DealMakers®

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1st Quarter 2019 M&A Rankings

plus all Corporate Finance Transactions

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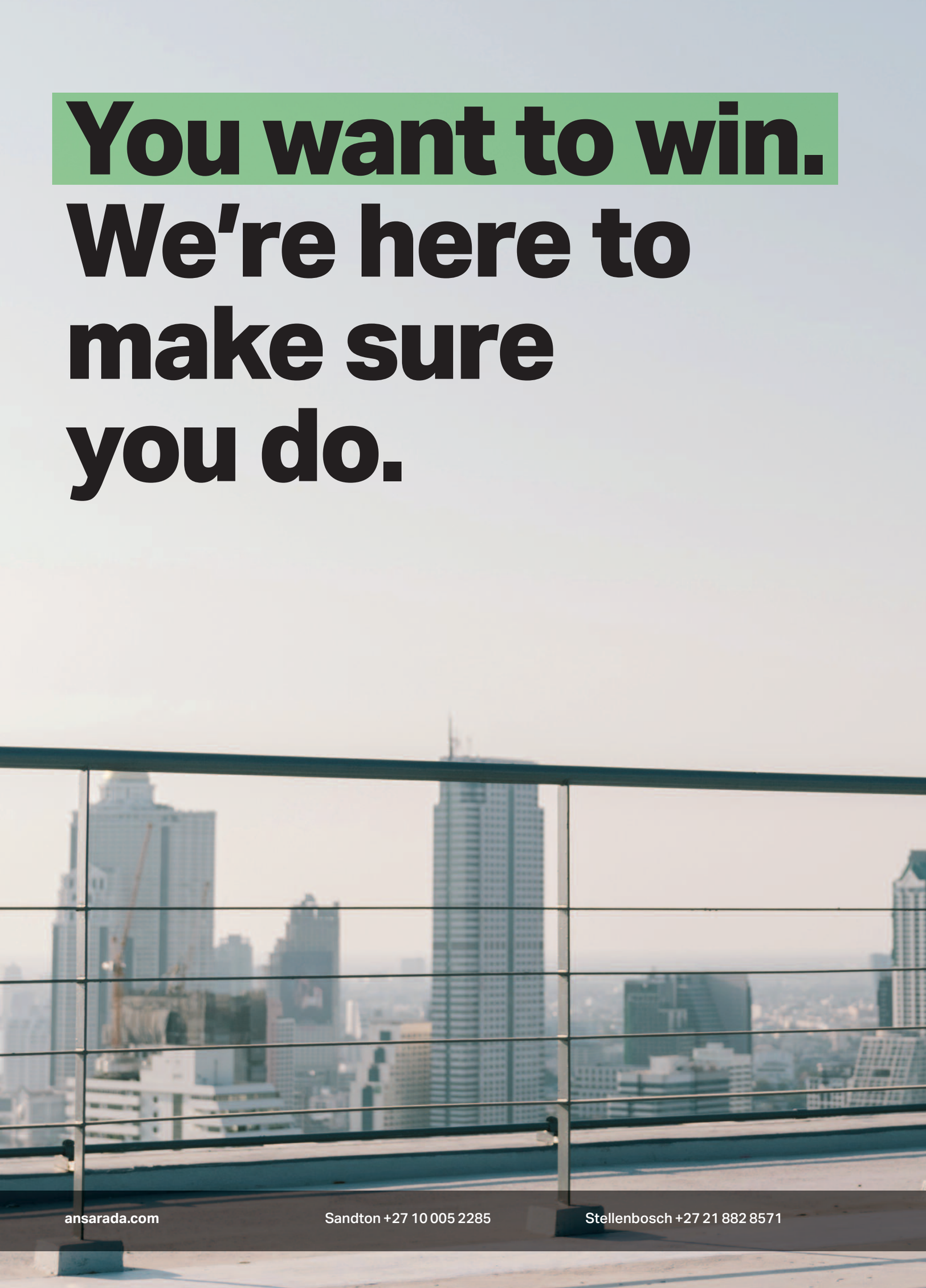

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Editor's Note

MARYLOU GREIG

At the time of going to print, the results of SA's sixth democratic national elections were being released. South Africans as a whole are suffering political fatigue; the drop in numbers of citizens turning up to vote is a clear indication of this.

With the coming months unlikely to yield noticeable change as political parties again fail to fulfil mandates promised, South Africa is likely to continue down the slippery slide from its once held position of economic prowess and choice as an attractive investment destination – the continued deteriorating economic conditions and the extent of the corruption malaise testing, even for the most optimistic of investors. One only has to look at the International Monetary Fund's 2019 GDP forecasts for East Africa released in April; Kenya 5.8%, Rwanda 7.8%, Ethiopia 7.7%, Tanzania 4% and Uganda 6.3%. South Africa is forecast at 1.2% growth.

M&A activity by exchange-listed companies in the first quarter of 2019 got off to a slow start. The total value of deals for Q1 2019 was R47bn (90 deals) against R135bn (110 deals) in Q1 2018. Of these, companies with a secondary listing on the JSE undertook nine deals, the majority of which were property deals. Other classifications included four BEE and four private equity deals.

The most active sectors were property, followed by mining and technology. The number of deals in Q1 over the past five years has been relatively consistent ranging from 90 to 123 deals, but it is the size and hence the value of the targets acquired or disposed of that is noticeable, dropping off dramatically. The largest deal by value in the first three months of 2019 was the acquisition by Naspers of a 29.2% in Avito for R15,78bn followed by the acquisition of Clover by a consortium of investors for R4,8bn. The Clover deal has had its share of controversy with Brimstone forced by a lobby group to review its participation in a 15% stake in the Israeli-led consortium.

The quarter's General Corporate Finance activity was dominated by the unbundling and listing on the JSE by Naspers of MultiChoice with a market capitalisation of R46,52bn. Companies took the opportunity to return capital to shareholders valued at c.R3bn. The JSE, despite painful declines in some of its biggest listings, had a strong start to the year, helped by the boom in mining shares.

As growth worries and trade war jitters threaten to spoil any rebound for emerging markets in 2019, what South Africa needs is for the ruling party – with its second chance mandate – to form a strong and effective coalition with business, focused on growth, stability and anticorruption, to allow the country to win back the trust of investors and the ratings agencies.

I am pleased to report back that the first standalone DealMakers Africa Annual Awards in Nairobi in February was a great success, not only in recognising the achievement of the local advisory firms in East and West Africa but also in terms of providing an opportunity to network and explore possibilities within the African M&A space. Pictures of the events in Johannesburg and Nairobi, together with the winners, add a wonderful splash of colourful to the pages of this issue. I draw your attention to the new homes of DealMakers SA and DealMakers Africa whose websites have been created by Vanessa Aitken. I hope you will find the new look refreshing and the sites easy to navigate. ■

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DealMakers AFRICA - M&A across the continent

Catalyst - the Private Equity and Venture Capital magazine

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THE OVAL TABLE

Membership of the Oval Table, which is by invitation only, comprises five of the corporate finance players, four corporate law firms and one private equity firm; membership is held on a one-year cycle.

Representatives of the firms make up DealMakers' Editorial Advisory Board which meets half yearly.

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MERGERS & ACQUISITIONS ANALYSIS Q1 2019 (excludes unlisted M&A)

	Q1 2019			Q1 2018			Q1 2017			Q1 2016			Q1 2015		
DEAL ACTIVITY	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**
Local Deals	81	(3)	42 720 704 421	96	(3)	66 905 335 797	100	(6)	35 264 588 202	74	(4)	25 860 558 904	95	(3)	64 462 464 898
Foreign Deals	9	(0)	4 973 858 394	14	(0)	68 743 476 386	23	(0)	45 510 583 100	18	(0)	73 631 119 216	10	(0)	44 029 038 491
Total	**90**	**(3)**	**47 694 562 815**	**110**	**(3)**	**135 648 812 183**	**123**	**(6)**	**80 775 171 302**	**92**	**(4)**	**99 491 678 120**	**105**	**(3)**	**108 491 503 389**
DEAL ACTIVITY (excluding failed deals)	**No.**		**VALUE (R)**	**No.**		**VALUE (R)**	**No.**		**VALUE (R)**	**No.**		**VALUE (R)**	**No.**		**VALUE (R)**
Local Deals	78		38 602 604 421	93		43 680 335 797	94		35 012 174 387	70		25 304 701 782	92		54 647 940 898
Foreign Deals	9		4 973 858 394	14		68 743 476 386	23		45 510 583 100	18		73 631 119 216	10		44 029 038 491
Total	**87**		**43 576 462 815**	**107**		**112 423 812 183**	**117**		**80 522 757 487**	**88**		**98 935 820 998**	**102**		**98 676 979 389**

BEE AND PRIVATE EQUITY ACTIVITY Q1 2019 (includes listed and unlisted M&A)

	Q1 2019			Q1 2018			Q1 2017			Q1 2016			Q1 2015		
BEE ACTIVITY	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**
Listed M&A	4	(0)	1 155 200 000	5	(0)	3 048 500 000	5	(1)	1 726 980 000	2	(0)	30 083 203	3	(0)	1 557 603 654
Unlisted M&A	6	(0)	0	3	(0)	15 000 000	5	(0)	174 055 146	5	(0)	100 000 000	4	(0)	125 000 000
Total	**10**	**(0)**	**1 155 200 000**	**8**	**(0)**	**3 063 500 000**	**10**	**(1)**	**1 901 035 146**	**7**	**(0)**	**130 083 203**	**7**	**(0)**	**1 682 603 654**

	Q1 2019			Q1 2018			Q1 2017			Q1 2016			Q1 2015		
PE ACTIVITY	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**
Listed M&A	4	(0)	1 014 500 000	4	(0)	2 148 927 000	5	(0)	610 000 000	1	(0)	321 000 000	3	(0)	1 929 807 450
Unlisted M&A	9	(0)	106 956 470	4	(1)	47 522 427	11	(0)	601 562 652	10	(0)	2 695 971 734	5	(0)	3 218 634 707
Total	**13**	**(0)**	**1 121 456 470**	**8**	**(1)**	**2 196 449 427**	**16**	**(0)**	**1 211 562 652**	**11**	**(0)**	**3 016 971 734**	**8**	**(0)**	**5 148 442 157**

* No. of failed deals

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BIGGEST DEALS Q1 2019

NATURE OF DEAL	PARTIES	ASSET	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE	VALUE (R)
Acquisition by	OLX (Naspers)	29,2% stake in Avito	$1,16bn	Jan 28	15 776 000 000
Acquisition by	Milco SA (consortium of Milco Mauritius International [78.7%] Brimstone Investment [15%] and management [6.3%])	Clover Industries	R4,8bn	Feb 4	4 800 000 000
Disposal by	MTN to Econet Wireless Zimbabwe	53% stake in Mascom	$300m	Mar 7	4 284 720 000
Disposal by	Resilient REIT to Fortress REIT	a portfolio of properties	R3,39bn	Mar 5	3 391 900 000
Disposal by	Exxaro Resources to Tronox	26% stake in Tronox Sands	R2,06bn	Feb 18	2 060 000 000
Acquisition by ■	Mas Real Estate	three subsidiaries of PKM Developments owning nine retail centres	€112,97m	Mar 4	1 818 817 000
Disposal by ■	Stenprop to Erel 4	Euston House	£95m	Jan 10	1 681 500 000
Disposal by	Tradehold to I Group	27% stake in Collins Group (newly formed property vehicle)	R833m	Feb 27	833 000 000
Acquisition by	Bidvest from minority shareholders	remaining 34% stake (72 102 636 shares) in Bidvest Namibia	N$756,1m	Mar 3	756 100 000
Disposal by	Ascension Properties (Rebosis Property Fund) to Fortune Capital	portfolio of seven properties in Nespruit and Johannesburg	R696,33m	Feb 20	696 329 000

■ Foreign Deal - not included for ranking purposes (unless local adviser's role verified)

— Failed deal

BIGGEST BEE DEALS Q1 2019

NATURE OF DEAL	PARTIES	ASSET	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE	VALUE (R)
Disposal by	Tradehold to I Group	27% stake in Collins Group (newly formed property vehicle)	R833m	Feb 27	833 000 000
Disposal by	Aveng to Colossal Africa Consortium (Isongo Investments and Colossal Africa Infrastructure)	Infraset business of South Africa, Zambia, Mozambique, Swaziland and Zimbabwe	R180m	Feb 18	180 000 000
Acquisition by	Wescoal Mining (Wescoal) from Arnot InvestCo (representing interests of previously retrenched employees of Exxaro Coal Mine)	50% stake in Arnot Mine (held in Arnot HoldCo)	R75m	Feb 28	75 000 000
Disposal by	Global Asset Management to Main Street 1236	99% stake in LFS	R67,2m	Feb 19	67 200 000

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THE VALUE OF KNOWING

Baobab trees bloom at night to attract fruit bats that pollinate their flowers

The African baobab tree uses knowledge of its surroundings to ensure its survival. The large, white flowers of the tree can reach up to 12 centimetres in diameter, yet only bloom a few at a time and stay open during the night to ensure pollination by fruit bats.

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RANKING THE SOUTH AFRICAN TOMBSTONE PARTIES

RANKINGS BY DEAL VALUE

RANKINGS BY DEAL FLOW (ACTIVITY)

INVESTMENT ADVISERS*

No	Company	Deal Values R'm	Market Share %
1	Nedbank CIB	7 264	24,64%
2	Standard Bank	5 684	19,28%
3	PwC	4 875	16,53%
4	Rand Merchant Bank	4 800	16,28%
5	JPMorgan	2 060	6,99%
6	Investec Bank	1 460	4,95%
7	EY	901	3,06%
8	Grindrod Bank	584	1,98%
9	Standard Chartered Bank	581	1,97%

No	Company	No of Deals	Market Share %	Deal Values R'm
1	Nedbank CIB	8	18,60%	7 264
2	Standard Bank	5	11,63%	5 684
	Investec Bank	5	11,63%	1 460
4	Grindrod Bank	3	6,98%	584
	Deloitte	3	6,98%	250
6	PwC	2	4,65%	4 875
	EY	2	4,65%	901
	BDO Corporate Finance	2	4,65%	316
	PSG Capital	2	4,65%	76

SPONSORS

No	Company	Deal Values R'm	Market Share %
1	Investec Bank	17 281	39,15%
2	Nedbank CIB	7 900	17,89%
3	Rand Merchant Bank	5 200	11,78%
4	Java Capital	3 715	8,42%
5	Standard Bank	2 081	4,71%
6	Absa	2 060	4,67%
7	PSG Capital	1 227	2,78%
8	Mettle Corporate Finance	833	1,89%
9	Questco	820	1,86%
10	Grindrod Bank	750	1,70%
11	Arbor Capital Sponsors	727	1,65%
12	JPMorgan	581	1,32%
13	UBS	275	0,62%

No	Company	No of Deals	Market Share %	Deal Values R'm
1	Nedbank CIB	12	16,22%	7 900
2	Investec Bank	9	12,16%	17 281
3	Java Capital	7	9,46%	3 715
4	Standard Bank	6	8,11%	2 081
	PSG Capital	6	8,11%	1 227
	Questco	6	8,11%	820
7	Grindrod Bank	5	6,76%	750
	Arbor Capital Sponsors	5	6,76%	727
9	Rand Merchant Bank	3	4,05%	5 200
10	UBS	2	2,70%	275
	Deloitte	2	2,70%	205
	Merrill Lynch	2	2,70%	200
	Merchantec Capital	2	2,70%	67

LEGAL ADVISERS

No	Company	Deal Values R'm	Market Share %
1	Cliffe Dekker Hofmeyr	7 468	26,78%
2	ENSafrica	5 447	19,53%
3	Werksmans	5 430	19,47%
4	Bernadt Vukic Potash & Getz	4 800	17,21%
5	Norton Rose Fulbright (South Africa)	2 540	9,11%
6	DLA Piper South Africa	581	2,09%
7	Bowmans	389	1,39%
8	Baker McKenzie	275	0,99%
9	Vani Chetty Competition Law	259	0,93%
10	Motsoeneng Bill	205	0,73%
11	Eversheds Sutherland (South Africa)	180	0,65%
12	Webber Wentzel	145	0,52%
13	Fasken	75	0,27%
	Mkhabela Huntley	75	0,27%
15	Fullard Mayer Morrison	16	0,06%
16	Falcon & Hume	undisclosed	n/a

No	Company	No of Deals	Market Share %	Deal Values R'm
1	Cliffe Dekker Hofmeyr	10	28,57%	7 468
2	Werksmans	4	11,43%	5 430
3	ENSafrica	3	8,57%	5 447
4	Norton Rose Fulbright (South Africa)	2	5,71%	2 540
	Bowmans	2	5,71%	389
	Baker McKenzie	2	5,71%	275
	Motsoeneng Bill	2	5,71%	205
	Webber Wentzel	2	5,71%	145
9	Bernadt Vukic Potash & Getz	1	2,86%	4 800
	DLA Piper South Africa	1	2,86%	581
	Vani Chetty Competition Law	1	2,86%	259
	Eversheds Sutherland (South Africa)	1	2,86%	180
	Fasken	1	2,86%	75
	Mkhabela Huntley	1	2,86%	75
	Fullard Mayer Morrison	1	2,86%	16
	Falcon & Hume	1	2,86%	undisclosed

REPORTING ACCOUNTANTS

No	Company	Deal Values R'm	Market Share %
1	EY	undisclosed	50,00%
	Du Toit Van Den Heever	undisclosed	50,00%

No	Company	No of Deals	Market Share %	Deal Values R'm
1	EY	1	50,00%	undisclosed
	Du Toit Van Den Heever	1	50,00%	undisclosed

* Investment Advisers incorporate Financial Advisers and others claiming this category

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2018 1st by M&A Deal Value
2018 2nd by General Corporate Finance Deal Flow
2018 1st by BEE M&A Deal Value
2018 2nd by BEE M&A Deal Flow
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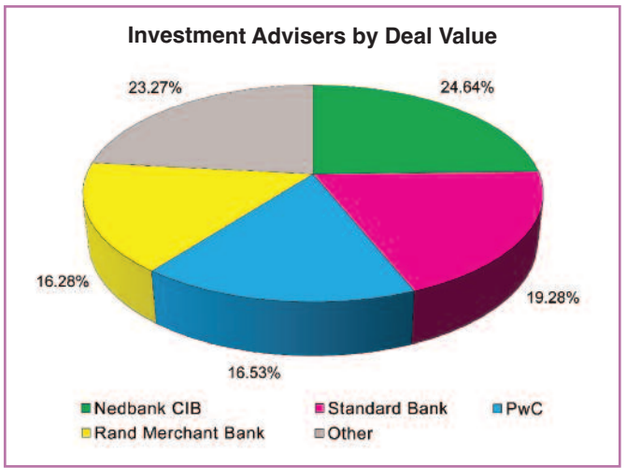
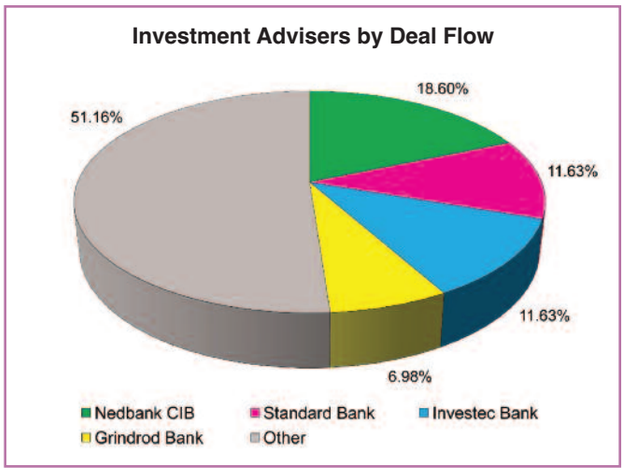
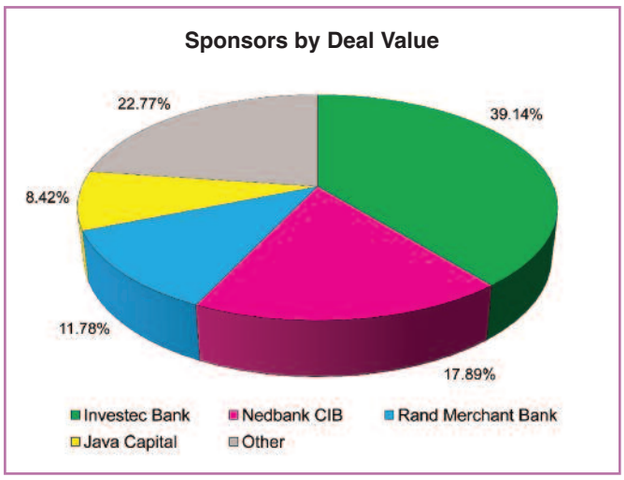
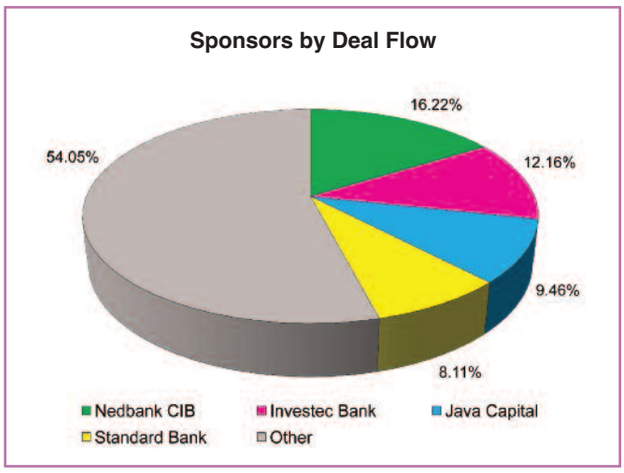
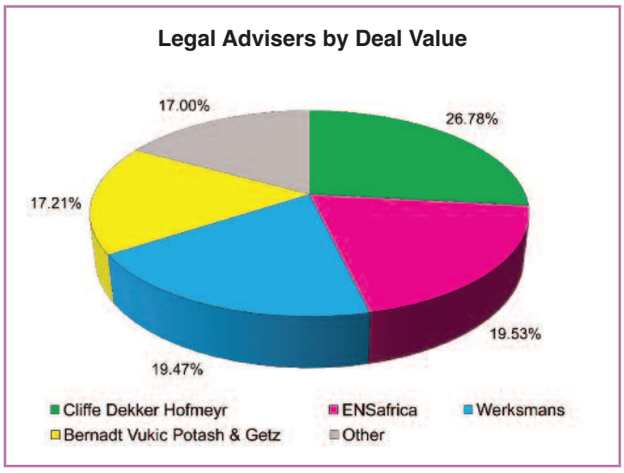
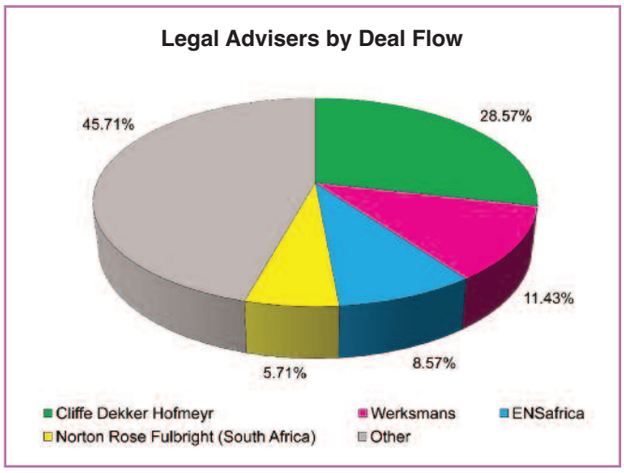

Investment Advisers by Deal Value
23.27%
24.64%
16.28%
19.28%
16.53%
Nedbank CIB
Standard Bank
PwC
Rand Merchant Bank
Other


Investment Advisers by Deal Flow
51.16%
18.60%
11.63%
11.63%
6.98%
Nedbank CIB
Standard Bank
Investec Bank
Grindrod Bank
Other


Sponsors by Deal Value
22.77%
39.14%
8.42%
11.78%
17.89%
Investec Bank
Nedbank CIB
Rand Merchant Bank
Java Capital
Other


Sponsors by Deal Flow
16.22%
54.05%
12.16%
9.46%
8.11%
Nedbank CIB
Investec Bank
Java Capital
Standard Bank
Other


Legal Advisers by Deal Value
17.00%
26.78%
17.21%
19.53%
19.47%
Cliffe Dekker Hofmeyr
ENSafrica
Werksmans
Bernadt Vukic Potash & Getz
Other


Legal Advisers by Deal Flow
45.71%
28.57%
11.43%
8.57%
5.71%
Cliffe Dekker Hofmeyr
Werksmans
ENSafrica
Norton Rose Fulbright (South Africa)
Other

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RANKING THE SOUTH AFRICAN TOMBSTONE PARTIES

RANKINGS BY TRANSACTION VALUE

RANKINGS BY TRANSACTION FLOW (ACTIVITY)

INVESTMENT ADVISERS*

No	Company	Transaction Values R'm	Market Share %
1	Citigroup Global Markets	93 042	43,38%
	Morgan Stanley	93 042	43,38%
3	Investec Bank	8 334	3,89%
4	Standard Bank	7 408	3,45%
5	Macquarie Advisory and Capital Markets South Africa	4 755	2,22%
6	Java Capital	2 518	1,17%
7	Questco	1 468	0,68%
8	Nedbank CIB	1 432	0,67%
9	PSG Capital	1 204	0,56%
10	UBS	1 200	0,56%
11	Birkett Stewart McHendrie	25	0,01%
	Third Way Investment Partners	25	0,01%
13	Apex Partners	13	0,01%
14	Mettle Corporate Finance	1	n/a

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	Investec Bank	4	13,33%	8 334
	Standard Bank	4	13,33%	7 408
3	Java Capital	3	10,00%	2 518
	Nedbank CIB	3	10,00%	1 432
	PSG Capital	3	10,00%	1 204
6	Citigroup Global Markets	2	6,67%	93 042
	Morgan Stanley	2	6,67%	93 042
	Questco	2	6,67%	1 468
	Mettle Corporate Finance	2	6,67%	1
10	Macquarie Advisory and Capital Markets South Africa	1	3,33%	4 755
	UBS	1	3,33%	1 200
	Birkett Stewart McHendrie	1	3,33%	25
	Third Way Investment Partners	1	3,33%	25
	Apex Partners	1	3,33%	13

SPONSORS

No	Company	Transaction Values R'm	Market Share %
1	Investec Bank	96 621	55,00%
2	Rand Merchant Bank	48 431	27,57%
3	Standard Bank	7 807	4,44%
4	Absa	6 084	3,46%
5	PSG Capital	5 998	3,41%
6	Java Capital	3 993	2,27%
7	Questco	2 195	1,25%
8	Merrill Lynch	1 778	1,01%
9	UBS	1 743	0,99%
10	Nedbank CIB	305	0,17%
11	Sasfin Capital	231	0,13%
12	JPMorgan	174	0,10%
13	Deloitte	145	0,08%
14	Arbor Capital Sponsors	66	0,04%
15	Merchantec Capital	56	0,03%
16	River Group	31	0,02%
17	Pallidus Capital	3	n/a
18	Exchange Sponsors	1	n/a
	Mettle Corporate Finance	1	n/a
	Renaissance Capital	1	n/a

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	Investec Bank	8	13,11%	96 621
	Java Capital	8	13,11%	3 993
3	PSG Capital	6	9,84%	5 998
4	Rand Merchant Bank	5	8,20%	48 431
5	Questco	4	6,56%	2 195
6	Standard Bank	3	4,92%	7 807
	Merrill Lynch	3	4,92%	1 778
	Nedbank CIB	3	4,92%	305
	Arbor Capital Sponsors	3	4,92%	66
	Merchantec Capital	3	4,92%	56
11	UBS	2	3,28%	1 743
	Sasfin Capital	2	3,28%	231
	Deloitte	2	3,28%	145
	Exchange Sponsors	2	3,28%	1
	Mettle Corporate Finance	2	3,28%	1
16	Absa	1	1,64%	6 084
	JPMorgan	1	1,64%	174
	River Group	1	1,64%	31
	Pallidus Capital	1	1,64%	3
	Renaissance Capital	1	1,64%	1

LEGAL ADVISERS

No	Company	Transaction Values R'm	Market Share %
1	Webber Wentzel	93 042	83,64%
2	Werksmans	6 331	5,69%
3	Allen & Overy (South Africa)	4 755	4,27%
4	Bowmans	4 608	4,14%
5	Cliffe Dekker Hofmeyr	2 228	2,00%
6	DLA Piper	232	0,21%
7	Motsoeneng Bill	25	0,02%
8	Fluxmans	16	0,01%
9	Tabacks	undisclosed	n/a

