Catalyst

SA's quarterly Private Equity & Venture Capital magazine

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The private equity rehabilitation of Alex' Forbes

THE 2014 KPMG and SAVCA PE & VC Performance Survey

Private equity and development finance hybrid case study

All the half-year deals

FROM THE EDITOR'S DESK

It's been bubbling under for some time now and the sabrage* came from a period of low volatility in equity markets during the last three quarters and Africa's increasing investment appeal, releasing a froth of funds under management in a new rush for yield across the continent.

Yes, private equity is back with a bang as funds rush into the sub-Saharan growth story. Almost everyone I talk to seems to be in the game or have a small boutique private equity fund eyeing a deal.

And once again sceptics of private equity's value-add are pointing to some of the highly leveraged failed deals concluded at the peak as reason to temper enthusiasm.

The South African Venture Capital and Private Equity Association and the Development Bank of Southern Africa released their second research report in April into the impacts of private equity (page ?), which provides an empirical argument for the net positive benefits of the asset class.

And a new trend is emerging: private equity investment as a force to leverage development finance to provide returns and sustainable development in markets desperate for both. Phatisa is one such story that epitomises this new win-win investment philosophy (page ?).

The relisting of Alexander Forbes is another example of private equity's ability to take a company struggling in the public spotlight, with serious corporate governance and reputational issues, manage it away from the media glare, and return a reorganized and reenergized business attractive to institutional and retail investors. Sure the IRR won't set any records, but the value added is there for all to see as Actis partner Natalie Kolbe points out in these pages.

Additionally, Savca and KPMG's annual survey (page?) points to the increase in funds under management as a growing understanding of private equity as an asset class, and an appreciation for the returns it offers as well as its important economic benefits. Over the past two years funds under management have increased by R46.1 bn – an increase of an eye-watering 42%.

But caution is advised as the halcyon days threaten to skew all sense of perception and balance between risk and reward. Ratings agency S&P reckons Africa's growth potential hides an uncomfortable truth. Rising debt and deficits in some of the fastest growing economies on the continent threatens to pull the plug on the party midway through. This risk is heightened by the possibility of an early fed rate hike or a geopolitical event in the middle-east or Moscow, or some other, as yet identified, black swan.

But for now, the band plays a familiar tune and the barman pours another glass of champagne. ◆

Michael Avery

* Sabrage is a technique for opening a Champagne bottle with a saber, used for ceremonial occasions

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Gleason Publications

Alexander Forbes retuned to the JSE in July amid the praise from retail and institutional investors. This would have been difficult to envisage when one of the country's largest pension funds administrators and money managers was taken private in 2007 in a storm of controversy involving stripping surpluses from funds in what became known as the Ghavalas affair.

Alex Forbes: a lesson in seven-year reputational turnaround

Natalie Kolbe

In a sign that private equity investment can be a significant tool in not just creating returns but also reengineering a business, Alex Forbes returned to the bourse a significantly altered beast. It sold its UK businesses – Alexander Forbes Consultants and Actuaries UK and Investment Solutions UK – in 2012 and its corporate insurance broker, Alexander Forbes Risk Services. In November 2013 it hived off its cell captive insurance business, Guardrisk, and its actuarial business Lance Clark & Peacock (LCP), is also on the block.

The business still has significant scale with assets under administration of R275bn as at the end of March this year. And institutional investors are particularly excited about the company's return, drawn by the regular income from its pension management and insurance businesses, and the potential for growth in sub-Saharan Africa where financial services are still developing. The company said it may pay out as much as 67% of its earnings as dividends.

Institutional investors bought the company's shares at R7,50. Alexander Forbes debuted on the JSE, the eleventh listing this year, at R8,10 and ended its opening day at R8,41.

Statistics South Africa (SSA) estimates that the financial services sector created 13 000 new jobs in the year until the end of March and currently employs over 1.8 million people. Alexander Forbes brings the total number of companies in the financial services sector listed on the JSE to 28 and this sector contributes almost 2% to the JSE's total market capitalisation.

"Our return to the JSE is an exciting and momentous occasion. It provides us with continuity to preserve the wonderful legacy and integrity of the Alexander Forbes brand, as well as the emotional and psychological equity with which we engage with and serve our clients, employees and stakeholders. It is also a historic moment for our permanent employees who each have been given shares which will vest after three years as our recognition of their continued contribution to our success. Finally, listing gives impetus to our current strategic intent and growth plans," said the Group Chief Executive, Edward Kieswetter.

