DealMakers®

SOUTH AFRICA'S CORPORATE FINANCE MAGAZINE

Volume 21: No. 3

3rd Quarter 2020 M&A Rankings plus all Corporate Finance Transactions

incorporating **Catalyst** magazine

The pathway to Deal of the Year

Pathfinder perspectives:
Johan Holtzhausen,
Managing Director, PSG Capital

As Managing Director of PSG Capital - the boutique corporate finance arm of PSG Limited - Johan Holtzhausen outlines solutions available to corporate development and capital management teams, which involve careful planning, quick learning and fast acting.

Johan Holtzhausen is one of South Africa's top M&A dealmakers – and he's got the accolades to prove it. The 2020 Deal of the Year was awarded to Johan for PepsiCo's acquisition of Pioneer Foods, a deal powered by the Ansarada platform. The PepsiCo acquisition was the most successful deal from a value standpoint and provided a great economic boost for South Africa.

Despite the uncertainty brought on by COVID-19 and the impact on dealmaking, Johan is a firm believer that it's no time to panic. "There are lots of opportunities out there, especially if you have capital available," he said. "There are opportunities now to buy companies that want to dispose of non-core assets that can fit your business model. Or if you wish to merge and the party wasn't ready to negotiate with you – maybe now is the time."

Deal activity in a post-COVID world

"In my experience, Private Equity houses sit with a lot of cash. Multiples, expectations of sellers have come down to more realistic levels, so you can do a good transaction," said Johan. "There will be question marks around sustainability – has the company recovered? What are the prospects? How are we going to solve diligence exercises? - but a platform like Ansarada can help provide those solutions."

"With the technology available out there (from a Virtual Data Room base), you can commence due diligence and still safeguard the acquisition with appropriate warranties or delayed payment clauses. There are mechanisms you can utilise to seize the opportunities available."

"There is a lead time for all of these things normally - everybody is busy and that's why Ansarada has seen the pick up even sooner from a VDR perspective - I believe activity will pick up a lot in the next coming months," said Johan.

How can sellers alleviate some of the downward pricing pressure?

"Asset disposal is all about your real position in negotiations at the end of the day, but you can extend your payment terms or warranty of your profit terms so you aren't judged on the COVID period, but the next 12 months going forward," said Johan. "This can help you try to average out or recover some of what you've left on the table if you sell during this period."

Ansarada's platform has helped more than 400,000 dealmakers get ready to seize opportunity. Get in touch today to find out how we can prepare you for the next wave of M&A activity.

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Editor's Note

As this issue of the magazine was being finalised news broke of the Biden/Harris victory in the US polls. By all accounts this is good news for the African continent. Much, however, will depend on our ability to make the most of the opportunities presented by this new partnership.

Deal activity inched up slowly in Q3 with announced deals for the quarter at R56,69bn, up from R34,31bn in Q2, but down on the usually quiet first quarter deal value of R95,08bn. For the year, to end September 2020, 261 deals were announced with a total value of R188,77bn. The largest deal, by value, during the period is the disposal of Aspen Pharmacare to Mylan Ireland of its commercialisation rights relating to the thrombosis business in Europe, valued at R12,69bn. The largest BEE deal, AB InBev's SAB Zenele Kabili scheme, the shares of which are yet to list, is valued at R5,4bn. On the general corporate finance side, corporate restructurings and unbundling of assets took centre stage, with PSG of Capitec Bank and RMB Holdings of its stake in FirstRand. Although there were 11 listings recorded, all but two of these were on alternative exchanges, and most of which were secondary listings on A2X, with only Ninety One Ltd and Ninety One Plc listing on the main bourse – a far cry from the 23 new listings recorded in 2017. Little wonder then that the JSE is to approach regulators about listing instruments across a range of currencies, in a bid to make the exchange more investment-friendly and attractive to multi-nationals.

MARYLOU GREIG

The table below shows deal activity by SA listed companies, excluding that of foreign firms with dual listings, unless the target is South African. The analysis of data for the first nine months of this year, versus that of the previous three years, shows a steady decline in activity and a sharp drop this year, as a result of the hard lockdown due to the COVID-19 pandemic.

As lockdown eases, there are renewed signs that deal activity is coming back to life again, albeit a fragile recovery. While it will take quite some time to regain ground lost as a result of the pandemic, there are deals in the pipeline as companies take advantage of opportunities presented. However, these deals are highly industry and deal specific and a successful close in this current environment will depend on the ability to agree on the value, assisted by innovative structuring, access to funding and the ability to navigate through regulatory hurdles.

Much will depend on what happens to the COVID-19 infection numbers over the year-end break, but DealMakers is planning, albeit on a smaller scale, to hold our physical Annual Gala Awards in February 2021. The submission of nominations for the subjective Deals of the Year will close on November 20. Looking back on my editor's note this time last year, I came across the following "DealMakers wishes you all a safe trip to wherever you may be headed; enjoy time with friends and loved ones as one thing is for sure, 2020 will demand even more from each and every one of us". How right I was! ■

DEALS BY VALUE

	Q1-Q3 2020		Q1-Q3 2019		Q1-Q3 2018		Q1-Q3 2017	
Size of transaction	No. of deals *^•	Value Rm	No. of deals *^•	Value Rm	No. of deals *^•	Value Rm	No. of deals *^•	Value Rm
> R5bn	8	64 491	4	115 842	5	92 565	9	123 931
> R1bn	18	36 389	18	37 462	35	72 422	28	57 257
> R500m	19	12 895	18	12 518	20	15 441	29	20 689
> R200m	27	8 552	37	12 813	39	12 725	42	13 877
>R50m	53	5 770	82	9 236	64	6 692	62	6 804
>R20m	23	852	31	1 053	25	872	30	1 013
< 20m	25	231	48	287	26	262	31	251
Total no. of transactions	**173**	**129 180**	**238**	**189 211**	**214**	**200 979**	**231**	**223 822**

* Deals reflect those by companies which are SA domiciled and listed on one of the local exchanges
^ Companies with secondary listings on local exchanges have been included if the target is South African
• Excludes deals with undisclosed values

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Catalyst – the Private Equity and Venture Capital magazine

Gleason Publications

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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.

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MERGERS & ACQUISITIONS ANALYSIS Q1 – Q3 2020 (excludes unlisted M&A)

	Q3 2020			Q1 - Q3 2020			Q1 - Q3 2019			Q1 - Q3 2018		
DEAL ACTIVITY	**No.**	*****	**Value R'm**	**No.**	*****	**Value R'm**	**No.**	*****	**Value R'm**	**No.**	*****	**Value R'm**
Local Deals	80	(0)	39 299	228	(5)	131 263	321	(22)	156 023	342	(19)	227 454
Foreign Deals	17	(0)	17 395	33	(1)	57 508	48	(0)	190 362	62	(0)	321 046
	97	(0)	56 694	261	(6)	188 771	369	(22)	346 385	404	(19)	548 500

DEAL ACTIVITY (excluding failed deals)	**No.**	**Value R'm**	**No.**	**Value R'm**	**No.**	**Value R'm**	**No.**	**Value R'm**
Local Deals	80	39 299	222	129 180	299	136 824	323	190 828
Foreign Deals	17	17 395	33	49 900	48	190 362	62	321 046
	97	56 694	255	179 080	347	327 186	385	511 874

BEE AND PRIVATE EQUITY ACTIVITY Q1 – Q3 2020 (includes listed and unlisted M&A)

	Q3 2020			Q1 - Q3 2020			Q1 - Q3 2019			Q1 - Q3 2018		
BEE ACTIVITY	**No.**	*****	**Value R'm**	**No.**	*****	**Value R'm**	**No.**	*****	**Value R'm**	**No.**	*****	**Value R'm**
Listed M&A	2	(0)	865	14	(0)	9 264	20	(1)	10 508	16	(0)	23 523
Unlisted M&A	4	(0)	undisclosed	10	(0)	undisclosed	21	(0)	3 827	19	(0)	1 247
	6	(0)	865	24	(0)	9 264	41	(1)	14 335	35	(0)	24 770

	Q3 2020			Q1 - Q3 2020			Q1 - Q3 2019			Q1 - Q3 2018		
PE ACTIVITY	**No.**	*****	**Value R'm**	**No.**	*****	**Value R'm**	**No.**	*****	**Value R'm**	**No.**	*****	**Value R'm**
Listed M&A	10	(0)	733	28	(0)	12 828	23	(1)	4 895	30	(1)	16 785
Unlisted M&A	16	(0)	261	57	(0)	2 000	47	(0)	2 625	25	(1)	1 246
	26	(0)	994	85	(0)	14 828	70	(1)	7 520	55	(2)	18 031

* No of failed deals

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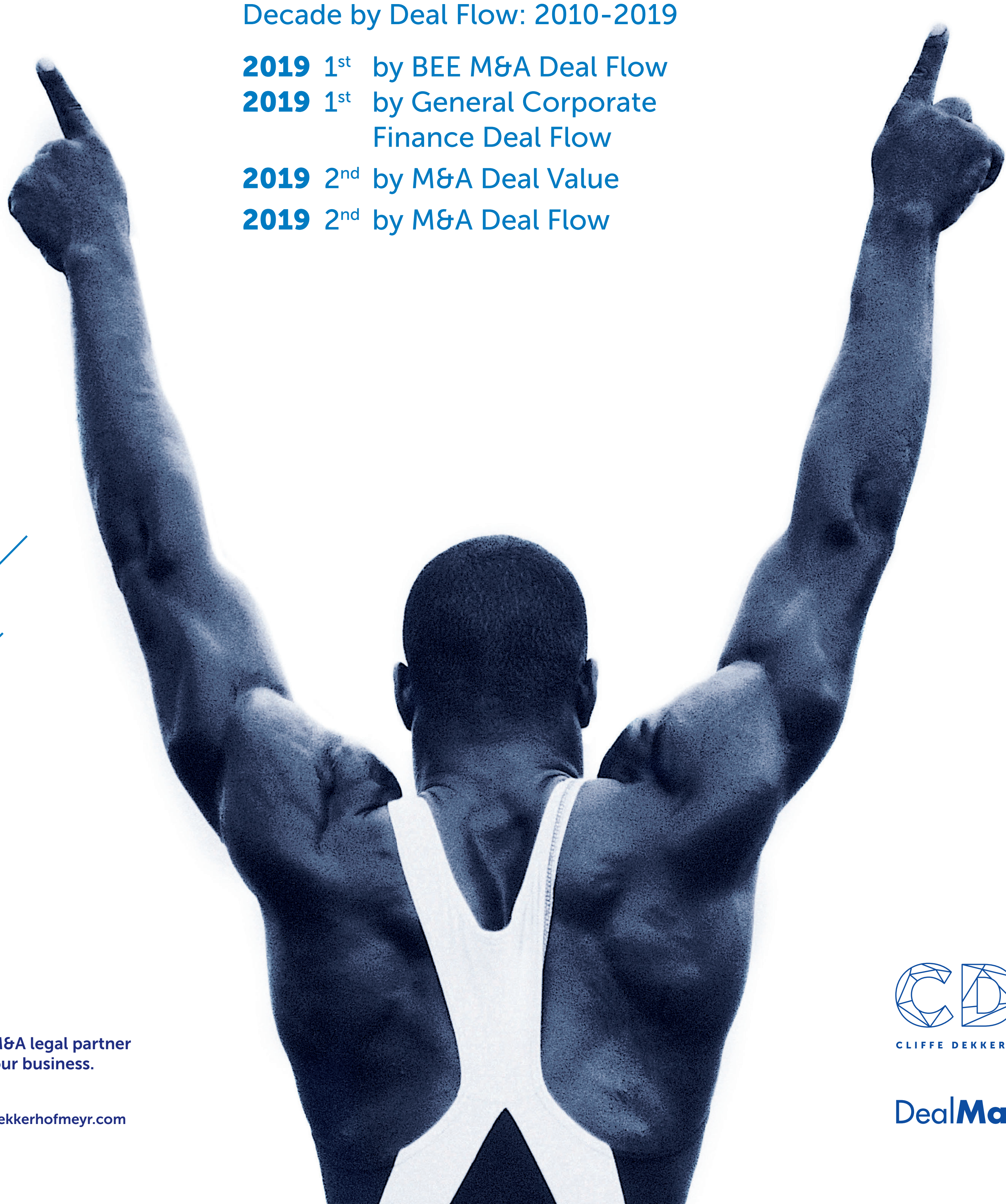
THE LEGAL DEALMAKER OF THE DECADE BY DEAL FLOW

M&A Legal DealMakers of the Decade by Deal Flow: 2010-2019

2019 1st by BEE M&A Deal Flow
2019 1st by General Corporate Finance Deal Flow
2019 2nd by M&A Deal Value
2019 2nd by M&A Deal Flow



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BIGGEST DEALS Q1 – Q3 2020

NATURE OF DEAL	PARTIES	ASSET	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE	VALUE R'M
Disposal by	Aspen Pharmacare to Mylan Ireland	commercialisation rights and related intellectual property relating to Thrombosis Business in Europe	€641,9m	Sep 8	12 690
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
Acquisition by ■	Capital & Counties Properties from Veloqx (Jersey)	26,3% shareholding in Shaftesbury plc	£436m	Jun 1	9 418
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
Disposal by	Sasol to Air Liquide	oxygen production site in Secunda	R8,5bn	Jul 29	8 500
Acquisition by	Assore from minority shareholders	remaining 17,4% stake in Assore	R7,8bn	Mar 9	7 800
Disposal by ■	Hammerson plc to Orion European Real Estate Fund V	portfolio of seven retail parks	£400m	Feb 21	7 687
Acquisition by ■	Anglo American Projects (Anglo American) and Serius Minerals plc minority shareholders	Sirius Minerals plc	£404,9m	Jan 20	7 612
Disposal by ■	Hammerson plc to APG Asset Management N.V.	its 50% stake in VIA Outlets	€301m	Aug 6	6 140
Disposal by	Redefine Properties to ARE Funds AZL and ARE Funds APKV (Allianz SE)	Australian student accomodation portfolio (90% beneficial interest in each of Uni Place, Leicester Street and Central, Swanston Street)	A$459m	Jun 26	5 416

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

– Failed deal

BIGGEST BEE DEALS Q1 – Q3 2020

NATURE OF DEAL	PARTIES	ASSET	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE	VALUE R'M
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)	R5,4bn	Feb 17	5 400
Disposal by	Tiso Blackstar to Tiso Investment	entire stake in Kagiso Tiso	R850m	Jun 26	850
Disposal by	Sanlam to African Rainbow Capital Financial Services (African Rainbow Capital Investments)	25% stake in NewCo which holds 100% of Sanlam Investment holdings which in turn holds Sanlam's third-party asset management businesses in South Africa (excluding businesses conducted by Sanlam Private Wealth and Sanlam Specialised Finance division)	R787,5m	Aug 20	788
Disposal by	Net1 UEPS Technologies to MIC Investment	24,3% stake in DNI	R760m	Apr 1	760
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	502

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RANKING THE SOUTH AFRICAN TOMBSTONE PARTIES

INVESTMENT ADVISERS*

RANKINGS BY DEAL VALUE

No	Company	Deal Values R'm	Market Share %
1	Java Capital	18 087	18,37%
2	Investec Bank	17 209	17,48%
3	Standard Bank	16 160	16,42%
4	Merchantec Capital	12 003	12,19%
5	Rand Merchant Bank	8 396	8,53%
6	PwC Corporate Finance	5 722	5,81%
7	Absa CIB	5 347	5,43%
8	JPMorgan	2 960	3,01%
	UBS	2 960	3,01%
10	PSG Capital	1 773	1,80%

RANKINGS BY DEAL FLOW (ACTIVITY)

No	Company	No of Deals	Market Share %	Deal Values R'm
1	Investec Bank	14	14,58%	17 209
2	Java Capital	12	12,50%	18 087
3	PSG Capital	9	9,38%	1 773
4	Nedbank CIB	7	7,29%	1 354
5	Rand Merchant Bank	6	6,25%	8 396
6	Merchantec Capital	5	5,21%	12 003
7	Bravura Capital	4	4,17%	645
	Rothschild & Co	4	4,17%	239
9	Standard Bank	3	3,13%	16 160
	Questco	3	3,13%	129

SPONSORS

RANKINGS BY DEAL VALUE

No	Company	Deal Values R'm	Market Share %
1	Investec Bank	38 290	18,28%
2	Java Capital	29 894	14,27%
3	Merrill Lynch	21 948	10,48%
4	Rand Merchant Bank	20 951	10,00%
5	Standard Bank	12 143	5,80%
6	Merchantec Capital	12 129	5,79%
7	Vunani Sponsors	10 552	5,04%
8	JPMorgan	9 328	4,45%
9	Nedbank CIB	9 085	4,34%
10	Tamela	8 900	4,25%

RANKINGS BY DEAL FLOW (ACTIVITY)

No	Company	No of Deals	Market Share %	Deal Values R'm
1	Java Capital	34	18,68%	29 894
2	Investec Bank	26	14,29%	38 290
3	PSG Capital	21	11,54%	7 329
	Questco	21	11,54%	6 875
5	Rand Merchant Bank	18	9,89%	20 951
6	Merchantec Capital	10	5,49%	12 129
7	Nedbank CIB	8	4,40%	9 085
8	Standard Bank	7	3,85%	12 143
9	Merrill Lynch	5	2,75%	21 948
	Deloitte	5	2,75%	5 292

* Investment Advisers incorporate Financial Advisers and others claiming this category

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RANKING THE SOUTH AFRICAN TOMBSTONE PARTIES (CONTINUED)

LEGAL ADVISERS

RANKINGS BY DEAL VALUE

No	Company	Deal Values R'm	Market Share %
1	Webber Wentzel	28 368	23,72%
2	Bowmans	22 740	19,01%
3	ENSafrica	21 778	18,21%
4	Cliffe Dekker Hofmeyr	20 222	16,91%
5	Werksmans	9 246	7,73%
6	DLA Piper	5 347	4,47%
7	Herbert Smith Freehills South Africa	3 056	2,56%
8	White & Case	2 960	2,47%

RANKINGS BY DEAL FLOW (ACTIVITY)

No	Company	No of Deals	Market Share %	Deal Values R'm
1	Cliffe Dekker Hofmeyr	36	28,57%	20 222
2	ENSafrica	22	17,46%	21 778
3	Webber Wentzel	14	11,11%	28 368
	Bowmans	14	11,11%	22 740
5	Werksmans	13	10,32%	9 246
6	Inlexso	3	2,38%	300
7	Herbert Smith Freehills South Africa	2	1,59%	3 056
	White & Case	2	1,59%	2 960

TRANSACTIONAL SUPPORT SERVICES

RANKINGS BY DEAL VALUE

No	Company	Deal Values R'm	Market Share %
1	BDO	16 627	28,85%
2	Deloitte	11 762	20,41%
3	PwC	9 796	17,00%
4	Java Capital	5 347	9,28%
	Rothschild & Co	5 347	9,28%
6	Questco	3 268	5,67%
7	KPMG	880	1,53%
8	Mazars	790	1,37%

RANKINGS BY DEAL FLOW (ACTIVITY)

No	Company	No of Deals	Market Share %	Deal Values R'm
1	BDO	15	27,27%	16 627
2	PwC	7	12,73%	9 796
3	Deloitte	6	10,91%	11 762
4	Mazars	5	9,09%	790
	Nodus Capital	5	9,09%	471
6	Nexia SAB&T	2	3,64%	594
	PSG Capital	2	3,64%	529
	Moore Johannesburg	2	3,64%	204

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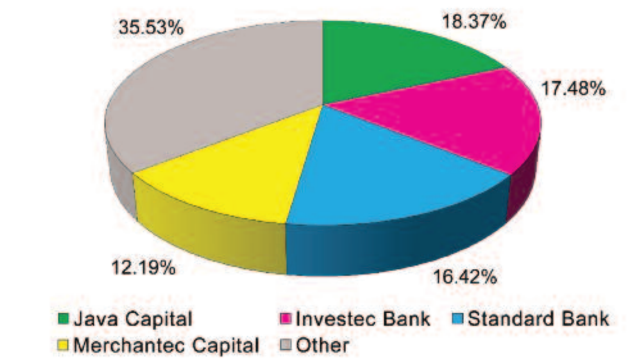
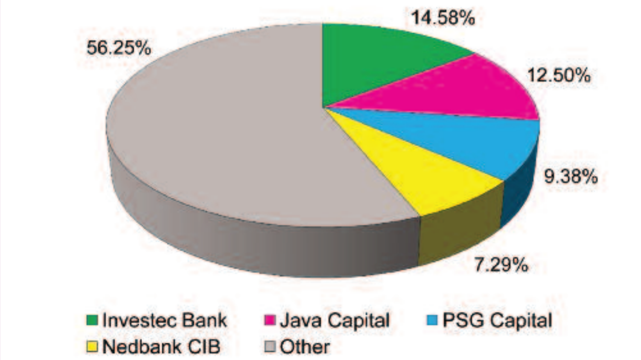
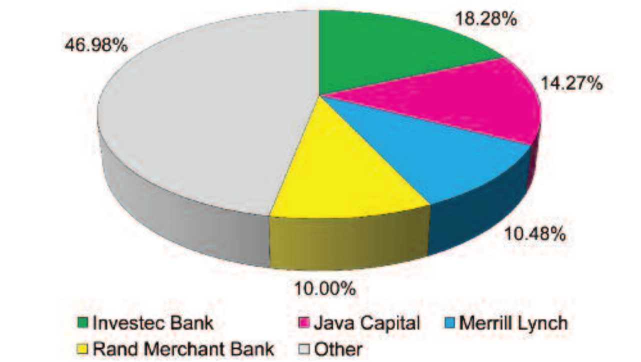
Investment Advisers by Deal Value



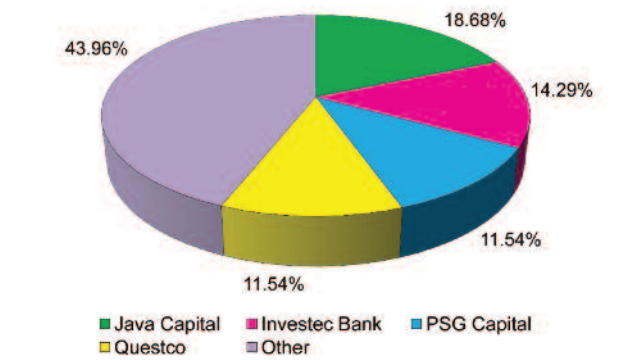
Investment Advisers by Deal Flow



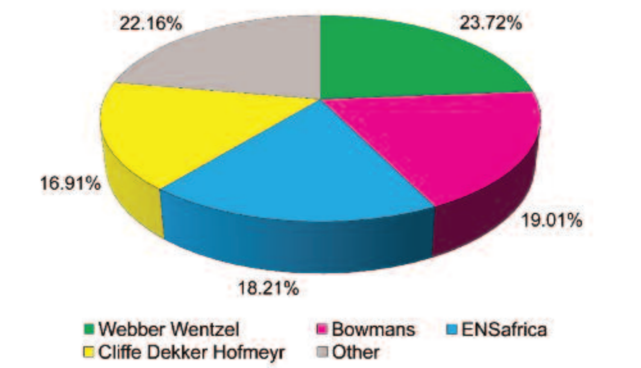
Sponsors by Deal Value



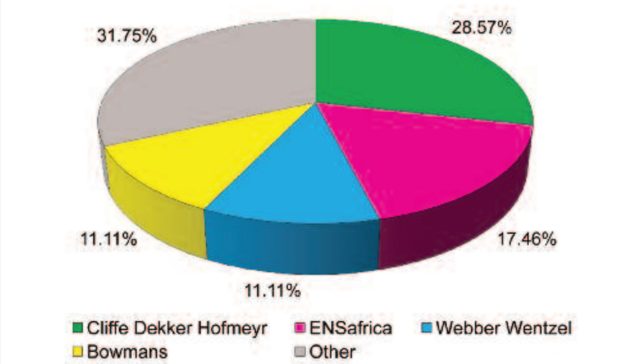
Sponsors by Deal Flow



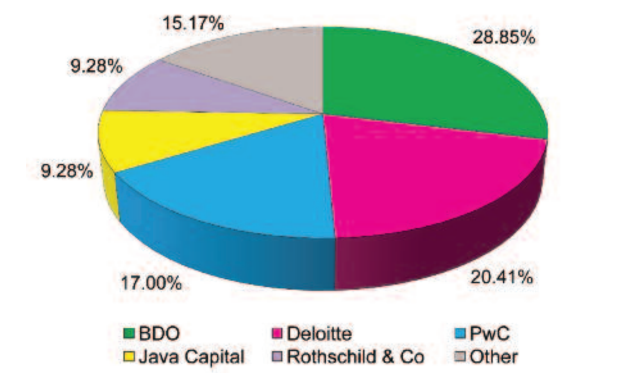
Legal Advisers by Deal Value



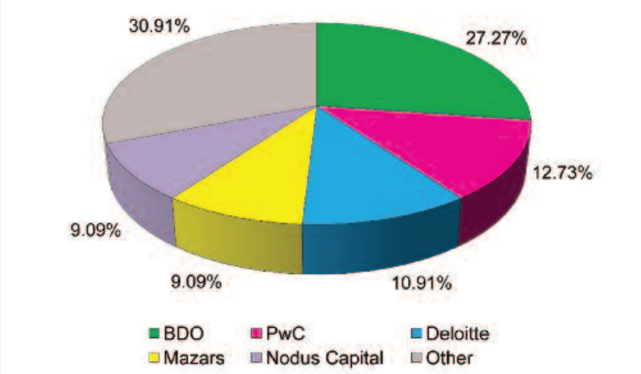
Legal Advisers by Deal Flow



Transactional Support Services by Deal Value



Transactional Support Services by Deal Flow



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GENERAL CORPORATE FINANCE Q1 – Q3 2020

RANKING THE SOUTH AFRICAN TOMBSTONE PARTIES

RANKINGS BY TRANSACTION VALUE

INVESTMENT ADVISERS*

No	Company	Transaction Values R'm	Market Share %
1	Rand Merchant Bank	121 768	37,20%
2	Citigroup Global Markets	46 250	14,13%
3	PSG Capital	36 673	11,20%
4	Investec Bank	34 736	10,61%
5	Morgan Stanley	31 838	9,73%
6	Standard Bank	17 393	5,31%
7	Absa CIB	7 416	2,27%
8	JPMorgan	7 203	2,20%
9	Java Capital	4 807	1,47%
10	Goldman Sachs	4 527	1,38%

