Catalyst

SA's quarterly Private Equity & Venture Capital magazine

Vol 20 No 4
DECEMBER QUARTER 2023

PE Deal of the Year 2023

GenAI's PE moment

Froneman bets on
turquoise hydrogen

FROM THE EDITOR'S DESK

While there is no crystal ball for predicting how long US inflation will stay elevated above the US Federal Reserve's 2% target, consensus at the start of 2024 appears to be that interest rates will stay higher for longer, as the central bank aims to keep rising prices in check. Like most macro developments, the impact of interest-rate changes tends to hit public markets first and flow through to private markets over time. The direct and indirect impacts of higher interest rates on the primary private equity strategies of buyout, venture capital, growth equity, secondaries and fund of funds is still to be felt.

With fewer firms able to absorb the costs of increased debt, the number of buyout transactions may decrease, restricting investor options.

Buyout managers that have depended on leverage to create profits may suffer losses in a higher-rate, slower-growth environment.

Businesses that incurred large debt in a leveraged buyout may struggle to service it, resulting in a partial or whole loss of investment.

Higher interest rates have slowed deal activity and caused revisions in transaction loan-to-value ratios. More moderate transaction pace may reduce the number of financial or strategic acquisitions, reducing exit alternatives.

Venture capital and growth equity funds seldom use leverage to finance their investments; therefore, they are less likely to face the issues associated with direct interest rate risk. They do, however, face indirect consequences, chiefly from fluctuating values.

Overall, today's higher interest rates result in steeper discount rates and, hence, lower values. This raises the value risk for firms obtaining additional rounds of financing or considering an initial public offering. On the other hand, lower valuations frequently benefit venture capital and growth equity managers by allowing them to deploy fresh capital.

In a nutshell, private equity looks set to face another extremely tough year in 2024.

The calibre of the finalists for the prestigious Private Equity Deal of the Year Award is a testament to the nuanced strategies employed by leading private equity firms in the region, and the increasing appetite for foreign acquirers to participate in the growth of the continent. The shortlist is an example of the essential elements that define a compelling and successful private equity transaction.

From the meticulous due diligence that precedes an acquisition to the strategic orchestration of exits, these deals showcase the ways in which founders and their general partners navigate the challenges unique to the African market. We shine a spotlight on industry expertise, the creation of value plans, and the collaborative synergy between private equity firms and local stakeholders, set against a backdrop of the rich tapestry of sub-Saharan Africa, where forging partnerships and understanding regional idiosyncrasies are paramount to success.

As Catalyst magazine stands at the vanguard of our industry to champion the recognition of excellence, we invite our readers to embark on an immersive journey into the intricacies of the private equity deals shaping Africa's future. ◆

Michael Avery

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Catalyst

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Catalyst is published by the proprietor Gleason Publications (Pty) Ltd, reg no: 1996/010505/07 from its offices at 31 Tudor Park, 61 Hillcrest Avenue Blairgowrie, Randburg 2194.

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Gleason Publications

Catalyst magazine has always prided itself on recognising excellence in the South African private equity industry, and we are, once again, delighted to present a curated showcase of shortlisted candidates for the prestigious Private Equity Deal of the Year Award 2023. Among the contenders, one theme unites them: the exploration of growth on the African frontier.

PRIVATE EQUITY DEAL OF THE YEAR 2023

Exit by Carlyle Group of Tessara to AgroFresh

Private equity is ideally suited to companies looking for more than just capital, but partners who can help the founders to elevate their business, establish succession planning, or develop the scaffold to scale internationally. Tessara is one of those – an exceptional business solution backed by valuable intellectual property, with strong cash generation and even hard currency earnings diversification. It's why RMB Ventures acquired an interest over 10 years ago, and why Carlyle saw value when RMB decided to exit. It's also why it's on the Catalyst shortlist for Deal of the Year once again. This time, AgroFresh, a global leader in post-harvest produce freshness solutions, has taken a bite from Carlyle.

AgroFresh has been a pioneer in post-harvest technology for over 20 years, and got its start with the commercialisation of the SmartFresh™ Quality System – the industry's leading post-harvest solution to maintain produce freshness and quality. It is now used in over 50 countries and across multiple crops, including apples, pears, plums, kiwis, mangos, broccoli and avocados.

