DealMakers®

SOUTH AFRICA'S CORPORATE FINANCE MAGAZINE

R150.00 including VAT

Volume 21: No. 1

1st Quarter 2020 M&A Rankings plus all Corporate Finance Transactions

incorporating **Catalyst** magazine

The pathway to managing supply chain disruption

Pathfinder perspective

Ron Lentz

"You have to have a backup plan in everything that you do."

As well as being one of the nicest guys in the world, Ron Lentz is Managing Partner of Logisyn, based in Chicago. Combining 'logistics' and 'synergies', Logisyn is a boutique M&A advisory firm tailored to the logistics industry.

With extensive experience managing logistics acquisitions, Ron and his team are no strangers to the disruptions that can occur as a result of unforeseen external forces, like the coronavirus. Global markets are so interdependent; how can businesses protect themselves from supply chain disruptions, while continuing to offer services and support?

"There's become a huge global interdependence on other countries," said Ron. "One of the biggest problems we have today – we had the ebolavirus a few years ago, today we have the coronavirus out there – there are supply chain disruptions and our customers are so affected by it because they're caught in the middle of it all."

Navigating supply chain disruptions

Logisyn works with clients to help them understand the supply chain and these potential impacts, making sure all these disparate components come together at the right time.

"Through Pathways, Ansarada allows us to focus on our business," said Ron. "Our business is not to manage data, get the data in, or control data – it's to understand that we need that data and make sure it's being used and leveraged in the right place at the right time."

Using Ansarada Pathways, Ron can focus on helping his clients be better prepared, so they can continue to serve their own customers in response to the COVID-19 crisis. "If you look at the problem of a virus, there are still businesses that are going to thrive during that time – so how can we help them thrive?" said Ron.

Achieving a state of always-on readiness

With Pathways, Logisyn is able to get a full picture of the state of the business and use these valuable insights to drive the strongest outcomes for their clients. "Part of our program is to help them understand – this is what you can do differently to help your customers be best prepared." Using real data to guide decision-making in real time enables a state of readiness, which can keep companies ready to act - even in the midst of uncertainty and disruption.

"I really believe in the business model we've created at Logisyn, that we get to help people prepare for their future," said Ron. "Ansarada allows us to focus on the buyers and help them understand the business better.

Ansarada's platform has helped more than 400,000 dealmakers get ready to maximise value in their transactions. Get in touch to find out how we can get you on a pathway to the new standard of dealmaking.

Contact us today

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ansarada

MARYLOU GREIG

The effective lockdown of countries around the world is reminiscent of the collapse in global trade during the 2008/9 financial crisis.

Editor's Note

COVID-19 has led to a sudden halt in deal-making and mayhem in financial markets globally but, to be fair, the depressed merger and acquisition activity recorded by **DealMakers** for Q1 is not entirely the result of the lockdown; this will be far more evident in the subsequent quarters of 2020. Prior to the full onslaught of the pandemic restrictions, the country was already grappling with downgrades to its credit rating, low investor confidence and a weakening economy. The pandemic will illustrate the importance of effective public sector institutions in managing social and economic outcomes in times of uncertainty – unfortunately for South Africa, many of these are dysfunctional.

The month of April has witnessed the stalling of a number of deals announced earlier this year and the termination of transactions first announced in the latter part of 2019; companies such as Comair and Phumelela Gaming & Leisure have applied for voluntary business rescue proceedings and the suspension of listings. Business confidence has fallen to its lowest level in 35 years.

In the short term, deals have been put on hold as management teams refocus on their businesses. Activity will rather centre on distress sales, restructuring or the disposal of non-core assets and business rescue rather than traditional M&A. This will see quality businesses up for sale at low prices as a result of restructurings and liquidity issues. In a crisis, there are always winners and cash flush corporates; international players and private equity firms will use the pandemic to access opportunities at current low pricing levels not otherwise available. Equity raising will pick up as companies require additional capital to strengthen balance sheets. M&A activity will gain momentum but timing will be critical.

The difficulty will be in valuing businesses and allowing for the provision for uncertain outcomes, which will lead to more complex structuring of deals. These are unprecedented times with no guidelines; the true impact will only be known in 12 to 18 months from now.

President Ramaphosa and his team have the unenviable job of steering the country through these extraordinary times. As *Moneyweb* columnist Larry Claasen aptly put it, "There are no good options. Only bad ones and the least bad of these will still cost lives, destroy businesses and take us years to recover from". What is clear is that it will take two to three years for things to return to some form of normality.

Looking ahead, one can only hope that people in positions of influence are mindful of Sir Winston Churchill's words - "Fear is a reaction. Courage is a decision."

COVID-19 has been the catalyst in the acceleration of the use of digital technology. Meetings, AGMs and events are now undertaken by video conference as a matter of course and virtual data rooms are no longer just a nice to have option for dealmakers. For publications such as **DealMakers**, the move to digital has never been more pressing. Issues of this magazine will now be available online and free-to-read; only the **DealMakers** Annual edition will appear in print. ■

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Gleason Publications

DealMakers is published by the proprietor Gleason Publications (Pty) Ltd, reg no: 1996/010505/07 from its offices at 30 Tudor Park, 61 Hillcrest Avenue, Blairgowrie, Randburg 2194.
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Photographs: eimage

Subscriptions may be purchased from the publisher's address at an inclusive rate of R600 per annum for four issues of DealMakers or such other amount as may be advertised from time to time. Postage to South African addresses is included. Subscriptions for delivery to addresses outside South Africa on application.

Advertising rates are available on request from Vanessa Aitken +27 (0)83 775 2995

THE OVAL TABLE

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

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

BDO · BOWMANS THE VALUE OF KNOWING · CDH CLIFFE DEKKER HOFMEYR · ENSafrica.com · Investec · NEDBANK CIB · PSG CAPITAL · RAND MERCHANT BANK A division of FirstRand Bank Limited · Standard Bank · WEBBER WENTZEL in alliance with Linklaters

MERGERS & ACQUISITIONS ANALYSIS Q1 2020 (excludes unlisted M&A)

	Q1 2020			Q1 2019			Q1 2018			Q1 2017			Q1 2016		
DEAL ACTIVITY	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**
Local Deals	63	(1)	66 784 832 498	93	(6)	47 400 919 545	96	(3)	66 905 335 797	100	(6)	35 264 588 202	74	(4)	25 860 558 904
Foreign Deals	14	(0)	28 295 395 000	9	(0)	3 783 233 805	14	(0)	68 743 476 386	23	(0)	45 510 583 100	18	(0)	73 631 119 216
Total	**77**	**(1)**	**95 080 227 498**	**102**	**(6)**	**51 184 153 350**	**110**	**(3)**	**135 648 812 183**	**123**	**(6)**	**80 775 171 302**	**92**	**(4)**	**99 491 678 120**
DEAL ACTIVITY (excluding failed deals)	**No.**		**VALUE (R)**	**No.**		**VALUE (R)**	**No.**		**VALUE (R)**	**No.**		**VALUE (R)**	**No.**		**VALUE (R)**
Local Deals	62		66 666 800 778	87		37 620 899 545	93		43 680 335 797	94		35 012 174 387	70		25 304 701 782
Foreign Deals	14		28 295 395 000	9		3 783 233 805	14		68 743 476 386	23		45 510 583 100	18		73 631 119 216
Total	**76**		**94 962 195 778**	**96**		**41 404 133 350**	**107**		**112 423 812 183**	**117**		**80 522 757 487**	**88**		**98 935 820 998**

BEE AND PRIVATE EQUITY ACTIVITY Q1 2020 (includes listed and unlisted M&A)

	Q1 2020			Q1 2019			Q1 2018			Q1 2017			Q1 2016		
BEE ACTIVITY	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**
Listed M&A	6	(0)	1 527 628 804	7	(1)	6 047 993 425	5	(0)	3 048 500 000	5	(1)	1 726 980 000	2	(0)	30 083 203
Unlisted M&A	1	(0)	undisclosed	7	(0)	undisclosed	3	(0)	15 000 000	5	(0)	174 055 146	5	(0)	100 000 000
Total	**7**	**(0)**	**1 527 628 804**	**14**	**(1)**	**6 047 993 425**	**8**	**(0)**	**3 063 500 000**	**10**	**(1)**	**1 901 035 146**	**7**	**(0)**	**130 083 203**

	Q1 2020			Q1 2019			Q1 2018			Q1 2017			Q1 2016		
PE ACTIVITY	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**	**No.**	*****	**VALUE (R)**
Listed M&A	9	(0)	5 728 611 129	5	(0)	1 172 500 000	9	(1)	2 624 927 000	5	(0)	610 000 000	1	(0)	321 000 000
Unlisted M&A	16	(0)	457 408 636	12	(0)	1 510 526 411	4	(1)	47 522 427	11	(0)	601 562 652	10	(0)	2 695 971 734
Total	**25**	**(0)**	**6 186 019 765**	**17**	**(0)**	**2 683 026 411**	**13**	**(2)**	**2 672 449 427**	**16**	**(0)**	**1 211 562 652**	**11**	**(0)**	**3 016 971 734**

* No. of failed deals

BIGGEST LISTED DEALS Q1 2020

NATURE OF DEAL	PARTIES	ASSET	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE	VALUE R
Acquisition by	Constancia Risk and Insurance and Conduit Ventures (Conduit Capital) from Trustco and Riskowitz Value Fund (reverse take-over)	Legal Shield	R10,44bn	Mar 27	10 437 484 200
Disposal by	MTN to AT Sher Netherlands Coöperatief U.A.	49% equity holdings in Ghana Tower Interco B.V. and Uganda Interco B.V.	$523m	Jan 2	8 900 000 000
Acquisition by	Assore from minority shareholders	remaining 17,4% stake in Assore	R7,8bn	Mar 9	7 800 000 000
Disposal by ■	Hammerson plc to Orion European Real Estate Fund V	portfolio of seven retail parks	£400m	Feb 21	7 686 700 000
Acquisition by ■	Anglo American Projects (Anglo American) and Serius Minerals plc minority shareholders	Sirius Minerals plc	£404,9m	Jan 20	7 612 120 000
Disposal by	Tongaat Hulett to KLL Group (Barloworld)	starch business	R5,35bn	Feb 28	5 347 000 000
Acquisition by ■	OLX Brazil (Prosus)	50% stake in Grupo ZAP	$321m	Mar 5	4 943 400 000
Acquisition by	Capitalworks Atlanta (via special purpose vehicles BidCo and InvestCo) from Peregrine minority shareholders	Peregrine (excluding shares held by subsidiaries)	R4,2bn	Mar 13	4 201 634 112
Joint Venture	Equites Property Fund and Shoprite Checkers (Shoprite)	JVCo will hold a portfolio of distribution centres from Shoprite and underdeveloped land in Western Cape and Gauteng. Equites will inject cash of R2,1bn for a 50,1% equity stake	R4,1bn	Feb 25	4 095 711 423
Disposal by ■	Net1 UEPS Technologies to Stonebridge Capital and Payletter	100% of KSNET	$237m	Jan 27	3 436 500 000

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

BIGGEST LISTED BEE DEALS Q1 2020

NATURE OF DEAL	PARTIES	ASSET	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE	VALUE R
Disposal by	Sebata to Inzalo Capital	55% stake in each of the companies comprising Software Group and a further 5% donation	R501,9m	Feb 25	501 900 000
Acquisition by	Legae Peresec from African Phoenix Investments minorities	remaining 66,55% stake in African Phoenix Investments	R459,73m	Feb 28	459 728 804
Disposal by	Raubex Roads and Earthworks (Raubex) to Acorn Black Investments	Raubex Property Investments	R383m	Feb 28	383 000 000
Disposal by	Tiso Blackstar to Arena (Lebashe Investment)	Gallo Music Investments and Indigenous Film Distribution	R75m	Mar 6	75 000 000
Disposal by	Sargas (Deneb Investments) to black empowerment entity led by T Eboka	Winelands Textiles	R65m	Jan 31	65 000 000
Disposal by	Sebata to USC Metering	100% of IPES Utility Mangement Services	R43m	Jan 31	43 000 000

RANKING THE SOUTH AFRICAN TOMBSTONE PARTIES

INVESTMENT ADVISERS*

RANKINGS BY DEAL VALUE

No	Company	Deal Values R'm	Market Share %
1	Merchantec Capital	11 976	18,01%
2	Standard Bank	10 760	16,18%
3	Java Capital	10 238	15,40%
4	Investec Bank	9 344	14,05%
5	Absa CIB	5 347	8,04%
	PwC Corporate Finance	5 347	8,04%
7	One Capital	4 202	6,32%
8	JPMorgan	2 960	4,45%
	UBS	2 960	4,45%
10	Merrill Lynch	1 013	1,52%
	Rand Merchant Bank	1 013	1,52%
12	PSG Capital	772	1,16%
13	Bridge Capital	255	0,38%
14	Apex Partners	194	0,29%
15	Nedbank CIB	39	0,06%
16	Bravura Capital	36	0,05%
17	Ararat Corporate Advisory Services	35	0,05%
18	Morgan Stanley	undisclosed	n/a

RANKINGS BY DEAL FLOW (ACTIVITY)

No	Company	No of Deals	Market Share %	Deal Values R'm
1	Investec Bank	6	17,14%	9 344
2	Java Capital	5	14,29%	10 238
3	Merchantec Capital	4	11,43%	11 976
4	Nedbank CIB	3	8,57%	39
5	Standard Bank	2	5,71%	10 760
	UBS	2	5,71%	2 960
	PSG Capital	2	5,71%	772
8	Absa CIB	1	2,86%	5 347
	PwC Corporate Finance	1	2,86%	5 347
	One Capital	1	2,86%	4 202
	JPMorgan	1	2,86%	2 960
	Merrill Lynch	1	2,86%	1 013
	Rand Merchant Bank	1	2,86%	1 013
	Bridge Capital	1	2,86%	255
	Apex Partners	1	2,86%	194
	Bravura Capital	1	2,86%	36
	Ararat Corporate Advisory Services	1	2,86%	35
	Morgan Stanley	1	2,86%	undisclosed

SPONSORS

RANKINGS BY DEAL VALUE

No	Company	Deal Values R'm	Market Share %
1	Java Capital	13 855	11,50%
2	Rand Merchant Bank	12 382	10,28%
3	Merchantec Capital	12 054	10,01%
4	Standard Bank	10 760	8,93%
5	Vunani Sponsors	10 516	8,73%
6	Investec Bank	9 727	8,07%
7	Nedbank CIB	9 469	7,86%
8	JPMorgan	8 900	7,39%
	Tamela	8 900	7,39%
10	Absa CIB	5 347	4,44%
	PwC Corporate Finance	5 347	4,44%

RANKINGS BY DEAL FLOW (ACTIVITY)

No	Company	No of Deals	Market Share %	Deal Values R'm
1	Java Capital	13	21,31%	13 855
2	Investec Bank	7	11,48%	9 727
3	Rand Merchant Bank	6	9,84%	12 382
	Merchantec Capital	6	9,84%	12 054
5	Nedbank CIB	5	8,20%	9 469
6	PSG Capital	4	6,56%	1 368
7	Questco	3	4,92%	249
8	Standard Bank	2	3,28%	10 760
	Vunani Sponsors	2	3,28%	10 516
	Deloitte	2	3,28%	4 295
	Arbor Capital Sponsors	2	3,28%	15

LEGAL ADVISERS

RANKINGS BY DEAL VALUE

No	Company	Deal Values R'm	Market Share %
1	Cliffe Dekker Hofmeyr	10 685	21,21%
2	Bowmans	9 320	18,50%
3	Webber Wentzel	8 813	17,49%
4	DLA Piper	5 347	10,61%
5	Werksmans	4 491	8,91%
6	ENSafrica	3 397	6,74%
7	Herbert Smith Freehills South Africa	2 960	5,88%
8	White & Case	2 960	5,88%
9	Baker McKenzie	1 013	2,01%
10	Africa Solved	1 000	1,98%
11	Chris Boulle	255	0,51%
12	Motsoeneng Bill	94	0,19%
13	Adams & Adams	36	0,07%
14	Eversheds Sutherland	undisclosed	n/a

RANKINGS BY DEAL FLOW (ACTIVITY)

No	Company	No of Deals	Market Share %	Deal Values R'm
1	Cliffe Dekker Hofmeyr	10	32,26%	10 685
2	ENSafrica	4	12,90%	3 397
3	Bowmans	3	9,68%	9 320
	Werksmans	3	9,68%	4 491
5	Webber Wentzel	2	6,45%	8 813
6	DLA Piper	1	3,23%	5 347
	Herbert Smith Freehills South Africa	1	3,23%	2 960
	White & Case	1	3,23%	2 960
	Baker McKenzie	1	3,23%	1 013
	Africa Solved	1	3,23%	1 000
	Chris Boulle	1	3,23%	255
	Motsoeneng Bill	1	3,23%	94
	Adams & Adams	1	3,23%	36
	Eversheds Sutherland	1	3,23%	undisclosed

TRANSACTIONAL SUPPORT SERVICES

RANKINGS BY DEAL VALUE

No	Company	Deal Values R'm	Market Share %
1	BDO	7 800	56,35%
2	KPMG	4 202	30,36%
3	JF Basson	587	4,24%
4	PSG Capital	502	3,63%
5	Mazars	460	3,32%
6	Merchantec Capital	255	1,84%
7	Nodus Capital	36	0,26%

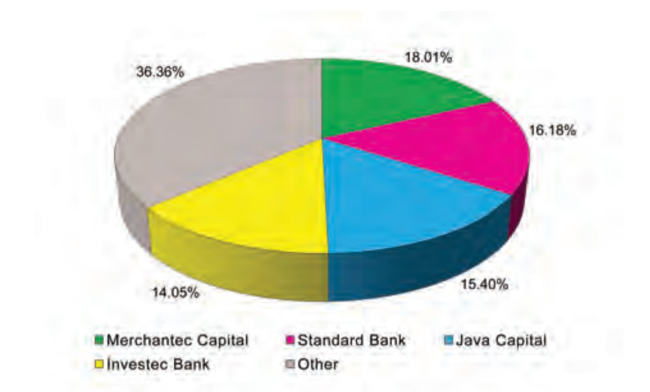
RANKINGS BY DEAL FLOW (ACTIVITY)

No	Company	No of Deals	Market Share %	Deal Values R'm
1	BDO	1	14,29%	7 800
	KPMG	1	14,29%	4 202
	JF Basson	1	14,29%	587
	PSG Capital	1	14,29%	502
	Mazars	1	14,29%	460
	Merchantec Capital	1	14,29%	255
	Nodus Capital	1	14,29%	36

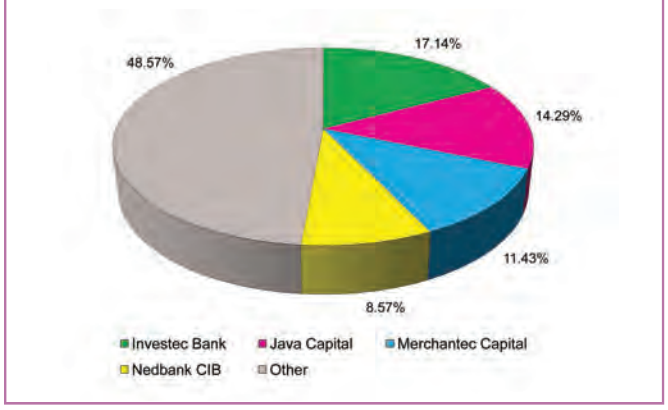
* Investment Advisers incorporate Financial Advisers and others claiming this category

M&A RANKINGS Q1 2020

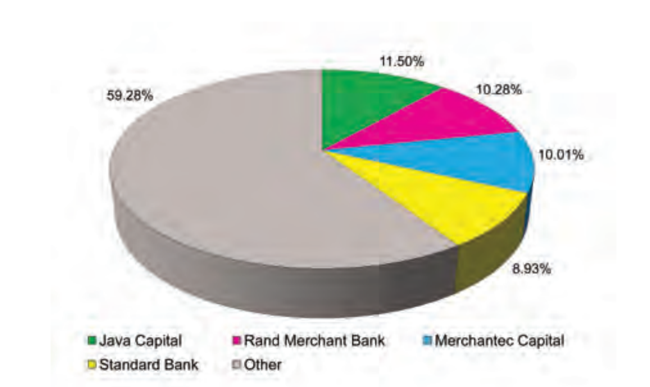
Investment Advisers by Deal Value



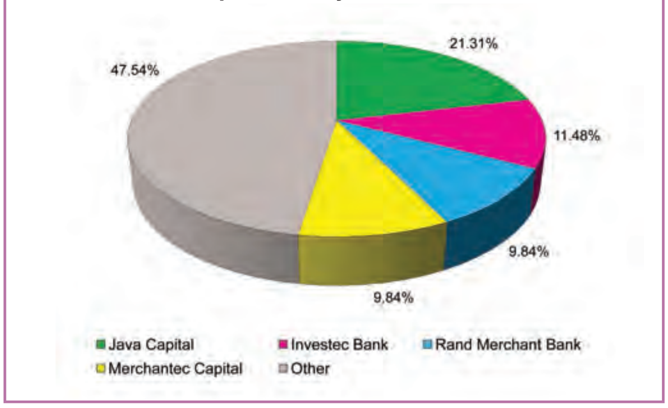
Investment Advisers by Deal Flow



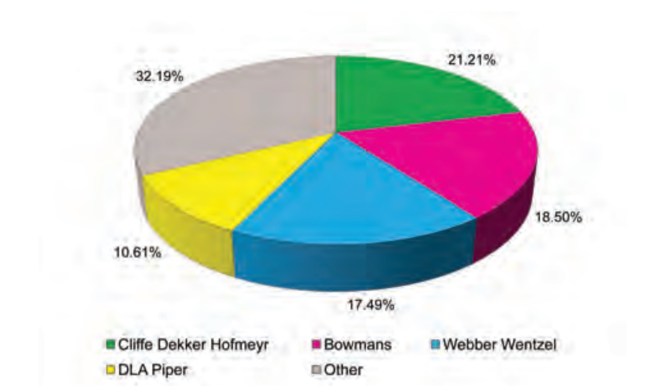
Sponsors by Deal Value



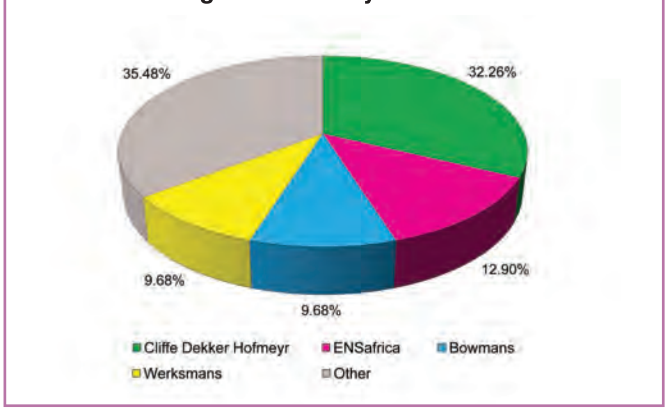
Sponsors by Deal Flow



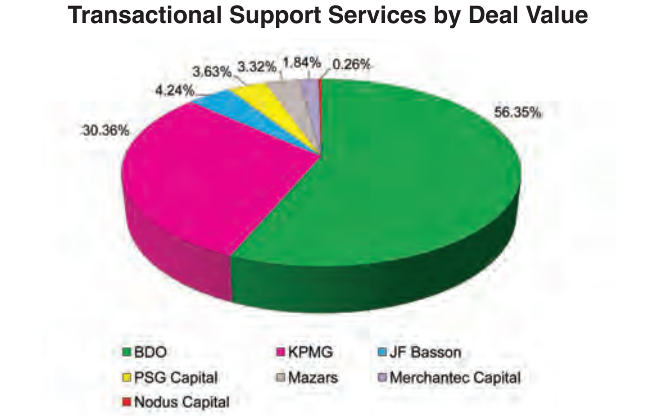
Legal Advisers by Deal Value



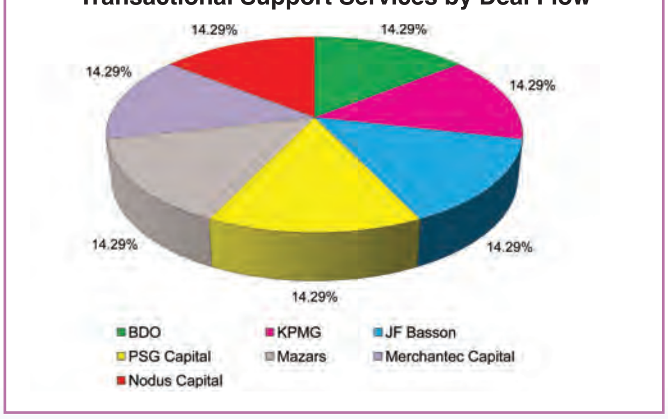
Legal Advisers by Deal Flow



Transactional Support Services by Deal Value



Transactional Support Services by Deal Flow



GENERAL CORPORATE FINANCE Q1 2020

RANKING THE SOUTH AFRICAN TOMBSTONE PARTIES

INVESTMENT ADVISERS*

RANKINGS BY TRANSACTION VALUE

No	Company	Transaction Values R'm	Market Share %
1	Rand Merchant Bank	98 472	59,55%
2	Investec Bank	31 844	19,26%
3	Citigroup Global Markets	23 850	14,42%
4	JPMorgan	4 300	2,60%
5	Nedbank CIB	1 784	1,08%
6	Goldman Sachs	1 622	0,98%
	Standard Bank	1 622	0,98%
8	Java Capital	859	0,52%
9	PSG Capital	646	0,39%
10	Questco	192	0,12%
11	Grindrod Bank	137	0,08%
12	River Group	20	0,01%
13	Apex Partners	undisclosed	n/a