SPONSORS

No	Company	Transaction Values R'm	Market Share %
1	JPMorgan	169 884	36,12%
2	Rand Merchant Bank	116 524	24,77%
3	Investec Bank	65 859	14,00%
4	PSG Capital	39 162	8,33%
5	UBS	36 636	7,79%
6	Questco	12 512	2,66%
7	Standard Bank	10 533	2,24%
8	Java Capital	7 443	1,58%
9	Nedbank CIB	4 754	1,01%
10	One Capital	3 034	0,65%

RANKINGS BY TRANSACTION FLOW (ACTIVITY)

INVESTMENT ADVISERS*

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	Nedbank CIB	12	13,04%	3 885
2	River Group	11	11,96%	84
3	Investec Bank	10	10,87%	34 736
4	Rand Merchant Bank	8	8,70%	121 768
	PSG Capital	8	8,70%	36 673
	Java Capital	8	8,70%	4 807
7	Standard Bank	6	6,52%	17 393
8	Goldman Sachs	5	5,43%	4 527
9	Morgan Stanley	4	4,35%	31 838
	AcaciaCap	4	4,35%	452

SPONSORS

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	Java Capital	21	11,29%	7 443
2	Nedbank CIB	19	10,22%	4 754
3	Investec Bank	18	9,68%	65 859
	PSG Capital	18	9,68%	39 162
5	Rand Merchant Bank	15	8,06%	116 524
6	River Group	11	5,91%	84
7	JPMorgan	10	5,38%	169 884
	Questco	10	5,38%	12 512
	Standard Bank	10	5,38%	10 533
10	Merchantec Capital	9	4,84%	150

* Investment Advisers incorporate Financial Advisers and others claiming this category


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RMB is proud to have advised SAB on the unwind of its broad-based BEE transaction, SAB Zenzele, resulting in 40 000 SAB employees, retailers and the SAB Foundation receiving AB InBev shares or cash totalling R8.6-billion. In addition, RMB, acting as joint global coordinator and bookrunner, concluded a R7.5-billion placement of AB InBev shares to settle the cash payouts. RMB is proud to be associated with SAB on this truly broad-based programme, tangibly benefitting their employees, stakeholders and communities across South Africa.
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Dave Sinclair | dave.sinclair@rmb.co.za | +27 11 282 8077
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RANKING THE SOUTH AFRICAN TOMBSTONE PARTIES (CONTINUED)

LEGAL ADVISERS

RANKINGS BY TRANSACTION VALUE

No	Company	Transaction Values R'm	Market Share %
1	ENSafrica	207 321	36,65%
2	Cliffe Dekker Hofmeyr	148 886	26,32%
3	Bowmans	104 509	18,48%
4	Webber Wentzel	64 230	11,36%
5	DLA Piper	22 174	3,92%
6	Allen & Overy	18 175	3,21%
7	Eversheds Sutherland	149	0,03%
8	WWB Botha	92	0,02%
9	Adams & Adams	30	0,01%
10	Bernadt Vukic Potash & Getz	26	n/a
11	Motsoeneng Bill	21	n/a
12	White & Case	14	n/a

RANKINGS BY TRANSACTION FLOW (ACTIVITY)

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	ENSafrica	22	32,35%	207 321
2	Cliffe Dekker Hofmeyr	15	22,06%	148 886
3	Bowmans	11	16,18%	104 509
4	Webber Wentzel	9	13,24%	64 230
5	DLA Piper	2	2,94%	22 174
	Allen & Overy	2	2,94%	18 175
	White & Case	2	2,94%	14
8	Eversheds Sutherland	1	1,47%	149
	WWB Botha	1	1,47%	92
	Adams & Adams	1	1,47%	30
	Bernadt Vukic Potash & Getz	1	1,47%	26
	Motsoeneng Bill	1	1,47%	21

TRANSACTIONAL SUPPORT SERVICES

RANKINGS BY TRANSACTION VALUE

No	Company	Transaction Values R'm	Market Share %
1	PwC	235 818	36,66%
2	KPMG	140 136	21,78%
3	EY	129 089	20,07%
4	Merrill Lynch	75 210	11,69%
5	BDO	47 986	7,46%
6	Deloitte	6 937	1,08%
7	Mazars	3 596	0,56%
	PKF Octagon	3 596	0,56%

RANKINGS BY TRANSACTION FLOW (ACTIVITY)

No	Company	No of Transactions	Market Share %	Transaction Values R'm
1	PwC	6	17,14%	235 818
	BDO	6	17,14%	47 986
3	KPMG	4	11,43%	140 136
	Deloitte	4	11,43%	6 937
5	EY	3	8,57%	129 089
	Nexia SAB&T	3	8,57%	629
7	Mazars	2	5,71%	3 596
	PKF Octagon	2	5,71%	3 596

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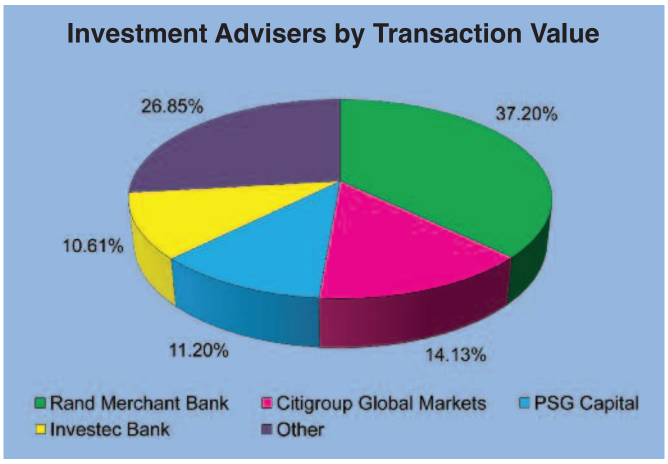
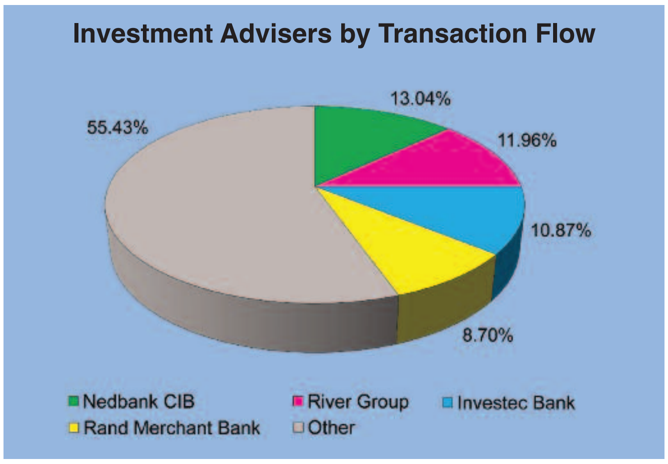
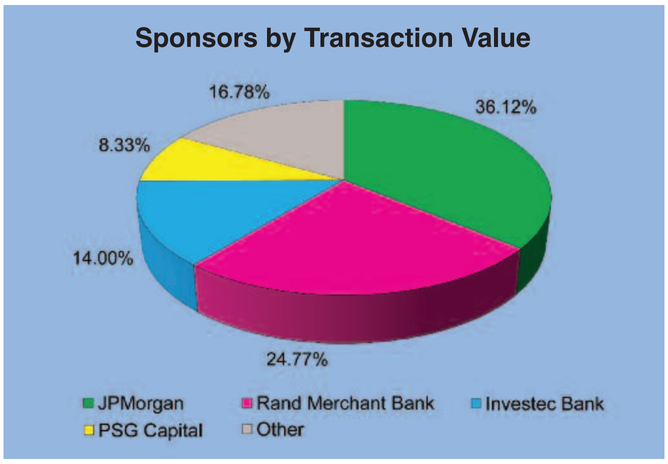
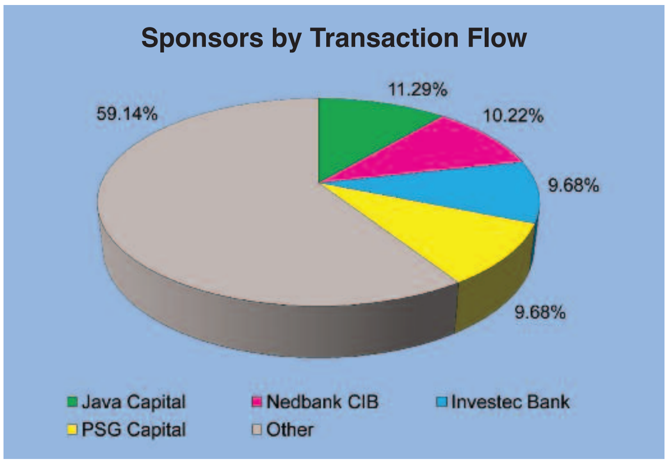
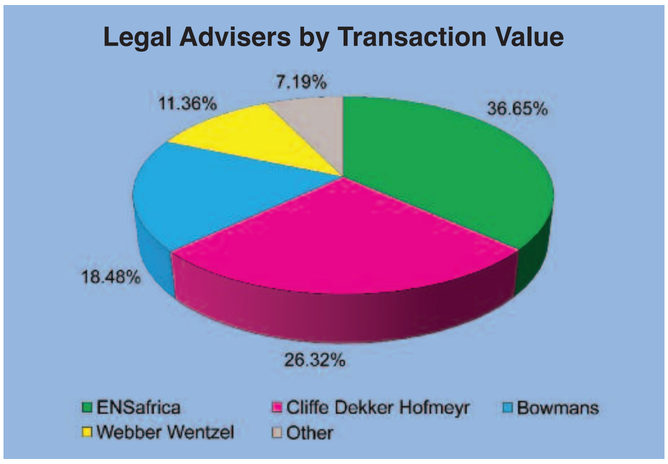
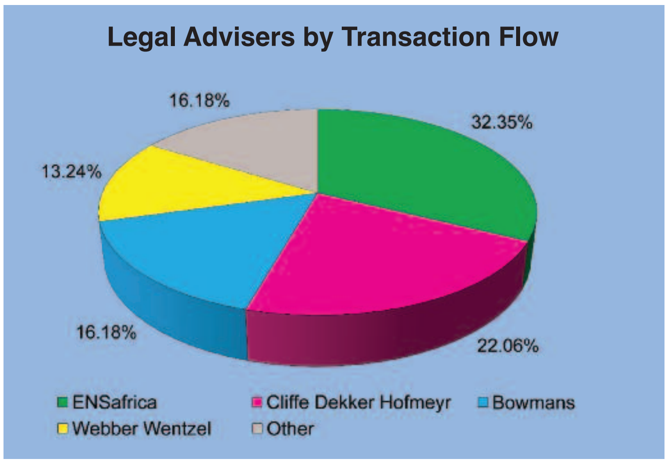

Investment Advisers by Transaction Value
26.85%
37.20%
10.61%
11.20%
14.13%
Rand Merchant Bank
Citigroup Global Markets
PSG Capital
Investec Bank
Other

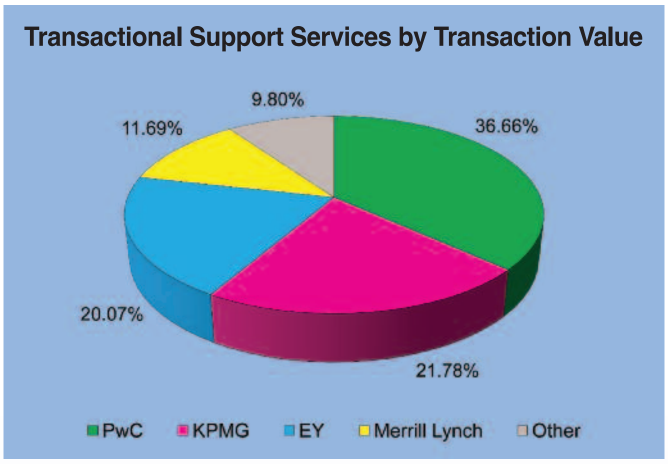

Investment Advisers by Transaction Flow
13.04%
55.43%
11.96%
10.87%
8.70%
Nedbank CIB
River Group
Investec Bank
Rand Merchant Bank
Other

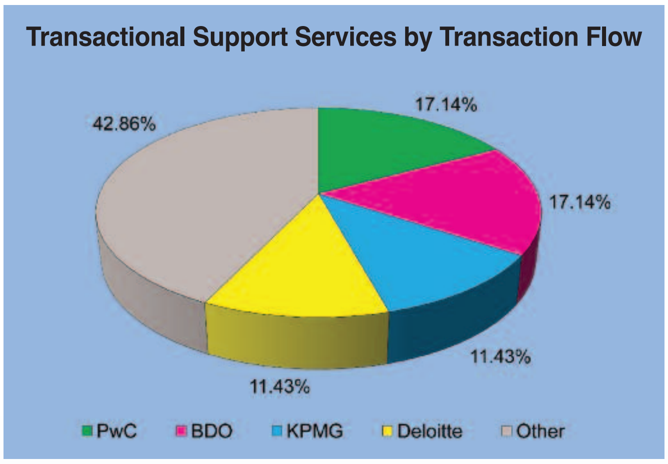

Sponsors by Transaction Value
16.78%
36.12%
8.33%
14.00%
24.77%
JPMorgan
Rand Merchant Bank
Investec Bank
PSG Capital
Other


Sponsors by Transaction Flow
11.29%
59.14%
10.22%
9.68%
9.68%
Java Capital
Nedbank CIB
Investec Bank
PSG Capital
Other


Legal Advisers by Transaction Value
7.19%
11.36%
36.65%
18.48%
26.32%
ENSafrica
Cliffe Dekker Hofmeyr
Bowmans
Webber Wentzel
Other


Legal Advisers by Transaction Flow
16.18%
32.35%
13.24%
16.18%
22.06%
ENSafrica
Cliffe Dekker Hofmeyr
Bowmans
Webber Wentzel
Other


Transactional Support Services by Transaction Value
9.80%
11.69%
36.66%
20.07%
21.78%
PwC
KPMG
EY
Merrill Lynch
Other


Transactional Support Services by Transaction Flow
42.86%
17.14%
17.14%
11.43%
11.43%
PwC
BDO
KPMG
Deloitte
Other

GENERAL CORPORATE FINANCE ANALYSIS Q1 – Q3 2020

	Q3 2020		Q1 - Q3 2020		Q1 - Q3 2019		Q1 - Q3 2018	
	No	Value R'm	No	Value R'm	No	Value R'm	No	Value R'm
Share Issues	24	15 930	74	41 918	75	42 085	106	57 896
Share Repurchases	17	2 856	64	43 177	61	45 587	56	24 384
Restructurings	2	210	6	117 383	10	9 357	9	171 678
Unbundlings	2	275	15	158 065	15	594 196	19	126 614
Open Market Transactions	1	46	12	38 442	11	11 270	18	141 935
Off Market Transactions	4	3 144	9	13 235	22	12 966	12	7 911
SA Exchange Listings	1	0	11	31 761	12	2 004 653	18	254 211
Total	51	22 461	191	443 981	206	2 720 114	238	784 629

BIGGEST TRANSACTIONS Q1 – Q3 2020

NATURE TRANSACTION	COMPANY	DETAILS	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE	VALUE R'M
Restructuring	Sibanye-Stillwater	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	R112,1bn	Jan 23	112 088
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	75 210
Unbundling by	PSG	unbundling of a 28,11% stake in Capitec (32 502 856 shares valued at R890.12) by way of a pro rata distribution in specie in the ratio of 14 Capitec shares for every 100 PSG shares held	R28,9bn	May 27	28 931
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
General Repurchase	Naspers	9 156 705 'N' shares at R2 447,11 per share	R22,4bn	Apr 6	22 400
JSE Listing (Secondary)	Ninety One plc	622 624 622 shares at R33,70 per share	R20,98bn	Mar 16	20 982
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
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	16 975
Rights Issue	Hammerson	3 678 209 328 shares at £0,15/R3,41 per share	£552m	Aug 6	12 641
JSE Listing	Ninety One ltd	300 089 454 shares at R32,90 per share	R9,87bn	Mar 16	9 873

NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Acquisition by ■°	Stenprop from private investor	four warehouse units in Stretton Business Park in Burton upon Trent, UK	Real estate - industrial & office REITs	Foreign - UK	Foreign - UK
Disposal by ■	Steinhoff International to Mobilux Sarl	Conforama France and properties	Foreign - France	Consumer goods - household goods	Foreign - France
Joint Venture	4Sight and Unplugg (49%:51%)	4Sight Unplugg	not listed	AltX	not listed
Disposal by ■	Petrusse Capital (MAS Real Estate) to Swiss Prime Site Immobilien AG	single-tenant logistics property with associated office space in Buchs, Switzerland	Foreign - Switzerland	Real estate - real estate holding & development	Foreign - Switzerland
Acquisition by	Aristotle Africa (Silverlands II SCSp) from institutional investors including Old Mutual and Allan Gray	32% stake (62 103 447 shares) in Quantum Foods	not listed	Luxembourg	Consumer goods - farming, fishing & plantation
Acquisition by	The Foschini Group from Edcon (in Business Rescue)	selected JET stores and related assets in South Africa, Botswana, Namibia, Lesotho and eSwatini	Consumer services - apparel retailers	not listed	not listed; Foreign - Namibia; Foreign - Botswana; Foreign - Lesotho; Foreign - eSwatini
Acquisition by	Orion Minerals from the Namaqua and Disawell minority shareholders	remaining minority interest in the Jacomynspan Nickel-Copper-PG Project	Basic materials - gold mining	not listed	not listed
Disposal by	Southern Sun Africa (Tsogo Sun Hotels) to MH (Minor Hotels Group)	50% stake in United Resorts and Hotels	Foreign - Thailand	Consumer services - hotels	Foreign - Seychelles
Acquisition by	Futuregrowth Asset Management (Old Mutual)	investment in SweepSouth	Financials - life insurance	not listed	not listed
Disposal by ■	Stenprop to Union Investment	Neucölln Carrée retail park in Berlin, Germany	Foreign - Germany	Real estate - industrial & office REITs	Foreign - Germany
Acquisition by	Vumela Fund (FirstRand)	investment in Sea Monster	Financials - banks	not listed	not listed
Share swap	Tsogo Sun Hotels from clients of Allan Gray, Aylett & Co, Prudential Investment Managers (South Africa) and Bateleur Capital	46 137 907 (7,98% stake) Hospitality shares	Consumer services - hotels	not listed	Real estate - specialty REITs
Disposal by	Capital Equipment Group (Invicta) to CNH Industrial SA	the businesses of Landboupart, Northmec, CSE and NHSA	Foreign - Italy	Industrials - industrial machinery	not listed
Acquisition by	Balwin Properties from Century Property Developments	The Hills Proper in Mooikloof, Pretoria	Real estate - real estate holding & development	not listed	not listed
Acquisition by †	Grindrod from BEE SPV	1,6 million shares (8,39% stake) in Grindrod Shipping	Industrials - marine transportation	not listed	not listed
Acquisition by ■	Stenprop from Blackrock Industrial Trust	Bowthorpe Park Industrial Estate in Norwich, UK	Real estate - industrial & office REITs	Foreign - UK	Foreign - UK
Acquisition by	Afrimat from minority shareholders in Unicorn Capital Partners	remaining 72,73% stake in Unicorn Capital Partners via a share swap	Industrials - building materials & fixtures	not listed	Basic materials - general mining
Disposal by	Woolworths to Scentre Group	Bourke Street Menswear store	Foreign - Australia	Consumer services - broadline retailers	Foreign - Australia
Acquisition by	Mondi Paper Bags (Mondi) from Helwan Cement and InterCement Sacs	two paper bag lines	Basic materials - paper	Foreign - Egypt	Foreign - Egypt
Disposal by	Sasol to Air Liquide	oxygen production site in Secunda	Foreign - France	Basic materials - specialty chemicals	not listed

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

TOMBSTONE PARTIES				ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/ LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
	Java Capital			£3,75m	Jul 7
	PSG Capital			€70m	Jul 8
				undisclosed	Jul 8
	Java Capital			€36,2m	Jul 9
One Capital; SilverStreet Capital	PSG Capital	Cliffe Dekker Hofmeyr; Webber Wentzel		R372m	Jul 10
Rand Merchant Bank	UBS (SA)	ENSafrica		R480m	Jul 13
	Merchantec Capital			$750 000	Jul 13
	Investec Bank			$27,8m	Jul 14
				undisclosed	Jul 15
Numis Securities	Java Capital			€27m	Jul 16
				$1m	Jul 16
Investec Bank	Investec Bank	ENSafrica		R224,9m	Jul 20
	Deloitte	Bernadt Vukic Potash & Getz; Bowmans	EY	R507m	Jul 20
	Investec Bank			R301,68m	Jul 20
Nedbank CIB	Nedbank CIB	Cliffe Dekker Hofmeyr; ENSafrica	BDO	R77,77m	Jul 21
Numis Securities	Java Capital			£19,6m	Jul 22
PSG Capital; AcaciaCap	PSG Capital; Questco		Exchange Sponsors; BDO; PwC	R109,6m	Jul 22
UBS Australia	Rand Merchant Bank			A$121m	Jul 27
				undisclosed	Jul 28
	Merrill Lynch (SA)	ENSafrica		R8,5bn	Jul 29

NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Disposal by	Pembury Lifestyle to AR McLachlan	PLG Retirement Villages	not listed	AltX	not listed
Disposal by	Trematon Capital Investments to Theo Stergianos Properties	50% stake in a retail centre in Gansbaai, Western Cape	not listed	Financials - equity investment instruments	not listed
Acquisition by	RMB Corvest (RMB Holdings)	equity interest in Switch	Financials - banks	not listed	not listed
Disposal by	Ecsponent to Xtenda Finance	25% stake in Ecsponent Financial Services (MyBucks Zambia)	Foreign - Zambia	Financials - specialty finance	Foreign - Zambia
Acquisition by	Cashbuild from Pepkor	The Building Company	Consumer services - home improvement retailers	Consumer services - broadline retailers	not listed
Acquisition by	Main Street 1353 (Rand Merchant Investment) from Hastings shareholders	further 0,3% top-up stake in Hastings Group to 30%	Financials - equity investment instruments	Foreign - UK	Foreign - UK
Acquisition by	Logicalis Latin America (Datatec)	30% stake in Kumulus	Technology - computer services	Foreign - Brazil	Foreign - Brazil
Acquisition by ■°	Stenprop from private investor	St Andrews Industrial Estate in Glasgow, UK	Real estate - industrial & office REITs	Foreign - UK	Foreign - UK
Disposal by ■	Hammerson plc to APG Asset Management N.V.	its 50% stake in VIA Outlets	Foreign - UK	Real estate - retail REITs	Foreign - UK
Acquisition by ■	Sloan Developments (Kibo Energy) from St Anderton on Vaal	remaining 40% interest in Mast Energy Developments	AltX	Foreign - UK	Foreign - UK
Disposal by	Imbalie Beauty to Siswe Investments	Imbalie Innovvation	not listed	AltX	not listed
Acquisition by	AlphaCode (Rand Merchant Investment)	investment into Guidepost	Financials - equity investment instruments	not listed	not listed
Acquisition by	Tsogo Sun Alternative Gaming Investments (Tsogo Sun Gaming) from Niveus Investments (Hosken Consolidated Investments)	50,1% interest in the Betcoza online betting platform and indirect interests in retail sports betting licences (Gauteng and Limpopo)	Consumer services - gambling	Financials - specialty finance	not listed
Share swap	Tsogo Sun Hotels from HCI Foundation (Hosken Consolidated Investments)	32 808 173 (5,67% stake) Hospitality Property Fund shares	Consumer services - hotels	Financials - specialty finance	Real estate - specialty REITs
Acquisition by °	Investec Australia Property Fund	property to be developed in Belconnen Crescent, Brendale Queensland	Real estate - industrial & office REITs	Foreign - Australia	Foreign - Australia
Disposal by	Stanlib (Liberty) to ICEA Lion Asset Management	Stanlib Kenya and Stanlib Uganda operations	Foreign - Kenya	Financials - life insurance	Foreign - Kenya; Foreign - Uganda
Disposal by ■	South32 (via its 60% held joint venture) to GFG Alliance	Tasmanian Electro Metallurgical Company (Temco)	Foreign - London	Basic materials - general mining	Foreign - Tasmania
Disposal by	Tiger Consumer Brands (Tiger Brands) to Molare	abattoir business at Olifantsfontein	not listed	Consumer goods - food products	not listed
Disposal by	Tiger Consumer Brands (Tiger Brands) to Silver Blade Abattoir (Country Bird)	meat processing businesses in Germiston, Polokwane and Pretoria	not listed	Consumer goods - food products	not listed
Acquisition by	Afrimat from ArcelorMittal South Africa and other shareholders	100% stake in COZA Mining (25%:75%)	Industrials - building materials & fixtures	Basic materials - steel	not listed
Acquisition by	AngloGold Ashanti	further stake in PureGold (exercise 5 036 250 of share purchase warrants)	Basic materials - gold mining	Foreign - Canada	Foreign - Canada

* Investment Advisers include Financial Advisers and others claiming this category

■ Foreign transaction – not included for ranking purposes (except sponsors)

° Property deal – excluded for ranking purposes

TOMBSTONE PARTIES				ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/ LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
AcaciaCap	Merchantec Capital			R 1	Jul 30
	Sasfin Capital			R54,75m	Aug 3
		Cliffe Dekker Hofmeyr		undisclosed	Aug 3
	Questco			$1,5m	Aug 4
Investec Bank; Rand Merchant Bank	Investec Bank; PSG Capital	Webber Wentzel; Werksmans		R1,07bn	Aug 4
	Rand Merchant Bank			£5,33m	Aug 5
	Rand Merchant Bank			undisclosed	Aug 6
Numis Securities	Java Capital			£5,5m	Aug 6
JPMorgan Cazenove; Morgan Stanley Int; Lazard	Investec Bank			€301m	Aug 6
River Group	River Group			undisclosed	Aug 6
	Exchange Sponsors			R690 651	Aug 6
				undisclosed	Aug 6
	Investec Bank	ENSafrica		R49m	Aug 7
Investec Bank	Investec Bank	ENSafrica	BDO	R104,52m	Aug 11
Investec Bank	Investec Bank			A$15,62m	Aug 11
				R43m	Aug 11
				undisclosed	Aug 13
Rand Merchant Bank	Rand Merchant Bank; JPMorgan (SA)	ENSafrica		R117m	Aug 17
Rand Merchant Bank	Rand Merchant Bank; JPMorgan (SA)	ENSafrica		R311m	Aug 17
Bravura Capital	PSG Capital; Absa CIB	Inlexso; Werksmans		R300m	Aug 17
				C$5m	Aug 18

NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Disposal by †	Sanlam to African Rainbow Capital Financial Services (African Rainbow Capital Investments)	25% stake in NewCo which holds 100% of Sanlam Investment holdings which, in turn, holds Sanlam's third-party asset management businesses in South Africa (excluding businesses conducted by Sanlam Private Wealth and Sanlam Specialised Finance division)	Financials - specialty finance	Financials - life insurance	not listed
Acquisition by	Mine Restoration Investments from vendors	Langpan Mining	AltX	not listed	not listed
Acquisition by	Shoprite	Liquor City businesses in Lusikisiki, Northriding and Arcadia	Consumer services - food & drug retailers	not listed	not listed
Acquisition by	Ayo Technology Solutions from Kathea Holdings and Kathea Empowerment	Kathea Communication Solutions (25%:75%)	Technology - computer services	not listed	not listed
Acquisition by	Ayo Technology Solutions from 1Tec Investment	60% stake in Disruptive Vision (t/a Kathea Energy)	Technology - computer services	not listed	not listed
Disposal by	Sun Latam (Sun International) to Nueva Inversiones Pacifico Sur	50% stake in Sun Dreams joint venture (6 674 732 shares)	Foreign - Chile	Consumer services - gambling	Foreign - Chile
Disposal by	Famous Brands to Sideris family	51% stake in Tashas	not listed	Consumer services - restaurants & bars	not listed
Acquisition by	Indequity Capital from minority shareholders	all shares in Indequity Capital (excluding treasury shares and 5 384 072 shares held by Indo-Atlantic Investment and 3 303 736 shares held by LJ van Rensburg and TE Vorster)	Development Capital	not listed	Development Capital
Disposal by	Phumelela Gaming and Leisure (in Business Rescue) to Lightcatch (Betfred Group)	Phumelela Gaming and Leisure	Foreign - UK	Consumer services - gambling	Consumer services - gambling
Acquisition by	Stanlib (Liberty)	10% stake in renewable energy developer Mulilo	Financials - life insurance	not listed	not listed
Acquisition by	GemCap (African Rainbow Capital Investments)	additional stake in Linebooker	Financials - specialty finance	not listed	not listed
Acquisition by	Standard Bank	35% stake in TradeSafe	Financials - banks	not listed	not listed
Acquisition by	Astoria Investments from RAC Investment (RECM and Calibre)	investment portfolio of assets and stake in JP Private Equity Investors Partnership	AltX	Preference shares	not listed
Disposal by	AngloGold Ashanti to Mali Lithium	40% stake in Morila Mine in Mali	Basic materials - gold mining	Foreign - Australia	Foreign - Mali
Acquisition by	Imperial Logistics	49% stake in Pharmafrique t/a Kiara Health	Industrials - transportation services	not listed	not listed
Acquisition by	Mooikloof Mega City (Balwin Properties) from Central Plaza Investments 28 and Forum SA Trading 284	properties in Mooikloof, Pretoria East	Real estate - real estate holding & development	not listed	not listed
Disposal by ■	RDI REIT to Benson Elliot	Schloss-Strassen Center, Berlin	Foreign - UK	Real estate - diversified REITs	Foreign - Germany
Acquisition by	Moritz Consortium from Business Rescue Practitioners	99% stake in Comair	not listed	Consumer services - airlines	Consumer services - airlines
Disposal by ■	RDI REIT to M7 Real Estate	UK retail parks portfolio (six associated special purpose vehicles)	Foreign - UK	Real estate - diversified REITs	Foreign - UK

* Investment Advisers include Financial Advisers and others claiming this category

■ Foreign transaction – not included for ranking purposes (except sponsors)

† BEE deal

TOMBSTONE PARTIES				ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/ LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
	Standard Bank; Rand Merchant Bank	Glyn Marais	BDO	R787,5m	Aug 20
	Questco			R550m	Aug 20
		Werksmans		not publicly disclosed	Aug 20
				R89,79m	Aug 21
	Vunani Sponsors; Merchantec Capital			R36m	Aug 21
Investec Bank	Investec Bank	Cliffe Dekker Hofmeyr; Carey y Cia	PwC; PwC (Chile)	$100m	Aug 21
Bravura Capital	Standard Bank	CM Attorneys		undisclosed	Aug 24
Merchantec Capital	Merchantec Capital		PSG Capital	R27,25m	Aug 24
	Investec Bank	Bowmans		R875m	Aug 25
				undisclosed	Aug 25
				undisclosed	Aug 25
				undisclosed	Aug 26
Questco	Questco			$336 304	Aug 28
	Standard Bank			$10m	Aug 31
		White & Case		undisclosed	Aug 31
	Investec Bank			R332,5m	Aug 31
	Java Capital			€65,5m	Sep 2
PSG Capital	PSG Capital	Werksmans; ENSafrica	Letsema	R500m	Sep 2
	Java Capital			£156,9m	Sep 7

NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Acquisition by ■	Sloan Developments (Kibo Energy)	9MW flexible gas power project	AltX	Foreign - UK	Foreign - UK
Disposal by °	Cumulative Properties (Arrowhead Properties) to Depoway	Jane Furse Crossing in Limpopo	not listed	Real estate - retail REITs	not listed
Disposal by	Aspen Pharmacare to Mylan Ireland	commercialisation rights and related intellectual property relating to Thrombosis Business in Europe	Foreign - Ireland	Healthcare - pharmaceuticals	Foreign - Europe
Acquisition by	Transaction Capital	49,9% stake in WeBuyCars	Industrials - diversified	not listed	not listed
Disposal by ■	Capital & Counties Properties to The Portfolio Club (APG and London Central Portfolio jv)	The Wellington block	Foreign - UK	Real estate - real estate holding & development	Foreign - UK
Disposal by	Naspers and Rand Merchant Investment to Digital Currency Group	stakes in Luno	Foreign - US	Technology - internet; Financials - equity investment instruments	not listed
Acquisition by	Mantessa Capital (72,91%) Granadino (21,21%) and Peridot Trust (5,88%) from Mettle Investment minority shareholders	Mettle Investments (excluding shareholders holding 108 910 203 Mettle shares)	not listed	not listed	AltX
Disposal by °	Accelerate Property Fund to Bellingan Properties	Pick n Pay FDC in Port Elizabeth	not listed	Real estate - retail REITs	not listed
Disposal by ■	Intermezzo Capital, Impromptu Capital and Interlude Capital (MAS Real Estate) to MEAG MUNICH ERGO Kapitalanlagegesellschaft	four of its DIY retail properties (Heppenheim, Gummersbach, Nordhausen and Donaueschingen) located in Germany	Foreign - Germany	Real estate - real estate holding & development	Foreign - Germany
Joint Venture	Zaad through Klein Karoo Seed Marketing (Zeder Investments), Vilmorin & Cie and Seed Co SA	Limagrain Zaad South Africa	Financials - specialty finance; Foreign - France; not listed		not listed
Acquisition by ■°	Sirius Real Estate	a business park in Norderstedt, Germany	Real estate - real estate holding & development	Foreign - Germany	Foreign - Germany
Disposal by	OneLogix to Camperdown Real Estate 2 (Enigma Property and Emerging African Property)	Umlaas Road Phase II, Mkhambathini in Kwa-Zulu Natal	not listed	Industrials - transportation services	not listed
Disposal by °	SA Corporate Real Estate to various parties	retail mall Randjespark in Vanderbijlpark and Burgundy sectional title units in Centurion	not listed	Real estate - diversified REITs	not listed
Acquisition by	Reward Investments (Mettle) from Tradegro (Tradehold)	1 111 212 shares (10% stake) in Reward Investments	AltX	Real estate - real estate holding & development	Foreign - UK
Disposal by	Bidvest Namibia (Bidvest) to Pioneer Fishing (African Pioneer Marine)	Glenryck	not listed	Industrials - diversified	not listed
Acquisition by	Naspers Foundry (Naspers)	investment in Food Supply Network	Technology - internet	not listed	not listed
Disposal by	Blue Label Telecoms to Grupo Bimbo S.A.B de C.V.	47,56% Blue Label Mexico	Foreign - Mexico	Telecommunications - mobile	Foreign - Mexico
Disposal by	Naspers to Prosus	Property24	Technology - internet	Technology - internet	not listed
Disposal by	Reflex Solutions (Jasco Electronics) to DE Robinson and GM Wilson	3,3% stake in Reflex Solutions	not listed	Technology - computer services	not listed

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

TOMBSTONE PARTIES				ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/ LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
River Group	River Group			£1,7m	Sep 7
	Java Capital	Cliffe Dekker Hofmeyr		R174m	Sep 7
	Investec Bank			€641,9m	Sep 8
	Rand Merchant Bank	ENSafrica; Werksmans; Cliffe Dekker Hofmeyr		R1,84bn	Sep 9
	Merrill Lynch (SA)			£76,5m	Sep 9
				undisclosed	Sep 9
Questco; Mettle Corporate Finance	Questco	RH Legal; ENSafrica	Nodus Capital	R69,17m	Sep 11
	Standard Bank			R50,5m	Sep 11
	Java Capital			€62,03m	Sep 11
PSG Capital	PSG Capital			undisclosed	Sep 14
	PSG Capital			€9,1m	Sep 14
Java Capital	Java Capital	Cliffe Dekker Hofmeyr; Andrew Bagg Associates	Mazars	R310m	Sep 15
	Nedbank Capital			R97,4m	Sep 15
Questco	Questco		Nodus Capital; BDO	£2,6m	Sep 16
		Werksmans		not publicly disclosed	Sep 16
				undisclosed	Sep 17
	Investec Bank	Werksmans		$11,5m	Sep 17
Investec Bank				R1,05bn	Sep 18
Grindrod Bank; Samuel Kennedy	Grindrod Bank	Stein Scop Attorneys		R10m	Sep 21

NATURE OF DEAL	PARTIES	ASSET	JSE LISTING		
			ACQUIRER	SELLER	ASSET
Disposal by	Ascendis Pharma (Ascendis Health) to Austell Pharmaceuticals	Dezzo Trading	not listed	Healthcare - pharmaceuticals	not listed
Disposal by	Ascendis Health to Healthgarde International	Ascendis Direct Selling	Foreign - Nigeria	Healthcare - pharmaceuticals	not listed
Acquisition by °	Hyprop Investments	17 Baker Street, Rosebank	Real estate - real estate holding & development; Real estate - retail REITs	not listed	not listed
Acquisition by ■°	Stenprop from CBRE GI	multi-let property The Excelsior Industrial Estate in Glasgow in UK	Real estate - industrial & office REITs	Foreign - UK	Foreign - UK
Acquisition by ■°	Stenprop from Clowes Developments	multi-let property Tunstall Trade Park near Stoke-on-Trent, UK	Real estate - industrial & office REITs	Foreign - UK	Foreign - UK
Disposal by	Adcorp Holdings Australia (Adcorp) to Competentia	Dare Holdings and Adcorp Holdings Singapore	Foreign - Norway	Industrials - business training & employment agencies	Foreign - Australia
Acquisition by	African Sun from Arden Capital	66,81% stake in Dawn Properties	not listed	Financials - equity investment instruments	not listed
Acquisition by	Zarclear	5,47% stake in Equity Express Securities Exchange	Financials - equity investment instruments	not listed	not listed
Disposal by	Investec Property Fund Offshore Investments (Investec Property Fund) the Pan-European Logistics platform	two logistics properties - Opglabbeek and Houthalen in Belgium	Foreign	Real estate - diversified REITs	Foreign - Belgium
Disposal by	Investec Property Fund Offshore Investments (Investec Property Fund) to Pan European Logistics Property Holdings	10% stake in the Pan-European Logistics platform	Foreign - Mauritius	Real estate - diversified REITs	Foreign - Belgium
Disposal by	Brait SE to Capitalworks and T Hutchinson	majority stake in DGB	not listed	Financials -	not listed investment services
Disposal by	HCI Propco 3 and Permasolve Investments (Hosken Consolidated Investments) to D2E Properties	commercial property K20113204008	not listed	Financials - specialty finance	not listed
Acquisition by	KTR Sport (Long4Life) from Redefine Properties	Moresport distribution centre and head office	Financials - specialty finance	Real estate - diversified REITs	not listed
Disposal by	Sanlam International Investment Partners (Sanlam) to Africa Management Consultancy (Africa Pledge Partners)	stake in SMC Global Securities	Foreign - India	Financials - life insurance	Foreign India
Acquisition by	Cherry Moss (Tsogo Sun Gaming)	Vbet Africa	Consumer services - gambling	not listed	not listed
Acquisition by	Greenstreet 1 through Stanlib Fund II SPV (Liberty) from Lombard Insurance	10% stake in Solar Capital De Aar 3	Financials - life insurance	not listed	not listed
Acquisition by	OMPE GP IV (Old Mutual) from 10x Investments minority shareholders	10x Investments	Financials - life insurance	not listed	not listed

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

TOMBSTONE PARTIES					
INVESTMENT ADVISER*	SPONSOR	ATTORNEY/ LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
	Questco	Webber Wentzel		R25m	Sep 21
	Questco			R10,5m	Sep 21
				R44m	Sep 21
Numis Securities	Java Capital			£5,2m	Sep 22
Numis Securities	Java Capital			£5,9m	Sep 22
	PSG Capital	Moulis Legal		A$3,44m	Sep 22
	Questco			to be advised	Sep 22
				undisclosed	Sep 22
Investec Bank	Investec Bank			€70,7m	Sep 23
Investec Bank	Investec Bank			€40m	Sep 23
				undisclosed	Sep 23
		ENSafrica; Werksmans		undisclosed	not announced
		Cliffe Dekker Hofmeyr		undisclosed	not announced
		ENSafrica		$6,75m	not announced
		ENSafrica		undisclosed	not announced
		Cliffe Dekker Hofmeyr; Herbert Smith Freehills South Africa		R96,14m	not announced
		Cliffe Dekker Hofmeyr		R130,27m	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.

DEALMAKERS LEAGUE TABLE CRITERIA (continued)

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 Q3 2020

NATURE OF DEAL	PARTIES	ASSET
Acquisition by	Ihoco BV from Tata Africa Holdings (SA)	50% stake in IHMS Hotels (SA) {Taj Cape Town Hotel] not already held
Acquisition by	Retailability from Edcon business rescue practitioners	part of Edgars
Acquisition by	Bejo from Zaad Holdings	Nuvance
Disposal by	Franc	a stake in Franc (seed investment)
Disposal by	Enko Africa Private Equity Fund	its stake in AMI Worldwide
Acquisition by	100x Ventures, 4Di Capital, Bittrex and Montegray Capital	stake in VALR
Acquisition by	MVM Holding from the Western Province Rugby Football Union	a 51% stake in the Stormers
Acquisition by ■	Probe Group	Stellar
Acquisition by ■	Network International	DPO Group
Disposal by	ZRG Investments to Theo Stergianos Properties	a 50% stake in a retail centre in Gansbaai, Western Cape (Erf 4068 Gansbaai)
Acquisition by †	Malani Padayachee & Associates and Motseng Women Investments	100% of Mott MacDonald Africa
Joint venture by	Lionpride and ETS PLATFORM	preventative telemedicine platform [pilot to run in SA and then extended to the rest of Africa]
Investment by	Entrepreneurs for Entrepreneurs (E4E) Africa	in Enlabeler
Investment by	Endeavor	in Guidepost
Acquisition by	ANEW Hotels & Resorts from Fortis	six properties - Hunters Rest in Rustenburg; Highveld and Witbank Hotels in Emalahleni; The Capital and Manor Harfield Hotels in Pretoria and Malaga Hotel in Sycamore
Merger of	Iberchem, Scentium and Versachem	Iberchem South Africa
Acqusition by †	Avatar Agency Group (M&N)	51% stake in Espresso DBN [to be renamed Avatar DBN]
Acquisition by	FDC from Pharma Q	an additional 44% stake in Fair Deal Corporation SA (FDC SA) [raising total stake to 93%]
Acquisition by	Southstone Minerals	100% of Tinique 0027cc [prospecting right covering the farm Panfontein 58 HO alluvial diamond property situated east of Schweizer Reyneke]
Acquisition by	Syngenta Seeds	Sensako
Investment by	Sanari Capital	in Lightware LIDAR
Acquisition by	Counterpoint Aset Management from Infinitus	Bridge Fund Managers
Acquisition by	Templar Capital	a stake in Optimum Coal Mine (debt to equity conversion - Optimum in BRP)
Investment by	Enygma Ventures from the Shift Fund	in Job Crystal
Investment by	Knife Capital, Industrial Development Corporation and Norican Group	in DataProphet (Series A funding)
Acquisition by	Messe Frankfurt South Africa	Hobby-X
Acquisition by	Nova Luxe	Scape
Acquisition by	The Africa Food Security fund (Zebu Investment Partners)	a stake in IQ Logistica
Acquisition by ■	Funds advised by SK Capital from Huntsman	42,5m Venator Materials shares (just under 40%) plus an option to acquire the remaining 9,5m shares at $2.15 per share)
Acquisition by †	Medu Capital	51% stake in Secutel Technologies
Disposal by	Southern African Music Rights Organisation (SAMRO) to a management-led consortium	The Dramatic, Artistic and Literary Rights Organisation (DALRO)
Acquisition by	IMCD N.V.	100% of Siyeza Fine Chem
Investment by	i7V	in Roundr (follow-on investment)
Investment by	Metier through its Sustainable Capital Fund	in Broadreach Energy
Acquisition by	Braecrft Timbers (Brambles)	part of the business of Paradise Falls Timber
Investment by	Platform Investment Partners, Ruby Rock Investment and LBOS	in Yellow (Series A funding)
Acquisition by †	KDI Capital Partners (KDI Group)	a majority stake in Tennant
Acquisition by	Trace	a majority stake in Okuhle Media
Acquisition by	Doxim	Striata
Investment by	GSV Ventures	in Valenture Institute
Acquisition by	PAPE Fund 3	a 45% stake in DDS Group of companies
Investment by	HaloCare	in Syked
Acquisition by ■	KPS Capital Partners	Garrett Motion

* Investment Advisers include Financial Advisers and others claiming this category

■ Foreign transaction – not included for ranking purposes (except sponsors)

† BEE deal

DealM

TOMBSTONE PARTIES				ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	INVESTMENT ADVISER – FOREIGN	ATTORNEY/ LEGAL ADVISER	LEGAL ADVISER - FOREIGN		
				$1m	Jul 2
		ENSafrica; Cliffe Dekker Hofmeyr		undisclosed	Jul 7
		Cliffe Dekker Hofmeyr		undisclosed	Jul 8
				$300 000	Jul 9
				undisclosed	Jul 20
				R57m	Jul 21
				$6m	Jul 27
PwC		Bowmans	Gilbert + Tobin	undisclosed	Jul 27
Evercore; Morgan Stanley		ENSafrica; Bowmans	Allen & Overy; Alston & Bird	$288m	Jul 28
				R54,75m	Aug 3
				undisclosed	Aug 3
				undisclosed	Aug 3
				undisclosed	Aug 5
				undisclosed	Aug 6
				undisclosed	Aug 6
				undisclosed	Aug 7
				undisclosed	Aug 7
				R143 000	Aug 10
				R2,5m	Aug 17
		DLA Piper South Africa	DLA Piper	undisclosed	Aug 17
				R25m	Aug 17
				undisclosed	Aug 18
				R1,3bn	Aug 24
				R4,2m	Aug 25
				$6m	Aug 25
				undisclosed	Aug 25
				undisclosed	Aug 25
				undisclosed	Aug 26
		Bowmans	Kirkland & Ellis	$100m	Aug 28
				undisclosed	Aug 31
				undisclosed	Sep 1
				undisclosed	Sep 1
				undisclosed	Sep 2
				undisclosed	Sep 2
				undisclosed	Sep 6
				$3,3m	Sep 8
				undisclosed	Sep 9
				undisclosed	Sep 10
Novitas Capital Advisors				undisclosed	Sep 15
				$7m	Sep 16
				undisclosed	Sep 16
				undisclosed	Sep 18
	UBS Investment Bank; Credit Suisse	Bowmans	Davis Polk & Wardwell	$2,1bn	Sep 20

UNLISTED DEALS Q3 2020

NATURE OF DEAL	PARTIES	ASSET
Acquisition by	Mackay Communication Incorporated (USA)	Dynamic Marine Systems
Acquisition by ■	Spa Holdings 3 Oy (Bain Capital-led consortium)	Ahlstrom_Munksjö Oyj at €18.10 per share
Acquisition by	Vuna Partners Fund from Mergon Group	an 80% stake in 4PL Group
Acquisition by	Giant Tree	At The Ready Wholesalers [Power Sales operator]
Acquisition by	Access Bank	49% stake in Grobank (initial stake)
Acquisition by	Green Lily Trading and Titima Group from HLTH Capital Partners	a stake in Pharmafrique (Kiara Health)
Disposal by	Power Matla Renewables to iThokazi 1	a 79.6% stake in Dorper Wind Farm BEE Holdings
Disposal by	Edcon to Bulerich-Q and Bulerich-Q Mozambique	Edcon Limitada
Disposal by	Cuan Chelin	7.333% stake in Netbet
Acquisition by	Warrant Trader Close Corporation and Du Toit Britz	stake in Fabrinox
Disposal by	IncuBev to International Breweries and Ploughshare Investments	IncuBev's entire shareholding in Milco Mauritius (Clover)
Acquisition by	TBI Strategic Partners from Jabil (Mauritius)	Jabil Energy (Namibia)

* Investment Advisers include Financial Advisers and others claiming this category

UNLISTED DEALS Q1 –Q3 2020 RANKINGS

LEGAL ADVISERS RANKINGS BY DEAL VALUE

No	Company	Deal Values R'm	Market Share %
1	Afrgi Legal	596	20,18%
	vdma	596	20,18%
3	Werksmans	425	14,38%
4	ENSafrica	321	10,87%
5	Smit Sewgoolam	300	10,17%
	White & Case (SA)	300	10,17%
7	Webber Wentzel	230	7,79%
8	Cliffe Dekker Hofmeyr	167	5,64%
9	Bowmans	18	0,61%
10	Adams & Adams	undisclosed	n/a
	Baker McKenzie (SA)	undisclosed	n/a
	DLA Piper	undisclosed	n/a
	Eversheds Sutherland	undisclosed	n/a
	MVMT Attorneys	undisclosed	n/a
	Norton Rose Fulbright	undisclosed	n/a

LEGAL ADVISERS RANKINGS BY DEAL FLOW (ACTIVITY)

No	Company	No of Deals	Market Share %	Deal Values R'm
1	Bowmans	15	20,00%	18
2	Werksmans	13	17,33%	425
	Cliffe Dekker Hofmeyr	13	17,33%	167
4	ENSafrica	6	8,00%	321
	White & Case (SA)	6	8,00%	300
6	Webber Wentzel	5	6,67%	230
7	Afrgi Legal	4	5,33%	596
	vdma	4	5,33%	596
9	Baker McKenzie (SA)	2	2,67%	undisclosed
	DLA Piper	2	2,67%	undisclosed
11	Smit Sewgoolam	1	1,33%	300
	Adams & Adams	1	1,33%	undisclosed
	Eversheds Sutherland	1	1,33%	undisclosed
	MVMT Attorneys	1	1,33%	undisclosed
	Norton Rose Fulbright	1	1,33%	undisclosed

	TOMBSTONE PARTIES				
INVESTMENT ADVISER*	INVESTMENT ADVISER – FOREIGN	ATTORNEY/ LEGAL ADVISER	LEGAL ADVISER - FOREIGN	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
		Cliffe Dekker Hofmeyr		undisclosed	Sep 23
	PJT Partners; Goldman Sachs International; Nordea Bank; Pöyry Capital; UBS Europe	Bowmans	Hannes Snellman Attorneys; Roschier Attorneys; Kirkland & Ellis International; White & Case; Cleary Gottlieb Steen & Hamilton	€2,1bn	Sep 24
				undisclosed	Sep 25
		Werksmans	Calderwood, Bryce Hendrie & Partners	$3	Sep 26
		Webber Wentzel; Norton Rose Fulbright; DLA Piper; Bowmans		to be advised	Sep 29
		White & Case (SA)		undisclosed	not announced
		White & Case (SA)		undisclosed	not announced
		Eversheds Sutherland		undisclosed	not announced
		Werksmans		undisclosed	not announced
		Cliffe Dekker Hofmeyr		not publicly disclosed	not announced
		Cliffe Dekker Hofmeyr; ENSafrica		undisclosed	not announced
		Werksmans		undisclosed	not announced

UNLISTED RANKING CRITERIA

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

1. For a deal to qualify for ranking it must involve at least one SA entity.
2. Legal Advisers that seek credit for involvement in such deals must be able to demonstrate unequivocally their involvement, if necessary by reference to one or several of the principals.
3. The full value of each deal must be confirmed by the client or appear on documentation provided. If confidential, the value will be treated as such and used only for ranking purposes.
4. Where advisers act on both sides of the deal, the deal will be brought to account only once.
5. So as to achieve fairness, rankings are recorded in two fields:

   Deal Value

   Deal Flow (activity, or the number of deals)
6. Where discrepancies occur in the deal values claimed, **DealMakers** reserves the right to challenge these if necessary, by requesting clarity from the principals where this is appropriate. Changes in the prices at which deals are transacted will be adjusted when the annual rankings are computed.
7. Sale of properties by property companies under a value of R200m will be recorded but not used for ranking purposes.
8. Foreign deals will only be credited for deal flow ranking purposes if documents provided show sufficient workflow (eg: local competition clearance).
9. Deals that are subsequently cancelled, withdrawn or which are deemed to have failed will not be included for ranking purposes. They will be recorded, nevertheless, for record purposes.
10. All deals are checked by **DealMakers**; any discrepancies that arise will be queried.
11. All entities involved in deal-making are asked to sign off a summary document prepared by **DealMakers** to ensure that no clerical errors have occurred. No response will indicate acceptance.
12. When there is a merger between two service providers, the merged entity may elect to include as part of the annual rankings one or the other party's transactions prior to the merger (but not both).
13. Deals/transactions executed in the normal course of business: Activity undertaken by companies in the normal course of their business will not be recognised by **DealMakers** for inclusion in the ranking tables.
14. **Complaints/queries/objections:**

