for 25 years. More importantly, globally, we're working on various financial inclusion agendas in this regard, bringing lots of alternative data sets where consumers can contribute their data; things like mobile phone data, in return for being able to get a credit score and hence improve the availability of finance."

A further positive development for the struggling South African economy was the news that Experian will be investing heavily in the business, bringing with it much needed foreign direct investment.

"The acquisition price is around R3,7bn, but there is also a lot of foreign investment that is going into developing the business. In

fact, we committed to that as part of our conversation and commitments with the regulator. We are a business which builds technology-based platforms, and we are spending R120m on developing South Africa into a hub for the rest of Africa."

Butterworth praised Actis for the role it played in building an asset of immense potential value, along with Renisa.

"The private equity community are always typically very sharp, and this is the case as well in this deal. Good operators with a lot of financial acumen, and they are custodians for these businesses for a period of time. What I'm excited about is that the management team which founded and created Compuscan will be joining us. We are both in it for the long-term as owners and creators of assets in this space." ♦



Charles Butterworth

Local Advisers

Legal Advisers: Webber Wentzel and ENSafrica

Comment from the Independent Panel:

Actis' had good foresight to see the potential for growth in credit bureaus for the lower to mid-market. The bolt on acquisition of Scoresharp accelerated the growth of the business. The sale to Experian completes the circle of this investment for Actis and of its recognition by DealMakers – the entry was recognised as PE Deal of Year in 2014 and the exit makes the shortlist in 2019.

Criteria used for the selection of the shortlist for Private Equity Deal of the Year:

- Asset with good private equity characteristics – cashflow generative business and able to service an appropriate level of debt? A business model that is resilient to competitor action and downturns in the economic cycle? Strong management team that is well aligned with shareholders and capable of managing a private equity balance sheet? Predictable capex requirements that can be appropriately funded?
- Deal size is a factor to filter deals, but plays a limited role for acquisitions. It does carry more weight for disposals.
- Potential/actual value creation – Was the asset acquired at an attractive multiple? If the deal is a disposal, was it sold at an attractive price? What is the estimated times money back and/or internal rate of return?

There is limited information available in the public domain on private equity deals, and even somewhat educated guess work doesn't provide all the answers in all instances.



While the Public Investment Corporation's (PIC) new board, chaired by Reuel Khoza, begins the work of Hercules in taking up the broom to King Augeas' stables, the dirt uncovered by the Mpati Commission is only one part of the story.

Turning a R2 trillion tanker takes time

The returns of the Government Employees Pension Fund (GEPF) have been under scrutiny lately, thanks to the largely sideways movement of the JSE over the last five years.

Whatever the findings ultimately produced by the Mpati Commission, chaired by retired judge, Lex Mpati, things can never be the same again for the Public Investment Corporation, nor for its major client, the GEPF.

The PIC directly manages almost 90% of the GEPF's R2trn investment portfolio. At times when fears of prescribed assets and debates about Regulation 28 abound, placing prudential limits on how much capital can be invested in certain asset classes and geographies, Catalyst caught up with Abel Sithole, Principal Executive Officer (PEO) at the GEPF, to find what the man with his finger on the pulse of the issues affecting its 1,2 million members makes of it all.

Sithole has served as Chairman of the FSB (now the FSCA), Chair of the National Economic and Finance Planning Committee (part of Treasury), worked with the FPI, was CEO at Metropolitan Asset Managers for several years, and so, is steeped in the industry.

He was appointed as PEO of the GEPF in 2015.

Is he concerned about prescribed assets?

The answer is immediate.

"No. Obviously, if it were to become reality, I would be very concerned but I think it's a discussion that the country is having about how we find a mechanism to fund economic growth in the country, and the whole question is not new," explains Sithole. "If you were to go back to the manifestos of the ANC over the years, it has always had this talk of prescribed assets. But when people are talking about this, our history prevails and we know that, in the past, it hasn't served us well. And more importantly, we know that, in the past, prescribed assets have not served the GEPF very well, so I doubt that it is likely to become anything other than discussion."

Sithole describes himself as academically curious.

When he was CEO at Metropolitan Asset Managers, he decided to jump back into academia, choosing to do his Ph.D at the Bureau of Economic Research in Stellenbosch.

"I find the challenges around managing the future very interesting, and how that translates to people managing their

future," says Sithole philosophically. "It sounds very different from working for insurance companies and asset managers and pensions funds to some degree, but those entities' main focus is to try to prepare people's financial futures, so in that sense, there is actually very strong alignment between my career academically and, of course, professionally as well."

However, the serious governance failures emerging before the Mpati Commission are far from academic.

The Commission of Inquiry into allegations of impropriety regarding the Public Investment Corporation was appointed by President Cyril Ramaphosa on 17 October 2018, under section 84(2) (f) of the Constitution. Headed by the pugnacious Justice Lex Mpati, the former President of the Supreme Court of Appeal, as Commissioner, assisted by Gill Marcus and Emmanuel Lediga.

