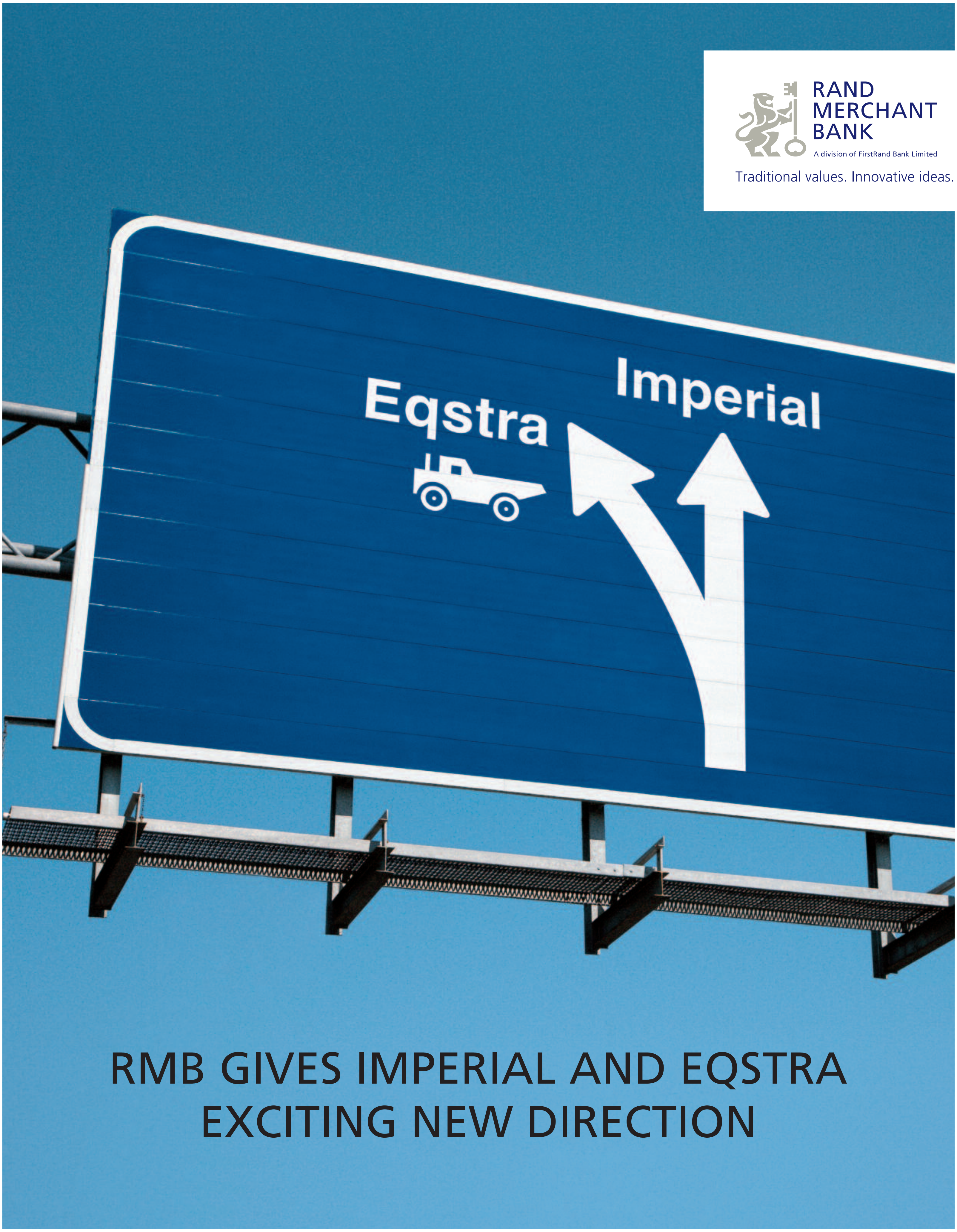
Vol 4. No2 JUNE QUARTER 2008

Catalyst

SA's quarterly Private Equity & Venture Capital magazine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Catalyst

From the Editor's desk

As was the case during the first quarter of 2008, the local private equity industry has trundled on in relative silence when compared with the heady activity of 2007. Few deals were announced but the standout transaction of the quarter must be the Pan African Infrastructure Development Fund's purchase of a 20% stake in Seawolf Nigeria and Seawolf Cayman for US$500m.