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

SHARE ISSUES

DESCRIPTION	COMPANY	SECTOR	NUMBER OF SHARES	PRICE/SHARE
Specific Issue (Cap Award)	Stenprop	Real Estate Holding & Development	3 301 265	R24,85/£1,17
Specific Issue (Cap Award)	Stor-Age Property REIT	Specialty REITs	4 199 568	R13,15
Specific Issue	4Sight	AltX	167 101 142	R0,30
Specific Issue	Tsogo Sun Hotels	Hotels	81 664 082	R1,90
Specific Issue	MC Mining	Coal	13 331 433	R 1 056
Specific Issue	Kibo Energy	AltX	28 636 364	£0,002
Rights Issue	Hammerson	Retail REITs	3 678 209 328	£0,15/R3,41
Private Placement	Orion Minerals	Gold Mining	342 341 167	A$0,017
Equity Raise	Orion Minerals	Gold Mining	19 100 725	A$0,017
Specific Issue	Tsogo Sun Hotels	Hotels	58 070 467	R1,90
Cash Issue	AH-VEST	AltX	to be advised	to be advised
Specific Issue	Invicta	Industrial Machinery	3 000 000	R8,76
Private Placement	Europa Metals	Steel	15 686 274 + 156 862	£0,1275
Specific Issue (Cap Award)	NEPI Rockcastle	Real Estate Holding & Development	25 791 534	R64,91
Specific Issue	Kibo Energy	AltX	25 925 925	£0,0027
Specific Issue (conversion of debt to equity)	Kibo Energy	AltX	43 750 000	£0,0024
Equity Raise	Kore Potash plc	General Mining	882 688 876	£0,0065
Specific Issue (conversion of debt to equity)	Kibo Energy	AltX	19 173 412	£0,0023
Cash Issue	African Dawn Capital	AltX	4 936 924	R0,14
Rights Issue	African Rainbow Capital Investments	Specialty Finance	272 727 273	R2,75
Specific Issue (conversion of debt to equity)	Kibo Energy	AltX	742 800 633	£0,0023 and £0,002528
Private Placement	Orion Minerals	Gold Mining	10 500 000	A$0,033/R0,40
Specific Issue	Tharisa	General Mining	5 000 000	R16,00
Specific Issue (Cap Award)	Raven Property	Real Estate Holding & Development	105 065 prefs	undisclosed

* Investment Advisers include Financial Advisers and others claiming this category

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
Numis Securities	Java Capital			R82m	Jul 3
	Investec Bank			R55,23m	Jul 3
	Java Capital			R50m	Jul 10
Investec Bank	Investec Bank	ENSafrica		R155,16m	Jul 20
	Investec Bank	White & Case		R13,6m	Jul 21
River Group	River Group; ETX Capital; RFC Ambrian			£63 000	Aug 5
Morgan Stanley (SA); JPMorgan Cazenove; Morgan Stanley; Lazard; Barclays	Investec Bank	ENSafrica; Herbert Smith Freehills (Int)	PwC London	£552m	Aug 6
	Merchantec Capital			A$5,82m	Aug 7
	Merchantec Capital			A$324 712	Aug 7
Investec Bank	Investec Bank	ENSafrica		R110,33m	Aug 8
AcaciaCap				to be advised	Aug 14
	Deloitte	Bernadt Vukic Potash & Getz	EY	R26,28m	Aug 14
Strand Hanson; Turner Pope Investments	Sasfin Capital			£2m	Aug 19
	Java Capital			R1,67bn	Aug 21
River Group	River Group			£70 000	Aug 24
River Group	River Group			£105 000	Aug 24
	Rencap Securities (SA); Cannacord Genuity; Shore Capital			£5,74m	Aug 25
River Group	River Group			£44 099	Sep 2
	PSG Capital			R691 169	Sep 3
Deloitte	Deloitte	Webber Wentzel; BLC Robert		R750m	Sep 15
River Group	River Group			£1,49m	Sep 17
	Merchantec Capital			A$350 000	Sep 20
	Nedbank CIB; Peel Hunt; BMO Capital Markets; Berenberg			R80m	Sep 21
	Rencap Securities (SA); N+1 Singer; Numis Securities, Ravenscroft; Renaissance Capital (Russia)			undisclosed	Sep 29

SHARE REPURCHASES

DESCRIPTION	COMPANY	SECTOR	NUMBER OF SHARES	PRICE/SHARE
Specific Repurchase	Zeder Investments	Specialty Finance	77 445 000	R2,10 - R2,35
General Repurchase	Long4Life	Specialty Finance	40 000 000	R2,75
General Repurchase	Indequity	Development Capital	576 513	R6,00 - R8,00
Specific Repurchase	Anglo American Platinum	Platinum & Precious Metals	4 889 680	R0,10
Specific Repurchase	Impala Platinum	Platinum & Precious Metals	16 233 994	to be advised
General Repurchase	Santova	AltX	5 972 378	R1,63 - R1,88
General Repurchase	Truworths International	Apparel Retailers	11 900 000	undisclosed
General Repurchase	Globe Trade Centre	Real Estate Holding & Development	to be advised	R30,29
General Repurchase	Raven Property	Real Estate Holding & Development	25 438 653	£0,36/R7,59
Odd-Lot Repurchase	Impala Platinum	Platinum & Precious Metals	232 581	R172,72
Specific Repurchase	Putprop	Real Estate Holding & Development	1 488 098	R3,13
General Repurchase	Gemfields	Equity Investment Instruments	782 766	undisclosed
General Repurchase	Lewis Group	Home Improvement Retailers	2 731 663	R15,20 - R34,00
General Repurchase	Trellidor	Building Materials & Fixtures	5 561 547	ave R3,94
General Repurchase	Imperial Logistics	Transportation Services	2 800 000	ave R35,32
Specific Repurchase	Stenprop	Real Estate Holding & Development	1 755 937	£1,17
General Repurchase	Quilter	Asset Managers	48 403 935	ave R31,00

UNBUNDLING

COMPANY	SECTOR	ASSET UNBUNDLED
Vunani	AltX	unbundling of private equity assets and separate listing
Trencor	Transportation Services	special cash dividend of 160 cents per share

* Investment Advisers include Financial Advisers and others claiming this category

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
PSG Capital	PSG Capital; UBS (SA)			R180,8m	Jul 10
	Standard Bank			R110m	Jul 21
	Merchantec Capital			R4,59m	Jul 24
	Merrill Lynch (SA)			R488 968	Aug 25
Nedbank CIB	Nedbank CIB	ENSafrica		to be advised	Aug 27
River Group	River Group			R10,94m	Aug 28
				R583m	Sep 3
	Investec Bank			R140,17m	Sep 7
	Rencap Securities (SA); N+1 Singer; Numis Securities; Renaissance Capital (Russia)			£9,1m	Sep 10
Nedbank CIB	Nedbank CIB	ENSafrica		R140,17m	Sep 14
	Merchantec Capital			R4,66m	Sep 15
				undisclosed	Sep 18
	UBS (SA)			R61,90m	Sep 21
				R21,91m	Sep 22
	Merrill Lynch (SA)			R100,14m	over 3rd quarter
Numis Securities	Java Capital			£2,05m	over 3rd quarter
Goldman Sachs (SA); Goldman Sachs International	JPMorgan (SA); JPMorgan Securities plc			R1,49bn	over 3rd quarter

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
Vunani Corporate Finance	Grindrod Bank	Webber Wentzel		to be advised	Aug 6
	Investec Bank			R275,5m	Sep 28

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GENERAL CORPORATE FINANCE

RESTRUCTURING

COMPANY	SECTOR	ASSET UNBUNDLED
MC Mining	Coal	delay of repayment and draw down of R40m from IDC funding package - resulting agreement results in IDC increasing stake in Baobab Mining by 1,7%
Grindrod	Marine Transportation	unwind of the 2014 BEE transaction via the repurchase of the 64 000 000 BEE placement shares at R3,28 per share

COMPANY LISTINGS

DESCRIPTION	COMPANY	SECTOR	NUMBER OF SHARES	PRICE/SHARE
A2X Listing (Secondary)	Momentum Metropolitan	Life Insurance	1 497 475 356	n/a

MAJOR OPEN MARKET TRANSACTIONS

DESCRIPTION	COMPANY	SECTOR	DETAILS
Open Market Acquisition by	Apex Partners	Industrial Suppliers	22 894 611 ELB shares at R2,00 per share following unsuccessful scheme

OFF MARKET TRANSACTIONS

DESCRIPTION	COMPANY	SECTOR	DETAILS
Off Market Disposal	Delta Property Fund	Real Estate Holding & Development	2 500 000 Grit shares at a price of R14,90 per share
Off Market Acquisition by	Verityhurst	AltX	180 000 000 Pembury Lifestyle shares currently in issue at R0,105 per share
Off Market Disposal	Brimstone Investment	Equity Investment Instruments	49 497 807 shares (3,37% stake) in Life Healthcare at R26,75, in terms of the Zero Cost Collar (put option strike price)
Off Market Acquisition by	Northam Platinum	Platinum & Precious Metals	21 352 701 Zambezi preference shares

* Investment Advisers include Financial Advisers and others claiming this category

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
	Investec Bank; Peel Hunt	White & Case		undisclosed	Jul 6
Nedbank CIB	Nedbank CIB	ENSafrica; Cliffe Dekker Hofmeyr	BDO; Deloitte	R209,8m	Jul 21

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
	Merrill Lynch (SA)			n/a	Aug 5

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
	Questco	Webber Wentzel; Cliffe Dekker Hofmeyr	Moore Johannesburg	R45,8m	Jul 1

TOMBSTONE PARTIES				TRANSACTION VALUE	ANNOUNCEMENT DATE
INVESTMENT ADVISER*	SPONSOR	LEGAL ADVISER	TRANSACTIONAL SUPPORT SERVICES		
Nedbank CIB	Nedbank CIB			R37,3m	Jul 24
AcaciaCap	Merchantec Capital			R18,9m	Jul 30
Nedbank CIB	Deloitte; Nedbank CIB		Deloitte	R1,32bn	Aug 31
One Capital	One Capital	Cliffe Dekker Hofmeyr; Bowmans		R1,76bn	over 3rd quarter

COMINGS & GOINGS

LISTINGS

EXCHANGE	COMPANY	SECTOR	ANNOUNCEMENT DATE	EFFECTIVE DATE
JSE Listing (Potential)	Bushveld Minerals	to be advised	Feb 4 2019	to be advised
JSE Listing (Potential | Secondary)	Bytes UK	to be advised	Apr 2 2020	to be advised
A2X Listing (Secondary)	Momentum Metropolitan	Life Insurance	Jul 29 2020	Aug 5 2020
JSE Listing (Potential)	Pac-Con Pharmaceuticals (Labat Africa)	to be advised	Dec 27 2019	to be advised
JSE Listing (Potential)	Revego Africa Energy	to be advised	Jan 17 2019	to be advised
JSE Listing (Potential)	Sedibelo Platinum Mines	to be advised	Oct 5 2020	to be advised
JSE Listing (Potential)	Vunani Private Equity Assets	to be advised	Aug 6 2020	to be advised

DELISTINGS

EXCHANGE	COMPANY	SECTOR	ANNOUNCEMENT DATE	SUSPENSION DATE	TERMINATION DATE	COMMENT
JSE Delisting	Atlantic Leaf Properties	Real Estate Holding & Development	May 22 2020	Aug 12 2020	Aug 18 2020	Scheme of arrangement (South Downs Investment LP)
JSE Delisting	Ecsponent E Series [1-7] Pref shares	Preference Shares	May 29 2020	Aug 5 2020	Aug 12 2020	E Class prefs converted to ordinary shares
JSE Delisting	ELB Group	Industrial Suppliers	Jul 1 2020	Oct 28 2020	Nov 3 2020	Scheme of arrangement (ELB Group)
JSE Delisting	Grit Real Estate Income Group	Real Estate Holding & Development	Jun 11 2020	Jul 22 2020	Jul 29 2020	Offer by Botswana Development Corporation and Zep-Re to JSE shareholders - shareholders can move their shares to the LSE or SEM registers
JSE Delisting	Indequity	Development Capital	Aug 24 2020	Dec 22 2020	Dec 29 2020	Scheme of arrangement (Indequity)
JSE Delisting	Intu Properties	Retail REITs	Jul 2 2020	Jun 26 2020	Aug 24 2020	Business placed into Administration Jun 26 2020
JSE Delisting	Mettle Investments	AltX	Sep 11 2020	to be advised	to be advised	Scheme of arrangement (Mantessa Equities, Granadino Investments and The Trustees of the Peridot Trust)
4AX Delisting	NWK Ltd	Agriculture	Jun 8 2020	Aug 20 2020	Sep 8 2020	Scheme of arrangement (NWK Holdings)
JSE Delisting	Peregrine	Asset Managers	Mar 13 2020	Sep 30 2020	Oct 8 2020	Scheme of arrangement and general offer (Bidco & InvestCo)
A2X Delisting	Peregrine	Asset Managers	Mar 13 2020	Sep 30 2020	Oct 8 2020	Scheme of arrangement and general offer (Bidco & InvestCo)
JSE Delisting	Tiso Blackstar	Broadcasting & Entertainment	Jun 26 2020	to be advised	to be advised	Scheme of arrangement (Tiso Blackstar)
JSE Delisting	Unicorn Capital Partners	General Mining	Jul 22 2020	to be advised	to be advised	Scheme of arrangement (Afrimat)
JSE Delisting (withdrawn)	Zarclear	Equity Investment Instruments	May 13 2020	n/a	n/a	Scheme of arrangement (Legae Peresec Capital) | Offer not fair as per Independent Expert

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. Suspension lifted Jul 23 2020
Choppies Enterprises	Food Retailers & Wholesalers	Nov 1 2018	Nov 1 2018	JSE & BSE listing requirements - annual financial results
Comair	Airlines	May 5 2020	May 5 2020	BRP initiated | COVID-19 Lockdown restrictions
Efora Energy	Integrated Oil & Gas	Oct 12 2020	Oct 12 2020	JSE listing requirements - failure to submit annual financial statement
Erin Energy	Integrated Oil & Gas	Apr 26 2018	Apr 26 2018	Delisting of shares on the New York Stock Exchange
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 - failure to submit prov. report
Hwange Colliery	Coal	Nov 5 2018	Nov 5 2018	Company placed under Administration
Intu Properties	Retail REITs	Jun 26 2020	Jun 26 2020	Company placed under Administration. Listing terminated Aug 24 2020
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
Pembury Lifestye Group	AltX	Jul 1 2020	Jul 1 2020	JSE listing requirements - prov financial statements
Phumelela Gaming and Leisure	Gambling	May 8 2020	May 8 2020	BRP initiated | COVID-19 lockdown restrictions
PSV	AltX	Sep 1 2020	Sep 1 2020	JSE listing requirements - failure to submit prov report
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
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 - failure to submit prov. report
WG Wearne	AltX	Jul 2 2018	Jul 2 2018	JSE listing requirements - failure to submit prov. report

COMINGS & GOINGS

BUSINESS RESCUE PROCEEDINGS

COMPANY	SECTOR	ANNOUNCEMENT DATE	STATUS
Basil Read Limited (Basil Read)	Heavy Construction	Jun 15 2020	Basil Read suspended Jun 20 2020. BRP proceeding
Comair	Airlines	May 5 2020	Comair suspended May 5 2020. BRP proceeding
Edcon	not listed	Apr 29 2020	BRP proceeding
ELB Engineering Services (ELB Group)	Industrial Suppliers	Apr 6 2020	BRP proceeding
Force Fuel (Labat Africa)	Venture Capital	May 8 2020	BRP proceeding
Mine Restoration Investments	AltX	Jul 20 2020	BRP set aside Aug 14 2020
Nkomati Anthracite (Unicorn Capital Partners)	General Mining	Oct 5 2020	Afrimat, as a substantial creditor applied for the BRP of Nkomati. Afrimat buying UCP which owns 60% of Nkomati
Phumelela Gaming and Leisure	Gambling	May 8 2020	Phumelela suspended May 8 2020. BRP proceeding
PSV	AltX	Mar 16 2020	PSV suspended Sep 1 2020. BRP proceeding
South African Airways	not listed	Dec 5 2019	BRP proceeding

LIQUIDATIONS

COMPANY	SECTOR	ANNOUNCEMENT DATE	STATUS
Intu Properties	Retail REITs	Jun 26 2020	Intu applied for appointment of administrators June 2020. Listing terminated Aug 24 2020
Pembury Lifesyle	AltX	Feb 14 2020	Moore Stephens served Provisional Liquidation papers on Pembury Lifestyle Group, Pembury Schools PLG Retirement Villages and PLG Properties

FOREIGN LISTINGS & DELISTINGS

COMPANY	SECTOR	TYPE	COUNTRY	ANNOUNCEMENT DATE	EFFECTIVE DATE
FOREIGN LISTINGS					
Bytes Technology Group	to be advised	Primary	UK (LSE)	Apr 2 2020	to be advised
Pan African Resources	Gold Mining	Secondary (OTC)	US (ADR's)	Jul 2 2020	Oct 23 2020
FOREIGN DELISTINGS					
Atlantic Leaf Properties	Real Estate Holding & Development	Primary	Mauritius (SEM)	May 22 2020	to be advised
Gemfields	Diamonds & Gemstones	Secondary	Bermuda (BSX)	Apr 28 2020	Jul 1 2020
MAS Real Estate	Real Estate Holding & Development	Secondary	Luxembourg	Mar 3 2020	Jun 26 2020

ADMINISTRATIVE MATTERS

NAME CHANGE

COMPANY	NEW NAME	SECTOR	ANNOUNCEMENT DATE	EFFECTIVE DATE
Ecsponent	Afristrat Investment	Specialty Finance	Aug 12 2020	to be advised
Gaia Infrastructure	Mahube Infrastructure	Equity Investment Instruments	Apr 16 2020	Nov 4 2020
Senwesbel	Agribel Holdings	Food Products - Agricultural	Feb 27 2020	Sep 18 2020
Taste	Luxe Holdings	Restaurants & Bars	May 27 2020	Jul 22 2020

CHANGE IN SECTOR

COMPANY	SECTOR	NEW SECTOR	ANNOUNCEMENT DATE	EFFECTIVE DATE
Argent Industrial	Diversified Industrials	Industrial Suppliers	not announced	Sep 21
Brimstone Investment	Equity Investment Instruments	Nonequity Investment Instruments	not announced	Aug 24
Consolidated Infrastructure	Electrical Components & Equipment	Heavy Construction	not announced	Sep 21
RMB Holdings	Specialty Finance	Real Estate Holding & Development	not announced	Aug 27

SHARE CONSOLIDATION

COMPANY	SECTOR	NUMBER OF SHARES	RATIO	NEW NO OF SHARES	ANNOUNCEMENT DATE	EFFECTIVE DATE
Astoria Investments	AltX	122 954 726	2.16583 : 1	56 770 257	Jul 30 2020	Sep 7 2020
Europa Metals	AltX	16 722 209 651	500 : 1	33 444 419	Jun 12 2020	Jul 15 2020
Hammerson	Retail REITs	766 293 613 intermediate	5 : 1	153 258 722	Aug 6 2020	Sep 2 2020
Middle East Diamond Resources	General Mining		100 : 1		May 25 2020	to be advised
Mine Restoration Investments	AltX		1 000 : 1		Oct 10 2019	to be advised
Taste (Luxe)	Restaurants & Bars	2 221 500 948	100 : 1	22 215 009	May 27 2020	Jul 22 2020

INCREASE IN AUTHORISED SHARE CAPITAL

COMPANY	SECTOR	NO OF SHARES	PRICE PER SHARE	AUTHORISED CAPITAL	ANNOUNCEMENT DATE
Kibo Energy	AltX	3 000 000 000	€0.001	5 000 000 000	Jul 31
Purple Group	Investment Services	800 000 000	R0.01	2 000 000 000	Sep 25

SHARE SPLIT

COMPANY	SECTOR	NUMBER OF SHARES	RATIO	NEW NO OF SHARES	ANNOUNCEMENT DATE	EFFECTIVE DATE
Hammerson	Retail REITs	766 293 613 ordinary shares of 25p	1 : 1 intermediate 1p shares plus 24 deferred shares of 24p	766 293 613 intermediate and 3 065 174 452 deferred shares	Aug 6 2020	Sep 2 2020

PROFIT WARNINGS

COMPANY	SECTOR	ANNOUNCEMENT DATE
Absa	Banks	Aug 12
Accelerate Property Fund	Retail REITs	Sep 7
Adapt IT	Computer Services	Sep 30
Advanced Health	AltX	Sep 23
ADvTech	Specialised Consumer Services	Aug 20
AECI	Speciality Chemicals	Jul 17
African and Overseas Enterprises	Apparel Retailers	Sep 3
African Dawn Capital	AltX	Aug 20
African Oxygen	Specialty Chemicals	Jul 7
Alaris	AltX	Aug 28
Alviva	Computer Hardware	Sep 9
Anchor	AltX	Aug 13
ARB Holdings	Electrical Components & Equipment	Aug 13
ArcelorMittal South Africa	Iron & Steel	Jul 16
Ascendis Health	Pharmaceuticals	Sep 22
Astral Foods	Farming Fishing & Plantation	Sep 14
Attacq	Real Estate Holding & Development	Sep 15
Balwin Properties	Real Estate Holding & Development	Aug 18
Balwin Properties	Real Estate Holding & Development	Sep 10
Bell Equipment	Commercial Vehicles & Trucks	Jul 15
Bell Equipment	Commercial Vehicles & Trucks	Sep 2
Bell Equipment	Commercial Vehicles & Trucks	Aug 31
Bidcorp	Food & Drug Retailers	Aug 24
Bidvest	Diversified Industrials	Sep 10
Bowler Metcalf	Containers & Packaging	Jul 28
Brikor	AltX	Jul 20
Brimstone Investment	Equity Investment Instruments	Aug 28
Calgro M3	Heavy Construction	Sep 29
Capitec Bank	Banks	Jul 6
Capitec Bank	Banks	Sep 7
Cashbuild	Home Improvement Retailers	Aug 4
Cashbuild	Home Improvement Retailers	Aug 24
Caxton and CTP Publishsers and Printers	Publishing	Sep 3
Choppies Enterprises	Apparel Retailers	Sep 21

COMPANY	SECTOR	ANNOUNCEMENT DATE
Chromteco	AltX	Jul 13
City Lodge Hotels	Hotels	Jul 24
Cognition	Computer Services	Sep 8
Combined Motor Holdings	Specialty Retailers	Sep 29
Conduit Capital	Full Line Insurance	Sep 23
Consolidated Infrastrucutre	Electrical Components & Equipment	Aug 14
Curro	Specialised Consumer Services	Aug 7
Discovery	Life Insurance	Aug 28
Ecsponent	Specialty Finance	Aug 21
Efora Energy	Integrated Oil & Gas	Aug 28
ELB Group	Industrial Suppliers	Aug 13
ELB Group	Industrial Suppliers	Sep 7
Ellies	Electrical Components & Equipment	Sep 29
Emira Property Fund	Diversified REITs	Aug 28
EPE Capital Partners	Specialty Finance	Sep 11
EPP	Real Estate Holding & Development	Sep 18
Etion	AltX	Aug 3
Exxaro Resources	Coal	Aug 11
Famous Brands	Restaurants & Bars	Sep 25
FirstRand	Banks	Aug 12
Fortress REIT	Diversified REITs	Aug 18
Fortress REIT	Diversified REITs	Aug 25
Freedom Property Fund	Real Estate Holding & Development	Aug 26
Gemfields	Diamonds & Gemstones	Sep 14
Grand Parade Investments	Specialty Finance	Sep 14
Grindrod	Marine Transportation	Aug 19
Growthpoint Properties	Diversified REITs	Jul 9
Harmony Gold Mining Company	Gold Mining	Sep 10
HomeChoice	Broadline Retailers	Jul 3
HomeChoice	Broadline Retailers	Aug 25
Hosken Passenger Logistics and Rail	Travel & Tourism	Sep 18
Hulamin	Aluminium	Sep 15
Hyprop Investments	Retail REITS	Jul 16
Hyprop Investments	Retail REITS	Sep 17
Imablie Beauty	AltX	Jul 31

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PROFIT WARNINGS (Continued)

COMPANY	SECTOR	ANNOUNCEMENT DATE
Imperial Logistics	Transportation Services	Aug 20
Indluplace Properties	Residential REITs	Sep 17
Insimbi Industrial	AltX	Jul 16
Investec	Investment Services	Sep 18
Invicta	Industrial Machinery	Jul 23
ISA Holdings	AltX	Sep 14
Kap Industrial	Diversified Industrials	Aug 14
KayDav	Building Materials & Fixtures	Aug 20
Kumba Iron Ore	Iron & Steel	Jul 16
Lewis Group	Home Improvement Retailers	Aug 7
Liberty	Life Insurance	Jul 27
Liberty Two Degrees	Diversified REITs	Jul 9
Libstar	Food Products	Aug 17
Luxe	Restaurants & Bars	Sep 4
Massmart	Broadline Retailers	Aug 20
Master Drilling	Industrial Machinery	Aug 14
Mazor	Building Materials & Fixtures	Jul 23
Merafe Resources	General Mining	Jul 27
Merafe Resources	General Mining	Aug 28
Metrofile	Business Support Services	Sep 7
Momentum Metropolitan	Life Insurance	Aug 17
Montauk	Integrated Oil & Gas	Aug 7
Mpact	Containers & Packaging	Jul 27
Mr Price	Apparel Retailers	Aug 20
Murray & Roberts	Heavy Construction	Aug 19
Nedbank	Banks	Aug 20
NEPI Rockcastle	Real Estate Holding & Development	Aug 17
Nictus	Broadline Retailers	Aug 17
Nictus	Broadline Retailers	Sep 7
Novus	Business Support Services	Jul 2
Octodec Investments	Retail REITs	Jul 24
Old Mutual	Life Insurance	Aug 24
Onelogix	Transportation Services	Aug 5
Pick n Pay Stores	Food Retailers & Wholesalers	Aug 4
PPC	Building Materials & Fixtures	Jul 23
PPC	Building Materials & Fixtures	Aug 18
PPC	Building Materials & Fixtures	Sep 30
Putprop	Real Estate Holding & Development	Aug 28
Rand Merchant Investments	Specialty Finance	Sep 2
Raubex	Heavy Construction	Jul 30
RCL Foods	Farming Fishing & Plantation	Aug 21
RECM and Calibre	Preference Shares	Jul 23
Remgro	Diversified Industrials	Sep 15
Resilient REIT	Retail REITs	Aug 18
Rex Trueform	Apparel Retailers	Sep 3
RMB Holdings	Banks	Sep 11
SA Corporate Real Estate	Retail REITs	Aug 28
Sabvest Capital	Equity Investment Instruments	Aug 26
Sanlam	Life Insurance	Aug 19
Santam	Property & casulaty Insurance	Aug 19
Sasfin	Investment Services	Sep 11
Sasol	Integrated Oil & Gas	Aug 11
Sebata	Computer Services	Jul 28
Sephaku	Building Materials & Fixtures	Jul 27
Shoprite	Food Retailers & Wholesalers	Aug 3
South Ocean	Electrical Components & Equipment	Aug 5
Stadio	Specialised Consumer Services	Jul 1
Stadio	Specialised Consumer Services	Aug 11
Standard Bank	Banks	Jul 29
Sun International	Gambling	Aug 25
Super Group	Transportation Services	Aug 25
Texton Property Fund	Diversified REIT's	Sep 10
The Foschini Group	Apparel Retailers	Sep 15
Tiger Brands	Food Products	Aug 21
Tiso Blackstar	Broadcasting & Entertainment	Sep 15
Tower Property Fund	Diversified REIT's	Aug 13
Transaction Capital	Specialty Finance	Sep 15
Transcend Residential Property Fund	Residential REITs	Aug 11
Trellidor	Building Materials & Fixtures	Sep 14
Truworths International	Apparel Retailers	Aug 19
Unicorn Capital Partners	General Mining	Sep 29
Vunani	AltX	Sep 9
Wesizwe Platinum	Platinum & Precious Metals	Sep 29
Woolworths	Broadline Retailers	Aug 14
Workforce	AltX	Aug 20
York Timber	Forestry	Sep 11