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	Cliffe Dekker Hofmeyr	7	33,33%	2 228
2	Bowmans	4	19,05%	4 608
3	Webber Wentzel	2	9,52%	93 042
	Werksmans	2	9,52%	6 331
	Fluxmans	2	9,52%	16
6	Allen & Overy (South Africa)	1	4,76%	4 755
	DLA Piper	1	4,76%	232
	Motsoeneng Bill	1	4,76%	25
	Tabacks	1	4,76%	undisclosed

REPORTING ACCOUNTANTS

No	Company	Transaction Values R'm	Market Share %
1	PwC	46 521	99,45%
2	BDO	256	0,55%

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	BDO	3	75,00%	256
2	PwC	1	25,00%	46 521

* Investment Advisers incorporate Financial Advisers and others claiming this category

DealM

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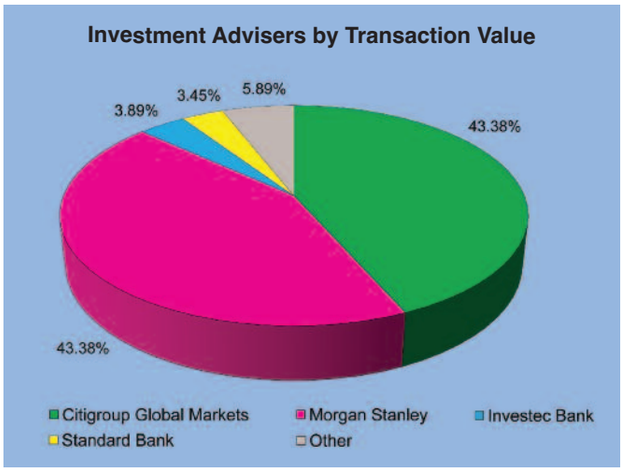
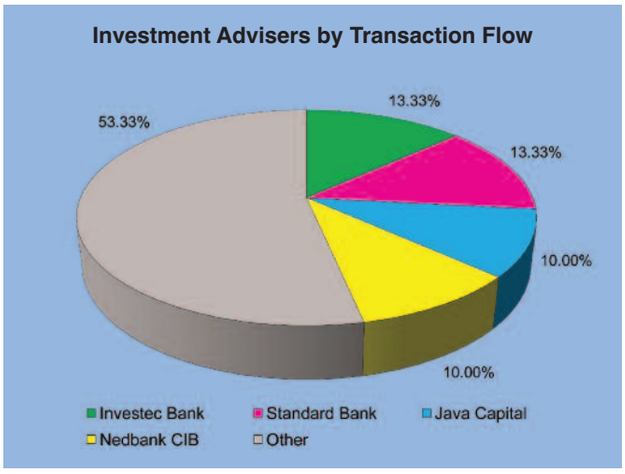
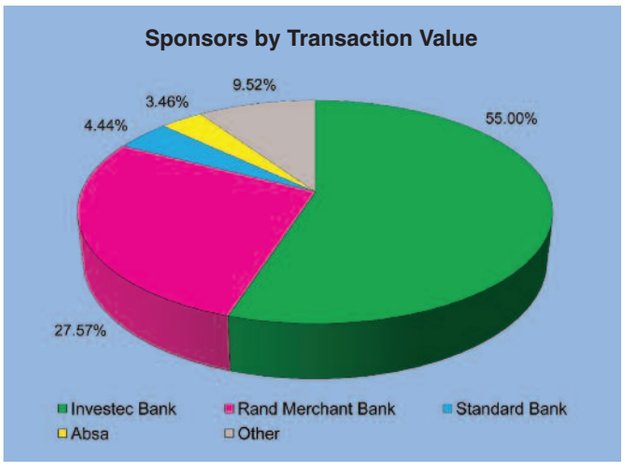
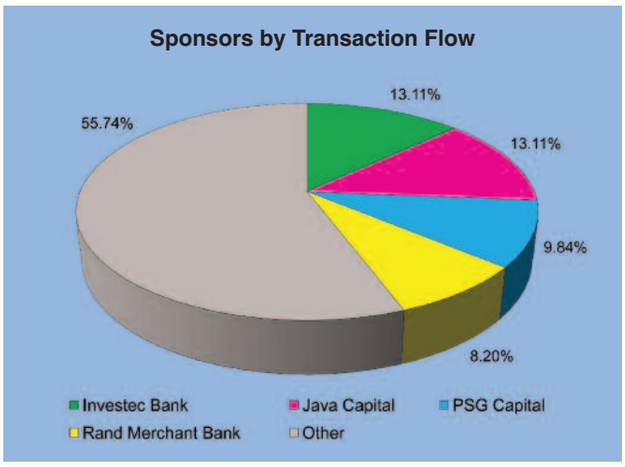
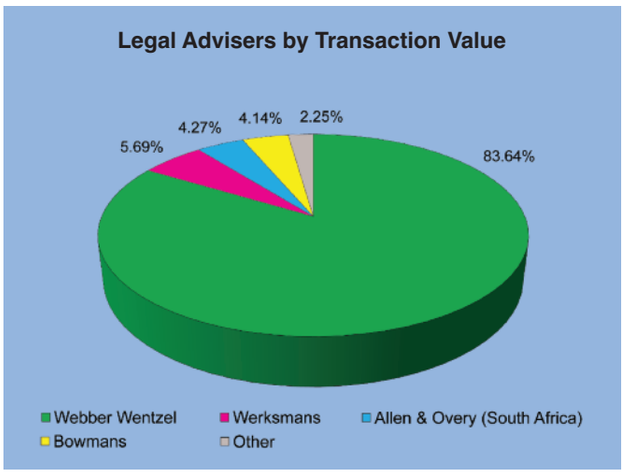
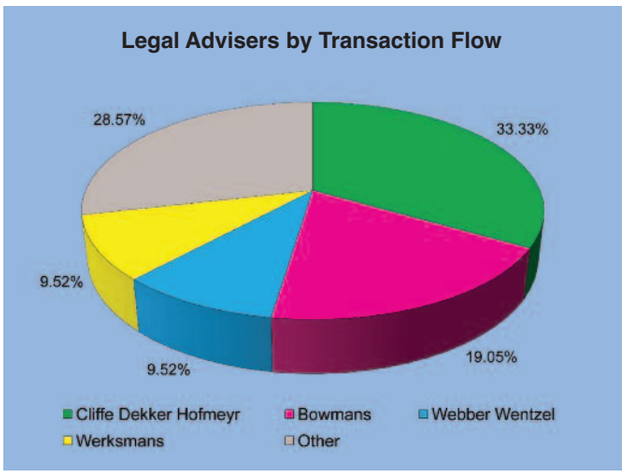

Investment Advisers by Transaction Value
43.38%
43.38%
3.89%
3.45%
5.89%
Citigroup Global Markets
Morgan Stanley
Investec Bank
Standard Bank
Other


Investment Advisers by Transaction Flow
53.33%
13.33%
13.33%
10.00%
10.00%
Investec Bank
Standard Bank
Java Capital
Nedbank CIB
Other


Sponsors by Transaction Value
55.00%
27.57%
4.44%
3.46%
9.52%
Investec Bank
Rand Merchant Bank
Standard Bank
Absa
Other


Sponsors by Transaction Flow
55.74%
13.11%
13.11%
9.84%
8.20%
Investec Bank
Java Capital
PSG Capital
Rand Merchant Bank
Other


Legal Advisers by Transaction Value
83.64%
5.69%
4.27%
4.14%
2.25%
Webber Wentzel
Werksmans
Allen & Overy (South Africa)
Bowmans
Other


Legal Advisers by Transaction Flow
28.57%
33.33%
9.52%
9.52%
19.05%
Cliffe Dekker Hofmeyr
Bowmans
Webber Wentzel
Werksmans
Other

GENERAL CORPORATE FINANCE ANALYSIS Q1 2019

	Q1 2019		Q1 2018		Q1 2017		Q1 2016		Q1 2015	
	No.	VALUE (R)	No.	VALUE (R)	No.	VALUE (R)	No.	VALUE (R)	No.	VALUE (R)
Share Issues	19	13 294 530 407	27	13 236 411 211	48	30 497 484 595	37	18 193 296 840	45	23 713 603 176
Share Repurchases	20	12 796 574 808	20	6 260 199 105	9	613 057 160	10	585 907 998	5	2 770 853 361
Restructurings	4	2 030 538 489	3	5 227 722 064	1	3 017 000 000	3	10 651 000 000	5	675 147 570
Unbundlings	6	49 693 197 059	8	18 537 079 938	2	4 240 375 916	1	91 221 480	2	108 445 187 734
Open Market Transactions	5	9 288 407 944	10	133 163 556 205	6	38 722 445 476	4	8 068 916 450	7	19 012 259 157
Off Market Transactions	3	1 470 858 264	5	1 400 630 000	1	0		not tracked		not tracked
SA Exchange Listings	3	46 521 159 983	2	1 486 080 895	5	7 785 987 686	3	3 127 225 951 264	4	7 389 418 279
Total	**60**	**135 095 266 954**	**75**	**179 311 679 418**	**72**	**84 876 350 833**	**58**	**3 164 816 294 032**	**68**	**162 006 469 277**

BIGGEST GENERAL CORPORATE FINANCE TRANSACTIONS Q1 2019

NATURE OF TRANSACTION	COMPANY	DETAILS	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE	VALUE (R)
Unbundling by	Naspers	unbundling and listing of the Video Entertainment business of MultiChoice in SA, Botswana, Namibia and MultiChoice Africa plus NMS Insurance Services, the African divison of Showmax, Irdeto Holdings and Irdeto SA to be named MultiChoice Group	R46,52bn	Feb 27	46 521 159 983
JSE Listing	MultiChoice Group	438 837 468 shares at R106,01 per share	R46,52bn	Feb 27	46 521 159 983
Specific Issue	Sanlam	111 349 000 shares at R70,00 per share	R7,79bn	Mar 11	7 794 430 000
General Repurchase	Glencore	112 712 493 shares at ave £2,99 per share	£336,95m	over 1st quarter	6 084 057 976
Open Market Disposal by	Steinhoff International	694 206 661 KAP Industrial shares (26% stake) at a price of R6,85 per share	R4,8bn	Mar 26	4 755 315 628
Specific Repurchase	Resilient REIT	41 060 000 shares at R59,84 per share	R2,46bn	Mar 5	2 457 001 658
Unbundling by	Astoria Investments	distribution as a return of capital of $0,88 (R12,82) per Astoria share to shareholders	$108,68m	Feb 18	1 575 923 409
Specific Issue (conversion of A shares)	Clicks	8 135 087 shares at R184,00 per share	R1,5bn	Feb 6	1 496 856 008
Restructuring	Clicks	unwind of the second 50% of its 2011 BEE scheme in a bookbuild with the issue of 8 135 087 and the sale of 7 833 494 shares at a discounted price of R184,00 to participating investors	R1,5bn	Feb 7	1 496 856 008
Open Market Disposal by	Clicks	7 833 494 Clicks shares on behalf of ESOP Trust beneficiaries at R184.00 per share	R1,4bn	Feb 6	1 441 362 896

M&A RANKING AWARDS FOR 2018

Martin Kingston (Rothschild) received the award for Individual DealMaker of the Year from Steven Engelsman (Ince), Neal Froneman (Sibanye-Stillwater), Marylou Greig (DealMakers) and Sam Riley (Ansarada).

The Old Mutual Managed Separation was named winner of the Deal of the Year. Ingrid Johnson (Old Mutual) received the award from Itumeleng Mahabane (Brunswick), Sam Riley, Neal Froneman and Marylou Greig.

First in the category Investment Adviser (deal value) was Rothschild. Velli Baloyi accepted the award.

The category of Investment Adviser (deal flow) was won by PSG Capital. Leonard Eiser accepted the award.

UBS was the winner of the Sponsor category (by deal value). Calvin Chellan accepted the award from Kevin Brady (A2X).

Sponsor (by deal flow) was won by Java Capital. Simone Jones accepted the award from Kevin Brady.

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Legal Adviser (by deal value) was won by Cliffe Dekker Hofmeyr. Lilia Franca accepted the award from Kamal Patel (Juta).

Willem Jacobs from Cliffe Dekker Hofmeyr accepted the award for Legal Adviser (by deal flow).

Reeza Seedat from EY accepted the award for the top Reporting Accountant (by deal value) from John Deane of CFO (South Africa).

Reporting Accountant (by deal flow) was won by PwC. Mary Tennant accepted the award.

GENERAL CORPORATE FINANCE RANKING AWARDS FOR 2018

Merrill Lynch received first place for Investment Adviser (transaction value). Anthony Knox accepted the award from Marylou Greig.

Leonard Eiser accepted the award for top Investment Adviser (transaction flow) won by PSG Capital.

Top Sponsor (transaction value) went to UBS. Calvin Chellan accepted the award.

PSG Capital won top Sponsor (transaction flow). Yeshvika Bahadur accepted the award.

Brian Dennehy from Webber Wentzel accepted the award for Legal Adviser (by transaction value).

Bowmans took first place, Legal Adviser (transaction flow). Charles Douglas accepted the award.

Top Reporting Accountant (by transaction value) was won by KPMG. Robbie Cheadle accepted the award.

The award for first place, Reporting Accountant (by transaction flow) went to BDO. Stephania Kleovoulou accepted the award.

DEALMAKERS BEE AWARDS 2018

Kgolo Qwelane accepted the award on behalf of Rand Merchant Bank for top BEE Adviser (by deal value).

Nedbank Capital was awarded top BEE Adviser (by deal flow). Sanya Brown accepted the award.

Deepa Vallabh accepted the award on behalf of Cliffe Dekker Hofmeyr for top BEE Legal Adviser (deal value)

Webber Wentzel was awarded top BEE Legal Adviser of the year (deal flow). Kyle Beilings accepted the award.

Outstanding Achievement Award

Cliffe Dekker Hofmeyr received the award in recognition of 10 years as top Legal Adviser by deal flow.

PRIVATE EQUITY DEAL OF THE YEAR

CIVH's acquisition of Vumatel won Private Equity Deal of the Year. Jessica Spira and Gareth Armstrong (Rand Merchant Bank) received the award from Neal Froneman, Sam Riley, Michael Avery (Catalyst) and Marylou Greig.

Lifetime Achievement Award

Marylou Greig presented the Lifetime Achievement Award to Pat Egan.

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Sandton Convention Centre - located in the heart of Sandton within easy walking distance of the Gautrain Sandton station - has direct access via skywalks to two prestigious shopping centres. A variety of surrounding Tsogo Sun Hotels from luxury, full service and select service categories offer a choice of over 1 000 rooms.

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NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Acquisition by	Bell Equipment	Matriarch Equipment	Industrials - commercial vehicles & trucks	not listed	not listed
Acquisition by	Adapt IT from B Hamilton and K Yellard	Wisenet Group (Kura, Wisenet Information Systems and Wise.Net Corporate Trustee)	Technology - computer services	Foreign - Australia	Foreign - Australia; Foreign - New Zeland; Foreign - Singapore
Disposal by ■	Stenprop to Erel 4	Euston House	Foreign - UK	Real estate - industrial & office REITs	Foreign - UK
Acquisition by	African Infrastructure Investment Managers a member of Old Mutual Alternative Investments (Old Mutual)	minority stake in BBOXX's operation	Financials - life insurance	Foreign - UK	Foreign - East Africa
Disposal by	Group Five to consortium comprising Trinitas Private Equity and Agile Capital	assets of Everite and Sky Sands (excluding Barnes Reinforcing Industries)	not listed	Industrials - heavy construction	not listed
Disposal by	Aveng to Infinity Partners	Aveng Water and Aveng Namibia Water	not listed	Industrials - heavy construction	not listed; Foreign - Namibia
Acquisition by	Absa from Societe Generale	the South African custody, trustee and derivatives clearing services	Financials - banks	Foreign - France	not listed
Acquisition by	Ecsponent	Pink Orchard	Financials - specialty finance	Foreign - Botswana	Foreign - Botswana
Acquisition by	Brimstone Investment from Tiger Brands	5,9% stake (8,000,000 shares) in Oceana	Financials - equity investment instruments	Consumer goods - food products	Consumer goods - farming fishing & plantation
Acquisition by	Sabvest	10% interest in Masimong	Financials - equity investment instruments	not listed	not listed
Acquisition by	OLX (Naspers)	29,2% stake in Avito	Consumer services - broadcasting & entertainment	Foreign - Russia	Foreign - Russia
Acquisition by	Adapt IT	Strive Software International	Technology - computer services	not listed	not listed
Disposal by	WG Wearne to Furness Investments and AGW Trading	the property and certain assets of the Muldersdrift Quarry	not listed	AltX	not listed
Acquisition by	Hudaco	TPA Security Distributors	Industrials - industrial suppliers	not listed	not listed
Acquisition by	Super Group	80% stake in Cargo Works	Industrials - transportation services	not listed	not listed
Acquisition by	Milco SA (consortium of Milco Mauritius International [78.7%] Brimstone Investment [15%] and management [6.3%])	Clover Industries	Financials - equity investment instruments; not listed	not listed	Consumer goods - food products
Acquisition by	Sea Harvest	remaining stake in Mareterram	Consumer goods - farming fishing & plantation	Foreign - Australia	Foreign - Australia
Disposal by	Gold Brands Investments to Future Equity Brands (CL van Zyl and TM van Zyl)	the ChesaNyama (Africa and South Africa) food franchising business	not listed	AltX	not listed
Acquisition by	RH Bophelo	51% stake in Medicare Private Hospital and 50,1% of the equity of the property on which the hospital operates	Financials - equity investment instruments	not listed	not listed
Acquisition by	African Equity Empowerment Investments	Saab Grintek Technologies	Financials - specialty finance	not listed	not listed
Disposal by	Orion Real Estate to Flameup Investments	Promenade Shopping Centre, Nelspruit	not listed	Real estate - real estate holding & development	not listed
Disposal by	Basil Read Mining (Basil Read) to Thiess Botswana and Bothakga Burrow Botswana	28% interest in Majwe Mining Joint Venture	Foreign - Botswana	Industrials - heavy construction	Foreign - Botswana
Acquisition by	African Rainbow Minerals from Assmang	the Machadodorp Works Ferrochrome and Ferromanganese division	Basic materials - general mining	not listed	not listed

* Investment Advisers include Financial Advisers and others claiming this category
■ Foreign transaction - not included for ranking purposes (except sponsors)
= Failed deal – excluded for ranking purposes

TOMBSTONE PARTIES				ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/LEGAL ADVISER	REPORTING ACCOUNTANT		
Investec Bank; Deloitte	Investec Bank			R15m	Jan 8
	Merchantec Capital	Corrs Chambers Westgarth; Garlicke & Bousfield		S$5,22m	Jan 9
Numis Securities	Java Capital			£95m	Jan 10
				$31m	Jan 13
Standard Bank	Standard Bank; Nedbank CIB	Werksmans; Norton Rose Fulbright (South Africa)		R480m	Jan 17
	UBS (SA)	Baker McKenzie		R95m	Jan 18
				undisclosed	Jan 18
	Questco			R185m	Jan 23
Nedbank CIB; Standard Chartered Bank; Investec Bank	Nedbank CIB; JPMorgan (SA); Standard Bank	Cliffe Dekker Hofmeyr; ENSafrica; DLA Piper South Africa		R581,4m	Jan 24
	Rand Merchant Bank			undisclosed	Jan 24
	Investec Bank			$1,16bn	Jan 28
				R12,5m	Jan 28
	Exchange Sponsors			R53,5m	Jan 30
	Nedbank CIB			R32m	Jan 31
	Investec Bank			R49,5m	Feb 2
Rand Merchant Bank; Nedbank CIB; PwC; HSBC (Int)	Rand Merchant Bank; Nedbank CIB; Merchantec Capital Namibia	Werksmans; ENSafrica; Cliffe Dekker Hofmeyr; Bernadt Vukic Potash & Getz		R4,8bn	Feb 4
Standard Bank	Standard Bank	Cliffe Dekker Hofmeyr; DLA Piper (Australia)		A$16,9m	Feb 5
	Merchantec Capital			R14m	Feb 5
Third Way; Birkett Stewart McHendrie	Deloitte	Motsoeneng Bill; Werksmans		R57m + R92,7m	Feb 6
		Webber Wentzel		undisclosed	Feb 7
	Arbor Capital Sponsors			R185m	Feb 7
	Grindrod Bank			BWP85m	Feb 8
	Investec Bank	Bowmans		R130m	Feb 8

NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Disposal by	Rebosis Property Fund to Narefin	The SASLU Building, 255 Frances Baard Street, Pretoria	not listed	Real estate - diversified REITs	not listed
Disposal by	Rebosis Property Fund to Narevax	Bank of Lisbon Building, 400 Paul Kruger Street, Pretoria	not listed	Real estate - diversified REITs	not listed
Acquisition by °	Emira Property Fund	49% equity interest in Woodlands Square shopping center, Florida, USA	Real estate - diversified REITs	not listed	Foreign - US
Acquisition by °	Emira Property Fund	49% equity interest in Truman's Marketplace shopping center, Missouri, USA	Real estate - diversified REITs	not listed	Foreign - US
Disposal by	Wescoal to Aztolinx	35% stake in Aztolin	not listed	Basic materials - coal	not listed
Acquisition by	Wescoal from Aztolinx	AZT Khanyisa interest	Basic materials - coal	not listed	not listed
Disposal by †	Aveng to Colossal Africa Consortium (Isongo Investments and Colossal Africa Infrastructure)	Infraset business of South Africa, Zambia, Mozambique, Swaziland and Zimbabwe	not listed	Industrials - heavy construction	not listed; Foreign – Southern Africa
Disposal by	Exxaro Resources to Tronox	26% stake in Tronox Sands	Foreign - US	Basic materials - coal	Foreign - UK
Disposal by	Balwin Properties to Balwin Rentals	96 residential Rental Apartments (rights exercised)	not listed	Real estate - real estate holding & development	not listed
Disposal by †	Global Asset Management to Main Street 1236	99% stake in LFS	not listed	AltX	not listed
Acquisition by	Clough (Murray & Roberts) from Saulsbury	Gulf Coast EPC portfolio	Industrials - diversified	Foreign - US	Foreign - US
Disposal by	Sandown Capital International (Zarclear) to Capital Step	investment in Capital Step	Foreign - UK	Financials - equity investment instruments	Foreign - UK
Acquisition by	Zarclear	60% stake in Envisionit Stock Lending Solutions	Financials - equity investment instruments	not listed	not listed
Disposal by	Ascension Properties (Rebosis Property Fund) to Fortune Capital	portfolio of seven properties in Nespruit and Johannesburg	not listed	Real estate - diversified REITs	not listed
Disposal by	Accentuate to B Shakinovsky and L Shakinovsky	Pentafloor	not listed	AltX	not listed
Acquisition by	Sibanye-Stillwater	SFA (Oxford)	Basic materials - gold mining	Foreign - UK	Foreign - UK
Acquisition by	Ombrecorp (Rex Trueform)	additional 14,84% stake in SA Water Works	Consumer services - apparel retailers	not listed	not listed
Disposal by	Rex Trueform to Community Chest (6%), Cornerstone (15%), Desmond Tutu HIV Foundation (6%), District Six Museum Foundation (6%) and Wheatfield (15%)	48% stake in Ombrecorp	not listed	Consumer services - apparel retailers	not listed
Disposal by	Bidvest to GVK Power and Infrastrucuture	remaining stake in Mumbai International Airport Private Ltd	Foreign - India	Industrials - diversified	Foreign - India
Acquisition by	Telos (Vunani) from MMI	67% stake in Metropolitan Life Swaziland	AltX	Financials - life insurance	not listed
Disposal by	DRDGold to Oro Tree	underground Mineral Interests including mining and prospecting rights held by ERPM with the option to acquire the infrastructure assets	not listed	Basic materials - gold mining	not listed
Disposal by	Orion Property Holding Trust (Orion Real Estate) to Braamby Trading and Truzen 130 Trust	Orion House, 49 Jorrisen Street, Johannesburg, Gauteng	not listed	Real estate - real estate holding & development	not listed
Disposal by °	Acucap Investments (Growthpoint Properties) to Pacific Paramount Properties	Sunward Park Shopping Centre	not listed	Real estate - diversified REITs	not listed

* Investment Advisers include Financial Advisers and others claiming this category
° Property deal – excluded for ranking purposes
† BEE deal

TOMBSTONE PARTIES				ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/LEGAL ADVISER	REPORTING ACCOUNTANT		
Nedbank CIB	Nedbank CIB			R695m	Feb 13
Nedbank CIB	Nedbank CIB			R202m	Feb 13
				$12,2m	Feb 14
				$6,1m	Feb 14
Nedbank CIB	Nedbank CIB			R29m	Feb 15
Nedbank CIB	Nedbank CIB			R185m	Feb 15
	UBS (SA)	Baker McKenzie		R180m	Feb 18
JPMorgan (SA)	Absa	Norton Rose Fulbright (South Africa); Orrick, Herrington & Sutcliffe (UK)		R2,06bn	Feb 18
BDO Corporate Finance	Investec Bank			R57,14m	Feb 19
	Arbor Capital Sponsors			R67,2m	Feb 19
				$5,2m	Feb 20
	Java Capital			undisclosed	Feb 20
	Java Capital			R15,2m	Feb 20
Nedbank CIB	Nedbank CIB			R696,33m	Feb 20
	Bridge Capital	Fullard Mayer Morrison		R16,27m	Feb 21
				undisclosed	Feb 21
	Java Capital			R83,67m	Feb 22
	Java Capital			undisclosed	Feb 22
				undisclosed	Feb 25
Vunani Corporate Finance; Deloitte	Grindrod Bank; Merrill Lynch (SA); Simonis Storm Securities			R55m	Feb 26
	One Capital			R 4	Feb 26
	Arbor Capital Sponsors			R97,5m	Feb 26
		Vani Chetty Competition Law		not publicly disclosed	Feb 26

NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Disposal by	Liberty to Standard Bank of South Africa	100% of the technology platform operated as a division which supports Liberty's short-term insurance business, including all moveable assets and intellectual property	Financials - banks	Financials - life insurance	not listed
Disposal by †	Tradehold to I Group	27% stake in Collins Group (newly formed property vehicle)	not listed	Real estate - real estate holding & development	not listed
Acquisition by	Energy Partners (PSG Group)	Venus Water Treatment	Financials - investment services	not listed	not listed
Acquisition by †	Wescoal Mining (Wescoal) from Arnot InvestCo (representing interests of previously retrenched employees of Exxaro Coal Mine)	50% stake in Arnot Mine (held in Arnot HoldCo)	Basic materials - coal	not listed	not listed
Disposal by	Mettle Investments to private equity investor	22% stake in each of Mettle Solar Investments and Mettle Solar Africa	not listed	AltX	not listed
Disposal by	Wanooka Properties (Accelerate Property Fund) to Old Mutual Real Estate (Old Mutual)	The Wanooka Property, Parktown	Financials - life insurance	Real estate - retail REITs	not listed
Disposal by ■	Sirius Real Estate to newly formed joint venture Titanium (AXA Investment Managers - Real Assets [65%] and Sirius Real Estate [35%])	65% stake in five single asset special purpose vehicles through which it owns five business parks	Foreign - France	Real estate - real estate holding & development	Foreign - Germany
Acquisition by	Bidvest from minority shareholders	remaining 34% stake (72 102 636 shares) in Bidvest Namibia	Industrials - diversified	Foreign - Namibia	Foreign - Namibia
Acquisition by	Safari Investments (RSA) from Cosmos Management CC	internalisation of property management and leasing function	Real estate - retail REITs	not listed	not listed
Acquisition by	Bidvest	Aquazania	Industrials - diversified	not listed	not listed
Acquisition by ■	Mas Real Estate	three subsidiaries of PKM Developments owning nine retail centres	Real estate - real estate holding & development	Foreign - Romania	Foreign - Romania
Acquisition by	Resilient REIT from Fortress REIT	a portfolio of properties	Real estate - retail REITs	Real estate - diversified REITs	not listed
Disposal by	Resilient REIT to Fortress REIT	a portfolio of properties	Real estate - diversified REITs	Real estate - retail REITs	not listed
Disposal by	AngloGold Ashanti to Royal Road Minerals	interests in Northern Colombia Holdings	Foreign - UK	Basic materials - gold mining	Foreign - Colombia
Acquisition by	Betterstore Properties (Stor-Age Property REIT)	Viking Self Storage in Bedford, UK	Real estate - specialty REITs	Foreign - UK	Foreign - UK
Acquisition by ■	Zambian Property Holdings (Grit Real Estate Income) from Paxton Investments	25% additional stake in Mukuba Mall in Kitwe, Zambia	Real estate - real estate holding & development	Foreign - UK	Foreign - Zambia
Acquisition by ■	Kibo Energy from Sanderson Capital Partners	2,5% stake in Mbeya Development	AltX	Foreign - UK	Foreign - Tanzania
Disposal by	MTN to Econet Wireless Zimbabwe	53% stake in Mascom	Foreign - Zimbabwe	Telecommunications - mobile	Foreign - Botswana
Disposal by	Net1 UEPS Technologies to DNI minority shareholders	17% stake in DNI-4PL Contracts	not listed	Industrials - financial administration	not listed
Acquisition by	Betterstore Properties (Stor-Age Property REIT) from R Baigrie, A MacLachlan and Peakpoint	The Storage Pod, Weybridge, UK	Real estate - specialty REITs	Foreign - UK	Foreign - UK
Acquisition by	Global Asset Management from eligible minority shareholders	remaining shares in GAM	AltX	not listed	not listed
Acquisition by ■	Stenprop from private investor	Gainsborough Trading Estate in Stourbridge, UK	Real estate - industrial & office REITs	Foreign - UK	Foreign - UK

