Catalyst

SA's quarterly Private Equity & Venture Capital magazine

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Private Equity capital returns double in 2016

SA Taxi powered by Investec

VC Case Study: Ucook

FROM THE EDITOR'S DESK

There has been growing talk about permanent capital vehicles (PCV) or hybrid funding structures being the future for private equity in Africa.

A PCV is an unlimited life, open or closed ended fund that is typically structured as an investment company, although limited partnerships are also used.

A PCV differs from the 'normal' PE fund structured as a limited life, self-liquidating limited partnership (which is your typical PE fund) in several key areas. Private equity law doyen Bowman Gilfillan's head of private equity, John Bellew, spoke at the recent SAVCA GIBS Foundation Programme, where he was speaking about the evolution of the private equity funding model for Southern Africa and sub-Saharan Africa. He said that the primary constraint with the current model is an operating cash-flow crunch affecting the general partner's ability to focus attention on harvesting at the end of the fund's lifecycle; a mismatch of declining fees as the fund enters its final years and rising overheads.

This forces GP's to go back and raise capital every five years, which creates a lack of business certainty, especially in a market where the time taken now to raise a new fund can be anywhere from 12 months up to three years.

The team's attention also shifts focus from harvesting at a critical stage to deal making.

This isn't to say that the traditional private equity model will be replaced entirely, but certainly in Africa there is a need for an alternative funding vehicle that has a longer life and provides greater flexibility.

Already the JSE has seen the rise of PCV's, which tend to take the form of listed entities such the special acquisition company or SPAC, and renewable power company Renergen, and now most recently Brian Joffe's Long4Life. The other typical PCV is in the form a private investment holding company that will look to list once a portfolio of investments has been developed.

One of the other interesting comments to emerge from the Programme is that the industry needs to work on developing a collective investment scheme for retail investors to gain easier access to private equity, something the industry body will have to take forward.

Overall, we have much to be proud of. South Africa still has the fifth largest independent private equity market in the world. And as Graham Stokoe, EY's private equity leader, revealed recently, South Africa is still where the bulk of exits are occurring: 44% of all exits recorded in 2016, followed by West Africa and North Africa.

Despite the economic slowdown, PE in Africa remains a consumer-driven sector, with financial services particularly attractive, but the message from the industry's leading lights is clear: PE has to back niche high-growth businesses, which are not necessarily linked to GDP during the next few years, if they are going to achieve the sort of return multiples that limited partners are increasingly demanding. ◆

Michael Avery

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Catalyst attended the launch of the SAVCA 2017 Private Equity Industry Survey, the annual survey of private equity activity in Southern Africa, which was released to the industry on 28 June 2017 at the evergreen Inanda Polo Club, in Johannesburg.

Private Equity in SA resilient but fundraising cracks point to concerns

The industry appears to be putting on a brave face despite the downtrodden South African economy. And it's partially supported by another pleasing set of annual numbers considering how many sectors are coming under severe pressure due largely to the multiple policy missteps by a Zuma administration mired in a rising cesspool of corruption. But there are signs of stress digging through the numbers.

South African private equity capital returns to investors more than doubled, increasing by 123.2% in 2016, to R18,3bn, up from R8,2bn the previous year. This was one of the most significant themes reported in the survey.

Tanya van Lill

CEO of the Southern African Venture Capital and Private Equity Association (SAVCA), Tanya van Lill, said that over the period, trade sales were reported as the most popular exit route in value terms whilst sales to management were the most popular by volume. "The average proceeds per exit was R176.3m in 2016, compared to R48,1m in 2015. Realisations (returns to investors) in 2016 reflected a times money multiple of 2.0, an increase of 1.4 times reported in 2015."

To obtain survey results, SAVCA, along with research partner KPMG South Africa, surveyed 61 managers, representing 96 funds, with a mandate to invest in South Africa and in other African markets. And Van Lill says the survey is capturing an increasingly representative sample of the private equity universe operating in the country.

The report, which provides some of the most comprehensive and authoritative analysis of private equity in Southern Africa, showed that private equity funds under management had grown to R171,8bn, up from R158,8bn in 2015. Of these funds under management in 2016, R58,2bn is available for investments, of which R7,4bn is for early stage investments.

Van Lill says that this growth in funds under management represents a compound annual growth rate of 11.4% since 1999, when the SAVCA survey first began. "This growth is reflective of a growing industry and an increased interest from investors to invest in South African private equity."