Actis, the lead partner in the consortium that led the 2007 buyout along with Ethos, sold a 9% stake, in an oversubscribed offer, representing a large part of its 13% total stake.

Mercer Africa Limited (Mercer), a subsidiary of Marsh & McLennan Companies, agreed to acquire 34% of Alexander Forbes, as part of the exit deal, broadening the US insurance behemoth's exposure in sub-Saharan African markets.

Mercer initially acquired a 14.9% stake, at the time of the listing, and subject to regulatory approvals, will acquire a

> With a new high calibre senior management team, the board helped to recover reputational issues that plagued the business, attract industry experts to the Board, develop a retail offering and expand EBITDA margins through disposing of non-core business units and driving cost efficiencies."

further 19.1% stake; leading to a full exit for Actis and other private equity consortium members who collectively held 54% of the group pre-listing.

Actis led the roughly R8bn buyout in 2007, in one of the largest and most complex leveraged buyouts ever undertaken in Africa. Since then, Actis and its fellow shareholders have transformed the business from a corporate governance perspective. With a new high calibre senior management team, the board helped to recover reputational issues that plagued the business, attract industry experts to the Board, develop a retail offering and expand EBITDA margins through disposing of non-core business units and driving cost efficiencies.

Edward Kieswetter

Natalie Kolbe, a Partner at Actis, expressed her delight at having achieved a substantial turnaround at "Forbes". "We are extremely proud of our work transforming the business. Alongside the management team and other shareholders, we have achieved a tremendous shift in the business," explains Kolbe. "One that epitomises our investment philosophy of our capital being more than solely financial. The strong interest we have received, in one of the largest listings in sub-Saharan Africa ever, signals significant appetite from both African and international institutional investors." ◆

A balanced blend of private equity and development finance aligns investor returns with food security, job creation, skills improvement and community upliftment.

DevEq = PAT * x + i 2 ™.

The concept of shared value investing has taken John Elkington's idea of triple-bottom line (twenty years old this year) to the point of development finance and investing, which is taking root especially in Africa with its unique developmental challenges.

It is no secret that Africa's star is on the rise and in the face of the recent global financial crisis, the African investment appeal seems greater than ever before. But private equity has to be so much more than just private investment. It can't simply take the form of a random injection of capital, which has as its sole purpose an eventual exit from Africa at a profit.

In order for the continent to realise its full potential for all stakeholders, the investment must succeed in making a meaningful and lasting difference, both to its recipient organisation or project and to the communities and environment within which it exists.

With a capital injection from global investors, a long-abandoned palm oil plantation and mill in Daru, Sierra Leone, is expected to produce over 5,000 tonnes of palm oil in 2014, and permanently employ more than 400 people. Complementing its own plantation output, the Goldtree palm oil business supports an extensive agricultural community, buying fruit from over 5,000 outgrowers. It is working on significantly improving the fruit yields and technical skills of these smallholder farmers while mitigating against environmental risk and dangerous agricultural practices. Goldtree is an ideal example of the sustainable and far-reaching impact of development equity, as embodied in the unique formula of DevEq = PAT * x + i 2 ™.

"This form of investment takes conventional private equity to a new and more meaningful level," says Duncan Owen, Senior Managing Partner of Phatisa, an African private equity firm. Phatisa is fund manager of the African Agriculture Fund (AAF), which in turn manages the Goldtree investment on behalf of multinational investment partners.

"Development equity takes traditional private equity, which is strongly focussed on investor returns, and combines this with development finance from governments and institutions," explains Owen. "The outcome is multifaceted and positively impacts on all stakeholders."

Phatisa's AAF is a private equity fund focused on businesses in agriculture and the food value chain. To date, it has committed investments in excess of US$100m in twelve businesses across the continent, reaching from Sierra Leone in West Africa to Madagascar in far East Africa, and a further eight countries in between. These projects account for about 50% of the total US$246m AAF investor equity available for investment and they touch on primary farming, protein production, processing, inputs, fertiliser, mechanisation and FMCG beverages.

The Goldtree palm oil plantation and mill was the first agri investment of AAF, made in 2011. It was a unique start-up operation without a meaningful performance history or asset base and arguably did not meet the ideal criteria of an AAF investment. But it had exciting growth prospects which appealed to a range of development equity partners. These now include international development finance institutions; development and commercial banks including the Development Bank of Southern Africa; government agencies of Spain, the US and France; fund-of-funds; a large SA commercial bank and American and European private investors.