* Investment Advisers include Financial Advisers and others claiming this category
■ Foreign transaction - not included for ranking purposes (except sponsors)
= Failed deal – excluded for ranking purposes
† BEE deal

TOMBSTONE PARTIES				ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/LEGAL ADVISER	REPORTING ACCOUNTANT		
EY	Merrill Lynch (SA)	Webber Wentzel		R145m	Feb 27
	Mettle Corporate Finance	Cliffe Dekker Hofmeyr		R833m	Feb 27
				undisclosed	Feb 27
Nedbank CIB; PwC	Nedbank CIB	Mkhabela Huntley; Fasken		R75m	Feb 28
Mettle Corporate Finance	Questco	Cliffe Dekker Hofmeyr		R106,7m	Mar 1
	Standard Bank			R240m	Mar 1
	PSG Capital			€43,9m	Mar 1
Standard Bank; EY; IJG Advisory Services; PSG Wealth Management Namibia	PSG Wealth Management Namibia	Ellis Shilengudwa; HD Bossau	Deloitte (Namibia)	N$756,1m	Mar 3
PSG Capital	PSG Capital			R10,3m	Mar 4
	Investec Bank			R390m	Mar 4
	Java Capital			€112,97m	Mar 4
Java Capital; Nedbank CIB	Java Capital; Nedbank CIB	DLA Piper		R672,7m	Mar 5
Java Capital; Nedbank CIB	Java Capital; Nedbank CIB	DLA Piper		R3,39bn	Mar 5
	Standard Bank			$4,6m	Mar 5
Investec Bank	Investec Bank; Questco			£12m	Mar 5
	PSG Capital; Axys Stockbroking; Perigeum Capital			$8,19m	Mar 5
River Group	River Group			£1,66m	Mar 5
Standard Bank				$300m	Mar 7
	Rand Merchant Bank	Cliffe Dekker Hofmeyr		R400m	Mar 7
Investec Bank	Investec Bank; Questco			£11,49m	Mar 11
Nexia SAB&T	Arbor Capital Sponsors			R118,3m	Mar 11
	Java Capital			£6,2m	Mar 12

NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Acquisition by	Investec Australia Property Fund Westtech	24 Wormald Street, Symonston ACT 2609	Real estate - industrial & office REITs	Foreign - Australia	Foreign - Australia
Acquisition by	AfroCentric Investment	Private Health Administration	Healthcare - equipment & services	not listed	not listed
Acquisition by	Medscheme (AfroCentric Investment)	an additonal 25% stake in AFA Botswana	Healthcare - equipment & services	Foreign - Botswana	Foreign - Botswana
Acquisition by	AfroCentric Investment	Sanlam Health	Healthcare - equipment & services	not listed	not listed
Acquisition by ■	Sirius Real Estate from a fund managed by DOBA-Grund Beteiligungs Munich	business park in Bochum in Ruhr region, Germany	Real estate - real estate holding & development	Foreign - Germany	Foreign - Germany
Acquisition by	Huge Networks and Huge Telecom (Huge) from Ohren SPV, OTEL Communications and OTEL Business	businesses of Otel	Telecommunications - mobile	not listed	not listed
Acquisition by	Buenti Drilling (Unicorn Capital Partners)	Thebe Turnstone Drilling	Basic materials - general mining	not listed	not listed
Disposal by	Calgro M3 to Afhco (SA Corporate Real Estate)	remaining 49% of the joint venture Afhco Calgro M3 Consortium	Real estate - diversified REITs; Industrials - heavy construction	Industrials - heavy construction	not listed
Acquisition by	Calgro M3 from Afhco Calgro M3 Consortium joint venture	portfolio of properties (including South Hills, Scottsdene and Fleurhof)	Industrials - heavy construction	Real estate - diversified REITs; Industrials - heavy construction	not listed
Acquisition by	SA Retail (SA Corporate Real Estate) from Calgro M3	the frail care facility at La Vie Nouvelle	Real estate - diversified REITs	Industrials - heavy construction	not listed
Acquisition by	Demo Medical and Notamed (RH Bophelo) from Netcare Hostpitals	Netcare Bell Street Hostpital and the property on which the hospital operates	Financials - equity investment instruments	Healthcare - equipment & services	not listed
Disposal by	Netcare to RH Managers	Netcare Rand Hospital and the property on which the hospital operates	not listed	Healthcare - equipment & services	not listed
Acquisition by	African Wildlife Holdings Partnership from Wilderness minorities	remaining shares in Wilderness (excluding those held by The Rise Fund)	Foreign - US	not listed	Consumer services - travel & tourism; Foreign – Botswana
Acquisition by ■	Jubilee Metals from Glencore	Sable Zinc Refinery in Kabwe, Zambia	AltX	Basic materials - general mining	Foreign - Zambia
Disposal by ■	Anheuser-Busch InBev to Kensington Distillers and Vintners	the 1960 Rootz brand and manufacturing plant (to be housed in newly formed Monument Distillers Nigeria)	Foreign - UK	Consumer goods - brewers	Foreign - Nigeria
Acquisition by	Cementation Americas (Murray & Roberts) from the Wood Group	Terra Nova Technologies	Industrials - diversified	Foreign - US	Foreign - US
Disposal by	Old Mutual Insure (Old Mutual) to Bayete Capital	81 Helen Joseph Street property and parkade	not listed	Financials - life insurance	not listed
Disposal by	Steinhoff Africa (Steinhoff International) to CFAO Holdings South Africa (Toyota Tsusho Corporation)	74,9% stake in Unitrans Motor Holdings	Foreign - Japan	Consumer goods - household goods	not listed
Disposal by	Barloworld to SM Holdco (Corvest 12 and Anthill Mid Cap Fund 1)	SmartMatta	not listed	Industrials - diversified	not listed
Acquisition by	Golden Arrow Bus Services (Hosken Passenger Logistics and Rail) from Abahlobo Transport Services	33% stake in Sibanye Bus Services and 24,97% stake in Table Bay Area Rapid Transport	Consumer services - travel & tourism	not listed	not listed
Disposal by	Senwes Group to shareholder of KLK Landbou	KLK Landbou	not listed	Agricultural Products	not listed
Disposal by	RCL Foods to In2Food Group	the production and supply business of certain snack and takeaway products	not listed	Consumer goods - farming fishing & plantation	not listed

* Investment Advisers include Financial Advisers and others claiming this category
■ Foreign transaction - not included for ranking purposes (except sponsors)

TOMBSTONE PARTIES				ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/LEGAL ADVISER	REPORTING ACCOUNTANT		
Investec Bank	Investec Bank			A$29,75m	Mar 12
				undisclosed	Mar 12
				undisclosed	Mar 12
				undisclosed	Mar 12
	PSG Capital			€25,7m	Mar 14
	Questco			R69m	Mar 14
Questco	Questco			R21,8m	Mar 15
Grindrod Bank	Grindrod Bank	Cliffe Dekker Hofmeyr		R161,96m	Mar 15
Grindrod Bank	Grindrod Bank	Cliffe Dekker Hofmeyr		R323,55m	Mar 15
Grindrod Bank	Grindrod Bank	Cliffe Dekker Hofmeyr		R98,54m	Mar 15
	Deloitte; Nedbank CIB	Motsoeneng Bill		R55,2m	Mar 18
	Nedbank CIB			R68,8m	Mar 19
BDO Corporate Finance	Arbor Capital Sponsors; Motswedi Securities	Bowmans; Desai Law		R259m	Mar 19
RiverFort Global Capital; SPARK Advisory Partners	Sasfin Capital; Shard Capital Partners			£9,16m	Mar 21
				undisclosed	Mar 22
	Standard Bank			$38m	Mar 25
		Vani Chetty Competition Law		not publicly disclosed	Mar 26
Standard Bank	PSG Capital	Werksmans		undisclosed	Mar 28
		Falcon & Hume		undisclosed	Mar 29
PSG Capital	PSG Capital	ENSafrica		R65,82m	Mar 29
Mazars Corporate Finance		Cliffe Dekker Hofmeyr	EY; Du Toit Van Den Heever	undisclosed	Mar 29
Deloitte		Eversheds Sutherland (South Africa)		not publicly disclosed	not announced

DEALMAKERS LEAGUE TABLE CRITERIA

1 - INCLUSION CRITERIA

1.1 A merger or acquisition results in new parties acquiring exposure to new revenue/earnings streams or an exposure to new growth opportunities that they did not have prior to the conclusion of the transaction in question.

General Corporate Finance covers transactions where this is not the case. If there is no third party engagement then stakeholders are all already exposed to the same earnings stream.

1.2 For a deal to qualify for ranking:

- at least one entity involved (buyer, seller or target) must be listed on one of SA's stock exchanges (JSE, ZARX, A2X or 4AX); or
- the entity is a subsidiary (more than 51%) held by a South African Exchange listed firm; or
- if the entity is an associate (less than 51%) and triggers an announcement on sens by the listed company, then the transaction will be considered for inclusion in the ranking tables under the listed entities name.

1.3 For deals to be included in the database and used for ranking purposes, the following information must be provided for each submission:

- the name of the target and at least one party to the transaction.
- deal description.
- advisory role and client name.
- date of announcement.
- deal value. If this is not publicly disclosed, the value may be submitted confidentially and used for ranking purposes only; otherwise the deal will count only towards deal flow.

1.4 Deals and transactions will be captured only when

- a firm intention has been issued accompanied by
- a price, and
- a timetable or financial effects

1.5 Sale of properties by SA Exchange listed property companies will be included for ranking purposes if:

- a category 2 announcement is issued and one side has both an external council and financial advisers; or
- if below R200m, the deal will only be included if there is an external financial adviser to one party.
- In the event that several transactions are announced simultaneously, these will be recorded separately (it is necessary to set this out because of complaints regarding the occasional multiplicity of property deals announced simultaneously but involving different principals). However, in the case of the acquisition of a property portfolio from a single vendor, the transaction will be recorded as a single deal unless adequate proof is provided demonstrating that the major shareholders of portions of the portfolio differ significantly one from the other.

1.6 Private equity deals will be considered as an M&A transaction if:

- the private equity entity is listed; or
- the target or stake acquired is a South African Exchange listed company; or
- the private equity entity is a subsidiary of a South African Exchange listed company and the deal is transacted 'on balance sheet' (proof of this must be provided). In addition, there must be external advisers to both parties. Where an in-house adviser is used, this adviser must provide a confirmatory letter from the opposing party.

1.7 Deals that are subsequently cancelled, withdrawn or which are deemed to have failed will not be included for ranking purposes. They will be recorded, nevertheless, for record purposes.

- An exception to this rule is where deals fail as a result of successfully conducted hostile defences. A hostile takeover is defined as one launched against the wishes of management and directors. Credit will be applied only to those acting on behalf of a successful defence.

1.8 Foreign deals defined by DealMakers as deals between principals domiciled outside South Africa will only qualify for ranking purposes if:

- SA subsidiaries of the contracting parties played a critical role in the deal process; or
- SA service providers can demonstrate the extent to which they played a role in the deal process.
- For any deal to be included for ranking purposes, the deal must have been initiated, managed and/or implemented by the SA service provider/providers. Where the deal is between internationally domiciled and/or listed companies, the deal will only qualify if the SA service provider, or the SA branch/arm of an international service provider, was the prime mover, manager or implementer of the transaction. Proof of the SA service provider's role (or the role of the SA branch of an internationally-based service provider) will depend significantly on the allocation of fees earned in respect of such an international deal and **DealMakers** may request appropriate verification before agreeing to the deal's inclusion for ranking purposes.

1.9 Deals transacted in Africa by SA Exchange listed companies will also be captured in the **DealMakers Africa** and **Catalyst** magazine tables.

2 - EXCLUSION CRITERIA

2.1 Options will not be included until such time as these are exercised. No exceptions to this rule will be permitted.

2.2 Deals and transactions executed in the normal course of business:

- Subject to the inclusion criteria, activity undertaken by companies in the normal course of their business will not be recognised by **DealMakers** for inclusion in the ranking tables. In the event of a dispute as to the interpretation of "normal course of business," this will be dealt with in terms of adjudication.

2.3 Announcements made in respect of section 122(3)(b) of the Companies Act are deemed by **DealMakers** as normal course of business and not included.

2.4 Foreign deals defined by DealMakers as deals between principals domiciled outside South Africa will not qualify for rankings unless certain criteria are met (see inclusion criteria). In the case of property deals, the minimum value of R200m applies.

2.5 Deals announced in a listing document prior to a company's listing will be included only in the unlisted tables.

3 - TREATMENT OF DEAL/TRANSACTION VALUE

3.1 All deals and transactions (transactions is the word applied by **DealMakers** to General Corporate Finance activity) are dated for record purposes on the 1st announcement date (except for listings, for which the record date is the date of the actual listing).

3.2 Where discrepancies occur in the deal values claimed, **DealMakers** reserves the right to challenge these, if necessary, by requesting clarity from the principals where this is appropriate.

3.3 Changes in the value at which deals are transacted will be adjusted when the annual rankings are computed.

3.4 Schemes of arrangement, rights issues and share repurchases are valued for record purposes at the maximum number of shares and value that can be purchased or issued until such time as the results are announced.

3.5 The value of unbundlings will be treated as follows:

- if the asset being unbundled is listed then the market value will be used.
- if the asset(s) is unlisted then the value will only be applied when listed or when details are made available by way of a public announcement.
- if not to be listed then value must be provided by the client.

3.6 Earn-outs or future additional payments based on the ability of the asset acquired to achieve certain financial targets are not included.

3.7 No value will be credited to the listing of companies on a secondary SA exchange if already listed on the JSE and vice versa.

4 - ADVISER CREDITS

4.1 Credit for ranking purposes is recorded for roles performed in respect of:

- Investment advisers
- Sponsors
- Legal advisers
- Reporting accountants
- PR

4.2 So as to achieve fairness, rankings are recorded in two fields:

- Deal Value
- Deal Flow (activity, or the number of deals)

4.3 Advisers that seek credit for involvement in such deals must be able to demonstrate unequivocally their involvement:

- by the appearance of the adviser name and/or logo on the announcement.
- advisers that claim involvement in a deal or transaction, on which their name and/or company logo does not appear on the published announcement recording their specific role, will be asked to provide confirmation from the principals regarding their role/roles. This may be in the form of a copy of the mandate, an email or letter.
- the same will apply to PR firms but credit will not be awarded on the basis of annual retainers but rather on the specific mandate.

4.4 Where internationally-based service providers are acknowledged as having worked on a particular deal, it is a requirement that they produce acceptable evidence that a significant portion of the work involved was conducted by their South African office. Failure to provide this in the form, for example, of a letter or email from a client will result in **DealMakers** not crediting that particular deal to that service provider.

4.5 Where advisers make use of other advisers (secondary advisers), and provided the work undertaken can be verified, secondary advisers will only be credited for ranking purposes to Legal Advisers working on capital markets transactions.

4.6 Advisers on the provision of debt are not included.

4.7 The full value of each deal is credited to each advisory firm providing a service in respect of that deal. However, if a deal involves more than one listed SA Exchange company, the transaction will be split so as to reflect each listed company's stake. Advisers will be credited accordingly.

4.8 Where an advisory firm is advising a member of a consortium, the full value of the deal will be credited – the value will not be pro-rated to the size of the stake of the party advised.

4.9 Where advisers act on both sides of any deal, the deal will be brought to account only once.

4.10 When there is a merger between two service providers, the merged entity may elect to include, as part of the annual rankings, one or the other party's transactions prior to the merger (but not both).

5 - GUIDELINES

5.1 Submissions for the quarter are due by the end of the first week in the following quarter.

5.2 For deals to be included in the database and used for ranking purposes, the following information must be provided for each submission:

- the name of the target and at least one party to the transaction; and
- deal description; and
- advisory role and client name; and
- date of announcement.
- deal value. If this is not publicly disclosed, the value may be submitted confidentially and will be used for ranking purposes only.

5.3 All deals and transactions are checked by **DealMakers**; any discrepancies that arise will be queried.

5.4 Complaints, queries, objections and adjudication:

- These must be lodged with **DealMakers** not later than the end of the next following quarter, so in respect of Q2 by the end of Q3.
- In respect of Q4, these must be lodged by the close of business on January 21 or the closest business day. No exceptions will be permitted. This is to ensure that all advisers are aware of transactions to be used in the final ranking process.

5.5 The submission of additional deals for quarters prior must follow the same deadlines as in 5.4. In respect of Q4, these must be lodged by January 16 or the closest business day.

5.6 So as to avoid tendentious argument, **DealMakers** has appointed an independent adjudicator before whom matters in dispute may be laid. The adjudicator's ruling will be final in each case and no further submissions will be accepted after a ruling has been made

- **DealMakers** is conscious that challenges may contain sensitive information. All challenges will be treated, therefore, as highly confidential. Challengers' identities will be protected at all times.
- Challenges may be made only through **DealMakers**. Advisory firms on both sides may submit documentation supporting their arguments to **DealMakers** who will pass on all information to the independent adjudicator.
- **DealMakers** reserves to itself the right to challenge claims similarly.

5.7 All entities involved in deal-making and/or corporate finance transactions are asked to sign off a summary document prepared by **DealMakers** to ensure that no clerical errors have occurred.

5.8 Unlisted SA and Africa deal tables have their own set of criteria.

5.9 **DealMakers** does not accept responsibility for any errors or omissions.

UNLISTED DEALS Q1 2019

NATURE OF DEAL	PARTIES	ASSET
Merger of	Colourworks and Designers Ink	CWDi
Joint venture	Lancet Laboratories and Cerba HealthCare	Cerba Lancet Africa
Joint venture	Helios Towers and Vulatel	Helios Towers South Africa
Acquisition by	Norcros South Africa	RAP Plumbing Supplies trading as House of Plumbing
Acquisition by	Helios Towers	a controlling stake in SA Towers
Acquisition by	M&N Brands	51% of Zkhiphani.com
Acquisition by	Entelect	an 87,5% stake in Fixx iT
Acquisition by	Silver Leaf Property Fund and Silver Leaf SPV from Aucor Sandton and RHM Trading	New Aucor 902 and New Aucor 908, both situated in Samrand Centurion
Acquisition by †	Thebe Investment Corporation from CJP Jordaan and JA Bothma	30% stake in Pride Milling Company
Acquisition by †	Unemployment Insurance Fund through the Public Investment Corporation	49,5% stake in LA Crushers (issue of new shares)
Disposal by †	Actom to Makarenge Electrical Industries	Wilec
Acquisition by	HeroTel	BreedeNet
Acquisition by	Berkshire Partners	majority stake in Teraco Data Environments
Acquisition by †	Siyandisa Trust	51,16% stake in Cyanre
Acquisition by	Kalon Venture Partners	a stake in Flow
Acquisition by	Agri-Vie Fund II (Exeo Capital)	a 36,5% stake in Jumbo Brands
Acquisition by	The Marangoni Group	an additional 26% stake in Leader Rubber Company SA (total stake now 51%)
Acquisition by †	Thesele Power	35% stake in Talbot & Talbot
Acquisition by	DRA Global	Senet
Acquisition by	African Development Partners II (Development Partners International)	stake in International Facilities Services
Acquisition by	GL Events	60% stake in Johannesburg Expo Centre 2002
Acquisition by	Agile Capital	an additional 9% stake in Provest (total stake now 51%)
Acquisition by	Atlas Mara from Fairfax Africa	35% stake in GroCapital
Acquisition by ■	FLSmidth	IMP Automation Group
Acquisition by ■	JAB Cosmetics from shareholders	150 million Coty shares at $11.65 each
Acquisition by	Investors including Wade Flemons and Hans Hawinkels	an undiclosed stake in Xineoh (2nd round)
Acquisition by	Tourvest Financial Services from Travelex	South African assets of Travelex
Asset swap	Robor and Macsteel	steel tube and pipe businesses of Macsteel (to Robor) in return for a 49% stake in Robor (to Macsteel)
Disposal by	Motheo Construction Group	entire 49% stake in Motheo Telecoms
Asset swap	VKB Agri Processors and Oxfordstraat Beleggings Bethlehem	50% stake in Nu-Pro Feeds (VKB will own 100%) and a 50% stake in Nu-Pro Commodities (Oxfordstraat will own 100%)
Acquisition by	AAF Energy and Weijo Investments	51% and 49% respectively in each of Quest Petroleum, Montidox, Quest Lubricants and On Route Convenience
Acquisition by	Sovereign Foods	a majority stake in Cold Storage Group (comprising of Umtata Cold Storage, Wilsonia Cold Storage, Zwelitsha Cold Storage, Kei Cold Storage and Sov factory Shop)
Acquisition by	Hoorah Digital	Ritual Studio
Acquisition by	The Buffet Consortium	a minority stake in Cell C
Acquisition by	SA Water Works from Sembcorp Utilities (Netherlands)	100% of SA Water Works Utilities (formerly Sembcorp Utilities South Africa) and 48% of Silulumanzi
Disposal by ■	Weir to First Reserve	WEIR Flow Control division
Acquisition by	ETG Inputs from Curions	remaining 51% stake in Sidi Parani
Acquisition by	Farmisco t/a Kynoch Fertilizers	The Profert Cluster
Acquisition by	4Di Exponential Tech Fund, Lireas and Compass Insure	a stake in InvestSure Technologies
Acquisition by	Crossfin Technology	a minority stake in Retail Capital
Acquisition by	Natural Health Farm	51% stake in Biodelta
Acquisition by	One Thousand & One Voices (1K1V)	a stake in Pay@
Acquisition by	The Greatest Rugby Company in the Whole Wide World	74% stake in SA Super Rugby (the Kings franchise)
Acquisition by	Indonesian Payments Investment (Okavango) (Actis)	Biotherm Energy group of companies
Acquisition by ○	Apollan Property	Alkara 329 (22 Long Street, Cape Town)
Disposal by	Edcon to Industrial Development Corporation	its stake in Celrose

■ Foreign deal - not included for rankings purposes
○ Property deal – excluded for ranking purposes
† BEE deal

TOMBSTONE PARTIES			ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	ATTORNEY/LEGAL ADVISER	REPORTING ACCOUNTANT		
			undisclosed	Jan 8
			undisclosed	Jan 10
			undisclosed	Jan 14
			R172m	Jan 16
			undisclosed	Jan 18
			undisclosed	Jan 21
			undisclosed	Jan 22
	Vani Chetty Competition Law		not publicly disclosed	Jan 23
	Mkhabela Huntley		undisclosed	Jan 23
	Cliffe Dekker Hofmeyr		undisclosed	Jan 23
			undisclosed	Jan 23
			undisclosed	Jan 24
			undisclosed	Jan 24
			undisclosed	Jan 25
			R10m	Jan 28
			undisclosed	Jan 30
			undisclosed	Jan 30
			undisclosed	Jan 31
Pallidus Capital; Moore Stephens	Cliffe Dekker Hofmeyr; ENSafrica; Webber Wentzel		undisclosed	Feb 5
	PwC Legal; Eversheds Sutherland (South Africa)		$35m	Feb 5
			undisclosed	Feb 6
	Cliffe Dekker Hofmeyr		undisclosed	Feb 6
			undisclosed	Feb 6
	Bowmans		undisclosed	Feb 11
	ENSafrica; Skadden, Arps, Slate, Meagher & Flom		$1,75bn	Feb 12
			$1,5m	Feb 12
			undisclosed	Feb 12
	Webber Wentzel; Collins Newman		undisclosed	Feb 13
			undisclosed	Feb 15
	Webber Wentzel		undisclosed	Feb 19
	VanderSpuy		undisclosed	Feb 19
			undisclosed	Feb 19
			undisclosed	Feb 20
			undisclosed	Feb 22
			R723,8m	Feb 25
Goldman Sachs (Int)	ENSafrica; Freshfields Bruckhaus Deringer; Herbert Smith Freehills LLP		£275m	Feb 25
	Werksmans; Glyn Marais		undisclosed	Feb 27
	Norton Rose Fulbright (South Africa); Glyn Marais		undisclosed	Feb 27
	Bowmans		R9,6m	Mar 5
			undisclosed	Mar 6
			$1,6m	Mar 6
PSG Capital	ENSafrica; Webber Wentzel		undisclosed	Mar 7
			undisclosed	Mar 8
	Webber Wentzel; Cliffe Dekker Hofmeyr; Clifford Chance		undisclosed	Mar 8
	Vani Chetty Competition Law		not publicly disclosed	Mar 8
			undisclosed	Mar 11

UNLISTED DEALS Q1 2019

NATURE OF DEAL	PARTIES	ASSET
Acquisition by	Stadia Ventures	a stake in Fancam
Acquisition by	Main Street 783 (Thebe Investment Corporation)	Makhugiso Investment
Acquisition by	STOA Infra & Energy	23,08% stake in Metro Fibre Networx
Disposal by †	Galane Gold to Phakamani Foundation	17% of Galaxy Gold Mining
Disposal by †	Galaxy Gold Reefs to a community based trust and an employee share scheme	10% (5% each) of Galaxy Gold Reef
Acquisition by	Sovereign Foods	Blue Hills hatchery in Midrand
Acquisition by	FTI Consulting	Econex
Acquisition by	Rhenus Group	World Net Logistics
Acquisition by	Spear Capital	40% stake in Peries Foods
Acquisition by ■	Saudi Aramco from the Public Investment Fund of Saudi Arabia	70% stake in Saudi Basic Industries Corporation (SABIC)
Disposal by	GroCapital Financial Services (Afgri) to the Land and Agricultural Development Bank of SA	corporate lending book (79th / 80th / 81st) tranche)
Disposal by	Unigro Financial Services (Afgri) to Wesbank	CML book for Jan - Mar 2019
Acquisition by	Chroma Capital	40% stake in Ask Africa
Acquisition by	CMC Networks	Skyvision
Acquisition by	Sofirox from Howee Metal (1964)	Hobart Grove Shopping Centre (Erf 5689 Bryanston Township)

■ Foreign deal - not included for rankings purposes

† BEE deal

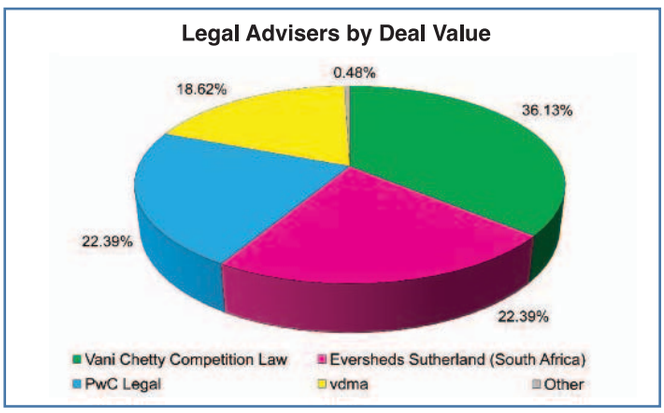
UNLISTED DEALS Q1 2019

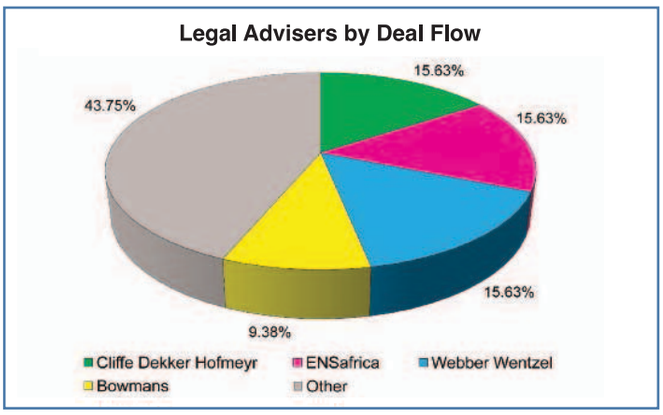
LEGAL ADVISERS RANKINGS BY DEAL VALUE

No	Company	Deal Values R'm	Market Share %
1	Vani Chetty Competition Law	757	36,13%
2	Eversheds Sutherland (South Africa)	469	22,39%
	PwC Legal	469	22,39%
4	vdma	390	18,62%
5	Bowmans	10	0,46%
6	Cliffe Dekker Hofmeyr	undisclosed	n/a
	ENSafrica	undisclosed	n/a
	Glyn Marais	undisclosed	n/a
	Hogan Lovells (South Africa)	undisclosed	n/a
	Mkhabela Huntley	undisclosed	n/a
	Norton Rose Fulbright (South Africa)	undisclosed	n/a
	VanderSpuy	undisclosed	n/a
	Webber Wentzel	undisclosed	n/a
	Werksmans	undisclosed	n/a
	White & Case (South Africa)	undisclosed	n/a

LEGAL ADVISERS RANKINGS BY DEAL FLOW (ACTIVITY)

No	Company	No of Deals	Market Share %	Deal Values R'm
1	Cliffe Dekker Hofmeyr	5	15,63%	undisclosed
	ENSafrica	5	15,63%	undisclosed
	Webber Wentzel	5	15,63%	undisclosed
4	Bowmans	3	9,38%	10
5	Vani Chetty Competition Law	2	6,25%	757
	vdma	2	6,25%	390
	Glyn Marais	2	6,25%	undisclosed
8	Eversheds Sutherland (South Africa)	1	3,13%	469
	PwC Legal	1	3,13%	469
	Hogan Lovells (South Africa)	1	3,13%	undisclosed
	Mkhabela Huntley	1	3,13%	undisclosed
	Norton Rose Fulbright (South Africa)	1	3,13%	undisclosed
	VanderSpuy	1	3,13%	undisclosed
	Werksmans	1	3,13%	undisclosed
	White & Case (South Africa)	1	3,13%	undisclosed





TOMBSTONE PARTIES			ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	ATTORNEY/LEGAL ADVISER	REPORTING ACCOUNTANT		
			$100 000	Mar 13
	Hogan Lovells (South Africa)		undisclosed	Mar 15
Standard Bank	Bowmans; Bird & Bird		undisclosed	Mar 18
			nil (donation)	Mar 19
			nil (donation)	Mar 19
			undisclosed	Mar 20
			undisclosed	Mar 20
			undisclosed	Mar 22
			$4,5m	Mar 24
	ENSafrica; Abuhimed Alsheikh Alhagbani; Clifford Chance		$69,1bn	Mar 27
	vdma		R319,7m	over 1st quarter
	vdma		R70m	over 1st quarter
	Cliffe Dekker Hofmeyr		undisclosed	not announced
	White & Case (South Africa)		undisclosed	not announced
	Vani Chetty Competition Law		not publicly disclosed	not announced

UNLISTED RANKING CRITERIA

Ranking the unlisted deals applies, at this stage, to Legal Advisers only.