The Commission is mandated to look into whether a director or employee of the Public Investment Corporation has misused their position for personal gain; whether legislation or policies regarding the protection of whistle blowers reporting corrupt activities were complied with; and whether discriminatory practices were followed with regard to the remuneration and performance awards of PIC employees, and has the mandate to examine and make recommendations on governance, structure of the PIC and any other matter that it deems warrants attention.

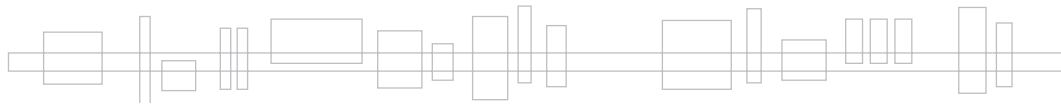
The Commission will consider the period between January 2015 and August 2018.

Sithole seems a little irritated when pressed about his concerns emerging from the Mpati Commission.

"Sometimes, when we have these conversations about the sort of issues that are coming out of the Mpati Commission,



Judge Lex Mpati



what we are focusing on is probably less than 6 or 7% of the total portfolio, while the rest is actually managed very well and is delivering very good returns," says Sithole. "If you look at the historical performance that has been disclosed in the GEPF annual reports over the years, you will find that the PIC has performed well, even in the small unlisted portion which is the basis of the Mpati Commission."

But he concedes that the relationship between the GEPF and its largest asset manager will need to change.

"I don't think it would be a bad thing for the GEPF to become a major shareholder of the PIC, because they manage a big chunk of the GEPF's assets," proposes Sithole



Abel Sithole

"If you were to go back to the manifestos of the ANC over the years it has always had this talk over the years of prescribed assets but when people are talking about this our history prevails and we know that in the past it hasn't served us well, and more importantly we know that in the past prescribed assets have not served the GEPF very well so I doubt that it is likely to become anything other than discussion."

while stressing that the relationship between the GEPF and the PIC is defined by much broader issues.

"For instance, we manage the largest part of the portfolio passively; now whether it's the PIC or the GEPF, that is not going to change significantly, because it always makes sense for one very cheap asset manager to manage the bulk of the GEPF's assets, and for the PIC, I think they have done that very well."

Very well is, of course, highly dependent on the local context, and that local context has been a market that has, on a benchmarked All Share Index basis, delivered a paltry 14,2% total return on a rolling five year basis, as at 26 January 2020.

And this has prompted Sithole to start the public conversation about shifting more of the GEPF's assets into offshore markets (developed and developing), that have been outperforming South Africa for the better part of ten years now.

Regulation 28 limits the extent to which retirement funds may invest in individual assets and asset classes. Although the aim is to protect members from poorly diversified portfolios, some commentators maintain that the category limit on "equities" (75%) and foreign investments (30%) actually prejudices them.

The argument is that equities have historically been the best-performing asset class long-term, and investors should not be forced to dilute their potential return by holding other asset classes. Furthermore, having unrestricted access to offshore markets would improve performance and diversification, a view underlined by the dismal run of the JSE since 2014.

"We are continuing with the discussions [with Treasury]; we haven't had any conclusions yet, and even if we do, given our size, we wouldn't publicise the fact [that we are rebalancing the portfolio to invest more than the current 10% offshore]. We would phase it in over a period of time so as not to negatively affect the market, and by extension the GEPF. If we do take the decision, it will be implemented over a very long period, taking a range of factors into consideration."

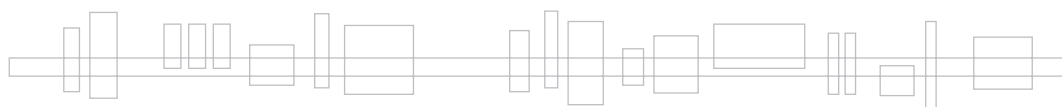
Some inside the ruling party have criticised the talk, especially when the rhetoric has been rising on legislatively enforcing greater investment by pension funds in onshore instruments like local equities bonds and infrastructure projects. But Sithole is having none of it.

"In diversifying the GEPF's portfolio [offshore], it is indeed patriotic because there is a very strong relationship between the sponsor of the GEPF, the taxpayer [and our fiduciary responsibility to the fund] so we need to diversify the GEPF's exposure to the employer, which is government, but more importantly, it is about exposing the portfolio to other economies, as we are heavily exposed to the SA economy. Up to 90% of our assets are managed domestically so, therefore, we almost reflect the performance of the economy to protect the guarantor, who is the government, and ultimately the taxpayer, against the performance of the country's economy in the final analysis."

The GEPF was only allowed to invest in bonds until about 1996, resulting in large actuarial losses. The switch to allow shares (but not international ones) has made it totally dominant on the JSE, and potentially disruptive if investment managers were to decide to invest away from the major companies.

While governance of the GEPF's largest asset manager is being recalibrated under the new board, the thorny issue of how to phase the rebalancing remains unresolved with Treasury.

Of course, private equity, remains a key uncorrelated diversifier in the conversation. ♦



The Private Equity industry has changed, in terms of the way in which it goes about generating value, since the 80s and 90s. At the time, good financial engineering could have been enough to generate substantial value. For example, merely buying a company, optimising its leverage and doing a quick sell used to be enough to generate significant returns. No need for much more.