CAUTIONARIES Q3

COMPANY	FIRST CAUTIONARY	NO OF SUBSEQUENT CAUTIONARIES	ANNOUNCEMENT	TERMINATED
Accentuate	12.11.2019	9		
Adcorp	29.6.2020	3		
Advanced Health	27.7.2020	2		
Arden Capital	3.6.2020	2	22.9.2020	
Aspen Pharmacare	24.8.2020		8.9.2020	
Astoria Investments	30.7.2020		28.8.2020	suspended
Barloworld	12.5.2020	3		
Bell Equipment	7.9.2020			
Brikor	19.8.2020	1		
CSG Holdings	22.6.2020	1	11.08.2020	
Cartrack	2.3.2020	3		17.7.2020
Cartrack	9.9.2020			
Choppies Enterprises	27.9.2018	18	suspended	
Delta Property Fund	21.9.2020			
Famous Brands	2.4.2020	4		
Freedom Property Fund	2.9.2019	10	suspended	
Go Life International	3.7.2020	2		
Hospitality Property Fund	30.9.2020			
Hulisani	16.10.2019	7		

COMPANY	FIRST CAUTIONARY	NO OF SUBSEQUENT CAUTIONARIES	ANNOUNCEMENT	TERMINATED
Invicta	4.2.2020	3	20.7.2020	
Labat Africa	8.5.2020	3		
MTN Zakhele Futhi	3.8.2020	2		
Mine Restoration Investments	13.7.2020	2	14.8.2020	suspended
Metrofile	6.9.2019	10		
Mettle Investments	23.7.2020	1	16.9.2020	
PPC	13.8.2020	2		
PSV Holdings	26.2.2020	7	suspended	
Pembury Lifestyle	14.2.2020	6	suspended	
Rand Merchant Investment	29.7.2020		5.8.2020	
Redefine Properties	11.8.2020	1		
Sasfin	14.11.2019	10		
Sasol	12.3.2020	6		
Steinhoff International	17.5.2017	29	suspended	
Tongaat Hulett	12.5.2020	5		
Tsogo Sun Hotels	30.9.2020			
Union Atlantic Minerals	18.10.2019	5	17.6.2020	suspended
Unicorn Capital Partners	25.5.2020	2	4.8.2020	
Vunani	6.8.2020	1		

DEALS THAT DIDN'T

NATURE OF DEAL	PARTIES	ASSET	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
Disposal by	Grand Parade Investments to Sun International South Africa (Sun International)	remaining 30% stake in Sun Slots	R504,33m	Aug 30 2019
Acquisition by	Mine Restoration Investments from vendors	Langpan Mining	R550m	Oct 10 2019
Disposal by	African Equity Empowerment Investments and Sekunjalo Investment to SGT Solutions	45% stake (27% and 18% respectively) in Bowwood (sole investment is a 25% +1 share in SAAB Grintek Defense)	R48m	Jun 1 2020

The impact of the COVID-19 pandemic on company valuations

Robbie Gonsalves

Sholto Piek

The COVID-19 pandemic has had a substantial impact on virtually all companies, and in so many divergent ways that, at this early stage, there is no, or very little, visibility as to what the new normal will be. Furthermore, the economic recovery profile will very likely differ by country and by industry sector. The recovery profile can possibly take the form of a "V" (a sharp decrease and recovery), "W" (waves of ups and downs), a "U" (a more gradual recovery) or "L" (a permanent rebasing). Although the equity capital markets reflect that the share prices in certain sectors have decreased substantially (cruise liners, movie theatres), whereas others have benefitted (e-commerce, video conferencing), the jury is still out as to the shape of the recovery, if any, for certain sectors. What all of this translates to is uncertainty in the market and, traditionally, *uncertainty* has a negative impact on the valuations of companies.

When valuing companies in these times of COVID-19, valuation practitioners need to consider the impact of the pandemic on a number of the elements of traditional company valuation methodologies. Typically, companies are valued using the Income Approach (based on the value of the cash flows that the business can be expected to generate in the future) or the Market Approach (based on a comparison of the company to comparable publicly traded companies in its industry). The Income or the Market Approach could be the primary valuation approach which would be benchmarked against the other, as well as the Net Asset Value (NAV) of the company (NAV Approach).

The Income Approach

The Income Approach will be influenced in a number of ways by the pandemic. Cash flows could be very different for the last twelve months before COVID-19, the period during COVID-19 and the short-, medium-, and long-term periods after COVID-19. The impact of second and even third waves needs to be considered. The first wave may have been cushioned by various government support initiatives, but whether these will also be available for future waves is questionable. All this means that forecasts and projections will need to assess the drivers of growth, and one would need to critically and carefully consider market conditions, trends, and the impact of any government support programmes. In this time of uncertainty, scenario and sensitivity analyses will need to be utilised more extensively.

Normalised working capital levels may be difficult to ascertain and capital expenditure programmes may have been deferred. Careful consideration of these two elements is required when assessing the impact on the company's future cash flows.

Besides the increased risk associated with the prediction of cash flows, other elements of the Income Approach are impacted and need consideration. There has been a marked impact on the potential discount rate to be applied to the cash flows, whether one uses the weighted average cost of capital (WACC), or the cost of equity, as a discount rate.

Government bond yields, which serve as the risk-free rate component of the cost of equity, are noticeably more volatile. Government bond yields in the US have come down substantially since the onset of the pandemic, which is likely as a result of the safe haven status of US treasuries. However, in South Africa, yields have increased, which is potentially the result of less demand for South African bonds, as well as the downgrading of South African bonds of late. Therefore, one needs to pay careful attention to the risk-free rate used in calculating the cost of equity. The unsystematic risk premium element of the cost of equity calculation would also need to be amended in instances where the beta used in the valuation does not adequately address or take into consideration the additional risk caused by the onset of COVID-19. Furthermore, the COVID-19 period may have resulted in more borrowings (higher gearing), coupled with changes in interest rates on the back of government interventions. This needs to be considered when calculating the WACC to be used in discounting cash flows.

The Market Approach

The impact of COVID-19 on the Market Approach has also been profound. Determining maintainable earnings will not be simple, given possible fluctuations in company results before, during and possibly after COVID-19. Furthermore, comparable company valuation multiples, such as EV/EBITDA and PE multiples, have potentially changed substantially. The share prices in certain industry sectors (such as the property and hospitality industries) have been decimated while others (such as IT) reflect increased valuations.

The NAV Approach

The NAV Approach may intuitively seem to be the least affected valuation method. However, assessing the impact of COVID-19 on asset values may be equally difficult. Questions will need to be asked about the recoverability of debtors and the valuations of investments, properties and other assets of companies. Buyers will pay a lot more attention to the warranties in respect of asset values. In some situations, companies may no longer even be going concerns and liquidation values may be more appropriate in valuing these companies.

In summary, a lot more consideration will need to be applied to valuations at this time. Forecasting cash flows is even more complex. Valuers will need to perform significantly more scenario and sensitivity analyses and buyers will need to use mechanisms like earn-outs to reduce the risks around the volatility of earnings and cash flows. ■

Gonsalves is Managing Director and Piek a Principal, Mergence Corporate Solutions.

Retail consolidation – is this just the beginning?

Richard Isaacs

Ferdi Vorster

In the early months of 2020, South African retailers looked abroad to the developing crisis in China.

Many foresaw the impact that the crisis was to have on stock availability for the forthcoming winter season and took appropriate pre-emptive action. It is unlikely that many would have foreseen the catastrophic impact that COVID-19 was to have in their home market, just a few months later.

As COVID-19 spread globally, South Africa officially registered its first case on 5 March 2020 and by 15 March 2020, our South African president, Cyril Ramaphosa, declared a national state of disaster with full lockdown from 26 March 2020. South African corporates responded by taking appropriate operational steps to retain cashflow and strengthen their financial positions, including stricter working capital management, reducing non-essential capex, postponing dividends and ensuring that necessary funding lines were in place with their lending banks.

Against a backdrop of collapsing share prices, raising capital seemed like an unimaginable last resort. Whilst this is a common theme expressed by many, experience from past financial crises has taught us that putting off a decision to raise equity often comes at a much higher cost of capital when needed later on.

Taking advantage of a strengthened position

With this context, and a broken 'crystal ball' in hand, corporate South Africa, and in particular indebted clothing retailers, took an early opportunity to strengthen their balance sheets. This was done with a view to arm themselves against an uncertain economic outlook, but also to place themselves in a better position to take advantage of a fractured trading environment, where consolidation opportunities would certainly unfold. Rand Merchant Bank (RMB) recently acted for both Pepkor Holdings and The Foschini Group (TFG) in their recent equity offerings, with both companies approaching equity markets on a front-footed basis, with the intention to (amongst other things) derisk their balance sheets and position the companies for growth. Both these offerings, which collectively raised close to R6bn, enjoyed significant investor support.

Following on from their underwritten rights offer, RMB further advised TFG on the acquisition of selected stores of value retailer JET, out of business rescue. With a strengthened balance sheet, TFG took advantage of a unique opportunity to acquire JET in a manner that would not only give TFG a significant entry into the increasingly important value retail sector, but would give them scale at an attractive price which would have been costly and difficult to replicate organically. Financial metrics aside, TFG was further able to ensure that over 400 retail stores across South Africa and its neighbouring countries continue trading and keep over 4,800 employees employed in the midst of a very challenging economic environment, with the impact of COVID-19 continuing to worsen unemployment levels.

Business rescue and M&A

COVID-19 has had a devastating impact on the South African economy. We continue to see a number of businesses struggling to stay open. The continued weakness in global markets, coupled with a second wave of infections abroad and an expectation of a further wave of COVID-19 infections in South Africa increases the likelihood that the number of businesses entering into business rescue will rise. Whilst we expect that consolidation is the natural course for a number of industries, when it is precipitated by business rescue, this naturally introduces challenges for buyers, outside of the ambits of normal M&A. Having been involved with a number of these situations, we believe that whilst business rescue often provides an opportunity to acquire seemingly good value assets at significantly discounted prices, buyers need to ensure that they have taken the right advice to ensure that they have the correct mitigants for the risks of buying assets out of business rescue. This includes issues such as working to rigid and accelerated timelines, limited due diligence and potentially limited to no indemnities or warranties. That being said, a strategic buyer with knowledge of the distressed asset is more likely able to navigate this challenging environment and better understand and mitigate the risks that operating under financial strain introduces, especially insofar as staff, suppliers and customers are concerned. TFG is a case in point of a strategic buyer who acutely understood the JET opportunity and whose ability to rapidly navigate the business rescue process ensured that they were not only successful in their bid for the majority of the JET business, but also managed to do so in a manner where they had structural mitigants in place insofar as limitation of liabilities, continuity of supply of stock and ensuring that not only were they able to save jobs, but they retained staff who are critical to the business.

A trend we expect to see continuing

As South Africa continues to relax its lockdown restrictions and as we wait to see what else 2020 has in store, we believe that we are sadly seeing only the beginning of the business rescue theme. The retail sector, like many others, will need to see smaller players consolidate or merge with larger peers in order to withstand the impact of a weakened economic climate and ever-evolving operating models. ■

Isaacs is a Corporate Finance Executive responsible for Retail advisory and Vorster is an Investment Banking Director, both with Rand Merchant Bank.

1995
Brunswick opens office in South Africa

1998
Sanlam rides demutualisation wave, lists on JSE and NSX

1999
Standard Bank dodges Nedbank take-over

2001
$17.6 billion deal to make De Beers Private company

2003
SA comes to New York as Telkom debuts on NYSE

2004-2005
Gold Fields sees off hostile Harmony

2005
Absa buys Barclays SA for R578m

2006
MTN in $5.5 bn agreed takeover of Investcom

2007
Tribunal's approval opens way for R14bn Holcim BEE deal

2008
Tiger makes play for AVI

2009
Anglo American stops Xstrata in its tracks

2010
Kagiso, Tiso announce R12bn merger of equals

2011
Walmart – Massmart deal approved with conditions

2012
Barclays Africa seals £1.3bn Absa deal

2013
Afrisam freed of R15bn debt burden in restructuring

2014
Woolworths buys David Jones for $2bn

2015
@schoolpower backs #ADvTECH board to scupper #Curro bid

2016
South Africa clears ABInBev's takeover of SABMiller

2017
Lafarge to merge Nigerian units to simplify ownership structure

2018
– Old Mutual returns to African roots with Johannesburg listing;
– Access Bank to take over Diamond Bank in $200 million deal

2019
PepsiCo targets African growth with offer to acquire Pioneer Foods –
MultiChoice unbundling unlocks R57bn for Naspers –
Naspers' Prosus lists in Amsterdam at $100 billion valuation –

2020
Airtel Malawi IPO sets record with local listing

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Is SA open for business? Dealmaking in SA – walking a tightrope

Candice Meyer

If South Africa is to attract investment to stimulate economic recovery, its policies and legislation must become stepping stones, not stumbling blocks, for doing business.

The Economy in Crisis

South Africa's economic performance is at its weakest since the advent of democracy. The 2009 Global Financial Crisis pales in comparison. Real gross domestic product (GDP) fell by -1.5% in 2009, while South Africa expects a decline of at least -7% in 2020.[1] GDP fell by just over 16% between the first and second quarters of 2020, giving an annualised growth rate of -51%.[2]

Prior to the start of the COVID-19 lockdown in March 2020, South Africa was experiencing high levels of unemployment, a shrinking tax base, ongoing allegations of rampant corruption following countless political scandals, high levels of crime and ratings agency downgrades. COVID-19 has aggravated these unfavourable conditions.

Over-regulation of the market may further impede investment. Doing business in South Africa is becoming increasingly difficult and red tape is an obstacle.

Let's do business

President Ramaphosa reportedly secured R200bn in investment pledges from multinational and local businesses at the South Africa Conference in November 2019, as part of a strategy to accelerate economic growth through building partnerships. A key objective is to raise R1,2trn in new domestic and international investment over the next four to five years.[3] These initiatives may have stalled to some extent, due to the disruption caused by the pandemic, but as lockdown restrictions have eased, we have seen a renewed focus on attracting investment.

Stumbling blocks or stepping stones?

"Accelerating Growth Through Building Partnerships" is a key lever for economic recovery. However, market regulation such as broad-based black economic empowerment and employment equity, as well as recent legislative amendments and proposals for change, strongly indicate greater state intervention in the private sphere and a political will, apparently directed towards domestic protectionism, with tighter controls over ownership of the productive assets in the economy. This may signal exclusionary practices and curb investor appetite, further undermining efforts to attract investment.

Competition Amendment Act

The Competition Amendment Act of 2018[4] provides for the establishment of a committee (the s18A Committee) that will consider the impact of certain foreign investments on national security, referred to as "Foreign Investment Control Provisions" of the Competition Act 89 of 1998 (Competition Act).

An investment will be compulsorily notifiable to the s18A Committee if:

(1) it amounts to a "*merger*" as defined;

(2) any "*acquiring firm*" involved in the investment is a "*foreign acquiring firm*"; and

(3) it involves any of the "*markets, industries, goods or services, sectors or regions*" which will be identified by the President before the provision is implemented.

The s18A Committee will be able to impose conditions on, or prohibit, mergers which may have an adverse effect on South Africa's identified national security interests[5]. A list of what is considered a national security concern has yet to be published; however, the President will consider all relevant factors, including the potential impact of the merger on the following:

a. the country's defence capabilities and interests;
b. the use or transfer of sensitive technology or know-how outside the Republic of South Africa;
c. the security of infrastructure, including processes, systems, facilities, technologies, networks, assets and services essential to the health, safety, security or economic well-being of citizens and the effective functioning of government;
d. the supply of critical goods or services to citizens, or the supply of goods or services to government;
e. enabling foreign surveillance or espionage, or hindering current or future intelligence or law enforcement operations;
f. the Republic's international interests, including foreign relationships;
g. enabling or facilitating the activities of illicit actors, such as terrorists, terrorist organisations or organised crime; and
h. the economic and social stability of the Republic.

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For the second year running, Exxaro is sponsoring the BEE Deal of the Year Award at the Ansarada DealMakers Gala Awards. The award acknowledges companies that have taken great strides in improving their BEE levels while achieving great results, leading to the deal of the year.

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The assessment of a merger by the s18A Committee will be substantively independent of the Competition Authorities, who are responsible for the assessment of the merger under the other provisions of the Competition Act. The latter may not consider a merger unless it was notified to the s18A Committee. If the s18A Committee has issued a notice prohibiting the transaction, then neither the Competition Commission nor the Competition Tribunal may make a decision on the transaction.

The s18A Committee can prohibit mergers or impose conditions on wide public interest grounds, even if the merger has no adverse effects on competition in the market.

Protection of Investment Act

The Protection of Investment Act 22 of 2015 (the Investment Act) seeks to: protect all investments in South Africa (widely defined to include, among other things, shares, debentures, loans, immovable and movable property, claims, intellectual property rights, financial returns), whether foreign or domestic, in accordance with and subject to the Constitution, in a manner which balances the public interest and the rights and obligations of investors; affirm the Republic's sovereign right to regulate investments in the public interest; and confirm the Bill of Rights in the Constitution and the laws that apply to all investors and their investments in the Republic.

It requires all investments to comply with taxation, sectoral, banking and other applicable laws, as well as public interest considerations. Public interest considerations include the need to protect jobs, promote localisation and enhance the ability of small businesses, or firms controlled or owned by historically disadvantaged persons, to become competitive. It is possible that if an investment does not meet these public interest considerations, it might not be afforded protection under the Investment Act.

Investment in SA – Russian Roulette or a sure bet?

While consideration of the public interest is an important issue for the growth of the economy, it should not be used restrictively by regulators in assessing and approving investment in South Africa. Rather, regulators should seek to encourage investment, balancing narrowly-interpreted public interest considerations against the need for investment. The two are not mutually exclusive. Private investment into the South African economy need not come at the expense of the public interest. If implemented correctly, investment will stimulate opportunity and growth, which is in the public interest.

Many South African corporates have sought to expand their markets and hedge their risk exposure by investing beyond South Africa's borders, or even by disinvesting entirely from the country. Few who have dipped their toes elsewhere have seen resounding success. Even South African retailer, Shoprite wants to exit Nigeria.[6] The grass is (or seems to be) greener on the other side but this may not always be the case, particularly in the wake of the global pandemic, which has ravaged economies everywhere. Rebuilding economies after COVID-19 is on the global agenda. Although South Africa has its weaknesses, it is still one of the most important emerging markets in the world, as a member of BRICS and the G20. South Africa remains a land of opportunity for those with determination. Legislation, policy and innovative incentives must, however, seek to open up the economy and make it easier to do business, to speed up economic growth and development. ■

Meyer is a Partner, Webber Wentzel.

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1 https://m.facebook.com/TheFinanceGhost/
2 http://www.statssa.gov.za/?p=13601
3 https://www.iol.co.za/business-report/economy/cyril-ramaphosa-secures-r200bn-in-investment-pledges-for-sa-36774427
4 Competition Amendment Act in Government Gazette No. 41756 of 5 July 2018 (Amendment Act)
5 Section 3 of the Competition Act.
6 https://edition.cnn.com/2020/08/03/africa/shoprite-nigeria-exit-intl/index.html

A BEE deal pandemic?

Johannes Human

Many an article has been written about the "unprecedented times" we are facing and the "murky uncharted waters" of the global and local economy. Naturally, the COVID-19 pandemic has had a devastating impact on the South African economy, which was already wounded, and has also affected the local deal-making landscape in various ways. One such affected area is BEE transactions within the listed environment.

Using the JSE All Share Index as a proxy for the health of corporate South Africa (excluding Naspers and more recently Prosus), listed companies have experienced downward pressure, which has been exacerbated by the COVID-19 pandemic. The Bloomberg graph below shows the performance of the JSE All Share Index (in blue) vs the JSE All Share Index excluding Naspers and Prosus (in amber), reflecting a decline of 8.9% and 25.4% respectively from their respective highs.

As depicted by the amber graph, the expectation of limited short-to-medium-term growth has caused company valuations to lower across the board. Given that the majority of BEE transactions are structured on the premise of the underlying company's share price appreciating over time, it is reasonable to assume that a large number of BEE transactions may now find themselves underwater.

There are various ways to structure BEE transactions, but typically, given that the BEE participants often do not have funding (or sufficient funding), these deals are either vendor funded or third party funded (with the underlying share forming the security for the loan). With the current economic climate, on the back of years of declining growth, and South Africa's credit downgrade to junk status and arguable economic mismanagement morphing all together into the derating of share prices, both types of transactions are facing tough times with potential covenant breaches. Coupled with the drop in share price value, "dividend postponements" or "dividend cuts" add extra pressure on

BEE parties who rely on dividend cash flows to pay back the outstanding debt and interest payments, both for vendor-funded and third party-funded BEE deals.

For third party-funded deals, banks have to make a decision whether or not to call on the security provided, which may include a guarantee from the issuing company. There may be a bit more pressure in third party-funded BEE deals vs vendor-funded transactions, as banks will look to stem losses, whereas vendor-funded transactions have more flexibility to restructure. The only saving grace has been that, for the time being, banks have not panicked as this would destroy their security further. However, it remains a precarious situation and banks will not remain patient forever. Furthermore, companies who have implemented vendor-funded deals are at major risk of losing their black ownership if they unwind the deal (which was a key part of the reason for implementing the BEE transaction in the first place).

A key area of concern for companies where BEE deals are currently underwater is that their BEE status may be impacted. If a company fails to score at least 40% of the available net value points on the BEE scorecard, the company automatically drops a BEE level even though it may have scored well across all the other priority elements on the scorecard. The question then begs, will we see a flux of BEE restructurings in the South African listed environment? And is it the right time to do so?

City Lodge has recently completed a R1,2bn rights offer, of which c.R774m was used to settle the remaining third party debt which was issued to fund the original BEE deal (guaranteed by City Lodge). Given the wind down of its current BEE deal, City Lodge will aim to do a new BEE deal, as it requires a BEE rating of at least level 4 in order to provide the company with 100% procurement recognition in the tourism sector. As many companies rely on their BEE recognition status, we may see more restructurings as now, in these COVID-19 times, it is more important than before to be best positioned to compete. However, going forward, companies may be hesitant to conclude BEE deals where guarantees are required, unless they are very dependent on BEE points.

Despite all of these negatives, now may be an opportune time for BEE restructurings, and even more so for participants of first-time BEE deals. Given the derating in valuations, it may provide an opportunity for companies who have not yet done a BEE transaction to do so and, in the process, provide a good entry point for BEE investors to create value (economic flow through), thereby securing the important net value points. Restructuring existing BEE deals will, however, be a bitter pill to swallow for investors who have been enduring below par returns, having to carry the further dilutionary effects (IFRS 2 accounting charges and shares in issue) of a new/restructured BEE transaction at a low share price.

An interesting factor that seems to be discarded is that underwater BEE deals still have value, as the optionality of future growth still exists. Naturally, this value may still be realised but, given the current environment, economic outlook and COVID-19 uncertainty, this may be difficult to achieve in the short-to-medium term. Nonetheless, when calculating a company's annual BEE scorecard, the value implicit in the optionality seems not to be considered, which may imply that, from a BEE scorecard perspective, a bird in the hand, whether negative or positive, is better than two in the bush.

An interesting factor that seems to be discarded is that underwater BEE deals still have value, as the optionality of future growth still exists. Naturally, this value may still be realised but, given the current environment, economic outlook and COVID-19 uncertainty, this may be difficult to achieve in the short-to-medium term.

Watch this space. ■

Human is a Corporate Financier at PSG Capital.

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Use of knowledge qualifiers in respect of warranties in private company M&A transactions

Melissa Mtolo

The qualification of warranties by the phrase "*the Seller is not aware*" or "*to the best of the Seller's knowledge and belief*" can cause great anxiety in purchasers involved in any corporate merger and acquisition transaction.

For a purchaser, the use of a knowledge qualifier raises the following problems: (i) how to prove what someone knows, knew or didn't know and (ii) whether the knowledge qualifier may encourage the seller to be wilfully ignorant towards the target company's activities. On the other hand, sellers do not want to warrant the accuracy of any facts or circumstances relating to the business affairs of the target company that they could not have reasonably known. This article addresses when and how knowledge qualifiers are used in the context of private company M&A transactions.

In private company M&A transactions, a sale agreement will typically contain warranties made by the seller in respect of the target company. The scope and detail of these warranties is usually heavily negotiated between the parties. The purchaser will enter into a sale agreement on the strength of the warranties provided by the seller, not only as to the content of the warranties but also as to the period to which they apply. During negotiations, the seller will naturally attempt to keep the scope of the warranties as limited as possible to limit the seller's exposure to liability as a result of a breach of warranty. Conversely, the purchaser will seek to broaden the seller's warranties in order to allocate commercial risks to the seller which, in the absence of a contractual warranty, would usually lie with the purchaser – the purchaser is motivated by the fact that the seller is best placed to give the warranties and assume the commercial risk of a breach thereof, given its proximity to the business or the target company.

The purpose of using a knowledge qualifier is to limit the reach of a contractual provision so that it only applies to what the relevant party "knows". As noted above, the purchaser may not be satisfied with the application of a knowledge qualifier to a representation or a warranty because practically, the seller should be familiar with the target company and well placed to assume any risk relating to the operations, activities and status of the target company without any qualification. It is important to clearly define what is meant by "knowledge", as well as whose knowledge is being considered in order to balance the interests of the seller and the purchaser.