1. For a deal to qualify for ranking it must involve at least one SA entity.
2. Legal Advisers that seek credit for involvement in such deals must be able to demonstrate unequivocally their involvement, if necessary by reference to one or several of the principals.
3. The full value of each deal must be confirmed by the client or appear on documentation provided. If confidential, the value will be treated as such and used only for ranking purposes.
4. Where advisers act on both sides of the deal, the deal will be brought to account only once.
5. So as to achieve fairness, rankings are recorded in two fields:
   Deal Value
   Deal Flow (activity, or the number of deals)
6. Where discrepancies occur in the deal values claimed, **DealMakers** reserves the right to challenge these if necessary, by requesting clarity from the principals where this is appropriate. Changes in the prices at which deals are transacted will be adjusted when the annual rankings are computed.
7. Sale of properties by property companies under a value of R200m will be recorded but not used for ranking purposes.
8. Foreign deals will only be credited for deal flow ranking purposes if documents provided show sufficient workflow (eg: local competition clearance).
9. Deals that are subsequently cancelled, withdrawn or which are deemed to have failed will not be included for ranking purposes. They will be recorded, nevertheless, for record purposes.
10. All deals are checked by **DealMakers**; any discrepancies that arise will be queried.
11. All entities involved in deal-making are asked to sign off a summary document prepared by **DealMakers** to ensure that no clerical errors have occurred.
12. When there is a merger between two service providers, the merged entity may elect to include as part of the annual rankings one or the other party's transactions prior to the merger (but not both).
13. Deals/transactions executed in the normal course of business: Activity undertaken by companies in the normal course of their business will not be recognised by **DealMakers** for inclusion in the ranking tables.
14. **Complaints/queries/objections:**

    These must be lodged with **DealMakers** not later than the end of the next following quarter, so in respect of Q1 by the end of Q2. In respect of Q4, these must be lodged by the close of business at the end of the third week of January, i.e. by Jan 21 or the closest business day.
15. **DealMakers** does not accept responsibility for any errors or omissions.

GENERAL CORPORATE FINANCE

SHARE ISSUES

DESCRIPTION	COMPANY	SECTOR	NUMBER OF SHARES	PRICE/SHARE
Specific Issue	Heartwood Properties	Real Estate Holding & Development	4 500 003	R0,66
Specific Issue	RH Bophelo	Equity Investment Instruments	2 500 000	R9,84
Specific Issue (conversion of A shares)	Clicks	Drug Retailers	8 135 087	R184,00
Cash Issue	Equites Property Fund	Industrial & Office REITs	35 953 438	R19,80
Specific Issue (Cap Award)	Stenprop	Industrial & Office REITs	4 365 581	R18,00
Specific Issue	Global Asset Management	AltX	27 322 404	R1,83
Specific Issue (Cap Award)	Massmart	Broadline Retailers	1 959 667	R88,96
Specific Issue	Kibo Energy	AltX	126 436 782	£0,0131
Rights Issue	Royal Bafokeng Platinum	Platinum & Precious Metals	46 777 694	R22,00
Specific Issue	Sanlam	Life Insurance	111 349 000	R70,00
Cash Issue	Stor-Age Property REIT	Specialty REITs	46 245 059	R12,65
Specific Issue (Cap Award)	NEPI Rockcastle	Real Estate Holding & Development	8 038 153	R112,69
Specific Issue (Cap Award)	Metrofile	Business Support Services	8 714 618	R1,44
Specific Issue (Cap Award)	Jubilee Platinum	AltX	491 814 444	£0,0025
Specific Issue (Cap Award)	Fairvest Property	Retail REITs	12 185 043	R2,09
Specific Issue (Cap Award)	Raven Property	Real Estate Holding & Development	135 759	R8,10
Private Placement	Europa Metals	Steel	6 400 000 000	£0,015
Specific Issue	Ecsponent	Preference Shares	364 743 B12, 124 541 B13, 8 000 D3, 451 050 D4, 45 000 D5, 315 380 E4, 2 500 E5, 2 500 G3	R 100

SHARE REPURCHASES

DESCRIPTION	COMPANY	SECTOR	NUMBER OF SHARES	PRICE/SHARE
General Repurchase	Indequity	Development Capital	654 228	R3,05 - R7,00
General Repurchase	Lighthouse Capital	Equity Investment Instruments	16 615 159	undisclosed
Odd-Lot Repurchase	Tradehold	Real Estate Holding & Development	9 483	R11,33
Specific Repurchase	Tradehold	Real Estate Holding & Development	66 578	R11,33
General Repurchase	Wescoal	Coal	7 600 000	undisclosed
General Repurchase	Adapt IT	Computer Services	4 836 650	ave R6,00
General Repurchase	Ingenuity Property Fund	Real Estate Holding & Development	67 556 376	R1,12
Specific Repurchase	Caxton and CTP Publishers and Printers	Publishing	1 774 601	R9,02
Odd-Lot Repurchase	Caxton and CTP Publishers and Printers	Publishing	21 136	R9,02
Specific Repurchase	Pioneer Food	Food Products	11 563 013	R78,19
Specific Repurchase	Aliviva	Computer Hardware	6 818 130	R16,69 - R18,00
Specific Repurchase	Brait SE	Investment Services	36 600 000	R24,91
General Repurchase	Old Mutual	Life Insurance	14 206 392	R21,39 - R22,25
General Repurchase	Argent Industrial	Diversified Industrials	2 668 372	R4,30 - R5,20
General Repurchase	Datatec	Computer Services	11 644 681	R25,89 - R31,50
General Repurchase	Glencore	General Mining	112 712 493	ave £2,99
General Repurchase	Reinet Investments	Equity Investment Instruments	2 366 459	R199,57 - R231,65
General Repurchase	Stenprop	Real Estate Holding & Development	4 365 581	ave £1,12
General Repurchase	South32	General Mining	14 352 767	A$3,64 and A$3,97

* Investment Advisers include Financial Advisers and others claiming this category

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	REPORTING ACCOUNTANT		
	Pallidus Capital			R2,97m	Jan 25
Third Way Investment Partners; Birkett Stewart McHendrie	Deloitte	Motsoeneng Bill		R24,6m	Feb 5
Investec Bank	Investec Bank	Bowmans; Freshfields Bruckhaus Deringer		R1,5bn	Feb 6
Java Capital	Java Capital			R710m	Feb 7
Numis Securities	Java Capital			R78,58m	Feb 8
	Arbor Capital Sponsors			R50m	Feb 22
	JPMorgan (SA)	Cliffe Dekker Hofmeyr		R174,32m	Feb 28
	River Group			£1,66m	Mar 5
Questco	Questco; Merrill Lynch (SA)	Bowmans; Davis Polk & Wardwell (London)		R1,03bn	Mar 5
	Standard Bank			R7,79bn	Mar 11
Investec Bank	Investec Bank; Questco	Cliffe Dekker Hofmeyr; Bowmans		R585m	Mar 12
	Java Capital			R905,82m	Mar 14
Apex Partners	Standard Bank			R12,51m	Mar 20
Spark Advisory Partners	Sasfin Capital; Shard Capital Partners			£11,07m	Mar 22
	PSG Capital			R25,45m	Mar 22
	Renaissance Capital (SA); N+1 Singer; Numis Securities, Ravenscroft; Renaissance Capital (Russia)			R1,1m	Mar 28
Strand Hanson	Sasfin Capital; Brandon Hill Capital; Turner Pope Investments			£960 000	Mar 29
	Questco			R131,37m	over 1st quarter

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	REPORTING ACCOUNTANT		
	Merchantec Capital			R2,6m	Jan 11
	Java Capital; Perigeum Capital			undisclosed	Jan 18
Mettle Corporate Finance	Mettle Corporate Finance; Exchange Sponsors	Cliffe Dekker Hofmeyr		R107 442	Jan 22
Mettle Corporate Finance	Mettle Corporate Finance; Exchange Sponsors	Cliffe Dekker Hofmeyr		R754 328	Jan 22
Nedbank CIB	Nedbank CIB			undisclosed	Jan 31
	Merchantec Capital			R29m	Feb 7
	Nedbank CIB			R72,8m	Feb 15
	Arbor Capital Sponsors	Fluxmans	BDO	R 190 713	Feb 18
	Arbor Capital Sponsors	Fluxmans	BDO	R16m	Feb 18
PSG Capital	PSG Capital	Cliffe Dekker Hofmeyr		R904,11m	Mar 6
	Deloitte			R120m	Mar 22
	Rand Merchant Bank			R911,7m	Mar 22
	Merrill Lynch (SA); Imara Capital Zimbabwe; Stockbrokers Malawi			R309,99m	Mar 27
	PSG Capital			R13m	over 1st quarter
	Rand Merchant Bank			R333,2m	over 1st quarter
Citigroup Global Markets (UK)	Absa			£336,95m	over 1st quarter
	Rand Merchant Bank	Cliffe Dekker Hofmeyr		R504,3m	over 1st quarter
	Java Capital			R489,98m	over 1st quarter
	UBS (SA)			A$54,78m	over 1st quarter

GENERAL CORPORATE FINANCE

RESTRUCTURING

COMPANY	SECTOR	ASSET UNBUNDLED
Clicks	Drug Retailers	unwind of the second 50% of its 2011 BEE scheme in a bookbuild with the issue of 8 135 087 and the sale of 7 833 494 shares at a discounted price of R184,00 to participating investors
Orion Minerals	Gold Mining	repurchase of 15,75m preference shares from Anglo American Sefa Mining Fund and the issue of ordinary shares in payment
Quantum Foods	Farming Fishing & Plantation	restructure of BEE ownership with the repurchase of 18 091 661 Quantum shares held by the BEE parties at R3,30 per share
Ecsponent	Preference Shares	restructure of debt by MyBucks owing to Ecsponent with the issue of 27 829 312 MyBucks shares at €1,00 per share

COMPANY LISTINGS

DESCRIPTION	COMPANY	SECTOR	NUMBER OF SHARES	PRICE/SHARE
A2X Listing (Secondary)	Santam	Property & Casualty Insurance	115 131 417	n/a
A2X Listing (Secondary)	Tharisa	General Mining	265 000 000	n/a
JSE Listing	MultiChoice Group	Broadcasting & Entertainment	438 837 468	R106,01

UNBUNDLING

COMPANY	SECTOR	ASSET UNBUNDLED
Hosken Passenger Logistics and Rail	Travel & Tourism	special dividend of 80c per share (300m shares)
South32	General Mining	special dividend
Astoria Investments	AltX	distribution as a return of capital of $0,88 (R12,82) per Astoria share to shareholders
Naspers	Broadcasting & Entertainment	unbundling and listing of the Video Entertainment business of MultiChoice in SA, Botswana, Namibia and MultiChoice Africa plus NMS Insurance Services, the African divison of Showmax, Irdeto Holdings and Irdeto SA to be named MultiChoice Group
JSE	Investment Services	special dividend of R1,85 per share
Tsogo Sun	Gambling	separation of the gaming and hotel divisions of the company and the subsequent separate listing and unbundling of the hotel interests

MAJOR OPEN MARKET TRANSACTIONS

DESCRIPTION	COMPANY	SECTOR	DETAILS
Open Market Disposal by	Mpilo Investment Holdings	Healthcare Equipment & Services	24 582 960 Mediclinic International shares at R52 per share
Open Market Disposal by	Clicks	Drug Retailers	7 833 494 Clicks shares on behalf of ESOPTrust beneficiaries at R184.00 per share
Open Market Disposal by	SU BEE Investments SPV	Life Insurance	18 200 000 Sanlam shares at R75,50 per share
Open Market Disposal by	Royal Bafokeng Holdings	Platinum & Precious Metals	c.8% stake in Royal Bafokeng Platinum
Open Market Disposal by	Steinhoff International	Household Goods	694 206 661 KAP Industrial shares (26% stake) at a price of R6,85 per share

OFF MARKET TRANSACTIONS

DESCRIPTION	COMPANY	SECTOR	DETAILS
Off Market Disposal by	Nedbank	Banks	41 500 000 Life Healthcare shares
Off Market Acquisition by	Hosken Consolidated Investments	Speciality Finance	2 000 000 Platinum Group Metals shares at $1,33 per share
Off Market Acquisition by	Resilient REIT	Retail REITs	33 381 901 Lighthouse shares at R6,96 per share

* Investment Advisers include Financial Advisers and others claiming this category

DealM

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	REPORTING ACCOUNTANT		
Investec Bank	Investec Bank	Bowmans; Freshfields Bruckhaus Deringer		R1,5bn	Feb 7
	Merchantec Capital			R23,98m	Mar 4
PSG Capital	PSG Capital	Cliffe Dekker Hofmeyr		R59,7m	Mar 6
	Questco			€27,83m	Mar 26

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	REPORTING ACCOUNTANT		
	Investec Bank			n/a	Feb 1
	Investec Bank			n/a	Feb 6
Citigroup Global Markets (SA); Morgan Stanley (SA)	Rand Merchant Bank; Investec Bank	Webber Wentzel	PwC	R46,52bn	Feb 27

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	REPORTING ACCOUNTANT		
PSG Capital	PSG Capital		BDO	R240,2m	Jan 29
	UBS (SA)			$86m	Feb 1
Java Capital; Osiris Corporate Solutions (Mauritius)	Java Capital; Namibia Equity Brokers	Werksmans; Dentons (Mauritius)		$108,68m	Feb 18
Citigroup Global Markets (SA); Morgan Stanley (SA)	Investec Bank	Webber Wentzel		R46,52bn	Feb 27
	Rand Merchant Bank			R160,72m	Feb 28
Standard Bank	Standard Bank; Investec Bank; Java Capital	Tabacks		to be advised	Mar 15

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	REPORTING ACCOUNTANT		
Standard Bank				R1,28bn	Jan 29
				R1,4bn	Feb 6
Standard Bank				R1,37bn	Feb 15
Questco	Merrill Lynch (SA)			R439,32m	Mar 7
Standard Bank; Investec Bank; Macquarie Advisory and Capital Markets South Africa	PSG Capital	Werksmans; Allen & Overy (South Africa); Linklaters LLP; Allen & Overy LLP		R4,8bn	Mar 26

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	REPORTING ACCOUNTANT		
Nedbank CIB; UBS				R1,2bn	Jan 24
				$2,8m	Feb 11
Java Capital; Nedbank CIB	Java Capital; Nedbank CIB	DLA Piper		R232,5m	Mar 5

COMINGS & GOINGS

LISTINGS

EXCHANGE	COMPANY	SECTOR	ANNOUNCEMENT DATE	EFFECTIVE DATE
JSE Listing	Acorn Agri & Food	to be advised	Feb 12 2018	2020
A2X (Secondary Listing)	Aspen Pharmacare	Pharmaceuticals	Mar 25 2019	Apr 1 2019
JSE Listing (Secondary)	Bushveld Minerals	to be advised	Feb 4 2019	2019
JSE Listing (Secondary)	Investec Asset Managment	to be advised	Sep 14 2018	2019
JSE Listing	Kropz	to be advised	Jan 24 2019	2020
JSE Listing	LLH Capital	to be advised	Nov 5 2018	2019
JSE Listing	Multichoice Group	Broadcasting & Entertainment	Sep 17 2018	Feb 27 2019
JSE Listing (Secondary)	NewCo (Naspers International Internet assets)	to be advised	Mar 25 2019	2019
JSE Listing	Revego Africa Energy	to be advised	Jan 17 2019	2019
A2X (Secondary Listing)	Santam	Property & Casualty Insurance	Jan 25 2019	Feb 1 2019
A2X (Secondary Listing)	Tharisa	General Mining	Jan 30 2019	Feb 6 2019
JSE Listing	THL (Tsogo Sun hotel interests)	to be advised	Mar 15 2019	2019
Zar X Listing	Titanium VC1 Fund	to be advised	Nov 23 2018	2019

DELISTINGS

COMPANY	SECTOR	ANNOUNCEMENT DATE	SUSPENSION DATE	TERMINATION DATE	COMMENT
African Phoenix Investments (prefs)	Preference Shares	Feb 18 2019	to be advised	to be advised Phoenix)	Scheme of arrangement (African
Cargo Carriers	Trucking	Oct 17 2018	Jan 16 2019	Jan 22 2019 Carriers Holdings)	Scheme of arrangement (Cargo
Clover Industries	Food Products	Feb 4 2019	to be advised	to be advised	Scheme of arrangement (Milco)
Cullinan Prefs	Travel & Tourism	Nov 9 2018	Feb 6 2019	Feb 12 2019	Repurchase by Cullinan
Delta EMD	Specialty Chemicals	Feb 22 2016	Jul 17 2019	Jul 23 2019 operations started in 2014	Voluntary discontinuation of
Distribution and Warehousing Network	Building Materials & Fixtures	Dec 3 2018	Feb 20 2019	Feb 26 2019	Scheme of arrangement (Polanofield)
eXtract	Diversified Industrials	Oct 18 2018	Feb 27 2019	Mar 5 2019 Trust Investments)	Scheme of arrangement (Inhlanhla
Global Asset Management	AltX	Sep 26 2018	May 29 2019	Jun 4 2019 Partner)	Scheme of arrangement (UBI General
Howden Africa	Industrial Machinery	Sep 26 2018	Feb 20 2019	Feb 26 2019 Group SA)	Scheme of arrangement (Howden
Interwaste	Waste & Disposal Services	Nov 2 2018	Feb 27 2019	Mar 5 2019	Scheme of arrangement (Seche)
Mainland Real Estate	AltX	Jan 29 2019	Feb 6 2019	Feb 11 2019	JSE shareholder spread requirements
Master Plastics	AltX	Nov 7 2018	Jan 30 2019	Feb 5 2019	Scheme of arrangement (Metier)
Mondi Ltd	Paper	Nov 19 2018	Jun 26 2019	Jul 2 2019	Simplification of corporate structure
Montauk (postponed)	Integrated Oil & Gas	Oct 31 2018	n/a	n/a	Restructure into "Montauk Energy" with a primary listing on Nasdaq and a secondary listing on the JSE
Tawana Resources	General Mining	Apr 5 2018	Dec 4 2018	Feb 12 2019	Scheme of arrangement (Alliance Mineral Assets)
Torre Industries	Industrial Suppliers	Jul 9 2018	Apr 16 2019	Apr 24 2019	Voluntary delisting (cash offer to shareholders)
Verimark	Broadline Retailers	Oct 22 2018	Feb 13 2019	Feb 19 2019	Scheme of arrangement (The Van Straaten Family Trust)
Wilderness	Travel & Tourism	Mar 19 2019	Jul 24 2019	Aug 20 2019	General offer (African Wildlife)

COMINGS & GOINGS

SUSPENSIONS

COMPANY	SECTOR	ANNOUNCEMENT DATE	EFFECTIVE DATE	COMMENT
Basil Read	Heavy Construction	Jun 20 2018	Jun 20 2018	Subsidiary - Basil Read Holdings in voluntary business rescue
Brikor	AltX	Jul 31 2013	Jul 31 2013	Prov liquidation order discharged Oct 2 2015
Choppies Enterprises	Food Retailers & Wholesalers	Nov 1 2018	Nov 1 2018	JSE & BSE listing requirements - Annual financial results
Erin Energy	Integrated Oil & Gas	Apr 26 2018	Apr 26 2018	Delisting of shares on the New York Stock Exchange
Esor	Heavy Construction	Aug 17 2018	Aug 17 2018	BRP of Esor Construction
Firestone Energy	Coal	Mar 19 2015	Mar 19 2015	Request of directors - Waterberg Coal financing arrangements
Freedom Property Fund	Real Estate Holding & Development	Jul 1 2016	Jul 1 2016	JSE listing requirements - non submission provisional results
Gold Brands	AltX	Aug 1 2018	Aug 1 2018	JSE listing requirements - annual financial statements
Group Five	Heavy Construction	Mar 12 2019	Mar 12 2019	Business rescue proceedings
Hwange Colliery	Coal	Nov 5 2018	Nov 5 2018	Company placed under Administration
Imbalie Beauty	AltX	Aug 7 2018	Aug 7 2018	JSE listing requirements - Audit report - disclaimer of opinion
Middle East Diamond Resources	General Mining	Dec 6 2016	Dec 6 2016	JSE listing requirements
Mine Restoration Investments	AltX	Jul 29 2016	Jul 29 2016	Request of directors
Orion Real Estate	Diversified REITs	Nov 1 2018	Nov 1 2018	JSE Listing requirements - provisional report
Rockwell Diamonds	Diamonds & Gemstones	Apr 4 2017	Apr 4 2017	Voluntary suspenion following interim liquidation order of SA operating entities. BRP initiated May 2017
Soapstone Investments	AltX	Nov 21 2016	Nov 18 2016	Suspension of Diamondcorp - Guarantor on Notes
Steinhoff Investments	Preference Shares	Mar 1 2018	Mar 1 2018	JSE Listing Requirements
Total Client Services	AltX	Dec 23 2013	Dec 23 2013	Voluntary suspension due to business rescue appplication
Union Atlantic Minerals	General Mining	Sep 23 2014	Sep 23 2014	Request of directors. Company financially distressed
Visual International	AltX	Jul 2 2018	Jul 2 2018	JSE listing requirements - non submission provisional results. Suspension lifted Mar 14 2019
WG Wearne	AltX	Jul 2 2018	Jul 2 2018	JSE listing requirements - non submission provisional results

FOREIGN LISTINGS & DELISTINGS

COMPANY	SECTOR	TYPE	COUNTRY	ANNOUNCEMENT DATE	EFFECTIVE DATE
FOREIGN LISTINGS					
Investec Australia Property Fund	Real Estate Holding & Development	Primary (Dual)	ASX (Australia)	Aug 6 2018	to be advised
Renergen	AltX	Primary (Dual)	Australia (ASX)	Oct 26 2018	to be advised
FOREIGN DELISTINGS					
Alviva	Computer Hardware	Secondary (ADR)	US	Feb 7 2019	Mar 7 2019
Europa Metals	Iron & Steel	Primary	Australia (ASX)	Jan 25 2019	Mar 8 2019
Tawana Resources	General Mining	Primary	Australia (ASX)	Apr 5 2018	Jan 4 2019

ADMINISTRATIVE MATTERS

NAME CHANGE

COMPANY	NEW NAME	SECTOR	ANNOUNCEMENT DATE	EFFECTIVE DATE
Purple Group (withdrawn)	Easy Investment	Investment Services	Mar 1 2019	withdrawn Mar 29 2019

CHANGE IN SECTOR

COMPANY	SECTOR	NEW SECTOR	ANNOUNCEMENT DATE	EFFECTIVE DATE
African Phoenix Investments	Consumer Finance	Investment Services	Sep 7 2018	to be advised
Europa Metals	Iron & Steel	AltX	Jan 25 2019	Mar 1 2019
Naspers N	Broadcasting & Entertainment	Internet	not announced	Feb 27 2019

SHARE CONSOLIDATION

COMPANY	SECTOR	NUMBER OF SHARES	RATIO	NEW NO OF SHARES	ANNOUNCEMENT DATE	EFFECTIVE DATE
RDI REIT	Diversified REITs	1 990 449 536	5:1	380 089 923	Dec 16 2018	Feb 11 2019

PROFIT WARNINGS

COMPANY	SECTOR	ANNOUNCEMENT DATE
4Sight	AltX	Mar 22
4Sight (further)	AltX	Mar 27
Accentuate	AltX	Mar 25
Advanced Heath	AltX	Feb 27
AEP Energy Africa	AltX	Mar 19
African Rainbow Minerals	General Mining	Feb 15
Alaris	AltX	Feb 8
Alaris	AltX	Feb 28
Anchor	AltX	Mar 28
ARB	Electrical Components & Equipment	Jan 30
Aveng	Heavy Construction	Feb 21
AVI	Food Products	Jan 25
Avior Capital Markets	AltX	Jan 8
Balwin Properties	Real Estate Holding & Development	Mar 14
Bauba Platinum	Platinum & Precious Metals	Mar 5
Blue Label Telecoms	Mobile Telecommunications	Feb 22

COMPANY	SECTOR	ANNOUNCEMENT DATE
Bowler Metcalf	Containers & Packaging	Jan 28
Brimstone Investment Corporation	Equity Investment Instruments	Mar 6
Calgro M3	Heavy Construction	Mar 29
Clientele	Life Insurance	Feb 14
Comair	Airlines	Jan 30
Conduit Capital	Full Line Insurance	Mar 15
CSG	Business Training & Employment Agencies	Mar 20
Delta EMD	Speciality Chemicals	Feb 25
Delta Property Fund	Industrial & Office REITs	Mar 4
DRDGold	Gold Mining	Feb 1
Ecsponent	Specialty Finance	Mar 25
ELB	Industrial Suppliers	Mar 8
Ellies	Electrical Components & Equipment	Jan 28
Finbond	Banks	Feb 8
Freedom Property Fund	Real Estate Holding & Development	Mar 6
Gemfields	Diamonds & Gemstones	Mar 22

ADMINISTRATIVE MATTERS

PROFIT WARNINGS

COMPANY	SECTOR	ANNOUNCEMENT DATE
Global Asset Management	AltX	Mar 8
Gold Fields	Gold Mining	Feb 6
Grand Parade Investments	Specialty Finance	Mar 13
Harmony Gold Mining Company	Gold Mining	Feb 8
Hulamin	Aluminium	Feb 28
Hulamin (revised)	Aluminium	Mar 18
Kumba Iron Ore	Iron & Steel	Jan 24
Massmart	Broadline Retailers	Jan 22
Merafe Resources	General Mining	Jan 31
Metrofile	Business Support Services	Mar 11
Newpark REIT	AltX	Jan 25
Northam Platinum	Platinum & Precious Metals	Feb 7
Omnia	Speciality Chemicals	Mar 20
Onelogix	Transportation Services	Jan 10
Phumelela Gaming and Leisure	Gambling	Mar 7
Putprop	Real Estate Holding & Development	Mar 1
Quantum Foods	AltX	Mar 14
Raubex	Heavy Construction	Feb 12
RCL Foods	Farming Fishing & Plantation	Feb 14
Royal Bafokeng Platinum	Platinum & Precious Metals	Feb 28
Sabvest	Equity Investment Instruments	Feb 27