> South African private equity capital returns to investors more than doubled, increasing by 123.2% in 2016, to R18.3bn, up from R8.2bn the previous year.

What has been difficult in this climate is fund raising - and it's no surprise that we saw the listing of Ethos Capital because of this. Following a record year in 2015, funds raised in 2016 were R10,2bn, a fall of nearly 63% on 2015 when R27,5bn was raised.

Paul Boynton

Paul Boynton, Chief Executive Officer of Old Mutual Alternative Investments (OMAI), admits that the last year has been tough going for the industry.

"As a SAVCA member, we recognize that following the record year in 2015 for private equity investments, 2016 has been more challenging when it comes to finding investment opportunities that deliver attractive returns for investors and creates the houses, schools, roads, power plants, thriving new businesses and, of course, the jobs that are so vital for the country's future prosperity," explains Boynton.

Despite some of last year's challenges, OMAI's various investment teams of managed to identify some exciting investment opportunities

"In particular, under our Schools and Education Investment Impact Fund South Africa, we allocated a total of R380m ($30m) to Barnstone Education and to building six Prestige Colleges," says Boynton.

"We also took a significant minority stake in In2food, a leading convenience food manufacturing business with demand for food tending to remain steady and quite well protected during times of economic stress."

The cost of investments made during 2016, analysed by new and follow-on investments, totalled R15,5bn – up from the R12,5bn reported in 2015. Of the investments made during 2016 (574) and classified into sectors by value, 14.2% were in the real estate sector, 11.0% in the information technology sector, 11.0% were in the energy sector, 10.3% in the services sector and 9.7% in the manufacturing sector.

The average deal size for new investments was R29,5m, while average deal size for follow-on investments was R23,3m.

In terms of fund raising activity, the total of third-party funds raised by the industry in Southern Africa in 2016 reached R10,2bn, a significant decrease from the R27,5bn reported for 2015. By regional source, R7,5bn (73.5%) of total funds raised in 2016 were from South African sources (2015: 28.4%).

"While funds raised in 2016 were significantly lower than 2015, the substantial increase in capital returned to investors is indicative of the private equity life-cycle, showing that while certain periods focus on a fund raising mandate, other periods call for investment, and ultimately, the realisation of returns. This demonstrates the ability of the private equity industry to remain agile to changing market conditions."

Looking at fund raising activity, Van Lill says that Pension and Endowment Funds were the source of 40.2% of all third-party funds raised during 2016 – up from 35.3% in 2015. Of the funds raised from South African sources, 53% (R4bn) were from Pension and Endowment Funds – noticeably up from R3,2bn in 2015 (41%). "It is encouraging to see more pension funds allocating capital to the private equity asset class as raising the profile of the asset class amongst institutional investors is, and will continue to be, a strong focus for SAVCA."

"This year's overall survey results highlight that despite the harsh economic environment currently facing South Africa, the private equity asset class continues to contribute positively to economic growth in the country through its commitment to and investment in portfolio companies and resultant job creation," concludes Van Lill.

Boynton points to private equity's ability to invest through economic cycles for the longer-term as the key underpin of its resilience.

"Private equity plays a vital role in contributing to economic growth. By its very nature, private equity is a longer-term financial commitment, usually of five to seven years or more, which enables our industry to deal with the economic and industry cycles, including downturns, that are inevitably part of any investing programme."

Despite this, all eyes will be focussed on the ANC's elective conference in December, because even private equity's fabled resilience will be tested if the South African economy goes into another decade-long period of decline, similar to the Zuma years. ◆

JSE-listed Transaction Capital's subsidiary, SA Taxi, is driving earnings at the specialist financier with the help of some turbo-charged private equity investment.

Private equity drives SA Taxi

Investec Asset Management (IAM) has successfully completed an exit from its mezzanine investment in SA Taxi, the first financial services provider to focus solely on the taxi industry in South Africa. IAM invested in March 2011 through its first African private equity fund to support SA Taxi, with whom Investec Asset Management has had a strong and longstanding relationship.

SA Taxi is a market leader in enabling the financial inclusion of local minibus taxi entrepreneurs, with over 27 000 vehicles currently financed and a book size of over R7,2bn. SA Taxi does not only extend credit, but also provides allied business services that support the SMEs in managing their businesses. Each vehicle financed has a wider impact too, including job creation and ensuring the sustainability of the taxi industry, a fundamental model of transport in South Africa.