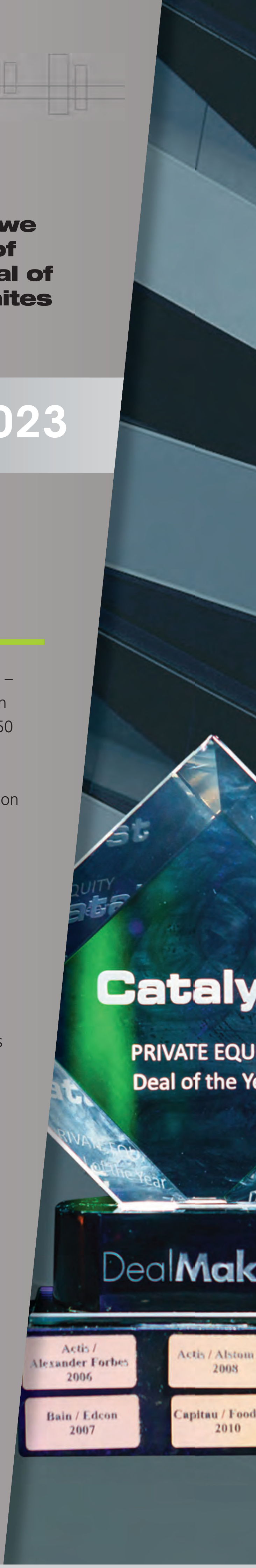
AgroFresh is a global AgTech innovator with a mission to prevent food loss/waste and conserve the planet's resources by providing a range of science-based solutions, data-driven digital technologies, and high-touch customer services. AgroFresh supports growers, packers and retailers with solutions across the food supply chain, to enhance the quality and extend the shelf life of fresh produce.

AgroFresh's comprehensive portfolio has expanded to include plant-based coatings, antimicrobial solutions, equipment, and digital platforms that help improve quality and reduce waste across the supply chain, from harvest to home.

Founded in 1985, Tessara is a well-established business with a strong brand and a growing global market position in Sulfur Dioxide (SO_2)-based sheets for use in the preservation of fresh produce. Its flagship product is Uvasys, a SO_2-based sheet, primarily used to protect table grapes against Botrytis infection, which is

CARLYLE

AgroFresh



responsible for almost 50% of all post-harvest agricultural loss. Uvasys also enhances transportation, export and storage of grapes. Tessara has rapidly grown its business, both in South Africa and internationally, with exports now representing more than 65% of annual sales.


Jaco Smit

Essentially, it's a preservation technology that releases a gas over the fruit and stops a fungus forming in the fruit for two-and-half months.

The key intellectual property was developed at Stellenbosch University during the 1990s. The founders purchased the technology and commercialised it.

RMB Ventures was instrumental in the first vintage of Tessara's private equity journey, when they co-invested in the company (Grapetek, as it was known then, in 2012) with founder, Pieter van der Westhuyzen, members of his senior management team, and black-owned private equity house, Pan-African Private Equity Funds.

Van der Westhuyzen, with his partner of 10 years, Pieter van der Merwe, built Grapetek from a small local business into an international success story.

"We are proud of the Tessara team and our distinctly South African roots and culture," notes Jaco Smit, CEO of Tessara. "We are also humbled and excited to be part of AgroFresh, the leader in the post-harvest AgTech space. Together, we will leverage our combined network and innovation resources to build a world-class market leader." ◆

Local Advisers: Bowmans, White & Case (SA), ENS, Webber Wentzel and EY.

Comment from the Independent Panel:
The challenges of familiarising a foreign buyer with South Africa under very tight time deadlines was noted.

PICK OF THE BEST IN NO PARTICULAR ORDER

Capitalworks' exit of Robertson and Caine to Vox Ventures

While, on the surface, South Africa's political economy appears choppy with some dark clouds overhead, any good scuba diver will attest that, sometimes, the true picture is only revealed once submerged in the depths.

It's a view echoed in respected private equity house Capitalworks', recent investment in and successful exit of Robertson and Caine, the Cape Town-born and operated boat builder.

Robertson and Caine, a factory in Cape Town that crafts luxury catamarans, found itself under new ownership last spring when the PPF Group, a Czech investment firm, acquired it for a hefty 2 billion koruna (CZK). Now, the factory is gearing up to unveil its inaugural electric boat.