Knowledge qualifiers should ideally be drafted to identify specific persons or categories of persons or job titles in the target company that are deemed to have knowledge of the areas of the business which the warranties relate to

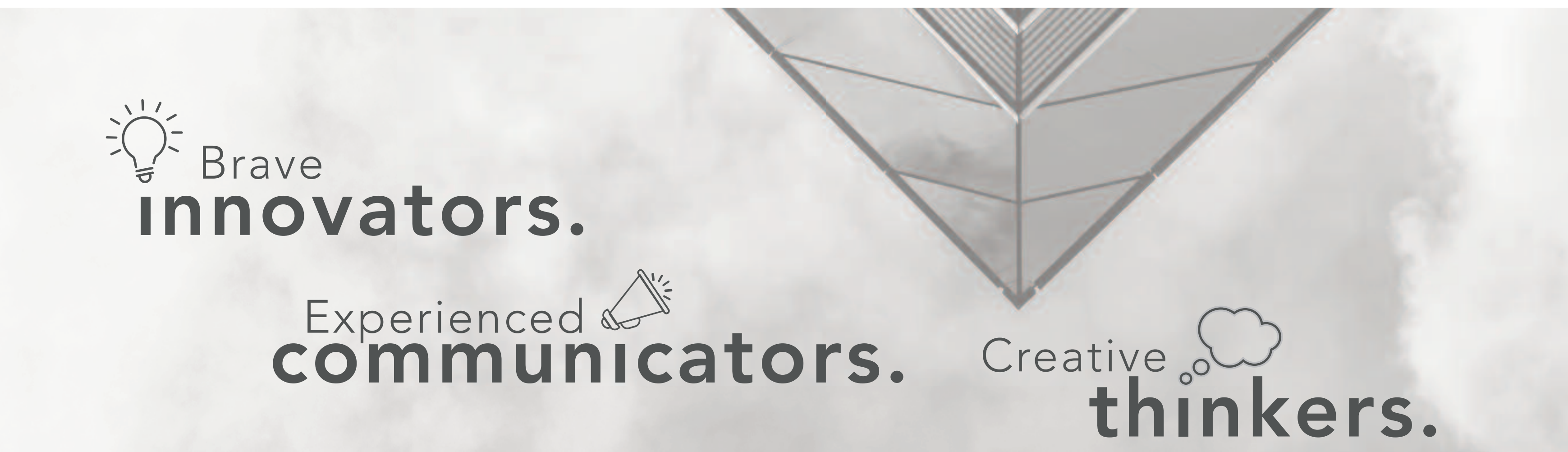
("**Knowledge Group**"). From a purchaser's perspective, the Knowledge Group should be as wide as possible and, at the very least, include individuals having control over those areas of the business covered by the relevant warranties and representations (such as the chief executive officer, executive directors and senior managers). The drafting should ideally state that the seller is deemed to have the same knowledge as the Knowledge Group, after having made due and proper enquiry – this forces the seller to conduct proper due diligence to verify the accuracy of warranties before it signs the sale agreement.

After determining *who* ought to have the knowledge, the sale agreement should also ideally set out the *type* of knowledge the warrantors are deemed to have – actual or constructive knowledge. Actual knowledge requires the relevant party to actually know of a particular fact or circumstance, whereas constructive knowledge includes imputed knowledge that an individual would be expected to know, given his/her role in or proximity to the business, or that such person would have reasonably obtained after making due and appropriate inquiry.

The COVID-19 pandemic has increased the number of facts and circumstances in relation to a company which may be outside of their control or which cannot be easily determined. For example, more and more sellers are finding it difficult to warrant that it is not in breach of its material contracts without carving out any breaches that may have been occasioned by the total or partial restriction of trade imposed under the national lockdown in terms of the Disaster Management Act, No. 57 of 2002.

It is important to ensure that knowledge qualifiers are used sparingly and only with respect to matters which are outside of the seller's control or which cannot be reasonably determined through the seller's diligence. The following are examples of warranties that are commonly qualified by knowledge –

- warranties which pertain to a future event (e.g. a warranty relating to



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litigation being "threatened" against the target company but not yet instituted);

- warranties given in respect of a third party's acts or omissions (insofar as they affect the business), where the seller does not have any corporate control over that third party (e.g. a warranty stating that no counterparty has breached or will be in breach of its obligations in terms of any material contract with the target company); and
- warranties relating to compliance with laws or government directives.

Purchasers and sellers involved in transactions will have to negotiate (i) which warranties should be knowledge qualified, (ii) who should be in the Knowledge Group, and (iii) whether the knowledge must be actual or constructive knowledge. Knowledge qualifiers should be tailored to the transaction and assessed as to how they may apportion risk between the purchaser and seller. ■

Mtolo is an Associate in Corporate & Commercial, Cliffe Dekker Hofmeyr.

Business recovery and responding to liquidity and debt challenges

Chris Gavrielides

The unprecedented disruption and uncertainty caused by COVID-19 will continue to have a damaging effect on businesses of all sizes across the business ecosystem, and will present them with unforeseen challenges – most likely in the form of financial instability and cashflow constraints. The South African economy was already significantly constrained pre-COVID-19, with many businesses struggling to find liquidity, comply with debt obligations and manage their economically vulnerable position. These challenges were exponentially exacerbated in the wake of the pandemic. More recently, we have seen companies paying lower dividends and a number of JSE listed companies issuing profit warning announcements. It is also anticipated that the liquidity and debt challenges faced by companies will have an impact on their ability to comply with financing obligations and commitments.

Preparing for this unsettling period will be an on-going process; so too will modifying action plans and disaster-recovery policies that respond to the unique and evolving challenges this pandemic presents. The time to start implementing measures to secure business survival is now. Proactive measures are required, even for companies that are not yet experiencing financial difficulty.

The first step in assessing a company's readiness will be to identify vulnerabilities and financial stability. It will be critical to recognise that the model for success will be different in the future. Although longer term planning will be important, in the short to medium term, the focus should be on how businesses will recover.

What businesses will require is sufficient funding and the right operating model to emerge successfully. A robust and detailed recovery plan will be essential for most businesses to support their recovery from the crisis. A recovery plan will need to be suitably responsive to anticipate and identify the options and corresponding practical actions required. Early planning should inform current decisions to ensure that businesses are able to recover as smoothly and effectively as possible.

The core elements of a business recovery plan are as follows:

- A short-term cash flow forecast;

Given the predicted levels of uncertainty, a robust cash flow forecast will be an essential component of the recovery plan. Properly prepared, a short-term cash flow forecast is an effective tool to understand the immediate cash requirement of a business and identify possible steps that can be taken to allow the business to operate within available cash resources. In addition, it may take some time to develop a longer-term plan for the business and, if necessary, secure appropriate funding. Careful and regular monitoring and management of cash in the intervening period may prove critical to effectively navigating the early period of the recovery and, possibly, the survival of the business.

- A strategic plan for the business;

Businesses will have to be agile and reactive. However, despite this need for flexibility, it is critical that businesses have a base case view of their strategy and use this to inform how they navigate their recovery. If a strategic plan does not exist, then one should be developed as a matter of priority. The anticipated path to recovery will be central to the strategic plan. Critical questions will need to be answered, such as, "Will the business immediately revert to pre-crisis levels of revenue, production/service provision and employees, or is a phased recovery more likely and what will this look like?"

- An operations plan to deliver the strategy;

It will be necessary to consider whether changes to the operational aspects of the business are required. The focus of this will be on cost reduction and performance improvement actions to allow the business to capitalise on opportunities. Operational activities may include implementing new ways of working, reconfiguring the operational footprint and, if necessary, a closure of parts of the business.

- An integrated financial forecast model, covering the next 12 to 24 months' trading period;

The strategic plan should be modelled in an integrated financial forecast in order to fully understand the associated financial implications and the quantum/timing of any funding requirement. The forecast should also incorporate operational cost reduction/performance improvement plan activities. In addition to the base case, realistic alternative scenarios should be modelled so that any significant financial implications can be understood, and contingency plans developed if necessary. The forecasting process should not be a static, one-off exercise, but rather a dynamic tool used to support decision-making as the business navigates its recovery.

- A funding review, covering both internal and external sources of finance;

The integrated financial forecasts may indicate a funding requirement to support the implementation of the base case strategic plan. Where this is the case, a funding review should be performed which takes a structured approach in considering the available funding options and ensuring the business secures the sources of finance it requires. The focus of a funding review should initially be on internal sources of funding (i.e. working capital improvements), followed by potential creditor payment plans and available debt or equity sources.

- Contingency planning

Uncertainty is anticipated to be a significant feature during the recovery period and there may be a risk that the strategic plan cannot be delivered and/or the business cannot access the required levels of funding. Given this, businesses should develop contingency plans which could be implemented if required.

The crisis does not come at a good time for South African businesses, who have witnessed an increase in corporate insolvencies and companies requiring business rescue or undergoing significant restructuring. Financial institutions are critically reviewing their leveraged positions and are implementing corrective measures for businesses that are showing signs of distress. The importance of liquidity is crucial to ensuring a company has the flexibility to navigate these turbulent times. Cash preservation is paramount and businesses will need to prioritise where cash is deployed. In addition, balance sheets could be better utilised even if securing additional credit facilities proves challenging. Only three things are certain: death, taxes and the need to be pro-active in order to ride the future waves of economic crisis. ■

Gavrielides is an Associate Director, BDO Corporate Finance.

Changing corporate purpose is set to transform M&A decision-making in South Africa


Galetume Rampedi

Over the last few years, the focus of business has been gradually, but deliberately, shifting.

Whereas in the past, the main objective of most companies was to optimise profitability for maximum shareholder benefit, most organisations are today taking an approach that is far more inclusive and cognisant of the needs of all their stakeholders, particularly the communities in which they operate.

Often referred to as an organisation's 'social contract', this shift from a pure shareholder value focus to a more sustainable perspective, effectively balances profitability (which is obviously essential) with a sincere commitment to the wellbeing of employees, customers and surrounding communities.

While this transition was already underway in many industries, the global COVID crisis has undoubtedly increased the sense of urgency for it, and accelerated its momentum. This is not just as a consequence of questions being asked around the sustainability of purely profit-focused organisations, but more so because of the significant awareness created in all stakeholders of the moral imperative that every company has to uplift and empower others.

Given the high likelihood that this awareness will continue to grow in the future, it is clear that focusing on shareholder value maximisation at the expense of everything else will almost certainly spell the downfall of any business. This is especially true in the South African context, where the legacy of inequality and discrimination continues to hold the majority of the population in poverty.

The past 26 years have shown us that broad-based black economic empowerment (B-BBEE) scorecards are not enough to change this situation. What is required is genuine commitment from the private sector and its investors to use the resources at their disposal to drive the transformation that is so urgently needed.

Fortunately, this awareness appears to be taking root, as evidenced by the significant increase in investment focused on impact in addition to returns, the adoption of business frameworks and strategies built on sustainable development principles, the prioritisation of good governance, ethics and values-driven business models, and the recognition of environmental, social and governance (ESG) factors as material risks (and opportunities) that have a direct impact on financial performance.

This focus on ensuring that corporate strategy aligns with social purpose has significant implications for mergers and acquisitions. While it's unlikely that the primary motivation for any M&A transaction will ever be anything other than bottom-line benefits, the elements making up that bottom-line are most certainly changing. Irrespective of whether the investing party is a private equity fund, family office, investment holding company or another business, the importance of social contract alignment between all transaction parties is likely to be at the top of most due diligence checklists.

And so it should be. Alignment of company cultures in a merger or acquisition has long been accepted as a key success determinant. So, as social commitment becomes more of a business priority, it will also increasingly become a key culture alignment consideration. This is especially true for businesses that have a direct link to consumers. As recent controversies have shown, customers have more influence than ever before, and if a business doesn't practice what it preaches, it is likely to be harshly punished by its market. And managing this reputational risk has to be a key consideration when choosing a business to invest in, or with which to partner.

Quite apart from this reputational risk of not partnering with other businesses

The awards will be unveiled at the Annual Awards in February 2021.

This year will be the 20th award for the Deal of the Year and 16th award for the Catalyst Private Equity Deal of the Year.

Deals will be nominated for inclusion by the firms involved. With both the Deal of the Year and the Private Equity Deal of the Year, the DealMakers and Catalyst editorial teams will produce a short list of those it believes best qualify for consideration with input from the Independent Selection Panel. The papers and press comment on each deal is then bundled and delivered to the members of the Panel.

The closing date and time for nominations is 12h00 on Friday, November 20, 2020. There will be no extensions. Each Deal of the Year will receive a framed certificate, a one-ounce gold medal especially minted for the occasion, sponsored by Sibanye – Stillwater and a floating trophy appropriately inscribed. **If qualifying deals will only be announced after the closing date these must be submitted by January 8, 2021. Please advise beforehand if this is the case.**

Deals will be judged on the following criteria:

Deal of the Year (by a SA Exchange listed company)

- **Transformational transaction** – does the deal or transaction transform the business or even the industry in which it operates? What is the extent of potential transformation as a result?
- **Execution complexity** – does the overall deal or transaction involve multiple steps/a number of smaller inter related deals? Are there numerous conditions precedent that need to be fulfilled? Does it involve many and/or complex regulatory approvals? Are there related debt/equity raising processes and how difficult are they to implement? Was there significant time pressure to conclude the deal/transaction? Did the deal/transaction exhibit innovative structuring?
- **Deal size** – not an over-riding determinant but a significant factor.
- **Potential value creation** – to what extent could shareholders and other stakeholders benefit from the transaction over time?

Please submit all nominations to marylou@gleason.co.za.

that share your social commitment, the overall measure of the long-term success of M&A transactions is most definitely shifting. Financial performance is all very well, but if an investment or acquisition is seen to compromise the acquirer's commitment to, or achievement of its ESG and sustainable development objectives, the longer term damage could be catastrophic.

Of course, the opposite is also true. Which is why it's likely that a company that puts a priority on ensuring it has a very strong social license to operate, will not only increase its appeal amongst customers, but also significantly enhance its perceived value, should the need ever arise to seek out investors or business partners. ■

Rampedi is a Corporate Finance Associate, Nedbank CIB.

Section 65(3) of the Companies Act No. 71 of 2008: Resolutions which may be competently proposed by shareholders


Adam Gordon

In recent years, minority shareholders of companies (such as Standard Bank of South Africa and Sasol) have attempted to propose sustainability, climate risk and other environmentally-related shareholder resolutions to be tabled and voted upon at forthcoming shareholders' meetings.

Shareholders have proposed these types of resolutions, relying on the provisions of section 65(3) of the Companies Act No. 71 of 2008 (Companies Act).

Section 65(3) of the Companies Act provides as follows:

"(3) Any two shareholders of a company –
(a) may propose a resolution concerning any matter in respect of which they are each entitled to exercise voting rights; and
(b) when proposing a resolution, may require that the resolution be submitted to shareholders for consideration –
(i) at a meeting demanded in terms of section 61(3);
(ii) at the next shareholders meeting; or
(iii) by written vote in terms of section 60."

When looking at the wording of s65(3) of the Companies Act, it affords any two shareholders, regardless of their shareholding percentage, the right to propose resolutions to be voted upon by the general body of shareholders in one of the manners stipulated in s65(3)(b) of the Companies Act. Importantly, the wording is explicit in that the matter for consideration must be one in respect of which shareholders are "entitled to" exercise voting rights. What this means is that the resolution must entail a matter which is within the purview of shareholders to vote upon. The section does not permit shareholders to propose any resolution for consideration.

This then begs the question of which matters are matters that fall within the purview of shareholders to exercise voting rights. Moreover, how does this interact with the powers and duties of a company's board.
As s65(3) of the Companies Act is a

right which was introduced by the Companies Act (i.e. it did not exist under its predecessor, being the Companies Act, 1973), there is a distinct lack of judicial pronouncement on the section. Therefore, the starting point to determine the answer to this question is to delve into the Companies Act.

The Companies Act contains a number of sections which expressly refer to shareholder resolutions being required. A few examples of these sections are those that deal with the election and removal of directors[1] and those sections where shareholder approval is legally required for certain transactions[2]. The Companies Act does not expressly extend the powers of shareholders to exercise voting rights beyond the distinct express references to the stipulated shareholder resolutions in the Companies Act.

Following on from this, could one discern that the Companies Act, when read holistically, may impliedly extend the powers of shareholders to exercise voting rights on matters not so expressly listed in the Companies Act? Based on a reading of the Companies Act, it is clear that the contrary is, in fact, the case. In terms of the Companies Act, the default position is that the management of a company is a function which is fundamentally within the purview of the board (save as otherwise provided for in the Memorandum of Incorporation of a company). This is codified in s66(1) of the Companies Act.

The Companies Act saw fit not to allow an express instruction, which relates to specific operational and management decisions, to come from the shareholders to the board. There are sound reasons for this. The main reason is that the board is the body that is bestowed with the necessary operational knowledge and expertise relating to the business and affairs of a company, which shareholders are not. In addition, the members of the board are subject to fiduciary duties in terms of the Companies Act, which shareholders are not. It would create an absurd position if the board were of the opinion that a resolution was not in the best interests of the company, but the board was obliged to act upon that

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resolution because a shareholder had proposed it, and such resolution was approved by the general body of shareholders.

When looking at the common law on this aspect, being the relationship between shareholders and directors, it is clear that shareholders cannot usurp the management functions of the board or interfere in the running of a company. This delineation of authority between shareholders and the board has often been referred to in South African case law.[3] It is important to bear in mind that, having regard to s5(2) of the Companies Act to the extent appropriate, a court interpreting or applying the Companies Act may consider foreign company law. Therefore, the current legal position on the subject matter in foreign jurisdictions (i.e. the meaning and purpose of the equivalent or substantively similar provisions to s65(3) of the Companies Act), as well as any up and coming global trends on the subject matter, could be taken into account by a South African court.[4] This may very well be the case for interpreting the provisions of s65(3) of the Companies Act as this section is still untested in South African law.

It would seem that the purpose of s65(3) of the Companies Act would be to eliminate the manifestation (or possibility) of unintended circumstances. The unintended circumstances being where shareholders have the right to exercise votes on a particular resolution, but their right to do so could be defeated by the fact that the Companies Act, as read with a company's Memorandum of Incorporation, would not allow the shareholders to table that resolution to be voted on. Absent s65(3) of the Companies Act (and s61(3) of the Companies Act, for that matter) applying by default (if not altered by a company's Memorandum of Incorporation), the board could, for example, preclude shareholders from proposing amendments to the memorandum of incorporation of a company and preclude shareholders from proposing resolutions to appoint and remove directors[5]. Section 65(3) of the Companies Act is actually an essential section to avoid an abuse of power by the board. Of course, this is with the caveat that the section does not extend to allowing shareholders to vote on any matter whatsoever. When a resolution is proposed by shareholders, the content of the resolution needs to always be considered. The board needs to determine whether a shareholder resolution proposed in terms of s65(3) of the Companies Act, as read with a company's Memorandum of Incorporation, could be an attempt by the shareholders to usurp the powers of the board. Although s65(3) does not expressly permit the board to consider this and make this determination, it is submitted that the board not only has such a right to make this determination, but also has a fiduciary duty to make it. A good example of why this ought to be the case is because the board should not allow company funds to be wasted by putting futile resolutions to shareholders. Moreover, the board should not permit shareholders to operate under the misapprehension that passing these types of resolutions would be a valid action taken by them.

In light of the above, there is a strong argument for a board to put forward a statement that it is not obliged to table these types of resolutions in front of the general body of shareholders to vote upon. The reasoning for this is because the board will always be subject to their prevailing fiduciary duties. This is regardless of the wishes of the general body of shareholders.

It is also important to be mindful of s61(2)(a) of the Companies Act which provides as follows:

"(2) Subject to section 60, a company must hold a shareholders meeting –

(a) at any time that the board is required by this Act or the Memorandum of Incorporation to refer a matter to shareholders for decision…"

Section 61(2)(a) of the Companies Act still has to be interpreted in light of the court decisions where it has been held that the board can legitimately refuse to call a shareholders' meeting where it is clear that the shareholders are usurping the management functions of the board. It is submitted that, in such a case, the board is entitled to refuse to convene a requisitioned meeting, notwithstanding the peremptory wording of s61(2)(a) of the Companies Act. This is because these types of resolutions would be beyond the powers of the shareholders to pass.

Globally, shareholders are becoming actively concerned and interested in the environmentally-related issues of companies. There is an increasing general belief of shareholders that companies should not limit the shareholders' ability to vote on shareholder proposals that advance certain rights or promote beneficial disclosure by the board.[6] With the pressures of increasing global concern by shareholders over environmentally related issues, companies and their boards will undoubtedly need to remain alert to the possibility of increased shareholder activism and shareholder challenges on such issues. ■

Gordon is an Associate in ENSafrica's Corporate Commercial Department.

Reviewed by Doron Joffe, Director in the Corporate Commercial Department.

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1 See sections 68 and 71 of the Companies Act.

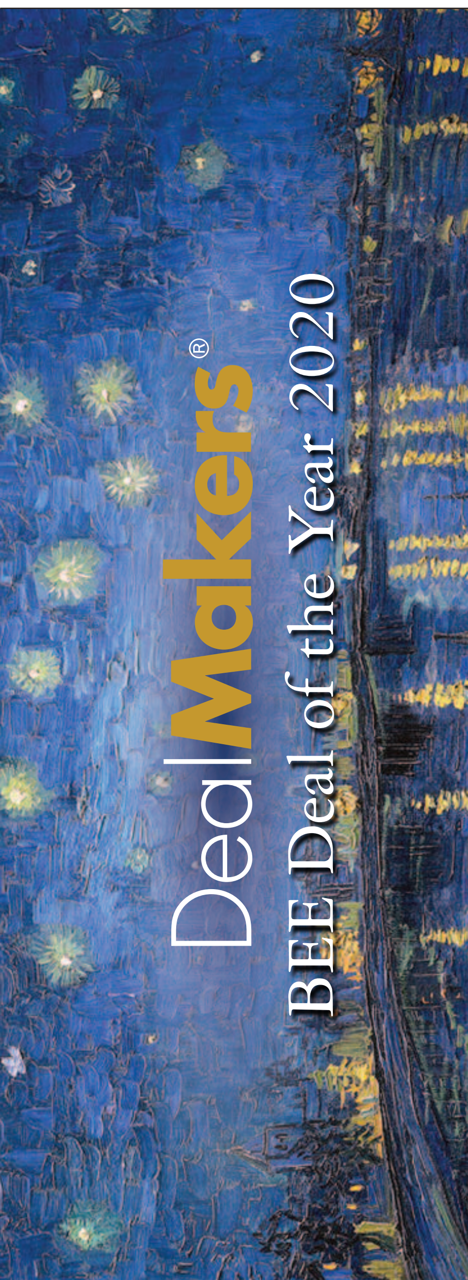
2 See sections 112, 113, 114 and 115 of the Companies Act.

3 See *Van Tonder v Pienaar* 1982 (2) SA 336 (SE) and *Wessels & Smith v Vanugo Construction (Pty) Ltd* 1964 (1) SA 635 (O).

4 See section 249P of the Australian Corporations Act, 2001 which obliges a company to distribute a proposed shareholders' resolution at a general meeting on request of a minimum number of shareholders. Also, see the case of *Australasian Centre for Corporate Responsibility v Commonwealth Bank of Australia* [2016] FCAFC 80 (2016) which confirmed a decision in which the court a quo held that the company was not obliged to table certain proposed shareholders' resolutions at the general meeting even though the resolutions were merely advisory resolutions.

5 These are examples of matters that would fall within the purview of shareholders to exercise their voting rights.

6 Glass Lewis *"An Overview of the Glass Lewis Approach to Proxy Advice: Shareholder Initiatives Guidelines 2019"*.



The award will be unveiled at the Annual Awards in February 2021.

This year will be the 2nd award for the BEE Deal of the Year.

Deals will be nominated for inclusion by the firms involved. For the BEE Deal of the Year, the DealMakers editorial team will produce a short list of those it believes best qualify for consideration with input from the Independent Selection Panel. The papers and press comment on each deal is then bundled and delivered to the members of the Panel.

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Deals will be judged on the following criteria:

BEE Deal of the Year

- **Transformational transaction** – does the deal or transaction transform the business or even the industry in which it operates? What is the extent of potential transformation as a result?
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- **Deal size** – not an over-riding determinant but a significant factor.
- **Potential value creation** – to what extent could shareholders and other stakeholders benefit from the transaction over time?

Please submit all nominations to marylou@gleason.co.za.

Unintended tax consequences for some non-residents after lockdown

Esther Geldenhuys

South Africa's six-month COVID-19 lockdown may have unintended tax consequences. Some non-residents who were unable to leave the country after March 2020 could become tax resident as a result of the lockdown rules.

This is unlikely for foreigners who are tax resident in states that have double tax agreements (DTAs) with South Africa, if the relevant DTA deems them to be exclusively tax resident in the other jurisdiction. On the other hand, it may be an issue for certain other non-residents.

The physical residency test is what might be of concern, specifically for an individual in the sixth year of the test.

Unlike the other ordinary residence test, which is based to a certain extent on the subjective intention of the taxpayer, the physical presence test is an objective test based on the number of days spent in South Africa over a six-year period.

This means that the physical presence test does not consider the intention of the parties or any special circumstances. In effect, one cannot disregard the number of days spent in South Africa, even if it was due to circumstances beyond the control of the individual.

A non-resident could be considered tax resident after South Africa's lockdown if this has resulted in the person being physically present in the country for:

- More than 91 days in aggregate during the current tax year; or
- More than 91 days in each of the preceding five years; or
- An aggregate period exceeding 915 days during the preceding five years.

An individual whose 'days count' is close to these thresholds need not be concerned if he or she can rely on a DTA to remain non-resident.

If the individual is tax resident in a country which has concluded a DTA with South Africa, and if such DTA deems the individual to be exclusively resident in the other jurisdiction, the individual would not become tax resident in South Africa.

In terms of our tax legislation, a person will also not become tax resident in South Africa if, in terms of the 'tie-breaker' test in the relevant DTA, he or she is considered to be exclusively resident in the other jurisdiction. The tie-breaker test generally considers factors such as where the person has a permanent home and his or her centre of vital interest, habitual abode and nationality.

If there is no such DTA, or if the facts do not support an argument that the individual is exclusively resident in the other state, the non-resident's position might be less certain.

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The reason is that South Africa has not announced any relaxation in respect of residency tests as a result of the lockdown.

Various other countries have announced relaxations if a person is forced to be present in his or her country as a result of extraordinary circumstances. However, unlike in the case of the so-called foreign earnings exemption, no announcement in respect of residency tests has been made by National Treasury. There is also no indication that such an announcement could be expected in the near future.

Accordingly, non-residents who had to stay in South Africa during the lockdown must carefully assess their current positions. Specifically, they might want to consider how the lifting of the travel ban could be used to their advantage in the application of the residency tests. ■

Geldenhuys is a Senior Associate, Bowmans

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Despite the "pandemic quarter" and plunging retail sales, SA's agricultural sector remains buoyant

Evon Jeewan

The second quarter of 2020 was aptly dubbed "the pandemic quarter" by Statistics SA, as gross domestic product (GDP) fell by just over 16% between the first and second quarters of 2020, giving an annualised growth rate of 51%.

Historical data at the South African Reserve Bank indicated that this was the biggest quarterly fall in GDP since 1960.