SA Taxi grew headline earnings by 22% and generated an ROE of 24.1% in the 2017 financial year. SA Taxi's loans and advances portfolio grew by 16% to R7,8bn in a period were the major banks struggled for inflation tracking growth.

The specialist taxi financier is a vertically integrated platform

incorporating vehicle procurement, retail, finance, insurance, repossession, spare part procurement and refurbishment capabilities. Combined with SA Taxi's proprietary data, these specialist competencies enable the division to extend asset-backed developmental credit, distribute bespoke taxi insurance and sell focused vehicle models and other allied business services to taxi operators.

In 2016 alone, SA Taxi GPS-tracked 1.5bn km travelled by its taxi fleet. Its vehicles travel on 6 500 routes, covering more than 800 000km.

It applies this data to everything from credit scorecards to collection strategies and insurance pricing.

By helping taxi operators to ensure the sustainability of their businesses, SA Taxi has a business model that delivers a commercial benefit while improving this fundamental mode of transport.

With 69% of all South African households utilising minibus taxis. This dominant mode of transport is responsible for more than 15 million commuter trips per day, with no reliance on any government subsidy. In contrast, bus and rail transport requires huge capital investment and ongoing subsidisation from government to build, maintain and operate, and on a combined basis only accounts for 11 million commuter trips per day. For the majority of South African commuters, minibus taxi transport is a non-discretionary expense that offers the most accessible and cheapest means of travel. This structural element of South Africa's public transport system makes the minibus taxi industry resilient and defensive regardless of the socio-economic environment.

Gerben Dijkstra

At Transaction Capital's recent results announcement, CE David Hurwitz, revealed that, on balance, the economic drivers affecting a minibus taxi operator's business model remain favourable. For the three-year period from January 2014 to December 2016, Toyota has increased the price of its minibus taxi vehicle by an average 8.7% a year, to a current price of about R400 000. Petrol prices have remained below January 2014 levels for 25 of the 36 months. The repo interest rate has increased by 200 basis points over the same period. Commuter fares, which are set by minibus taxi associations taking operators' costs and commuter affordability into account, have been increased appropriately. This can be measured by SA Taxi's improving key credit metrics, demand for minibus taxi vehicles exceeding supply and the proportion of repeat loans originated to existing clients, which during the rolling 12 months ended 31 March 2017, was approximately 23%.

Added to this, SA Taxi estimates that of the 200 000 national minibus taxi fleet, only 70 000 to 80 000 of these are financed with the remainder estimated to be older than nine years. The limited supply of minibus taxi vehicles into the local market extends the under-capitalisation and age of the national fleet. This structural element has resulted in long-term demand exceeding the supply of minibus taxi vehicles, underpinning SA Taxi's credit performance as it achieves high prices for its refurbished vehicles and remains selective on credit risk.

Vehicle financing activities

SA Taxi's loans and advances portfolio comprises 27 142 vehicles, approximately one in every three of the financed national minibus taxi fleet. SA Taxi grew the number of loans originated during the first half of 2017 by 11%, now financing more than 40% of local new Toyota minibus taxi sales compared to 38% in 2015.

An increasing interest rate environment anticipated from the downgrade of South Africa's credit rating is not expected to have a meaningful impact on SA Taxi's net interest margin or credit metrics, as it expects its clients will be able to afford higher repayments.

Despite the political uncertainty and concerns regarding South Africa's credit rating, SA Taxi still raised more than R4bn in debt facilities during the last 12 months, securing its annual debt requirements for the 2018 financial year.

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SA Taxi is funded by more than 30 distinctive debt investors, and continues to diversify its funding sources by accessing offshore capital pools. In addition to securing more than R2bn of debt funding from European Development Finance Institutions (DFIs) since 2010, in February 2017 SA Taxi secured further debt facilities in excess of R2bn from American DFIs. This long-term debt is raised in foreign currency and is fully hedged to Rand.

Despite operating in what is perceived to be a high risk market, SA Taxi's credit loss ratio improved to 3.3% in 2017 compared to 3.4% in 2016. An added strength is that SA Taxi is able to recover more than 73% of the loan value when re-selling repossessed vehicles, as the security value of a taxi vehicle is enhanced in its refurbishment centre, the largest minibus taxi repair facility in Africa.

A positive second order effect of vehicle manufacturers increasing new minibus vehicle prices is that pre-owned vehicle prices follow a similar trend. As SA Taxi's pre-owned product becomes more viable to its customers, SA Taxi is able to recover more when re-selling pre-owned refurbished vehicles in its retail dealership.