Capitalworks' exit demonstrates that skilled operators can still navigate the many challenges presented by the local operating conditions in South Africa, add value, and exit to global buyers who have similar faith in the underlying value proposition.

Capitalworks' principal and deal lead on the transaction, Darshan Daya, believes that, challenges notwithstanding, "South Africa still offers good private equity investment opportunities, as the economy is quite diversified, providing unique opportunities to partner with private businesses that are exposed to


Darshan Daya

niche pockets of growth (like Robertson and Caine)."

Capitalworks invested in Robertson and Caine in 2015, citing the company's dominant position in the local boat manufacturing sector and its promising growth potential, given its substantial global appeal.

"It was our first investment into the global leisure market, and a welcome addition to our portfolio at the time," explains Daya, "as it offered further diversification to an attractive growth sector." US$25m or approximately R350m was invested at the time.

"Over the eight years that Capitalworks was invested in Robertson and Caine, we worked actively with John Robertson and the management team to grow the business and enhance its strategic positioning. With the business on track to grow its boat volumes by over 50%, relative to when we invested in 2015, off the back of considerable investment in new models, facilities, skills development and building capacity in the supply chain, Robertson and Caine and its Leopard branded catamarans are regarded as one of the global leaders in the manufacture and design of blue water cruising catamarans.

"With the achievement of these transformative objectives for the business, Capitalworks had maximised the value we could bring to the business, and we recognised that Robertson and Caine needed a different type of strategic partner to take the business to the next level. The strong platform and global recognition that was developed also attracted interest from strategic long-term investors, who recognised the further potential for Robertson and Caine and the Leopard brand."

The closing of the sale to Vox Ventures offers exciting new opportunities for Robertson and Caine to leverage PPF's significant manufacturing and technical expertise to continue to grow and develop the Leopard brand.

Vox Ventures is a wholly-owned subsidiary of PPF Group, an international investment company that operates in 25 countries, investing in multiple sectors, including financial services, telecommunications, media, e-commerce, biotechnology, real estate, mobility, nautical services and products. PPF Group's reach spans from Europe to North America and across Asia. As at December 2022, the Group owned assets to the value of €40bn and employed 61,000 people around the world.

PPF's focus is global. They created a joint venture with Groupe Beneteau Blue Sea Holdings, a French leisure vessel maker. This French corporation has acquired shares in Dream Yacht Charter and Navigare Yachting, both charter companies.

Dream Yacht and Navigare, two French firms, have a combined fleet of around 1,000 boats. Together with the online booking site, SamBoat, they have a 10% share of the global charter market, producing approximately $1,5bn each year.

Although this is PPF's first investment in South Africa, they are a renowned organisation with extensive experience and resources in various industries, including other investments in the maritime sector, in boat charter and marina investments.

The transaction aligns with the government's objective of attracting foreign direct investments. This transaction is the largest FDI in the boat-building sector in SA, and represents a strong show of confidence and a significant endorsement of the world class skills, intellectual property and manufacturing capacity that the region has developed in the maritime sector.

On closing the transaction, Didier Stoessel, Chief Investment Officer (CIO) of PPF Group, commented: "PPF is pleased to have agreed this transaction with Robertson and Caine's founder and shareholders, who have achieved much success in building the Leopard brand. The quality of workmanship, skills and expertise of South African boat builders has attracted our investment. We are looking forward to working with the company's exceptional management team and employees to smoothly transition ownership and further build on the excellence the company has delivered over its more than 30-year history."

Daya said that the deal came with some unique challenges, given it was PPF's first investment into South Africa, and Africa.

"We had to work with PPF to unpack the impact of the various challenges that South Africa is experiencing, including load shedding and the port/logistical backlogs, on the business. Additionally, we had to work with PPF to ensure that all the regulatory requirements and approvals were timeously obtained."

But Daya says Capitalworks was very encouraged by the constructive engagement with the regulatory authorities.

"The business was able to commit to various positive supplier related initiatives, as well as initiatives to develop and train the people of Robertson and Caine as part of the transaction."

Daya believes that private equity will continue to find good wind in its dealmaking sails in South Africa.