The impact of the "pandemic quarter" was further concretised in October, when a number of retail companies, property funds and mining companies released their half year results or trading updates. Pick 'n Pay anticipated a profit plunge of more than 60% (at end August 2020) and Woolworths 65% (at end September 2020) while Hyprop Investments experienced erosion in the value of its South African portfolio to the tune of R3,9bn. Retail sales figures (in other words, consumer spend) are generally deemed to "take the temperature" of the economy.

Since January this year, the central bank has slashed lending rates by 300 basis points, but economists argue that this will not be enough to revive the consumer sector. The South African Reserve Bank forecasts a GDP contraction of 8.2% in 2020, compared to the earlier forecast of 7.3% in July. Deputy Governor of the bank, Fundi Tshazibana, warns that economic recovery will take some years, with both private and official institutions not projecting a return of GDP to pre-COVID-19 levels until late 2021 or even late 2022. Negative output gaps are expected to be the norm.

Yet, while nearly all South African industries experienced a massive drop in output in the first half of the year, the agricultural sector has shown itself an anomaly by growing almost 30% during the financially turbulent first quarter of 2020. The agriculture, forestry and fishing sector increased by 27.8% on a seasonally adjusted and annualised basis. In the second quarter, the industry expanded by 15.1% with the second-quarter trade surplus 32%

higher than it was a year ago, according to Wandile Sihlobo, chief economist at the Agricultural Business Chamber (Agbiz).

A key factor contributing to the sector's strong performance has been favourable weather conditions which boosted a good harvest in grains and some horticultural products. Additionally, agriculture was one of the few sectors that could continue operations during South Africa's stringent COVID-19 Level 5 lockdown, in that it was declared an essential service (notable exceptions were wine, tobacco, wool and floriculture industries which were constrained during the lockdown).

An article in Mzansi Agriculture Talk reports that in the second quarter of 2020, summer grains and oilseeds were the biggest driver of growth. Maize enjoyed a bumper harvest of 15.5 million tonnes, which is the second largest recorded crop in history. Overall, agricultural exports were kept buoyant through citrus production and exports. Between April and June 2020, agriculture exports were on average 21% above the corresponding period in 2019 which helped the sector to optimise its foreign earnings.
Despite the potential investment opportunities signalled in early 2020 by the robust growth, business confidence in the sector was slow to ignite. The Agbiz/IDC Agribusiness Confidence Index, which is widely regarded as a good indicator of the growth path of the agricultural economy and covers agribusinesses operating in all agricultural subsectors across South Africa, fell from the 50-point mark in the first quarter of 2020 to 39 in the second quarter. This was the lowest level since the third quarter of 2009, at the height of the global financial crisis. (A level below the neutral 50-point mark suggests that agribusinesses are downbeat about prevailing business conditions in South Africa.)

Low levels of confidence were undoubtedly a hangover from the dismal performance in 2019 which saw a 6.9% year-on-year contraction, the second consecutive year of contraction in South Africa's farm economy. Hot on the heels of 2019's disappointment came the broad market uncertainty wrought by the COVID-19 pandemic and subsequent lockdowns. This was further compounded by the unfortunate turn of events at the Land Bank, South Africa's largest agricultural-focused lender and historically sound funding partner for many significant agri-initiatives. The bank defaulted on R50bn worth of loan repayments in April 2020 and, in June, failed to make interest payments of nearly R120m. The Treasury, which guarantees about R5,7bn of the Land Bank's debt, has granted it R3bn in emergency equity funding.

However, as the COVID-19 pandemic regulations came into effect in South Africa, successful collaboration between government and agricultural industries made possible the formulation and implementation of enabling policy frameworks. With the assistance of the Bureau for Food and Agricultural Policy, a weekly value chain tracker was created covering all aspects of the sector. This proved an essential tool in identifying and tackling challenges to ensure the continuity of the sector through the provision of swift support to farmers and agribusinesses during lockdown.

By the third quarter of the year, business confidence in the agricultural sector had begun to pick up, as evidenced by improving scores on the Agbiz/IDC Agribusiness Confidence Index. The turnover and the net operating income sub-indices climbed by 21 and 26 points from the second quarter to 50 and 47 points, respectively. This is linked to large outputs in the 2019/20 production year, coupled with higher commodity prices. The capital investments confidence sub-index improved by 6 points from the second quarter to 44, indicating an improved perception of the financial conditions of farmers following larger harvests and higher commodity prices. The volume of exports improved by 19 points from the second quarter of 2020 to 55 in the third quarter. Economic conditions were perceived to be improving, as seen in the movement from 10 to 19, albeit still far below the neutral point of the fifty-mark.

Pursuing value-unlocking initiatives for agricultural producers and investors, the growth of 2020 makes a compelling case to act on those strategic initiatives that will consolidate and/or strengthen their positions. The sector's current growth outlook could place agricultural producers hoping to expand operations without taking the full risk on their own balance sheets, in a strong position to seek out suitable long-term partners. Exploring the disposal of certain core or non-core assets can concretise sound additional value for the business, be this to raise capital for the business to create liquidity for balance sheet optimisation, or to diversify from a product, geography or currency perspective.

Many South African agriculture groups that remain largely family-owned have never before taken the opportunity to realise value from these multi-generational enterprises. Here, a like-minded incoming investor could enable existing shareholders to realise value without losing sight of the family's interests.

Conclusion

South Africa's agricultural sector is extensive and well known for its varied produce from grapes, maize, soya, nuts, deciduous fruit and citrus, to red meat, wool and poultry production.

The key now will be for stakeholders to act on the sector's strengths, and its testament to having survived a previous tough cycle, to deliver economic growth. As one of the few sectors that seems able to successfully rally against South Africa's economic challenges, agriculture's investment potential is worth exploring. ■

Jeewan is a Principal at Bravura

Disclosing the existence of an *en commandite* partnership

Clem Daniel

In an ordinary partnership constituted under South African law, the moment that parties become partners, each party becomes jointly and severally liable for the debts of the partnership; all partners are joint co-creditors and joint co-debtors *vis-a-vis* outsiders.

However, in the case of an *en commandite* partnership, one of the partners (referred to as the commanditarian partner and commonly also referred to as the "limited partner") contributes money while the other partner acts as the face to the outside world, negotiates with creditors and conducts the general business of the partnership. In the event of loss, the commanditarian partner is liable to its co-partners only to the extent of the fixed amount of its agreed capital contribution.

There is a widely held view that it is necessary to withhold entirely the participation of the commanditarian partner in the partnership from the knowledge of outsiders, failing which the commanditarian partner will also become jointly and severally liable for the debts of the partnership. Sometimes, this creates difficulties in the context of commercial interactions where the disclosure of the commanditarian partner is either necessary or desirable.

The view would seem to have its origin in the statement by Van Der Keessel (a Dutch jurist of the second half of the

18th century and early 19th century) that the commanditarian partner must not "*hold himself out publicly as a partner nor be designated as such in the name of the firm used by the other partner*". This view has subsequently been expressed – and often is quoted – that "*Although he may be described as a partner, the essence of the arrangement is that it must be carefully concealed from the outside world*".

More correctly though, the issue is rather whether an impression is created, either by words or conduct, that the partnership is an ordinary partnership and that creditors of the partner are entitled to rely on the credit of the commanditarian partner.

Van Der Keessel put it that the identity of the commanditarian partner should not be disclosed "*Lest… the persons who contract with the working partner should rely on the credit of the money partner to their own prejudice… it would seem to be required amongst us, where the terms of the partnership have not been made public, that the money partner should not hold himself out publicly as a partner…*" [underlining for purposes of emphasis].

This theme was echoed by the Supreme Court of Appeal in 2011 in *Van Oudtshoorn v Investec Bank Ltd*[1] when it addressed the "*misconception of the legal effect of such disclosure*", making clear that it is not the "mere fact of disclosure" that serves to render the commanditarian partner liable but that "*the reason for anonymity*" is to avoid a situation in which "*third parties [are] induced to deal with the managing partner in reliance on the credit of the other members of the partnership*".

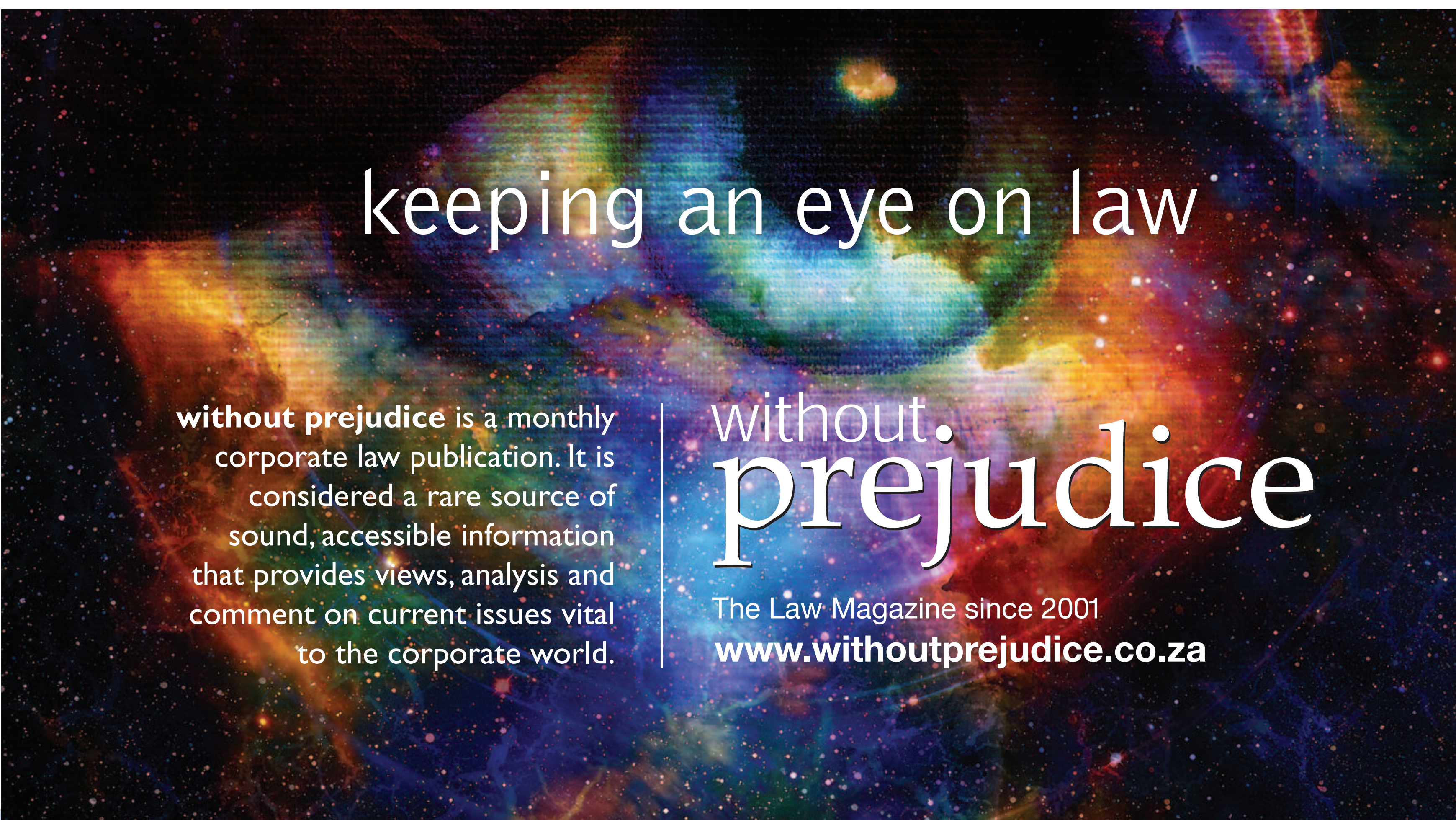
As was succinctly expressed in *Mmabatho Food Corporation (Pty) Ltd v Fourie en Andere*[2] "*those persons to whom the true position is known will not be misled*".

In summary, there is no good reason not to disclose the existence of an *en commandite* partnership or the identity of the commanditarian partner, provided that the true terms of the partnership insofar as it relates to its commanditarian nature are disclosed to those persons with whom the partnership deals. ■

Daniel is a Director in Corporate & Commercial, Cliffe Dekker Hofmeyr.

1 (588/10) [2011] ZASCA 205 (25 November 2011)

2 1985 (1) SA318 (T)



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Infrastructure plans - Harith and EPPF weigh in

What's next for PE in Covid aftermath?

Will big tech be caged?

FROM THE EDITOR'S DESK

Over the past forty years or so, the corporate world has been thriving on debt as government policymakers, particularly in the US and Europe, have inflated credit and money supply to keep the unemployment rate low.

The economic community justified the use of debt by theorising that changes in a company's debt/equity ratio had little or no effect on a company's cost of capital.

But times have caught up with this use of debt, as the coronavirus pandemic and the economic recession have wreaked havoc in the businesses that have over-leveraged their balance sheets.

Standard & Poor's recorded 88 corporate bond defaults through the second quarter of 2020. Millions of smaller businesses have gone under.

Goldman Sachs has reported that the shares of companies with stronger balance sheets "have massively outperformed those with weaker ones…."

But, the debt problem is all over the place. Sovereign debt throughout the world is pushing records everywhere; and debt is overwhelming many smaller sectors of the business community.

In South Africa, we have a different problem with the cost of capital being inflated by sovereign risk. This means that the real rate of return that companies have to achieve to compete with government bonds at 9% plus equity risk premium of 5% is 14%.

While the rest of the world pumps more liquidity into the system, South Africa is paddling in the other direction.

Brian Kantor, economist and head of the Research Institute at Investec Wealth & Investment puts it this way:

"Assume an investment world with income, initially 100, expected to grow at 5% p.a. over the next 20 years. Assume a developed world discount rate of 6% - 1% which is all that is available from government bonds, plus an assumed 5% extra for risky equity. The present value of this expected income or cash flow stream will be 320. Moreover, 81% of its current market value can be attributed to income expected after 5 years. The same business, with the same prospects in SA, and with the same risk premium, but competing with government bonds offering 9%, would have future income discounted at 14% p.a. That is at more than double the discount rate applied to an averagely risky investment in the developed world. It would have a present market value of 116, about a third lower. And, of which, only 54.9% of its present market value will be attributed to income to be expected after 5 years. Inexorably forcing such a business to adopt a much shorter focus with far fewer viable investment opportunities."

The one message that President Cyril Ramaphosa's administration must understand is that reforms should be aimed at reducing the cost of capital. Anything short of that will not see the necessary investment flowing into the real economy, and growth – with all the jobs and prosperity and good things that are tucked into its slipstream – will remain as elusive as the status quo is stultifying. ◆

Michael Avery

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Catalyst

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Eskom CIO calls for Asset Owners Forum to Spur Infrastructure Investment

Predictably, President Cyril Ramaphosa's Economic Reconstruction and Recovery Plan placed a grand R1trn infrastructure plan (leveraging up to R660bn of 'crowded in' private sector capital, or so it is hoped) at the centre. But plans are wearing thin and only execution matters at this late stage, to pull South Africa back from the brink of failed statehood.

Catalyst sat down with one of the leading infrastructure-focused general partners, Harith – the country's second largest defined benefit fund, The Eskom Pension and Provident Fund – and private equity advisory firm, RisCura, to thrash out what happens next to unblock the constipated infrastructure pipeline.


Emile Du Toit

Harith General Partners started investing in infrastructure in 2007.

Emile Du Toit, MD: Fund Raising and Liabilities Management at Harith General Partners, is as credentialed as they come in this space, having headed Corporate Finance at the Development Bank of Southern Africa in South Africa for several years before joining Harith in 2011.

Harith manages two pan-African infrastructure funds with a combined commitment value of just over US$1bn.

"And our investors are all African-based investors as well," Du Toit points out.

"We've had 13 years of experience investing in various infrastructure projects, ranging from power to transport to telecoms and, by and large, the experience has been exceptionally good. Early on, we clearly had some lessons to learn about how to invest in certain parts of Africa. But over the period, we've managed to hone our risk management skills and identify the projects where we can provide good risk-adjusted returns to our investors, the bulk of which are pension funds and DFIs. It's important for us to ensure that we provide those long term consistent cash flow returns, and that the risks are well mitigated. Whether you talk political risk or currency risk. Those are really the value adds that we have as portfolio manager."

But what about COVID's impact on the asset class?

"I think as we've seen coming through this COVID period, our entire portfolio has held up extremely well," says Du Toit. "There are obviously some elements of longer-term impacts on power projects, for example, but where we've seen the biggest impact is in a certain section of the transport sector, which is the airports. We are also a big investor in Lanseria and that's clearly been severely impacted by the COVID crisis."

Du Toit hastens to add that the rest of the portfolio is benefiting from the fact that infrastructure assets are, primarily, essential services; whether its power, fibre telecoms, water, or transport such as ports, which has meant that it has proved to be a very good defensive asset class, especially for pension funds.

"Our argument has always been that infrastructure is the foundation of all other asset classes. In order for other assets in your portfolio to grow, you have to have sustainable infrastructure in the country or region where you are investing."

And the proof really is in the fact that Harith has almost fully invested its second fund and is starting a new fund-raising cycle.

In the South African environment, pension funds are increasingly looking at this space, perhaps driven by where South Africa finds itself.


Ndabe Mkhize

Du Toit says he's seen different countries on the continent going through these cycles, and he believes that the South African space is opening up and becoming a very large area of potential investment for Harith in the future.

Ndabe Mkhize is Chief Investment Officer of the Eskom Pension and Provident Fund, which is a giant on the African continent with more than R150bn of assets under management (AUM) and more than 80,000 members.

"We have responsibilities to our members to manage our assets responsibly," says Ndaba. "We have to invest for the long term and to ensure we have enough assets to meet our liabilities as they fall due. We look at assets that diversify our exposure. Infrastructure and real assets like property are good assets because they provide high returns, double digit returns, and lower risk. If you look at private debt, it tends to have lower loss ratios than some of the corporate debt [being offered]."

Ndaba points to the economic multipliers as a key non-financial metric that is attractive to the EPPF because it offers the ability to have job-creating growth and drive impact, especially as the country is looking to catalyse growth in the wake of COVID-19.

"Infrastructure assets will be able to give us that push to restart the economy. More importantly, our members don't have to wait for retirement before they start enjoying the benefits of the pension fund. They can start

"Infrastructure assets will be able to give us that push to restart the economy. More importantly, our members don't have to wait for retirement before they start enjoying the benefits of the pension fund. They can start enjoying exposure to some of the investments we are making, be it in affordable education and affordable healthcare under the social infrastructure bucket, or the economic infrastructure in renewable energy or in telecoms and transport [such as] in dry ports. The Canadians, the Australians and other international pension funds have been playing this game for a long time and we just need to catch up with them." - Mkhize

enjoying exposure to some of the investments we are making, be it in affordable education and affordable healthcare under the social infrastructure bucket, or the economic infrastructure in renewable energy or in telecoms and transport [such as] in dry ports. The Canadians, the Australians and other international pension funds have been playing this game for a long time and we just need to catch up with them."

And the reason that South Africa has been lagging behind the rest of the world when it comes to private sector participation in public infrastructure is largely a legacy of the apartheid era, when state-owned enterprises were created to insulate the country from sanctions and wound up dominating their vertical sectors and becoming monopolistic behemoths; a structural feature of the South African economy that worked well when these behemoths were better managed and also enjoyed the added benefits of artificially cheap inputs in apartheid-era labour and sweetheart iron ore pricing for steel, for example.

"So the development of new projects or sponsors coming to market, pitching new projects, has not really been as active in SA as other places," says Du Toit. "But with the position we find the country in at the moment, and with government opening it up to more public private partnerships, I think these opportunities will open up."

And the belief is that, despite the political and currency risk that South Africa presents, investors will go where there are good opportunities to invest and where the ground rules are known.

"I think we are in a very exciting stage in SA, where a lot of people are willing to look at these projects," says Du Toit, referencing some of the recently gazetted Strategic Infrastructure Projects. "Clearly, some development of projects needs to take place. That's often been a bottleneck in many places, and especially in SA. But I don't think those stumbling blocks are very difficult to overcome. We've been looking at the South African market for a long time and we've probably invested about 20-25% of our portfolio already in SA, and we potentially see that growing going forward."

Ndaba adds the fact that the asset class lacks profile among pension funds trustees as a key choke point to its growth in the past.

"The availability of bankable projects, as well. I would also add that we've also seen high due diligence costs. Information asymmetry, meaning the person who is selling the infrastructure project knows more about it than you do, as well as the lack of skills to be able to analyse the proposal being made by private equity or private markets players, and to see whether those are relevant to the pension fund. We believe, though, that those challenges can be overcome."

One of the biggest recurring themes that Ndaba says he has seen in South Africa and across the continent is the trust deficit between members of pension funds and government and the public at large. "People do not trust their governments," he says bluntly. "They know that they need things like energy and digital healthcare, but they don't trust that government will be able to do what it says it will do."

It's unfortunate for the African continent because we are seeing international players investing in this asset class and, therefore, benefiting their economies.

So what has to happen to shift the narrative?

Ndaba believes that the creation of something akin to an asset owners' forum, where the pension funds and other institutional investors can come together and talk peer to peer (when you are not listening to a 'silver-tongued private equity player trying to sell you something') is a step in the right direction.

"And finding a way of sharing those high due diligence costs in financial, commercial and legal aspects, being able to negotiate even more meaningful fees with those private equity players, and to upskill the trustees at the same time. And lastly, to be able to engage with government so that the trust gap can be closed. To look at the terms to make sure there is transparency and good governance. We believe that it has to be done and we cannot sit on the sidelines and wait for government to be trustworthy. The large institutional investors need to come together with a plan and make sure this asset class is understandable."

On the point of ensuring that there is no ambiguity about what needs to happen, the Association of Savings and Investment South Africa (ASISA) recently introduced the infrastructure standard.

ASISA is a non-profit company formed in 2008 to represent the savings, investment and insurance industry that contributes trillions of rand to South Africa's economy. Some put the AUM of its collective memberships at R8trn.

Heleen Goussard, Head of Alternative Investment Services at RisCura, believes that ensuring clarity will help guide decision-making and improve allocation to the asset class into the future.

Heleen Goussard

"When we say we want to increase the funding that goes to infrastructure, the first thing we've got to do is decide, what does infrastructure mean? So that when we speak to an investment fund that is offering its product to the market, for example, and they say this is an infrastructure product, we know we are talking the same language when we go from one fund to the next fund. In addition, when asset owners, like the pension funds, want to report, there is some consistency on what that means," says Goussard.

Infrastructure, like most other asset classes has some overlaps and, in some areas, it does not appear immediately apparent whether it is part of the asset class. There is also a debate about whether it is indeed an asset class or whether it's an investment theme, which is not necessarily the most relevant.

"In the longer term, once we know what it means, we can then report on levels of current exposure and ongoing exposure," explains Goussard.

"Then, even longer term, we can start reporting on returns of the asset class."

This also allows us to start analysing the risk profile against performance and whether the two match up for investors.

The bottom line for Du Toit is that capacity exists to speed up delivery, and South Africa needs to leverage the skills that it has in the country.

"There is a significant skills base in the private sector," says Du Toit, "in private equity fund managers like ourselves, or within the banks who have been significant providers of infrastructure debt, for example, on the continent and in South Africa. And then we also have a very strong legal profession, in terms of expertise in structuring these projects. The real difficulty is that pension funds will find it very difficult to invest directly into greenfield infrastructure projects because of the level of financial and legal structuring, which is extremely complicated. Sometimes, it takes us three to four years to finalise a project before we can start building.

Government needs to even the playing field, firstly, between the public and private sectors so that, for example, areas where Eskom and Transnet have had a monopoly are opened up to the private sector on a competitive basis.

"The real issue is that if you offer infrastructure projects on a competitive basis, you will find the capital chasing those projects. And ultimately, what you do is you bid on the end price of the infrastructure, so you get private sector players bidding for the lowest possible provision of infrastructure to the public, at a very high quality. And the benefit in structuring it that way is that you don't have these risks on cost overruns and time overruns that we've seen in some of the large public sector projects. There just needs to be good differentiation between who the players are, what the rules are, who the referees are, and the fact that government can't be all three."

Has the president's plan assuaged those concerns? Only time will tell. ◆

How will GPs and LPs adapt to the new normal?

While the COVID-19 pandemic has dented economies badly, downturns always reveal pockets of investment opportunity. One of these is private equity which is currently sitting on mountains of dry powder – an estimated $2.5 trillion (at December 2019) according to Bain & Co.

Jacolene Otto

This extent of dry powder points to vast opportunities that are likely to open up in the coming years, especially as governments and the private sector seek to boost economic growth through infrastructure projects. Another major current and future investment trend is in technology where private equity is also able to unlock opportunities.

“...a positive outcome from the bleak COVID-19 landscape is that communication and transparency in the private equity sector will improve, which can only bode well once dry powder starts being used.”

How will GPs and LPs change to the new normal?

There are likely to be some changes in the way GPs and LPs interact and collaborate. LPs can see that there are opportunities and they will need GPs to demonstrate how they are planning to take advantage of these opportunities. There will likely be increased communication between GPs and LPs with each trying to understand the other’s perspectives so that they can collaborate to the benefit of investors.

There will also be stronger communication between GPs and portfolio companies. Portfolio companies need to reveal their strategies and processes in more detail, in order for GPs to understand the potential risks before allocating capital and resources to help mitigate these risks.

The largest asset allocators in the private equity industry are institutional investors such as pension funds and development finance institutions, who invest in private equity knowing it is a long-term play. As LPs, they will be looking at how their GPs have responded to the crisis and adjusted to manage risk. Asset classes will be impacted to varying degrees by the pandemic - LPs are focusing on how GPs are responding to this and helping their portfolio companies to stabilise throughout the pandemic.

Otto

In short, a positive outcome from the bleak COVID-19 landscape is that communication and transparency in the private equity sector will improve, which can only bode well once dry powder starts being used.

Investment trend to ESG

ESG is nothing new to the private equity industry, with allocators such as development finance institutions allocating millions to ESG investments. But what is now clear is that ESG is no longer a tick-box exercise in the due diligence process. Daily, the investment media write about a changed world post-COVID-19, a more caring world where precious resources are safeguarded and communities are helped through infrastructure investment, with a concomitant focus on governance.

And so, there is likely to be a greater focus on understanding ESG factors, particularly governance and the impacts on underlying portfolio companies, regardless of whether a fund has an ESG focus.

Work from home – has it hindered private equity?

Enhanced Business Continuity Plans (BCP) are forcing firms to identify weaknesses and tackle issues head on. Key service providers have been subjected to even more stringent oversight. For example, do firms understand the BCP plan of their administrator and how that impacts their business and the service they receive?

Technology, of course, has come to the fore with virtual meetings enabling more or less business as usual – and making business more efficient as the need for travel is obviated. Indeed, fund raising and deal making have continued with GPs, LPs and portfolio companies adapting quickly to continue meeting prospective investors and investments virtually.