Leveraging the Strategy Execution Framework

How to ensure value creation in private equity investments

Fernando Baz & Anael Granoux

During the 2000s, and increasingly so after the financial crisis, the industry had to say goodbye to this model, despite the abundance of cheap credit experienced in recent times. Today, generating value only through good financial engineering is simply not enough. The focus has therefore shifted to acquiring companies, generating real value through the right strategies, and ensuring their successful execution before exiting a few years later.

The implication of this is that the company in which a Private Equity firm has invested must have a robust Strategy Plan in place, with a monitoring process that will facilitate its execution.

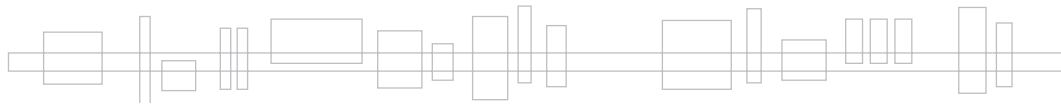
A decade ago, it would have been enough for the Private Equity firms to appoint someone to the Board of the acquired company to oversee the execution of its strategy, but today

things are different. It's not unusual for a Private Equity firm to also have a couple of people in the company staff, having more of an implementation profile, to ensure that the execution of the strategy is successful, unlocking the value in the strategy and, consequently, the value of the investment for the Private Equity firm.

But even though this shift ensures that the strategy implementation is effective, *how good are the Strategy Execution capabilities of Private Equity firms, and the companies within their portfolios, and how can they improve them?*

Strategy Execution is a discipline by which organisations define and execute their strategies, leveraging frameworks and capabilities that significantly improve the chances of a successful





implementation, which in turn delivers the financial results that were targeted. There is abundant research that proves the high correlation between these best practices and the degree of success in Strategy Implementation.

Put practically, in order to be successful at Strategy Execution, one needs to undertake the following:

1. Defining the strategy of the organisation, that will drive value-generation during the time of the investment;
2. Translating the strategy into a framework that facilitates understanding, measurement, alignment and monitoring – Strategy Maps and strategic scorecards are the cornerstone;
3. Cascading the strategy to ensure organisational alignment within the different parts of the organisation, as well as generating employee engagement and alignment – this is especially important for the top management, linking their performance to reward systems;
4. Managing and monitoring the strategy, making Strategy Execution part of the day-to-day of the organisation, and ensuring its monitoring at both Executive and Board level.

But let's unpack this.

1. *Defining the strategy*

Organisations, in order to achieve the desired financial outcomes (and therefore their intrinsic financial value), need to define their "strategic direction".

To determine the direction of an organisation, it is necessary to understand its current position in the existing competitive landscape, the current trends in order to identify what the ideal strategic destination is, the associated desired outcomes, and finally, the possible ways that they can be achieved.

- Strategy visioning: define each one of the main strategic pillars: Mission, Vision, Strategic Aspiration, Strategic Change Agenda and Strategic Themes.

2. *Translating the strategy*

Most organisations stop after defining their strategy. They fall into the trap of thinking that knowing where to go and why is enough, jumping into "doing mode" straight away. They disregard that execution has its own challenges and that these are different from what the strategy definition challenges are.

Strategy definition documents are built and structured to *describe* and *explain*, but not to *execute* the strategy. Going from definition directly to implementation and monitoring is a shortcut to failure.

Here is where translating the described strategy into a framework that is specifically thought out, and built to facilitate execution, is key to successfully facing all the challenges that execution always presents.

This framework is composed of three elements:

- The "Strategy Map" which contains, in one single page, the key strategic objectives of the organisation (both outcomes and inputs),
- The "Strategic Scorecard" with few but relevant "measures" or "indicators", in order to track the degree of achievement of each objective, and
- The "Strategic Action Plan" or "Strategic Initiatives Portfolio" which the organisation must define, prioritise and implement to close the gap between the current performance level and the expected one.

3. *Cascading and aligning with the strategy*

Another key challenge of Strategy Execution is making all the departments of the organisation understand how they need to contribute to the overall strategy.

In particular, business units need to understand how they collaborate with other units to contribute to the achievement of the overall strategic goals. They also need to understand and state what their enablers are. This will allow them to make their contribution to the strategy possible. Being deliberately clear on identifying these enablers, allows support units to understand how crucial they are in turning the strategy into a reality, moving away from a merely operational role to a real strategic partner of the business.

But alignment is not something that must be achieved only at an organisational level. All employees must row in the same direction. Generating engagement through strategy communication, and ensuring alignment of individual performance models with the strategy, is absolutely key.

The key elements here are:

- Cascading the strategic objectives (strategy map),

"How good are the Strategy Execution capabilities of Private Equity firms and the companies within their portfolios and how can they improve them?"

The main steps include:

- Strategic analysis: the analysis of the organisation and its environment, as it is at the moment and how it may develop in the future, is important. The analysis must be executed at an internal, as well as an external, level to identify all opportunities and threats from the external environment, as well as the strengths and weaknesses of the organisation;
- Scenario planning: define possible environmental scenarios prior to formulating specific strategies for long-term planning;



- measures (balanced scorecard) and initiatives (strategic projects) into the different business and support units,
- Strategy Communication,
 - Personal Scorecards.