"Given the world class manufacturing capabilities in many sectors in the economy, as well as the depth of high quality, innovative management teams, we continue to believe that international buyers will see good value and opportunity in acquiring growing private equity backed businesses. This has been evidenced further in recent private equity exits to international buyers." ◆

Local Advisers: CMS, Werksmans, Webber Wentzel and PwC.

Comment from the Independent Panel:
This was a successful exit in a highly specialised industry.

RCL Foods' disposal of Vector Logistics to AP Møller

A.P. Møller Capital (APMC), a Denmark-registered fund management company, has marked its second acquisition in the South African market with a binding agreement to acquire Vector Logistics, the leading frozen logistics operator in South Africa. This strategic transaction promises to reshape the landscape of the logistics industry in the region.

The journey leading to this transformative deal began in 2021 when RCL Foods, a major player in the South African food industry, which had come in for fierce criticism from shareholders and analysts after years of underperformance, embarked on a strategy to reshape its portfolio for sustained profitability. The company announced its intention to separate its poultry and logistics components from its core value-added business, setting the stage for dedicated focus and far more strategic investments.

Months of meticulous engagement culminated in an announcement on 29 March 2023, confirming a binding agreement between RCL Foods and A.P. Møller Capital for the acquisition of Vector Logistics. The deal, valued at R1,25bn, received approval from the Competition Commission after six months, something AP Møller Capital Associate Andreas Hadsbjerg credits as a standout success feature of the transaction.

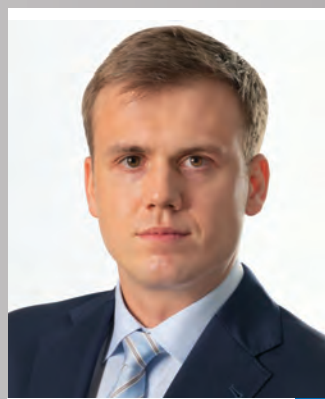
A.P. Møller Capital, a subsidiary of A.P. Møller-Maersk, one of the world's largest shipping and logistics groups, is well-known for its investments

A·P·MØLLER CAPITAL

RCL FOODS

in African infrastructure. Vector Logistics, South Africa's leading frozen logistics operator, specialises in multi-temperature warehousing, distribution, supply chain intelligence, and sales and merchandising solutions.

The acquisition is not just a financial transaction; it represents an opportunity for Vector Logistics to accelerate its mission of "Going Beyond" in supply chain expertise and logistics services. A.P. Møller Capital aims to leverage its extensive operational and investment track record in Africa to drive growth for Vector Logistics, expanding its reach to meet the rising demand on the continent.


Andreas Hadsbjerg

Hadsbjerg expressed enthusiasm for contributing to Vector Logistics' transformative vision, emphasizing the growth potential and the impact on reducing food waste through the maintenance of the cold chain for food products.

For Vector Logistics' Managing Director, Chris Creed, the backing of A.P. Møller Capital opens avenues for greater impact. He highlighted the potential for technological advancements, support for growth, and a robust commitment to Environmental, Social, and Governance (ESG) principles.

Paul Cruickshank, CEO of RCL Foods, sees this transaction as a positive step forward for Vector Logistics, aligning with A.P. Møller Capital's values and focusing on reshaping RCL Foods' portfolio. The commitment to maintaining business as usual and minimising disruptions underscores A.P. Møller Capital's dedication to preserving existing relationships and ensuring a smooth transition.

The legal aspects of the deal were navigated by the Corporate/M&A team from Baker McKenzie in Johannesburg. The team, led by Corporate/M&A Partner, Angela Simpson, played a crucial role in advising Remgro-owned RCL Foods on the completion of the sale.

Dipeel Parbhoo, Corporate Finance Transactor at RMB, emphasised the alignment of this disposal with RCL Foods' revised strategy, positioning the company for sustained growth in its value-added consumer brands.

A.P. Møller Capital's acquisition of Vector Logistics is not just a transaction, but a strategic partnership poised to redefine the future of frozen logistics in South Africa and beyond. ◆

Local Advisers: Rand Merchant Bank, Baker McKenzie, White & Case (SA), Webber Wentzel and EY.

Comment from the Independent Panel:

This transaction represented a successful exit for RCL Foods and brought a European private equity fund into South Africa.