Palm oil is used in a vast range of edible (cooking oils and fats, margarines, ice cream, etc.) and nonedible products (soaps, bio-fuels, etc.). The edible oil yield per hectare of a palm tree is typically more than three times that of soya or canola. Goldtree operations are located in a classic palm oil climate, close to water, and a reasonable six hour drive from the capital city Freetown. Its potential rewards for investors are closely aligned to the AAF investment philosophy of development equity. This approach builds sustainable assets in emerging countries, has a meaningful influence on communities through employment and training, and positively impacts on the African growth story.

At the time of AAF's initial investment in Goldtree, the mill and surrounding plantations had been destroyed during the Sierra Leone Civil War between 1991 and 2002, when the Revolutionary United Front (RUF), with support from the special forces of Charles Taylor's National Patriotic Front of Liberia (NPFL), intervened in Sierra Leone in an attempt to overthrow the Joseph Momoh government. The resulting civil war lasted 11 years, enveloped the country, and left over 50,000 dead.

Palm oil processing was basic and involved cooking the fruits, trampling them, adding water so the palm oil product would float, and then flushing the pollutant waste into rivers. This was a dangerous, environmentally destructive and low yielding method.

With an investment injection of US$20m plus and ongoing support from Phatisa agri specialists, Goldtree has been completely transformed. It now has a mechanised, safe and hygienic processing mill supported by office facilities, a canteen, workshops, stores, a quality control laboratory, holding tanks and a fleet of vehicles. While presently managed mainly by expat staff, the aim is to transfer skills so local employees can ultimately run the business.

"A development equity opportunity such as Goldtree is the perfect place for DFIs who want to invest in a way that generates returns and sustainably uplifts communities - rather than simply donate," says Owen. "Besides providing them with performance which could be over 20% per annum in the medium term, development equity is transformative. A project such as Goldtree has created a meaningful rural economy in the Daru area. We hope that a lost generation affected by civil war now has opportunity and prospects."

The expected investment horizon for AAF's investment in Goldtree is until 2020 when at time of exit, the business should be solid, sustainable and, importantly, profitable. Over that period annual crude palm oil output should rise to 18,000 tonnes, supplying domestic and regional markets.

> Development equity takes traditional private equity, which is strongly focussed on investor returns, and combines this with development finance from governments and institutions"
> Owen

Duncan Owen, Senior Managing Partner of Phatisa

In line with global trends of increased accountability, private equity investors and particularly those in development equity are demanding high standards from their fund managers on sustainable ESG factors (environment, social and governance). AAF is able to demonstrate the many ESG qualities of Goldtree to its governmental and DFI investment partners.

Its own relatively small plantation is leased from the local community and provides them with a secure rental income. AAF follows an ethical code for land acquisition and land use in its projects, realising the political and social sensitivities of property when owned or used by foreign investors. Land must also be used sustainably and primary forest should never be destroyed.

In buying fruit from out-grower farmers in the nearby 40 km radius, Goldtree generates income for close to 20,000 people on a seasonal basis. Paying a monthly local wage bill of around US$60,000, the company is a strong catalyst in transforming Daru and its economy.

With a focus on environmentally friendly business methods, the mill is energy self-sufficient, reusing fruit fibre from the milling process. Waste water is treated before being irrigated onto plantations as a fertiliser or recycled into rivers.

Goldtree ensures that workers prioritise safety, for example, by using personal protective equipment. Good corporate governance structures include anti-bribery and corruption policies and social impact measurements include offering the out-growers a fair and transparent price formula for their products.

Supporting all AAF agri investments is a Technical Assistance Facility, funded primarily by the European Commission. In the Goldtree project, this facility is helping out-growers improve their yields through training on effective replanting, growing and harvesting. For example, by safely using sickles on poles for cutting bunches, farmers no longer have to climb tall palms as part of a dangerous and slow harvesting process.

"Development equity is exceptionally hard work," says Owen. "Businesses are based in remote geographies and very young markets where skills and infrastructure are lacking. The challenges can be huge. But you commit to a long term vision and stick to that goal. The rewards for everyone are worth it." ◆

Read most South African company reports and you will get guff about how Africa – as if SA is somehow not a part of the continent – is central to their plans.