RANKINGS BY TRANSACTION FLOW (ACTIVITY)

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	Investec Bank	4	16,67%	31 844
2	Rand Merchant Bank	3	12,50%	98 472
	Java Capital	3	12,50%	859
	River Group	3	12,50%	20
5	JPMorgan	2	8,33%	4 300
	Nedbank CIB	2	8,33%	1 784
7	Citigroup Global Markets	1	4,17%	23 850
	Goldman Sachs	1	4,17%	1 622
	Standard Bank	1	4,17%	1 622
	PSG Capital	1	4,17%	646
	Questco	1	4,17%	192
	Grindrod Bank	1	4,17%	137
	Apex Partners	1	4,17%	undisclosed

SPONSORS

RANKINGS BY TRANSACTION VALUE

No	Company	Transaction Values R'm	Market Share %
1	Rand Merchant Bank	99 887	52,08%
2	JPMorgan	52 609	27,43%
3	Investec Bank	27 582	14,38%
4	Questco	2 764	1,44%
5	UBS	2 012	1,05%
6	Nedbank CIB	1 956	1,02%
7	Standard Bank	1 800	0,94%
8	Java Capital	1 157	0,60%
9	PSG Capital	1 079	0,56%
10	Ab Initio Advisory	480	0,25%
11	Grindrod Bank	137	0,07%
12	Pallidus Capital	112	0,06%
13	Exchange Sponsors	90	0,05%
14	Vunani Corporate Finance	35	0,02%
15	Merrill Lynch	22	0,01%
16	Deloitte	21	0,01%
17	River Group	20	0,01%
18	Arbor Capital Sponsors	15	0,01%
19	Sasfin Capital	12	0,01%
20	Merchantec Capital	4	0,00%
21	Rencap Securities	1	0,00%

RANKINGS BY TRANSACTION FLOW (ACTIVITY)

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	Rand Merchant Bank	8	11,43%	99 887
	Java Capital	8	11,43%	1 157
3	JPMorgan	7	10,00%	52 609
4	Questco	6	8,57%	2 764
	Nedbank CIB	6	8,57%	1 956
6	Investec Bank	5	7,14%	27 582
	PSG Capital	5	7,14%	1 079
8	Standard Bank	4	5,71%	1 800
9	Pallidus Capital	3	4,29%	112
	River Group	3	4,29%	20
11	UBS	2	2,86%	2 012
	Vunani Corporate Finance	2	2,86%	35
	Merrill Lynch	2	2,86%	22
	Rencap Securities	2	2,86%	1
15	Ab Initio Advisory	1	1,43%	480
	Grindrod Bank	1	1,43%	137
	Exchange Sponsors	1	1,43%	90
	Deloitte	1	1,43%	21
	Arbor Capital Sponsors	1	1,43%	15
	Sasfin Capital	1	1,43%	12
	Merchantec Capital	1	1,43%	4

LEGAL ADVISERS

RANKINGS BY TRANSACTION VALUE

No	Company	Transaction Values R'm	Market Share %
1	Bowmans	78 561	39,55%
2	ENSafrica	53 663	27,01%
3	Webber Wentzel	27 587	13,89%
4	DLA Piper	20 973	10,56%
5	Allen & Overy SA	16 975	8,54%
6	Cliffe Dekker Hofmeyr	875	0,44%
7	Motsoeneng Bill	21	0,01%

RANKINGS BY TRANSACTION FLOW (ACTIVITY)

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	ENSafrica	9	45,00%	53 663
2	Bowmans	4	20,00%	78 561
3	Webber Wentzel	2	10,00%	27 587
	Cliffe Dekker Hofmeyr	2	10,00%	875
5	DLA Piper	1	5,00%	20 973
	Allen & Overy SA	1	5,00%	16 975
	Motsoeneng Bill	1	5,00%	21

TRANSACTIONAL SUPPORT SERVICES

RANKINGS BY TRANSACTION VALUE

No	Company	Transaction Values R'm	Market Share %
1	PwC	77 499	39,43%
2	Merrill Lynch	75 210	38,27%
3	KPMG	26 848	13,66%
4	EY	16 975	8,64%
5	BDO	undisclosed	n/a
	Deloitte	undisclosed	n/a
	De Vos Richards	undisclosed	n/a

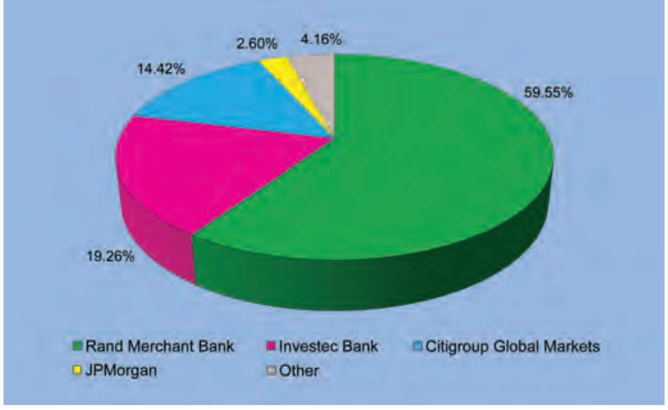
RANKINGS BY TRANSACTION FLOW (ACTIVITY)

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	PwC	3	25,00%	77 499
	KPMG	3	25,00%	26 848
3	EY	2	16,67%	16 975
4	Merrill Lynch	1	8,33%	75 210
	BDO	1	8,33%	undisclosed
	Deloitte	1	8,33%	undisclosed
	De Vos Richards	1	8,33%	undisclosed

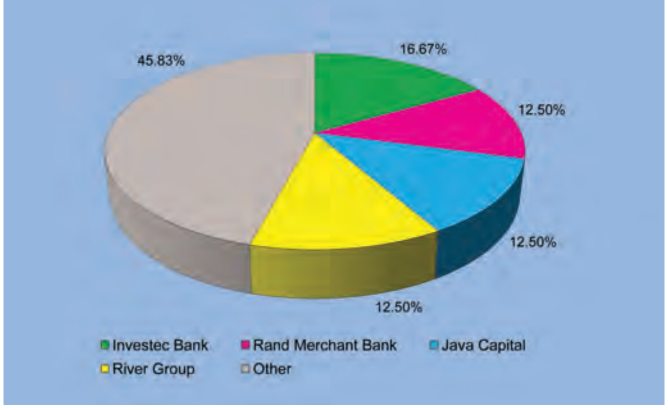
* Investment Advisers incorporate Financial Advisers and others claiming this category

GENERAL CORPORATE FINANCE RANKINGS Q1 2020

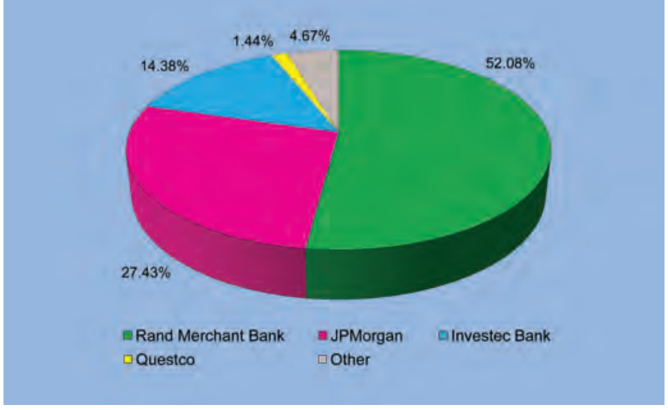
Investment Advisers by Transaction Value



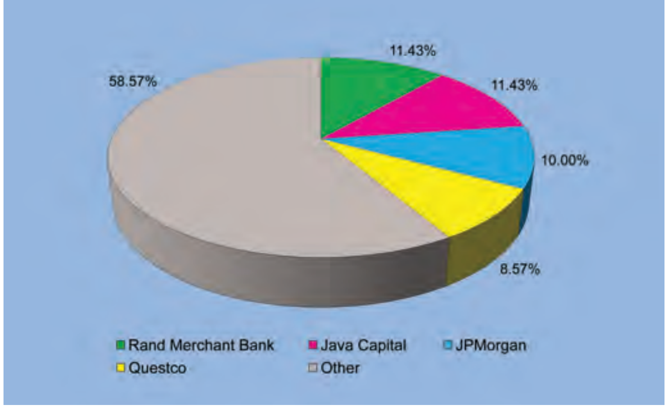
Investment Advisers by Transaction Flow



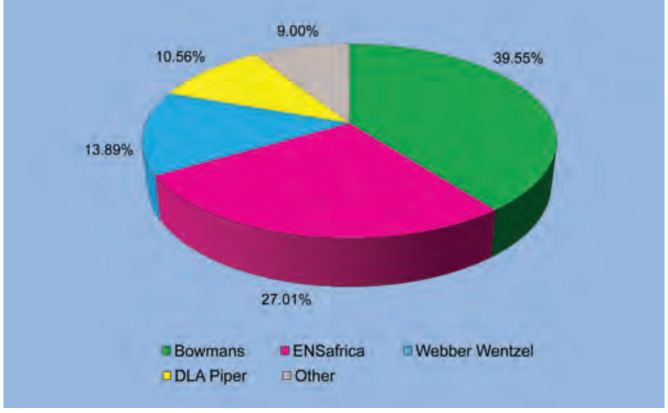
Sponsors by Transaction Value



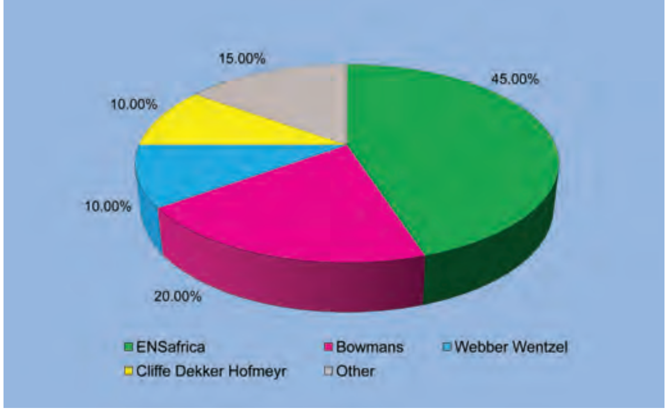
Sponsors by Transaction Flow



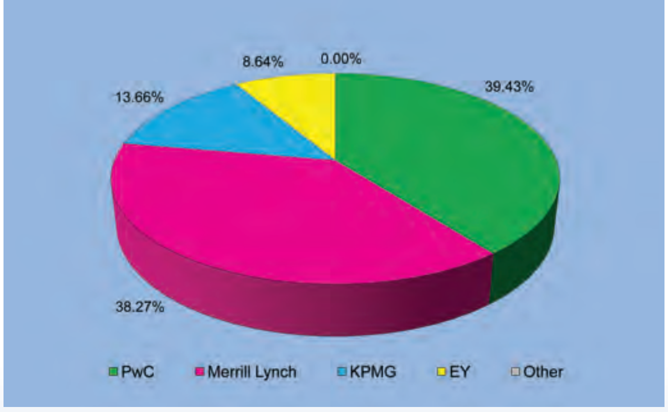
Legal Advisers by Transaction Value



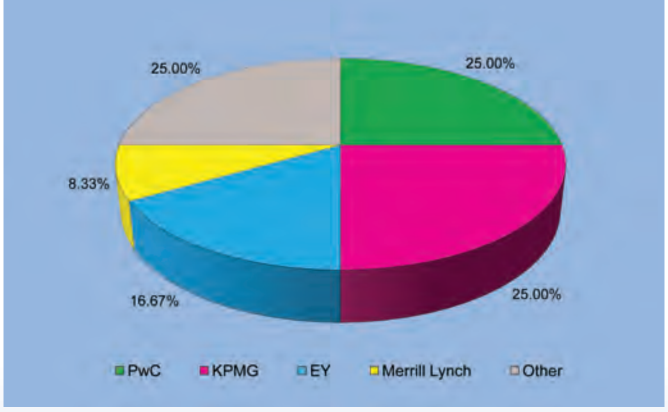
Legal Advisers by Transaction Flow



Transactional Support Services by Transaction Value



Transactional Support Services by Transaction Flow



GENERAL CORPORATE FINANCE ANALYSIS Q1 2016 - 2020

	Q1 2020		Q1 2019		Q1 2018		Q1 2017		Q1 2016	
	No.	VALUE (R)	No.	VALUE (R)	No.	VALUE (R)	No.	VALUE (R)	No.	VALUE (R)
Share Issues	21	6 895 309 776	19	13 456 547 952	27	13 236 411 211	48	30 497 484 595	37	18 193 296 840
Share Repurchases	25	9 068 085 588	19	10 025 415 237	20	6 260 199 105	9	613 057 160	10	585 907 998
Restructurings	3	2 249 000 000	4	2 031 608 489	3	5 227 722 064	1	3 017 000 000	3	10 651 000 000
Unbundlings	7	114 154 548 417	6	53 936 779 907	8	18 537 079 938	2	4 240 375 916	1	91 221 480
Open Market Transactions	5	27 883 762 477	5	9 288 407 944	10	133 163 556 205	6	38 722 445 476	4	8 068 916 450
Off Market Transactions	2	464 134 910	4	1 513 158 264	5	1 400 630 000	1	undisclosed		not recorded
SA Exchange Listings	7	31 439 797 538	3	46 521 159 983	2	1 486 080 895	5	7 785 987 686	3	3 127 225 951 264
Total	**70**	**192 154 638 706**	**60**	**136 773 077 776**	**75**	**179 311 679 418**	**72**	**84 876 350 833**	**58**	**3 164 816 294 032**

BIGGEST GENERAL CORPORATE FINANCE TRANSACTIONS Q1 2020

NATURE OF TRANSACTION	COMPANY	DETAILS	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE	VALUE (R)
Unbundling by	RMB Holdings	unbundling of 1 851 996 287 FirstRand shares at R40,61 per share to RMB Holdings shareholders as a distribution in specie	R75,21bn	Jan 7	75 209 569 215
Open Market Disposal by	Naspers	22 000 000 N ordinary shares in Prosus (1,4% of the issued N share capital) at €67,50 per share	€1,5bn	Jan 22	23 850 000 000
JSE (Secondary)	Ninety One plc	622 624 622 shares at R33,70 per share	R20,98bn	Mar 16	20 982 449 761
Unbundling by	Remgro	unbundling of a 28,2% stake (397 447 747 shares) in RMB Holdings at R52,77 per share to Remgro shareholders as a dividend in specie	R20,97bn	Jan 7	20 973 317 609
Unbundling by	Investec	demerger of IAM SA and IAM Plc from Investec and the subsequent listing and unbundling to shareholders of the Investec Asset Management business to be renamed Ninety One	R16,97bn	Feb 11	16 974 974 593
JSE	Ninety One ltd	300 089 454 shares at R32,90 per share	R9,87bn	Mar 16	9 872 943 037
Private Placement	Gold Fields	41 431 635 shares at R90,20 per share	R3,74bn	Feb 12	3 737 133 477
General Repurchase	Clicks	10 558 528 shares at R256,93 per share	R2,71bn	Feb 6	2 712 802 599
Open Market Disposal by	RMB Holdings	58 436 763 FirstRand shares at R39,17 per share	R2,29bn	Jan 7	2 288 968 007
Restructuring	Ecsponent	capital restructure of preferece shares - total debt into equity	R2,2bn	Feb 11	2 249 000 000

M&A RANKING AWARDS FOR 2019

Jako van der Walt (Morgan Stanley) received the award for the Ince Individual DealMaker of the Year from Andile Khumalo (Ince), Richard Stewart (Sibanye-Stillwater), Arie Maree (Ansarada) and Marylou Greig (DealMakers).

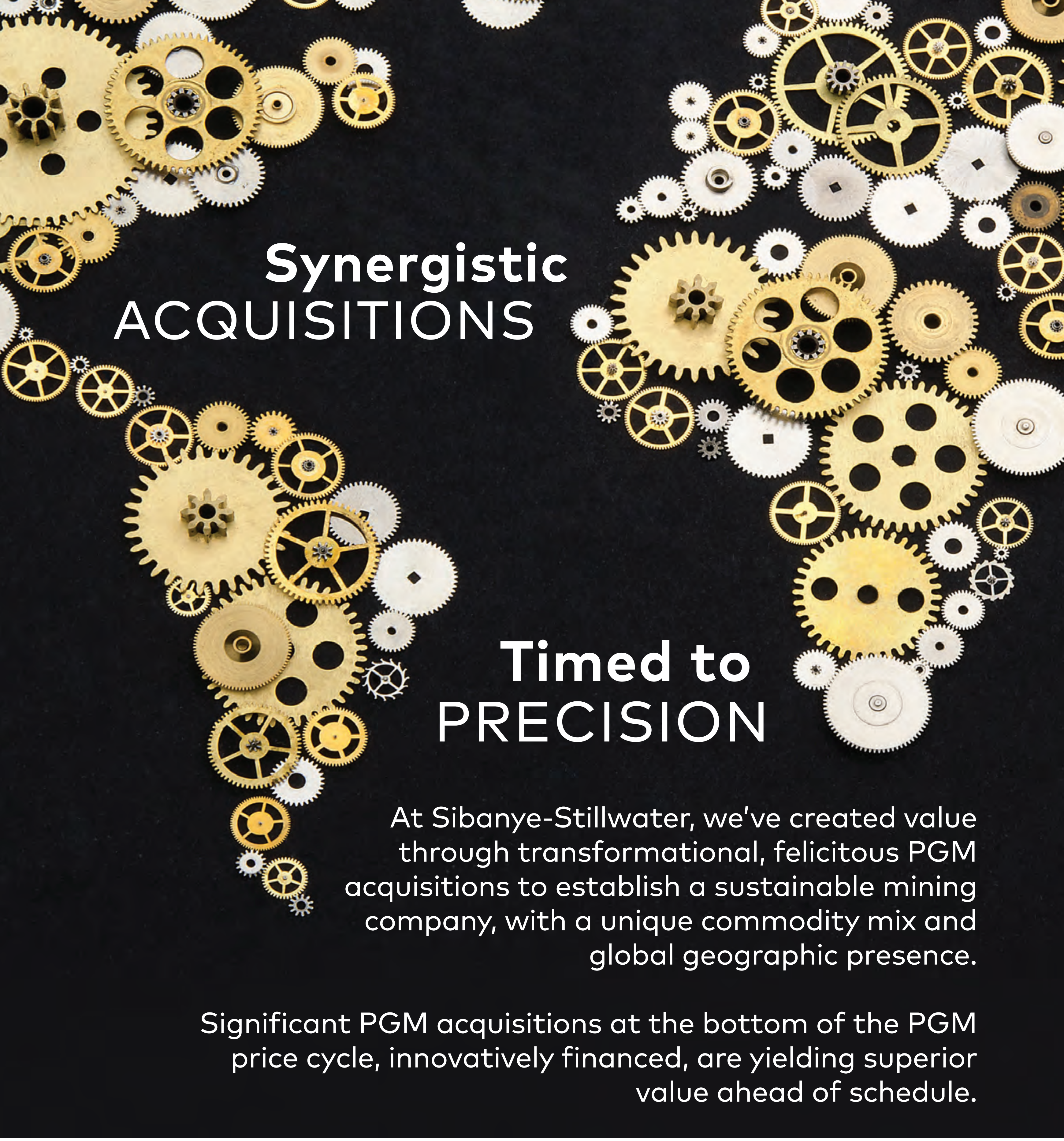
Brunswick Deal of the Year was awarded to PepsiCo and Pioneer Foods (and advisers) by Rob Pinker, Chair Emerging Markets at Brunswick Group.

The category of Investment Adviser (by deal value) was won by PSG Capital. David Tosi accepted the award.

First in the category of Investment Adviser (by deal flow) was Nedbank CIB. Shabbir Norath acceptedthe award.

Investec Bank was the winner of the Sponsor category (by deal value). Monique Otto and Rob Smith (both from Investec Bank) accepted the award from Kevin Brady (A2X).

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



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Legal Adviser (by deal value) was won by Webber Wentzel. Christo Els received the award from Kamal Patel (Juta).

Webber Wentzel won the top Legal Adviser (by deal flow). Sally Hutton accepted the award.

The category of Transactional Support Services (by deal value) was won by BDO. Nick Lazanakis received the award from Hoosain Karjieker (Mail & Guardian)

First in the category of Transactional Support Services (by deal flow) was BDO. Sanjuri Naidoo accepted the award.

GENERAL CORPORATE FINANCE RANKING AWARDS FOR 2019

Morgan Stanley received first place for Investment Adviser (by transaction value). Jako van der Walt accepted the award from Marylou Greig (DealMakers).

Simone Jones accepted the award for top Investment Adviser (by transaction flow) won by Java Capital.

Top Sponsor (by transaction value) went to Investec Bank. Monica Griessel and Rob Smith accepted the award.

Java Capital won top Sponsor (by transaction flow). Simone Jones accepted the award.

Colin du Toit from Webber Wentzel accepted the award for top Legal Adviser (by transaction value).

Cliffe Dekker Hofmery took first place, Legal Adviser (by transaction flow). Tessmerica Moodley accepted the award.

Transactional Support Services (by transaction value) was won by PwC. Anneke du Plessis accepted the award.