Gerben Dijkstra, Investment Principal, Investec Asset Management, said that that he is proud to have assisted in the financing of this critical SME growth in South Africa.

"In supporting a firm such as SA Taxi, with a high-quality service offering led by an experienced management team, we are very excited to have been a part of catalysing a vital market sector that has a stimulating effect on the national economy at many different levels."

Which just goes to show that so-called 'monopoly capital' (whatever that means) is playing a vital role in South Africa, stepping into the breach to assist commuters and taxi operators, who remain largely ignored by the South African government. ◆

The African fibre land grab is in full swing as players across the continent home in this critical infrastructure gap that has the potential to increase Africa's competitiveness, as the continent transitions to the fourth industrial revolution.

CSquared finds able partner in Convergence

The high capacity of speed and volume means that fibre can deliver data at significantly lower prices and more efficiently than can be delivered over a wireless network. As data demand keeps climbing, Internet service providers (ISPs) who use fibre networks keep pace by simply upgrading the transmission hardware.

Pan-African ICT–focused private equity player, Convergence Partners, founded by Chairman Andile Ngcaba, recently signed an agreement with Google, International Finance Corporation (IFC) and Mitsui & Co.(Mitsui) to invest in CSquared, a broadband infrastructure company headquartered in Nairobi, Kenya.

The partners have agreed to invest up to US$100m for the existing metro fibre network operations in Uganda and Ghana, plus new markets in the future.

Ngcaba, gained notoriety for his involvement in the Elephant Consortium, which purchased a R6,6bn stake in Telkom, via a BEE deal that was criticised for some glaring conflicts at the time.

But he has since gone on to build Convergence into a Pan-African ICT investor of some note, with stakes in IT giants such as Seacom, Di-Data, Vodacom, Vuma, Snapt and many more.

Andile Ngcaba

CSquared, initially started by Google as Project Link, is a carrier-neutral, open access, wholesale provider of high-speed metro fibre throughout sub-Saharan Africa. It currently has high quality fibre networks in Uganda (800kms in Kampala and Entebbe) and Ghana (840kms in Accra, Tema and Kumasi). The introduction of the new partners will accelerate growth of the existing operations and plans for expansion into further markets

"CSquared is a perfect fit with Convergence Partners' vision for expanding the reach of quality, affordable broadband to Africa," says Ngcaba. "Its disruptive model of deploying and operating infrastructure on an open access, shared basis will be instrumental in delivering commercial and developmental benefits through the unlocking of pervasive broadband access. The impact of broadband access as a catalyst for economic development is undeniable and well documented." He adds that the four-way partnership between Convergence Partners, Google, IFC and Mitsui represents like-minded investors and players with capability and experience in the ICT infrastructure space.

Convergence Partners' investment will be housed in Convergence Partners Communications Infrastructure Fund (CPCIF), the only infrastructure fund dedicated solely to information and communications technology in Africa. The transaction is subject to customary closing conditions.

When it comes to Internet access, a basic connection is useful — but it is abundant, affordable broadband that can transform communities and help people make the most of opportunities online. This investment is another step in the right direction for a continent looking to fill the infrastructure gaps, and has bolstered Convergence Partners position as a key ICT investor in Africa. ◆

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In a world of rising populism where business is increasingly viewed with distrust and in response to the unique set of challenges posed by the fourth industrial revolution, company executives are looking at ways to better articulate their long-term value creation for a range of stakeholders beyond just shareholders. The answer may just lie in the aptly named, yet poorly understood or disclosed, asset class of intangibles.