4. Managing and monitoring the strategy

With the building of the previous three steps, your organisation has built a car. Now it needs to drive it. So, last but not least, you must embed the Strategy Management Process that will create internal discipline and focus on executing the strategic initiatives and achieving their strategic objectives, by continuous monitoring in Strategy Review Meetings. This monitoring needs to be driven by the ExCo, but must also include the Board.

This execution of the strategy in the day-to-day implies:

- Establishing a dedicated unit that will orchestrate strategy definition and execution: the “Office of Strategy Management”,
- Developing a monitoring process (frequency, roles, templates, etc.) that will allow the organisation to report on the degree of achievement of the strategy and to run efficient “Strategy Review Meetings”,
- Managing the execution of the portfolio of transformational initiatives. ◆

Baz is Managing Partner and Founder and Granoux is a Partner at Strat.exe Consulting, a strategy consulting firm specialising in Strategy Execution.



Venture Capital Companies (VCCs) have been fighting an uphill battle in recent years. The very positive intentions, when the regime was originally introduced, have been overshadowed by legislative amendments designed to address perceived abuse.

Grandfathering problems for venture capital companies

Aneria Bouwer

To take a step back: Venture capital investments are generally high-risk. The VCC regime, as provided for in section 12J of the Income Tax Act, 1962, effectively serves to ‘de-risk’ these types of investments by providing an investor, in an approved VCC, with a deduction in respect of its VCC investment. A VCC then invests the funds so raised in target entities (qualifying companies).

The VCC regime thus unlocks capital and opportunities that would not otherwise have been available to small businesses, with the view to stimulate the economy and create jobs. After a slow uptake, the VCC regime grew significantly over the last couple of years, leading (according to SARS) to a meaningful investment in the economy. However, legislative changes in 2018 caused the entire VCC industry to grind to a halt. The proposed changes had extremely wide application, not only targeting so-called abusive structures. Some of the proposed changes would also have had a retroactive effect, and caused substantial investment uncertainty.

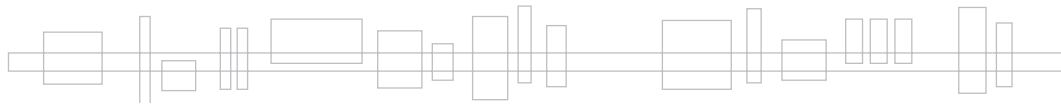
Following extensive discussions between National Treasury and the industry, revised amendments were implemented, some with effect from 24 October 2018 and others with effect from 1

January 2019. The changes included restrictions regarding different share classes in VCCs, co-investment by VCC shareholders in qualifying companies, and regarding income derived by qualifying companies carrying on trade with VCC shareholders.

Prior to the 2018 amendments, it was possible for a VCC shareholder to make a ‘targeted’ investment in a VCC. The Class A shareholder could invest in qualifying company A, Class B shareholder(s) in qualifying company B, and so on. There was no requirement that there be more than one shareholder in each class of shares.

However, subsequent to the 2018 amendments, VCCs have to ensure that new shareholders do not own more than 20% of the shares in a specific class, i.e. it now requires at least five investors in each class of shares. Failure to comply with these requirements within 36 months could result in the VCC losing its VCC status, and the inclusion of an amount equal to 125% of the amounts invested by VCC shareholders in the income of the VCC.

Barely a few months after the 2018 amendments came into effect, SARS proposed limits to the deduction that may be



claimed by VCC investors. The initial proposal in the draft Taxation Laws Amendment Bill (Draft TLAB) was a maximum deduction of R2,5m for investors in VCCs.

Concerns in respect of the proposed investment cap included the problem that this limit presents to VCCs with larger investments. Take the



Bouwer

the requirement that no shareholder may be a connected person in relation to the VCC, or that no shareholder should own more than 20% of the equity shares in a class. The investment caps could result in it losing its VCC status.

The amendments to section 12J, as finally implemented, now provide for the maximum deduction claimed by an investor in terms of section 12J not to exceed R5m for a company, and R2,5m for other investors. This limitation applies with effect from 21 July 2019, the date of the introduction of the Draft TLAB.

The effective dates of the 36-month rules referred to above have also been amended to provide that these sections will only apply to shares that have been issued for the first time on or after 21 July 2019. These restrictions (and the risk of a VCC losing its VCC status as a result of being unable to comply with the 20% threshold) will thus not apply to shareholders who subscribed for shares in VCCs before 21 July 2019.

This could also provide some relief for VCCs who struggled to comply with the 2018 amendment that a person could not own more than 20% of the shares in a specific class. While this restriction originally applied to shares issued on or after 24 October 2018, it will now only apply to shares issued on or after 21 July 2019.

However, the TLAB does not address the commercial problem that a larger VCC may be unable to raise sufficient funds as a result of the new investment caps. Even with the 'concession' that the investment cap for corporate investors is R5m (as opposed to the R2,5m for other investors), the VCC in the example above would still need to find at least 12 corporate investors in order to raise the R60m required.