The award for first place, Transactional Support Services (by transaction flow) went to BDO. Ryan Ellison accepted the award.

DEALMAKERS BEE AWARDS 2019

Nampak / Nampak Glass won the Exxaro BEE Deal of the Year award. Deon Dhlomo (Kwanda Capital), Simon McGill (Nampak) and Shakes Matiwaza (Kwanda Capital) accepted the award from Mzila Mthenjane (Exxaro).

Layton Nenzinane accepted the award on behalf of Rand Merchant Bank for the top BEE adviser (by deal value) from Marylou Greig.

Rand Merchant Bank was award top BEE adviser (by deal flow). Kgolo Qwelane accepted the award.

Sanjay Kassen received the award on behalf of ENSafrica for the top BEE legal adviser (by deal value).

PRIVATE EQUITY DEAL OF THE YEAR

Acorn / Bearnibbles SA won the Private Equity Deal of the Year. Carl Neethling (Acorn Private Equity), Michael Avery (Catalyst) and Johan van Zyl (Acorn Private Equity).

Cliffe Dekker Hofmeyr was awarded top BEE legal adviser of the year (by deal flow). Anita Moolman accepted the award.

DEALMAKERS OF THE DECADE 2010 – 2019

JPMorgan was awarded DealMakers of the Decade (by deal value). Grant Tidbury (JPMorgan) accepted the award.

Top DealMaker of the Decade (by deal flow) was awarded to Investec Bank. The Investec Bank team accepted the award.

Legal Adviser of the Decade (by deal value) went to the Webber Wentzel team. Kyle Beilings, Adam Ismail, Satiyya Patel, Sally Hutton, Christo Els, Marylou Greig and Gareth Driver.

Cliffe Dekker Hofmeyr received the Legal DealMaker of the Decade (by deal flow). Willem Jacobs accepted the award.

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NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Disposal by	MTN to AT Sher Netherlands Coöperatief U.A.	49% equity holdings in Ghana Tower Interco B.V. and Uganda Interco B.V.	Foreign - Netherlands	Telecommunications - mobile	Foreign - Ghana; Foreign - Uganda
Acquisition by ■	Sirius Real Estate from KCM Invest AG	two business parks – Neuss II near Dusseldorf and Neuruppin Business Park in the Brandenburg region	Real estate - real estate holding & development	Foreign - Germany	Foreign - Germany
Acquisition by	Sibanye-Stillwater from DRDGOLD	168 158 944 DRDGOLD shares (exercise of option)	Basic materials - gold mining	Basic materials - gold mining	Basic materials - gold mining
Disposal by °	Burton Shopping Centre (New Frontier Properties) to Swan Walk Estates	The Chapel in Burton upon Kent, UK	Foreign - UK	AltX	Foreign - UK
Disposal by ■ °	RDI REIT	Waterside, Leeds	Foreign - UK	Real estate - diversified REITs	Foreign - UK
Acquisition by	African Infrastructure Investment Managers, a member of Old Mutual Alternative Investments (Old Mutual) from Savannah Petroleum plc	minority stakes in Accugas and Seven Uquo Gas	Financials - life insurance	Foreign - UK	Foreign - Nigeria
Acquisition by	Equites Property Fund	land located in Hammarsdale, KZN	Real estate - industrial & office REITs	not listed	not listed
Acquisition by ■	Anglo American Projects (Anglo American) and Sirius Minerals plc minority shareholders	Sirius Minerals plc	Basic materials - general mining	Foreign - UK	Foreign - UK
Acquisition by	Workforce from KW Boyers, Uni Education Group and KA Deller	Chartall Business College	AltX	not listed	not listed
Disposal by	Redefine Properties to Madison International and Griffin Real Estate	46,5% and 2% (respectively) equity interest in the Polish logistics property portfolio held through European Logistics Investment (ELI)	Foreign - US	Real estate - diversified REITs	Foreign - Poland
Acquisition by	ARC Financial Services (African Rainbow Capital Investments) from Mercer Africa (Marsh & McLennan)	15,6% stake in Alexander Forbes	Financials - specialty finance	Foreign - US	Financials - asset managers
Acquisition by	Labat Africa from H Maasdorp	70% stake in Cannafrica	Venture capital	not listed	not listed
Acquisition by	Bidvest	New Frontiers Tours	Industrials - diversified	not listed	not listed
Disposal by ■	Net1 UEPS Technologies to Stonebridge Capital and Payletter	100% of KSNET	Foreign - South Korea	Industrials - financial administration	Foreign - South Korea
Disposal by	Investec Property Fund	66,7% stake in Musina Mall (incorporating the adjacent Great North Plaza), Limpopo	not listed	Real estate - diversified REITs	not listed
Disposal by	Investec Property Fund	Boitekong Mall in Rustenburg, North West	not listed	Real estate - diversified REITs	not listed
Disposal by ■	Intu Properties plc to ECE European Prime Shopping Centre Fund II	50% stake in Asturias Mall in Oviedo, Spain	Foreign - Germany	Real estate - retail REITs	Foreign - Spain
Disposal by °	Ellies Properties (Ellies) to Ironvest Properties	warehouse and industrial property, crn Bowls Road and Dyer Place in Arcadia, East London	not listed	Industrials - electrical components & equipment	not listed
Disposal by †	Sargas (Deneb Investments) to black empowerment entity led by T Eboka	Winelands Textiles	not listed	Financials - specialty finance	not listed
Disposal by †	Sebata to USC Metering	100% of IPES Utility Management Services	not listed	Technology - computer services	not listed
Acquisition by	Barloworld Mongolia (Barloworld) from Wagner Asia Group	Wagner Asia Equipment and 49% stake in SGMS LLC	Industrials - diversified	Foreign - US	Foreign - Mongolia
Acquisition by ■	Astoria Investments-led consortium from Edcon	CAN	AltX	not listed	not listed
Disposal by	Redefine Properties to Investment Trust Tritax EuroBox	two warehouse buildings and development land in Strykow, Poland	Foreign - UK	Real estate - diversified REITs	Foreign - Poland
Acquisition by ■	Universal Partners	significant minority stake in TechStream Group (merger of TechStream, Xcede and Etonwood)	AltX	Foreign - UK	Foreign - UK
Acquisition by	Genfin from minority shareholders	Mettle Investments (excluding shareholders holding 157 320 450 Mettle shares)	not listed	not listed	AltX
Acquisition by ■	Mediclinic Southern Africa (Mediclinic International)	a controlling share in Matlosana Medical Health Services in Klerksdorp, North-West Province	Healthcare - healthcare providers	not listed	not listed

* Investment Advisers include Financial Advisers and others claiming this category
■ Foreign transaction
═ Failed or postponed deal - excluded for ranking purposes
° Property deal - excluded for ranking purposes
† BEE deal

FIRST QUARTER'S DEALS

TOMBSTONE PARTIES					
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
	Tamela; JPMorgan (SA)	Paul Weiss		$523m	Jan 2
	PSG Capital			€33,4m	Jan 6
	One Capital			R1,09bn	Jan 10
	Java Capital; GB Capital			£931 277	Jan 13
	Java Capital			£6,5m	Jan 13
				$54m	Jan 17
Java Capital	Java Capital			R281m	Jan 20
Bank of America Securities; Centerview Partners UK; JPMorgan Cazenove; Lazard & Co	Rand Merchant Bank; Liberum Capital; Shore Capital	Linklaters LLP; Allen & Overy LLP		£404,9m	Jan 20
Ararat Corporate Advisory Services	Merchantec Capital			R34,88m	Jan 20
	Java Capital			€87,27m	Jan 21
Rand Merchant Bank; Merrill Lynch (SA)	Rand Merchant Bank	Bowmans; Webber Wentzel; Baker McKenzie; Desai (Botswana); Carey Olsen (Jersey); Engling & Stritter (Namibia); Aluko & Oyebode (Nigeria); MMAKS Advocates(Uganda); Corpus (Zambia)		R1bn	Jan 22
	Arbor Capital Sponsors			R15m	Jan 23
		Werksmans		R250m	Jan 23
FT Partners	Rand Merchant Bank	Yulchon LLC		$237m	Jan 27
Investec Bank	Investec Bank			R516,7m	Jan 27
Investec Bank	Investec Bank			R210m	Jan 27
	Merrill Lynch (SA)			€145m	Jan 28
	Java Capital			R5m	Jan 29
	PSG Capital	ENSafrica		R65m	Jan 31
	Merchantec Capital			R43m	Jan 31
	Nedbank CIB	Freshfield Bruckhaus Deringer		$216,8m	Feb 3
	Questco; GB Capital			undisclosed	Feb 4
				€51,8m	Feb 4
	Java Capital; Perigeum Capital			£7,8m	Feb 5
Questco; Mettle Corporate Finance	Questco	Cliffe Dekker Hofmeyr; ENSafrica	Nodus Capital	R118m	Feb 6
Morgan Stanley (SA); UBS (SA); Morgan Stanley & Co plc; UBS Investment Bank	Rand Merchant Bank; Simonis Storm Securities	Cliffe Dekker Hofmeyr		undisclosed	Feb 7

NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Acquisition by	Brimstone Investment	a further 55% stake in Obsidian Health	Financials - equity investment instruments	not listed	not listed
Acquisition by	Investec Property Fund Offshore Investments (Investec Property Fund) from funds managed by Real Estate Group of Ares Management Corporation	further 32,1% stake in the Pan European Logistics platform	Real estate - diversified REITs	Foreign - US	Foreign - Europe
Acquisition by	Constantia Risk and Insurance (Conduit Capital) from Legal Shield (Trustco)	Herboths Property Development	Financials - specialty finance	Financials - specialty finance	Foreign - Namibia
Acquisition by	Grindrod Shipping Pte (Grindrod Shipping) from one of its two JV partners	an additional 33,25% stake in its IVS Bulk joint venture	Industrials - marine transportation	Foreign - Europe	Foreign - Europe
Acquisition by	Harmony Gold Mining from AngloGold Ashanti	portfolio of SA assets including Mponeng and Mine Waste Solutions	Basic materials - gold mining	Basic materials - gold mining	not listed
Acquisition by	Newshelf 1005 from Andulela Investment minority shareholders	Andulela Investment (excluding 2 734 281 shares or 3,12%)	not listed	not listed	Financials - equity investment instruments
Disposal by ■	Anheuser-Busch InBev to BEE parties (SAB Zenzele Retail Shareholders, The SAB Foundation and qualifying SAB employees)	AB InBev shares held in SAB Zenzele Kabili (to be listed)	not listed	Consumer goods - brewers	not listed
Acquisition by	Shiselweni Forestry Company (TWK Investments) from Peak Timbers and Peak Forest Products	some of the forestry assets	Farming Fishing & Plantation	Foreign - Eswatini	Foreign - Eswatini
Disposal by °	Burton Shopping Centre (New Frontier Properties)	Primark store located in the Cooper Square Shopping Centre, Burton upon Trent	Foreign - UK	AltX	Foreign - UK
Acquisition by	Balwin Properties from Tongaat Hulett Development	developable land in Umhlanga Rocks	Real estate - real estate holding & development	Consumer goods - food products	not listed
Disposal by	Grand Parade Investments to ECP Africa Fund IV LLC	95,36% stake in Burger King (South Africa) and Grand Foods Meat Plant	Foreign - Mauritius	Consumer services - gambling	not listed
Acquisition by	Africa Renewable Power Fund (African Rainbow Capital Investments)	stake in CrossBoundary Energy (CBE)	Financials - specialty finance	not listed	not listed
Disposal by ■	Hammerson plc to Orion European Real Estate Fund V	portfolio of seven retail parks	Foreign - UK	Real estate - retail REITs	Foreign - UK
Disposal by	Atlantic Leaf Properties to Elite Logistics Properties	Hyder (holding industrial property in Runcorn, UK)	Foreign - UK	Real estate - real estate holding & development	Foreign - UK
Joint Venture	Equites Property Fund and Shoprite Checkers (Shoprite)	JVCo will hold a portfolio of distribution centres from Shoprite and underdeveloped land in Western Cape and Gauteng. Equites will inject cash of R2,1bn for a 50,1% equity stake	Real estate - industrial & office REITs; Consumer services - food & drug retailers		not listed
Disposal by	Shoprite to JVCo (Equites Property Fund and Shoprite)	Cilmor distribution centre in Brackenfell, with associated underdeveloped land	Real estate - industrial & office REITs; Consumer services - food & drug retailers	Consumer services - food & drug retailers	not listed
Disposal by †	Sebata to Inzalo Capital	55% stake in each of the companies comprising Software Group and a further 5% donation	not listed	Technology - computer services	not listed
Disposal by	PSV Holdings to DNG Energy	Turbo Agencies Botswana	not listed	AltX	Foreign - Botswana
Disposal by	Wesbank (FirstRand) to Volvo Financial Services Southern Africa	debtors book	not listed	Financials - banks	not listed
Disposal by °	Ellies Properties (Ellies)	five properties around South Africa	not listed	Industrials - electrical components & equipment	not listed
Acquisition by	Senwesbel and Senwes from shareholders	Suidwes	Food products	not listed	not listed
Acquisition by	Analysys Mason (Datatec)	Allolio & Konrad	Technology - computer services	Foreign - Germany	Foreign - Germany
Acquisition by	Botswana Development Corporation	3% equity stake in Grit Real Estate Income Group	Foreign - Botswana	Real estate - real estate holding & development	Real estate - real estate holding & development
Disposal by	Tongaat Hulett to KLL Group (Barloworld)	starch business	Industrials - diversified	Consumer goods - food products	not listed

* Investment Advisers include Financial Advisers and others claiming this category
■ Foreign transaction
═ Failed or postponed deal – excluded for ranking purposes
° Property deal – excluded for ranking purposes
† BEE deal

TOMBSTONE PARTIES				ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
Nedbank CIB	Nedbank CIB	Cliffe Dekker Hofmeyr		R35,7m	Feb 10
Investec Bank	Investec Bank			€191m	Feb 11
Merchantec Capital	Merchantec Capital	Africa Solved		N$1bn	Feb 11
	Grindrod Bank			$44,1m	Feb 11
UBS (SA); JPMorgan (SA); Standard Bank; Centerview Partners	UBS (SA); Standard Bank	Bowmans; Herbert Smith Freehills South Africa; ENSafrica; White & Case		$200m	Feb 12
Bridge Capital	Bridge Capital	Chris Boulle	Merchantec Capital	R254,73m	Feb 14
Rand Merchant Bank; Standard Bank	Questco	Bowmans; ENSafrica	BDO; PwC	R5,4bn	Feb 17
				R500m	Feb 18
	Java Capital; GB Capital			£6,7m	Feb 19
Investec Bank	Investec Bank			R167,26m	Feb 19
PSG Capital	PSG Capital	Cliffe Dekker Hofmeyr		R697m	Feb 19
				$16,5m	Feb 20
				£400m	Feb 21
	Java Capital; Perigeum Capital			£20,2m	Feb 24
Java Capital; Investec Bank	Java Capital; Investec Bank	Cliffe Dekker Hofmeyr		R4,1bn	Feb 25
Java Capital; Investec Bank	Java Capital; Investec Bank	Cliffe Dekker Hofmeyr		R1,2bn	Feb 25
Merchantec Capital	Merchantec Capital		PSG Capital	R501,9m	Feb 25
	Arbor Capital Sponsors			R 1	Feb 26
		Werksmans		not publicly disclosed	Feb 26
	Java Capital			R18,35m	Feb 26
			JF Basson	R587m	Feb 27
	Rand Merchant Bank			undisclosed	Feb 27
				share swap	Feb 27
PwC Corporate Finance; Absa CIB	PwC Corporate Finance; Absa CIB; Nedbank CIB	Bowmans; DLA Piper		R5,35bn	Feb 28

NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Disposal by	ELB Engineering (ELB Group) to Contura Mining	ELB Australia	Foreign - Australia	Industrials - industrial suppliers	Foreign - Australia
Acquisition by	Anchor Group from M Jurgens	effective 50% stake in M Jurgens Financial Services	AltX	not listed	not listed
Acquisition by	Legae Peresec from African Phoenix Investments minorities	remaining 66,55% stake in African Phoenix Investments	not listed	not listed	Financials - consumer finance
Disposal by †	Raubex Roads and Earthworks (Raubex) to Acorn Black Investments	Raubex Property Investments	not listed	Industrials - heavy construction	not listed
Acquisition by	Nedbank Venture Capital (Nedbank)	minority equity interest in Omnisient	Financials - banks	not listed	not listed
Acquisition by	Nedbank	additional 37,5% stake in Banco Único S.A.	Financials - banks	Foreign - Mozambique	Foreign - Mozambique
Acquisition by ■	OLX Brazil (Prosus)	50% stake in Grupo ZAP	Technology - internet	Foreign - Brazil	Foreign - Brazil
Disposal by †	Tiso Blackstar to Arena (Lebashe Investment)	Gallo Music Investments and Indigenous Film Distribution	not listed	AltX	not listed
Disposal by ■	Lighthouse Capital to CA Patrimoni Crescente - Fundo de Investimento Imobiliario Aberto	Forum Viseu shopping centre in Viseu, Portugal	Foreign - Portugal	Financials - equity investment instruments	Foreign - Portugal
Acquisition by	Assore from minority shareholders	remaining 17,4% stake in Assore	Basic materials - general mining	not listed	Basic materials - general mining
Disposal by	SA Corporate Real Estate to various parties	portfolio of properties	Real estate - diversified REITs	not listed	not listed
Acquisition by	Apis Growth 12 (managed by Apis Partners) from Efficient minorities	all issued shares in Efficient excluding 110 333 872 shares held by certain shareholders	Foreign - UK	not listed	Financials - asset managers
Disposal by	Hulamin Extrusions (Hulamin) to Pioneer Metals	immovable property, 1 Westview Road, Clayville	not listed	Basic materials - aluminium	not listed
Acquisition by	Capitalworks Atlanta (via special purpose vehicles BidCo and InvestCo) from Peregrine minority shareholders	Peregrine (excluding shares held by subsidiaries)	Foreign - US	not listed	Financials - asset managers
Disposal by °	Zambesa Investments (Freedom Property Fund) to Cecilo Investments CC	remaining property not already developed encompassed in the Tubatse Estate	not listed	Real estate - real estate holding & development	not listed
Acquisition by	RMB Corvest (RMB Holdings)	investment in Roos Foods (a KFC franchise with 71 stores in several provinces)	Financials - banks	not listed	not listed
Disposal by	Corporate International Holdings (Gold Fields) to Nord Gold SE	16,4% stake in Cardinal Resources (81,038,233 shares)	Foreign - Russia	Basic materials - gold mining	Foreign - Ghana
Acquisition by	Adcock Ingram	100% of Plush Professional Leather Care	Healthcare - pharmaceuticals	not listed	not listed
Disposal by	Tower Europe Retail (Tower Property Fund) to 3D Properties	Vukovarska retail property in Zagreb, Croatia	Foreign - Croatia	Real estate - diversified REITs	Foreign - Croatia
Disposal by ■	RDI REIT	German DIY retail warehouse portfolio	Foreign - Germany	Real estate - diversified REITs	Foreign - Germany
Disposal by ■	RDI REIT	Omnibus office building in Reigate, Germany	Foreign - UK	Real estate - diversified REITs	Foreign - UK
Disposal by ■	Trustco Business Developments (Trustco) to Riskowitz Value Fund LLP	1.3% stake in Trustco Resources	Foreign - US	Financials - specialty finance	Foreign - Namibia
Acquisition by	Master Drilling from MOGS Mining Services	Geoserve Exploration Drilling	Industrials - industrial machinery	not listed	not listed
Acquisition by	RH Bophelo Operating Company (RH Bophelo) from Perthpark Properties	remaining 70% of the entire issued share capital in Rondebosch Medical Centre	Financials - equity investment instruments	not listed	not listed
Acquisition by	Constantia Risk and Insurance and Conduit Ventures (Conduit Capital) from Trustco and Riskowitz Value Fund (reverse take-over)	Legal Shield	Financials - specialty finance	Financials - specialty finance	Foreign - Namibia
Disposal by	HCI Property Investments 2 (Hosken Consolidated Investments) to Zigzag Properties	rental enterprise business conducted on Erf 3639 in Kabega, Port Elizabeth	not listed	Financials - specialty finance	not listed
Acquisition by	Growthpoint Properties	stake in Onecart	Real estate - diversified REITs	not listed	not listed
Disposal by	Redefine Properties to FPG Group	Ottery Hypermarket in Cape Town	not listed	Real estate - diversified REITs	not listed

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

TOMBSTONE PARTIES				ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
Apex Partners	Questco			A$19,25m	Feb 28
	Java Capital			R49,5m	Feb 28
Java Capital	Java Capital		Mazars	R459,73m	Feb 28
	Investec Bank			R383m	Feb 28
Nedbank CIB				R3,3m	Feb 28
Nedbank CIB	Nedbank CIB			undisclosed	Mar 3
				$321m	Mar 5
PSG Capital	PSG Capital	Cliffe Dekker Hofmeyr		R75m	Mar 6
	Java Capital			€39,7m	Mar 6
Standard Bank	Standard Bank	Webber Wentzel	BDO	R7,8bn	Mar 9
	Nedbank CIB			R834,4m	Mar 10
Bravura Capital; Merchantec Capital	Merchantec Capital	Adams & Adams; Cliffe Dekker Hofmeyr	Nodus Capital	R36,42m	Mar 12
	Questco			R55m	Mar 13
Java Capital; One Capital	Java Capital; Deloitte	Cliffe Dekker Hofmeyr; Werksmans	KPMG	R4,2bn	Mar 13
Questco	Questco			R50m	Mar 13
		Cliffe Dekker Hofmeyr		undisclosed	Mar 14
Bacchus Capital		DLA Piper		A$37,1m	Mar 15
	Rand Merchant Bank	ENSafrica		not publicly disclosed	Mar 18
	Java Capital			€12,42m	Mar 18
	Java Capital			€22,8m	Mar 19
	Java Capital			£14,9m	Mar 19
	Vunani Sponsors; Simonis Storm Securities; JP Galda			$4,55m	Mar 20
				R 1	Mar 24
	Deloitte	Motsoeneng Bill		R93,75m	Mar 26
Merchantec Capital	Merchantec Capital; Vunani Sponsors; Simonis Storm Securities; JP Galda			R10,44bn	Mar 27
		ENSafrica		R52m	not announced
		Eversheds Sutherland		not publicly disclosed	not announced
		Cliffe Dekker Hofmeyr		R344m	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. The economic substance of the entity shareholders are exposed to must change.

General Corporate Finance covers transactions where this is not the case, regardless of the mechanism used to implement the transaction. If there is no agreement concluded with a third party that achieves new economic exposure for the entity in question then the transaction falls under General Corporate Finance.

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 (50% + 1 share) held by a South African Exchange listed firm; or
- if the entity is an associate (less than 50% + 1 share) 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 (i) Deals and transactions which are classified as affected transactions where the Takeover Regulations apply will be captured only when

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

(ii) Any other deals and transactions submitted by advisory firms which are not classified as an affected transaction or where the Takeover Regulations do not apply will be captured only when submitted with proof of

- the transaction i.e. front page of the contract
- role undertaken, and
- price

1.5 The acquisition and disposal 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 an external financial adviser. Where large listed property companies use their own internal counsel, deals will be assessed on a case by case basis; or
- if below R200m, the deal will only be included if there is an external financial adviser to one party.
- If 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 other 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, but a least one has a dual listing in 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 (other than investment holding companies, permanent capital vehicles whose primary objective is to acquire businesses, SPACs and the like):

- 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. If 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 The sale by banks and financial institutions of stakes in property which have been developed and on sold will not be classified as an M&A transaction.