COMPANY	SECTOR	ANNOUNCEMENT DATE
Shoprite	Food Retailers & Wholesalers	Jan 29
Sibanye Gold	Gold Mining	Feb 14
Sibanye Gold (amended)	Gold Mining	Feb 20
Silverbridge	AltX	Feb 6
South Ocean	Electrical Components & Equipment	Mar 6
Sun International	Gambling	Mar 13
Telemasters	AltX	Mar 18
Texton Property Fund	Diversified REITs	Feb 22
Tiso Blackstar	Broadcasting & Entertainment	Mar 22
Tongaat Hulett	Food Products	Feb 22
Transpaco	Containers & Packaging	Feb 6
Transpaco	Containers & Packaging	Feb 19
Trencor	Transportation Services	Jan 28
Trencor (further)	Transportation Services	Mar 27
Truworths International	Apparel Retailers	Jan 17
Unicorn Capital Partners	General Mining	Mar 22
Visual International	AltX	Feb 20
Wesizwe Platinum	Platinum & Precious Metals	Mar 27
Wilson Bayly Holmes - Ovcon	Heavy Construction	Feb 12
Woolworths	Broadline Retailers	Jan 17
York Timber	Forestry	Mar 7

DEALS THAT DIDN'T

NATURE OF DEAL	PARTIES	ASSET	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
Acquisition by	Mediclinic Southern Africa (Mediclinic International) from Matlosana Medical Health Services shareholders	at least 50% plus one share in Matlosana Medical Health Services	undisclosed	not announced Q2 2016
Acquisition by	Tuvalu (NEPI Rockcastle)	Serenda and Krokus shopping centres in Krakow, Poland	€249,4m	Oct 13 2017
Acquisition by	AEP Energy Africa from First Independent Power (Kenya) and Global Power Generation Sociedad Anónima	IberAfrica Power (East Africa)	$61,57m	Jun 26 2018
Disposal by	Orion Real Estate to Prinia Asset Management	Promenade Shopping Centre, Nelspruit	R180m	Dec 18 2018
Acquisition by	Resilient REIT from Fortress REIT	a portfolio of properties	R672,7m	Mar 5 2019
Disposal by	Resilient REIT to Fortress REIT	a portfolio of properties	R3,39bn	Mar 5 2019

CAUTIONARIES Q1

COMPANY	FIRST CAUTIONARY	NO OF SUBSEQUENT CAUTIONARIES	ANNOUNCEMENT	TERMINATED
AEP Energy Africa	27.3.2019			
African Phoenix Investments	7.9.2018	4	8.3.2019	
Ascendis Health	14.1.2018	2		
Bell Equipment	8.1.2019	1		
Brimstone Investment	21.1.2019	1	4.2.2019	
Brimstone Investment	7.2.2019	1		
Calgro M3	6.3.2019		15.3.2019	
Choppies Enterprises	27.9.2018	5	suspended	
Clover Industries	19.10.2018	2	4.2.2019	
Efficient	13.2.2019	1		
ELB Group	5.11.2018	3		
enX	21.10.2018	3		
EOH	19.2.2019			
Fortress REIT	5.3.2019			20.3.2019
Global Asset Management	14.8.2018	5	11.3.2019	
Gold Brands Investments	29.6.2018	5	5.2.2019	
Group Five	30.11.2018	5	suspended	
Group Five	13.12.2018	2	suspended	
Hosken Passenger Logistics and Rail	19.12.2018	2	29.3.2019	
Huge Group	10.7.2017	14		

COMPANY	FIRST CAUTIONARY	NO OF SUBSEQUENT CAUTIONARIES	ANNOUNCEMENT	TERMINATED
Imbalie Beauty	31.5.2018	8	suspended	
Insimbi Industrial	20.3.2019			
Interwaste	1.10.2018	1	5.2.2019	
Labat Africa	8.8.2017	17		
Mettle Investments	1.3.2019			
Middle East Diamond Resources	23.2.2018	9	suspended	
Mine Restoration Investments	13.6.2016	24	suspended	
Nampak	28.2.2019			
Orion Real Estate	6.11.2018	4	suspended	
Orion Real Estate	18.12.2018	3	29.3.2019	
Putprop	17.10.2018	3		
Resilient REIT	5.3.2019			20.3.2019
Shoprite	26.2.2019			
Steinhoff International	17.5.2017	23		
Tongaat Hulett	8.3.2019			
Tradehold	27.2.2019	1		
Visual International	16.2.2018	9		
WG Wearne	5.12.2018	2	30.1.2019	
Wescoal	26.10.2018	3		

The cost of not saying sorry

Max Gebhardt

In this age of round-the-clock company scrutiny, we see almost as much focus given to how a company handles a crisis as the crisis itself.

South African companies have faced their fair share of bad press and reputational body blows over the past few years. Whether in the form of health scares and product recalls for consumer goods companies; charges of bribery and corruption for consulting and auditing firms; fines issued in operating markets of communication companies; or accidents and fatalities for construction groups, different crises can have serious consequences for a company's existence, job security and share price.

With turbulence in our world growing, and the always-on nature of news, the potential for crisis has become an almost daily consideration for business. Globalisation, investor activism, regulatory change, political and cyber risk are all contributing to increasing business vulnerability and the need for Boards to carefully consider their ability to respond effectively.

With this in mind, FTI Consulting researched around 100 recent incidents that have made the headlines. The crises reviewed span the last 20 years, and include oil spills, cyber hacks, plane crashes, cases of fraud, product recalls and many more. We were interested to see what patterns emerge from these events – patterns which might be instructive for Boards and communicators when facing their own crisis scenario.

As we all know, the effects of a crisis can be significant and long-lasting. Findings revealed that in 14 of the 100 cases, the crisis event had been so catastrophic that they had resulted in companies ceasing to exist. Additionally, in almost a third of the 100 cases, a senior executive of that company ended up losing their job. This idea of a sacrificial lamb is nothing new, but such a high number suggests that Boards' tolerance for missteps is low.

The typical pattern of share prices in the aftermath of a crisis is to see a big drop in share price at the end of day 1. This continues through the first week and only starts to plateau after a month or so. But we saw huge discrepancies in the way that share prices behave following different types of crisis. For example, a month after a crisis event had become known, the average share price decline across cases of systemic financial mismanagement was 70%, whereas individual corruption cases showed a decline of just 5%.

In terms of recovery after a crisis, those same cases of mismanagement were still on average 63% below their origin after three months, whereas individual corruption cases had recovered most of their value, on average sitting at just 1.9% below their origin. And what about media coverage? Instinctively, we know that a crisis will dramatically increase the media's interest in a company, but even we were surprised to discover by how much. Our study found that in the month after a crisis, a company can expect to receive almost 35 times the amount of coverage than the month beforehand. In terms of social media impact, the post-crisis month saw on average 280 times more mentions than a month before a crisis.

These are significant numbers. Indeed, the magnitude of traditional and social media interest around these events begins to shed light on another central learning from our study, namely the intangible impact of a crisis beyond clear and well understood value proxies such as market capitalisation. This goes to the heart of the unseen element of crisis preparedness and management that all boards need to consider.

As we began to see variations in the way that different crises behaved (when we cut our media analysis by crisis type we discovered that it showed a similar pattern to share price impact), we began to wonder whether companies are hit harder when external audiences perceive a culture of mismanagement.

In other words, were investors hitting the share price more heavily, or do the media apply more scrutiny in events where management is perceived to be to blame? Clearly the degree of culpability in crisis situations contains a heavy degree of subjectivity from the outside looking in but our analysis did show that in crises where the management is deemed to be at fault, those instances are punished more heavily.

We finally turned to the all-important issue of 'the apology'. Many CEOs instinctively feel that it is right to apologise but some are advised that they should not. The argument against apology is that it is tantamount to an acceptance of guilt and that then opens the door to potential litigation.

Reputationally, however, the lack of apology can have significant impact on the credibility of management and the reputation of the wider firm. So, do apologies work? Interestingly, apologies were found to be relatively few and far between in our study. Indeed, we found evidence of a public apology in only 37 of our 100 crises. We also found that most of those apologies arrived slowly - only 16 of the 37 apologies were issued within two weeks of the crisis incident becoming known to the public.

The main charge against the apology is that it can be bad for business – that it can lead to protracted and

expensive legal liabilities. We wanted to see whether there was some way of comparing the financial impact of an apology with the impact of not apologising.

The most effective way to do this was to compare the total cost of litigation and compensation for as many crises as we could, against the relative value destruction in terms of market capitalisation for those companies. We considered the damage to the value of the owners' shareholdings to be the best proxy for reputational impact under these circumstances (although it is fair to note that the cost of litigation will impact share price itself).

We discovered 37 crises where the cost of litigation was publicly reported. The total cost of the litigation and compensation relating to those crises was $66.73bn. This compares to a total destruction in market capitalisation for the same businesses of $138.36bn. By this measure, it could be argued that if you don't apologise, you will double your litigation costs in terms of value lost.

Boards need to consider the impact of not apologising in a crisis situation. The effect of reputational damage in terms of share price destruction easily outweighs the cost of litigation. The crises which hit hardest are those where management is clearly culpable or endemic cultural decay is evident. For example, the report suggests that culture and effective employee engagement are even more important than planning for cyber risks.

Companies need to be prepared for the explosion in traditional and social media interest which will come their way in a crisis situation. Preparing for their 'nightmare scenario' events could mean the difference between keeping their doors open and going out of business. ■

Gebhardt is Head of FTI Consulting South Africa.

M&A activity to remain subdued

Tapiwa Shamu

After what can only be described as a difficult year for mergers and acquisitions in SA in 2018 (total number of deals announced were 517 in 2018 compared to 588 in 2017, total value down from R637 billion to R610 billion in the same period (**DealMakers**, 2018), the sector has shown little, if any, sign of life in the first quarter of 2019. This is certainly not surprising given the growing levels of political and economic uncertainty that continue to plague the country.

SA dodged a proverbial bullet at the end of March when Moody's Investor Service – the last of the big three international ratings agencies to make a call on SA – effectively deferred a decision on the country's credit rating until November. However, the resulting currency and market uptick was short-lived and the reality quickly set back in that all this announcement (or lack thereof) served to do was to draw out the economic uncertainty that has put the vast majority of investors in and outside SA into something of a catatonic state over the past 18 months.

And when one adds to this economic insecurity, the growing uncertainty around which direction the country will be led in after the national elections in May, it's easy to see why most investors are doing little more than treading water right now.

There is clear evidence of this 'uncertainty paralysis' effect across every major sector of the South African economy as the vital policy decision-making required to move investment forward in these sectors has, understandably, all but ground to a halt ahead of election day.

From telecoms and healthcare to mining, energy and agriculture, it seems like every industry in SA is currently waiting for big policy decisions to be made at national government level, and implemented at departmental level. There are few things that are as effective in grounding investment transactions than policy uncertainty.

Of course, the uncertainty that has characterised the SA economic landscape of late has not caused M&A activity to cease altogether. Ironically enough, that very uncertainty has forced a number of troubled larger organisations to enter into transactions that they would no doubt have preferred to postpone were the economic situation different. This has created pockets of opportunity in the markets, but these have largely only appealed to investors with iron constitutions and balance sheets to match.

The good news, however, is that irrespective of the outcome of the elections in May, simply completing the process of choosing a governing party for the next five years is likely to be a catalyst that should ignite a measure of renewed activity for M&A in SA. The incumbent government has made all the right noises about policy direction and their commitment to action should they be elected to office. With the certainty of five years at the helm of the country, the elected government should be much more inclined to make the big decisions that the SA populace, and the country's economy, have been waiting for.

Of course, all this local market uncertainty begs the question, where can M&A investors focus their attention until SA is on a more even keel? Unfortunately, there's no simple answer. The logical response might seem to be to look northwards into Africa or even further afield, to Europe or the USA. However, the recent challenging experiences of a number of large SA organisations that ventured into

these markets has shown that M&A in Africa is by no means easy, and that success is in no way assured. In the same vein, the so-called Western markets also present numerous difficulties, not least of which is a general underestimation by local investors and organisations of the risks that may be posed even in developed markets. Adding to these challenges is a weak, and apparently weakening, local currency, which can make even the most appealing offshore M&A opportunity unaffordable.

That's not to say that SA investors shouldn't be looking outside the borders of their home country for M&A prospects. In fact, doing so is still potentially one of the most effective ways of insulating themselves against the effects of lingering SA insecurity. However, as is the case, even in the most positive of investment times, a prudent approach is well advised. So, for the foreseeable future, caution is arguably the best policy until it becomes clear that SA Inc. is back on track with a clear idea of exactly where it is going. ■

Shamu is a Principal with Corporate Finance for Nedbank CIB.

NEDBANK CIB

Widespread amendments to SA's Competition Law Regime

Lerisha Naidu

Angelo Tzarevski

An extensive set of competition law amendments has been in the making since December 2017 when the Competition Amendment Bill (Bill) was initially gazetted for public comment. After robust public participation and commentary, the key features of the Bill have predominantly made their way into the Competition Amendment Act (Act), which, on 13 February 2019, received the requisite presidential assent. All that remains is a proclamation of a commencement date from which the Amendment Act will find application.

It has always been the case in South Africa that the competition authority's remit transcends pure competition issues into the realm of the public interest. It is in this context that the Amendment Act's overarching objective is to ensure the achievement of economic transformation. This it strives to do by addressing high levels of concentration, enhancing small business development and tackling the "racially-skewed" spread of ownership through merger control, the prosecution of abuses of dominance as well as market enquiries. The amendments will essentially empower the authority to "de-concentrate" what it considers to be otherwise highly concentrated markets.

A study conducted by the Competition Commission (Commission), which underpinned the formulation of the Bill, found that the following industries/sectors in South Africa were considered by it to be highly concentrated, based on market share estimates: ICT (55.2% market share), energy (60.8%), financial services (68.8%), food and agro-processing (60.5%), infrastructure and construction (52.6%), intermediate industrial products (63.3%), mining (62%), pharmaceuticals (59.6%) and transport (67.4%).

It is in this context that the widespread amendments to the Competition Act should be contextualised and understood.

Abuse of Dominance Provisions

The Act appears to render the prosecution of abuse cases easier for the Commission. In particular, it introduces a reverse onus in relation to excessive pricing prosecutions, requiring the allegedly dominant firm to refute the *prima facie* case against it by showing that prices charged are reasonable. The Act also prohibits a dominant firm from requiring an *unfair* trading condition or imposing an *unfair* price when the supplier is a small and medium-sized business, or a firm controlled by historically disadvantaged persons operating in a designated sector. The onus is placed on the dominant firm to prove that the prices or trading conditions are not *unfair*. The Act also sets the cost benchmarks in relation to predatory pricing provisions and also formally introduces the concept of *margin squeeze* into the list of specific abuses of dominance. Further, the Act specifically prohibits a dominant firm from price discrimination where it will have a net anti-competitive effect and impede the ability of small and medium businesses controlled by historically disadvantaged persons to participate effectively in a market. This too contemplates a reverse onus of proof.

An increased number of prosecutions of abuse cases is expected, given the reversal of the onus and the resultant dilution of the requirements that the Commission may satisfy in bringing a case. The dominance provisions are also a conduit to achieving de-concentration and the spotlight will be on businesses operating in highly concentrated industries identified.

Foreign Investment Interventions

The Act envisages the constitution of a committee that will be responsible for considering whether a transaction involving a foreign acquiring firm could have adverse effects on South Africa's national security.

The national security interests will be identified and published by the President after taking into account factors such as the use or transfer of sensitive technology/know-how outside of South Africa, and the security of infrastructure (including processes, systems, facilities, technologies, assets and services) essential to the health, safety, security or economic well-being of South African citizens.

Once the list is published and the committee has been constituted, a foreign acquiring firm (in the event of a compulsorily notifiable transaction) will be required to notify the transaction to both the Commission as well as the foreign investment review committee. Both must approve (with or without conditions) the transaction in order for it to be implemented in South Africa. The committee has the power to approve the transaction (conditionally or unconditionally) or prohibit its implementation.

Without the committee's decision, the competition authorities are hamstrung in furnishing a decision. However, where the committee makes a decision that prohibits the transaction, the necessity for a decision from the competition authorities will be obsolete as they will be precluded from approving a transaction that has already been prohibited.

Notably, the Act does not contemplate a right of appeal where the committee has prohibited a transaction or approved it subject to unfavourable conditions. It appears the only avenue for aggrieved parties would be a review on administrative law grounds in the High Court. The adjudicative arms of the competition authorities (being the Competition Tribunal and Competition Appeal Court) are not possessed of the jurisdiction to entertain appeals of the committee's decisions.

Merger Control

Under the current merger control dispensation, the competition authorities have a public interest mandate. This mandate has been extended by the Act to include an additional public interest factor, namely the *"promotion of a greater spread of ownership, in particular to increase the levels of ownership by historically disadvantaged persons and workers in firms in the market"*.

One of the existing public interest factors has also been tweaked to enable the authorities to take into account the *"ability of small and medium businesses or firms controlled by historically disadvantaged persons to effectively enter into, participate in or expand"* within a market.

Separately, when determining whether a proposed transaction is to be approved (conditionally or otherwise) or prohibited, the authorities must also consider the extent of ownership by a party to a merger in other firms in a related market; the extent to which a party to the merger is related to other firms in related markets, including through common members or directors; and any other mergers engaged in by a party to a merger for a period to be stipulated by the Commission.

Confidential Information

The current confidentiality regime enables parties to make a claim for confidentiality, which the Commission is bound by until such time as it is struck down or varied by the Tribunal. In terms of the Act, the Commission may determine whether information submitted to it is indeed confidential. If it agrees that it is confidential, it may nevertheless make any appropriate arrangement concerning access to the information. If the Commission disagrees that the information is confidential, the party claiming confidentiality will need to assert its claim before the Competition Tribunal within a prescribed period. If the Commission disagrees that the information is confidential, it will invite the views of the party that has claimed confidentiality. The Commission will consider the parties' submissions but will not be bound by them and will then make its own decision on confidentiality.

Administrative Penalties

In the pre-amendment dispensation, there are "yellow card" offences, which do not attract a penalty on a first-time offence and "red card" offences, which do. In terms of the new Act, all first-time offences attract a penalty of up to 10% of a respondent's annual turnover. In relation to repeat offences, the Act introduces an administrative penalty of up to 25%.

When determining an appropriate penalty, the impact of a contravention on small and medium business or businesses owned by previously disadvantaged groups will be considered in mitigation or aggravation.

In terms of the Act, an administrative penalty may be increased to include turnover generated by an offending firm's parent company if the parent company was aware or should reasonably have known that its subsidiary was engaging in the anti-competitive conduct. Controlling companies can also be held jointly and severally liable for the payment of an administrative penalty.

Market Inquiries

The proposed market inquiry provisions will be the key conduit used by the Competition Commission to analyse and address perceived structural concerns in a market. Notably, competition authorities will now be able to conduct a market inquiry if any feature or combination of features in a market adversely affects competition in that market, even if that impact is not substantial.

Following an inquiry, the Commission may take any action to remedy, mitigate or prevent an alleged adverse effect on competition. If the Commission takes the view that a divestiture must be ordered, it will be required to obtain an order from the Competition Tribunal, which must also be confirmed by the Competition Appeal Court.

Firms in concentrated markets may be drawn into inquiries and will need to actively participate in them, given the extreme remedies that may be imposed. It is also envisaged that more firms will be contesting recommendations made by the Commission for divestiture before the Competition Tribunal and Appeal Court.

It is not yet clear when the Amendment Act will fully come into force. In anticipation of its implementation, it is prudent for companies to begin engaging with the implications of its provisions. ■

Naidu is a Partner and Tzarevski a Senior Associate, Competition & Antitrust Practice, Baker McKenzie Johannesburg.

Metro Fibre's game changer

The strategic equity investment by Stoa Infra & Energy ("Stoa") into Metro Fibre Networx (Proprietary) Limited ("Metro Fibre") comes as no surprise in a sector that is currently experiencing significant growth and requiring large amounts of capital, both debt and equity, to fund and sustain this growth. In March 2019, Metro Fibre completed a landmark strategic equity capital raise – the third equity capital raise since inception in 2010, at a valuation that justified further investment by its existing shareholders. The equity capital raise positions Metro Fibre for continued growth, moving from regional operations to establishing national operations as a diversified telecommunications company.

In October 2018, the International Telecommunications Union published the findings of its study on *"The economic contribution of broadband, digitization and ICT regulation"*. The findings of the study include:

- An increase of 1% in fixed broadband penetration yields an increase of 0.08% in gross domestic product (GDP);
- An increase of 1% in the digital ecosystem development index results in 0.13% growth in GDP per capita; and
- Significant correlation (0.6) between efficient and effective ICT regulation and the investment in infrastructure of digital services, connectivity of digital services, household digitization and digital factors of production.

In the South African context, the importance of inward foreign direct investment and investment in the ICT sector coupled with efficient regulation cannot be underestimated. As an investment bank, Standard Bank expects the ICT sector to remain active through capital raisings and consolidation.

Metro Fibre is a high-growth emerging player in South Africa's Fibre-To-The-Home (FTTH) and Fibre-To-The-Business (FTTB) markets. The company was established in 2010 by telecommunications professionals with a long history of establishing businesses in the sector.

In 2013, Sanlam Life Insurance Limited, through its Sanlam Private Equity division, became a significant shareholder in Metro Fibre, providing the Company with access to capital to execute its then strategy to provide wholesale and retail fibre connectivity for customers in its FTTB segment.

In 2015, Metro Fibre launched its FTTH offering, focusing on the northern suburbs of Johannesburg and Pretoria in Gauteng. The FTTH segment has seen homes passed growth in excess of 216% compound annual growth rate (CAGR) and connected homes growth in excess of 151% CAGR since inception.

In 2017, Metro Fibre's management and shareholders approved an ambitious R2bn capital expenditure ("capex") programme which will see the Company develop and expand its core network with a view to address the significant demand experienced in its FTTH and FTTB segments.

Stoa is a joint stock French company owned by Caisse des Dépôts ("CDC") and Agence Française de Développement ("AFD") with a capital base of €600m earmarked for investments in equity and quasi-equity in developing and emerging countries in the power, telecommunications and transportation sectors, with a strong focus on Africa.

Established in 2017, Stoa represents the emergence of a new type of infrastructure investor, at least in the African landscape. Stoa's investment team think, operate and approach its investments in the same way as private equity investors, with the agility to match them.

Speaking about the equity raising process, Metro Fibre's Deputy Chief Executive, Jan-Jan Bezuidenhout commented, "We were extremely impressed by Stoa's approach to the transaction. We found Stoa to be pragmatic and agile displaying a deep understanding of Metro Fibre, South Africa as a country and the opportunity that Metro Fibre is pursuing."

Standard Bank acted as Financial Advisor to Metro Fibre in the equity capital raise, adopting a two-phased process with a significant amount of information shared in the early part of the process. This approach allowed the parties to quickly assess the opportunity and reach commercial consensus on value and shareholder alignment. Standard Bank's deep telecommunications expertise, global network with financial investors, and its advisory capabilities, came together to provide a bespoke solution to Metro Fibre, balancing the requirements of incoming and existing shareholders to attract the right partner that shares the same values as Metro Fibre's management and shareholders. ■

Andrew Balnaves

Sthembiso Tshabalala

Balnaves is the Head of Corporate Finance and Tshabalala Vice President in Corporate Finance at Standard Bank's Investment Banking Division.

Standard Bank

Directors' Power To Appoint

Nikhil Sham

A look at section 68(3) of the Companies Act

A common way in which a shareholder's power is exercised is by appointing or electing directors. Such power is usually reserved for shareholders only, save for when a vacancy arises on the board.

Section 68(3) of the Companies Act No. 71 of 2008 (Companies Act) empowers a board to appoint an eligible person to serve as a director of a company on a temporary basis until such vacancy is filled in accordance with s68(2) of the Companies Act (dealing with the default procedure in respect of the election of directors). This article will look at how s68(3) should be correctly interpreted to give effect to its intended consequences and effect.

In the ordinary course, s68(3) is used to ensure continuity and the efficient running of the company by empowering the remaining directors to temporarily appoint a director until such vacancy is filled by the shareholders. A technical issue arises, however, when s68(3) is read in isolation. As stated above, an appointment under s68(3) is temporary until filled by an election under s68(2), which section does not provide time periods within which such election must take place. The danger then of reading s68(3) in isolation is that absent time periods within which an election must take place, a "temporary" appointment would be tantamount to an indefinite appointment.

Considering that s68(3) specifically refers to a temporary appointment and that the right to appoint directors is usually within the purview of shareholders, not having a time limit within which such election must take place under s68(2) is an untenable position and could not have been within the contemplation of the drafters of such provision.

To prevent an absurd or unintended outcome, our view (supported by academics[1]) is that s68(3) must be read in conjunction with s70(3), which provides that:

"(3) if a vacancy arises on the board, other than as a result of an ex officio director ceasing to hold that office, it must be filled by –

(a) a new appointment, if the director was appointed as contemplated in section 66(4)(a)(i); or

(b) subject to subsection (4), by a new election conducted –

(i) at the next annual general meeting of the company, if the company is required to hold such a meeting; or

(ii) in any other case, within six months after the vacancy arose –

(aa) at a shareholders meeting called for the purposes of electing the director; or

(bb) by a poll of the persons entitled to exercise voting rights in the election of the director, as contemplated in section 60(3)."

While s70(3)(a) deals with the appointment of a director to fill a vacancy on the board in respect of directors appointed by a person appointed or named in the memorandum of incorporation (MOI), s70(3)(b) imposes time limits by when an election must take place to fill such vacancy in other instances. It then follows that a temporary appointment by a board under s68(3) must be filled for an indefinite period in accordance with either s70(3)(a) or s 70(3)(b) as applicable.

In addition to the above, not only should s68(3) be read in conjunction with s70(3), but, in our view, s70(3) only applies when directors exercise their right to make a temporary appointment under s68(3). If the directors do not fill the vacancy by making a temporary appointment in terms of s68(3), s70(3) will not, in our view, have any application and will not compel the shareholders to fill the vacancy at, for example, the next annual general meeting of the company.

Applying s70(3) in other circumstances where a vacancy arises would amount to forcing shareholders to appoint directors, which is incongruous with their power to appoint and elect directors as and when they decide to do so.

In respect of listed companies (in addition to the requirements of the Companies Act) the time period within which a temporary appointment must be replaced by an indefinite appointment is provided for in schedule 10 of the JSE Listings Requirements (JSE LR) which requires that all listed companies, inter alia, have the following provision in their MOI:

"(c) The appointment of a director, to fill a casual vacancy or as an addition to the board, must be confirmed by shareholders at the next annual general meeting."

In conclusion, s68(3) must be read in conjunction with the provisions of s70(3), which section only applies if a vacancy has been filled by the board in terms of s68(3). Additionally, although not required, it is common for companies to include a provision substantially similar to that required by schedule 10.16(c) of the JSE LR in their MOI to avoid any uncertainty in respect of the above. ■

Sham is an Associate in ENSafrica's Corporate Commercial department.

[1] See Yeats, JL ; de la Harpe, R ; Jooste, R ; Stoop, H ; Cassim, R ; Seligmann, J ; Kent, L ; Bradstreet, R ; Williams, RC ; Cassim, MF ; Swanepoel, E ; Cassim, FHI ; Jarvis, K 'Commentary on the Companies Act of 2008' (2018) at 2-1258 and Piet Delport "Henochsberg on the Companies Act 71 of 2008" (2018) at 264(3)

DealMakers AFRICA

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AFRICA'S CORPORATE FINANCE MAGAZINE

from the editor's desk

As growth worries and trade war jitters threaten to spoil any rebound for emerging markets in 2019 the IMF and World Bank have reduced their 2019 regional growth forecasts. However, economies not dependent on commodities continue to grow strongly and East Africa is currently seen as the most successful economic region on the continent. The International Monetary Fund's 2019 GDP forecasts for East Africa released in April are: Kenya 5.8%, Rwanda 7.8%, Ethiopia 7.7%, Tanzania 4% and Uganda 6.3%.