The closed-end private equity fund is a Nepad project launched at the African Union summit in Ghana last June. It was hailed at its inception as a beacon for development on the continent.

According to Moneyweb, South Africa's Government Employees Pension Fund is the biggest investor in the fund so far with US$250m, followed by the Development Bank of Southern Africa with US$100m and SA banking group Absa with US$70m.

Interestingly, it is these categories of transactions, as well as BEE that appear to be keeping the private equity players ticking over. Cliffe Dekker chairman, Chris Ewing, believes that the local industry will keep itself busy in the BEE space especially.

A buoyant and bullish view in uncertain times that is shared with Warren Watkins who heads up the private equity team at KPMG. Watkins declares that this is a good time to buy, as valuations fall ushering a better price for the acquiring party and consequently higher returns in the medium to long term.

Both men expect deal activity to increase over the remaining two quarters of 2008 as private equity houses are forced to either invest their funds under management or return these to shareholders. There is currently a total of R31,7bn in undrawn commitments so we should brace ourselves for a slew of deal activity looking ahead.

Meanwhile, SAVCA will be embarking on a national roadshow in order to further it's recently released discussion paper on Venture Capital.

SAVCA Executive Officer J-P Fourie explains that the paper attempts to establish a business case for growing the VC industry in South Africa.

SAVCA will host two workshops – one in Johannesburg and one in Cape Town – to discuss the document's content, recommendations and questions. A copy of the VC development discussion paper can be obtained from the SAVCA Office.

To sum up the mood in the industry one can draw on a well-worn African analogy. The hunters are hungry, the prey is weak and weary, and the watering hole is slowly drying up. Expect some action soon.

Michael Avery
Editor

Catalyst

Publisher: David Gleason

Editor: Michael Avery

Design & Layout: Janine Harms, Gleason Design Studio

Catalyst is published by the proprietor Gleason Publications (Pty) Ltd, reg no: 1996/010505/07 t/a FABCOS Publications from its offices at 30 Tudor Park, 61 Hillcrest Avenue Blairgowrie, Randburg 2194. The company is a member of the Fabcos Group

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The KPMG/SAVA Private Equity Survey compiled from 48 private equity fund managers representing 67 funds, confirms that 2007 was another strong year for the industry with completed investments up from last year's R7bn to R25b, an increase of 270%. With this record level of investment activity, the KPMG/SAVCA survey has found that private equity transactions now make up 10% of M&A activity in South Africa.

Those with money right now can negotiate "hard"

According to Warren Watkins, Head of Private Equity Africa at KPMG, these percentage increases are substantial. But more interestingly for Watkins, the survey revealed an increase in the activity in the venture capital space.

"Some of the impressive stats coming out are from the deal flow in the development capital or start-up phase," says Watkins. "The cost of investment in seed, start-up or early stage contributed only 6% in unrealised investments. However, this represented 24% of the number of investments made in 2007. You must judge this by the number of deals as opposed to the value because the value in start-ups and seed capital is low by definition."

> **"Some of the impressive stats coming out are from the deal flow in the development capital or start-up phase"**
>
> **Warren Watkins**

This development, providing it continues in this upward curve, bodes well for the South African economy. Start-ups are the major drivers of growth and job creation; two key areas targeted by the current government in its ASGISA policy.

But much has been made of the global economic downturn in general, and what impact the credit crises sparked in the US mortgage industry coupled with astronomically high oil prices would have on private equity dealmaking in particular.

Current challenges facing the PE industry

Watkins is decidedly upbeat about the industry's prospects in the short-to-medium term.

"The challenge to the private equity market currently is the fact that they [private equity houses] are under pressure to use the money that they have raised in their funds [currently R31,7bn in undrawn commitments]. It has to be spent in a certain time," adds Watkins.

And this appears to be a global phenomenon.

"Funds under management worldwide have grown over the past ten years, so there is a lot of money looking for a home.

"However, the problem is two things. One is the brother of equity – it's debt. And PE houses will always try and put more debt into a deal than equity; the idea is to ramp up your returns," explains Watkins.

The second issue for Watkins is the matter of finding the right price in an environment that he feels is conducive to making a good deal once the parties can agree on the bottom line.