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 first announcement date (except for listings, for which the record date is the date of the actual listing). Refer to inclusion criteria 1.4 and 3.4 below.

3.2 Only equity value will be used and not the enterprise value. **DealMakers** does not include debt.

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

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

3.5 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.

3.6 Only the value of the SA exchange listed partner's stake in a joint venture will be captured and credited to advisory parties.

3.7 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.

3.8 Earn-outs or future additional payments based on the ability of the asset acquired to achieve certain financial targets are not included. Should targets be met, the value will be added to the original transaction on date first captured.

3.9 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
- Transactional Support Services (includes due diligence, independent expert and other financial and bespoke legal advice as well as reporting accountant work)
- 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. The role of sponsor will be awarded only to specifically announced deals and transactions. Those deals announced in company results will not automatically be credited. The onus will be on the sponsor firm to provide proof of work carried out on the deal claimed. In addition, where a transactional sponsor is named in addition to the company sponsor, only the transactional sponsor will be given credit unless involvement of both parties can be demonstrated.

4.5 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.

4.6 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.

4.7 Advisers on the provision of debt are not included.

4.8 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.

4.9 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.

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

4.11 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; and
- 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. No response will indicate acceptance.

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 2020

NATURE OF DEAL	PARTIES	ASSET
Investment by	Inqo Investments	Kentegra Biotechnology
Acquisition by	Ferro South Africa from Speed Bird Investment	Performance Colour Systems
Acquisition by	Pareto	a 25% stake in Atterbury Europe
Acquisition by	Kalon Venture Partners	a stake in Sendmarc
Acquisition by	Five Elms Capital	a stake in Skynamo
Acquisition by	FSD Africa Investments	an additional stake in MFS Africa
Acquisition by	Secha Capital	a stake in Rush Nutrition
Acquisition by	Havaic	a stake in AURA
Acquisition by	Burncrete from Torre	Elephant Lifting Equipment
Acquisition by °	Boxwood Property from Parkdev BW	Builders Warehouse Cape Gate
Acquisition by	Senatla Capital Investment Management	a stake in Joe Public United
Acquisition by	Techstars, Platform Investment Partners Growth and Platform45	a stake in Howler
Acquisition by	African Fashion International	Wezart
Acquisition by	GoDaddy	Over
Joint venture	Katoro Gold and Blyvoor Gold Operations together with its holding company, Target Mine Consulting	exploit potentially viable deposits of gold and other minerals from six gold tailings dams (50:50)
Acquisition by	Salt Recruitment Group	a stake in Recruit Digital
Acquisition by	TerraCom Bidco	remaining shares in Universal Coal not already held [current stake is 19.995%]
Acquisition by	Africa Oil SA Corp from Azinam	20% participating interest in th Block 3B/4B Exploration Right [Orange Basin offshore SA]
Acquisition by	Xcontent Business Solutions	the IT business sector of Auric Consulting
Acquisition by	Epsidon Technology | First Distribution	Nology
Acquisition by	Woven	BYC Aqua Solutions
Joint venture	The Odd Number and King James	Groundswell
Joint venture	MPX International and Simonsberg Cannabis	First Growth (80%:20%)
Disposal by	Agri-Vie Fund I to Masimong Group	stake in InteliChem
Acquisition by	Two Hop Ventures from Paper Plane Ventures	a stake in Centbee
Acquisition by	Epsidon Technology | First Distribution	Core Networks
Acquisition by	Schauenburg Ventures SA	a significant stake in NewSpace Systems
Acquisition by	Evernex	Storex
Acquisition by	Investec Private Capital and Compass Venture Capital	minority equity interest in Omnisient
Acquisition by	Snapplify	Onnie Media | Teacha!
Acquisition by	HAMU Hospitality and Tourism Group	Fleur du Soleil Guesthouse, Franschhoek
Acquisition by	ParaZone	business of Delta Drone South Africa
Acquisition by	Novus Group	ROI Africa's client base
Acquisition by	Iron Bridge Capital	investment in Roos Foods (a KFC franchise with 71 stores in several provinces)
Acquisition by	Viessmann Group	a 40% stake in ThermoWise
Acquisition by	The Livekindly Co	The Fry Family Food Co
Acquisition by	Mast Capital and Scott Gibson	a stake in Contactable
Acquisition by	Getwine	100% of Salewine
Disposal by	Southstone Minerals to Kevin C. Gallagher	49% of the issued shares and 74% of the pref shares in Kwena Mining Projects, Kwena Mining and Metallurgical Services and Kwena Springlake Projects
Acquisition by	Calulo LPG	a 49% stake in Totalgaz Southern Africa
Acquisition by	Mainstreet 1754 (Ata Fund III)	a majority stake in Jachris Hose and Couplings
Acquisition by †	Ascension Capital Partners	a 30% stake in CMC SA Investments
Acquisition by	Main Street 1750, Main Street 1759, Smaldon Investments, Eric Ellerine Trust, the Trustees for the time being of the PC-T Trust, Sabvest Finance and Guarantee Corporation and Stodadox	stakes in DN Invest
Disposal by	Estate of the Late MR Collyer	60% stake in Palian Holdings
Acquisition by	Dempower from The Trustees for the time being of The Disability Empowerment Concerns Trust and DEC Investment Holding Company	Assets of DECT and DECH
Acquisition by	Botshilu Holdings	a stake in each of Botshilu Private Hospital and Botshilu Properties
Acquisition by	Kingson Capital	a stake in Onecart
Disposal by	GroCapital Financial Services (Afgri) to the Land and Agricultural Development Bank of SA	corporate lending book (91st | 92nd | 93rd) tranche)
Disposal by	Unigro Financial Services (Afgri) to Wesbank	CML book for Jan - Mar 2020

* 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*	INVESTMENT ADVISER - FOREIGN	ATTORNEY/LEGAL ADVISER	LEGAL ADVISER - FOREIGN		
				undisclosed	Jan 3
		Webber Wentzel; Werksmans; Cliffe Dekker Hofmeyr		not publicly disclosed	Jan 15
		White & Case South Africa		undisclosed	Jan 20
				undisclosed	Jan 21
				$30m	Jan 21
				$1,2m	Jan 21
				undisclosed	Jan 21
				R6m	Jan 22
		Werksmans		not publicly disclosed	Jan 24
		Cliffe Dekker Hofmeyr; Vani Chetty Comepetition Law		not publicly disclosed	Jan 29
		Werksmans		undisclosed	Jan 29
				undisclosed	Jan 30
				undisclosed	Jan 30
				undisclosed	Jan 30
	Strand Hanson			undisclosed	Jan 30
				undisclosed	Feb 3
				R1,4bn	Feb 3
				undisclosed	Feb 7
				undisclosed	Feb 18
				undisclosed	Feb 18
				undisclosed	Feb 19
				undisclosed	Feb 19
				undisclosed	Feb 20
				undisclosed	Feb 20
		Cliffe Dekker Hofmeyr		undisclosed	Feb 21
				undisclosed	Feb 26
				undisclosed	Feb 28
				undisclosed	Mar 3
				undisclosed	Mar 4
				undisclosed	Mar 4
				undisclosed	Mar 9
				undisclosed	Mar 12
				undisclosed	Mar 12
				undisclosed	Mar 14
				undisclosed	Mar 17
		Baker McKenzie (SA)		undisclosed	Mar 17
				undisclosed	Mar 18
				undisclosed	Mar 19
				C$1,4m	Mar 23
		ENSafrica		not publicly disclosed	Mar 27
		Webber Wentzel		undisclosed	Mar 27
		White & Case South Africa		undisclosed	not announced
		Cliffe Dekker Hofmeyr		undisclosed	not announced
		Werksmans		not publicly disclosed	not announced
		Werksmans		not publicly disclosed	not announced
		Werksmans		undisclosed	not announced
		Eversheds Sutherlands (SA)		undisclosed	not announced
		vdma; Afrgi Legal		R283,7m	over the 1st quarter
		vdma; Afrgi Legal		R49,5m	over the 1st quarter

GENERAL CORPORATE FINANCE

SHARE ISSUES

DESCRIPTION	COMPANY	SECTOR	NUMBER OF SHARES	PRICE/SHARE
Specific Issue	Heartwood Properties	Real Estate Holding & Development	10 623 529	R0,69
Specific Issue (Cap Award)	Pepkor	Broadline Retailers	37 850 881	R17,07
Specific Issue (Cap Award)	Stenprop	Real Estate Holding & Development	1 662 173	R23,73
Specific Issue	Kore Potash plc	General Mining	3 811 398	undisclosed
Cash Issue	Renergen	AltX	4 791 667	A$1,20
Rights Issue	Sephaku	Heavy Construction	46 270 261	R0,81
Specific Issue	Labat Africa	Venture Capital	15 000 000	R1,00
Equity Raise	Investec Property Fund	Diversified REITs	68 627 451	R12,75
Specific Issue	Trustco	Specialty Finance	388 400 000	undisclosed
Private Placement	Gold Fields	Gold Mining	41 431 635	R90,20
Equity Raise	Equites Property Fund	Industrial & Office REITs	42 780 748	R18,70
Specific Issue (Cap Award)	NEPI Rockcastle	Real Estate Holding & Development	1 123 932	R126,37
Specific Issue (Cap Award)	Brimstone Investment	Equity Investment Instruments	17 326 702 'N'	R7,00
Specific Issue (conversion of debt to equity)	Ecsponent	Preference Shares	8 808 624 705	R0,0245
Specific Issue (Cap Award)	RH Bophelo	Equity Investment Instruments	2 178 629	R9,85
Specific Issue	Nutritional	AltX	2 000 000 000	R0,045
Specific Issue	Kibo Energy	AltX	8 000 000	£0,0525
Specific Issue	Kibo Energy	AltX	6 996 110	£0,0045
Specific Issue (Cap Award)	Raven Property	Real Estate Holding & Development	123 350	undisclosed
Specific Issue	Trustco	Specialty Finance	12 962 962	N$2,70
Specific Issue	Ecsponent	Preference Shares	25 050 B^{14}, 151 200 B^{15}, 51 000 D^{6}, 173 000 D^{8}, 122 686 E^{6}, 8 700 E^{7}, 1 450 G^{4}	R 100

SHARE REPURCHASES

DESCRIPTION	COMPANY	SECTOR	NUMBER OF SHARES	PRICE/SHARE
General Repurchase	Hulamin	Aluminium	9 587 905	ave R2,58
General Repurchase	Indequity	Development Capital	551 869	ave R7,88
General Repurchase	Datatec	Computer Services	5 463 435	R31,08 - R37,00
General Repurchase	Arrowhead Properties	Retail REITs	19 132 488	ave R3,84

* Investment Advisers include Merchant & Investment Banks and others claiming this category

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
	Pallidus Capital			R7,24m	Jan 6
PSG Capital	PSG Capital			R646,1m	Jan 7
Numis Securities	Java Capital			R39,44m	Jan 14
	Rencap Securities (SA)			$74 875	Jan 20
	PSG Capital			A$5,75m	Jan 20
	Questco			R37,5m	Jan 21
	Arbor Capital Sponsors			R15m	Jan 23
Investec Bank	Investec Bank	Cliffe Dekker Hofmeyr; Bowmans		R875m	Feb 11
	Vunani Corporate Finance; Simonis Storm Securities; JP Galda & Co			undisclosed	Feb 12
JPMorgan (SA); JPMorgan Securities plc; BMO Capital Markets	JPMorgan (SA)	Webber Wentzel; ENSafrica; Linklaters; Davis Polk & Wardwell London LLP		R3,74bn	Feb 12
Java Capital	Java Capital			R800m	Feb 20
	Java Capital			R142m	Feb 21
	Nedbank CIB			R121,28m	Mar 12
	Questco			R215,81m	Mar 20
	Deloitte	Motsoeneng Bill		R21,46m	Mar 26
	Exchange Sponsors			R90m	Mar 27
River Group	River Group; ETX Capital; RFC Ambrian			£420 000	Mar 30
River Group	River Group; ETX Capital; RFC Ambrian			£31 482	Mar 30
	Rencap Securities (SA); N+1 Singer; Numis Securities, Ravenscroft; Renaissance Capital (Russia)			undisclosed	Mar 30
	Vunani Corporate Finance; Simonis Storm Securities; JP Galda & Co			N$35m	Mar 31
	Questco			R44,29m	over 1st quarter

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
	Questco			R24,75m	Jan 22
	Merchantec Capital			R4,35m	Jan 22
	Rand Merchant Bank	Bowmans		R187,38m	Jan 29
	Java Capital			R73,5m	Jan 29

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SHARE REPURCHASES (Continued)

DESCRIPTION	COMPANY	SECTOR	NUMBER OF SHARES	PRICE/SHARE
Specific Repurchase	Finbond	Banks	47 000 000	R2,91
General Repurchase	Clicks	Drug Retailers	10 558 528	R256,93
General Repurchase	Long4Life	Specialty Finance	25 069 912	R3,60
General Repurchase	Kap Industrial	Diversified Industrials	83 579 648	R2,96 - R4,53
General Repurchase	Capital & Counties Properties	Real Estate Holding & Development	325 000 + 175 000	£2,25 + R44,36
General Repurchase	PBT Group	Asset Managers	5 384 214	R2,15
General Repurchase	Zarclear	Equity Investment Instruments	11 303 285	R4,40
General Repurchase	Santova	AltX	4 931 830	ave R2,00
General Repurchase	SA Corporate Real Estate Fund	Retail REITs	15 957 242	R3,13
Odd-Lot Repurchase	Quilter	Asset Managers	17 000 000	£1,20/R28,13
General Repurchase	Silverbridge	AltX	1 044 614	R0,80
General Repurchase	Adcock Ingram	Pharmaceuticals	2 714 837	R37,67 - R43,00
General Repurchase	MultiChoice Group	Broadcasting & Entertainment	10 100 364	ave R96,39
General Repurchase	Capital Appreciaton	Specialty Finance	39 750 489	R0,55 - R0,80
General Repurchase	RCL Foods	Farming Fishing & Plantation	14 480 259	R10,29
Specific Repurchase	Oceana	Farming Fishing & Plantation	5 094 350	R17,40
Specific Repurchase	Stenprop	Real Estate Holding & Development	1 662 173	£1,27
General Repurchase	Barloworld	Diversified Industrials	18 245 058	R79,58 - R106,73
General Repurchase	Argent Industrial	Diversified Industrials	10 068 327	R5,70 - R6,00
General Repurchase	Quilter	Asset Managers	25 361 732	ave £1,10
General Repurchase	South32	General Mining	51 807 705	A$1,66 - A$2,67

UNBUNDLING

COMPANY	SECTOR	DETAILS
RMB Holdings	Banks	unbundling of 1 851 996 287 FirstRand shares at R40,61 per share to RMB Holdings shareholders as a distribution in specie
Remgro	Diversified Industrials	unbundling of a 28,2% stake (397 447 747 shares) in RMB Holdings at R52,77 per share to Remgro shareholders as a dividend in specie
Investec	Investment Services	demerger of IAM SA and IAM Plc from Investec and the subsequent listing and unbundling to shareholders of the Investec Asset Management business to be renamed Ninety One
South32	General Mining	special dividend of 1,1 US cents per share
Sea Harvest	Farming Fishing & Plantation	special dividend of R0,05 per share
Astoria Investments	AltX	special dividend of $0,03985 (0,62315) per share and capital payment of $12,3m to sole shareholder Livingstone Investments
Fortress Reit	Diversified REITs	distribution in specie at a price of R52,69 per share

* Investment Advisers include Merchant & Investment Banks and others claiming this category

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
Grindrod Bank	Grindrod Bank			R136,8m	Jan 29
	Investec Bank			R2,71bn	Feb 6
	Standard Bank			R90,25m	Feb 18
	PSG Capital			R317,25m	Feb 25
	Merrill Lynch (SA)			R22,15m	Feb 27
	Sasfin Capital			R11,58m	Feb 27
Java Capital	Java Capital			R49,73m	Feb 28
River Group	River Group			R9,84m	Mar 5
	Nedbank CIB			R49,95m	Mar 10
	JPMorgan (SA)			£20,4m	Mar 12
	PSG Capital			R834 191	Mar 18
	Rand Merchant Bank			R105,18m	Mar 20
	Rand Merchant Bank			R973,58m	Mar 20
	Investec Bank			R30,43m	Mar 20
	Rand Merchant Bank			R149m	Mar 26
	Standard Bank; Old Mutual Investment Services (Namibia)			R88,65m	Mar 30
Numis Securities	Java Capital			£2,11m	over 1st quarter
Nedbank CIB	Nedbank CIB			R1,68bn	over 1st quarter
	PSG Capital			R57,8m	over 1st quarter
JPMorgan (SA); JPMorgan Securities plc	JPMorgan (SA)			£27,89m	over 1st quarter
	UBS (SA)			A$115m	over 1st quarter

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
Rand Merchant Bank	Rand Merchant Bank	Bowmans	Merrill Lynch; PwC	R75,21bn	Jan 7
Rand Merchant Bank	Rand Merchant Bank	DLA Piper		R20,97bn	Jan 7
JPMorgan Cazenove; Fenchurch Advisory Partners	JPMorgan (SA); JPMorgan Cazenove	ENSafrica; Allen & Overy SA; Linklaters; Allen & Overy	KPMG; EY; Ernst & Young LLP	R16,97bn	Feb 11
	UBS (SA)			$54m	Feb 13
	Standard Bank			to be advised	Mar 2
Questco	Questco			$12,3m	Mar 4
	Java Capital; Nedbank CIB			to be advised	Mar 5

GENERAL CORPORATE FINANCE

RESTRUCTURING

COMPANY	SECTOR	DETAILS
Sibanye-Stillwater	Gold Mining	restructuring of the group whereby Sibanye Stillwater will acquire 100% of Sibanye Gold and list on the JSE and NYSE to replicate listing of Sibanye Gold
Ecsponent	Preference Shares	capital restructure of preference shares - total debt into equity
Sabvest	Equity Investment Instruments	restructuring of the group whereby Sabvest's dual share ownership structure will be collapsed and all shareholders will have the same economic rights following the Sabvest Capital listing

MAJOR OPEN MARKET TRANSACTIONS

DESCRIPTION	COMPANY	SECTOR	DETAILS
Open Market Disposal by	RMB Holdings	Banks	58 436 763 FirstRand shares at R39,17 per share
Open Market Disposal by	Naspers	Broadcasting & Entertainment	22 000 000 N ordinary shares in Prosus (1,4% of the issued N share capital) at €67,50 per share
Open Market Disposal by	Pilatucom, Rutland Trust and Sugar Tube Trust	Specialty Finance	69 000 000 Transaction Capital shares at R23,50 per share via accelerated bookbuild
Open Market Acquisition by	Zarclear	Equity Investment Instruments	24 200 000 African Phoenix Investments shares at R0,38 per share
Open Market Acquisition by	Hosken Consolidated Investments	Speciality Finance	47 541 067 Niveus shares at R2,40 per share in terms of the general offer to Niveus shareholders (unimplemented proposed scheme of arrangement)

OFF MARKET TRANSACTIONS

DESCRIPTION	COMPANY	SECTOR	DETAILS
Off Market Disposal	Delta Property Fund	Real Estate Holding & Development	6 497 566 Grit shares at a price of R16,06 ($1,09)
Off Market Acquisition by	Hosken Consolidated Investments (Deepkloof)	Specialty Finance	74 669 084 additional ordinary shares in Impact Oil and Gas at 20 pence per share and a further 23 827 569 shares (as underwriter to the Open Offer) at 18 pence per share

COMPANY LISTINGS

DESCRIPTION	COMPANY	SECTOR	NUMBER OF SHARES	PRICE/SHARE
4AX Listing	iHealthcare Group Holdings	Health Care	1 540 120	R26,99
4AX Listing	iHealthcare Group	Health Care	2 330 000	R26,99
A2X Listing (Secondary)	Sasol	Integrated Oil & Gas	1 314 407 571	n/a
ZAR X Listing	Runaway Property Group	Retail REITs	47 995 092	R10,00
A2X Listing (Secondary)	City Lodge Hotels	Hotels	43 573 893	n/a
JSE (Secondary)	Ninety One plc	Asset Managers	622 624 622	R33,70
JSE	Ninety One ltd	Asset Managers	300 089 454	R32,90

* Investment Advisers include Merchant & Investment Banks and others claiming this category

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
	JPMorgan (SA)	ENSafrica; Cliffe Dekker Hofmeyr; Linklaters	PwC; KPMG; EY	n/a	Jan 23
	Questco			R2,2bn	Feb 11
Apex Partners	Rand Merchant Bank	ENSafrica	BDO; Deloitte	n/a	Feb 28

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
Rand Merchant Bank	Rand Merchant Bank	Bowmans	PwC	R2,29bn	Jan 7
Citigroup Global Markets (SA); Citigroup Global Markets (Int); Goldman Sachs International; JPMorgan Securities plc; Morgan Stanely & Co. International	Investec Bank	Webber Wentzel; Allen & Overy LLP; Linklaters		€1,5bn	Jan 22
Goldman Sachs (SA); Standard Bank	Standard Bank	ENSafrica		R1,62bn	Feb 18
Java Capital	Java Capital			R9,2m	Mar 26
Investec Bank	Investec Bank	ENSafrica		R114,1m	over 1st quarter

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
Nedbank CIB	Nedbank CIB			R104,35m	Jan 17
		ENSafrica; Herbert Smith Freehills		£19,22m	Feb 7

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
	Pallidus Capital			R41,57m	Jan 17
	Pallidus Capital			R62,89m	Jan 17
	Merrill Lynch (SA)		De Vos Richards	n/a	Feb 3
	Ab Initio Advisory			R479m	Feb 11
	Nedbank CIB			n/a	Mar 11
Investec Bank; JPMorgan Cazenove; BofA Merrill Lynch; Investec Bank plc; Fenchurch	JPMorgan (SA)	ENSafrica; Linklaters	KPMG LLP	R20,98bn	Mar 16
Investec Bank; JPMorgan Cazenove; BofA Merrill Lynch; Investec Bank plc	JPMorgan (SA)	ENSafrica; Linklaters	KPMG	R9,87bn	Mar 16

COMINGS & GOINGS

LISTINGS

EXCHANGE	COMPANY	SECTOR	ANNOUNCEMENT DATE	EFFECTIVE DATE
JSE Listing (Potential)	Bushveld Minerals	to be advised	Feb 4 2019	2020
A2X Listing (Secondary)	City Lodge Hotels	Hotels	Mar 4 2020	Mar 11 2020
JSE Listing (Potential)	Engen	to be advised	Oct 1 2019	2020
A2X Listing (Secondary)	Exxaro Resources	Coal	Mar 25 2020	Apr 2 2020
4AX Listing	iHealthcare Group	Health Care	Dec 6 2019	Jan 17 2020
4AX Listing	iHealthcare Group Holdings	Health Care	Dec 6 2019	Jan 17 2020
JSE Listing	Ninety One Ltd	Asset Managers	Sep 14 2018	Mar 16 2020
JSE Listing (Secondary)	Ninety One Plc	Asset Managers	Sep 14 2018	Mar 16 2020
JSE Listing (Potential)	Pac-Con Pharmaceuticals (Labat Africa)	to be advised	Dec 27 2019	2020
JSE Listing (Potential)	Revego Africa Energy	to be advised	Jan 17 2019	2020
Zar X Listing	Runway Property Group	Retail REITS	Feb 11 2020	Feb 11 2020
JSE Listing	Sabvest Capital	Equity Investment Instruments	Oct 28 2019	May 13 2020
A2X Listing (Secondary)	Sasol	Speciality Chemicals	Jan 27 2020	Feb 3 2020
JSE Listing	Sibanye Stillwater	Platinum & Precious Metals	Oct 6 2019	Feb 19 2020