The fact that the deduction limits would not trigger non-compliance with the 36-month rule would be cold comfort for a VCC that is unable to raise sufficient funds, or to make investments as a result. This problem is exacerbated by the fact that the regime is only available for a limited period, as no deduction will be allowed in respect of shares acquired after 30 June 2021. ♦

Bouwer is a Partner in Bowmans Private Equity practice.

"...the TLAB does not address the commercial problem that a larger VCC may be unable to raise sufficient funds as a result of the new investment caps."

example of a VCC which aims to raise R100m for its planned or pending investments. The VCC has already issued shares to two VCC investors, each investing R20m and has received commitments from another three investors to invest R20m each, i.e. a further R60m.

The proposed deduction limit of R2,5m meant that the VCC would have had to find 24 other investors, investing ZAR2,5m each:

- (1) The limit restricts the ability of the VCC to raise the necessary funds. A VCC, such as the one in this example, may not be able to rely on commitments from investors, to the extent that those investments exceed the new deduction limits, and will thus have to find more investors.
- (2) Another potential problem was the risk that a VCC may, as a result of the investment caps, be unable to comply with



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By the end of February 2019, the Section 12J investment class had accumulated more than R8,3bn in investments from South African taxpayers who were looking to reduce their tax liabilities and, at the same time, gain investment exposure to this asset class. The investment class attracted more capital during the 2019 financial year than in the previous two years combined.

A snapshot into the Section 12J market

Jonty Sacks

Unfortunately, the rise in popularity of Section 12J also caught the attention of National Treasury and, as a consequence, National Treasury introduced an annual limit preventing taxpayers from claiming a deduction of more than R2,5m for individuals/trusts and R5m for corporates.

The effect of these amendments will only be felt by ultra high net worth investors who, in some cases, were investing in excess of R100m. For the average investor, this cap will have little effect, if any. From the industry's perspective, the amendments will result in less capital being invested. However, it is likely that the rise in popularity will continue, particularly given that a number of Section 12J investments have started to generate significant returns in addition to the tax benefit.

The difficulty which many investors will have is which Section 12J investment to invest in, as there are over 170 Section 12J investments registered with SARS. For investors with limited financial knowledge/experience, it is always advisable to consult an experienced financial advisor. Investors who are confident in their own financial abilities should still be mindful of the following key considerations before making an investment:

Performance

As with any investment, if the historic performance of the Section 12J investment is low, you may want to consider an alternative Section 12J investment. The easiest way to assess the performance is to request a fund fact sheet from the fund manager. In doing so, pay particular attention to returns after all fees and taxes (making sure this includes dividends, withholding tax etc.).

Fees

There is no point in taking risks when making an investment, without a thorough understanding of the fees, which may result in your returns being eroded significantly. Make sure you understand what fees are going to be levied on the investment, and how these fees will affect your returns. It may be helpful to request an example from the fund manager that illustrates how all fees are applied to an investment.

A noticeable issue in the market is high performance fees, which are accrued when performance exceeds the investor's net investment. The net investment is the investor's original investment, less the assumed tax benefit (often set at 45% of the investment amount). In these instances, an investor pays performance fees on any returns in excess of 55% of the investor's original investment. Make sure the performance fee earned is on any amount above the original investment amount (termed "gross performance fees").



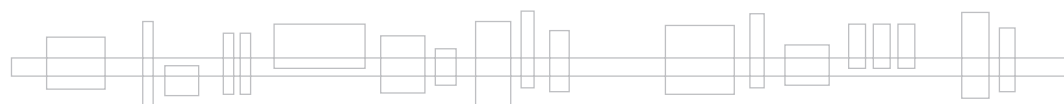
Sacks

Investment of capital under management:

Recent statistics released by SARS indicate that of the R8bn invested, fund managers have failed to invest approximately R5bn. Investors who find themselves having invested in a Section 12J investment that fails to invest capital timeously, will most likely experience lower than anticipated returns. Additionally, this may lead to longer investment terms/periods for these investors because it will take the investment much longer to reach the anticipated returns.

In an economy where equities, cash and bonds are underperforming, investors have little choice but to consider alternative investments as a means to generate significant returns. This realisation, together with the upfront tax benefit and the positive performance by a number of Section 12J investments, will undoubtedly see this investment class continue to attract investors. ♦

Sacks is a Partner at Jaltech Fund Managers.