The ethical private equity investor

Andrew Robinson

Walk the streets of the continent's capitals and it's a different story. Our miners and engineers may do well, but our dealmakers in the non-extractive sectors, who are superstars at home, are all too often left hunting the obvious targets while undiscovered gems lie at their feet.

This is unsurprising given the social, economic and cultural differences between South Africa and the myriad countries to the north of us. These differences unfortunately make it very difficult to price the risks associated with the many opportunities that are there for the taking.

If we can't price risks we can't take them. It's as simple as that. We accept that, in any market, valuations are based on knowledge that is, to some extent, out of date. This is exacerbated in much of Africa where very poor market signals exist, if they exist at all.

Most of the formalised local markets for public traded debt and equities are not a realistic option for commercial concerns. Apart from anything else, volumes remain thin and the lines between private and public ownership are often confusingly blurred with the state sector playing an overt role in a range of markets such as commodities, agriculture, energy, communications and even fast moving consumer goods.

The continental operating environment can be extremely opaque. Yet, despite this, substantial commercial operators using their own, rather than outside, money have managed to build up huge operations serving millions of customers.

Over time, many of these have become successful dynasties but over the last decade, these markets have irrevocably changed. Closed local markets have been rapidly absorbed into common trading corridors, creating massive transnational opportunities. This means that many businesses now need access to new funding if they are to navigate and overcome the massive logistical challenges that arise from a continent starting to live up to its potential.

Robinson

This makes much of Africa a prime opportunity zone for multinationals with logistical muscle to rapidly build market share. So why has this not happened at the pace and scale that the level of opportunity would predict?

I believe that this is primarily because the understanding of local operating and market conditions, which is so critical to building effective brands, is missing.

From where I stand, as a private investor chasing deals in the $20m-plus range in a variety of markets, the route to unlocking value is not to only to transplant existing product offerings into new markets after appropriate customisation, but also to invest in, and boost the capacity of existing local suppliers. This means identifying locked-up value across the full supply chain, and while local connections and informants are very useful, nothing replaces time spent seeing things for yourself.

Network matters. Legwork matters more. Hard work matters most.

When looking at opportunities, I try to ask (and answer) the following questions:

- Is there an industry that is positioned to benefit from increasing purchasing power or changes in purchasing power?
- Is there the possibility of unlocking value through privatisation and deregulation and could an investment offering push government to make those changes?
- Where are potentially productive assets locked up behind logistical barriers? Is it cost-effective and possible to reduce those barriers?
- Are there opportunities to confront black-market inefficiencies and offer a reliable product that meets the needs currently being met informally or illegally?
- Is there a business model from elsewhere on the continent that could meet the market need? Will it take a combination of business models or just one?
- Is there a company which is successful nationally that could be effective regionally, particularly in the context of the various trade blocs?
- Is there potential for merging a number of smaller concerns into one supply chain which can operate more effectively or transnationally?

While it is essential that you develop your "gut" and listen to it, it is as important to set aside your intuition when answering these questions. It is tempting, when you see what you think is a golden opportunity, to fall victim to what psychologists call "confirmation bias". If you don't watch out for this, you will plant the seeds of inevitable failure.

Answering these questions honestly, rather than in a way that allows you to simply do what you want, will guide you to the deals that will generate the returns that you and your backers are looking for. At the same time it will improve your host economies, provide jobs and allow governments to build up the capacity to take care of their people.

And this is what being an ethical private investor is all about.◆

Robinson is an entrepreneur and private equity investor. He is CEO of Siand and Chairman of the Johannesburg Golden City chapter of the YPO.

There is growing investor demand for private equity. This was revealed in the 2014 KPMG and SAVCA (Southern African Venture Capital and Private Equity Association) Venture Capital and Private Equity Industry Performance Survey, which also indicates that the asset class expanded by 17% last year to reach R162.2bn in funds under management in 2013.