Searching for a better measure of value

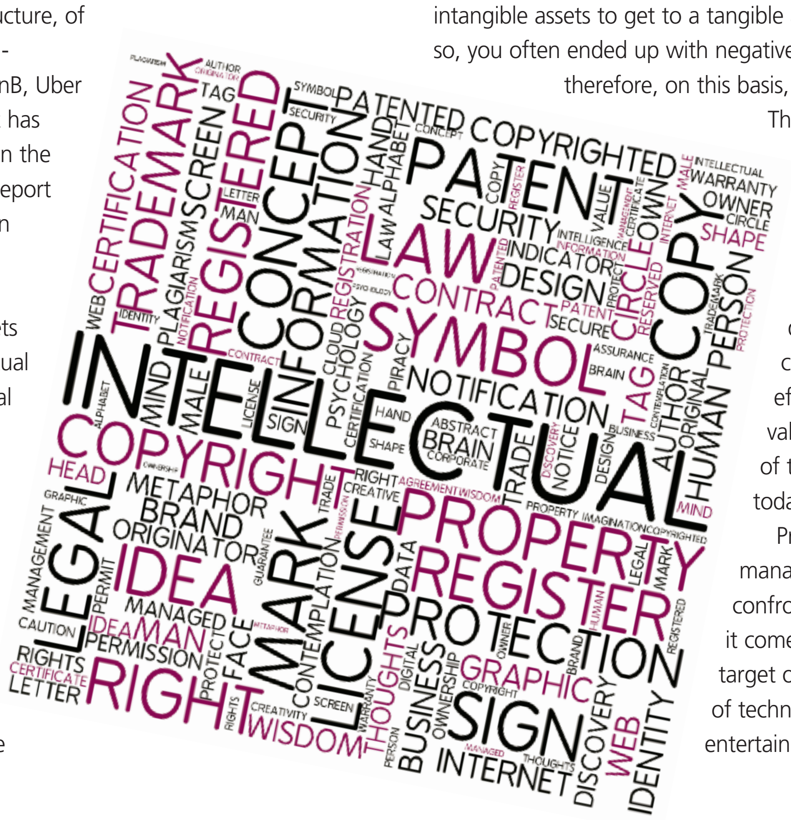
A company's reputation, often measured by goodwill and brand recognition, is also considered an intangible asset. Brand identities are pivotal in helping companies stay ahead of competitors, and simply put, a positive brand promotes sales, builds trust, and inspires customer loyalty.

According to Morningstar equity research, nearly 60% of its domestic and international moat-rated companies have achieved this recognition because of intangible assets and strong brands.

A strong brand is even more critical in this age of the fourth industrial revolution. Gone are the days of growth being founded on brick and mortar assets, the plant and machinery of the new capitalism are making their way to the cloud of shared services and IT infrastructure, of asset-lite start-ups-cum-unicorns, such as Air BnB, Uber and WeChat. And that has necessitated a rethink in the way we measure and report on the value inherent in these businesses.

Accounting for the value in intangible assets such as brand, intellectual property, training, social license to operate and the like has for some time now been cause for robust debate.

Accountants find comfort in the historical cost convention and writing down intangibles to avoid the pitfalls of so-called creative accounting. But the problem with that approach in an age where, for example, many mid-market fintech companies have substantial EBITDA and profitability, while having the bulk of their assets as intangibles, is that it produces accounting nonsense and misleading investor information.



Jesse Josse, who has spent the past twenty-five years plus working as an executive in some of the world's leading financial institutions, including Schroders, Citigroup, and N M Rothschild, put it succinctly writing for the Street on July 6th.

"When many banks and financiers looked at [the fintech businesses I was advising], they wanted to write-down the intangible assets to get to a tangible asset figure. Well, in doing so, you often ended up with negative tangible assets and therefore, on this basis, the ROE was negative."

The problem, as Josse correctly points out, is that this is not an isolated incident as we enter the tech age, where IP is becoming the most dominant item on many company balance sheets. In effect, we are dealing the valuation of innovation, one of the key drivers of value today and into the future.

Private equity fund managers are increasingly confronted by this problem when it comes to accurately valuing target opportunities in the space of technology, biotech, media and entertainment in particular.

Management teams considering an acquisition should be cognizant of the target company's intangible values and lives, and how they will affect reported earnings, the balance sheet, and taxes, post-acquisition.

And the question of intangibles is even broader than that.

The chief executives of more than 20 companies and investment funds, representing a combined $20tn under management, including Unilever, PepsiCo and Nestlé, and the asset managers Vanguard, Fidelity and Schroders, are currently involved in a project led by the not-for-profit business group, Coalition for Inclusive Capitalism, and professional services firm EY. The project discusses a set of consistent metrics that would allow fund managers to compare companies' "intangible assets", which range from intellectual property to more ephemeral aspects like company culture or brand value.

Lady Lynn Forester de Rothschild, who founded the coalition, was quoted in the FT recently saying that this is "the first step" to allow companies to prove their long-term value, rather than being judged solely on their immediate financial performance.