Watkins uses the following example to illustrate his point:

"Let's say you have a project or a deal that will cost R100 to conclude and it yields a return of R30 per year and has normal risks. It's certainly better than what my bank is offering me at the moment, or the market," jokes Watkins.

Watkins

"What if I suggested borrowing R99 of that and assuming that the cost of that borrowing is R10 per year after tax? Why don't you take your R1 and the R99 from the bank and invest it and get R30 back. Now you've got to pay the bank (after-tax costs you R10) then you put R20 in your pocket on your investment of R1. You've still got R99 in the other pocket.

"Banks in SA don't work exactly like that, however. It's more a 50/50 ratio where they will put in R50 while you put in R50 and that ratio is falling to say 60/40 with the banks providing the R40.

Overseas it was R75 from the bank so they were really gearing up.

"Now the banks are looking twice at every deal and the debt servicing cost has become more expensive. So what has to give in a scenario like that in order to defend the superior returns they have made? To defend your returns you've got to lower your price."

And this is where Watkins believes the market is at present.

"Prices are coming down which represents an opportunity to the market. The problem is that the price hasn't come down enough. There's still a price expectation gap.

"At the moment private equity houses can see where they need to pitch the price in order to defend their returns of about 25% whereas the sellers haven't dropped their prices yet. So the challenge is to get the right amount of debt at the best cost – difficult in the current credit crunch – and the second is to get the right price in the market because of the price expectation gap.

Watkins firmly believes that this represents a great time to stitch a deal or two together.

"Be that as it may, to buy into a market like this has to represent an opportunity. If you've got money now you can negotiate hard, so I think the PE market has done well to raise the funds that it did and now to spend it at this point. It's certainly positive."

Meanwhile, we await the next big buyout. ◆

SAVCA Venture Capital Sub-Committee released its Venture Capital development discussion paper during June. *Catalyst* has unpacked the central themes from a document that SAVCA executive J-P Fourie hopes will inspire a wealth of constructive debate.

Venture Capital looking for increased innovation

The discussion paper endeavours to establish a business case for growing the Venture Capital (VC) industry in South Africa by outlining the critical role of the VC industry in the economy and highlighting the returns potential, albeit at significant risk, to investors.

A study conducted for the European Private Equity and Venture Capital Association (EVCA) in 2002 identified the importance of VC in developing Europe's growing businesses:

- 95% of the 364 surveyed companies confirmed their creation, survival and growth was due to the availability of VC and the support of VC firms. The study also revealed that, on average, each firm created 46 new jobs. The post-investment period saw substantial increases in revenue averaging 120% for the first four years for seed and start up companies and 33% for expansion investments.
- The non-financial contribution of VCs was also deemed to be of significant value with factors like networking, credibility and strategic advice being placed top of the list. According to the study, 90% of the firms had weekly or monthly contact with their venture backer.

The study concluded that VC investment makes companies grow faster and to greater size business than they otherwise would.

According to the paper, the business case to government and policy makers is clearly apparent: VC is a necessary step in the innovation value chain of bringing new businesses into the economy, thus creating jobs and export potential, amongst other things.

> **VC is a necessary step in the innovation value chain of bringing new businesses into the economy, thus creating jobs and export potential, amongst other things**

Fourie says that this is an exciting time for the VC considering the recent statements made by Finance Minister Trevor Manuel in the 2008 budget speech.

The most recent announcement by National Treasury of a 30% tax deduction for VC investments is potentially a very positive development. It is proposed that general venture capital investments into high-growth high-tech companies of up to R14m turnover or gross assets of up to R7m, qualify for a 30% up-front deduction, with annual deductions to be capped at R500 000 for individuals, R750 000 for corporations and R7,5m for venture capital funds.

South Africa's VC Industry

The development of the formal South African VC industry is a very recent phenomenon. In the late 1990s the first technology-oriented funds were formally set up.

The paper signals the advent of the Alt-X as a key driver of venture capital growth.

Alt-X is growing positively after a weak start, and now presents a potentially better liquidity/exit opportunity for VC investee firms, though the listing requirements set the bar fairly high.

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However, no new funds were raised in this segment between 2004 and 2007 until a fund of R250m was launched by the newly created Venture Capital Business Unit of the Industrial Development Corporation (IDC) in early 2007, resulting in much interest from investment seekers despite no publicity campaign.