DELISTINGS

COMPANY	SECTOR	ANNOUNCEMENT DATE	SUSPENSION DATE	TERMINATION DATE	COMMENT
AEP Energy Africa	AltX	Feb 10 2020	Nov 12 2019	Apr 7 2020	JSE listing requirements: SPAC viable asset acquisition not completed
African Phoenix Investments	Specialty Finance	Feb 28 2020	Jun 24 2020	Jun 30 2020	Scvheme of arrangement (Legae Peresec)
Andulela Investment	Equity Investment Instruments	Feb 14 2020	May 13 2020	May 15 2020	Scheme of arrangement (Newshelf 1005)
Assore	General Mining	Mar 9 2020	May 20 2020	May 26 2020	Voluntary termination - repurchase
Avior Capital Markets	AltX	Nov 28 2019	Feb 12 2020	Feb 18 2020	Scheme of arrangement (Char Trade t/a Ace Retail Solutions)
Efficient Group	Asset Managers	Mar 12 2020	to be advised	to be advised	Scheme of arrangement (Apis Growth 12 South Africa)
Peregrine	Asset Managers	Mar 13 2020	to be advised	to be advised	Scheme of arrangement (Peregrine)
Pioneer Food Group	Food Products	Jul 19 2019	Mar 18 2020	Mar 24 2020	Scheme of arrangement (PepsiCo)
Rolfes	Speciality Chemicals	Oct 31 2019	Feb 5 2020	Feb 11 2020	Scheme of arrangement (Packaging Solutions Africa)
Sabvest	Equity Investment Instruments	Oct 28 2019	May 13 2020	May 15 2020	Simplification of dual structure
Sibanye Gold	Gold Mining	Oct 4 2019	Feb 19 2020	Feb 25 2020	Restructuring of the company and listing of new holding company Sibanye Stillwater

LIQUIDATIONS

COMPANY	SECTOR	ANNOUNCEMENT DATE	STATUS
Pembury Lifesyle	AltX	Feb 14 2020	Moore Stephens served Provisional Liquidation papers on Pembury Lifestyle Group, Pembury Schools PLG Retirement Villages and PLG Properties

COMINGS & GOINGS

SUSPENSIONS

COMPANY	SECTOR	ANNOUNCEMENT DATE	EFFECTIVE DATE	COMMENT
Astoria Investments	AltX	Mar 23 2020	Mar 25 2020	JSE listing requirements | Shareholder spread
Basil Read	Heavy Construction	Jun 20 2018	Jun 20 2018	Subsidiary - Basil Read Holdings in voluntary business rescue (Jun 15 2018)
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)
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
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
Rockwell Diamonds	Diamonds & Gemstones	Apr 4 2017	Apr 4 2017	Voluntary suspension 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
Tongaat Hulett	Food Products	Jun 10 2019	Jun 10 2019	Request of directors: annual financial results. Suspension lifted Feb 3 2020
Total Client Services	AltX	Dec 23 2013	Dec 23 2013	Voluntary suspension due to business rescue application
Union Atlantic Minerals	General Mining	Sep 23 2014	Sep 23 2014	Request of directors. Company financially distressed
Visual International	AltX	Jul 1 2019	Jul 1 2019	JSE listing requirements (non submission provisional results)
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					
Gemfields	Diamonds & Gemstones	Secondary	UK (AIM)	Jan 17 2020	Feb 14 2020
FOREIGN DELISTINGS					
Astoria Investments	AltX	Secondary	Namibia (NSX)	Jan 27 2020	Feb 18 2020
MAS Real Estate	Real Estate Holding & Development	Secondary	Luxembourg	Mar 3 2020	Jun 26 2020

NAME CHANGE

COMPANY	NEW NAME	SECTOR	ANNOUNCEMENT DATE	EFFECTIVE DATE
Hosken Passenger Logistics and Rail	Genesis Transport	Travel & Tourism	Sep 2 2019	to be advised
Gaia Infrastructure	to be advised	Equity Investment Instruments	Apr 16 2020	to be advised
Rhodes Food Group	RFG	Food Products	Dec 6 2019	Apr 1 2020
Senwesbel	Agri Investments	Food Products - Agricultural	Feb 27 2020	to be advised

CHANGE IN SECTOR

COMPANY	SECTOR	NEW SECTOR	ANNOUNCEMENT DATE	EFFECTIVE DATE
Bauba Resources	Platinum & Precious Metals	General Mining	Mar 16 2020	Mar 23 2020
Capital & Counties	Real Estate Holding & Development	Diversified REITs	Mar 16 2020	Mar 23 2020
Investec Ltd	Investment Services	Specialty Finance	Mar 16 2020	Mar 23 2020
Investec Plc	Investment Services	Specialty Finance	Mar 16 2020	Mar 23 2020
PSG Group	Investment Services	Specialty Finance	Mar 16 2020	Mar 23 2020
Reinet Investments	Equity Investment Instruments	Specialty Finance	Mar 16 2020	Mar 23 2020
RMB Holdings	Banks	Specialty Finance	Mar 16 2020	Mar 23 2020
Steinhoff International	Furnishings	Broadline Retailers	Mar 16 2020	Mar 23 2020
Transcend Residential Property Fund	AltX	Residential REITs	Feb 5 2020	Feb 12 2020

SHARE CONSOLIDATION

COMPANY	SECTOR	NUMBER OF SHARES	RATIO	NEW NO OF SHARES	ANNOUNCEMENT DATE	EFFECTIVE DATE
Capital & Regional	Retail REITs	1 038 840 375	10 : 1	103 884 038	Nov 7 2019	Jan 15 2020
Mine Restoration Investments	AltX	863 053 100	1 000 : 1	863 053	Oct 10 2019	to be advised

PROFIT WARNINGS

COMPANY	SECTOR	ANNOUNCEMENT DATE
4Sight	AltX	Mar 30
Adapt IT	Computer Services	Feb 14
Advanced Health	AltX	Feb 20
African and Overseas Enterprises	Apparel Retailers	Mar 30
African Rainbow Minerals	General Mining	Feb 17
Alviva	Computer Hardware	Feb 14
Ascendis Health	Pharmaceuticals	Mar 5
Assore	General Mining	Feb 6
Avior Capital Markets	AltX	Jan 29
Balwin Properties	Real Estate Holding & Development	Mar 18
Bell Equpment	Commercial Vehicles & Trucks	Mar 16
Blue Label Telecoms	Mobile Telecommunications	Jan 23
Bowler Metcalf	Containers & Packaging	Jan 24
Cashbuild	Home Improvement Retailers	Feb 24

ADMINISTRATIVE MATTERS

PROFIT WARNINGS

COMPANY	SECTOR	ANNOUNCEMENT DATE
City Lodge Hotels	Hotels	Feb 4
Cognition	Computer Services	Mar 6
Comair	Airlines	Feb 19
Conduit Capital	Full Line Insurance	Mar 26
Consolidated Infrastructure	Electrical Components & Equipment	Feb 19
Delta Property Fund	Industrial & Office REITs	Mar 3
Discovery	Life Insurance	Feb 17
Ecsponent	Specialty Finance	Feb 26
ELB Group	Industrial Suppliers	Mar 13
EOH	Computer Services	Mar 19
Freedom Property Fund	Real Estate Holding & Development	Feb 18
Hulamin	Aluminium	Mar 20
ISA	AltX	Mar 17
KAP Industrial	Diversified Industrials	Mar 26
Massmart	Broadline Retailers	Jan 30
Merafe Resources	General Mining	Mar 5
Metair Investments	Auto Parts	Mar 30
Montauk	Integrated Oil & Gas	Feb 18
Mpact	Containers & Packaging	Feb 17
Murray & Roberts	Diversified Industrials	Feb 27
Old Mutual	Life Insurance	Mar 6
Onelogix	Transportation Services	Jan 15
Phumelela Gaming and Leisure	Gambling	Feb 27
Randgold & Exploration	Gold Mining	Mar 17
Rex Trueform	Apparel Retailers	Mar 30
Royal Bafokeng Platinum	Platinum & Precious Metals	Feb 25
Sanlam	Life Insurance	Mar 6
Sasol	Speciality Chemicals	Jan 31
South Ocean	Electrical Components & Equipment	Mar 17
Super Group	Transportation Services	Feb 10
Texton Property Fund	Diversified REITs	Mar 4
The Bidvest Group	Diversified Industrials	Feb 20
Tongaat Hulett	Food Products	Jan 29
Trencor	Transportation Services	Mar 13
Unicorn Capital Partners	General Mining	Mar 18
Woolworths	Broadline Retailers	Jan 27

DEALS THAT DIDN'T

NATURE OF DEAL	PARTIES	ASSET	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
Acquisition by	OLX (Naspers)	60% stale in WeBuyCars	R1,4bn	Sep 18 2018
Disposal by	Tiso Blackstar to Lebashe Investment	media, broadcasting and content businesses in Ghana, Nigeria and Kenya	undisclosed	Jun 27 2019
Acquisition by	Labat Africa	majority stake in Knuckle Genetics	R4m	Sep 5 2019
Acquisition by ■	MIH Food Delivery (Prosus)	Just Eat plc	£5,5bn	Oct 22 2019
Acquisition by	Legal Shield (Trustco) from Conduit Capital	Constantia Risk and Insurance Holdings and Conduit Ventures	R2bn	Dec 9 2019
Acquisition by	Genfin from minority shareholders	Mettle Investments (excluding shareholders holding 157 320 450 Mettle shares)	R118m	Feb 6 2020

CAUTIONARIES Q1

COMPANY	FIRST CAUTIONARY	NO OF SUBSEQUENT CAUTIONARIES	ANNOUNCEMENT	TERMINATED
4Sight	30.3.2020			
AEP Energy Africa	20.3.2020			
Accentuate	12.11.2019	3		
African Phoenix	3.12.2019	1		28.2.2020
Andulela Investment	11.2.2020		19.2.2020	
Ayo Technology Solutions	4.6.2019	6	18.2.2020	
Barloworld	11.4.2019	6	3.2.2020	
CA Sales	24.12.2019	1		
Cartrack	2.3.2020			
Choppies Enterprises	27.9.2018	18	suspended	
Conduit Capital	11.2.2020	1	27.3.2020	
Datatec	2.3.2020			
Delta Property Fund	6.9.2019	4		3.3.2020
ELB	8.1.2020		28.2.2020	
Ecsponent	21.2.2020	2		
Efficient	29.7.2019	5	12.3.2020	
Hulisani	16.10.2019	3		
Investec Property Fund	11.2.2020		25.2.2020	
Invicta	4.2.2020	1		
FirstRand	19.11.2019	3		
Freedom Property Fund	2.9.2019	5	suspended	
Grand Parade Investments	4.12.2019	1	25.2.2020	

COMPANY	FIRST CAUTIONARY	NO OF SUBSEQUENT CAUTIONARIES	ANNOUNCEMENT	TERMINATED
Mettle Investments	24.1.2020		6.2.2019	
Metrofile	6.9.2019	6		
Niveus Investments	19.6.2019	4		23.1.2020
Nutritional Holdings	17.12.2019	3		
PSV Holdings	26.2.2020	3		
Pembury Lifestyle	14.2.2020	1		
Peregrine Holdings	31.10.2019	2	13.3.2020	
Phumelela Gaming & Leisure	17.4.2019	7		
Primserv	6.3.2020			
RMB Holdings	19.11.2019	3		
Rebosis Property Fund	6.9.2019	4		3.3.2020
Remgro	19.11.2019	3		
Sasfin	14.11.2019	4		
Sasol	12.3.2020	2		
Steinhoff International	17.5.2017	29	suspended	
TWK Investments	7.11.2019		18.2.2020	
Tongaat Hulett	8.3.2019	8	13.2.2020	
Tongaat Hulett	13.2.2020		28.2.2019	
Trustco	11.2.2020	1	27.3.2020	
Union Atlantic Minerals	18.10.2019	4	suspended	
Zarclear	3.12.2019	1		28.2.2020

Coronavirus (COVID-19) | considerations for closing commercial transactions during lockdown

Zeyn Bhyat

Sarah Binge

As a consequence of the current COVID-19 pandemic, South Africa is currently under a nationwide lockdown.

Other countries, both in Africa and elsewhere, have or are in the process of implementing various lockdown and other mandatory social distancing measures to curb the spread of the virus. Many organisations are continuing to operate as best as possible via remote working and reallocation of resources. The current situation creates uncertainty and gives rise to practical challenges for parties to existing (or new) commercial transactions that were signed, and where parties are working towards or are scheduled to "close" during the lockdown period. Parties should carefully consider the effects of COVID-19 on their transaction agreements and work together to find practical solutions in order to manage these. We touch on some of these considerations below.

Timing implications and monitoring of conditions precedent

Depending on the specific conditions precedent to be fulfilled, it may or may not be possible to fulfil those within the originally stipulated time period. In these circumstances, the parties can (and should) agree to extend the deadline for fulfilment. For less material conditions, parties can consider amending the transaction agreement to remove those conditions and, instead, deal with these aspects as closing or post-closing deliverables.

We note that parties may also encounter practical difficulties in respect of fulfilment of those conditions precedent that require engagement with, or cooperation from, third parties such as banks, competition authorities and other regulators. It is likely that there will be an impact on transaction timelines (notwithstanding remote working etc.) attributable to, amongst other things, delayed regulatory processing and extended statutory timeframes for matters to be considered. In such instances, it would be advisable for the parties to engage with these third parties earlier than usual to attempt to understand the impact on transaction timelines, and to arrange and, if necessary, agree to practical solutions to any foreseen issues.

Material adverse change

Many transaction agreements contain a material adverse change (MAC) clause, the purpose of which is to allocate the risk of negative changes to a target or its business between signature and closing between the parties to that agreement. Any MAC provision will depend, amongst other things, on the parties' appetite for risk, their negotiating power and the impact of certain events (actual or foreseen) on the target. As such, MAC provisions generally include a highly negotiated definition of what constitutes a MAC. These clauses can include, for example, a change in the general financial position or prospects of the target, or events or circumstances impacting on a particular industry, as well as events that meet certain financial or materiality thresholds. In the current circumstances, parties to commercial transactions would need to carefully consider the impact of a MAC clause in their transaction agreement to determine if, and to what extent, the MAC clause impacts on the transaction and, for example, whether a party has a right to terminate the agreement, to walk away from that transaction, or simply to refuse to close the transaction as a result of a MAC. Specific advice should be sought to evaluate ones' rights and obligations.

Interim period undertakings

In transactions where there is a delay between signature and closing, it is usual for transaction agreements to include restrictions on the activities the seller (or target) can undertake during this interim period. Such restrictions often include a positive obligation to continue to operate the business in the ordinary course. Complying with such an obligation may not be possible in the context of a lockdown, and parties should thus consider whether any amendments to these provisions are necessary to enable the seller to respond to the lockdown and other regulations affecting their industry. Again, specific advice should be sought to evaluate one's rights and obligations, and generally to ensure that one is not in breach of one's obligations. No one would wish to face expensive litigation post the lifting of the lockdown.

Warranties and representations

It is fairly common for buyers to insist on repetition of seller's warranties both at signature and at closing. In the circumstances, consideration must be given to the legal impact of repetition of a warranty or representation at closing, during the lockdown. Will this repetition constitute a default or is there a possibility of post-signature disclosure? Whilst these issues are likely to be strong negotiation points in future M&A deals, specific advice should be sought to better understand current rights and obligations.

Electronic execution and exchange of documents

The ability to exchange closing deliverables and sign documents electronically for the purposes of closing a commercial transaction depends on the nature of the transaction and the closing deliverables in question (for example, it is not possible to register property transfers or mortgage bonds during the lockdown) and parties should bear the provisions of the Electronic Communications and Transactions Act, 2002 (ECTA) in mind.

ECTA facilitates both electronic exchanges of documents and their validity, which would include usual closing deliverables. Among other things, ECTA provides that documents in electronic format have legal force and may be binding. If certain documents need to be signed, an electronic signature will often suffice and will be valid if a link can be shown between the sender's identity and that person's intent to sign the document sent. It is important to note, however, that there are instances where an "advanced electronic signature" (as defined in the ECTA) is required and there are also exceptions for certain types of agreements that may not be validly concluded electronically, such as an agreement for the sale of immovable property.

Closing of commercial transactions

In the context of closing a commercial transaction, closing obligations may include a requirement to execute and exchange certain specified documents and the requirement to deliver certain original documents to a counterparty – all of which may be difficult or impossible to comply with in the current circumstances. While physical closings are (generally) not currently possible, depending on the type of transaction and the closing deliverables involved, this challenge need not delay closing. In many cases which would ordinarily necessitate a physical closing, the transaction agreement in question would ideally contemplate an electronic closing procedure to be followed by the parties. If a particular transaction agreement does not cater for an electronic closing, or if the closing procedure contemplated is inadequate in light of the circumstances the parties now find themselves in (under lockdown), the parties can (and should) agree either to delay completion, or agree to a new electronic closing process – the validity of the latter would be assured by the provisions of ECTA. In the latter instance, this can be done by way of executing a written closing confirmation between them, amending the provisions of the transaction agreement.

A closing confirmation could detail the virtual closing process and specifically provide that the parties to that transaction can virtually exchange the requisite closing deliverables between them, and set out details of any arrangements in respect of obligations which have been deferred until after the lockdown. For example, where original documents are required to be exchanged, a provision that with effect from closing, the original document is held in trust for the party to whom it is to be delivered, with the party holding the document giving an undertaking to deliver the original document immediately after the lockdown has lifted.

To ensure that closing goes as smoothly as possible, parties should exchange closing documents and agree the form and content of the closing confirmation ahead of time. On the closing date, the parties can then arrange a virtual meeting via an agreed digital conferencing platform (such as Skype for Business™, MS Teams™ or a similar secure platform) where they confirm that all deliverables will be virtually delivered, confirmed as being satisfactorily completed and the (electronically) signed closing confirmation can then be exchanged between the parties at, or immediately after, that virtual meeting, thus confirming that closing has occurred. The closing confirmation should also contain a confirmation by the parties that, by their execution of that closing confirmation, the transaction is agreed as being closed. ■

Bhyat is a Director and Binge a Senior Associate in the Corporate Commercial department, ENSafrica.

Key considerations for SA companies wanting to make a success of investing abroad

Charles Douglas

More than a quarter of a century has passed since South African corporates began investing heavily in other African countries, and many of the key considerations for success endure.

Chief among the risks facing South African investors (and South Africans are not alone in this regard) is cultural unfamiliarity or insensitivity – South African investors in particular still attract a 'big brother' tag when investing on the continent, and need to be aware of that and tailor their engagements appropriately. Another key issue is a tendency not to do enough properly focused due diligence, contextualised by local conditions.

Lack of familiarity with a new environment is one of the biggest risks facing corporates looking to expand into other jurisdictions – in Africa, or further afield. It is well known that many corporates make assumptions about opportunities in other markets; they tend to think that what works on home soil must work everywhere else, too. That creates a dynamic that makes it hard for them to find traction.

A related issue is that some South African investors are still 'finding their way' in terms of how to go about choosing the right local partner in target countries, and to be sure to get the best on-the-ground advice.

Finding the right local partner is a key factor of success

The choice of partner is key to the success of an investment in any jurisdiction; trying to manage an investment remotely, without an appreciation for local dynamics and nuance, is a recipe for failure.

Understanding more about your potential partner is an increasingly important part of preliminary due diligence. When acting for US investors (amongst others), this is an entrenched part of the early process, by virtue of commitments under anti-bribery legislation such as the USA's FCPA. Typical questions at this stage relate to whether the potential partner is one of those on the list of sanctioned individuals, or a politically-connected person.

Related to this is a clear understanding of the political and regulatory landscape, both current at the time of investment and when looking at longer-term potential trends. Changes in government and policy are a part of life, but they often catch investors off guard. It is part of the local partner's function to help predict that which is often largely unpredictable.

Equally important is a combination of humility, and engaging the right advisors to conduct the right due diligence, to advise on the lay of the land, and on what may be beyond the horizon. This will not eliminate your risk, but it will go a long way towards mitigating it.

Stakeholder engagement is no longer an afterthought

Another critical success factor when making investments; at home and abroad, is an effective stakeholder engagement and management strategy.

Stakeholder engagement used to be an afterthought; now it is an integral part of the deal plan, going beyond a superficial understanding of who a company's stakeholders are. It is not enough to know which regulators you need to engage with. You also need to know the key personalities – who they are and their touchpoints. Personalities matter as much as institutions.

Finally, successful investors do not wait until a deal is on the table to start engaging with stakeholders, particularly regulators. Regulators are aided in their decision-making if they are equipped with all relevant information. In many instances, regulators are willing to engage in a very constructive way. Do not wait for a deal to start before engaging them. ■

Douglas is Co-Head of M&A, Bowmans.

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Could COVID-19 be a catalyst for SA's structural reform and long-term economic recovery?

Zondi Nduli

Greg Rowan

While the impact of COVID-19 is first and foremost a health-care and humanitarian crisis, the disastrous effect it has had, and will continue to have, on economies, markets, businesses and personal finances is now patently clear.

And the mergers and acquisitions sector certainly hasn't escaped the negative effects. In fact, it's safe to say that M&A activity across the globe has all but ground to a halt as most organisations adopt a 'wait-and-see' attitude, and many prioritise cash and liquidity over investment.

But while COVID-19 has undoubtedly given rise to a global economic crisis, which has been amplified in South Africa by the recent downgrade by both Moody's and Fitch, the coronavirus pandemic also presents an opportunity, and indeed an imperative, for our country to focus more acutely on building for the future.

That building undoubtedly begins with a renewed commitment to implementing a number of vital structural reforms and changes in the months and years after the coronavirus has been dealt with. These structural changes are nothing new, but renewed impetus on working with each other, instead of against one another, is essential for achieving them – and could be possible post-COVID-19.

For one, our country urgently needs meaningful labour market reform and a better balance between the needs of the labour market and business. There also needs to be a concerted drive towards greater policy clarity, particularly when it comes to the NHI, land reforms, energy solutions and BEE. These are structural reform requirements that national government has long been aware of, and for which numerous plans and strategies have already been developed. The hope, however, is that in the aftermath of COVID-19, the value of a unified approach to implementing them can finally be achieved.

Another glaring development opportunity that COVID-19 and the accompanying lockdown response has revealed is the potential for online businesses to thrive. The innovation that has been shown by those in areas like education, entertainment and retail makes a compelling case for the continued development of these into predominantly online business sectors. And if such focus is accompanied by a parallel commitment to providing the support to SMMEs that has so long been promised, digital could easily become the new mainstream economy in this country, or at least a significant component of it. This is being complimented by moves to reduce data costs; enabling more South Africans to participate in digital businesses.

Finally, the impact of COVID-19 has served as a stark reminder of the important need for SA to continue to grow its manufacturing sector. It has also shown the risk of over-reliance on China and the impact this has on the supply of goods, globally. With the correct policies in place, there is an opportunity for South Africa to become a competitive global manufacturing alternative to China. This can be achieved by capitalising on our unique geographical location, skills, knowledge and our underutilised labour force.