Value, brands and intangible assets are three concepts that are set to transform the way we as consumers, investors, entrepreneurs and architects of the unfolding fourth industrial revolution, redefine the rules of capitalism and reassert the primacy of business as a positive social force. ◆

From modest beginnings in the co-founder's home in 2015, dinner kit delivery company UCOOK has grown significantly, distributing up to 1 200 orders a week.

SAVCA 2017 Case Study Compendium

Name of portfolio company: UCOOK

Key facts:

- Company: UCOOK
- Investor: Silvertree Internet Holdings
- Year of investment: 2016
- Sector: Ecommerce – meal kits (delivery of ingredients and recipes)
- Type of investment: Early stage
- Employees: 16 full-time and 40 part-time employees (2017)
- Employee growth: +120% (2017 y-o-y)
- Number of orders: ± 2 000 deliveries weekly (end 2017)
- Number of meals: 40 000 to 50 000 monthly (end 2017)
- Break-even point from point of investment: 1.5 years.

Investment impact highlights:

- Funding supports short-term growth cycle, scalability of business and improved EBIT margin
- Underpins direct and indirect job creation, including new management resources
- Product development and service innovation
- Strategic direction, guidance and general management oversight
- Improve governance and professionalise the business

Company description:

From modest beginnings in the co-founder's home in 2015, dinner kit delivery company UCOOK has grown significantly, distributing up to 1 200 orders a week to clients in Johannesburg, Cape Town, Durban and Port Elizabeth. Up-and-coming South African chefs – including food writer and TV show host Sarah Graham – design boxes of hand-selected, fresh ingredients and compile step-by-step recipes for customers to prepare themselves. Menus are revised weekly to suit health and time conscious consumers as well as vegetarians. All meats are free-range, pasture-reared and grass-fed. The company sources organic products where possible.

The company as an investment opportunity:

Meal kits have shown significant promise in international markets, with some US firms recently going public. Aided by its strategic brand positioning, product diversification and the rise of an aspiring foodie culture in South Africa, UCOOK looks set to lead the charge in the local market with its fresh offering, strong chef representation and focus on quality.

Silvertree invested during the course of 2016 and provided strategic guidance and management oversight. This allowed the

> "Silvertree has definitely been a massive help to ensure that we can scale the business relatively comfortably. It is always difficult when you have 1 000% growth to maintain everything, but they have played a massive role to ensure that we can grow the business, have the necessary funds to do so and to provide oversight." –
> Daniel Blignaut, Managing Director, UCOOK

firm to transition from a start-up business to a robust, scalable small business. Various expansion plans – particularly in and around Johannesburg – are in the pipeline.

The impact of the venture capital partnership

The investment supported the company during a meaningful growth phase, allowing it to significantly expand its staff facilities and freezing space. Due to the perishable nature of meal kits, the sector is very capital intensive, but the additional funding enabled UCOOK to comfortably scale the business to deliver up to 1 200 orders a week.

The increased capital expenditure for its operation in Johannesburg will allow the business to improve its earnings before interest and tax (EBIT) margin.

A substantial portion of the investment was allocated to internal operations and processes to ensure that the necessary quality control processes were in place to maintain the delivery of a consistent product as orders grew. In an effort to improve the online customer order and support experience and to ensure that it could build a sustainable business on top of its current platform, a considerable investment was made in technology.

The investment allowed the business to more than double its staff complement to 16 individuals, thereby creating several direct jobs in its packaging and management divisions over the past year. UCOOK also employs around 40 part-time employees on a contract basis. The expansion of its management team empowered the business to source better-quality produce from new suppliers. Indirect jobs were created at UCOOK's courier company that had to appoint additional drivers to support its growth. Scaling the business required sourcing extra products from new entrants in the small-scale agricultural community – including rural and urban farming projects – supporting further indirect job creation as well as ethical and sustainable farming and production standards. Brand partnerships, strong social and referral-based marketing and the negotiation of mutually beneficial partnerships have contributed to its early success.

Silvertree provided strategic direction, guidance and general management oversight by identifying and refining priority areas that required management's attention. Regular management meetings were introduced and appropriate reporting structures for the firm's key performance indicators and departments were put in place, allowing for the early identification of challenges and new opportunities.

By professionalising the business and putting additional business policies in place, the venture capital firm ensured that the portfolio company did not simply focus on its day-to-day operations, but that it also kept its long-term strategic direction and opportunities for expansion in mind. ◆

The SAVCA 2017 Venture Capital Success Stories publication will be launched in Johannesburg on the 25th of October 2017, and in Cape Town on the 26th of October 2017.