PRIVATE EQUITY DEALS 2019 - SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	African Infrastructure Investment Managers a member of Old Mutual Alternative Investments (Old Mutual)	minority stake in BBOX's operation		\$31m	Jan 13
Disposal by	Group Five to consortium comprising Trinitas Private Equity and Agile Capital	assets of Everite and Sky Sands (excluding Barnes Reinforcing Industries)	Standard Bank; Nedbank CIB; Werksmans; Norton Rose Fulbright (South Africa)	R480m	Jan 17
Acquisition by	Kalon Venture Partners	a stake in Flow		R10m	Jan 28
Acquisition by	Agri-Vie Fund II (Exeo Capital)	a 36,5% stake in Jumbo Brands		undisclosed	Jan 30
Acquisition by	African Development Partners II (Development Partners International)	stake in International Facilities Services	PwC Legal; Eversheds Sutherland (South Africa)	\$35m	Feb 5
Acquisition by	Agile Capital	an additional 9% stake in Provost (total stake now 51%)	Cliffe Dekker Hofmeyr	undisclosed	Feb 6
Acquisition by	Investors including Wade Flemons and Hans Hawinkels	an undisclosed stake in Xineoh (2nd round)		\$1,5m	Feb 12
Disposal by	Mettle Investments to CDC Group plc	20% stake in each of Mettle Solar Investments and Mettle Solar Africa	Mettle Corporate Finance; Questco; Cliffe Dekker Hofmeyr; Addleshaw Goddard LLP; PwC	R106,7m	Mar 1
Acquisition by	4Di Exponential Tech Fund, Lireas and Compass Insure	a stake in InvestSure Technologies	Bowmans	R9,6m	Mar 5
Acquisition by	One Thousand & One Voices (1K1V)	a stake in Pay@	PSG Capital; ENSafrica; Webber Wentzel	not publicly disclosed	Mar 7
Acquisition by	Indonesian Payments Investment (Okavango) (Actis) from Denham Capital	Biotherm Energy group of companies	Webber Wentzel; Cliffe Dekker Hofmeyr; Clifford Chance	not publicly disclosed	Mar 8
Acquisition by	Stadia Ventures	a stake in Fancam		\$100 000	Mar 13
Acquisition by	Spear Capital	40% stake in Peries Foods		\$4,5m	Mar 24
Disposal by	Barloworld to SM Holdco (Corvest 12 and Anthill Mid Cap Fund 1)	SmartMatta	Falcon & Hume	undisclosed	Mar 29
Acquisition by	RMB Corvest (RMB Holdings)-led consortium from shareholders	34,7% stake in Alternative Power	Nedbank CIB	not publicly disclosed	not announced Q1
Disposal by	Excellerate to Seed Private Equity	a stake in Westwood Trading	Cliffe Dekker Hofmeyr	undisclosed	not announced Q1
Acquisition by	Newtown Partners	a stake in Ovex		undisclosed	Apr 2
Disposal by	Vantage Capital	its stake in Thebe Timrite		undisclosed	Apr 15
Acquisition by	Founders Factory Africa	a stake in Schoolable		undisclosed	Apr 15
Acquisition by	Founders Factory Africa	a stake in LipaLater		undisclosed	Apr 15
Acquisition by	Founders Factory Africa	a stake in Eazyhire		undisclosed	Apr 15
Acquisition by	Founders Factory Africa	a stake in Kudigo		undisclosed	Apr 15
Acquisition by	Founders Factory Africa	a stake in Digest Africa		undisclosed	Apr 15
Acquisition by	ARC Financial Services (African Rainbow Capital Investments)	majority shareholding in QED		undisclosed	Apr 17
Acquisition by	Calvin Ayre	a stake in Centbee		£1m	Apr 17
Disposal by	Phatisa to Ma'aden Marketing and Distribution Company	its 85% stake in Meridian	Rothschild & Co; DLA Piper; Baker McKenzie (SA)	undisclosed	Apr 23
Acquisition by	Blue Garnet Ventures (Crossfin) and Crossgate	a significant stake in Nobuntu		undisclosed	Apr 30
Disposal by	Ascendis Health to spv Bachique (a consortium of RMB Ventures Seven, Nedbank Private Equity and certain management)	Afrikelp, Efekto and Marltons businesses within the Biosciences division	Nedbank CIB; Questco; Bowmans	R480m	May 2
Acquisition by	Lightswitch Solutions	a stake in OurHood		undisclosed	May 2
Acquisition by	Investec Asset Management, Crossfin, Virgin Money and Smollen	additional stakes in WiGroup	Bowmans	undisclosed	May 10
Acquisition by	Investors through crowdfunding platform, UpriseAfrica	25% stake on Integreatme		R31,1m	May 21
Joint Venture	Sun International with Pacifico, Clavst and Valmar	creation of a merged entity of Sun Dreams and Marina in which SI will hold a 31% stake	Investec Bank	\$80,6m	May 24
Acquisition by	Apis Growth Fund I and Crossfin Technology-led consortium from Tradebridge	Sureswipe	i capital advisers	undisclosed	May 28