Of course, the implementation of these post-COVID-19 structural reforms, and capitalising on the opportunities that are created as a result, will also have a significant positive domino effect on our markets, and hopefully restore SA's appeal as a viable international investment destination. In the short term, however, companies that have weak balance sheets – and experience excessive downward margin pressure as the global economy slows – may become vulnerable, resulting in the up-tick in M&A as businesses with strong balance sheets provide consolidation.

While nobody could ever view COVID-19 and its consequences as positive, the outbreak has demonstrated that SA has the ability to come together and take decisive action. The hope is that, in years to come, we can all look back on this horrific situation and see that the silver lining to all of it was that it catalysed our leaders, businesses and people to work together and realise a shared vision of a better, more prosperous and economically bright future. ■

Nduli is an Associate and Rowan an Analyst in Corporate Finance, Nedbank CIB.

NEDBANK CIB

Dealmaking in a tense global environment

Innovation is key to keeping deals in the pipeline

Willem Jacobs

Gasant Orrie

While macroeconomic factors such as continued political turbulence and widespread fiscal uncertainty have undeniably impacted dealmaking across the globe, deal flow has by no means come to a halt.

Rather, the challenging commercial environment has served as a catalyst for innovation, resulting in an evolution of dealmaking that requires greater agility and flexibility than ever before.

Cliffe Dekker Hofmeyr has led the local market in terms of merger and acquisition (M&A) deal flow for over a decade. The firm's accolades at the recent DealMakers Awards, which include being named the first-ever M&A Legal DealMakers of the Decade 2010 – 2019 for Dealflow, and ranking first in both the General Corporate Finance Deal Flow and BEE Deal Flow categories, are a testament to the significance of an innovative approach.

There has been a significant decrease in the number of large M&A deals in the pipeline, but we are still seeing a healthy number of small to medium-sized deals as a result of corporate restructurings, refinancing and BEE-focused transactions. These deals generally require a higher level of efficiency, more flexibility in terms of payment terms, and a value-oriented approach.

One factor that has contributed significantly to this shift in the corporate and commercial legal landscape has been the stagnation of public markets. Public listings have gradually slowed as the model of public ownership is increasingly falling out of favour, at least for many companies in the middle-market space, as well as those in the growth-orientated stages of their maturity curves.

Coupled with this, there have been a number of changes and more complex, costly requirements for firms to list.

While listings may have slowed down, South Africa's legal sector continues to have a stable base of companies seeking compliance and advisory services in the face of new legislation and an ever-changing regulatory framework.

Key legislator differentiators to other markets include South Africa's complex labour law environment, the country's Constitutional Court, as well as its Broad-Based Black Economic Empowerment (B-BBEE) legislation and ever-changing Competition Amendment Act. While this constant introduction of new legislation and an increasing regulatory and compliance load can be a challenge for practitioners, it also drives companies to seek legal advice.

The challenging commercial environment has served as a catalyst for innovation, resulting in an evolution of dealmaking that requires greater agility and flexibility than ever before.

From a disruptive perspective, technology continues to have an impact on legal services, especially in the face of tough economic times. Increasingly, we're seeing the development of innovative legal technologies to leverage services and create efficiencies that offer increased flexibility at relatively low costs to potential clients.

As a large law firm, we are also adapting in terms of the sectors that we cater to – for example we now operate a fintech practice area and have experts in data protection and cyber crime.

We believe that it is this adaptive approach that has allowed the firm to offer a balanced combination of excellence in practice and value for money. It allows us to do not only large deals, but also value deals. ■

Jacobs is a Director and National Head, and Orrie, Cape Town Managing Partner and Director - Corporate and Commercial practice at Cliffe Dekker Hofmeyr

Constitutional Court rules on Competition Commission's disclosure of records of investigation

Angelo Tzarevski

Thato Mkhize

The Constitutional Court was recently tasked with determining whether Standard Bank of South Africa (Standard Bank), Waco Africa (Proprietary) Limited and a group of seven companies referred to as the "Waco Respondents" could access the Competition Commission's record of investigation into the complaints pending against them before the Competition Tribunal.

Further, the Commission requested that the Constitutional Court review the Competition Appeal Court's (CAC) competence to hear a review application as a court of first instance. During earlier review proceedings before the CAC, Standard Bank had sought to set aside the Commission's decision not to provide Standard Bank with its record of investigation detailing allegations of collusive practices.

By way of background, Standard Bank and the Waco Respondents were referred to the Competition Tribunal by the Commission on allegations of participating in anti-competitive behaviour in contravention of the Competition Act, 1998 (Act).

The allegations against Standard Bank relate to the Commission's 2017 forex collusion referral in which the Commission has accused 23 foreign and local banks (including Standard Bank) of allegedly rigging Rand and US Dollar trading prices. Standard Bank launched an exception to the Commission's referral against it and requested access to the Commission's record of investigation in the matter.

While their exception was being deliberated by the Tribunal, Standard Bank launched a separate and direct application in the CAC, requesting directions from the Judge President on the same issue that was currently before the Tribunal. Standard Bank appeared before a single judge, who directed the Commission to provide the record of investigation in terms of Rule 53 of the Uniform Rules of Court, which applies to litigants in civil courts generally.

Separately, the Commission's investigation of the Waco Respondents was prompted by a complaint that the Commission had received from Eskom, alleging that the Waco Respondents had engaged in collusive tendering. The Commission proceeded with its investigation into the complaint and eventually referred the matter to the Tribunal. Similar to Standard Bank, the Waco Respondents requested access to the Commission's record of investigation. The Commission refused to grant access, and the Waco Respondents instituted an application against the Commission in terms of Rule 15 of the Commission's procedural rules (Commission Rules) to try to force the production of the investigation record.

In deciding whether Standard Bank and the Waco Respondents had a right to access the Commission's record, the Constitutional Court emphasised that the core issue in the matter was not whether they were entitled to the disclosure of the record, but rather whether the Commission Rules regulate disclosure of information relevant to complaints pending before the Tribunal.

The Constitutional Court held that once a complaint is delivered to the Tribunal's offices, the Rules for the Conduct of Proceedings in the Competition Tribunal (Tribunal Rules) are activated. Accordingly, the Commission Rules are **not** applicable to matters pending before the Tribunal, with the exception of certain Commission Rules that are specifically incorporated in the Tribunal Rules.

The Constitutional Court noted that, in a previous judgment in the *Group Five Limited v Competition Commission* matter (*Group Five* matter), the CAC had correctly held that the Tribunal is permitted to refer to the Uniform Rules of Court (which generally apply to matters in the civil courts) in respect of any matter **not** governed by the Tribunal Rules.

According to the Constitutional Court, Rule 15 of the Commission Rules is a duty that the Commission owes to the **public** and not to a litigant. Contrarily, discovery is a duty that the Commission owes to a **litigant.** The Court agreed that Rule 15 of the Commission Rules is a public access rule but did not endorse the proposition that **litigants** can invoke the rule in Tribunal proceedings.

Therefore, Standard Bank and the Waco Respondents could have acceptably based their request for the production of the investigation record on Rule 35 of the Uniform Rules of Court. However, they had erred in framing their request in terms of Rule 15 of the Commission Rules, which did not apply to pending Tribunal cases.

In addition, contrary to the CAC's decision in the *Group Five* matter, where the court ruled that "*a respondent does not have an automatic right to discovery once the pleadings are closed*," the Constitutional Court held that respondents in referral proceedings enjoy automatic rights to discovery after close of pleadings. Therefore, the Tribunal only has the discretion to decide **when** and **how** the production of the discovery will occur.

In relation to the CAC's hearing of Standard Bank's review of the Commission's decision, the Constitutional Court held that the CAC erred in ordering that the Commission should disclose its record of investigation before the question of the CAC's jurisdiction was determined. The Court upheld the Commission's appeals and remitted the issue, in relation to the review application, back to the Judge President of the CAC.

The Constitutional Court's decision in this matter has important implications for respondents in Tribunal proceedings who seek to access the Commission's investigative record, and clarifies aspects of this topic that had been left open by the CAC in the *Group Five* matter. Particularly, respondents would need to be mindful to frame requests to access the Commission's investigation record pursuant to the discovery rules prescribed by the Uniform Rules of Court and the Tribunal Rules, as the rights of access provided for in the Commission Rules only extend to members of the public and not litigants in Tribunal proceedings. Moreover, the Court has affirmed that the Commission's Rules cease to apply once a matter is referred to the Tribunal for adjudication.

The practical implication for respondents will be that, although they are entitled to access the Commission's record pursuant to the ordinary rules of discovery, they may not necessarily delay the filing of their response to a complaint referral until the investigation record is provided. The right to request discovery of the record arises **after** pleadings close - i.e. after the filing of the response to a complaint referral and the Commission's filing of any reply to the response. ■

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Delistings from the Johannesburg Stock Exchange – what to expect in 2020


Nick Lazanakis

The reasons that companies delist their shares from public exchanges can vary, but most are voluntary delistings or driven by mergers and acquisitions activity.

The JSE has experienced an unprecedented number of voluntary delistings over the last number of years, particularly among the companies classified as "small" and "mid" capitalisation stocks, which are tightly held with relatively poor liquidity and analyst coverage. Being a public company is expensive and the reporting requirements can be onerous, which, coupled with the lack of liquidity and lack of ability to raise capital on the public markets (particularly in thinly traded stocks), has led many listed entities to review the rationale to remain listed.

With regard to voluntary delistings, 2019 saw Howden Africa effect its delisting plan by means of a share buyback, implemented through a scheme of arrangement to minority shareholders, citing a number of factors including, *inter alia*:

- the opportunity to provide an exit for minority shareholders;
- duplication of regulatory processes and associated costs as the ultimate holding company, Colfax Corporation (CFX), is also listed on the New York Stock Exchange; and
- no reported short-term plans to raise equity capital in the near term.

The Howden Africa delisting had been expected for a number of years, but it was the conditions experienced in 2019 that arguably made the valuation case more palatable to investors.

Ingenuity Properties followed a similar structure to delist its securities, citing a lack of material benefits to being in the listed environment, having not garnered institutional shareholder support to justify the regulatory processes, listing requirements, and compliance and other costs associated with being listed. In addition, Ingenuity noted that the company had been unable to generate sufficient shareholder spread and liquidity, impeding its ability to raise equity capital in order to fund its development pipeline.

There have also been a number of recent delistings which can be attributed to historically cheap valuations, with the most high-profile examples being the acquisition of Pioneer Foods by PepsiCo (delisted in February 2020) and the acquisition of Clover Industries by Milco. The delisting pipeline also currently includes Metrofile, which announced in December 2019 that the Housatonic Consortium has submitted a conditional, non-binding offer to acquire the company.

While there have been some new listings to compensate, 2019 saw only six new listings, of which a number were inward listings. These inward listings are unique to the SA market and are driven by exchange controls in South Africa. Prosus, with its primary listing in Amsterdam, was unbundled from Naspers and Trencor unbundled its holding in New York-listed Textainer, which was listed on the JSE in December 2019.

We know of one new IPO planned for 2020 – the Engen IPO.

A major component of the new listings from 2014 to 2016 was in respect of property stocks. We are now seeing the reversal of that trend with consolidation in that sector. 2019 saw the merger between Gemgrow Properties and Arrowhead Properties, a R16 bn merger of the two JSE-listed real estate investment trusts (REITs); Delta Property Fund and Rebosis Property Fund are currently exploring a merger; but Safari Investments spurned a deal with Comprop.

There are currently 309 equity issuers listed on the main board of the JSE. The number of companies listed on the main board declined from 388 in December 2016 to 377 in December 2017, down to 325 in December 2018.

The number of delistings since 2008 is shown in the table below:

Number of delistings	Year
25	2009
17	2010
17	2011
18	2012
26	2013
22	2014

Number of delistings	Year
19	2015
25	2016
32	2017
17	2018
24	2019

The above table does not provide the full picture of public stocks as there are a further five companies listed on the 4AX and another five on the ZAR X exchanges.

There is already a strong delisting pipeline for 2020, with Avior Capital Markets, Metrofile, Pioneer Foods and Peregrine at varying stages of the delisting process.

While one must appreciate that we are at a low point in the economic cycle and that things will change when the cycle turns, this could take a few more years with no near-term improvements expected. Because of the political uncertainty in South Africa, local retail investors are pessimistic and have been exploring alternate markets, and it is the absence of the retail investor that has hurt SA's smaller-cap companies the most. The only factor that will see a return of retail investors to the public markets is a recovery in the economy and an increase in the GDP growth on a sustainable basis.

In light of this, we expect that the recent trends will continue into 2020, with further high profile delistings probable. ■

Lazanakis is a Director, Corporate Finance, BDO South Africa.

Becoming a "virtual' reality: Shareholder e-meetings

Winston Churchill's timeless maxim, "*never waste a good crisis*", is apt when one considers the impact that the COVID-19 pandemic has had and will continue to have on the shareholder meeting procedures of South African listed companies. The pandemic, together with recent developments in conferencing technology, may very well be the catalyst for a large scale adoption of virtual-only shareholder meetings[1] in South Africa.

Internationally, there has been a strong surge towards virtual-only shareholder meetings since the pandemic reared its head. In many jurisdictions, however, companies are struggling to implement virtual-only shareholder meetings due to uncertainty of their statutory and regulatory requirements. The London Stock Exchange is now lobbying for emergency legislation to allow companies to hold virtual shareholder meetings[2] and the Australian Securities and Investments Commission recently announced that companies may now hold AGMs virtually (despite uncertainty about whether their Corporation Act allows for virtual-only AGMs) which the Australasian Investor Relations Association has welcomed, but called for the change to be made permanent[3].

In South Africa, electronic participation in shareholder meetings is permitted and encouraged. Our Companies Act[4] provides that, unless prohibited by the company's memorandum of incorporation, a shareholder meeting may be conducted entirely by electronic communication (i.e. a full virtual-only meeting), or one or more shareholders, or proxies for shareholders, may participate by electronic communication in all or part of an in-person shareholder meeting (i.e. a hybrid meeting). Section 61(10) of the Companies Act further compels public companies to make electronic participation by shareholders reasonably accessible for every shareholder meeting. Interestingly, South Africa's first virtual-only shareholder meeting was recently held and given the overwhelmingly positive reception it garnered from shareholders, it is expected that many more South African listed companies will follow suit.

Virtual meetings are convenient as shareholders are not required to travel to a designated venue, and can access the meeting from almost anywhere. As a result, it could also increase shareholder attendance, shareholder engagement and voter participation. Given recent technological advances, shareholders are now able to be more than just passive observers during these meetings, as real-time interaction between directors and shareholders is possible. Board members also benefit from this convenience. Virtual meetings are more cost-effective when compared to traditional in-person meetings, as there are no venue rentals, catering or travel expenses (this will generally depend on the shareholder base and past turn-out numbers for such meetings). Virtual-only shareholder meetings will also become cheaper over time as more companies adopt this approach and technology develops even further. Many online platforms allow shareholders to post questions before the meeting, which may enhance question and answer sessions as questions can be considered in advance and addressed more accurately and thoroughly. It is also easier to post questions online than to stand up in front of a meeting.

Some shareholder activists have, in the past, raised concerns that virtual meetings prevent shareholders from having face-to-face confrontations with company executives and their boards, and that companies may be "*cherry-picking*" or censoring questions put to the board. However, despite these concerns, the benefits still outweigh the possible pitfalls, especially considering that technology now allows for questions and participation in real-time.

Companies should, however, consider these legal and practical issues when deciding whether to implement a virtual-only shareholder meeting:

- Companies should check whether their memorandum of incorporation allows for virtual meetings[5];
- all persons participating in that meeting must be able to communicate concurrently with each other without an intermediary, and be able to participate reasonably effectively in the meeting[6]. We see this as the biggest challenge until technology improves, especially if we have 50 or more persons online;
- the notice of shareholders meeting must provide for the availability of electronic participation and the necessary information to enable access to the medium of electronic communication[7]. If a company's notice has been issued without a reference to electronic participation, but the company thereafter wishes to hold a virtual meeting, a further notification would be required[8];
- the interests of all shareholders should be taken into account. A virtual meeting can enhance shareholder attendance, engagement and participation, but to enable such increased participation, the virtual meeting would have to be conducted in a way that affords remote shareholders access to participate in meetings in a similar manner as they would have in person. Further, detailed instructions regarding the chosen meeting technology and rules of conduct should be available before the virtual meeting is held;
- adequate technology should be deployed using adequate service providers. There are already several South African service providers offering virtual, interactive solutions;
- the meeting should be accessible through laptops, desktops and/or smart devices such as smartphones and tablets with data connections;
- shareholders should be able to submit questions (before and during the meeting), participate and vote on matters in real-time (although submission of proxies before the meeting should be encouraged to streamline the process);
- there should be adequate cybersecurity and safeguards in place to protect the meeting and voting process from external intrusions; and
- the company should conduct several test runs before the meeting is held, to ensure that everything will run smoothly once the meeting starts.

Rabie Smal

Johann Piek

The above list is not exhaustive, and a company may need to consider additional aspects unique to their business and shareholder base.

In the rush to the new normal, now may be a very good time for South African listed companies to re-assess their shareholder meeting procedures to ensure that they are in a position to take advantage of the benefits that virtual shareholder meetings offer. ■

Smal and Piek are Corporate Financiers at PSG Capital.

PSG CAPITAL

1 The concept was explored in our initial article "Virtual-only AGMs and e-Voting: an inevitable reality?", dated 2019-08-30, Johann Piek, http://www.inceconnect.co.za/article/thorts---virtual-only-agms-and-e-voting-an-inevitable-reality--2019-08-30

2 https://news.sky.com/story/coronavirus-london-stock-exchange-leads-push-for-virtual-agms-11961999

3 https://www.irmagazine.com/technology-social-media-covid-19/aira-calls-virtual-agm-change-be-made-permanent

4 Section 63(2) of the Companies Act, No. 71 of 2008, as amended.

5 Ditto

6 Ditto

7 Section 63(3)(a) of the Companies Act.

8 The company will need to provide all shareholders with notice of such detail, reasonably in advance of the meeting, using the prescribed methods of delivery and the deemed delivery provisions set out in Table CR3 of the Companies Regulations, 2011. Consideration should be given to whether any exclusion or change in a company's notice could be regarded as a material or immaterial defect, as a material defect could invalidate the meeting as per section 62(4) of the Companies Act.

BEE deals continue to drive significant M&A activity

Allan Hannie

Verushca Pillay

Five years since the introduction of the amended Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice (Codes), BEE deals continue to stimulate M&A activity in South Africa, and the nature of the deals seems to indicate more cognisance of realising the objectives of the legislation.

While it is sometimes difficult to settle on what exactly the true vision of the legislation may be, we have noticed an increased push towards achieving the legislative purpose, particularly where the transactions will receive public scrutiny.

The BEE Commission has, through its scrutiny of transactions and investigations into complaints of fronting, helped to focus more attention on the legislative intent when deals are being done. In general, we see more scrutiny in relation to achieving not just technical compliance, but also an increased focus on achieving the intention of the legislation when BEE deals are being structured.

However, despite this, there continue to be examples of BEE transactions that do not meet the legislative objectives, especially where the entities involved are not likely to be scrutinised. More work can be done to structure transactions with a focus on achieving meaningful economic and management participation by black stakeholders.

Regarding further possible areas to improve, while there have been some changes to the legislative framework over the last few years, there remain some anomalies and interpretative difficulties. This opens room for differences in interpretation and application, which then creates a fertile ground for disputes to arise. So this is one area where we believe the legislature could provide more certainty, and ensure consistent application.

The most notable developments over the last few years have been in relation to enabling smaller black-owned businesses to secure better access to opportunities under the B-BBEE legislative framework.

Cliffe Dekker Hofmeyr's in-depth insights into B-BBEE legislation and the nuances within the B-BBEE landscape help provide the clarity necessary to facilitate M&A transactions which align investors' expectations, and the desired commercial outcomes, with the objectives of transformation as contained in the B-BBEE legislation.

As testament to the firm's transformational commitment, CDH was recently recognised as the leading M&A legal advisers on Black Economic Empowerment (BEE) deals, winning the BEE Award for Deal Flow at the 2020 Annual DealMakers Awards ceremony. The prestigious event honours advisory excellence in the M&A industry. DealMakers tracks all M&A deals and corporate finance transactions entered into by South African listed companies. ■

Hannie and Pillay are Directors in the Corporate and Commercial practice at Cliffe Dekker Hofmeyr.

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COVID-19: South African merger control – employment-related conditions to approval of mergers

Tamara Dini

Richard Bryce

Bongi Maseko

Early indications are that the COVID-19 pandemic is likely to impact employment, globally, to a high degree. Already, the number of job vacancies posted in several countries reflects a stark decline in recent weeks, and firms across various sectors are experiencing financial difficulties. According to StatsSA, South Africa's unemployment rate currently sits at 29.1% and it seems inevitable that, at least for some time, fewer new positions will be available and retrenchments will be unavoidable.

In the South African merger control context, employment has been a key consideration since the Competition Act, No. 89 of 1998 (as amended) (Act) came into effect. The Act provides that whenever assessing a proposed merger, the Competition Commission (Commission) or the Competition Tribunal (Tribunal) must consider the effect of the merger on the public interest. Employment has been the most important of the public interest factors set out in the Act, and the South African competition authorities have sought to safeguard employment of 'unskilled' or 'semi-skilled' employees in particular.

Firms that have submitted merger notifications to the South African competition authorities in recent years would have been asked to confirm that the transaction notified will not have an adverse impact on employment in South Africa. Put differently, as part of the South African merger notification process, merging parties are required to confirm that a transaction will not give rise to 'merger-specific' job losses in South Africa. The Tribunal has previously indicated that 'merger-specific' means 'conceptually an outcome that can be shown, as a matter of probability, to have some nexus associated with the incentives of the new controller'. (See BB Investment Company (Pty) Ltd and Adcock Ingram Holdings (Pty) Ltd, Case No. 018713, at para. 56.) If merging parties cannot state definitively at the time of filing that merger-specific job losses will not arise in South Africa, typically a moratorium on merger-specific job losses is imposed (for a period of time) as a condition to the transaction being approved.

The Commission has also published Guidelines on the Assessment of Public Interest Provisions in Merger Regulation under the Competition Act No. 89 of 1998 in 2016 (the Public Interest Guidelines). In terms of the Public Interest Guidelines, where retrenchment proceedings by the merging parties are proposed or initiated in terms of the Labour Relations Act No. 66 of 1995 before the proposed merger is notified, or during the merger notification process, or are to be proposed or initiated shortly after the merger approval date, the merging parties are required to inform the Commission of such retrenchments irrespective of whether they contend that these are due to the merger (i.e. are merger-specific) or due solely to operational reasons. This corresponds with the requirement in the Act that the competition authorities must assess the impact of a merger on the public interest, rather than the merging parties conducting a 'self-assessment' in this regard.

Further, if a firm has confirmed to the Commission that no job losses will arise as a result of a merger, or conditions are imposed precluding retrenchments, then in the event of job losses arising post-closing, the firm concerned will bear the burden of proving that the job losses were unrelated to the transaction in question. Put differently, a firm has to satisfy the Commission or the Tribunal that the job losses would have taken place regardless of the transaction. (See BB Investment Company (Pty) Ltd and Adcock Ingram Holdings (Pty) Ltd, Case No. 018713, at para. 65.)