Criteria used for the selection of the shortlist for Private Equity Deal of the Year:

- An asset with good private equity characteristics: a cashflow generative business and able to service an appropriate level of debt; a business model that is resilient to competitor action and downturns in the economic cycle; a strong management team that is well aligned with shareholders and capable of managing a private equity balance sheet; predictable capex requirements that can be appropriately funded.
- Deal size is a factor to filter deals, but plays a limited role for acquisitions. It does carry more weight for disposals.
- Potential / actual value creation – was the asset acquired at an attractive multiple? If the deal is a disposal, was it sold at an attractive price? What is the estimated times money back and / or internal rate of return?

There is limited information available in the public domain on private equity deals, and even somewhat educated guess work doesn't provide all answers in all instances.

This is the 19th year in which the Private Equity Deal of the Year has been awarded. Nominations were received from advisory firms and judged by the Independent Panel, consisting of Nicky Newton-King, Phuthi Mahanyele-Dabengwa and James Formby.

Froneman bets on guilt free hydrogen

With the great majority of the world's governments committing to decarbonising their economy within the next two generations, we are embarking on an adventure into the unknown.

What was once a debate over carbon price and emissions trading has evolved into an industrial policy competition. Along the path, there will be opposition and denial. There will be breakthroughs and unexpected victories. The cost of solar and wind electricity has dropped dramatically during the previous two decades, and battery-powered electric cars (EVs) have progressed from imagination to commonplace reality.

However, in addition to open resistance and unambiguous wins, we will have to deal with ambiguous situations, wishful thinking and motivated reasoning. As we seek technological solutions to the decarbonisation issue, we must be wary of the energy transition's mirages.

Globally respected economist, Adam Tooze recently opined in Foreign Policy magazine that, right now, we face a similar dilemma – a dilemma of huge proportions – not with regard to H2O, but one of its components, H2—hydrogen.

Green hydrogen is created when water is split into oxygen and hydrogen (natural gas), using wind or solar energy. Green hydrogen can replace fossil fuels.

"Is hydrogen a key part of the world's energy future or a dangerous fata morgana?" Tooze reasoned rhetorically. "It is a question on which tens of trillions of dollars in investment may end up hinging. And scale matters."

Neal Froneman

The real potential of green hydrogen, and how South Africa can take advantage of the anticipated demand in the drive towards clean, sustainable energy, was the subject of Johannesburg's recent Indaba special session on green hydrogen so, clearly, industry is excited by its potential. Speaking to lawyers at Bowmans recently revealed that deal due diligence in the space is heating up.

Green Hydrogen is coming into its own, with well over 500 projects globally, in various stages of development. The challenge so far has been getting these projects to financial close. Rebecca Maserumule, Chief Science and Tech representative - Hydrogen and Vaccines inside the Department of Science and Innovation, recently told Catalyst that only roughly 4% of these projects have reached final investment decision (FID).

Priscillah Mabelane, Sasol's Executive Vice President - Energy Business, was quoted by Reuters in November on the sidelines of a demonstration of an on-road, green hydrogen ecosystem, where a car developed by Toyota was shown to run on fuel produced by Sasol, saying that the firm expects green hydrogen to be cost competitive by 2035.

By then, costs would come down to below US$2 per kilogram, from between $4 and $6 at present.

Mabelane said that the company was working with the government to define standards and regulations for green hydrogen, and to set up a port for the export of the green fuel.

Meanwhile, Sibanye Stillwater is betting on "turquoise hydrogen".

In an interesting move toward a sustainable energy future, Sibanye-Stillwater and Savant Venture Fund announced a strategic investment in BurnStar Technologies, a trailblazing South African clean hydrogen company. This collaboration stands as a significant milestone in South Africa's commitment to sustainability, with a focus on the production of Guilt–Free (Turquoise) Hydrogen™.

BurnStar Technologies, positioned at the forefront of South Africa's hydrogen transition, employs a cutting-edge patented liquid metal reforming process for hydrogen production. Through methane pyrolysis, BurnStar can convert Methane, LNG or LPG feedstock into high-purity hydrogen with near-zero carbon dioxide emissions. Sibanye is betting that this innovative technology propels South Africa towards a more sustainable, low-carbon hydrogen future.