The paper reveals that 2008 has had a further positive start. VenFin has established InVenFin with an allocation of R50m and a mandate to invest in intellectual property rich opportunities, from seed stage. The Hasso Plattner African Ventures R350m fund was launched in early 2008, though its focus, at least initially, is expected to be post-revenue. Another fund intending to leverage significant offshore funding is expected to be launched, though the exact mandates in respect of investing in pre-revenue seed and start-ups is not confirmed.

Two sets of capital provision interventions in the South African innovation landscape were identified as being key drivers of VC, namely the IDC the Department of Science and Technology.

The IDC funded a number of VC funds (Vantage Capital, Horizon Equity Partners, Argil Venture Capital Fund, Archway II), and has invested in other VC funds such as Biotech Venture Partners, accounting for the vast majority of VC funds raised since 1999.

In addition, through the Department of Science and Technology, government has created the Innovation Fund in 1999, which invests across a broad spectrum of domains into new technology development, as well as the Biotechnology Regional Innovation Centres (BRICs) in 2002, which invest in biotechnology related platforms and innovations.

These entities are mandated to invest in the pre-seed and seed stage of development, and the postulation contained in the paper is that they have the potential to catalyse start-up companies ripe for VC investment

SAVCA also undertook a research project to underline the opportunity for above average investment returns from South African VC Funds.

A model portfolio was constructed utilising real South African data, and a high-level analysis of the possible overall returns was undertaken. South African VCs which had raised funds with the mandate to support young, high-growth potential, technologically innovative investments, were invited to submit their star investment performance data to SAVCA, on conditions of strict anonymity. The fund had to have been a member of SAVCA and the investments had to have been made between 1999 and 2006, though not necessarily realised at end December 2006.

The key features of the investments were simplified to establish:

- Date of investment
- Initial and follow on investment amounts
- Holding period of the investment
- Realised amount or current valuation
- Times money made

In summary, the model portfolio provided the following indicators:

- The holding periods of the investments ranged between six years as a maximum and eight months as the minimum (although this latter investment had not been realised as at 31 December 2006). The average holding period for the investments was around three years (using the realization dates only).
- The Rand amounts invested, as initial and follow on investment amounts, totalled well in excess of R70m, with the average investment size (initial and follow on investment) approximately R8m. The largest investment was over R20m, and the smallest R600 000. The weighted average total investment size for the star performing portfolio was approximately R12m.
- The realised amounts or valuations of the star performing investments showed an average IRR in excess of 50% or on average 6 times money with a few investments returning in excess of 10 times money.

The research determined that significant returns can be achieved on star performing investments.

Opportunities and challenges facing the industry in SA

SAVCA attempted to define and crystallise a host of the major hurdles and significant prospects confronting the industry. Chief among these is the tax treatment, which appears to be in a state of review.

The papers states that "High risk, growth capital investments suffer a tax disincentive under South African tax law. There is little or no relief for losses which are inevitably sustained in this investing activity. Capital losses are capable of being set off from capital gains but the time value of this benefit is reduced as the losses generally arise early in the portfolio's life, while the winners take longer to mature."

This is also combined with onerous exchange control regulations, which, admittedly, are being phased out with every passing budget – but not nearly fast enough.

"ExCon regulations have been created to protect the economy from domestic capital flight. The unintended consequence created by such regulations for VC investment, is that early exits, typically at the point when foreign investment is introduced and export markets open up to the VC investment, can in fact result in substantial losses of capital to the economy.

"World Bank and International Finance Corporation's "Doing Business 2008" report, South Africa ranks 35th overall of 178 countries in terms of ease of doing business, but ranks 134th in respect of ExCon regulations. An engagement with relevant decision makers is critical to arrive at an understanding of how the


J-P Fourie

optimal economic benefits can be created within the ExCon framework."

For the South African Venture Capital environment to enjoy success the paper identifies the need to adopt the practices of successful environments, including obtaining appropriate incentives for early stage investors and fund managers and attracting, developing and retaining skilled VC fund managers.

"A legend in the US VC industry has been reported as saying that useful analogy about becoming a VC is that it is like training a jet fighter pilot for battle: it takes six to eight years and one must be prepared for about $20 million in losses.

"Building companies is by definition an entrepreneurial process. It is particularly complex in technology environments where the products and services are based on new technologies, and global competition is the order of the day. Thus it requires many years of on the job training as an entrepreneur, operations executive, consultant, adviser, investor and technologist. There is in fact no single qualification that provides the appropriate blend of skills, and developing the requisite experience is more akin to an apprenticeship, rather than a formal qualification."