— Failed deal



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NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	RMB Ventures (RMB Holdings)	Eureka DIY Solutions		undisclosed	May 31
Acquisition by	Allegrow (Eos Capital) from Avbob Mutual Assurance Society	a majority stake in Avbob Namibia		undisclosed	May 31
Acquisition by	Ethos Artificial Intelligence Fund (Ethos Capital Partners)	8% stake in TyneBank	Rand Merchant Bank; Webber Wentzel	R200m	Jun 10
Acquisition by	Havaic	an undisclosed stake in Mpost		undisclosed	Jun 10
Acquisition by	Old Mutual Alternative Investments (Old Mutual)	majority interest in Footgear	Cliffe Dekker Hofmeyr; EY	undisclosed	Jun 12
Acquisition by	Africa Forestry Fund II	Vuka Forestry and Glen Village Trading Co	Werksmans	undisclosed	Jun 12
Acquisition by	Goodwell Investments, Allan Gray, RGAx and other angel investors	a stake in Inclusivity Solutions		\$1,56m	Jun 13
Disposal by	Silvertree Internet to SureStart	CompareGuru		undisclosed	Jun 19
Acquisition by	Naspers Foundry (Naspers)	stake in SweepSouth	Benchmark International; Webber Wentzel; Hermanus Accounting	R30m	Jun 20
Acquisition by	K2019135490 (South Africa) (Apis Partners) from Paycorp Group	stake in Tutuka Software	Webber Wentzel; ENSafrica; EY	not publicly disclosed	Jun 20
Disposal by ■	EPP Cyprus (EPP) to HPREF 1 EPP (Henderson Park Private Equity Fund)	70% stake in property portfolio (Malta Office Park, Symetris Business Park and O3 Business Campus A/B) to be held in a joint venture	Java Capital; Harneys	€60m	Jun 25
Acquisition by	IFC and Quona Capital	a stake in Lulalend (Series A funding)		\$6,5m	Jun 26
Acquisition by ■	Zalomo (Glencore plc) from Imalivest GP	remaining 50% stake in Blue Falcon (increasing indirect stake in Mokala Manganese to 49%)	Werksmans	not publicly disclosed	May 2
Acquisition by	Footgear (Old Mutual Private Equity/Old Mutual) from Edcon	Edgars Active and High Key chain stores	Rothschild & Co; Cliffe Dekker Hofmeyr; ENSafrica	not publicly disclosed	not announced Q2
Acquisition by	Tech Logistics (Emerging Capital Partners)	stake in ACLS	Baker McKenzie (SA)	undisclosed	not announced Q2
Acquisition by	Naspers Ventures (Naspers)	further investment in dott		undisclosed	Jul 4
Acquisition by	Acom Health Food Group	a stake in Green Machine		undisclosed	Jul 5
Acquisition by	Knife Capital	a stake in Cradle Technology Services		undisclosed	Jul 9
Acquisition by	Investec Asset Management (Investec) from Abraaj Private Equity	controlling stake in Spinneys Egypt	Pharos Investment Bank; Eversheds Sutherland	undisclosed	Jul 14
Acquisition by	Bopa Moruo Private Equity Fund 1	stake in Flexible Packages Convertors		undisclosed	Jul 15
Acquisition by	Pool of institutional and private investors	stake in Enko Education	LiquidAfrica	\$1,4m	Jul 17
Acquisition by	Boundary Terraces 042 (MIC Investment and Corvest 12)	stake in Bravo Group		undisclosed	Jul 19
Acquisition by	PAPE Fund 3	stake in Angelo Kater Motor Trimmers		undisclosed	Jul 19
Acquisition by	African Rainbow Capital Investments	25% stake in Capital Legacy		undisclosed	Aug 6
Acquisition by	Savant Venture Fund	undisclosed stake in Jonga		undisclosed	Aug 15
Acquisition by	The Carlyle Group	a majority stake in IsoMetrix	Madison Park Group; Webber Wentzel	undisclosed	Aug 22
Acquisition by	KLT Group	AVMY Steel Science		undisclosed	Sep 3
Disposal by	MIC Investment (Datacube BEE partner) to Ascension Capital Partners	40% stake in Westcon Southern Africa	Pallidus Capital; Rand Merchant Bank; Bowmans	not publicly disclosed	Sep 4
Disposal by	Momentum Metropolitan to Oreon LMS (Verod Capital Management)	Metropolitan Life Insurance Nigeria	Stanbic IBTC Capital	undisclosed	Sep 17
Acquisition by	KNF Ventures and Hlayisani Growth Fund	stake in Snapplify		\$2m	Sep 25
Disposal by ■	Astoria Investments to Coronation Group Investments	Apollo Natural Resources Partners II	Java Capital; Namibia Equity Brokers; GB Capital	\$1,74m	Sep 27
Acquisition by	Sanari Capital	a stake in Edulife Group	Merchanter Capital; Bowmans	R28m	Sep 30
Acquisition by	Investec Private Equity (Investec)	investment in SmartFunder	Bowmans	not publicly disclosed	not announced Q3
Acquisition by	Pan African Infrastructure Development Fund 2 and PAIDF2LLC	an additional stake in Traxtion (Mauritius)	Mergence Corporate Solutions; Cliffe Dekker Hofmeyr	not publicly disclosed	not announced Q3
Acquisition by	Imbewu Capital Partners	an additional 10% stake in Container Conversions	Eversheds Sutherland (South Africa)	not publicly disclosed	not announced Q3