Information technology is a game changer for Africa, freeing it of geographical constraints. The speed and availability of technology suggest there are huge opportunities for some African countries and harnessing information technology more effectively could boost annual growth. In a study on IoT in Agriculture conducted by Frost & Sullivan, ICT solutions are overcoming challenges and changing the way traditional farming is conducted (pg11).

In its latest annual study *"Where to Invest in Africa"* Rand Merchant Bank's Investment Attraction Index considers two important conditions for viable investment: economic activity and the operating environment, highlighting the lack of efficient infrastructure as one of the highest hurdles to business in Africa. Egypt is listed as the number one country in its investment attractiveness-ranked list of top ten countries.

This issue of DealMakers AFRICA carries the first in a series of articles exploring investment opportunities in the different African regions. Egypt, which is emerging as one of the best reform stories in the EEMEA, is the focus of the North African region (pg14).

Analysis of data by DealMakers AFRICA shows that the two largest transactions on the continent (excluding South Africa) during the first quarter of 2019 were in Central Africa. The acquisition by China Molybdenum of an indirect stake in the Tenke Fungurume copper and cobalt mine in the DRC for US$1,14bn topped the list followed by the acquisition by African Petroleum of PetroNor E&P in the Republic of Congo for A$1bn. In terms of regional activity, East Africa announced 27 transactions followed by West Africa (20 transactions) and Southern Africa (18 transactions) respectively (page 1).

Following on from the immense success of the first standalone DealMakers AFRICA Annual Awards in Nairobi in February the league table rankings of advisory firms will be released half yearly: in the Q2 and Annual issues of the magazine. Pictures of the event, together with the list of winners, can be viewed on the DealMakers AFRICA website, and have been included in this issue adding a wonderful splash of colour to the pages. •

MARYLOU GREIG

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DealMakers AFRICA M&A Analysis Q1 2019

REGIONAL ANALYSIS (Excluding failed deals)

		LOCAL DEALS		FOREIGN DEALS		TOTAL	
Region	**Country**	**US $ Value**	**No**	**US $ Value**	**No**	**US $ Value**	**No**
Central Africa	Cameroon	4 372 975	1	0	0	4 372 975	1
	Chad	undisclosed	1	0	0	undisclosed	1
	DRC	1 135 993 579	1	0	0	1 135 993 579	1
	Republic of Congo	776 582 891	1	0	0	776 582 891	1
		1 916 949 445	**4**	**0**	**0**	**1 916 949 445**	**4**
East Africa	Kenya	37 539 054	17	31 000 000	2	68 539 054	19
	Rwanda	21 000 000	1	0	0	21 000 000	1
	Tanzania	14 681 273	7	533 473 852	2	548 155 125	9
	Uganda	undisclosed	2	0	0	undisclosed	2
		73 220 327	**27**	**564 473 852**	**4**	**637 694 179**	**31**
North Africa	Egypt	601 635 508	6	0	0	601 635 508	6
	Morrocco	undisclosed	2	0	0	undisclosed	2
	Tunisia	0	0	69 100 000 000	1	69 100 000 000	1
		601 635 508	**8**	**69 100 000 000**	**1**	**69 701 635 508**	**9**
Southern Africa	Botswana	321 486 374	5	undisclosed	2	321 486 374	7
	Mauritius	35 000 000	3	0	0	35 000 000	3
	Mozambique	4 963 984	3	0	0	4 963 984	3
	Namibia	79 342 797	3	0	0	79 342 797	3
	Zambia	20 167 444	3	0	0	20 167 444	3
	Zimbabwe	300 000 000	1	0	0	300 000 000	1
		760 960 599	**18**	**undisclosed**	**2**	**760 960 599**	**20**
West Africa	Burkina Faso	15 723 361	1	0	0	15 723 361	1
	Cape Verde	undisclosed	1	0	0	undisclosed	1
	Côte d'Ivoire	35 000 000	2	0	0	35 000 000	2
	Ghana	undisclosed	1	0	0	undisclosed	1
	Nigeria	16 650 000	14	0	0	16 650 000	14
	Togo	undisclosed	1	0	0	undisclosed	1
		67 373 361	**20**	**0**	**0**	**67 373 361**	**20**
		3 420 139 240	**77**	**69 664 473 852**	**7**	**73 084 613 092**	**84**

DealMakers Africa classifies deals by the location of the target's Head Office or that of the acquirer/seller. Where the target has subsidiaries in an Africa country, the deal /transaction is classified as a foreign deal/transaction in that country. In this instance, local advisers to foreign deals are awarded credit only for deal flow.

DealMakers AFRICA Rankings will be released bi-annually, H1 (mid-August) and in the Annual issue (early March).

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DealMakers **AFRICA** hosted the first standalone AFRICA awards in Nairobi, Kenya on 26 February 2019.

DealMakers
EAST AFRICA

East Africa Region

Deal of the Year: Rubis Energie acquisition of KenolKobil

Advisers to the deal:
Stanbic Bank Kenya, SBG Securities, Standard Investment Bank, Bowmans, BLM Advocats, Kaplan & Stratton and Daly & Inamdar

East Africa Deal of the Year

Private Equity Deal of the Year: The Rise Fund-led investment in Cellulant

Advisers to the deal:
Magister Advisors, Iseme Kamau & Maema, Anjarwalla & Khanna, DLA Piper (London) and Orrick

East Africa Private Equity Deal of the Year

2018 League Tables – Mergers & Acquisitions

Financial Advisers by Deal Value

1st	Standard Bank Group
2nd	Standard Investment Bank
3rd	Exotix Capital

Financial Advisers by Deal Flow

1st	Standard Bank Group
2nd (tie)	StratLink and I&M Burbidge Capital

Standard Bank Group

Standard Investment Bank

StratLink

I&M Burbidge Capital

Legal Advisers by Deal Value

1st	Bowmans
2nd	BLM Avocats
3rd	MMAKS Advocates

Legal Advisers by Deal Flow

1st	Bowmans
2nd	Anjarwalla & Khanna
3rd	Kaplan & Stratton

Bowmans

Bowmans

Anjarwalla & Khanna

Kaplan & Stratton

2018 League Tables – General Corporate Finance

Financial Advisers by Transaction Value

1st	Renaissance Capital
2nd	Horizon Africa Capital
3rd	Verdant Capital

Financial Advisers by Transaction Flow

1st	Renaissance Capital
2nd (tie)	Horizon Africa Capital and Verdant Capital

Renaissance Capital

Horizon Africa Capital

Legal Advisers by Transaction Value

1st	Bowmans
2nd	Trust Law Chambers
3rd	MMC Africa Law

Legal Advisers by Transaction Flow

1st	Bowmans
2nd (tie)	Trust Law Chambers and MMC Africa Law

Bowmans

MMC Africa Law

West Africa Region

Deal of the Year: Merger of Cement Company of Northern Nigeria and Kalambaina Cement Company

Advisers to the deal:
Stanbic IBTC Capital, Union Capital Markets, G. Elias & Co and Jackson Etti & Edu

West Africa Deal of the Year

Standard Bank Group

G. Elias & Co

2018 League Tables – Mergers & Acquisitions

Financial Advisers by Deal Value
1st Standard Bank Group
2nd Union Capital Markets
3rd (tie) Citi Global Markets, Chapel Hill Denham Advisory and Exotix Capital

Financial Advisers by Deal Flow
1st Standard Bank Group
2nd (tie) Palewater Advisory, Strand Hanson and SP Angel Corporate Finance

Legal Advisers by Deal Value
1st (tie) ACAS-Law and Linklaters
3rd G. Elias & Co

Legal Advisers by Deal Flow
1st G.Elias & Co
2nd Banwo & Ighodalo
3rd (tie) Linklaters, Templars and Olaniwun Ajayi

2018 League Tables – General Corporate Finance

Financial Advisers by Transaction Value
1st IC Securities
2nd FBN Quest Merchant Bank
3rd Vetiva Capital Management

Financial Advisers by Transaction Flow
1st IC Securities
2nd (tie) FBN Quest Merchant Bank and Vetiva Capital Management

Legal Advisers by Transaction Value
1st Bentsi-Enchill Letsa & Ankomah
2nd (tie) Banwo & Ighodalo and Templars

Legal Advisers by Transaction Flow
1st Bentsi-Enchill Letsa & Ankomah
2nd Zoe Lexfields
3rd (tie) Banwo & Ighodalo and Templars

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AFRICA
East Africa
Deal of the
Year
2018
Rubis Energie for KenolKobil

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AFRICA
West Africa
Deal of the
Year
CCNN/KCC merger

New scramble for Africa: Structuring for business success

DEEPA VALLABH

Home to the fastest-growing middle class in the world, Africa is predicted to have a larger workforce than both China and India by the year 2034. Consequently, both public and private stakeholders from around the world are increasingly working towards strengthening their ties with the continent – a surge in foreign interest that has been aptly dubbed "the new scramble for Africa" in the most recent edition of *The Economist*.

Vallabh

This scramble is perhaps most evident from a diplomatic perspective, considering that the continent saw over 320 new embassies opening over the six-year period between 2010 and 2016. However, greater interest in strengthening ties from a military and commercial perspective has also become increasingly apparent – particularly from emerging economic giants such as China and India.

With foreign involvement in Africa reaching unprecedented levels, the continent is undeniably ripe with investment opportunity. Effectively realising the fruits of these opportunities, however, will demand a relatively high tolerance for risk and require the strategic navigation of several key challenges.

Leading these challenges is the high level of uncertainty that continues to plague many African countries. Associated risks such as political and social instability, a lack of infrastructure, major regulatory barriers and the lack of a skilled labour force, will therefore need to be mitigated by investors in order to obtain the potentially high rewards at stake.

This scramble is perhaps most evident from a diplomatic perspective, considering that the continent saw over 320 new embassies opening over the six-year period between 2010 and 2016.

Among these rewards is the prospect of high returns. According to the Overseas Private Investment Corporation and United Nations Conference on Trade and Development, Africa offers the highest return on direct foreign investment in the world.

African investments can however be extremely complex. This is because they are regulated by unique agreements and arrangements between the parties involved and are subject to country-specific regulatory approvals, which can lead to difficulties if not properly understood.

In order to ensure maximum efficiency and minimal risk when making such an investment, it is important that investors gain a thorough understanding of the regulatory and compliance processes that are involved. This includes being well-educated on the various options and structures that are available and how to minimise risk and increase efficiency in each structure.

Foreign investors wishing to invest in Africa have a number of options available to them, including the purchase of shares, the purchase of assets, or a merger. In the case of an equity purchase, given that an existing company is being invested in, extensive

due diligence, well drafted warranties and indemnities are required. This process is not as simple as purchasing a newly formed company, as investors will now also need to access shareholder agreements and amended constitutional documents.

Asset purchases are generally easier as investors will not need to review a significant amount of historical data. There is, however, still a need for extensive warranties and potentially, interim support agreements with the sellers.

Lastly, for merger transactions, substantial due diligence is required and regulatory approval is critical given the extensive level of negotiation that takes place in determining the terms of the deal.

In terms of investment structures, joint ventures (JVs) are typically utilised when entering the African market, as they can be structured informally and therefore allow for greater flexibility. They are governed by JV agreements, which allow for negotiating power and flexibility, in comparison to more formally regulated and legislated structures.

There are three common forms of JV structures, namely the Private Joint Venture Company, the Partnership and the Unincorporated Joint Venture. It is important to remember that each of these structures also has its own pros and cons, which should be carefully considered on a case-by-case basis.

Investors should utilise an extensive due diligence process to understand regulatory and sector specific requirements for the countries in which they wish to operate. Legal counsel with extensive Africa expertise is critical when investing into Africa, in order to ensure minimising of risk. ●

Vallabh is the Head of Cross-Border M&A in Africa & Asia at Cliffe Dekker Hofmeyr.

Navigating merger control complexities in Africa

SHAWN VAN DER MEULEN

Merger control complexities in Africa can undermine the commercial value of a proposed transaction - we take a look at some of the potential stumbling blocks to doing business in Africa.

Van der Meulen

As an acquisitive business or private equity fund manager, you've found the perfect pan-African business to buy, with operations in many countries. You've done your due diligence, the terms and price are agreed with the sellers, and now it's just getting those final conditions precedent (CPs) fulfilled to seal the deal. But then, you later realise that you need competition merger approvals in half a dozen countries before you can close the deal; some of which could take up to six months (or more!) and you haven't even started preparing the filings yet (which could themselves take weeks). If only you had known all of this sooner…

First, Africa is the "*new frontier*" for competition laws and merger control. New competition legislation and authorities are established on nearly a monthly basis. There are currently 21 countries in Africa (including Mauritius and the Seychelles) which have their own competition legislation and regulators. Many of these were put in place in the last five years. Countries are in the process of adopting new competition laws for the first time (such as

Ghana), or have very recently done so but are still establishing their new regulators (e.g. Mozambique, Nigeria, Comoros, Madagascar and the DRC). Others still may not have their own competition law regimes (yet), but are members of regional bodies such as the Community for Eastern and Southern Africa (COMESA), whose Competition Commission exercises regional jurisdiction over member states. Other regional authorities such as the East African Community (EAC), Economic Community of West African States (ECOWAS), Central African Economic and Monetary Community (CEMAC), and West African Economic Monetary Union (WAEMU) have been established and exercise some form of merger oversight. This rapidly evolving environment creates a regulatory minefield for M&A activity on the continent, particularly where the inadvertent failure to notify a merger could lead to substantial administrative penalties or even personal or criminal liability for directors.

Second, the thresholds for notifying a merger to all these regulators are inconsistent, sometimes illogical, very low or non-existent. This creates great complexity in analysing and deciding where to file a merger. For example, COMESA's merger control regime was ostensibly set up to be a "*one stop shop*" for merger control for all COMESA member states. In other words, instead of needing to obtain merger approvals in five or six countries, a single filing could be made to COMESA and this would cover all member states. While this has worked to some degree, due to inconsistencies between local and COMESA's filing thresholds, it often doesn't. On occasion, in practice, the thresholds for a COMESA filing are not satisfied, but the local thresholds in member states are still met. The result is that one has to file in multiple countries even though they are all COMESA member states, seemingly contrary to the purpose of COMESA. Kenya, which is a COMESA member, has taken the view that it requires a local merger notification even if one is filed with COMESA; although, moves are underway to address this. In addition, in some countries the thresholds for notification are very low, such as Botswana where the target firm threshold is a mere BWP10m (around R14m). Certain countries, such as the Kingdom of Eswatini (formerly Swaziland), have no thresholds at all, meaning that the acquisition of a business that has any presence or sales in that country - no matter how negligible - may be notifiable.

Merger control in Africa is complex. Involving a competition law expert from the outset will allow parties to avoid or mitigate some of these common frustrations through adopting proactive strategies to manage risk and allow for the competition approval CPs to be fulfilled more quickly.

Third, and unfortunately, many regulators in Africa view merger control as a "business tax". Merger filing fees are often overlooked by parties and advisers when negotiating a transaction, but they can be significant. In some jurisdictions, the applicable merger filing fees are calculated as a percentage of the parties' *worldwide* turnover or assets, regardless of their turnover or assets in country, with inflated filing fee levels and "caps" (often in USD). This is the case for countries such as Eswatini and Tanzania, where the filing fees payable for the merger filing can easily exceed the total turnover generated by the parties in those countries. Tanzania has also taken an arbitrary and unjustified position that where an acquirer purchases a holding company which controls multiple subsidiaries in Tanzania, a separate merger filing is required for each subsidiary in Tanzania and, of course, the applicable filing fee based on the merger parties' *worldwide group* turnover or asset values must accompany every filing. These issues need to be considered when looking at the commercial value of a business in certain countries.

Finally, things in Africa often take time. While established and more experienced regulators such as South Africa, Namibia, Botswana and Zambia generally have quick turnaround times for investigating and approving mergers, newer authorities may have systemic problems that can cause delays. Some regulators investigate the mergers relatively quickly, but then there are serious delays at the final decision-making step. In many countries, the regulators' final decision-making bodies comprise "boards" of appointed officials. Delays can occur when the board only meets irregularly, a quorum for a decision cannot be reached at a scheduled meeting, or even that the board has been disbanded, with no replacement appointed for weeks. To avoid frustrations for all parties, other practical solutions need to be carefully considered and structured into the transaction to allow it to close. This may include ring-fencing

arrangements for certain countries that can be raised and agreed with the regulators timeously, or seeking other forms of consent to implement the transaction pending a final approval.

Merger control in Africa is complex. Involving a competition law expert from the outset will allow parties to avoid or mitigate some of these common frustrations through adopting proactive strategies to manage risk and allow for the competition approval CPs to be fulfilled more quickly.

Van der Meulen is a Partner in the Competition Practice at Webber Wentzel. He specialises in merger control (particularly for private equity clients) and has assisted parties with merger control filings in South Africa, Namibia, Botswana, Zimbabwe, Eswatini, Zambia, Malawi, Tanzania, Kenya, Ethiopia and COMESA.

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Startups key to driving smart agriculture in Africa

DONNA LIEDEMANN

According to a study on IoT in Agriculture by Frost & Sullivan, ICT solutions such as precision equipment and the Internet of Things (IoT) are overcoming challenges and changing the way traditional farming is conducted in Africa.

Liedemann

The study found startups are a key element to drive smart agriculture in Africa as they understand the dynamics of the continent and contribute to small business. These small businesses are a key element in eliminating poverty and improving crop yield. Mobile platforms and technology have seen the greatest adoption in Africa, due to the high capital cost of foreign technology.

Smart farming is the digitalisation of agricultural processes through the use of advanced IT equipment (sensors, geolocation systems, drones, and robotics) to make informed decisions about crop health, chemicals, and water requirements. Through the integration of information technology (IT), farmers can ensure efficient farm management by improving crop productivity and soil health, which will pave the way for long-term sustainable agricultural practices and the protection of the environment.

Agriculture is the main source of food and income in Africa, and it is essential to improve the way in which farming is done through sustainable farming practices, to ensure food security between now and 2050. Mobile connectivity and applications are driving digital transformation in the agricultural sector, allowing farmers to have access to market-related information and digital financial services.

The study also notes the need for critical infrastructure as a vital element in transforming the agricultural sector in Africa. While the usage of advanced technology in Africa's agricultural sector is still in a nascent phase, Frost & Sullivan estimates the number of Internet of Things (IoT)-connected devices will grow by 1.8% between 2017 and 2020 for the Middle East and Africa (MEA) region, reaching 1.37 million in 2020.

Africa's challenges in the agricultural sector include slow growth, low crop productivity and dependency on natural rainfall. With emerging trends in precision agriculture, cloud performers, IoT and data analytics, farmers — with the help of technology — can observe and collect data to improve production output, reduce costs and conserve resources.

Precision agriculture is the application of technology for farm management that relies on specialised equipment, software, and IT services. This allows access to real-time data on crop, soil, and air conditions; weather and rain predictions; and labour costs through various technologies (sensors, satellites, and drones). Precision agriculture will then assist the farmer to use the right amount of water and fertiliser inputs; reduce costs and estimate yields; remotely monitor crops, equipment and livestock; as well as run statistical predictions on their crop and livestock.

Emerging trends in precision agriculture include crop management, which is an innovative agricultural practice enabled by the IoT network and technology to detect crops with deviations from normal growth, which helps determine the field sections requiring human intervention. Sensors are placed in the fields, allowing farmers to have a detailed outlook of soil conditions, such as temperature, acidity, moisture content, and surrounding air.

Drones are used to inspect farmlands and generate crop data, while robots are equipped with sensors and cameras and can pick up information such as the nutrient content of plants/crops and the health and moisture of the soil. Automated systems will also allow farmers to make immediate decisions, such as identifying fields requiring treatment and determining the best quantity of water, fertilisers, and pesticides per requirements.

Smart farming implementation increases agriculture while uplifting and empowering farmers as they confidently sow, irrigate, harvest and apply chemicals at the right time. Innovation also leads to greater farmer inclusion and drives the youth to become more engaged in the IT sector. Integrating communication technology aids in streamlining production and harvesting processes; this leads to increases in output and enriches the small farm holder.

Mobile platforms and applications have been the key technologies revolutionising the agricultural sector and paving the way for advanced technological practices. With increasing connectivity, especially in rural areas, farmers now have increased access to farming information that is leading to increased crop output.

Most farmers in rural areas do not have access to credit and insurance. The majority also do not have a track record enabling them to qualify for microloans and insurance. However, insurance and a credit record for small farmers are possible through partnerships with farming cooperatives, smart agriculture providers, and non-government and government organisations. Limited access to telecoms, roads and storage along with poor road transportation and inadequate storage infrastructure with fragmented value and supply chains are some of the bottlenecks that hinder the viability and scalability of small-scale farmers on the continent.

Agriculture is the main source of food and income in Africa, and it is essential to improve the way in which farming is done through sustainable farming practices, to ensure food security between now and 2050.

Currently, technologies are being used individually to address a particular challenge. However, the study notes that in the medium to long term, there will be increased data analysis driving precision agriculture and increased stakeholder collaboration, creating a new digital ecosystem for the agricultural sector.

Across all stages of the agriculture value chain, agricultural data is valuable for government departments, insurers, commodity traders, and developers of machine learning systems. Frost & Sullivan predicts that there will be a growing number of IoT startup companies providing new solutions to the farming sector, especially in Southern and East Africa.

Smart agriculture is the key to unlocking agricultural potential in many African countries due to the periodic rainfall, limited funding, waste, and insufficient road and support infrastructure. Startups remain the key driver for smart agriculture in Africa as they support small farmers with cost-effective and efficient solutions to overcome these challenges. ●

Liedemann is Corporate Communications Officer at Frost & Sullivan Africa.

How Ugandan businesses could benefit from Islamic banking

SOPHIE NYOMBI

Nyombi

Many Ugandan businesses are eagerly watching developments in the area of Islamic banking, which could offer a welcome alternative to conventional banking services for Muslims and non-Muslims alike.

The cost of credit tends to be high in Uganda, where conventional banks are known for their high interest rates and bank charges. Islamic banking, on the other hand, does not allow the charging of interest (known as Riba). Such practices are considered unjust enrichment and are prohibited under Islamic laws (Sharia) and principles, on which Islamic banking anywhere in the world must be based.

Instead of charging or paying interest, Islamic banking works mainly on a partnership basis, where the financial institution enters into a profit-sharing contract with a customer. Profits and sometimes losses are shared at a pre-agreed ratio, depending on the type of contract. In a Mudarabah partnership, for instance, the financier will bear all losses incurred. In a Musharakah partnership, both the financial institution and the customer will share the profits and losses.

Given this risk-sharing approach, it is not surprising that Islamic banking transactions are typically subject to thorough due diligence before any agreement is entered into. Financial institutions scrutinise potential investments very closely and will not entertain any transaction that is speculative or prohibited under Islamic law. Responsible investment is a key principle of Islamic banking, which prohibits any investment that supports industries or activities considered harmful to people or society as well as prohibited in Islam, such as gambling, liquor, tobacco, arms, certain foods such as pork or any kind of speculative investment.

Legal framework already in place

With its emphasis on social justice and partnership, Islamic banking could be a potentially valuable source of funding for Ugandan entrepreneurs and small businesses that have been unable to access conventional funding.

Aware that Islamic banking could assist in extending financial inclusivity in Uganda, the government has put the necessary legal and regulatory framework in place, based on Sharia laws and principles. The Financial Institutions Act 2004 was amended in 2016 to make provision for Islamic banking and, in February 2018, the Financial Institutions (Islamic Banking) Regulations were passed into law. Under the regulations, an existing commercial bank may apply for a licence to operate Islamic banking 'windows' and fully fledged Islamic banks may be licensed.

Although quite a number of Uganda's 24 commercial banks have expressed interest in offering Islamic banking services, none has yet introduced a window for Islamic financing. In addition, the Central Bank has not licensed a fully Islamic financial institution.

Stringent governance requirements

There is an extensive governing framework that must be followed before Islamic financial services can be offered. According to the regulations, the Central Bank must have a central Sharia advisory council and commercial banks are required to have Sharia advisors and boards. Board members must have certain qualifications in order to serve and, at this point, there may be no Ugandans who qualify for such positions.

Product implementation also requires adherence to Sharia principles and is not merely an exchange of paperwork and terms. Implementing products involves having the right intention, following a prescribed sequence of steps and the correct timing.

It is to be hoped that Ugandan commercial banks are readying themselves for the introduction of Islamic banking and that it will not be too long before they launch their Islamic banking operations. After all, Islamic finance is one of the fastest-growing areas of finance worldwide.

Benefits could extend beyond Muslim customers

Islamic banking is practised in over 70 countries – 34 of which are non-Muslim countries and growing at an average of 19% a year. Uganda, where an estimated 13% of citizens are Muslims, is a late starter in the field and has some ground to catch up. Up to now, without sources of funding consistent with their faith, the country's Muslim population has had no choice but to use conventional banks whose principles do not align with Islamic law.

However, it is not only Muslims who stand to benefit. There is a misconception in the Ugandan market that Islamic banking is exclusively for Muslims. Not so. Other religions, from Christianity and Judaism to Buddhism, all prohibit financial exploitation of the poor (Riba) and gambling. More needs to be done to make the general public aware of the principles of Islamic finance and its potential benefits for all citizens and the Ugandan economy. ●

Nyombi is a Senior Associate with Bowmans in Kampala, Uganda.

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THE VALUE OF KNOWING

Investing in Africa: Why Egypt?

MARYLOU GREIG

This is the first in a series of articles exploring investment opportunities in the different African regions.

Egypt is emerging as one of the best reform stories in the EEMEA. The catalyst to this was the approval by the International Monetary Fund (IMF) of financial assistance in November 2016, in the form of an Extended Fund Facility (EFF) arrangement for c.$12bn. The focus of the EFF programme has been to improve the functioning of the foreign exchange markets, bring down the budget deficit and government debt, and raise growth to create jobs. .

The Egyptian authorities' economic reform programme has made substantial progress, as evident in the success achieved in the macroeconomic stabilisation and recovery of growth. In 2018, Egypt received $7,9bn in Foreign Direct Investment and the improvement in the economic and fiscal situation has triggered a 450-fold increase in foreign ownership of local debt from $0,1bn in H2 2016 to $17bn by mid-2018. The current account deficit has narrowed to 2,4% of GDP, from 5,6% in the previous year. GDP growth rose from 4,2% in 2016/17 to 5,3% in 2017/18 and growth is projected to rise further to 6% over the medium term as ongoing structural reforms are fully implemented and translate into stronger private investment. The unemployment rate has declined to single digits and is at its lowest since 2011. A number of regulatory reforms, including the Investment Law and the Companies Law, have been implemented with the aim of improving Egypt's ranking in international reports, and to help bring the economy to its full potential.

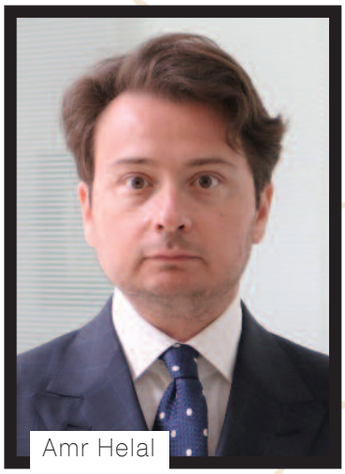
The effect of these economic reforms has been positive for merger and acquisition (M&A) activity in the country. CEO of Renaissance Capital (North Africa), Amr Helal, confirms this: "Increased activity has been driven by government reform and the IMF programme resulting in structural adjustments necessary for macro-stability and confidence in the economy; these have filtered positively through to the economy resulting in a renewed interest in Egypt as an investment destination".

Dr Khaled Moussa, one of the founding partners of TMS Law Firm, says Government was courageous in taking steps to amend legislation. These reforms have led to noticeable improvements in investors' confidence and put Egypt on the right path towards

stability and development. The Investment Law provides a new framework for the government to offer investors more investment-related incentives and guarantees. The new law aims to attract new investments, consolidate many investment-related rules, and streamline procedures.

Dr Khaled Moussa

Around the same time, says Moussa, amendments to the Company Law effectively introduce a new type of company in order to promote and ease investment in Egypt. These new amendment laws introduced a new type of company whereby an individual, whether a natural or juristic person, could solely establish a company. In addition it allowed for more corporate governance rules and minority protections were strengthened by increasing corporate transparency. These amendments, he adds, were made with the aim of making the business environment more attractive, and competitive; a response to market needs and important to multinationals looking to invest in Egypt.