Two programmes are mentioned in this regard, either in early stages, or being launched, which could contribute to skills development:

- SAVCA (in partnership with Department of Trade and Industry, Business Partners and the Council for Scientific and Industrial Research) has launched a one-year internship programme aimed at taking science, commerce and engineering qualified interns through a series of interventions including secondments to equip them to contribute in the VC fund management space.
- The Innovation Fund is in the process of launching a programme to develop science and engineering graduates with specific working experience through an individually tailored five-year programme involving a series of formal (such as an MBA) and experiential interventions, some of whom may, on completion of the programme and their commitments to working in the public system, ultimately elect to work in Venture Capital. Though programmes such as these are an important start, they will need to be significantly ramped up as the industry matures and will need to incorporate appropriate learning from experienced South African and offshore managers.

SAVCA will host two workshops (Johannesburg and Cape Town) to discuss the document's content, recommendations and questions. A copy of the VC development discussion paper can be obtained from the SAVCA Office. ◆

Absa Capital, the investment banking division of Absa Bank, dominated the ten largest private equity transactions reported in 2007. This is according to the KPMG and SAVCA Venture Capital and Private Equity Industry Performance Survey released recently.

Absa Capital making strides

Absa Capital Private Equity led and/or participated in five of the top ten largest private equity transactions last year. The five deals included the Edcon transaction, the largest leveraged buyout ever recorded in South Africa, as well as Steinfurn (5th), Tsebo Outsourcing Group (7th), Vox Telecom (9th) and Mvelaphanda Holdings (10th).

Commenting on the survey results, Andre Pieterse, Head of Private Equity at Absa Capital, said "We are very pleased with our overall ranking and improved year-on-year performance. It goes a long way to confirming our position as a pre-eminent player in the South African private equity market. In 2006, Absa Capital Private Equity was involved in three of the top ten transactions.

Absa Capital Private Equity was the main funder of the Vox Telecom transaction through its interest in the Lereko Metier Capital Growth Fund.

In 2006, Absa Capital Private Equity was involved in three of the top ten transactions.

"Our impressive performance in 2007 is even more noteworthy considering the phenomenal growth in total funding year-on-year," said Pieterse.

The top ten largest reported private equity transactions in 2007 raised funding in excess of R56bn, compared with the R4,4bn in 2006 – an increase of 1 181%. The survey pointed out that 2007 was a year characterised by 'jumbo' deals both locally and internationally.

Looking to the future, Andrew Moffat, Absa Capital's Head of Leveraged Finance, said "There is a lot of activity but in terms of deals closing the market is currently quieter." The application of Basel II by banks has increased the cost of financing, and the effects of the global credit crisis have made it more challenging to get deals done. "This is an industry that has its cycles according to equity market and interest rate conditions, and we're expecting a lot more activity towards the end of the year." ◆

Private equity deals are no different from listed company transactions when it comes to the legal work undertaken and over the next few issues Catalyst will be featuring some of the best and brightest when it comes to structuring these deals.

Cliffe Dekker sets the legal standard in private equity

Usually there are at least two sets of lawyers involved in the private equity process; one representing the management team and the other the private equity firm. Other parties, such as bankers and other private equity firms, if acting as a syndicate, will each want their own lawyer involved.

Chris Ewing

It is safe to say then, that lawyers feature prominently in private equity transactions. And one of the leading exponents of their craft in this field is the team at national law firm Cliffe Dekker.

Cliffe Dekker was named as one of South Africa's leading law firms for structuring private equity transactions in the Practical Law Company Cross-border Private Equity Handbook 2006/07, and Cliffe Dekker chairman, Chris Ewing was named in The Legal Media Group's Expert Guides 2007, as a pre-eminent practitioner in this respective field of law.

Chris Ewing is effusive when discussing the firm's private equity expertise.

"I think we've always been fairly strong in private equity and we will continue to be strong," explains Ewing. "We act for a number of the banks that do their private equity off their own balance sheets. You probably know that there are some banks that don't want their private equity transactions disclosed," he adds.

"We do a lot of work for Absa, Standard Bank, Brait and RMB Ventures to name a few."