In this regard, the Competition Appeal Court (CAC) has held that 'a retrenchment, which takes place shortly before the merger is consummated may raise questions as to whether this decision forms part of the broad merger decision making process and would, accordingly, be sufficiently closely related to the merger in order to demand that the merging parties justify their retrenchment decision." (See the CAC's decision in SACCAWU, the Minister of Economic Development, the Minister of Trade and Industry, the Minister of Agriculture, Forestry and Fisheries vs. Wal-Mart Stores Inc. & Massmart Holdings Limited, Case No. 110/CAC/Jun11 and 111/CAC/Jun11 at para. 140.)

As many firms are currently subject to such conditions, and may have to effect retrenchments as a consequence of COVID-19, it will be important for firms to be able to demonstrate the reason for retrenchments, and to be able to prove that the retrenchments are not merger-specific. In many cases, it may be self-evident from a firm's financial performance in the current climate that decisions had to be taken to effect retrenchments, but the competition authorities will likely be scrutinising firms closely in this regard to ensure that COVID-19 is not put up as the rationale for retrenchments where such retrenchments, on a factual enquiry, may be effected as a consequence of the merger. Where firms are subject to conditions precluding merger-related job losses, it will be important to consider the need for any retrenchments carefully, to have well-substantiated reasons for the need to retrench, and to take appropriate legal advice. ■

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Please Mr President, don't put the cart before the horse


Kerri Wilson


Natalie Harten

On 15 March 2020, in response to the global COVID-19 pandemic, the South African government declared a national state of disaster, in terms of section 27(2) of the Disaster Management Act, 2002 (*the Act*), and implemented a phase 1 alert level 5 lockdown of the country.

On 20 April 2020, President Ramaphosa addressed the nation on additional economic and social relief measures that would form part of the Government's response to the COVID-19 pandemic. These additional measures, representing phases two and three of the Government's response to the COVID-19 pandemic, include (i) an extraordinary budget *to "stabilise the economy, address the extreme decline in supply and demand and protect jobs*" and relieve hunger and social distress, and (ii) a gradual and/or phased re-opening of the economy.

In his 23 April 2020 address, President Ramaphosa announced that the economy would enter lockdown alert level 4 as from 1 May 2020, as part of its lockdown "load shedding" plan.

In determining which sectors would be allowed to resume activity at each alert level, the National Command Council were required to consider the following criteria in respect of each sector:

- the risk of transmission in that sector;
- the expected impact of continued lockdown on the sector;
- the economic contribution of the sector to the economy; and
- the effect on livelihoods.

We understand that alert level 4 allows for some activity to resume, subject to extreme precautions to limit community transmission and outbreaks, and provides, among other things, for -

- certain businesses to resume operations under specific conditions;
- the public to stay home, except for essential personal movement, doing essential work, and work in sectors allowed; and
- the expansion of a range of goods that may be sold to incorporate certain additional categories.

The aim and purpose of the lockdown Regulations issued in terms of the Act (as amended) (*the Regulations*) is to prevent an escalation of COVID-19 and/or to alleviate, contain and minimise the effects of COVID-19 within South Africa. By enforcing the Regulations, the State has, as it is entitled to do by virtue of the fact that the South African Government declared a national state of disaster, limited certain individuals' rights under the Bill of Rights set out in Chapter 2 (*the Bill of*

Rights) of the Constitution of the Republic of South Africa, 1996 (*the Constitution*), namely the right to freedom of movement and residence (s21). Section 21 of the Bill of Rights states that every citizen of the Republic of South Africa (*the Republic*) has the right to freedom of movement, the right to leave the Republic and the right to enter, remain in and to reside anywhere in the Republic.

In addition to the limitation on individuals' rights, many businesses have found themselves in a precarious position because they are not able to trade freely, or at all, during various phases of the lockdown. Only those products defined in the Regulations as "essential" can be sold and/or distributed which has resulted in certain businesses in the retail and e-commerce sectors having to limit their operations to fit within the narrow scope of the Regulations, but many more "non-essential" businesses having to pause their operations or close their doors, further injuring our already-crippled economy, and sparking widespread criticism of the government's handling of the pandemic.

The rights in the Bill of Rights may be limited in terms of section 36 of the Constitution which states that rights may only be limited in terms of the law of general application (i.e. it applies equally to all citizens) and to the extent that the limitation is reasonable and justifiable in an open and democratic society based on human dignity, equality and freedom, taking into account all relevant factors, including -

(a) the nature of the right;
(b) the importance of the purpose of the limitation;
(c) the nature and extent of the limitation;
(d) the relation between the limitation and its purpose; and
(e) less restrictive means to achieve the purpose.

Accordingly, during these strange times, the legislature must walk a fine line when passing legislation limiting the rights of the citizens of the Republic. However, when faced with balancing the economic and physical well-being of the Republic, the decision makers will need to consider whether the definition of "essential goods" and "essential services" ought to be extended in order to cover a wider range of goods and or services, in order to afford more businesses the opportunity to resume or broaden operations.

It appears that, in determining what is essential or not, the cart has been put before the horse, so to speak. The aim of the Regulations is to "*prevent an escalation of the disaster or to alleviate, contain and minimise the effects of the disaster*".

In addition to the limitation on individuals' rights, many businesses have found themselves in a precarious position because they are not able to trade freely, or at all, during various phases of the lockdown.

We understand that the rationale for enforcing a nationwide lockdown is to curb the spread of the virus through human contact. Accordingly, the question that should be asked to determine whether a specific service or product should be allowed is whether or not the particular activity, such as the manufacture or distribution of a product, or the provision a service, can be done in a manner that does not negligently or greatly increase the risk of the spread of COVID-19. If

It appears that, in determining what is essential or not, the cart has been put before the horse, so to speak. The aim of the Regulations is to "*prevent an escalation of the disaster or to alleviate, contain and minimise the effects of the disaster*".

the answer to this question is "yes", then the product and/or service should be allowed.

If the answer to the above question is "no", as that particular activity (manufacturing and/or distributing the product or carrying out the service) could greatly increase the risk of the spread of COVID-19, then decision-makers must determine whether the product and/or service is beneficial enough to the economy that it should still be allowed during the lockdown, notwithstanding the risks associated with same on condition that such risks could be mitigated.

As an example – if someone is making jewellery at home and selling the finalised product through an online platform, and thereafter ensuring delivery of same to a customer by a courier company or employee with minimal human contact, and in circumstances where adequate protective measures have been put in place, including social distancing, the wearing of masks and use of alcohol-based hand sanitising products, there should be no reason why such products and or services should be prohibited. There is no reason that such an industry should not operate and contribute to the Republic's economy during this time.

We can only hope that the policy-makers focus on the horse going forward. The question is not whether the goods or services are "essential" but rather whether, by limiting the aforementioned rights, the spread of COVID-19 is kept to a minimum while balancing the urgent need for our economy to operate. ■

Wilson is a Director and Harten a Senior Associate at Falcon & Hume.

Catalyst

SA's quarterly Private Equity & Venture Capital magazine

Vol 17 No 1
MARCH QUARTER 2020

Private equity self isolates from COVID-19

VC buyers' market emerges from pandemic

Deals not in complete lockdown

FROM THE EDITOR'S DESK

How will the coronavirus pandemic and resultant global economic collapse affect the private equity industry? The only honest answer is that nobody really knows.

As a healthcare crisis, the most recent precedent, the Spanish influenza, is 100 years old and so offers little use to measure its global sweep and impact. As an economic event, it raises many unknowns about how the sudden demand shock and existential dread will affect business activity and consumer behaviour — especially if the lockdown persists for an extended time.

Yet, a close look at the impact of previous economic shocks, such as the 2008 global financial crisis, can provide some clues as to how PE funds and their limited partners (LPs) will behave in a period of rapid contraction.

Polo Leteka, the co-founder and Executive Director of IDF Capital, tells me that it's all about going into triage mode with her portfolio companies now: to assess the damage, capital requirements to weather the storm, operational issues arising from the lockdown, and a path into the risk-adjusted approach of reopening the South African economy.

There will be opportunities for funds with dry powder, which will establish private equity funds among the major predators, as the coronavirus pandemic peels the weak from the herd. Cash flush, and with mandates that already accommodate a two-year additional period with which to return capital to LPs, means that the industry will be ideally positioned.

But the growing sense of frustration at Government's oftentimes incongruent and seemingly irrational approach to opening up sectors like e-commerce, and allowing an appropriate balance between lives and livelihoods, is palpable among dealmakers that I talk to.

Perhaps most concerning of all was an e-mail that I received from a retired High Court judge who tells me that his suspicions – that state capture forces are using this opportunity to regather and mount a concerted fightback against the president – were confirmed when the decision was taken to rescind the proposal in the draft regulations lifting the ban on the sale of tobacco products.

Connect the dots and it doesn't take a forensic expert to see who stands to benefit from the booming black market.

Saddled with debt to create the fiscal wiggle room to fight the pandemic, South Africa can ill afford to be dragged back to the obsidian days of factional infighting in the ruling party, delaying the long-awaited structural reforms required to ignite growth.

The time for the president to act against those in his cabinet who undermine his mission has arrived. ◆

Michael Avery

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Catalyst

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Catalyst is published by the proprietor Gleason Publications (Pty) Ltd, reg no: 1996/010505/07 from its offices at 30 Tudor Park, 61 Hillcrest Avenue Blairgowrie, Randburg 2194.

Tel: +27 (0)11 886 6446

Gleason Publications

Adapt or die

For many Private Equity Houses, this will be the second major global crisis they have had to steer their portfolio companies through, following so soon after the 2008 global financial crisis (GFC). And considering that events of the magnitude of a global pandemic like COVID-19, an oil price collapse or freezing of global credit markets tend to happen only once in a generation, the experience will stand them in good stead.

Will this shock sustainably change the way that CEOs and investors look at leverage?

John Bellew, Head of the Private Equity Sector Practice at Bowmans, doesn't think so.

"PE depends in part for its returns on the benefits of deleveraging," says Bellew, "and without leveraging, many funds would not be able to purchase the companies they buy – their internal prudential limits would prevent them from making the investments. Post the financial crisis, a lot of PE houses re-looked the extent of leverage (some deals were being done at debt levels of up to 8 x earnings before interest, taxes, depreciation, and amortisation (EBITDA)), and levels of 3.5 to 3 x EBITDA are now more normal. These are sustainable in a normal market. The industry cannot run on the basis of a worst case scenario outcome."

JP Fourie, Head of Investor Relations at Metier, believes there will be a more conservative approach in the immediate aftermath, but that it will be short lived.

John Bellew

JP Fourie

Genevieve Alberts

"We have seen this before," says Fourie, "After the GFC, there was a similar reaction and by mid-2014/15 you had seen the "come back" of higher leverage and covenant light deals, so there will be a re-look but I don't think it will be permanent."

Genevieve Alberts, executive at RMB Corvest, agrees with Fourie that the crisis will lead to a possible short-term reaction.

"Long term, I've no doubt we will mean-revert back to old habits," says Alberts.

"Whilst historical financial and economic crashes have followed different triggers, most have had excessive leverage at their core. There is no doubt that heavily leveraged businesses are hurting disproportionately right now. Unfortunately, in the very near term, most businesses will have to leverage themselves further just to trade out of the current distress, or they will fail. The benefits of not having a heavy debt-service burden going into this global crisis won't be lost on CEOs or their investors, but as the markets recover and grow again, so too will debt appetite."

But, to Bellew's point, Alberts says Corvest has never embraced aggressive gearing in its acquisition structures.

"We apply a modest level of gearing, cognisant that our market is more volatile than most. We tend to invest for the longer term than some of our peers, meaning ours is not simply a deleverage and exit strategy. Investing for the longer term means leaving some debt capacity available to fund future growth and acquisitions."

On the issue of dealmaking once the COVID-19 lockdown dust settles, Bellew believes that private equity firms with dry powder are ideally placed to deploy, a theme that is echoed around the world and is not dissimilar to past crises, where companies that over-geared were bought out at the sort of multiples that end up making vintage years for acquisitive GPs.

"I think that multiples on disposal for assets bought post-crisis may be very favourable, as good companies starved of cash may be available at attractive prices," says Bellew. "However, I still think banks will be prepared to lend. Each case must be looked at on its own merits. Also, I think a number of deals post-crisis will see PE funds injecting equity in order to strengthen existing balance sheets, and either repay bank debt or remedy covenant breaches."

The challenge for investors right now, according to Alberts, is that the immediate future is somewhat opaque and acquisition prices are likely to reflect that heightened risk.

"Good organic growth is a lot less risky than acquisitive growth and is usually rewarded in the offer price," says Alberts. "In the current South African context, organic growth is increasingly hard to find and therefore high growth businesses do justify higher multiples, particularly if the cash conversion supports it.

And that means, in Alberts' opinion, given low organic growth, GPs cannot afford to shun acquisitive growth models and still deliver attractive returns to shareholders.

"We manage the risk by matching acquisitive growth strategies with high-calibre management teams and partners and, as mentioned previously, by applying modest gearing principles."

Alberts believes that while all of this is being added to any due diligence, the hurdle rates should not change materially, given that the market adapts pretty quickly with prices, valuation multiples and debt reduction to compensate for the higher risk taken.

"I think that multiples on disposal for assets bought post-crisis may be very favourable, as good companies starved of cash may be available at attractive prices." John Bellew

In the end, the lower growth and higher risk is compensated by paying reduced valuation, but the result is that net IRRs remain similar for PE houses.

Another important factor to consider is the South African Reserve Bank's response so far, slashing interest rates by 200 basis points, which Alberts believes will also help to improve the equity IRR, given that the cost of the gearing has reduced.

Bellew points to the South African model being driven by fundamentals, rather than leverage, as key to the sector's resilience against these types of economic shocks.

"Unlike in the international market, PE returns in South Africa have historically been driven more by business growth and multiple growth (for example buying at a 3 PE and selling at a 5 PE) and I think that this will continue to be the case," says Bellew. "At this time, a PE house will want to buy a good asset cheaply and grow it vigorously against its competitors, or in a space where many competitors have been wiped out, I can also still see a lot of 'bolt on' deals where a portfolio company snaps up complementary businesses that are cheap, using follow-on investments from their PE owners. These so-called platform plays are a common feature of African PE generally."

That's not to say there won't be any pain.

Alberts says there is little doubt that private equity investors will suffer along with the underlying portfolio investments through this crisis.

"How much and for how long will depend on the extent of Government lockdowns, the stimulus measures introduced to mitigate the pain, and the quality of the investee management teams who will need to find creative solutions to a low growth environment," explains Alberts.

"Portfolios that are well diversified, do not have heavy debt burdens, have access to rand funding, and where investors do not have exit timing pressures, will fare far better," says Alberts. "RMB Corvest possesses these characteristics; being an on-balance sheet funder means that we can exit opportunistically from a well-diversified portfolio (of over 55 investments) which is moderately geared, and being part of the FirstRand group gives us access to funding and a banking network."

Although it is still early days, Alberts reveals that only a handful of Corvest's portfolio companies are requiring bridging finance from shareholders.

"In most instances, their gearing levels going into the pandemic were modest enough that their primary banks are able to bridge the gap, assuming a temporary financial position. To the extent that the lockdown and market continue to be challenging, far more support from shareholders would be required."

Very little has been researched or published about private equity performance through this shock (it's probably too soon), but common sense would dictate that many businesses carried too much debt into this crisis and now need bailouts.

"I think, unfortunately, that for a number of these businesses that have been unable to trade, any debt is too much debt," laments Bellew. "I think we are going to see a lot of restructurings (better businesses are likely to do this privately; weaker businesses may have to resort to business rescue) but I also think that banks are going to be pragmatic and come to the party to save those businesses that are worth saving. For a bank, it is often better to support a basically healthy company through a crisis than to pull the plug and have to realise security in a fire sale. In some cases, banks will even convert some debt to equity in order to maximise overall."

So what happens next, after the worst pandemic since the 1918 Spanish Flu, and the worst oil shock since the 1973 oil crisis?

"The next step for us and our clients, coming out of this pandemic, is to get back to basics," says Alberts. "Businesses will need to find ways to systematically trade out of the lockdown, preserve jobs and build earnings again. Our role is to support our management teams in this unprecedented climate, and be patient – the returns will return.

The one thing that Alberts says is certain is that there will be business fatalities, and some industry models that will be affected permanently. These businesses will need to adapt to the new normal very quickly – "adapt or die". ◆

EBITDAC

The COVID-19 pandemic has seen a new term coined for business that sums up how the world is changing. EBITDAC = Earnings Before Interest, Taxes, Depreciation, Amortisation and Coronavirus.

Clive Butkow

Catalyst spoke with a couple of doyens in the Venture Capital space – Keet van Zyl, partner and co-founder of Knife Capital and Clive Butkow, CEO of Kalon Venture Partners – to find out how they are managing their portfolio companies through the crisis, and what lessons COVID-19 has dished up so far.

Butkow, who has been in business for 30 years, and involved in building and investing in several tech businesses, says that this is the first time he's ever come across a black swan event that has "changed the playbook."

If you are a high growth, innovation-led technology business looking to raise venture capital, or you have raised venture capital, the one thing that Butkow stresses one must understand is that the market has made a complete 180 degree turn, from being a seller's market to a buyer's market.

"What we are finding, not just in South Africa but all over the world," says Butkow, "is term sheets that have been submitted to entrepreneurs to invest capital in their businesses have been pulled and completely deleted. Term sheets that were going to be signed in a few weeks have now been stretched out to a few months, for the VCs to see what's really happening in the global economy."

"It's been tough, but we have to stay positive," says van Zyl laconically. "Luckily, we have a diversified portfolio, so some of them are actually benefiting – the online education businesses [for example], while others are not."

Van Zyl says that the Knife team is balancing their response between the ability to add value from a knowledge and networks perspective and the funding, which is a bit more complex.

Keet van Zyl

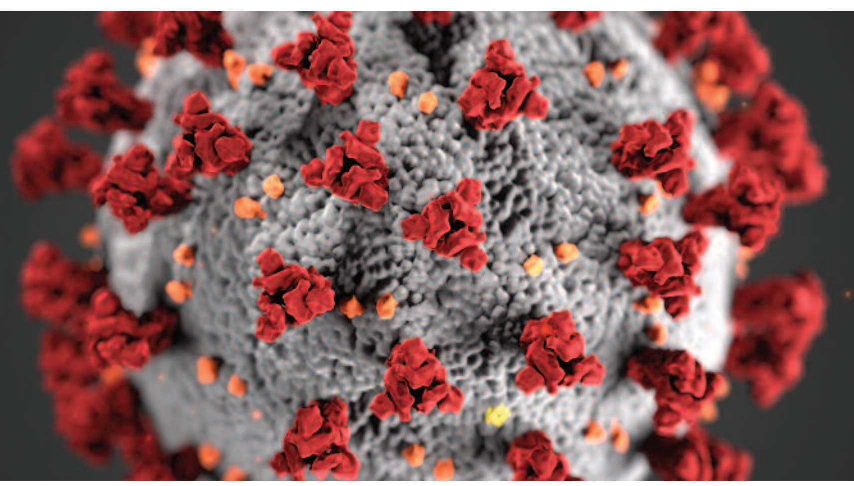
"The VC model is designed around equity instruments" says van Zyl.

But the team have been forced to rethink this approach and innovate due to the extraordinary circumstances created by COVID-19.

"So we have made a portion of our capital available to our portfolio companies, which is basically an equity-type instrument with a tiered return which they can give back to us or not give back to us, so they have a call option to buy us back out or not."

"Effectively, what Knife is doing is saying to their portfolio companies that they've stress-tested, 'here's money'; we are not expecting an IRR in the short-term because our opportunity cost of money, of putting money behind our portfolio in the

" What we are finding, not just in South Africa but all over the world, is term sheets that have been submitted to entrepreneurs to invest capital in their businesses have been pulled and completely deleted. Term sheets that were going to be signed in a few weeks have now been stretched out to a few months for the VCs to see what's really happening in the global economy." Clive Butkow



foreseeable future, is not as much as it would be next year when we actually need it to invest in the next Snapplify, for example."

Butkow points out that a number of different issues are affecting an entrepreneur's ability to raise capital.

"In the venture capital space, business as usual is no more, so my advice to any entrepreneur in the tech space is, if you are a capital lite and capital efficient business, there is still a possibility of raising capital but your chances are a lot lower now than they were before," says Butkow.

"You have to see how much cash you have. Cash is now king, whether you're a one man show or a 50 to 100 man show, cashflow is everything. The key question is, how much runway do you have, and how many months can you survive in the worst case scenario where you've got no more revenue coming in and you have to pay salaries or place people on furlough leave; how much cash do you have to actually survive?"

"The days of just driving topline growth at any cost are over. You have to look at how much that growth is going to cost you now. You've got to become a lot more disciplined in your approach to building a business. So what we've done with our businesses is we've asked them for a normal plan, best case plan and a worst case plan, which must be at minimum, 24 months of runway. The capital markets have dried up."

We all know that the world is going to look different and van Zyl reveals that they challenged their portfolio companies to provide Knife with an action plan.

"What are your immediate actions, what are you cutting? How are you preserving cash? How are you protecting your revenue streams? How are you communicating with your clients and stakeholders? What is your leadership plan."

Van Zyl says that he advised his portfolio companies to use this experience as an opportunity to redefine the business model and actually go onto the offence.

"You can't save yourself into prosperity. If you are a high growth start up, you actually have to have a beyond-COVID plan that looks different to what your business plan looked like before COVID," says van Zyl passionately. "And only when we approve that little plan, which doesn't have to be extensive, then we will make the plug-in capital available."

And if you haven't got that sort of capital runway, then Butkow advises aggressive cost-cutting, using his mantra, "every rand saved is easier than a rand raised". ◆

A crisis to awaken the sleeping giants?

In Viktor Frankl's bestselling book, Man's Search for Meaning, in which he relays how he managed to survive Auschwitz – the brutal Nazi concentration camp – against all odds, one finds the seeds that, if planted in South Africa, might provide the green shoots of our economic and societal recovery.

"In times of crisis, people reach for meaning. Meaning is strength. Our survival may depend on our seeking and finding it."

Following so closely on the heels of the lost Zuma decade of state capture, pillage and political plunder, South Africa is facing the triple threats of a social-humanitarian, economic and fiscal crisis the likes of which we have never encountered. As Ricardo Hausmann quipped in a presentation to the Centre for Development and Enterprise recently, this is no garden variety crisis.

As the country looks to create some fiscal headroom to tackle the coronavirus pandemic, and to cushion the impact on businesses and households in the face of mass closure and retrenchments (Business Unity SA estimates at least 1 million jobs are on the line), with regards to the role of institutional capital like pension funds – amid poor returns locally – forging a response is key.

John Oliphant – former head of the largest pension fund on the African continent, SA's Government Employee Pension Fund (GEPF), current chair of specialist asset management group Third Way Investment Partners, All Weather Capital and JSE-listed healthcare investment company, RH Bophelo – has unique insights into how we should be thinking about mobilising pension funds at this time.

Catalyst caught up with Oliphant at his new Sandton HQ, which is sandwiched between the two glistening new HQs of the JSE's most talked-about corporate concerns, Sasol and Discovery.

We took a seat in the corner of Oliphant's spacious ninth-floor office, with glassed panoramic views of what is increasingly empty Sandton office space. Hard times out on the street seem far enough away.