Amr Helal

The local M&A market is deep and fairly mature with good regulatory oversight. Deals, he says, occur largely in the mid-cap market (less than $50 million) and can take between nine to 12 months depending on the complexity of the transaction. “Sectors most active are consumer facing including, for example, education, healthcare and fast moving consumer goods. More recently, there has been an increased interest in fintech and non-banking financial services which have seen exponential growth”, says Helal. The larger cap deals tend to be in oil and gas and the banking sector, driven by strategic acquisitions, but these are few and far between.

Private equity remains one of the players in the M&A market. Regional players have dominated this space over the past three to five years with targets essentially in the mid cap range. While Helal says there is no shortage of opportunities at this level, international private equity funds have been less prevalent, finding it difficult to identify target sizes of plus $100 million.

The pipeline for initial public offerings (IPOs) is full for 2019/2020, driven, says Helal, partly by the Government privatisation programme which is part of the agreement in terms of the IMF’s reform programme. Other IPOs planned are in the oil and gas, banks and financial services sectors, reflecting heathy opportunities for investors.

The Egyptian Stock Exchange (EGX) has played its role in developing and updating the Egyptian capital markets as part of the reform process. The level and quality of disclosures has been increased as have communication channels between listed companies and investors. Earlier this month, the proposed increase in the tax on stock exchange transactions was suspended in a bid to improve competitiveness of the Egyptian capital market, compared with neighbouring markets. Moussa says the increased focus by Government on capital markets, the amendment in 2018 to the Capital Market Law was approved by parliament earlier this year, will deepen Egypt’s financial markets making them more attractive to foreign investment. The amendment introduced the biggest changes since its enactment in 1992, addressing several vital topics and for the first time introducing new regulation for the futures market. The subsequent decree issued by the Financial Regulatory Authority (FRA) has further provided for regulatory framework to ensure the market stability through more advanced corporate governance and additional protections to the investors and minorities in both listed companies and companies operating in the financial sector.

The positive feedback from mainly South African attendees at the recent Renaissance Capital North Africa Investor Conference, held in Cape Town, suggests that investors are looking for new ideas on how to fit into the appealing reform story. Removing the constraints that have weighted on higher investment and job creation in the past has helped Egypt grow faster. Investment reforms have, says Moussa, enabled Egypt to gain market share in the region. Investors will be keenly watching to see whether Egypt sticks to its reform agenda once the IMF programme ends in November 2019. ●

DealMakers AFRICA LEAGUE TABLE CRITERIA

1. DealMakers AFRICA tracks M&A and other corporate finance activity across the African continent. Transactions are recorded by country and region.

2. DealMakers AFRICA records the following advisory roles
   a. Investment / financial / corporate advisor
   b. Legal advisor

3. DealMakers AFRICA records transactions in two category types:
   a. Mergers & Acquisitions (M&A). This is defined as resulting in new parties acquring exposure to new growth opportunities that they did not have prior to the conclusion of the transaction in question.
   b. General Corporate Finance (GCF). This includes –
      i. IPO's and share issues
      ii. Share repurchases
      iii. Unbundlings
      iv. Project funding/debt facilities

4. Transactions are recorded at announcement date except in the following cases:
   a. Rights issues are recorded at shareholder approval date.
   b. Listings are recorded at date of listing.
   c. If a deal has not been publicly announced but a company has approved the disclosure of the deal to DealMakers AFRICA, the signature date will be used.
   d. DealMakers AFRICA tables record deals by calendar year – January to December.

5. Transaction classification (Foreign vs Local)
   a. Local deals involve the acquisition or disposal by a company headquartered in an African country (other than South Africa) or an asset that is based in an African country (other than South Africa).
   b. Example : A UK-based firm buys a gold mine in Ghana. This is a local deal as the asset is based in Ghana, regardless of who made the purchase or sale.
   c. Foreign deals are recorded when a company being acquired is based in a non-African country, but has subsidiaries/assets in one or more African countries and the sale agreement requires local input to complete the deal – e.g. competition clearance.

6. Advisory credit
   a. Firms advising on local deals will get both deal value and deal flow credit.
   b. Local advisory teams will get deal flow credit for foreign deals.
   c. If the advisory firm's role is not listed on the company announcement, proof must be submitted to DealMakers AFRICA.
   d. If an advisory firm advises both parties to a deal, advisory credit will only be given once.
   e. Advisors to advisors will not be credited other than in the case of bookrunners to IPO's, rights issues and listings.
   f. Companies with offices in multiple countries – deal credit will be awarded under the local entity trading name, but the rankings for the region will be made under the group global name (this applies only to regional group offices and not to member affiliations).

7. Additional notes :
   a. Deal values are recorded in the currency announced and converted to US$ for ranking purposes using the exchange rate on the recorded date.
   b. Schemes of arrangements/offers will be included at the maximum consideration until such time as the results are released, at which point the database will be updated.
   c. Acquisition or disposal of properties by property companies – only deals with a minimum value of $10m will be included for ranking purposes (smaller deals will be included for information purposes only and to showcase the advisory firms scope of work, but will not count towards the rankings).
   d. Debt/funding transactions – only transactions valued at $20m and above will be included for ranking purposes (smaller deals will be included for information purposes only and to showcase the advisory firms scope of work, but will not count towards the rankings).
   e. Any deal that has failed, will be recorded in the tables for information purposes only and will not be included for rankings.
   f. Advisory firms are asked to submit their list of deals by the end of the first week after the close of each quarter. These lists will be checked against our databases and any queries or discrepancies dealt with. Firms will be asked to check and sign off on a final list of transactions credited to them before publishing.

8. DealMakers AFRICA does not accept responsibility for any errors or omissions.

RANKINGS

DealMakers AFRICA will publish transactions for all African countries, but at this stage rankings will only be published for EAST, WEST Africa and pan-Africa regions.

Two types of rankings will be published for each region
- M&A by deal value and deal flow.
- GCF by transaction value and transaction flow.

DEALMAKERS AFRICA Q1 2019 (excludes South Africa)

◆	COUNTRY	TRANSACTION TYPE	DETAILS
EAST AFRICA			
M&A	Kenya	Acquisition by	Shalina Healthcare of a stake in Pharmaceutical Manufacturing Company
M&A	Kenya	Disposal by	Fanisi Capital of Hillcrest International Schools to GEMS Education
M&A	Kenya	Acquisition by	Goodlife Pharmacy of certain assets of Maghreb Pharmacy
GCF	Kenya	Open market acquisition by	Africinvest of an additional 49,3m Britam shares, increasing its total stake to 16.26%
M&A	Kenya	Joint venture	Lancet Laboratories and Cerba HealthCare : Cerba Lancet Africa (49%:51%)
M&A	Kenya	Acquisition by	Africinvest Azure (AfricInvest and Catalyst Principal Partners SPV) of a stake in Prime Bank
M&A	Kenya	Acquisition by ■	African Infrastructure Investment Managers a member of Old Mutual Alternative Investments (Old Mutual) of a minority stake in BBOXX's operation
GCF	Kenya	Financing of	M-Tiba from The French Development Agency
M&A	Kenya	Acquisition by	Goodwell Investments of a stake in Copia
GCF	Kenya	Financing of	FarmDrive : pre-seed round investment in convertible notes by Engineers Without Borders Canada (EWB Canada); AK Impact Investors; 1 to 4; the ADAP Seed Fund 2; Sanu Capital and The Lakes Charitable Foundation
M&A	Kenya	Acquisition by	Everstrong Power of a stake in the 80MW Heavy Fuel Oil Athi River Power Plant (Gulf Energy)
M&A	Kenya	Acquisition by	Ramco Plexus of a 73,6% stake in Sintel Security Print Solutions
M&A	Kenya	Merger of	Commercial Bank of Africa and NIC Group
M&A	Kenya	Merger of	Telkom Kenya and Airtel Networks Kenya mobile, enterprise and carrier services business in Kenya under a JV company called Airtel-Telkom
M&A	Kenya	Acquisition by ■	Heritour (Heritage Group 85% and Geoffrey Kent 15%) of Abercrombie & Kent
M&A	Kenya	Acquisition by	BRCK of Surf
M&A	Kenya	Investment by	Proparco in mSurvey
M&A	Kenya	Acquisition by	Enko Africa Private Equity Fund of a minority stake in Software Technologies from TBL Mirror Fund BV
M&A	Kenya	Joint venture by	Actis and Shapoorji Pallonji Real Estate - residential real estate platform
GCF	Kenya	Convertible loan by	InfraCo Africa to Gigawatt Global for the development of the Samburu Solar and Transmara Solar projects
M&A	Kenya	Investment by	The Investment Fund for Developing Countries in Sidian Bank (Tier 2 capital)
GCF	Kenya	Financing of	Cytonn Investments - loan facility by State Bank of Mauritius (SBM Bank Kenya) to complete The Alma in Ruaka (a mixed-use residential development)
M&A	Kenya	Acquisition by	Simba Cement of 100% of Cemtech Company
M&A	Kenya	Acquisition by	mPharma of a majority stake in Haltons from Fanisi Capital
GCF	Kenya	Debt financing	Premier Credit from various international investors
M&A	Rwanda	Disposal by	Borelli Tea (McLeod Russel) of 100% of Gisovu Tea Company and 50% of Pfunda Tea Company to Rwanda Tea Investments (Luxmi Tea and The Wood Foundation Africa)
M&A	Tanzania	Acquisition by	Tigo (Millicom) of a 14.9% stake in Zanzibar Telecom (Zantel) (total stake will then be 99.9%) from the Zanzibar Government
M&A	Tanzania	Disposal by	Woodbois (Obtala) of Magole Agriculture, Magole Land, Ilama Processing Company and Wami Agricultural Company (its Tanzania agricultural assets) to Envision Consulting
M&A	Tanzania	Disposal by	Bharti Airtel of an additional 9% stake in Airtel Tanzania to the Tanzanian Government (total stake now 49%)
M&A	Tanzania	Acquisition by	Azania Bank of Bank M (under administration)
M&A	Tanzania	Acquisition by ■	Medco Energi Global of Ophir Energy at 57.5p per share
GCF	Tanzania	Financing of	Africado - secured loan by Finnfund
M&A	Tanzania	Acquisition by ■	Heritour (Heritage Group 85% and Geoffrey Kent 15%) of Abercrombie & Kent
M&A	Tanzania	Acquisition by	Eurus Energy of a 25% stake in Windlab Africa
M&A	Tanzania	Acquisition by	Kibo Energy from Sanderson Capital Partners of a 2,5% stake in Mbeya Development
M&A	Tanzania	Acquisition by	Exim Bank Tanzania of 100% of UBL Bank (Tanzania)
M&A	Uganda	Investment by	AgDevCo and Centurion Agricultural Partners in Nakifuma Farming Company
GCF	Uganda	Loan to	Kikagati Power Company from The Emerging Africa Infrastructure Fund
M&A	Uganda	Investment by	Shaka VC in PinkTie

◆ M&A represents pure mergers and acquisitions, GCF covers transactions where this is not the case

■ Foreign transaction – see ranking rules

TOMBSTONE PARTIES					
FINANCIAL ADVISER	FOREIGN INVESTMENT ADVISER	ATTORNEY/LEGAL ADVISER	FOREIGN LEGAL ADVISER	ESTIMATED TRANSACTION VALUE	ANNOUNCEMENT DATE
				undisclosed	Jan 6
				KSH2,6bn	Jan 9
				undisclosed	Jan 9
				undisclosed	Jan 9
				undisclosed	Jan 10
Theodore Partners		Walker Kontos; Bowmans		undisclosed	Jan 11
				$31m	Jan 13
				KSH150m	Jan 17
				undisclosed	Jan 21
				undisclosed	Jan 21
				undisclosed	Jan 22
				undisclosed	Jan 29
Faida Investment Bank; NIC Capital; CBA Capital		Bowmans; Iseme, Kamau & Maema		share swop	Jan 31
		Anjarwalla & Khanna; Davis Polk & Wardwell		undisclosed	Feb 8
	Barclays Bank			undisclosed	Feb 12
				undisclosed	Feb 15
				undisclosed	Feb 19
I&M Burbidge Capital				undisclosed	Mar 5
				undisclosed	Mar 5
				$2,2m	Mar 6
				$12m	Mar 7
				KSH650m	Mar 18
				undisclosed	Mar 20
		Bowmans		undisclosed	Mar 28
Verdant Capital				$7m	not announced
				$13,2m + $7,8m	Feb 22
				undisclosed	Jan 4
				$2,5m	Jan 10
				undisclosed	Jan 11
				undisclosed	Jan 15
	Standard Chartered Bank; Morgan Stanley; Lambert Energy Advisory		Sidley Austin LLP; Linklaters	£408,4m	Jan 30
				€2,5m	Feb 5
	Barclays Bank			undisclosed	Feb 12
				$10m	Feb 26
River Group				£1,66m	Mar 5
				undisclosed	Mar 6
				undisclosed	Feb 14
		Clifford Chance; Mukumbya Musoke Advocates		$27m	Mar 5
				undisclosed	Mar 6

DEALMAKERS AFRICA Q1 2019 (excludes South Africa)

◆	COUNTRY	TRANSACTION TYPE	DETAILS
WEST AFRICA			
M&A	Burkina Faso	Acquisition by	SEMAFO of Savary Gold (share swop 0.0336 SEMAFO shares for each Savary Gold share - 7,26m SEMAFO shares to be issued)
M&A	Cape Verde	Acquisition by	Loftleidir Cabo Verde of a 51% stake in Cabo Verde Airlines (TACV)
GCF	Côte d'Ivoire	Debt financing	Société Ivoirienne de Raffinage : syndicated facility including Africa Finance Corporation, Deutsche Bank, ICBC Standard Bank, United Bank for Africa, NSIA Bank and Bridge Bank
M&A	Côte d'Ivoire	Acquisition by	Endeavour Mining of an additional 5% stake in the Ity mine (total stake increased to 85%)
M&A	Côte d'Ivoire	Acquisition by	Roxgold of a portfolio of 11 exploration permits including the Séguéla gold project from Newcrest West Africa
GCF	Ghana	Financing of	Kuapa Kokoo by AgDevCo through a trade finance facility
M&A	Ghana	Acquisition by	mPharma of a majority stake in Haltons from Fanisi Capital
M&A	Nigeria	Acquisition by	AFIG Fund II (Advanced Finance and Investment Group) of a 29.9% stake in NEM Insurance from existing shareholders
M&A	Nigeria	Acquisition by	Coca-Cola of the remaining 60% stake in Chi Nigeria
GCF	Nigeria	Private placement by	Consolidated Hallmark Insurance : 1,130,000,000 ordinary shares at 65 kobo per share
M&A	Nigeria	Acquisition by	Indorama Netherlands of 100% of Bevpak (Nigeria) from Church Street Trustees as trustees of the SI Trust, BTI Overseas and Capital Alliance Private Equity II
M&A	Nigeria	Investment by	Quantum Capital Partners and other investors in Team Apt (series A round)
M&A	Nigeria	Investment by	Argentil Principal Investment Portfolio in Chocolate City Lounge (additional investment)
M&A	Nigeria	Acquisition by	Chocolate City Lounge of a 70% stake in 7th Heaven Bistro 7
M&A	Nigeria	Acquisition by	ID Africa of NET Newspaper
GCF	Nigeria	Financing of	OneFi by Lendable (debt facility)
GCF	Nigeria	Financing of	Access Bank - Syndicated loan (Tier II capital) provided by BIO; Blue Orchard Microfinance; CDC Group; DEG; FinnFund; Oikocredit and European Financing Partners
M&A	Nigeria	Investment by	Danone Communities in Impact Water
M&A	Nigeria	Investment by	Verod Capital Management and Persistant Energy Capital in Daystar Power
M&A	Nigeria	Investment by	Cox Enterprises, Techstars and Ajayi Solutions in Farmcrowdy
M&A	Nigeria	Acquisition by	OneFi of AmplifyPay
M&A	Nigeria	Acquisition by	Microtraction of a stake in Sendbox
M&A	Nigeria	Disposal by	Anheuser-Busch InBev to Kensington Distillers and Vintners of the 1960 Rootz brand and manufacturing plant (to be housed in newly formed Monument Distillers Nigeria)
M&A	Nigeria	Investment by	Tofino Capital in SeamLessHR
M&A	Togo	Acquisition by	The SUNU Group of a majority stake in Banque Populaire pour Epargne et le Crédit (BPEC) from Cauris Croissance
SOUTHERN AFRICA			
M&A	Botswana	Acquisition by	Letlole La Rona of an industrial property situated on Lot 64260, Block 3 Industrial, Gaborone
GCF	Botswana	Repurchase and delisting of	African Energy Resources: buy-back of 108,212 shares. Secondary listing terminated 16 February 2019
M&A	Botswana	Acquisition by	Ecsponent of Pink Orchard
M&A	Botswana	Disposal by	Basil Read Mining (Basil Read) to Thiess Botswana and Bothakga Burrow Botswana of a 28% interest in Majwe Mining Joint Venture
M&A	Botswana	Acquisition by ■	Heritour (Heritage Group 85% and Geoffrey Kent 15%) of Abercrombie & Kent
M&A	Botswana	Asset swap ■	Robor and Macsteel: steel tube and pipe businesses of Macsteel (to Robor) in return for a 49% stake in Robor (to Macsteel)

◆ M&A represents pure mergers and acquisitions, GCF covers transactions where this is not the case

■ Foreign transaction – see ranking rules

TOMBSTONE PARTIES					
FINANCIAL ADVISER	FOREIGN INVESTMENT ADVISER	ATTORNEY/LEGAL ADVISER	FOREIGN LEGAL ADVISER	ESTIMATED TRANSACTION VALUE	ANNOUNCEMENT DATE
Red Cloud Klondike Strike		Norton Rose Fulbright Canada; Dentons Canada		C$20,9m	Feb 11
				undisclosed	Mar 1
		Norton Rose Fulbright; Bilé-Aka, Brizoua-Bi & Associes		€577m	Jan 8
				$15m	Jan 11
				$20m	Feb 11
				$3m	Jan 14
		Bowmans		undisclosed	Mar 28
CardinalStone Partners; PwC Nigeria		Koya Kuti Solicitors; Banwo & Ighodalo		undisclosed	Jan 17
				undisclosed	Jan 30
				NGN734,5m	Feb 5
				undisclosed	Feb 7
				$5,5m	Feb 28
				undisclosed	Mar 1
				undisclosed	Mar 1
				undisclosed	Mar 4
				$5m	Mar 8
				$162,5m	Mar 12
				undisclosed	Mar 20
				$10m	Mar 21
				$1m	Mar 21
				undisclosed	Mar 21
				undisclosed	Mar 21
				undisclosed	Mar 22
				$150 000	Mar 25
				undisclosed	Mar 4
		Armstrongs		undisclosed	Jan 14
Transaction Management Services				undisclosed	Jan 19
				R185m	Jan 23
				BWP85m	Feb 8
	Barclays Bank			undisclosed	Feb 12
		Collins Newman	Webber Wentzel	undisclosed	Feb 13

DEALMAKERS AFRICA Q1 2019 (excludes South Africa)

◆	COUNTRY	TRANSACTION TYPE	DETAILS
M&A	Botswana	Disposal by	MTN to Econet Wireless Zimbabwe of a 53% stake in Mascom
M&A	Botswana	Acquisition by	Medscheme (AfroCentric Investment) of an additonal 25% stake in AFA Botswana
GCF	Mauritius	Listing of	ENL (La Sablonniere) of 374,996,326 ordinary A shares @ Rs43.00 each
M&A	Mauritius	Acquisition by	African Development Partners II (Development Partners International) of a stake in International Facilities Services
M&A	Mauritius	Investment by	Inside Capital Partners in Latitude Hotels
M&A	Mauritius	Investment by	Africa Healthcare Fund and Polaris of an equity stake in Africa Healthcare Network (series A capital raise)
M&A	Mozambique	Disposal by	New Energy of its 50% stake in Balama Resources (which holds the Caula graphite and vanadium project) to fellow shareholder, Auspicious Virtue Investment which will then hold 100%
M&A	Mozambique	Disposal by	Eni of a 25.5% participating interest in offshore Block A5-A to Qatar Petroleum
M&A	Mozambique	Acquisition by	RA International of a 49% stake in Royal Food Solutions
M&A	Namibia	Disposal by	Aveng to Infinity Partners of Aveng Water and Aveng Namibia Water
M&A	Namibia	Acquisition by	Bidvest from minority shareholders of the remaining 34% stake (72 102 636 shares) in Bidvest Namibia
M&A	Namibia	Acquisition by	International Cement Group of 100% of Schwenk Namibia
GCF	Zambia	Financing of	Vertigo Properties - Stanbic Bank Zambia provided a loan facility for the completion of the Pinnacle Mall in Lusaka
M&A	Zambia	Acquisition by	Zambian Property Holdings (Grit Real Estate Income) from Paxton Investments of a 25% additional stake in Mukuba Mall in Kitwe
M&A	Zambia	Acquisition by	Jubilee Metals from Glencore of the Sable Zinc Refinery in Kabwe
M&A	Zambia	Acquisition by	Coca-Cola Beverages Africa of Fairy Bottling Zambia
M&A	Zimbabwe	Disposal by	MTN to Econet Wireless Zimbabwe of a 53% stake in Mascom
NORTH AFRICA			
M&A	Egypt	Acquisition by	Azimut Group of 100% of Rasmala Egypt Asset Management
M&A	Egypt	Acquisition by	Veon of the remaining 42.31% of Global telecom not already held from shareholders at EGP5.30 per share (1,997,639,608 shares)
M&A	Egypt	Joint venture by	ENOC Group and Proserv Egypt - ENOC Misr
M&A	Egypt	Acquisition by	Kaumeya Language Schools (NBK Capital Partners) of 100% of King Integrated American School
M&A	Egypt	Acquisition by	Inpector Capital of Scimitar Production Egypt
M&A	Egypt	Acquisition by	SPE AIF I of a stake in Future Pharmaceutical Industries
GCF	Morocco	Open market acquisition by	Argan Invest (FinanceCom) of 391,390 shares in Balima at MAD96.45 - shares sold by Société de Crédit du Maghreb (SFCM)
M&A	Morocco	Acquisition by	CDG Capital Private equity of a minority stake in SCE Chemicals
M&A	Morocco	Acquisition by	Maroc Telecom of Tigo Chad from Millicom
M&A	Tunisia	Acquisition by ■	Saudi Aramco of a 70% stake in Saudi Basic Industries Corporation (SABIC) from the Public Investment Fund of Saudi Arabia
CENTRAL AFRICA			
M&A	Cameroon	Disposal by	Altus Strategies of 100% of Aucam Resources (which holds 100% of Aucam SA, the holder of Birsok and Mandoum licenses) to Canyon Resources
M&A	Chad	Acquisition by	Maroc Telecom of Tigo Chad from Millicom
M&A	DRC	Acquisition by	China Molybdenum of 100% of BHR Newwood DRC which holds the remaining 30% of TF Holdings which holds an 80% stake in the Tenke Fungurume copper and cobalt mine
GCF	DRC	Debt financing	Groupe Jambo
M&A	Rep of Congo	Acquisition by	African Petroleum of 100% of PetroNor E&P (816m African Petroleum shares issued)

◆ M&A represents pure mergers and acquisitions, GCF covers transactions where this is not the case

TOMBSTONE PARTIES

FINANCIAL ADVISER	FOREIGN INVESTMENT ADVISER	ATTORNEY/LEGAL ADVISER	FOREIGN LEGAL ADVISER	ESTIMATED TRANSACTION VALUE	ANNOUNCEMENT DATE
Standard Bank				$300m	Mar 7
				undisclosed	Mar 12
BDO & Co		ENSafrica | Mauritius		MUR16,1bn	Jan 23
		PwC Legal; Eversheds Sutherland (South Africa)		$35m	Feb 5
				undisclosed	Feb 15
				undisclosed	Mar 8
				A$7m	Feb 8
				undisclosed	Mar 11
				undisclosed	Mar 20
		Baker McKenzie		R95m	Jan 18
Standard Bank; EY; IJG Advisory Services; PSG Wealth Management Namibia		Ellis Shilengudwa; HD Bossau		N$756,1m	Mar 3
				$19,34m	Mar 11
				undisclosed	Feb 8
				$8,19m	Mar 5
RiverFort Global Capital; SPARK Advisory Partners				£9,16m	Mar 21
				undisclosed	Apr 2
Standard Bank				$300m	Mar 7
				undisclosed	Jan 8
				EGP10,59bn	Feb 5
				undisclosed	Feb 18
		Matouk Bassiouny		undisclosed	Feb 26
				undisclosed	Mar 21
				undisclosed	Mar 26
				MAD37,75m	Jan 2
				undisclosed	Feb 15
				undisclosed	Mar 14
		ENSafrica	Abuhimed Alsheikh Alhagbani; Clifford Chance	$69,1bn	Mar 27
SP Angel				£3,4m	Feb 11
				undisclosed	Mar 14
				$1,14bn	Jan 18
Verdant Capital				$7m	not announced
				A$1bn	Mar 19

Catalyst

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Private Equity RISEs

AI and Virtual Deal Rooms

Private Credit Market in Africa Grows

13321/TC

BEYOND EQUITY
IS GREATER THAN
SHARED IDEAS

IT'S SHARED COURAGE AND VALUES

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FROM THE EDITOR'S DESK

Private equity's growth in Southern Africa, and all over the world, is being driven to a large extent by the ability to implement strategies with longer time horizons and getting away from the regular earnings and reporting pressures imposed in the listed environment, commonly referred to as "quartitus".

While some asset managers and institutional investors might scoff at private equity with the recent examples of Ascendis (and to a far lesser extent Libstar) which have been exit flops, in the main, private equity funds deliver returns well in excess of listed equity benchmarks because the general partners roll up their sleeves and get involved in the business, driving performance on a strategic level.

The challenge for the asset class, both globally and increasingly locally, is to find a fee model that addresses some of the concerns raised by large institutional investors. Some large institutions I spoke to at the recent SAVCA Conference raised specific concerns with the return model and way general partners were remunerated. Unfortunately, they are refusing to go public yet, because of the sensitive nature of the discussion. Clearly, it's an area of growing attention and tension.

For institutional investors trying to calibrate their asset allocation decisions for private equity, finding an adequate balance between risk and return and fair remuneration for performance in a world where question marks are being raised about fund accounting standards will move to the centre of the debate in the coming quarters.

While the fee debate is nothing new, the 2 and 20 model has long been fingered as overly generous; what will shift the debate, perhaps transformationally, are the questions over gaming returns and fancy fund accounting.

Most recently Warren Buffet, The Berkshire Hathaway chairman and chief executive officer, said private equity firms make their performance appear better than it is by including money that's waiting to be deployed, such as funds sitting in Treasury bills, when charging management fees. But they'll exclude those funds when calculating the internal rate of return – the performance measure in which most funds are judged.

"We have seen a number of proposals from private equity funds where the returns are really not calculated in a manner that I would regard as honest," Buffett, 88, said Saturday at Berkshire's annual shareholder meeting in Omaha, Nebraska. "It's not as good as it looks."

That's not to say that unlisted investments don't provide valuable, uncorrelated diversification tools when compared with public listed investments, which would require a substantial allocation from investors for this reason alone, but the fee premium will certainly come under severe scrutiny as a result.

Is it time to tame the barbarian establishment? ◆

Michael Avery

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Catalyst

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Arie Maree, who heads up Middle East and Africa for Ansarada, oozes a blend of confidence and excitement in expressing this simple yet profound vision that causes one to sit up and pay attention.

AI and Virtual Deal Rooms

"Our vision is to raise and protect the potential of companies."

The last major disruption in deal technology was the death of physical data rooms in the early 2000's. It's now time for deal technology 2.0. The rise in demand of increasingly sophisticated virtual data rooms is one of the more interesting tech-enabled trends in the M&A space right now.

Some of the leading players operating in the global virtual room market include Ansarada, Brainloop, Intralinks, and Merrill Technologies.

Catalyst caught up with Ansarada, the Australian startup, which raised $18m in Series A funding last year, to find out a bit more about the founding of the business and the future of virtual data rooms in the age of artificial intelligence and big data.

The funding was led by Ellerston Capital, with participation from Tempus Partners, Belay Capital and Australian Ethical Investments. A noteworthy detail about the raise is that all advisory fees from the deal will be donated to Ugandan and Nepalese charities through Ansarada's partnership with Adara Partners, a corporate advisory firm made up of financial services experts who donate their fees to help women and children living in poverty.

Arie Maree

At Ansarada they are creating the world's first material information platform that utilises artificial intelligence and machine learning so that companies can react to opportunities confidently and more quickly than ever before.

Maree began his professional life as a consultant for Deloitte in South Africa before moving to Australia where he first encountered the firm that was to trigger a life changing move for him and his family, ultimately drawing them back to South Africa to help grow Ansarada's EMEA presence.