Growing Investor Demand for Private Equity

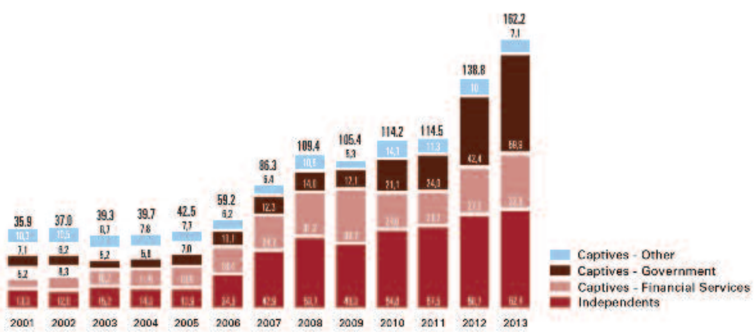
Warren Watkins

The increase in funds reflects a growing understanding of private equity as an asset class, an appreciation for the returns it offers as well as its important economic benefits. Over the past two years funds under management have increased by R46.1bn – an increase of 42%.

Total funds under management at year end, split by undrawn commitments and investments (Rbn)*

* A portion of the undrawn commitments is inclusive of a provision for future management fees.

Composition of total funds under management (Rbn)



Of the R162.2bn funds under management, the industry currently has R58.6bn still to be invested – a record level of undrawn capital. Of this amount, 47.1% sits with fund managers that raise third-party capital (R27.6bn), 38.9% with government entities (R22.8bn) and 10.8% with banks and investment holding companies that invest off their own balance sheets (R6.3bn).

Watkins

Deal flow has increased noticeably, with R17.5bn invested in 2013 (R9.9bn in 2012). Of this, R10.2bn can be attributed to new investments (2012: R5.4bn), while follow-on investment, described as further investments by private equity players into companies where they already have an involvement, amounted to R7.2bn (2012: R4.5bn) during 2013. The overall average investment deal size increased from R48.9m in 2012 to R72.6m during 2013.

Private equity remains an attractive asset class compared with publicly listed equity. The 10-year internal rate of return (IRR) after fees on private equity for 2013 was 22.1%, very telling when contrasted with the JSE's 19.6%, as reflected on the SAVCA-RisCura Quarterly survey released in February 2014.

The major portion of the funds raised in 2013 is from South African sources, mainly pension funds, and in particular the Government Employees Pension Fund (GEPF) the bulk of whose assets are managed by the Public Investment Corporation (PIC). Nearly 60% raised in the last two years was from the GEPF. We expect to see the PIC more active in the next two years, especially investing in controlling stakes as private equity is an employment and development vehicle which yields excellent returns.

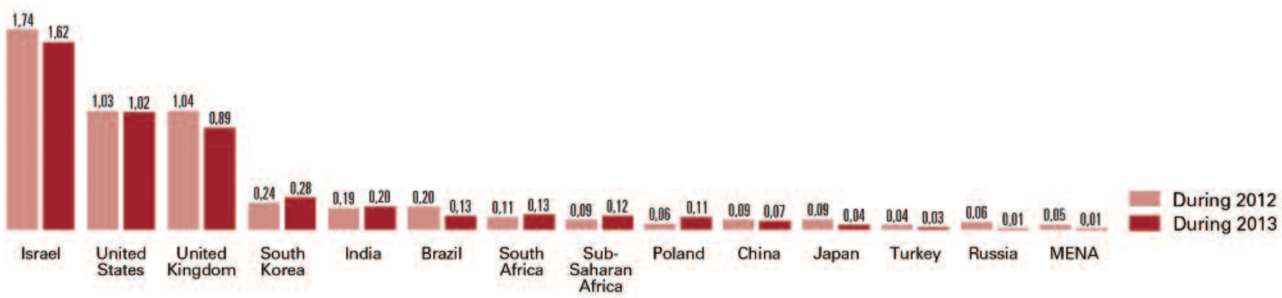
The SAVCA-DBSA 2013 Private Equity Economic Impact study showed an increase of 40% in employment over two years in companies where private equity investors had taken a stake. The top twenty of these companies saw a 130% increase in earnings in the same period.

Similar to last year, infrastructure leads as the preferred sector for investment during 2013, at 48.4% – up 20.9% from the 2012 figures. Infrastructural investment can be rewarding for fund managers and investors. It delivers pleasing long-term returns and meets mandates that prioritise sustainability, while at the same time playing a key role in the development of South Africa.

of black ownership of 5% or greater) in 2013 was R13.5bn, an increase of 77.6% from the 2012 levels.

Private equity exits have also increased, reflecting the lifecycle of a private equity fund, which typically has a fixed horizon. The total value of exits rose from R7bn during 2012 to R10.2bn during 2013, a R3.2bn increase. The level of returned funds is likely to remain at similar levels for the next two years. Private equity funds will be primarily focused on finding and closing new acquisitions.