■ Foreign deal

— Failed deal



PRIVATE EQUITY DEALS 2019 - SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Disposal by	CSSAF Radiowave Investments to a BEE private equity fund (Ascension Capital Partners is the general partner)	30% stake in CSSAF Radiowave Investments	White & Case (South Africa); Bowmans	not publicly disclosed	not announced Q3
Acquisition by	Michael & Susan Dell Foundation	a stake in SweepSouth		\$1m	Oct 7
Acquisition by	Agile Capital IV	a stake in Averde Technologies	Cliffe Dekker Hofmeyr	undisclosed	Oct 14
Acquisition by	Silvertree	a stake in SKOON		undisclosed	Oct 15
Acquisition by	Special Purpose Acquisition Partnership III from Capitalworks Private Equity Fund I and Carvo Ribeiro Family Trust	40,5% stake in Rosond	Webber Wentzel	not publicly disclosed	Oct 18
Acquisition by	Nedbank Venture Capital (Nedbank)	minority equity interest in Percepto	Nedbank CIB	not publicly disclosed	Oct 29
Acquisition by	Packaging Solutions Africa (Phatisa Food Fund 2 LLC) from Rolles minority shareholders	all the issued share capital of Rolles (excluding certain shareholders)	Apex Partners; Grindrod Bank; Webber Wentzel; BDO	R194,31m	Oct 31
Acquisition by	CSSAF Mauritius	50% of SMD Technologies and SMD Global	Webber Wentzel	not publicly disclosed	Oct 31
Disposal by	Agri-Vie Fund I (Exeo Capital) to African Pioneer Group	stake in HIK Abalone Farm		undisclosed	Nov 4
Acquisition by	Nedbank Venture Capital (Nedbank)	minority equity interest in Where's My Transport	Nedbank CIB	not publicly disclosed	Nov 5
Acquisition by	Brimstone Investment from Capitalworks Private Equity Partnership	remaining 54,93% stake in both the ordinary issued share capital of special purpose vehicle Firefly and "A" issued share capital (holding company of Obsidian Health)	Werksmans	not publicly disclosed	Nov 11
Disposal by ■	Steinhardt International to Alteri Investors	Blue Group (owners of Bensons for Beds, Harveys Furniture, Relyon, Steinhardt UK Beds and Formation Furniture)	PSG Capital	undisclosed	Nov 15
Acquisition by	TCapital	Daily Dish which will be merger with TCapital's Day to Day		undisclosed	Nov 26
Acquisition by	EPE Capital Partners	a material equity interest in Brait - shares acquired as part of an equity capital raise by Brait	Rothschild & Co; Rand Merchant Bank; Brait Advisory Services UK; Maitland Malta; Webber Wentzel; DLA Piper South Africa; YKJ Legal; Linklaters LLP	R1,35bn	Nov 27
Acquisition by	Silvertree	a majority stake in Darrh Kitchen		R5m	Dec 1
Acquisition by	Crossfin	a stake in My-iMali		undisclosed	Dec 5
Acquisition by	CapacTech	a stake in GotBot		R2,5m	Dec 6
Disposal by ■	Astoria LP (Astoria Investments) to a corporate pension fund	rights and obligations of limited partnership in STAR Strategic Assets III LP	Java Capital; GB Capital; Cirrus	€1,71m	Dec 12
Disposal by	Nampak to Bellcave (Greybull Capital)	Nampak Plastics Europe	UBS	undisclosed	Dec 13
Disposal by ■	Stenprop to Projekt Palais Verwaltungs (owned by three German pension funds)	Bleichenhof in Hamburg	Numis Securities; Java Capital	€160,15m	Dec 18
Acquisition by ■	ZX Ventures (Anheuser-Busch InBev)	26,08% stake in The Dutchess Global	Bowmans	\$1,5m	not announced Q4
Acquisition by	RMB Ventures Seven (RMB Holdings)	26,1% stake in Cargo Compass (South Africa)	ENSafrica	not publicly disclosed	not announced Q4
Acquisition by	PRIF Africa (Remgro JV)	20% stake in Icalo	Webber Wentzel	not publicly disclosed	not announced Q4
Acquisition by	Bopa Moruo Private Equity Fund 1 and management	a stake in Cargo Compass (South Africa)	FTI Consulting; Renmere Consulting; ENSafrica; Bowmans	not publicly disclosed	not announced Q4
Acquisition by	Pan African Infrastructure Development Fund 2 and PAIDF2LLC	a further additional stake in Traxtion (Mauritius)	Mergence Corporate Solutions; Cliffe Dekker Hofmeyr	not publicly disclosed	not announced Q4
Acquisition by	Apis Growth 11 from Bartholomew Kok and Saitheek Holdings	shares in WiGroup and WiGroup International	Cliffe Dekker Hofmeyr	undisclosed	not announced Q4
Acquisition by	Apis Growth 11 from Corvina	shares in WiGroup and WiGroup International	Cliffe Dekker Hofmeyr	undisclosed	not announced Q4
Acquisition by	Apis Growth 11 Global Smollan and Smollan Group SA	shares in WiGroup International	Cliffe Dekker Hofmeyr	undisclosed	not announced Q4
Acquisition by	Apis Growth 11 from Crossfin Technology	shares in WiGroup and WiGroup International	Cliffe Dekker Hofmeyr	undisclosed	not announced Q4
Acquisition by	Apis Growth 11 from IAPF2 WiGroup	shares in WiGroup and WiGroup International	Cliffe Dekker Hofmeyr	undisclosed	not announced Q4

■ Foreign deal