"Ansarada stands for Andrew, Sam, Rachel and Daphne, the four founding directors in Australia," explains Maree. "We were born out of an M&A deal in 2005. Andrew Slavin, our head of technology, was given access to one of the incumbent data rooms at the time, to run the sell side, and he thought to himself, "this process is slow and clunky and there's a gap to improve upon the process." He then started writing the code which became the platform [for Ansarada] and took it to Rachel Riley, our CFO, an advisor from one of the big four on the deal and he said to her, "look, you do deals and due diligence all day every day, do you reckon this could make your life easier?" And she said, "not only me but everyone that I deal with. Bankers, private equity, VC, dealmakers were saying at the time that diligence is such a stressful, high reputation, high risk, high money value time of people's lives that technology at the time was actually not simplifying due diligence but making it harder."

That is when energetic CEO Sam Riley got involved, and he set about visiting dealmakers and asking what they were looking for to make life easier, but equally, what was making it hard.

"We have always had this mantra of sophisticated simplicity where it matters, be it safety or ease of use, we go to the nth degree and when it doesn't matter, we cut it out."

Fast forward to where the virtual data room operator finds itself today, enjoying a massive market share in Australia, a large and growing market share in Africa and three hubs in London, Sydney & Chicago, with satellite offices in Sandton and Stellenbosch, where the firm runs roughly 500 transactions globally per month, and the partners found themselves asking, 'what next'?

Companies and their advisors want a deal platform that adds more value than just the due diligence process. They want a platform that is always on, easy to keep that way and ready at a moment's notice to execute an opportunity.

Welcome to the world of the material information platform, a term coined by Riley.

At Ansarada they are creating the world's first material information platform that utilises artificial intelligence and machine learning so that companies can react to opportunities confidently and more quickly than ever before.

"We started writing algorithms (as one does) and started directing that at pre and post deal efficiencies. That is where we are concentrating the bulk of our attention at the moment - to effect clearer deal preparation based on everything we see every day, but also post deal to monitor and track post deal obligations, governance and compliance in a way that is based on best practice, and draws from the algorithm and then applies the AI and machine learning to a number of things," explains Maree, "and as we know with anything machine learning, the more you use it the smarter it gets."

The progress has been exponential. When the team launched some of the tools, such as the better engagement score, about a year ago, it was roughly 87% accurate in two weeks according to Maree, and now it is about 99% accurate in much less time because of the sheer volume of deals run through the platform, around 500 deals a month.

"To get to your question about the Series A round," Maree continues, "to realise that vision we had to raise funds to do this on a global basis. We ate our own ice-cream, the material outcome platform and pathways and scorecards that we preach, we used for the Series A, so we can also say we felt what it feels like on both sides."

Maree says the moment of inspiration occurred to Riley while on a sabbatical a couple of years ago and walking on the beach. He thought to himself, why is it that a company is in its best shape ever, the day it's about to be sold off and the owners switch off the traditional data room?

"We see it every day," says Maree. "We get asked for an archive, we provide links and usb sticks and straight away the data starts deteriorating. That platform, that set of material information, that is picture perfect. Through the diligence period so many clever eyes look at the material set of information, the documents of the company being presented to external parties and the question is, how do we maintain that?"

What Ansarada does is take that material set of information and using its software, creates a pathway into a document repository as a use case for the AI platform. And this gives the user a visible, benchmarked, scorecarded, percentage-driven view of the state of the readiness of the business for presentation to an external party at any given time.

What's more, you can apply a lens to any external material event that is happening, take an audit for example, it can give you an audit pathway because it's generally the same set of core data, with a couple of nuances here and there.

One of the big advantages is immediacy and visibility.

"We work with big corporates locally with subsidiaries all over the world and generally we find it's a real challenge to quickly pull on the data to answer a question such as what is the state of my contractual obligations in Botswana?

"On a tech basis, what we say is that if Larry in Botswana likes to keep his contracts and his tax returns updated on dropbox, Larry, keep doing that, cause we've written an API to integrate with Dropbox."

Market research firm XploreMR offers an 8-year forecast for the virtual data rooms market between 2018 and 2026. In terms of value, the virtual data rooms market is expected to register a CAGR of 12.2% during the forecast period globally across regions such as North America, Latin America, Europe, China, Japan, South East Asia, and Middle East & Africa.

And Ansarada is competitively and comfortably placed to ride the wave of growth to "raise and protect the potential of companies." ◆

Impact. That was how one delegate summed up the 2019 annual Southern African Venture Capital and Private Equity Conference held over three days at the always inviting Spier Wine Estate in the picturesque town of Stellenbosch in late February.

South African Private Equity GPs Embrace Impact Evolution

Speaking on the side-lines of the event Arie Maree, head of EMEA for virtual data room provider Ansarada said that if he had to sum up the conversations in Johannesburg at the DealMakers Dinner, it was regulation; in Stellenbosch, it's impact.

"In conversation it came up first very clearly in Nairobi," said Maree "where a dealmaker suggested we tailor-make an impact scorecard to track impact. I've been approached by a firm in New York to talk about ESG (environmental, social and governance) and impact. In terms of the detail around that, if you want to compete with foreign investment on an IRR basis you know people are sceptical and it's a bit gloomy, but I believe where Africa can rise up to that playing field is through

tracking, measuring, valuing impact investment."

This comment dovetailed with the overall theme of the event this year, which was RISE to a new level, an acronym standing for Renew, Imagine, Strive, Evolve.

In conversation with SAVCA CEO Tanya van Lill, ahead of the event, she said that "as private equity is starting to mature, we need to look at how we can consistently rise to the next level. How do we talk to the national imperative and ensure that PE and VC still adds value?"

The conference certainly explored and showcased how, despite a tough and ever-changing economic landscape, the industry continues to RISE. The word RISE itself invokes an increase of associations, upsurge and growth, all of which are aligned with where the industry is currently and what it is expecting to achieve in the future. RISING to a new level means taking advantage of the opportunities introduced by a changing economic landscape – something that the private equity and venture capital industries are poised to do.

The conference agenda was shaped around these concepts, and, for the first time, incorporated a third day to host the venture capital industry.

"Traditionally SAVCA has offered the Conference annually and the focus has been on private equity," said Van Lill, "but we've listened to our VC members and they really wanted a conference, not a pitching contest, or a conference that is only focused on technology, but a conference where venture capital fund managers can talk about the industry, the ecosystem and some of the challenges and opportunities that they face in fund raising and exits. It was very exciting to have private equity and venture capital practitioners in the room exploring some of these issues."

Judging by the turnout, the event continues to draw exceptional interest playing host to 437 PE delegates, a record number for attending delegates, and 195 VC delegates this year.

Overall, the mood was one of cautious optimism with politics colouring many conversations. But the sluggish economy still presents an opportunity for consolidation for players with balance sheets and expertise on which to capitalise. Many were less sanguine about the difficult fund-raising environment and the wall of capital chasing an increasingly shallow pool of deals.

But general partners in particular painted a far more nuanced picture of the scope for dealmaking and the opportunities in the market in the year ahead; reminding one that Hans Rosling's book, Factfulness: Ten Reasons We're Wrong About the World – and Why Things Are Better Than You Think is worth reading.

In it, he points to the fact, backed up by years of empirical research, that human beings have a strong instinct toward binary thinking, a basic urge to divide things into two distinct groups, with nothing but an empty gap in between.

"We love to dichotomize. Good versus bad. Heroes versus villains. My country versus the rest. Dividing the world into two distinct sides is simple and intuitive, and also dramatic because it implies conflict, and we do it without thinking, all the time."

The real opportunity lies in filtering out the noise and being disciplined with combatting human biases.

Private equity speaks to needs in different jurisdictions. The recurring theme in Africa is infrastructure generally and not just renewable energy. Whether it's toll roads or bridges, infrastructure will remain a hot investment sector. There is interest, in the South African market in particular, in real estate, education and the value food chain...

Peter Baird, the head of Investec's Africa PE business, believes that FMCG continues to be an attractive space for investors but most of the companies are being picked off by strategic buyers.

"Libstar is a great example, says Baird, "it was a fantastic investment for two rounds of private equity investors but is now a strategic [company] acquiring lots of other companies that might otherwise be sold to private equity investors. The issue with FMCG companies is that they are highly cash generative and they tend not to need private equity, so I think that's more of a supply concern on the FMCG companies or inability to spot them or size the growing African middle class market."

A sector that Baird is really bullish on right now is education because it has what he describes as "great attributes" while also meeting the impact objectives of many of Investec's investors.

"We're also seeing a lot of good opportunities in fintech, and financial technology is one of the areas in which Africa is leading the world. It's been interesting to see the second generation of fintech companies evolve, as smart phones become widely prevalent and the technology has matured, with lots of business systems driven now by either well-established fintech or next generation financial technology. Lots of cool companies in that space," concludes Baird. ◆

Since the global financial crisis, stricter capital adequacy requirements and market dynamics have led banks to deleverage and shrink their balance sheets, reducing their willingness to hold loans on their books, allowing private credit providers to pick up the slack

Basel III boosts Private Credit Market in Africa

The African Private Equity and Venture Capital Association (AVCA), the pan-African industry association, released its first comprehensive report looking at the private credit asset class in Africa during the first quarter. "Private Credit Strategies in Africa" contextualises the asset class within the African market, exploring the opportunities and challenges it faces by incorporating perspectives from General Partners (GPs) and Limited Partners (LPs).

Enitan Obasanjo-Adeleye

The report notes that while private equity (PE) has historically been more prevalent in Africa than private credit, this asset class encompasses a range of strategies that can provide attractive alternative financing options for African small and medium-sized enterprises (SMEs). African SMEs often face challenges in accessing capital from traditional providers (banks) and may be reticent to dilute their ownership with private equity; this is the gap that private credit can exploit.

"A key theme that emerged from the research revealed that, despite the high level of demand from African SMEs, private credit remains constrained."

The report also presents the results of interviews conducted with firms currently or formerly active in Africa's private credit markets. Respondents touch upon different topics pertinent to the industry, from its level of competition and the method in which opportunities are sourced, to the strength of the protections for debt covenants in Africa, and the extent and nature of the market's exposure to macroeconomic cycles.

"As the data reveals, there are encouraging signs that the adoption of this asset class is set to grow on the continent, providing additional avenues for companies to raise capital for their expansion and create much-needed jobs", notes Enitan Obasanjo-Adeleye, AVCA's Director and Head of Research.

A key theme that emerged from the research revealed that, despite the high level of demand from African SMEs, private credit remains constrained.

Respondents noted that misperceptions around private credit's risk-return profile need to be addressed for institutional investors to become more open to backing the industry.

Private Credit in Africa provides further context to these themes through an LP survey. It found that while most LPs expect African private credit to be more attractive compared to other emerging markets and to developed markets over a ten-year time horizon, factors such as currency risk, GPs' limited track records, and legal, regulatory, and tax issues are some of the key challenges that they face when seeking to invest in the asset class in Africa.

Private credit remains a niche sector in Africa, however.

In the 2018 AVCA Annual Limited Partner Survey, 32% of respondents selected credit as a preferred strategy when investing in African PE over the next three years, behind growth equity, direct investing, venture capital investing, and fund-of-funds investing. Yet, there are signs that interest is growing. Investec Africa Credit Opportunities Fund I reached a final close of $226.5m in 2015, Vantage Mezzanine Fund III announced a final close of $280m in March 2017, and funds such as Ethos Mezzanine Partners III are currently fundraising.

While traditional private equity has historically been more prevalent in Africa than private credit, funds in this asset class can play a key role in redressing the shortfalls in financing commonly faced by private businesses on the continent. They can also provide other options for the consideration of investors desirous of greater clarity over returns. ◆

Imagine that you are considering buying your local corner-store, as you hear that the current owner wishes to sell . . .

Why Should Anyone Invest in Private Equity?

Liston Meintjes

. . . You know quite a bit about it, as you often go there to buy a few items, rather than drive to the mall. Your children and their school friends often stop there after school for a cool drink or ice cream. But, of course, you don't intend to run it yourself, as you are working. You will check daily or get your wife involved.

What is the first question you should ask?

You would want to know what the average daily sales look like (broken down by day-of-the-week), what items sell well, what the mark-up on the items is, whether there are any special suppliers – and, of course, under your care and attention, you expect sales and profits to improve. You also want to know what the rent is, what the electricity costs are (allowing maybe for a generator in case Eskom lets you down and the cold foods perish), insurance and other expenses. That will allow you to see whether you can expect a reasonable profit on your investment (let alone the time you will have to devote to the project). That involves trying to establish a price you are willing to pay – against what the current owner wants.

But none of those are the first question you should ask, in my opinion! The first should be, "Who will operate the store (for me)?" That involves questions of competence, integrity, reliability and what the salary (and overtime pay) would need to be to get that person or persons.

The second question should be, "How sure am I that there will be a buyer when I come to sell (hopefully at a profit on increased turnover and profitability)?"

Investing in what has become known as "Private Equity", more correctly, "unlisted investments", is basically the same!! You may not buy the whole business, only a part of it but usually you become a 'partner' with the current owners and

managers and, in many cases, you get some say over what happens – like being able to prevent a large loan being taken out to build stock or buy another similar business that the owners/managers would like to do.

It can be argued that, essentially, this is the same as what you do when you buy shares in a listed company: rely on the management to operate it well and use their knowledge and experience to grow the business.

There are a number of significant differences, though. The main one relates to changing your mind and wanting to sell your investment.

- For listed shares, there is (nearly always) someone (unknown to you) who has a 'bid' to buy – maybe not as many as you want to sell but others bidding (lower) behind them. But there really is no difficulty and so the idea of an 'exit strategy' does not enter the picture.
- For unlisted shares, you have to find a buyer who will ask all the questions you asked before you bought, including, "Why are you selling?" If there are other shareholders, in an unlisted company, the co-holders have the right of first refusal: so if you have someone who wants to buy from you, they may not be able to if the co-shareholders decide to exercise that right.

It is this complexity of being 'locked in' that requires a higher rate of return on this type of investment than one where selling is easy, referred to as a 'liquidity premium'.

Private	Listed
Locked in, mid-way exit difficult	Can leave at any stage
Decisions for long-term payback	Investors seek 'steady' growth
Valuations (own/independent)	Market price
Requires higher hurdle rate	Can compare with other companies
No concepts of alpha and beta	Frequent use of alpha and beta in risk
May require deep involvement	On-looker to company management

The table above shows some of the other key differences between investing in listed companies and unlisted ones.

Again, you really might not want to have direct involvement and be prepared to devote time to 'hands-on' management. Enter the idea of getting professionals to do that for you (for a fee, of course) and you get to a Private Equity Fund (or firm). Being paid, these professionals have more time to devote to the unlisted investee companies that they decide (on your behalf) to buy stakes in. This requires you to believe that they are far better placed than you, in terms of experience and qualifications, to undertake the buying and selling decisions, as well as acting on your behalf in some of the day-to-day operations of the companies and exercising a degree of control over the financial decisions of the companies. To better align their interests with yours, the fees often have a component related to how much better the investment outcomes (income and capital) are than a simple 'hurdle rate' like "CPI+4%".

Liston Meintjes

The major question is, "Why should anyone invest in Private Equity?"

The point is that in the Equity investment space, there will always be unlisted companies – often smaller businesses and many of them in very specific areas, not well represented in the listed space. Within the ecosystem, it is essential that there be such companies: in many cases their growth is limited by access to capital as banks (although at lower cost in terms of interest charged) generally are not willing to takes stakes in companies and contribute to management. So someone else has to take on this role – on commercial terms, meaning that the higher the risk, the higher the required rate of return for the investors. Of course, there are no guarantees, and so one of the risks to the investor is poor performance of the investment, in some cases outright failure.

But the essence of the proposition is that a diversified portfolio of unlisted investment should be expected to provide higher returns over time – and, at the same time, assisting job creation and economic growth in a wide variety of areas: think technology – scalable and exportable, where there have been great successes for SA companies.

Remember, too, that Pick 'n Pay and Liberty Life and even Naspers were once small companies! Early investors have seen their capital grow many thousands of percent. ◆

Meintjes has been labelled a 'Deep value' investor. He has a strongly consistent, rigorous investment approach, armed with his encyclopedic knowledge of companies and economies.

Catalyst introduces a new feature to share with you how private equity general partners are mastering the art and science of profitable and sustainable dealmaking and fundraising across the continent.

Carried Interest: Ashburton Private Equity

In this first of what promises to be an insightful Q&A series – doing the due diligence on those who do due diligence for a living – Catalyst, sat down with Juan Coetzer, Head of Private Equity at Ashburton Investments.

To see how he made his moves that mattered, keep on reading.

1. What is it you look for in an investment/explain your investment philosophy?

Our private equity strategy is South-African focused with some selective exposure to the rest of Africa. We purchase later stage secondary private equity investments and also co-invest with other private equity firms. Some sectors in South Africa have become cyclical in nature, which we try to avoid. We have a bias for mature, cash generative businesses that are leaders in their industry and managed by settled and experienced leaders in the field. We don't invest in primary agriculture, mining or resources due to their exposure to the elements which are out of our control and due to the cyclical nature of these industries. We also don't invest in venture capital or early stage businesses due to our preference for matured businesses. Most of the companies in our investment portfolio would, for example, be large enough to be listed.

2. What is the greatest investment lesson you've learnt?

I'll name a few.

1. Never underestimate the importance of doing business with honest people and partners you can trust.
2. Appropriate alignment on interest is extremely important in every deal.
3. I'm a firm believer in physical and proper local presence on the ground in the country where investments are made.
4. The right balance of control – either significant minority or majority control, depending on the ownership dynamic. Sometimes minority rights are just not enough, especially if you failed in lesson 1 above.

3. Identify an untapped opportunity for PE investors in Africa?

The biggest risk for foreign investors in Africa is currency risk. Many private equity funds have performed well, but due to local currency depreciation foreign investors have not always seen the premiums they expected from being invested in this emerging market, even though, in local currencies, the funds have performed well. The investment opportunities that are attractive for private equity funds managing money for mostly foreign investors are businesses that have a local cost base and earning foreign revenue, and/or businesses that have a high growth trajectory.

Juan Coetzer

Africa, and particularly South Africa, has plenty of attractive investment opportunities and great talent in the private equity industry. In our private equity portfolio, for example, despite the current low growth and challenging economic environment we face in South Africa, we have some businesses that have been growing consistently at 20% per annum in earnings over the last three years.

4. What is the biggest misconception about your job?

Often people would approach me with an opportunity to invest in venture capital, early stage or some section 12J initiative. Although this is private equity, it's very different from what I do. Our investment mandate, skills and capabilities are focused around where we have had success in the past, which is mature and cash generative businesses. These are by their nature larger businesses that have been in existence for many years and, more often than not, proven market leaders in the sectors they operate.

There are specialists in the industry that have had success and are focused on early stage private equity investments in South Africa. It requires a very different skillset and I am honest about what I can and cannot do…so I'll leave it to them.

5. Name the one deal you wish you invested in

Other than some businesses in our existing portfolio which I wish I could have invested more into, I think businesses in water storage, telecoms & fiber rollout, energy storage & efficiency solutions are doing well (and will continue to do so) and I would not have minded being more exposed to some of that.

6. What are the skills you need to succeed as a GP in Africa?

Attracting and keeping a team with complementary skills and people that can work well together for many years is key. Trust between team members and like-minded investment acumen are necessary to ensure longevity of the team and the culture of the firm.

Leaders create leaders, so the GP or private equity team also needs to be able to attract and retain smart leaders, experienced managers and skilled labour to lead and operate their portfolio companies in Africa to ensure success. ◆

Local and International news

DEALS

Private equity firm Spear Capital has invested $4,5m in return for a 40% stake in South African meat processor Peries Foods. Spear Capital provides growth capital to SMEs focused on fast-moving consumer goods and local production in selected African countries. Peries Foods is a vertically-integrated chicken processing plant, located in the Western Cape. ◆

Real estate equity investor Actis and Indian developer Shapoorji Pallonji will put up 600 apartments targeting middle-income earners at Nairobi's Garden City mall complex at a cost of $12m, according to the *Business Daily* newspaper. Actis global head of real estate, David Morley said the two parties have implemented similar projects in Indian cities. ◆

Enko Capital Managers, which runs the Enko Africa Private Equity Fund targeting mid-cap growth companies across the continent, has completed an investment to provide expansion capital to Software Technologies Limited (STL), a Kenyan-headquartered proprietary software solutions provider and IT training company. ◆

FUNDRAISING

Meridiam announced the close of the reopening of its Meridiam Infrastructure Africa Fund (MIAF) for a total amount of €546m, above its target of €510m. The MIAF fund is more than 70% supported by private investors, including European pension funds and insurers, as well as by development finance institutions, for the remaining 30%. ◆

Adiwale Fund 1, a private equity fund targeting high growth potential SMEs in Francophone West Africa, received a €12,5m equity investment from the African Development Bank. With a target fund size of €75m, the fund will take minority stakes in SMEs that are well established in their markets, have competitive advantage and can rapidly scale up. Average deal size for the fund will range from €3m to €8m. Primary target countries include Côte d'Ivoire, Senegal, Burkina Faso and Mali while secondary target countries are Togo, Benin and Guinea. ◆

EXITS

Cauris Croissance, the second private equity fund managed by West Africa-focused Cauris Management, has confirmed the sale of its stake in Togo-based bank Banque Populaire pour l'Epargne et le Crédit (BPEC) to the SUNU Group. ◆

mPharma, a Ghanaian company which manages prescription drug inventory for pharmacies and their suppliers, is buying Kenya's second-largest pharmacy chain, Haltons, from private equity firm Fanisi Capital, reports *Quartz Africa*. The transaction sees mPharma enter the East Africa regional market for the first time. ◆

SOURCE: Africa Private Equity News

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GulfNews reports that Arif Naqvi, the founder of buyout fund Abraaj Group, was denied bail by a London judge after prosecutors said he may flee to Pakistan rather than face US fraud charges. ◆

PRIVATE EQUITY DEALS Q1 2019 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Disposal by	Group Five to consortium comprising Trinitas Private Equity and Agile Capital	assets of Everite and Sky Sands (excluding Barnes Reinforcing Industries)	Standard Bank; Nedbank CIB; Werksmans; Norton Rose Fulbright (South Africa)	R480m	Jan 17
Acquisition by	Kalon Venture Partners	a stake in Flow		R10m	Jan 28
Acquisition by	Agri-Vie Fund II (Exeo Capital)	a 36,5% stake in Jumbo Brands		undisclosed	Jan 30
Acquisition by	Agile Capital	an additional 9% stake in Provest (total stake now 51%)	Cliffe Dekker Hofmeyr	undisclosed	Feb 6
Acquisition by	Investors including Wade Flemons and Hans Hawinkels	an undiclosed stake in Xineoh (2nd round)		$1,5m	Feb 12
Disposal by	Mettle Investments to private equity investor	22% stake in each of Mettle Solar Investments and Mettle Solar Africa	Mettle Corporate Finance; Questco; Cliffe Dekker Hofmeyr	R106,7m	Mar 1
Acquisition by	4Di Exponential Tech Fund, Lireas and Compass Insure	a stake in InvestSure Technologies	Bowmans	R9,6m	Mar 5
Acquisition by	One Thousand & One Voices (1K1V)	a stake in Pay@	PSG Capital; ENSafrica; Webber Wentzel	undisclosed	Mar 7
Acquisition by	Indonesian Payments Investment (Okavango) (Actis)	Biotherm Energy group of companies	Webber Wentzel; Cliffe Dekker Hofmeyr; Clifford Chance	undisclosed	Mar 8
Acquisition by	Stadia Ventures	a stake in Fancam		$100 000	Mar 13
Acquisition by	Spear Capital	40% stake in Peries Foods		$4,5m	Mar 24
Disposal by	Barloworld to SM Holdco (Corvest 12 and Anthill Mid Cap Fund 1)	SmartMatta	Falcon & Hume	undisclosed	Mar 29

PRIVATE EQUITY DEALS Q1 2019 – REST OF AFRICA

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Egypt	Acquisition by	Kaumeya Language Schools (NBK Capital Partners) of 100% of King Integrated American School	Matouk Bassiouny	undisclosed	Feb 26
Egypt	Acquisition by	SPE AIF I of a stake in Future Pharmaceutical Industries		undisclosed	Mar 26
Ghana	Financing of	Kuapa Kokoo by AgDevCo through a trade finance facility		$3m	Jan 14
Ghana	Acquisition by	mPharma of a majority stake in Haltons from Fanisi Capital	Bowmans	undisclosed	Mar 28
Kenya	Disposal by	Fanisi Capital of Hillcrest International Schools to GEMS Education		KSH2,6bn	Jan 9
Kenya	Acquisition by	Africinvest Azure (AfricInvest and Catalyst Principal Partners SPV) of a stake in Prime Bank	Theodore Partners; Walker Kontos; Bowmans	undisclosed	Jan 11
Kenya	Acquisition by	African Infrastructure Investment Managers a member of Old Mutual Alternative Investments (Old Mutual) of a minority stake in BBOXX's operation		$31m	Jan 13
Kenya	Acquisition by	Goodwell Investments of a stake in Copia		undisclosed	Jan 21
Kenya	Financing of	FarmDrive : pre-seed round investment in convertible notes by Engineers Without Borders Canada (EWB Canada); AK Impact Investors; 1 to 4; the ADAP Seed Fund 2; Sanu Capital and The Lakes Charitable Foundation		undisclosed	Jan 21
Kenya	Acquisition by	Everstrong Power of a stake in the 80MW Heavy Fuel Oil Athi River Power Plant (Gulf Energy)		undisclosed	Jan 22
Kenya	Investment by	Proparco in mSurvey		undisclosed	Feb 19
Kenya	Acquisition by	Enko Africa Private Equity Fund of a minority stake in Software Technologies from TBL Mirror Fund BV	I&M Burbidge Capital	undisclosed	Mar 5
Kenya	Joint venture by	Actis and Shapoorji Pallonji Real Estate - residential real estate platform		undisclosed	Mar 5
Kenya	Convertible loan by	InfraCo Africa to Gigawatt Global for the development of the Samburu Solar and Transmara Solar projects		$2,2m	Mar 6
Kenya	Investment by	The Investment Fund for Developing Countries in Sidian Bank (Tier 2 capital)		$12m	Mar 7
Kenya	Acquisition by	mPharma of a majority stake in Haltons from Fanisi Capital	Bowmans	undisclosed	Mar 28
Mauritius	Investment by	Inside Capital Partners in Latitude Hotels		undisclosed	Feb 15
Mauritius	Investment by	Africa Healthcare Fund and Polaris of an equity stake in Africa Healthcare Network (series A capital raise)		undisclosed	Mar 8
Morocco	Acquisition by	CDG Capital Private equity of a minority stake in SCE Chemicals		undisclosed	Feb 15
Nigeria	Acquisition by	AFIG Fund II (Advanced Finance and Investment Group) of a 29.9% stake in NEM Insurance from existing shareholders	CardinalStone Partners; PwC Nigeria; Koya Kuti Solicitors; Banwo & Ighodalo	undisclosed	Jan 17
Nigeria	Investment by	Quantum Capital Partners and other investors in Team Apt (series A round)		$5,5m	Feb 28
Nigeria	Investment by	Argentil Principal Investment Portfolio in Chocolate City Lounge (additional investment)		undisclosed	Mar 1
Nigeria	Financing of	OneFi by Lendable (debt facility)		$5m	Mar 8
Nigeria	Investment by	Verod Capital Management and Persistant Energy Capital in Daystar Power		$10m	Mar 21
Nigeria	Investment by	Cox Enterprises, Techstars and Ajayi Solutions in Farmcrowdy		$1m	Mar 21
Nigeria	Acquisition by	Microtraction of a stake in Sendbox		undisclosed	Mar 21
Nigeria	Investment by	Tofino Capital in SeamLessHR		$150 000	Mar 25
Tanzania	Financing of	Africado - secured loan by Finnfund		€2,5m	Feb 5
Togo	Acquisition by	The SUNU Group of a majority stake in Banque Populaire pour Epargne et le Crédit (BPEC) from Cauris Croissance		undisclosed	Mar 4
Uganda	Investment by	AgDevCo and Centurion Agricultural Partners in Nakifuma Farming Company		undisclosed	Feb 14
Uganda	Loan to	Kikagati Power Company from The Emerging Africa Infrastructure Fund	Clifford Chance; Mukumbya Musoke Advocates; BDO	$27m	Mar 5
Uganda	Investment by	Shaka VC in PinkTie		undisclosed	Mar 6

PE deals are classified by asset location, except in the case where the PE firm is based in any African country and invests outside of the continent

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