Private Equity annual investment by independents as a percentage of GDP%



Of the R27.3bn funds raised in 2013, the portion focused on early-stage investments, also known as venture capital, is up significantly from R1.4bn in 2012 to R8.2bn in 2013.

The number of black economic empowerment (BEE) investments increased from 108 during 2012 to 140 during 2013. The average BEE deal size in 2013 was R96.43m compared to R70.37m during 2012. The cost of investment into black-influenced entities (that is, entities with an element

South Africa's private equity investment as a percentage of GDP is 0.13, which is higher than China (0.07% of GDP) and Russia (0.01%), is on par with Brazil, and behind India (0.20%). It is still some way off that of the United Kingdom (0.89%), the United States (1.02%) and Israel (1.62%). The survey highlights that although the South African private equity industry is small in comparison to those of the US and UK, it is well established and locally significant. ◆

Following several high-profile buyouts at the top-end of the cycle in the retail sector, most notably, Edcon, private equities' ability to add value has been questioned in various quarters.

Dispelling Private equity myths

Noted retail analyst, Syd Vianello, in response to whether private equity has been a consistent success story (in the *Sunday Times: High rollers return to the JSE, July 6 2014)* replied, "Emphatically no, some have been successes and some disasters."

However, a recent study goes some way in dispelling the perception created by one or two large cap failures.

The South African Venture Capital and Private Equity Association (SAVCA) and the Development Bank of Southern Africa (DBSA) launched their second research report in April, exploring the economic impact of venture capital and private equity on the South African economy. The survey is based on the in-depth responses of 60 South African businesses backed by private equity investments and once again provides strong evidence of how private equity investors continue to create value in the domestic and international markets.

The 2013 report shows that 56% of the surveyed investee companies – being those which are backed by private funders in the form of equity shareholdings – feel that private equity has helped their business to grow faster. They have been able to introduce more products and services, acquire capital assets such as machinery, and invest in new technology. Additionally, they have expanded locally and outside of South Africa, by winning new business, opening new offices and facilities, and even acquiring other operations.

Some respondents indicated that, without the assistance of private equity, they would not have been able to continue in business. And some commented that private equity contributions allowed the introduction of BEE into their operations or enabled them to improve on their existing BEE ratings.

Aubrey Shabane, Manager: Equity Investments at DBSA

The survey showed that private equity beneficiaries create much-needed employment. A subsample of 31 respondents reported that the number of staff they employed within and outside South Africa grew by around 40% over the two-year period covered by the research.

Erika van der Merwe, CEO of SAVCA, says that the report shows that the contribution of private equity partners extends far beyond the provision of financial backing. "Companies surveyed report that private equity contributes greatly in strengthening corporate governance, defining strategic direction and fostering innovation. All of these play a crucial role in the sustainability and long-term profitability of a business."

Respondents to the survey expressed a preference for private equity funding over other funding routes – and nearly half of participants said that they see private equity financing as preferable to other equity funding routes such as public markets.

"The willingness among private equity investors to take risks required for operational expansion, as well as their overall flexibility, financial acumen and innovative flair, was reported by a significant number of those surveyed," says Van der Merwe.

According to the survey, 70% of investee companies acknowledged better corporate governance as one of the most important contributions from their private equity partners; 64% indicated they received invaluable financial advice from their investors; and 62% felt they gained insightful guidance on strategic matters. The investee companies surveyed also demonstrated rewarding growth in performance ratios such as revenue and profit.

Aubrey Shabane, Manager: Equity Investments at DBSA, says private equity investors can help young businesses become responsible corporate citizens, with a social conscience. "They can affect the broader South African economy and act as a key driver of economic development. As we face several economic challenges, including exceptionally high and persistent unemployment, it is rewarding to note the effect of this type of investment on job creation." ◆

Local and International news

International

Kingdom Holding Company (KHC), chaired by HRH Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud, and PineBridge Investments Middle East, a global multi-asset-class manager, signed a memorandum of understanding in June 2014 to establish a joint venture platform to invest in direct private equity opportunities in Africa.

The MOU was signed by both Dr. Adel Alsayed, KHC's Executive Director for Private Equity and International Investments, and Talal Al Zain, Chief Executive Officer of PineBridge Investments Middle East.