Through a series of mergers and expansion Cliffe Dekker is today positioned as one of South Africa's largest full service commercial law firms. It currently employs 55 directors (partners) in Cliffe Dekker, two directors in Cliffe Dekker Tax, 142 lawyers and over 300 staff in all – and this is excluding the recently announced merger with Hofmeyr Herbstein & Gihwala, which Ewing admits will take some time to bed down as both firms have offices in Sandton and Cape Town.

Cliffe Dekker's affiliation to DLA Piper, the world's second largest legal services organisation with more than 3 400 lawyers across 63 offices and 25 countries in Europe, Asia, the Middle East, the US, Africa and Australasia, provides a distinct advantages when structuring private equity deals north of the Limpopo.

"Though the South African private equity guys haven't gone big into the rest of Africa we have done one or two deals, but of course SA private equity is concentrated on SA. But the DLA Piper link does give us an edge with African transactions where there is an English law component," explains Ewing, "and funnily enough we are building a relationship with their Dubai office so that's given us a lot of banking and financial work in Africa, through that link."

Ewing takes a bullish view when asked about the current health of the private equity industry, especially when taking local economic factors into consideration ahead of the global credit crunch.

"I think that the private equity work over the last year has been pretty active and the market seems to continue to be good. It looks as though the private equity market will carry on, especially as the big organisations have funds to invest – and which they have to invest. And with BEE coming into the picture, this drives the deal flow. We've been really happy with the deal flow. I think the rest of the year in PE will be as good, I don't see it slowing down. There are a number of deals in the pipeline that will come off." ◆

CLIFFE DEKKER RECENT PRIVATE EQUITY TRANSACTIONS

RECENT MATTERS

The five largest transactions Cliffe Dekker has advised on in the last 12 months.

Client name	Deal value	Deal description, including any unique features	Completion date	Lead partner(s)	Other firms involved
Pamodzi Resources Fund I	$420 million	Acquisition by Pamodzi Resources Fund I from Harmony Gold Mining Company Limited of its Cooke 1, 2 and 3 Shafts and its Cooke Plant	July 2008	Willem Jacobs	N/A
RMB Ventures and other sellers	Approximately R1.5 billion	Disposal of the entire issued share capital of Fuel Group to Actis	June 2007	Willem Jacobs	Prinsloo, Tindle and Andropoulos Inc for Actis
RMB Ventures and Management	Approximately R1.3 billion	Disposal of the entire issued share capital of Stocks Limited to Stefanutti & Bressan Limited	June 2007	Willem Jacobs	Webber Wentzel for Stefanutti & Bressan Ltd
Investec Bank Limited	Not Disclosed	Acquisition with management of a stake in DCD-Dorbyl (Proprietary) Limited	June 2007	David Pinnock	Hofmyer, Herbstein & Gihwala for sellers
Investec Bank Limited	Not Disclosed	Acquisition with management of a stake in Uni-span Holdings (Proprietary) Limited	November 2007	David Pinnock	N/A

This article explores the role of private equity in the South African property industry, more particularly the commercial property sector.

Bricks and mortar investments

Bertus Van Zyl

The concept of paying a rental in return for the right to occupy a property is one of the oldest commercial enterprises. In earlier times rental properties were confined primarily to dwelling units but, as civilization developed, property became differentiated into its various components which include residential and the diverse classes of commercial property.

Private equity investment in property has its roots in private partnerships, or syndications, in which a number of individual investors pool their spare cash in order to acquire a rentable property, sharing in the ongoing income and the capital profit when the property is sold.

In many cases, the principle of gearing is applied, in which loan funds are added to the syndication funds, enabling the purchase of a property of greater value. The benefit of gearing is that it offers investors the potential to achieve a financial return which exceeds the returns offered by the more traditional investment avenues.

The most important negative aspect is the lack of liquidity of this form of investment. However, many investors choose the long-term nature of property over shorter-term, more speculative investments and are thus very willing to commit investments for long terms.

In time, entrepreneurs entered the commercial property syndication market by commercializing the syndication process. A commercial property is acquired and private investors are sought to provide the funds required to reimburse the entrepreneur with the cost of the property, plus the entrepreneur's profit.