Under the strategic watch of CEO Neal Froneman, Sibanye-Stillwater (SSW) has established itself as one of the world's largest primary producers of platinum, palladium and rhodium, and is a top tier gold producer. It also produces and refines iridium and ruthenium, nickel, chrome, copper and cobalt. The Group has recently begun to build and diversify its asset portfolio into battery metals mining and processing, and is increasing its presence in the circular economy by growing and diversifying its recycling and tailings reprocessing operations globally.

Froneman recognises the potential of hydrogen as a clean energy source. Through SSW's iXS programme, powered by Savant, this strategic investment in BurnStar demonstrates his confidence in

"While some may be weary of the hype, the fact is that while we may not need 600 million, 500 million, or even 300 million tons of green and blue hydrogen by 2050, we currently use about 100 million, and of that total, barely 1 million is clean. So the opportunity is still attractive."

supporting South African innovation with global applications.

Savant Venture Fund, known for its focus on transformative technologies, views BurnStar's clean hydrogen production as a game-changer in the global energy landscape. This investment aligns with Savant Venture Fund's mission to accelerate the adoption of sustainable technologies.

Francois Malan, Partner at Savant Venture Fund, shares his enthusiasm: "We are thrilled to be investing in Johan Brand and his team as they commercialise what we believe to be a world-leading technology in clean hydrogen production. The BurnStar solution has strong commercial promise in both industrial processing application and clean energy storage. This investment will demonstrate the first step towards paving the way for guilt-free hydrogen™ applications, both locally and internationally."

Francois Malan

While some may be weary of the hype, the fact is that while we may not need 600 million, 500 million, or even 300 million tons of green and blue hydrogen by 2050, we currently use about 100 million and, of that total, barely 1 million is clean, so the opportunity is still attractive.

And so far, few would bet against Froneman in pulling off another coup. ◆

Lighting the way in SA's energy crisis

In a significant development for South Africa's renewable energy sector, EDF Renewables has successfully achieved commercial and financial close on the Umoyilanga project, a pioneering hybrid power initiative under the Risk Mitigation IPP Procurement Programme (RMIPPPP).

The project, awarded to the consortium of EDF Renewables and Perpetua Holdings, combines solar, wind and battery storage technologies, offering a dispatchable and reliable power solution to the national electrical grid.

The commercial and financial close, reached on 28 November 2023, signifies a crucial milestone in the journey towards cleaner and more sustainable energy solutions. Following the signing of the Power Purchase Agreement (PPA) with Eskom and the Implementation Agreement (IA) with the Department of Mineral Resources and Energy earlier in August, Umoyilanga is set to operate as a virtual power plant across two sites – Avondale in the Northern Cape and Dassiesridge in the Eastern Cape.

With 115 MW of solar PV and 30 MW of battery storage at Avondale, and 63 MW of wind and 45 MW of battery storage at Dassiesridge, the project will provide 75 MW on-demand power from 05:00 to 21:30. This groundbreaking approach showcases the capability of renewable energy to deliver reliable and competitive power, addressing the country's energy challenges.

The unique synergy of wind, solar and battery resources will be orchestrated by a sophisticated energy management system, ensuring optimal power supply in real time, based on weather forecasts and Eskom's requirements. The Umoyilanga project is expected to meet the electricity needs of 120,000 households for two decades, contributing significantly to the national grid and reducing the carbon footprint.

Strategic Partnerships and Job Creation

To execute this ambitious project, EDF Renewables has secured contracts with major industry players, including China Energy Engineering Corporation (CEEC), Vestas, Power Construction, Adenco Construction, and Sungrow Power Supply. The commitment to local development is evident in the creation of around 890 job opportunities for South African citizens during the construction phase, and a dedication of more than 40% of

Tristan de Drouas

capital expenditure to local content.

Tristan de Drouas, CEO of EDF Renewables in South Africa, expressed the team's pride in reaching this crucial milestone. He stated, "This flagship project demonstrates that wind and solar technologies, combined with batteries, can deliver flexible power competitively."

Logan Govender, Director of Perpetua Holdings, echoed this sentiment, highlighting the solid collaboration and sense of partnership between the two entities. The Umoyilanga project not only represents a significant step forward for the consortium, but also aligns with the South African government's commitment to developing low-carbon energy solutions.