Managers are continuing to complete transactions remotely. Board meetings, due diligence and document signing are all being done remotely and while this will return to some normality after lockdown, it should help to streamline certain processes.

In sum, private equity appears not only to be adapting well to the new circumstances, but changes have led to positive behavioural trends. The industry will truly take off again once that mountain of dry powder starts to be catalysed. ◆

Otto is Head of Private Equity & Real Estate, Maitland

Big tech – cage the tigers, or unleash the hounds?

A lawsuit filed by the United States Department of Justice (DOJ) against Google, one of the biggest in the history of American antitrust, follows months of debate by competition lawyers and economists around the world about how to deal with "Big Tech". Last week, our Competition Commission joined the debate, with the publication of a discussion paper on competition in the digital economy.

Heather Irvine

The DOJ complaint alleges that Google has monopolised search advertising and that

"American consumers are forced to accept Google's policies, privacy practices, and use of

personal data; and new companies with innovative business models cannot emerge from Google's long shadow." It alleges that Alphabet Inc. maintains its status as a gatekeeper through an unlawful web of exclusionary and interlocking business practices which shut out competitors. For example, the government alleges that Google uses its substantial advertising revenues to pay mobile phone manufacturers, carriers and browsers to pre-set Google as the default search engine. Google has vociferously denied contravening any competition laws. In its press statement on the complaint, Google admits that it pays to promote its services, just like a cereal brand might pay a supermarket to stock its products at the end of a row, or on a shelf at eye level. For digital services, the home screen is the equivalent of an "eye level shelf" which, in the mobile phone space, is controlled by Apple, as well as companies like AT&T, Verizon, Samsung and LG. In the desktop computer space, that shelf space is controlled by Microsoft.

The DOJ lawsuit follows the publication of a report on competition in digital markets by the United States House of Representatives Antitrust Committee, after a 16-month investigation, which concludes that *"companies that once were scrappy, underdog startups that challenged the status quo have become the kinds of monopolies we last saw in the era of oil barons and railroad tycoons."* The report alleges that *"by controlling access to markets, these giants can pick winners and losers throughout our economy. They not only wield tremendous power, but they also abuse it by charging exorbitant fees, imposing oppressive contract terms, and extracting valuable data from the people and businesses that rely on them."* It suggests that United States lawmakers should define a new standard for antitrust violations, to ensure that competition law is *"designed to protect not just consumers, but also workers, entrepreneurs, independent businesses, open markets, a fair economy, and democratic ideals."*

This echoes a growing chorus of policy recommendations at European Union and European national levels for new 'ex-ante measures' in order *"to ensure that markets characterised by large platforms with significant network effects acting as gate-keepers, remain fair and contestable for innovators, businesses, and new market entrants".* It is proposed that these 'up front' rules should apply to all digital firms – regardless of size –

Irvine

"It is by no means clear that any of the more drastic measures which are currently being contemplated in the United States or Europe could be swiftly implemented in South Africa."

in order to set the ground rules for how they interact with consumers and competitors at all times – rather than merely tackling them piecemeal, if they decide to merge, or engage in conduct which causes customers or competitors to complain to the competition authorities.

The South African Competition Commission's paper on the Digital Economy, published just a week before the DOJ's lawsuit, asks what our authorities should do in order to preserve contestable digital spaces in South Africa, and ensure that the digital revolution contributes to transformation and inclusive growth. It suggests a series of interventions, including enhancing the scrutiny of digital mergers and applying new provisions of the Competition Act to restrict abuses by dominant online platforms which purchase from small South African suppliers. However, all of the remedies proposed by the Commission would occur within the existing statutory framework which empowers the Competition authorities, as well as the Consumer Commission and the Information Regulator. It is by no means clear that any of the more drastic measures which are currently being contemplated in the United States or Europe could be swiftly implemented in South Africa. Firstly, there is a jurisdiction problem: the Competition Appeal Court recently made it clear, in a decision on the Commission's attempt to prosecute several offshore banks for alleged forex price fixing, that the Commission has to demonstrate that it has jurisdiction over both the company and the conduct which forms the subject of a complaint, by demonstrating "sufficient connecting factors" to South Africa. This may not be easy, with respect to some of the global "digital gatekeepers". Secondly, while our legislation does allow for the Competition Tribunal to make interim orders pending investigation by the Commission, like those being applied in Europe, very few applications for interim relief have been granted to date, mainly because the Competition Tribunal has required that complainant's seeking this kind of remedy show that they will suffer "irreparable harm". It is particularly challenging to show this in complaints about exclusion of rivals in digital spaces. Lastly, South Africa has a poor track record when it comes to successfully applying ex ante regulation. The Electronic Communications Act (**ECA**) enables the Independent Communications Authority (**ICASA**) to define relevant product, geographic and functional markets, to identify licensees which wield significant market power (or dominant firms) in those markets and, if it finds that the normal competitive functioning of the market has failed to apply pro-competitive measures, to foster competition. Whist ICASA has regulated wholesale mobile call prices using this process, this was interrupted by High Court litigation and took several years. Subsequent inquiries by ICASA – in terms of section 67 of the ECA – to address high mobile data prices, as well as a persistent lack of competitors in subscription television broadcasting, have stalled. Although both the Commission and ICASA have jurisdiction to deal with competition complaints in the communications and broadcasting sectors, to date, not a single complaint about an abuse of dominance has been litigated by either authority.

The most immediate outcome of the Commission's report seems likely to be a market inquiry into competition in the digital sector by the Commission, in terms of the Competition Act. This would at least allow the Commission to study the South African elements of the various digital markets in detail, and to identify whether there are barriers to South African competitors, or practices which harm local consumers when they search, shop or socialise online. The Commission has been able to score some quick wins for smaller competitors as a result of these inquiries in the past – for example, by concluding agreements with the major retailers to eliminate exclusivity provisions which hamper smaller retailers from leasing space in large shopping malls. The Commission has also used these inquiries to extract promises of short-term relief for poorer consumers, for example, by means of agreements reached with the mobile operators to eliminate higher priced, lower volume data bundles.

However, deeper structural changes to enhance competition in digital markets in South Africa over the longer term are likely to require extensive legislative changes. This typically takes years: for example, a previous round of proposed amendments to the ECA has been mired in the parliamentary process for more than 2 years and, so far, no bills have been tabled to address the concerns about competition in the communications sector, as identified by the Commission in its report on mobile data prices. Amendments to the Competition Act, late last year, enable the Commission to approach the Tribunal for an order compelling a company to sell part of its business pursuant to a market inquiry. In theory, this could provide the mechanism for the Commission to force the "break up" proposed by the US lawmakers – but the new market inquiry provisions are poorly drafted, and digital firms facing litigation or regulation in multiple jurisdictions may be far more willing than the local retailers or mobile networks to test the Commission's findings and proposed remedies in the Tribunal, the Competition Appeal Court, and beyond.

Any regulation – whether by the Commission after a market inquiry or a complaint, or 'ex ante' – will have to balance consumers' needs to access innovative (and often free) online services, with the broader "public interest" imperatives envisaged in the Preamble to the Competition Act, which include providing small and historically disadvantaged suppliers with an opportunity to participate fairly in the national economy. The national lockdown has driven millions of South Africans online, and poor consumers, in particular, are increasingly dependent on services like Facebook for access to education and healthcare information. The pace of this digital revolution in South Africa will only increase after the planned spectrum auction. The question for competition authorities, including our own, is likely to remain: how to regulate digital companies in a manner that doesn't harm consumers and hinder innovation. ◆

Irvine is a Partner in Bowman's Competition practice.

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THE VALUE OF KNOWING

HAVAÍC sees growth in the pandemic aftermath

In the context of the social and economic realities that we are all witnessing as a result of the COVID-19 pandemic, it is our belief that technology-led cloud-based businesses, solving real world problems with the ability to scale and adapt quickly, are best placed to weather this storm, and even to thrive.

Ian Lessem

In this low touch and socially distant world that is our reality, three themes continue to emerge.

First, the important role of technology in the post COVID-19 world and how this crisis has acted as a catalyst for technology adoption. Second, the economic necessity to support SMEs in this time, as well as post this crisis; and third, the interconnectivity of societies and economies and the importance of supporting local while still thinking global.

However, it does feel that while these high level themes seem to be widely accepted, very few seem to have practical insights into the world of African tech and innovation and, in particular, how this is woven into the many SMEs that go largely unnoticed. Within a rapidly evolving and growing technology-enabled world, the difficulty is that you simply don't know what you don't know.

At HAVAÍC, we continue to work with, support and interact with many local, technology-driven SMEs and entrepreneurs

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who are serving local and international clients and operating in global markets, yet little is known about them locally. And if you don't know about them, then through no fault of your own, you are unable to utilise their solutions, to support them and, importantly, to learn how they could provide important services to help you and your businesses, or serve the greater local economy.

We are fortunate that the nature of our activities affords us the opportunity to see this local innovation in action. We invest in and work with early stage technology businesses, i.e. tech enabled SMEs.

So far, many SMEs are fairing comparatively well in this crisis. In fact, many are even thriving, hiring staff, releasing new products and attracting new clients. Not only through our portfolio, but through our daily engagements, we see a myriad great examples of relevant African tech businesses commercialising their solutions the world over. Our thesis is to invest in businesses that solve real world problems and, in particular, our healthtech, safetech and digital business solutions, all of which run off the cloud and are supported by a virtual scaleable workforce, and which are proving to be very resilient in these challenging times.

CASE STUDIES

Two great examples include a Johannesburg-based high growth company in the safetech space – AURA – and a Nairobi-based post-revenue start-up in the fintech space – Tanda.

AURA solves the problem that existing security services face because they only provide location-specific solutions; yet people are exposed to crime irrespective of location. Using their technology-driven control room and smart phone GPS-enabled solutions, AURA provides clients with access to the nearest available responder. Building on their success providing on-demand access to security, AURA has extended its solution to emergency services, such as ambulances and paramedics.

Lessem

With access to 180 private security companies and 182 emergency response companies, and coupled with their proprietary technology, AURA is set to become the leader in on-demand emergency services.

While there are many examples of the ways that AURA has become more relevant post the COVID-19 outbreak, one unique example is the need for their clients, which include large blue-chip corporates, to provide affordable and reliable access to private security for their employees, while working from home. With clients such as multinational banks, whose employees can access the bank's proprietary systems from home, demand for AURA's solution has spiked as a result of the crisis. One may argue that this trend may pass; however, with many of these corporates realising that their employees can, in fact, work effectively from home, and with the significant cost savings that WFH has created by reducing property and travel costs, it is clear that this trend is here to stay.

Tanda has developed a mobile-based tech platform that can expand a microretailer or *duka's* product offering from basic consumables to financial services such as airtime, electricity, bus tickets, insurance and ATM services, at the lower end of the consumer pyramid.

Tanda is the fastest growing retail distributor of such products in sub-Saharan Africa. In less than 12 months, it acquired 7,000 agents (duka owners) – 4,700 in Nairobi county and the rest in 30 counties across Kenya – at an acquisition cost substantially lower than traditional industry players.

As a result of the COVID-19 crisis, and with 80% of retail trade in Kenya already taking place at the 'duka' or informal level, the localisation of population buying patterns has increased even further, and beyond the basic purchase, as seen by a dramatic increase in services provided by Tanda. What the crisis has done is change the mindsets of consumers who may have, pre-crisis, travelled in crammed and expensive taxis into city centres to buy health insurance; now, they simply have to put on a face mask and walk a few hundred meters to their local "convenience" store to buy these types of policies.

REPRICING OPPORTUNITIES

From an investor's perspective, global volatility and uncertainty has resulted in significant repricing across assets. To sophisticated investors, this offers significant investment optionality and opportunities, and for the venture capital sector, it means that the higher returns (albeit off a riskier base) that they once offered investors on a stand-alone basis, may simply no longer be good enough. However, when one starts thinking through the current cycle of volatility and considers that what was once a great business may no longer be so, due to changes in social behaviour and new economic norms, the historically "safe bet" may now, in fact, be the riskier bet.

And what was once perceived as riskier, but is a tech-enabled, cloud-based, scalable business with low overheads, a highly functional virtual office, global reach and experienced tech-savvy management team, may in fact be the new safer bet.

Furthermore, with an increased awareness around community connectivity when making investment decisions, now more so than ever, we need to carefully consider how this affects the rest of our economy, and society at large. It has become increasingly apparent that it is no longer enough to simply invest in companies like Netflix or Amazon under the premise that they are a COVID-19-proof safe bet; consideration must be taken as to the benefit to our local economy. Smart investment decisions now need to include an awareness of this connected community and an understanding of how investment decisions can impact not only investors personally, but also the economy that they participate in.

It is clear that unlocking technology and the SME sector is key to securing our continent's economic future. Be it Tanda providing cashless payment solutions for the unbanked, or AURA creating access to a private security force of over 2,500 security personnel with the ability to respond to crime within 3,5 minutes, we have it all here in Africa; and venture capital, when applied smartly, when applied to technology and when applied locally, can have a positive impact on not only investors' returns and their greater community, but also their economy.

At HAVAÍC, we provide just that – access to investments in technology-enabled local businesses that are well-placed to survive and thrive during and post the COVID-19 crisis, all while uplifting the local economy and delivering returns to investors. ◆

Lessem is Managing Partner of HAVAÍC – an early-stage, high-growth technology VC investor

Impact investing gets COVID-19 boost

Over the past two years, South Africa and the rest of the continent have been ablaze with the concept of impact investing. This was after the fire was ignited in the southern-most tip of the continent, with South Africa joining the global movement when it was inaugurated in New Delhi, India in October 2018.

Elias Masilela

During our acceptance speech, South Africa fully embraced impact investing and proposed it as the Marshall Plan for Africa. This was after observing wide ranging policy failure and leadership gaps across the continent. Impact investing was seen as a solution to these gaps, living up to the expectations of the SDGs (sustainable development goals).

Fast forward to March 2020, South Africa was plunged into a deep and dark pool, in the form of the lockdown, owing to the unprecedented COVID-19 pandemic. Policy and leadership were further challenged and impact investing, yet again, was elevated to the top of the policy-choice pile. This has since been the agenda-setting movement, as a solution out of the crisis that the world finds itself in. However, for this intervention to be supported and successful, it should be believed by those it is meant to assist. Impact needs to be seen and felt. Therein lies the importance of measuring and managing impact – thus the historic publication and launch of the IMM Report[1].

Definition

It is instructive at this stage to clarify what it is that we would be measuring and managing, for practicality. In this regard, it is important to have a common understanding of what impact investing means. While there are many versions of what it means, the one definition that has been established for our purposes in South Africa and the continent is not too dissimilar from its meaning globally. This working definition is that impact investment is a new emphasis on investment philosophies. It is about investing for a measurable financial and social or environmental return. Investment that can help to tackle these imbalances (financial, social and environmental) in a way that adds up for everyone, delivering sustainable funding for service providers; financial returns and impact for investors and entrepreneurs; and breakthrough ideas that lead to lasting improvement for the world.

In short, it is about investments that have a positive human impact.

Masilela

That is why we need to show those whom we aim to assist that impact is real; that it is about people, not just money. The IMM report is going to provide an integral contribution to the integrity of the impact movement. But this needs to be well understood and have meaning to practitioners, owners of capital and those who manage this capital. It is important that they apply the principle correctly, transparently and consistently.

Applied right, impact investments have the potential to make a significant contribution to important outcomes and improve human conditions. In this regard, proposed is a framework that is premised on five pillars, namely:

- Strategy,
- Origination and structuring,
- Portfolio management,
- Exit, and
- Independent verification.

The last pillar is, for me, the ultimate test. Are we doing this for good or for narrow and short-term interests? Impact measurement and management takes over from this point and ensures the integrity, as well as robustness, of the impact investing process. It further keeps us in check with our domestic and global obligations (NDP, SDGs etc). It ensures improvement of our capitals (financial, natural, human, manufactured, social, relationship and intellectual). Finally, it gives confidence to all citizens that impact is working for them and not just a leadership elite, as we have been observing over the years.

This is critical because, if people do not see the result, they will stop believing and may revolt against what they see as failed promises. People will only see impact if the results are both visible on the ground and systematically documented.

> "Gone are the days when we looked up to government to do things for us. We now have to lead and do things ourselves."

As Sir Ronald Cohen once said, "If impact is a rocket to take us to our end-goal [the end-goal here being the eradication of inequality], then measurement is the navigation system". This simply means that without measurement, we are unlikely to realise our dreams.

I would like to extend this analogy even further by sharing a set of identities that a mentor of mine, Themba Gamedze, used to summarise a presentation I gave to the GEPF Board in January of 2020. He smartly summarised it by saying: "So, what you are telling us is that ESG is equal to 'do no harm'. Whereas impact investing equals 'to do good'". I could never have hoped to put it any better. This uniquely adds to the existing body of economic thinking.

What is our role?

Whenever I talk or write about impact investing, it is always with the aim of identifying and owning our roles as individuals, as well as groupings. Gone are the days when we looked up to government to do things for us. We now have to lead and do things ourselves; change our futures for ourselves. In particular, I am looking at that part of the private sector that commands and influences significant amounts of capital, such as pension funds, family funds, private investors, trustees and money managers. In here, I would also include the foot soldiers of the impact movement across the continent. What are the respective roles of each of these groupings?

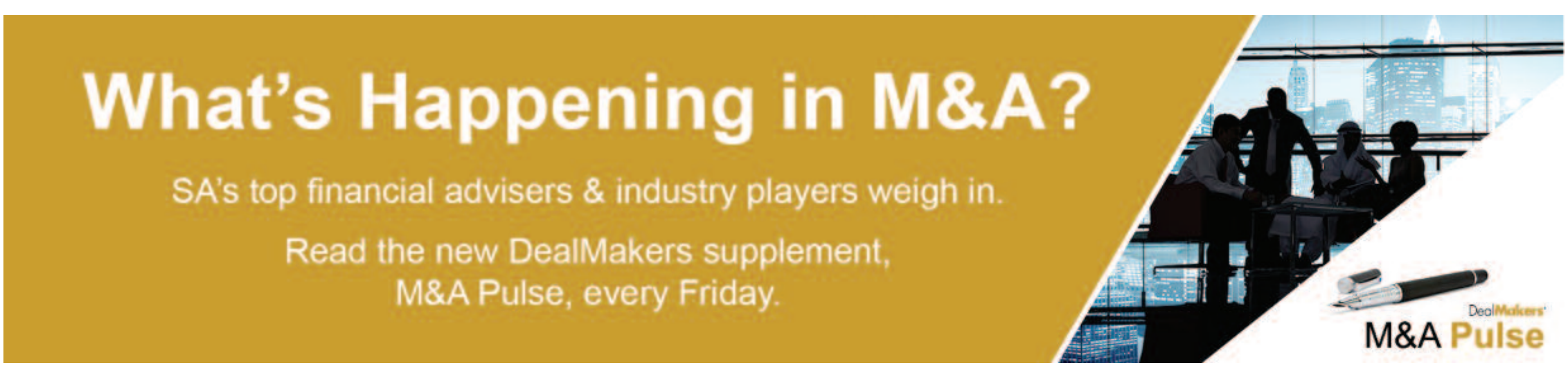
The premise for this consideration is that, as a society, we have been facing social and economic imbalances for a very long time. We have not done much to deal with these imbalances. Where interventions have been undertaken, these were found to be delayed and/or inadequate. That signals the need for a high level of urgency in the manner in which we think about and implement impact. Our duty, as the impact movement, ought not to be only to preach, but to drive an honest and considerate impact revolution – and to do so with urgency. We should be agents and ambassadors of urgency. The much-debated concept of 'radical' economic transformation is reminding us of this responsibility. Now is probably the time when 'radical' will unify us as a society.

We need to reconsider our beliefs, adopt impact as our own Marshall Plan. Finally, we need to ensure that policy, going forward, endogenises the impact cause. The responsibility of Impact Investing South Africa will be that of measuring and monitoring impact.

Impact is a movement whose time has come. ◆

Masilela is Chairman of Impact Investing SA and former CEO of the Public Investment Corporation

1 https://gsbberthacentre.uct.ac.za/img/imm-report-2020-ver-23-web.pdf



http://www.inceconnect.co.za/publication/DealMakers

Local news

In mid-September, PAPE Fund 3, the mid-cap South African private equity fund, announced the successful acquisition of 45% of the equity in the DDS Group of companies, a leading African beverage dispensing and refrigeration services provider. The DDS Group of companies provide beverage dispensing and refrigeration services on behalf of multinational distributors, as illustrated by the servicing of draught beer installations and coffee machines found in bars and restaurants. DDS also specialises in the sale, installation and servicing of refrigeration systems, ventilation systems, cold rooms and air conditioning units, as well as the sale and distribution of spare parts. PAPE Fund 3 has also provided loans to key members of the management team, to increase their equity stakes in the business. ◆

Lelo Rantloane, CEO of Ata Capital, has been appointed Chairman of SAVCA. The Industry lobby group also announced that two new directors have joined the SAVCA board: Natalie Kolbe, Partner at Actis and Sthembile Nkabinde, Founder and CEO of Khulasande Capital. ◆

Vantage Capital, Africa's largest mezzanine fund manager, announced in early October that it has made a $28m equity investment to acquire a significant minority shareholding in the Cliniques Internationales du Maroc Group.

The business was founded in 1994 by Professor Assad Chaara, an internationally renowned cardiologist who pioneered coronary angiography and catheterisation in Morocco, and the company has since grown into one of Morocco's leading healthcare groups. ◆

international news

The New York Post reports that the prospect of a Joe Biden presidency has large swaths of corporate America scared, and none more so than the whipping boys who run private equity businesses. If you read up on the exploits of the big PE firms — Blackstone Group, KKR, Carlyle Group, Apollo, etc. — in the liberal media, you would think that the guys running these outfits are modern-day robber barons. For every 10 success stories where workers' jobs were saved, there is breathless coverage of one-off disasters (read up on Toys 'R' Us).

This is why, during every presidential election — and this one is no exception — PE becomes a target of progressives looking to give some opium to the masses by drumming up class warfare. They highlight allegedly unfair tax breaks and claim that PE destroys jobs. *(Ed's note: this story was sourced while Catalyst was being put to bed and the polls all had the blue wave crashing over the US, but Ed thinks Trump will surprise pollsters and markets again.)* ◆

The Financial Times reports that European private equity firms are testing investors' appetite for returns with new sales of payment-in-kind bonds that offer juicy interest rates, but are among the riskiest deals since the COVID-19 crisis began.

The re-emergence of PIKs underscores how fixed-income investors are increasingly being asked to accept higher degrees of risk and more onerous terms from corporate bond issuers as soaring prices of higher-quality assets in recent months has deeply depressed yields.

A duo of highly-indebted borrowers are seeking to raise a combined $1bn through so-called PIK toggle deals, in which issuers are allowed to defer interest payments. The structure allows companies to pay interest using more debt, leading the amount that ultimately needs to be paid at the bond's maturity to balloon.

Apollo and Platinum Equity, the private equity parents of the two issuers, will receive bumper payouts from the proceeds of the bond sales if they go through as planned, writes the FT.

The deals follow a flurry of so-called dividend recapitalisations through the loan market, where private equity owners have used borrowings to fund payouts from their portfolio companies. ◆

PRIVATE EQUITY DEALS Q3 2020 – ASSET IN SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Disposal by	Franc	a stake in Franc (seed investment)		$300 000	Jul 9
Acquisition by	Aristotle Africa (Silverlands II SCSp) from institutional investors including Old Mutual and Allan Gray	32% stake (62 103 447 shares) in Quantum Foods	One Capital; SilverStreet Capital; PSG Capital; Cliffe Dekker Hofmeyr; Webber Wentzel	R372m	Jul 10
Acquisition by	Futuregrowth Asset Management (Old Mutual)	investment in SweepSouth		undisclosed	Jul 15
Acquisition by	Vumela Fund (FirstRand)	investment in Sea Monster		$1m	Jul 16
Disposal by	Enko Africa Private Equity Fund	its stake in AMI Worldwide		undisclosed	Jul 20
Acquisition by	100x Ventures, 4Di Capital, Bittrex and Montegray Capital	stake in VALR		R57m	Jul 21
Acquisition by	RMB Corvest (RMB Holdings)	equity interest in Switch	Cliffe Dekker Hofmeyr	undisclosed	Aug 3
Joint venture by	Lionpride and ETS PLATFORM	preventative telemedicine platform [pilot to run in SA and then extended to the rest of Africa]		undisclosed	Aug 3
Investment by	Entrepreneurs for Entrepreneurs (E4E) Africa	in Enlabeler		undisclosed	Aug 5
Acquisition by	AlphaCode (Rand Merchant Investment)	investment into Guidepost		undisclosed	Aug 6
Investment by	Endeavor	in Guidepost		undisclosed	Aug 6
Investment by	Sanari Capital	in Lightware LIDAR		R25m	Aug 17
Investment by	Enygma Ventures from the Shift Fund	in Job Crystal		R4,2m	Aug 25
Acquisition by	The Africa Food Security fund (Zebu Investment Partners)	a stake in IQ Logistica		undisclosed	Aug 26
Acquisition by	Medu Capital	51% stake in Secutel Technologies		undisclosed	Aug 31
Investment by	i7V	in Roundr (follow-on investment)		undisclosed	Sep 2
Investment by	Metier through its Sustainable Capital Fund	in Broadreach Energy		undisclosed	Sep 2
Investment by	Platform Investment Partners, Ruby Rock Investment and LBOS	in Yellow (Series A funding)		$3,3m	Sep 8
Investment by	GSV Ventures	in Valenture Institute		$7m	Sep 16
Acquisition by	PAPE Fund 3	a 45% stake in DDS Group of companies		undisclosed	Sep 16
Acquisition by	Naspers Foundry (Naspers)	investment in Food Supply Network		undisclosed	Sep 17
Disposal by	Brait SE to Capitalworks and T Hutchinson	majority stake in DGB		undisclosed	Sep 23
Acquisition by	Vuna Partners Fund from Mergon Group	an 80% stake in 4PL Group		undisclosed	Sep 25
Disposal by	Sanlam International Investment Partners (Sanlam) to Africa Management Consultancy (Africa Pledge Partners)	stake in SMC Global Securities	ENSafrica	$6,75m	not announced
Acquisition by	Greenstreet 1 through Stanlib Fund II SPV (Liberty) from Lombard Insurance	10% stake in Solar Capital De Aar 3	Cliffe Dekker Hofmeyr; Herbert Smith Freehills South Africa	R96,14m	not announced
Acquisition by	OMPE GP IV (Old Mutual) from 10x Investments minority shareholders	10x Investments	Cliffe Dekker Hofmeyr	R130,27m	not announced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