The joint venture between KHC and PineBridge will invest in African companies, in response to rising investor demand for exposure to the continent's fast growing economies. Key focus sectors include manufacturing, consumer driven sectors, infrastructure, financial services and other sectors.

Enko Capital Managers announced it has successfully reached a US$48.25m first close of its latest fund, the Enko Africa Private Equity Fund (EAPEF). In achieving its first close, EAPEF has attracted investor support from various institutional investors including the African Development Bank, along with family offices and various high net worth individuals. Based on this encouraging first close, Enko anticipates reaching its target size of US$150m at its second and final close in 1Q 2015. ◆

National news

Arshad Essa - Partner

Arshad joined Ethos in 2007 and was promoted to Partner in 2014. Since joining Ethos, he has had significant involvement in the buyout of Tiger Automotive and the acquisition of Alexander Forbes' high yield debt.

The combination of his corporate finance and private equity experience has enabled him to make significant contributions to these companies.

Arshad Essa

Arshad currently serves on the boards of Tiger Automotive and Alexander Forbes.

Prior to joining Ethos, Arshad worked at Rand Merchant Bank as an investment banker, where he successfully concluded various mergers and acquisitions, listings and BEE transactions. He has also lectured at the University of the Witwatersrand on management accounting.

Arshad holds a Masters of Commerce degree from the University of the Witwatersrand and an MBA from City University (Cass Business School). He is a CFA Charter Holder and is a member of the South African Institute of Chartered Accountants.

Rohan Dyer – Head of Investor Relations

Rohan joined in 2014 as Ethos' Head of Investor Relations.

Prior to joining Ethos, Rohan had 15 years' experience as a sell-side analyst in the public markets, focused predominantly on the South African retail sector. He was highly rated in the annual Financial Mail Analyst Surveys, consistently achieving a top 3 ranking since 2002. Rohan is well experienced at engaging and communicating with investors in South Africa and abroad, as well as with the management teams of the companies he covered. In the near term, he will be working closely with Ngalaah Chuphi who played a critical role in the successful raising of Ethos Funds V and VI, and now leads Ethos' sub-Saharan Africa strategy. Rohan moved to Ethos from Investec in Johannesburg.

Rohan Dyer

He holds a Bachelor of Commerce Honours degree in Finance from the University of Natal.

PRIVATE EQUITY DEALS H1 2014 - SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Disposal by	Times Media to Subcocept	Nu Metro Cinema division and Popcorn Cinema Advertising Sales	Arcay Moela; iCapital; PSG Capital; ENSafrica	R75m	Jan 6
Disposal by	Acorn General Fund 1	25% stake in Target Investments	Acorn Equity; VanderSpuy	undisclosed	Jan 13
Acquisition by	Acorn Agri from Thembeka Capital and Overberg Agri	23.6% stake in Overberg Agri	Acorn Equity; VanderSpuy	R189,3m	Feb 6
Acquisition by	MICROmega from Acorn General Fund 1 and Acorn Venure Technology Fund 1	56,67% stake in USC Metering	Acorn Equity; Merchantec Capital; VanderSpuy	R39,67m	Feb 7
Acquisition by	Nedbank Capital Private Equity	30% of Little Green Beverages	Nedbank Capital	undisclosed	Feb 10
Disposal by	AngloGold Ashanti to QKR Corporation	AngloGold Ashanti Namibia (Navachab Gold Mine)	Standard Bank; CIBC World Markets plc; UBS; ENSafrica; Webber Wentzel	$124,2m	Feb 10
Acquisition by	Old Mutual Private Equity	Stake in 10X Investments	Cliffe Dekker Hofmeyr	undisclosed	Feb 12
Acquisition by	Trinitas Private Equity and management (70%:30%)	The Auto Industrial Group		undisclosed	Mar 18
Disposal by	Corvest 2	42.2964% stake in Kwikot	Cliffe Dekker Hofmeyr	undisclosed	not announced Q1
Disposal by	Corvest 2 to Pastral	4.4894% stake in Kwikot	Cliffe Dekker Hofmeyr	undisclosed	not announced Q1
Disposal by	Corvest 2 to Ciral	0.4% stake in Kwikot	Cliffe Dekker Hofmeyr	undisclosed	not announced Q1
Disposal by	Vantage Capital	stake in CA Sales		undisclosed	Apr 3
Acquisition by	Bopa Moruo Private Equity from Kagiso Stragetic Investments	25% of Waco Africa	Cliffe Dekker Hofmeyr	R10,25m	Jun 9