British International Investment (BII): a continued commitment to South Africa

Meanwhile, British International Investment (BII) has reaffirmed its commitment to South Africa with a R125m (US$6,7m) investment in two 140 MW wind farms in the Northern and Eastern Cape. This investment is part of a larger strategy to provide clean and affordable energy solutions, aligning with South Africa's energy priorities.

BII has been a long-term partner in South Africa since 1995, with a portfolio that stands at $285m, supporting over 54,500 jobs annually. The investment in the wind farms is part of a three-project cluster, co-developed by H1 Capital and EDF Renewables, set to complete construction in 2024.

Nick O'Donohoe, CEO of BII, emphasised the DFI's special relationship with South Africa, and its ambition to help solve pressing development challenges, particularly in the area of reliable, clean energy. He stated, "BII's strategic objective in South Africa is to invest its patient, long-term capital to continue to meet the needs of those whose mission and purpose are to strive for equality, inclusive economic growth, and a more sustainable future."

Addressing South Africa's Energy Crisis

South Africa's severe energy crisis, characterised by daily electricity cuts averaging eight hours, has economic implications for the entire continent, costing 2% to 4% of its GDP annually. BII's strategic investments in clean and renewable energy, including partnerships with local entities like H1 Holdings, demonstrate a commitment to supporting a just energy transition.

Nick O'Donohoe

In a broader context, BII's emphasis on technology and digital transformation is positioned to address inequality and accelerate growth in South Africa. The DFI's collaboration with South African-based Liquid Intelligent Solutions and Tyme Bank underscores the significance of digital infrastructure in bridging gaps and providing crucial services to underbanked populations.

> "As South Africa grapples with energy challenges, these investments from EDF Renewables and BII signal a transformative shift towards sustainable, clean energy solutions."

As South Africa grapples with energy challenges, these investments from EDF Renewables and BII signal a transformative shift towards sustainable, clean energy solutions. The Umoyilanga project and the wind farm investments are not only significant steps in addressing the country's energy needs, but also exemplify the global commitment towards a more sustainable and equitable future. ◆

GenAI use in Private Equity

There is no doubt that advances in technology, especially in computing, can create an enormous amount of hype, speculation, overstatement and confusion – Generative AI, Quantum Computing, the multiverse, cybersecurity and “the cloud”, to name a few.

Martin James McGrath

My first degree was in Mathematics and Computing Science, and my early career was spent at IBM and Accenture (UK, Europe and North America). Since then, I have also held senior executive leadership positions in two other global technology companies. But most people know me as the person who has led Professional & Business Services firms and been a strategic advisor to corporations, the public sector and investors (including private equity – GPs and LPs, and Pension Funds) on deals and transactions.

But this last year (especially) has got me thinking. Where have all these experts suddenly come from? Is their purpose to explain, simplify or confuse? Many times, recently, I’ve attended Investment Committees, board meetings and listened to presentations from “technology experts” who had been invited to share their expertise… bad idea.

“So here is my simple advice to any senior PE executive. Keep it simple and stay away from the hype.”

So here is my simple advice to any senior PE executive. Keep it simple and stay away from the hype.

Artificial Intelligence is not new – think ATMs, GPS, robots in manufacturing... they need humans; “garbage in, garbage out”. Generative AI will definitely have a huge impact on the private equity industry and, currently, in 10 ways. Yes, it’s this simple.

Data-driven decision making: AI can analyse vast amounts of data quickly, and extract meaningful insights, so private equity firms can leverage AI to make more informed investment decisions by analysing financial data, market trends and other relevant information.

Deal sourcing: AI tools can help private equity firms with deal sourcing by automating the screening of potential investment opportunities. AI algorithms can analyse various data sources, including financial statements, news articles and social media, to identify potential targets that align with the investment criteria.

Due diligence: AI can streamline the due diligence process by automating the analysis of legal documents, financial records and other relevant information. This can enhance the efficiency of due diligence and help in identifying potential risks and opportunities associated with a deal.

Portfolio management: AI can be used to monitor and manage portfolio companies more effectively. Predictive analytics and machine learning algorithms can provide insights into the performance of portfolio companies, helping private equity firms to optimise their strategies and maximise returns.