As in any investment, reward is proportional to risk; an investment in a well-maintained commercial building tenanted by a blue-chip company on a long lease will inevitably offer a lower return than an investment in a newly built, partially tenanted shopping mall in a new residential area. If the suburb proves popular and if Pick 'n Pay or Checkers lease premises in the mall

Van Zyl

as the anchor tenant, the investors will be well rewarded for their risk but the opposite will apply if the mall proves to be a white elephant. At the very least, investors will continue to own the land and the bricks and mortar. The moral is clear; choose your syndication company and your property very carefully.

A number of these "old-fashioned" syndication companies continue to operate in South Africa. However, time and tide wait for no man and entrepreneurs quickly developed alternate forms of property investment. A variation on the syndication theme is the limited company model used to spread investor's risk by pooling a number of properties into a single property holding company in which investors own shares proportional to the value and timing of their investment.

Unlike residential property whose value is influenced by buyer preference, often irrationally so, the value of commercial property is readily ascertainable being based on the net rental income the property generates. It is a relatively simple matter therefore to establish the value of properties held by the holding company and to determine the share price at any given time. As rents escalate, usually annually, so too will the value of the company's assets, and therefore, the value of investors' equity.

The concept of unit trusts has been successfully applied to property, providing the advantage of liquidity. However, as the unit trust holds quoted shares as its underlying assets, the price of units fluctuates in sympathy with the stock market. As every investor knows, liquidity always comes at a cost.

Institutional investors, particularly the larger life assurance companies have traditionally been major investors in the commercial property industry but it can be argued that as life assurers derive their income from individual policyholders, life assurance company assets are nothing more than holders of private equity funds on behalf of individual investors.

Private equity investors have traditionally preferred bricks and mortar before other investment types, previously perceived as being more risky than property. Most South Africans dream of owning their homes and commercial property investment is a logical consequence for many, once their primary objective has been achieved. For the foreseeable future private equity investment looks set to continue in its traditional role.

Van Zyl founded Capital Investments an asset management company with a distinct property focus and Endeavour Fund Management which is focussed on taking equity positions in start-ups

International round-up

According to data released and reported by Thomson Financial (TF) in London in collaboration with the European Private Equity and Venture Capital Association, the European private equity industry as a whole achieved internal rate of returns (IRRs) of 11,8% on average in 2007.

The Thomson Reuters Performance Benchmarks data released in June showed the best private equity industry performers continued to be the buyout funds, which generated IRRs of 16,3% on average.

According to Mumbai-based PE research firm Venture Intelligence, contrary to popular perception, the past five months have been the best times for private equity in India. The private equity sphere between January and May witnessed as many as 151 deals aggregating to US$5,5bn as compared with 140 deals totalling $4 billion (or Rs 16,400) during the same period last year,

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Institutional investors continue to increase their commitments to private equity funds in emerging markets despite recent developed market turmoil, according to a recently released survey by the Emerging Markets Private Equity Association (EMPEA).

Seventy-four percent of Limited Partners (LPs) surveyed expect to increase commitments to emerging markets private equity over the next three to five years.

The potential for superior returns is driving continued interest in investment: Emerging Markets Private Equity (EM PE) funds are expected to deliver on average a 6,7% premium relative to US buyout funds.

The Financial Times UK reports that the private equity boom is over according to Times private equity correspondent Martin Arnold. Arnold sites research published in June that showed the value of buy-outs slumped to a four-year low in the first half as the credit crisis and economic uncertainty took their toll.

"The value of UK buy-outs has nosedived to £10,9bn this year, down from £24,5bn in first half of 2007 and the lowest since 2004, according to research published today by the centre for management buy-out research (CMBOR)."

"I am desperately trying to find some good news in this, but it is hard to find any," said Mark Pacitti, corporate finance partner at Deloitte, which co-sponsors the CMBOR survey with Barclays Private Equity.

"There are the same number of people chasing a smaller number of deals, so it is going to get pretty competitive, especially in the mid-market, where deal volumes are now starting to fall," said Pacitti.

The Wall Street Journal recently reported that "Colony Capital, which owns the Las Vegas Hilton and is a major shareholder in closely held Station Casinos, is in discussions with Michael Jackson to get him back onstage and in the spotlight via a long-term stand in Las Vegas."

Colony Capital may just have the leverage to get something done with Jackson: he owes them US$25m after the firm acquired the debt from Fortress Investment Group.

The plan is to try to revive Jackson's career with a stint in Las Vegas and, eventually, build a Thriller-themed hotel-casino there.