PRIVATE EQUITY DEALS H1 2014 – REST OF AFRICA

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Algeria	Acquisition by	Emerging Capital Partners of a 33% stake in Atlas Bollting Corporation		undisclosed	Mar 14
Congo	Investment by	XSML in Quickprint		undisclosed	May 20
Cote d'Ivoire	Investment by	Fonds Cauris Croissance II in Cipharm		undisclosed	May 1
DRC	Investment by	XSML in Inzia		undisclosed	Jan 23
Egypt	Acquisition by	Abraaj Group (through Creed Healthcare) of 41.98% of Cairo Medical Centre		EGP75 per share	Feb 23
Egypt	Acquisition by	Abraaj Group (through Huxley Holdings) of Cairo for Investment and Real Estate Development		EGP20.5 per share	Feb 23
Egypt	Disposal by	Actis on the open market of a 2.6% stake in Commercial International Bank		$117m	Apr 1
Egypt	Acquisition by	Ripplewood of a 2.3% stake in Palm Hills		undisclosed	May 7
Egypt	Disposal by	Citadel Capital and minorites of 100% of Sphinx Glass (73.3%:26.7%) to Construction Products		$112m	May 13
Egypt	Disposal by	Actis to Fairfax Financial of its remaining 6.5% stake in Commercial International Bank	CI Capital Investment Banking	undisclosed	May 19
Egypt	Acquisition by	KKR of a stake in Afriflora		undisclosed	Jun 5
Ethiopia	Investment by	Acumen in Mekelle Farms, through majority shareholder AGFlow Ventures		undisclosed	Mar 14
Ghana	Acquisition by	Leapfrog Investments of a stake in Petra Trust		undisclosed	Jan 15
Ghana	Acquisition by	Amethis Finance and ERES of a minority stake in Fidelity Bank Ghana	Fidelity Securities; IC Securities	$35m	Feb 26
Ghana	Investment by	Duet Consumer West Africa in Shop N Save and GNFoods		$50m	Mar 13
Kenya	Acquisition by	Actis of a 36% stake in AutoXpress	Webber Wentzel	undisclosed	Feb 3
Kenya	Acquisition by	Acumen of an equity stake in Miliki Afya		$600 000	Feb 10
Kenya	Investment by	Agri-Vie in Kariki Group		$5m	Feb 12
Kenya	Acquisition by	TransCentury of all the shares in Cable Holdings held by Aureos East Africa Fund		share swop	Feb 26
Kenya	Acquisition by	Pearl Capital Partners of a minority stake in Eldoville Dairies	Horizon Africa Capital	KES200m	Mar 3
Kenya	Disposal by	TransCentury subsidiary Safari Rail to Africa Railways (subsidiary of Citadel Capital), of an additional 34% stake in Rift Valley Railways	Stephenson Harwood	undisclosed	Apr 1
Morrocco	Acquisition by	Abraaj Group of a stake in Kool Food		undisclosed	Apr 16
Morrocco	Acquisition by	African Development Partners II of an equity stake in Université Privée de Marrakech	Capital Trust	$20m	May 14
Nigeria	Acquisition by	Helios Investment Partners of a minority stake in ARM Pension Managers PFA	Ernst & Young	undisclosed	Jun 2
Rwanda	Investment by	Acumen in KZ Noir (convertible debt)		$1,2m	Jan 30
Sudan	Disposal by	Citadel Capital of its 66.12% in Sudanese Egyptian Bank to Islamic Solidarity Bank of Sudan		$22m	Apr 27
Tanzania	Acquisition by	Catalyst Principal Partners of a majority stake in heavy equipment rental and logistics firm, EFFCO		undisclosed	Feb 26
Togo	Disposal by	The Central Africa Growth Sicar (Emerging Capital Partners) to Gabon's Strategic Investment Fund of its stake in Oragroup		undisclosed	May 12
Uganda / Kenya	Disposal by	Actis of a substantial stake (39%) in Umeme to Investec Asset Management (18.47%) and other institutional investors	Stanbic Bank Uganda; CFC Stanbic Kenya	$85,5m	May 19
Zambia	Acquisition by	Standard Chartered Private Equity of a 25.8% stake in Copperbelt Energy	Standard Bank	$57m	Mar 11