Local and International news

National news

JSE listed Trematon Capital Investments, the Western Cape focused actively managed Investment Holding Company, has invested in the UK real estate market via ASK Partners (ASK), a boutique real estate private equity start up, based in London.

ASK operates in the private equity and lending space and specialises in sourcing funding solutions for residential and commercial developers in London. The executive team and founders of ASK have extensive experience in the origination and structuring of real estate debt and equity transactions. They have built relationships with many credible developers in London which have a short-term need for bridging or development finance.

The current state of the market for development lending in the UK has created an opportunity for non-bank primary and secondary lending to developers with excellent risk-adjusted returns.

Trematon has made an initial equity contribution of £4,3m. This represents a 40% shareholding in the Investment Company and an effective 20% shareholding in the Management Company. Trematon has board and investment committee representation for both the Investment Company and the Management Company.

The total investment will be used to underwrite loans provided by ASK to developers at an interest rate that meets the risk criteria of each investment.

ASK, which is based and managed in the UK, has the responsibility of structuring the transactions, underwriting the loans and syndicating the investment. ◆

Phatisa, a leading sector-focused African private equity fund manager, announced the promotion of Rinolan Moodley to Deal Partner for the Southern Africa region.

Rinolan was previously a Senior Deal Principal and has been leading investments for the group in the food and agri-business sector. Rinolan's new role will entail leading a team to drive new investments in Phatisa's Food Fund 2, as well as working with the portfolio team to drive value creation across the portfolio. ◆

Metier exited its 30% stake in Astrapak in June with the completion of the R1,3bn deal by the UK's RPC Group to acquire Astrapak, the KwaZulu-Natal based plastic packaging product manufacturer. The South African private equity firm first backed the company in 2008.

The sale, which is partial, marks a fifth realization for Metier's Capital Growth Fund I, a R3,5bn fund which had a total of eight companies in its portfolio. As part of the structure of the Astrapak sale, three non-core assets of the business have been carved out and will be listed on the Alternative Exchange of the JSE under the name of Master Plastics. Metier retains an undisclosed interest in this new entity.

Astrapak originally agreed to the sale in mid-December 2016 since when all requisite regulatory approvals have been received. ◆

International

Synergy Capital Managers announced the completion of its tenth investment, through its Synergy Private Equity Fund (SPEF), in Dimension Data Nigeria and Dimension Data Ghana via the acquisition of the Nigerian and Ghanaian subsidiaries of Dimension Data. Dimension Data is a global leader in the provision of ICT solutions and services to over 6 000 clients around the globe.

In Nigeria and Ghana, Dimension Data focuses on providing IT systems integration services to large enterprises within West Africa. Following a brief transitional period, the acquired companies will commence trading under the new name of Cloud Exchange Limited. The companies will, however, remain the Dimension Data Group's exclusive partners in both countries. Dimension Data will act as technical partner to Cloud Exchange Limited and will continue to provide technology and support to the operating companies.

The acquired businesses will roll out unique virtual computing services with local points of presence across Côte d'Ivoire, Ghana, Liberia, Nigeria, and Sierra Leone. ◆

How We Made in Africa reports that Actis, a leading private equity investor in growth markets, launched a major pan-African higher education initiative – Honoris United Universities.

Honoris United Universities is the first African private higher education network bringing together the leading tertiary education institutions in North and Southern Africa for the first time. Honoris United Universities will harness the collaborative intelligence and the pioneering efforts of these institutions to educate Africa's next generations of leaders and professionals.

Actis began with "beacon" markets in Francophone Africa. In December 2014, it made an investment in Université Centrale Group, the leading post-secondary education group in Tunisia. In 2016, the platform expanded to Morocco, creating a Northern Africa Hub through its investment in Université Mundiapolis. Mundiapolis is renowned for its international approach and focus on employability. ◆

