Catalyst

SA's quarterly Private Equity & Venture Capital magazine

Vol 16 No 1
MARCH QUARTER 2019

Private Equity RISEs

AI and Virtual Deal Rooms

Private Credit Market in Africa Grows

FROM THE EDITOR'S DESK

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

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

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

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

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

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

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

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

Is it time to tame the barbarian establishment? ◆

Michael Avery

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Catalyst 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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Gleason Publications

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

AI and Virtual Deal Rooms

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

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

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

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

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

Arie Maree

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

One of the big advantages is immediacy and visibility.

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

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

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

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

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

South African Private Equity GPs Embrace Impact Evolution

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

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

tracking, measuring, valuing impact investment."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Basel III boosts Private Credit Market in Africa

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

Enitan Obasanjo-Adeleye

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

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

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

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

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

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

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

Private credit remains a niche sector in Africa, however.

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

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

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

Why Should Anyone Invest in Private Equity?

Liston Meintjes

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

What is the first question you should ask?

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

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

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

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

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

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

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

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

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

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

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

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

Liston Meintjes

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

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

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

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

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

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

Carried Interest: Ashburton Private Equity

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

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

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

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

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

I'll name a few.

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

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

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

Juan Coetzer

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

4. What is the biggest misconception about your job?

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

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

5. Name the one deal you wish you invested in

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

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

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

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

Local and International news

DEALS

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

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

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

FUNDRAISING

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

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

EXITS

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

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

SOURCE: Africa Private Equity News

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

PRIVATE EQUITY DEALS Q1 2019 – SOUTH AFRICA

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

PRIVATE EQUITY DEALS Q1 2019 – REST OF AFRICA

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

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