"I don't envy the president," says Oliphant frankly. "He's got a tough job, but I agree with you that his leadership style is more consensus-seeking, and my wish is for him to make decisions quickly and get us moving. I always say to people that what can create paralysis is not making decisions, and trying to consult with everyone. We need to just get going. There are many things that have been announced and we are starting to see progress on them – we just need to accelerate. He must know that he's got a mandate. We voted, he's in the office now, he must just make decisions; let's get going."

Oliphant comes from a poor background and his journey is one that holds many lessons for the sort of interventions required to catalyse the latent human capital so often singled out by the World Bank and others as a significant structural constraint to growth.

Oliphant graduated as an actuary, one of the most demanding degrees academically, despite the pass rate in his matric year being a staggering 29%, which provides a glimpse into the size of the mountain he had to overcome in terms of access and quality of teaching, and all of those historical issues we are trying to deal with as a country.

"I went to a township school in Tumahole in Parys (the home town of one Stompie Sepei) and I didn't even know what actuarial science was," says Oliphant. "I was the first person in my township to be in the top 100 of the Free State. My mother and father invested a lot in me. My mother always said to me that the only way out is education. Let alone entrepreneurship, we can talk about that later."

Interestingly, Oliphant credits much of his early academic success to Professor William Smith who was awarded the Order of the Baobab (silver) in recognition of his services to teaching and the "demystification of mathematics and science".

"I'm a beneficiary of his wisdom. I used not to go to school and rather sit at home and watch him on SABC, and that's how I learnt my maths and physics. I would then go to school and teach my classmates. My mother knew that irrespective of whatever little money she had, she needed to allocate R2 to me every Friday so that I could go and buy the Sowetan which had supplements from the learning channel, and that was my study guide. One week I would solve problems, and the next week I would buy the paper and mark myself and see the progress that I was making. And that is how I learnt."

It's an experience not lost on Oliphant as we look to improve the country's dismal basic education outcomes.

"I feel that, considering where technology is today, we are not really taking advantage of talented people within the economy to teach much bigger classes. The SABC was my teacher."

High among Oliphant's accomplishments as head of the GEPF was not to get a special mention at the Zondo Commission. The cancer of corruption, which has snowballed since 2007, has eroded the ethical foundations of society, and business has been ensnared by the system's rules, which were established by the politics. BEE lends itself to the creation of a layer of middlemen, for example. With these business challenges, how does someone in his position of influence remain ethical?

"Ethical leadership and morals must always be at the centre of what you want to achieve."

Touching on Frankl's maxim, Oliphant credits his ability to remain moored to his values and principles to his sense of higher purpose.

"If you look at how I ended up at the GEPF, I wanted to make a difference. At the time, I was young and doing well in the private sector as the head of the quant franchise at Stanlib, which had more than R20bn in that proposition. I was 25 at the time, and was head hunted. I remember saying to my mother that I was going to the GEPF and was going to sacrifice my bonuses and salary, but I felt like it was the right thing to do because it felt like an opportunity to make a difference."


John Oliphant

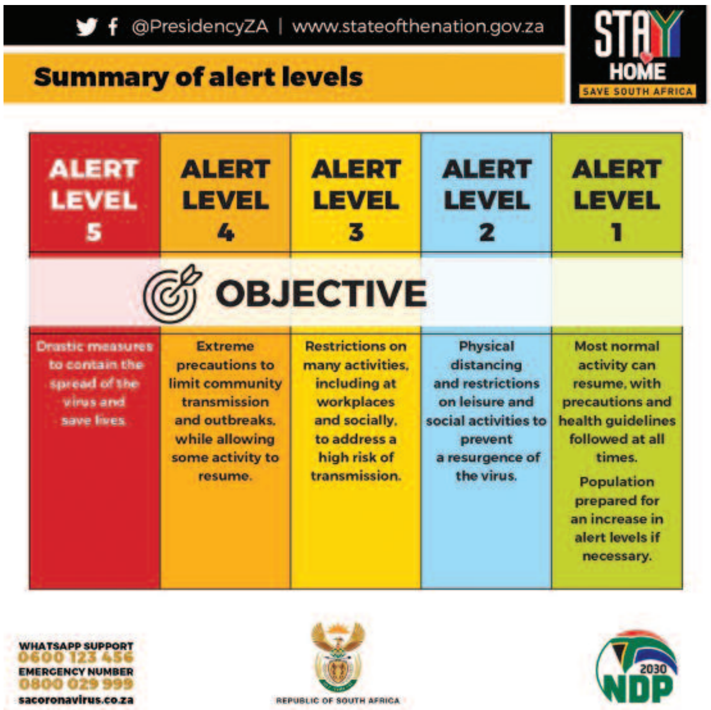
> "I don't envy the president. He's got a tough job, but I agree with you that his leadership style is more consensus-seeking and my wish is for him to make decisions quickly and get us moving." John Oliphant

Oliphant was extremely young; 26 when he was appointed head of investments and, at 29, the youngest head of the GEPF. But he ascribes the experience as an opportunity to see life through a different lens. That motivated him to do a Masters in Economic Policy through the University of London.

"I was starting to see the bigger picture: from a quants background of building models and understanding retirement funds, to understanding what retirement funds can do to transform society. I believe that what we need to see more of in South Africa is a servant-type leadership style. The reality is that there will always be bad apples, but I think we have a lot of talented people in our country who can add a lot of value."

And ultimately, it's about harnessing that talent to rebuild the country, which is also where pension funds come into play.

"We need to look at the pot of capital that we have in South Africa, which is worker capital. I've always said that workers need to wake up and see themselves as partners in the economy, and not just as employees. If you look at the pot of capital that they have – there are estimates as to whether this is R6 trillion or R8 trillion – but whatever the number, we need to



look at regulation 28, which regulates savings, and ask if it is fit for purpose, and my view is that it's not.

"If you are saying that roughly 60% of portfolios are sitting in listed equities, and you look at listed equities and who the big players are, it is predominantly Naspers, which is roughly 20% of the benchmark. What are the big assets in Naspers? Tencent, which is in China. So, we need to start thinking about an allocation of capital in our economy and make sure that the actual allocation of capital is used to stimulate the domestic economy. In the bigger scheme of things, we are not allocating capital efficiently."

Oliphant believes that pension funds haven't explored the opportunities because there wasn't a need to search hard for returns. The current environment, as difficult as it is, is actually creating opportunities for alternatives.

Oliphant has been hard at work at Third Way trying to create these opportunities for pension funds to invest in.

One of them is the Third Way Infrastructure Fund which has raised roughly R2,5bn, of which R1,2bn has been deployed in infrastructure projects generating CPI plus 4 and 5% returns in this difficult environment, which is exciting.

"We've created a health care platform called RH Bophelo, which is trying to solve the issue of access to healthcare."

It's a hotly debated theme in South Africa with many health experts questioning the funding mechanism for the National Health Insurance, especially against the backdrop of COVID-19's demands on the fiscus.

"We see it as an opportunity," says Oliphant. "I know people have been talking about the NHI (criticising it) but we see it as a real opportunity. I know, as a father, that every time I pay my medical aid, within three months I've run out of funds in my medical savings and the question is, why? Because healthcare has become so expensive. If you look at how much we spend, in terms of percentage of GDP on healthcare, we spend 10% of our GDP on healthcare – 5% from government and 5% from the private sector – and the private sector services 20% of the population, while the public sector services 80% of the population. And the 10% that we allocate of our GDP is in line with OECD standards. So the issue is not that we are not allocating enough money, but that we are not getting the efficiencies. The RH Bophelo story is about asking how we get into the real economy and make healthcare affordable".

The conversation swings towards student accommodation and, again, there are real opportunities in the economy for pension funds to generate returns.

And the on-balance sheet funding model for infrastructure that government and state-owned enterprises such as Eskom and Transnet have used for the past 25 years has run its course.

"Now that model has come to the end of the road in my view. Because what has happened is that state-owned enterprises have become inefficient allocators of capital and investors are saying, 'now, why don't we go towards a public private partnership-type model?' and that has been demonstrated successfully in the renewable energy space. I know there has been a lot of political debate around whether you need renewable energy and so on, and I don't want to venture into that [debate], but the reality is that the actual model itself is the correct model for funding because then you bring the private sector in to participate."

Oliphant calls it pension public private partnerships (PPPPs)

"I've added the fourth P. We want the pension fund community to become a strategic partner. It's ordinary people. I think that what we need to decide on now is the framework. Either we are going to build, own and operate, and transfer later on, or something else, but that model is what will catalyse pension funds into these opportunities across water, transport, all forms of infrastructure."

Which sounds good, but how do we solve the Eskom crisis?

"Let's look at the impact of load shedding. The economy has now slipped into recession. If you are a pension fund and you work on Reg 28, you can have 40% of your assets outside of SA (30% outside Africa, maybe 10% inside Africa), which means 60% of a typical pension fund's assets are in invested in SA. If the South African economy is not growing, and you've got 60% of your allocation delivering negative returns, it means that workers are going to retire poorer – they might argue that they are poor now, but they will retire poorer. That's why I think we need to find a solution to Eskom, to ensure that we are able to supply energy to the economy and sustain growth; it's in everyone's interest to find a solution. We need to awaken the sleeping giant of worker capital to help find a solution to Eskom. Pension funds must take their responsibility much more seriously."

With much debate around the spectre of prescribed assets, one hopes that South Africa's policymakers settle on this third way of harnessing private savings by ensuring that there are enough bankable and investable projects out there, from clinics, to roads, to railways. This shouldn't be out of reach as the country looks to rebuild after COVID-19.

COVID-19: Takeaways for the private equity industry

Nicole Paige, Michael Denenga, Ashford Nyatsumba

South Africa started 2020 on the ropes, with economists generally expecting the annual GDP growth to be below 1%. This already weak outlook has been exacerbated by the impact of the novel coronavirus (COVID-19) and the consequent curtailment of economic activity. COVID-19 is a game changer, with significant ramifications for every aspect of the global economy, and will bring challenges for the private equity industry.

Fund managers need to be proactive and innovative in coming up with solutions to minimise the impact of COVID-19 on their own operations, as well as those of their investments. The COVID-19 pandemic will disrupt work processes in unprecedented ways.

Funds in the marketing cycle

The pandemic will be tough on fund managers in a capital-raising cycle. We are already seeing investors delaying or reducing commitments as they try to assess the impact of the economic fallout on their own balance sheets. Fund managers must be prepared to address these concerns, to redirect attention to the long-term nature of their investments, and to investment opportunities that will ultimately arise from the crisis.

Nicole Paige

Of course, fund managers will not be able to meet with prospective investors in person for the next few months, or traverse the conference circuit for new sources of capital. While it is not ideal to conduct these discussions without the usual social interaction, fund managers need to adapt quickly. It is an opportunity to leverage a captive audience (quite literally) and fund managers can stay in touch with prospective investors with interactive discussions and topics of interest. It may not be possible to get a firm commitment during the global lockdowns, but it is possible to impress prospective investors with insights and foresight, and to be ready to capitalise on opportunities as soon as the restrictions lift.

Where commitments are already in progress, much of the investor due diligence process can be addressed by making documents and information available in virtual data rooms and through video facilities, so that commitments can be advanced, subject only to the in-person due diligence being completed.

Michael Denenga

Ashford Nyatsumba

Fund managers should not lose sight of new potential opportunities. Impact investing has already started to play a bigger role in Africa as foreign development finance institutions dedicate more funding towards it, and commercial investors appreciate that the impact nature of the investments need not detract from profitability. According to the Africa Impact Report 2019, impact investing has, to date, been focused on energy and financial services. In the aftermath of COVID-19, however, we expect funding to increase in the healthcare, pharmaceutical, urban development and technology sectors.

> "We are already seeing investors delaying or reducing commitments as they try assessing the impact of the economic fallout on their own balance sheets"

Funds in the acquisition cycle

For fund managers in the investment cycle, there is a significant opportunity to capitalise on the market instability and lower valuations, for example, by acquiring listed companies that they may look to take private. Fund financing is likely to be attractive as interest rates are low.

While there are certainly operational challenges in relation to obtaining the required regulatory approvals, and to establishing the intermediate vehicles necessary to structure investments, this need not prevent deals being done, subject to conditions precedent. The negotiation, documentation and electronic due diligence of investments can and should continue to the extent possible. We expect substantial movement in pricing and terms, even as deals are being finalised, so fund managers should be alert and quick to respond.

Fund managers should ensure that their fund documents allow them to complete deals that are in-process after the end of their commitment periods and, depending on where they are in the cycle, should consider requesting a six-month (or longer) extension to the commitment period now, in order to alleviate pressure down the line.

They may also want to revisit their investment guidelines in order to hone in on opportunities arising in particular sectors or geographies, or to redirect their focus to sectors that are not as hard hit by the pandemic.

Funds in the value-add cycle

Fund managers need to take proactive steps to assist portfolio companies to survive the COVID-19 onslaught of lockdowns, suspended operations and upended markets. They should be assisting portfolio companies with developing and implementing contingency plans to address workforce considerations, identify and mitigate any potential supply chain disruptions, and ensure business continuity and financial stability.

Boards of portfolio companies should be reviewing *force majeure* terms of material contracts, reviewing insurance policies to assess potential recoveries for business disruption, managing liquidity and complying with *ad-hoc* obligations to notify lenders of possible adverse effects on their financial condition and/or business operations.

Funds nearing the end of their term may seek term extensions to provide portfolio investments with ample time to recover from short-term depreciation in value.

The implications of COVID-19 are changing with each passing week, and fund managers need to be nimble and seize opportunities as they present themselves. Those that are best prepared, and quickest to act decisively to protect the interests of their investors and portfolio companies, will be the ones that emerge strongest from this crisis. ◆

Paige, Denenga and Nyatsumba are Partners in Webber Wentzel's Private Equity Practice

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Deals not under complete lockdown

Despite COVID-19 placing most M&A activity into an extended lockdown, some funds are still managing to announce closure on transactions.

Catalyst caught up with Phatisa Deal Principal, Lize Lübbe, to talk about how she sees the current dealmaking environment after Phatisa Food Fund 2 (PFF 2) and a group of co-investors – Norfund, Mbuyu Capital and DEG – announced the acquisition of integrated agricultural solutions provider, Farming and Engineering Services Limited (FES).

"Due to the tough economic climate and uncertainty, the general attractiveness, or at least perceived attractiveness, of opportunities for acquisition might reduce," says Lübbe. "However, there are interesting pockets of opportunity that are emerging during these times, such as investments in essential goods and services (including food security) and new disruptive technologies (including distribution and e-commerce)."

Lübbe also believes that reduced valuations will pose attractive acquisition opportunities – especially of quality companies with quality management – in the right sectors.

The investment in FES is a case in point, where the company's unique position in Malawi's agriculture matches the fund's mandate to seek out high growth firms in the food sector, and this deal will support FES's long term growth strategy, assisting the company to expand its successful business model to neighbouring countries.

FES's roots date back to 1967. It is the single largest investor in Malawi's agricultural equipment industry, and the sole distributor of several well-known and trusted brands including Massey Ferguson, Komatsu, AJ Power and Toyota Forklift. The company provides a wide range of high-tech agricultural solutions, including precision and low-till farming; drone technology for crop analysis and crop protection; irrigation systems, including water management solutions; and contracting services.

AgriLab, an FES initiative, is Malawi's first independent soil- and leaf-testing facility which allows farmers to test, manage and

control their soil, leaf and water quality. This initiative contributes to improved yields and crop quality, increased revenue and reduced input costs.

FES's impact objectives – mechanising African agriculture, ensuring food security, and enhancing farmer profitability – are aligned with the UN Sustainable Development Goals. Located in a region where resources are limited and input costs high, FES has expanded its offering to include a comprehensive range of climate-resilient precision agricultural solutions.

As part of the new owners' expansion strategy, FES is acquiring (subject to normal conditions precedent) the business assets of agricultural equipment supplier BHBW Zambia. On the back of this, AGCO has agreed to award FES the Massey Ferguson and Challenger franchises for Zambia. FES intends to replicate its successful model of equipment dealership with precision contract farming and other agricultural solutions in Zambia.

The consortium bought the FES stake held by Phatisa's inaugural food fund (African Agriculture Fund) while the company's management maintained their shareholding.

Mbuyu Capital is a specialist African private markets investor, managing segregated accounts of co-investments and funds for institutional investors.

Michiel Timmerman, Managing Partner of Mbuyu Capital Partners, reveals that Mbuyu's co-investments are focused on agri-business, non-bank financial services, logistics & distribution, and healthcare, which present attractive opportunities for financial return as well as impact, by creating jobs, improved food security, access to finance and greater health and well-being.

"FES is a leader and innovator in bringing precision-farming and agritech to Africa," says Timmerman. "New product development and expansion in the region can be expected to benefit the company's growth, as well as its customers – including smallholder farmers – by increasing yields, optimising use of inputs and improving climate resilience.'

At this time of economic stress, debt levels are coming under increasing scrutiny and Lübbe acknowledges that while the leverage model is popular, it is not one that enjoys much success in Africa.

"At Phatisa, we do not believe in high gearing ratios in our portfolio, especially considering the developing status of the economies that we invest in, and a focus on growth investments. As a result, we take a very conservative approach to gearing, and fund growth opportunities through a combination of debt and equity," adds Lübbe.

That's not to say that debt stress isn't emerging. Lübbe is observing a significant increase in debt restructuring across the board, and banks are being forced to exercise patience.

Lize Lübbe

"Generally, valuations will be negatively affected, and some industries might bounce back sooner than others. The average holding period for investments may be extended. We also hope to see a bit more activity in the availability of soft funding, especially for companies in essential goods and services, including those involved in food security and healthcare. It is very likely that PE firms will have to assist companies with further equity, especially in industries that are hit the hardest, such as tourism and hospitality. This might lead to further capital calls to the fund investors. We have generally found that the industry as a whole, and in Africa's case in particular, supported by a very constructive approach by DFIs, has come together with support to get through this crisis."

> "Lübbe is observing a significant increase in debt restructuring across the board, and banks are being forced to exercise patience."

One thing is certain, and that is that the industry will forever speak in terms that mark this as a seminal turning point: pre COVID-19 and post COVID-19. ◆

Local news

Exits

Vantage Capital, Africa's largest mezzanine debt fund manager, announced that it has fully exited its investment in Vumatel, the largest fibre-to-the-home network provider in South Africa. The company was established in October 2014 by Niel Schoeman and Johan Pretorius, industry veterans who had previously started up the Birchman Group and Conduct Telecom.

At the time of Vantage's investment in 2016, Vumatel had deployed its open-access fibre optic network across fourteen suburbs in Johannesburg – passing 16,000 homes – and had secured around 4,000 subscribers. It had also received an equity investment from Investec Equity Partners.

Last year, CIVH – majority-owned by Remgro – acquired full ownership of Vumatel after initially securing a 34.9% stake in 2018. Vantage's investors were beneficiaries of this transaction from both ends as Vantage had, in a separate transaction, provided New GX (a black-owned and controlled investor) with mezzanine funding to part-finance their fibre-related assets, including local manufacturing capacity.

Vantage exited the New GX transaction in 2018 and in early May 2020, Vantage's mezzanine facility was refinanced by Vumatel after it secured substantial funding from a consortium of South African banks.

To date, Vantage has successfully exited twelve investments across its three generations of mezzanine debt funds, generating cumulative proceeds of R4.2bn ($360m) and x-money of 2.3x (1.8x in dollars). ◆

Fundraising

Bloomberg reports that Capitalworks Investment Partners plans to invest R5bn of newly raised cash in mid-sized SA companies hit by a shrinking local economy and the coronavirus pandemic.

The firm raised 25% more than planned for its Private Equity Fund III from Morgan Stanley's Alternative Investments Partners unit, institutional investors and wealthy families, Capitalworks founder Chad Smart told Bloomberg. The company is seeking businesses with enterprise values from R250m - R4bn in industries such as financial services, food, and health.

"There are high-quality businesses that are unduly punished by the virus that would usually use a crisis to gain market share," he said in an interview. "With the coronavirus, a number of them don't have turnover coming in; it's an unusual situation. The liquidity and growth-capital need means that you can find the best companies to invest in." ◆

PRIVATE EQUITY DEALS Q1 2020 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	Kalon Venture Partners	a stake in Sendmarc		undisclosed	Jan 21
Acquisition by	Five Elms Capital	a stake in Skynamo		$30m	Jan 21
Acquisition by	FSD Africa Investments	an additional stake in MFS Africa		$1,2m	Jan 21
Acquisition by	Secha Capital	a stake in Rush Nutrition		undisclosed	Jan 21
Acquisition by	Havaic	a stake in AURA		R6m	Jan 22
Acquisition by	Senatla Capital Investment Management	a stake in Joe Public United	Werksmans	undisclosed	Jan 29
Acquisition by	Techstars, Platform Investment Partners Growth and Platform45	a stake in Howler		undisclosed	Jan 30
Disposal by	Grand Parade Investments to ECP Africa Fund IV LLC	95,36% stake in Burger King (South Africa) and Grand Foods Meat Plant	PSG Capital; Cliffe Dekker Hofmeyr	R697m	Feb 19
Disposal by	Agri-Vie Fund I to Masimong Group	stake in InteliChem		undisclosed	Feb 20
Acquisition by	Africa Renewable Power Fund (African Rainbow Capital Investments)	stake in CrossBoundary Energy (CBE)		$16,5m	Feb 20
Acquisition by	Two Hop Ventures from Paper Plane Ventures	a stake in Centbee	Cliffe Dekker Hofmeyr	undisclosed	Feb 21
Disposal by	Raubex Roads and Earthworks (Raubex) to Acorn Black Investments	Raubex Property Investments	Investec Bank	R383m	Feb 28
Acquisition by	Nedbank Venture Capital (Nedbank)	minority equity interest in Omnisient	Nedbank CIB	R3,3m	Feb 28
Acquisition by	Investec Private Capital and Compass Venture Capital	minority equity interest in Omnisient		undisclosed	Mar 4
Acquisition by	Apis Growth 12 (managed by Apis Partners) from Efficient minorities	all issued shares in Efficient excluding 110 333 872 shares held by certain shareholders	Bravura Capital; Merchantec Capital; Adams & Adams; Cliffe Dekker Hofmeyr; Nodus Capital	R36,42m	Mar 12
Acquisition by	Capitalworks Atlanta (via special purpose vehicles BidCo and InvestCo) from Peregrine minority shareholders	Peregrine (excluding shares held by subsidiaries)	Java Capital; One Capital; Deloitte; Cliffe Dekker Hofmeyr; Werksmans; KPMG	R4,2bn	Mar 13
Acquisition by	Iron Bridge Capital	investment in Roos Foods (a KFC franchise with 71 stores in several provinces)		undisclosed	Mar 14
Acquisition by	RMB Corvest (RMB Holdings)	investment in Roos Foods (a KFC franchise with 71 stores in several provinces)	Cliffe Dekker Hofmeyr	undisclosed	Mar 14
Acquisition by	Mast Capital and Scott Gibson	a stake in Contactable		undisclosed	Mar 18
Acquisition by	Mainstreet 1754 (Ata Fund III)	a majority stake in Jachris Hose and Couplings	Webber Wentzel	undisclosed	Mar 27
Acquisition by	Growthpoint Properties	stake in Onecart	Eversheds Sutherland (SA)	not publicly disclosed	not announced
Acquisition by	Kingson Capital	a stake in Onecart	Eversheds Sutherlands (SA)	undisclosed	not announced
Acquisition by	Ascension Capital Partners	a 30% stake in CMC SA Investments	White & Case South Africa	undisclosed	not announced