PRIVATE EQUITY DEALS Q2 2017 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	Bid Corporation from Miura Private Equity	90% stake in Guzman Gastronomia and Cuttings	Standard Bank	undisclosed	Apr 5
Acquisition by	RMB Corvest (RMB Holdings) from founding shareholders	stake in Feedem Pitseng		undisclosed	Apr 6
Acquisition by	Agile Capital and management	stake in Feedem Pitseng	Step Consulting; Renmere; Forssman Consulting	undisclosed	Apr 6
Acquisition by	Ethos Fund VI (Ethos Capital)	majority shareholding in Little Green Beverages	Webber Wentzel; Cliffe Dekker Hofmeyr	undisclosed	Apr 24
Acquisition by	Accion Frontier Inclusion Fund	a stake in AllLife		undisclosed	May 3
Acquisition by	Vostok New Ventures	stake in CarZar		$1,5m	May 11
Acquisition by	Riskowitz Value Fund LP from Finbond Group minority shareholders	shares not already held in Finbond Group (mandatory offer)	Grindrod Bank; BDO Corporate Finance; Bowmans	R1,4bn	May 26
Acquisition by	Assa Abloy from Metier	Inhep Electronic t/a Inhep Digital Security (IDS)	Hogan Lovells (SA); Cliffe Dekker Hofmeyr	undisclosed	May 29
Acquisition by	Agile Capital (Zico Capital 2)	26% of Bluhm Burton Engineering	Cliffe Dekker Hofmeyr	undisclosed	May 29
Acquisition by	AlphaCode and BoE Private Equity Investments	minority stakes in Entersekt	Cliffe Dekker Hofmeyr	undisclosed	Jun 7
Acquisition by	African Infrastructure Investment Managers	44% stake in Albatros Energy Mali		undisclosed	Jun 13
Disposal by	Sanlam Emerging Markets (Sanlam) to Black Star	stakes in Enterprise Life Assurance, Enterprise Trustees and Enterprise Insurance	Deutsche Securities	$130m	Jun 23
Disposal by	Adcorp to Value Capital Partners	12,59% stake in Adcorp	Deloitte	undisclosed	Jun 27
Disposal by	Brandcorp (Bidvest) to European Quality Houseware	one ordinary share and 489 'B' shares in Prestige Quality Housewares	Werksmans	not publicly disclosed	not announced Q2
Acquisition by	Futuregrowth Asset Management	a stake in Retail Capital	Cliffe Dekker Hofmeyr	undisclosed	not announced Q2

PRIVATE EQUITY DEALS Q2 2017 – REST OF AFRICA

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED	DATE VALUE
DRC	Investment by	XSML in Maison Galaxy		undisclosed	Jun 16
Egypt	Disposal by	Actis of its remaining 7.5% stake in Edita Food Industries	CI Capital; EFG Hermes	undisclosed	Apr 7
Ghana	Investment by	Oasis Capital Ghana in Everpure		undisclosed	Apr 28
Ghana	Investment by	AfricInvest in International Community School		undisclosed	Jun 6
Kenya	Acquisition by	Catalyst Principal Partners of a significant minority stake in Kensta Group		undisclosed	Apr 24
Kenya	Acquisition by	Catalyst Principal Partners of Jambo Biscuits		undisclosed	May 8
Kenya	Investment by	DOB Equity in Africa Logistics Properties		$4m	May 10
Kenya	Investment by	The Moringa Partnership in Asanta Capital		$6m	May 14
Kenya	Investment by	Google, Convergence Partners, International Finance Corporation and Mitsui & Co in CSquared		$100m	May 16
Kenya	Acquisition by	Synergy Communications (Convergence Partners) of Wananchi Business Services	Bowmans	undisclosed	May 18
Mauritius	Investment by	Fairfax Africa in Ascendant Learning (Nova Pioneer)		$20m	Jun 30
Morocco	Disposal by	Mediterrania Capital Partners and AfricInvest of Grupo San Jose & Lopez to Investec Asset Management		undisclosed	Apr 10
Morocco	Acquisition by	EuroMena of a minority stake in Retail Holding		undisclosed	Jun 21
Nigeria	Acquisition by	Synergy Capital of a stake in Northstar Finance Services	PwC; Udo Udomo & Belo Osagie; Banwo & Ighodalo	undisclosed	Apr 17
Nigeria	Acquisition by	GBfoods and Helios Investment Partners through their JV : GBfoods Africa Holdco of Watanmal	Rand Merchant Bank; Loyens & Loeff	undisclosed	May 2
Senegal	Investment by	Teranga Capital (Investisseaurs & Partenaires) in OuiCarry		undisclosed	Apr 13
Uganda	Investment by	XSML in KARE Distribution		undisclosed	May 23
Uganda	Acquisition by	Ascent Africa Investment of a 60% stake in Guardian Health	Bowmans	undisclosed	not announced Q2
West Africa	Acquisition by	Synergy Capital of Dimension Data Nigeria and Dimension Data Ghana	Orrick (London)	undisclosed	May 17