Operational improvements: Private equity firms can use AI to drive operational improvements within their portfolio companies. This may include implementing AI-powered technologies for process automation, supply chain optimisation, and other efficiency-enhancing initiatives.

Risk management: AI can assist in identifying and managing risks associated with investments. Machine learning algorithms can analyse historical data to predict potential risks and market fluctuations, allowing private equity firms to make proactive decisions to mitigate these risks.

McGrath

Exit strategies: AI can play a role in optimising exit strategies by analysing market conditions, identifying potential acquirers, and providing insights into the best timing for exits.

Communication and reporting: AI-powered tools can improve communication and reporting processes within private equity firms. Automated reporting systems can generate real-time updates and performance analytics for investors.

Cybersecurity: With the increasing digitisation of financial processes, private equity firms need to focus on cybersecurity. AI can be employed to enhance cybersecurity measures and protect sensitive financial information from cyber threats.

Talent management: AI can assist in talent management by analysing data to identify key skills and competencies within portfolio companies. This information can be valuable in making strategic decisions related to talent acquisition and development.

While the integration of AI in private equity brings huge opportunities, it also poses challenges related to data privacy, ethical considerations, and the need for additional skilled professionals to manage and interpret AI-generated insights. As the technology continues to evolve, private equity firms will need to adapt and strategically leverage AI to stay competitive in the market. A fund needs an inhouse AI strategy and implementation plan, as well as driving AI strategies into the assets under management.

For years, I have been recommending that GPs and LPs need to have an "inhouse" OP (operating partner), but cost allocation, deal provisions, fund raising and other priorities have prohibited this. Instead, a whole industry has been spawned – Big Four (deal services, transaction support, DD etc) specialty firms. AI has huge potential for PE, and it is time to own it. ◆

McGrath is Managing Partner at Cornhill Walbrook LP, Corporate leader, PE Strategic Advisor, Value Creation and Sector specialist.

Convergence Partners continues to build African broadband infrastructure giant

It's easy to become jaded by the degree to which buzzword bingo permeates the African technology sector. You might end up with your front end in the cloud if you allow your artificial intelligence to drive you to the edge of the internet of things without being agile enough to recognise your metaverse from your big data. See what I mean?!

Andile Ngcaba

But when it comes to the real world of helping businesses digitally transform; that is, to take advantage of how consumers and clients operate, transact and collaborate online, then few private equity funds are capitalising on this better than Andile Ncgaba's Convergence Partners.

Convergence Partners recently injected US$25m in equity into CSquared, to further its ambitions to become a scale player in broadband infrastructure on the African continent.

Ngcaba is Chairman, Founder and majority shareholder of investment group, Convergence Partners.

Through Convergence Partners, Andile is also involved in significant new communications infrastructure projects across Africa, including Seacom (the first undersea fibre optic cable system serving Africa's East Coast) which was ready for service on 23 July 2009; the first private sector satellite in Africa (Intelsat New Dawn), which was launched on 22 April 2011; and a recently announced new joint venture to bring high capacity, long-haul terrestrial fibre to South Africa (FibreCo).

Ngcaba was previously Director General of Communications in the first democratically elected government of South Africa in 1994. He left Government in 2003 to pursue a career in the private sector, after an eyebrow raising empowerment deal with Telkom. But that's a story for another time.

If connectivity is shaping the future, CSquared is emerging as a leader in sub-Saharan Africa.

Convergence Partners Digital Infrastructure Fund (CPDIF) partnered with the International Finance Corporation (IFC) to help propel CSquared toward its ambitious goal of a Digitally Connected Africa. This strategic move not only bolsters the company's financial standing, but also triggers a restructuring of CSquared's ownership architecture.

Digitalisation, the transformative force of our era, holds the potential to reshape societies and economies. However, the digital divide persists, particularly in Africa, where only 36% of the population enjoyed broadband internet access in 2023 (as reported by the World Bank). Despite advancements in mobile internet, the region lags in broadband infrastructure, limiting the widespread benefits of digitalisation.

CSquared, originally incubated within Google in 2011, envisioned building metropolitan fibre optic networks as a carrier-neutral operator in sub-Saharan Africa. The company's long-term vision strives to enhance internet penetration and reduce access costs by investing in the necessary infrastructure for digital transformation.

In 2017, with the infusion of capital from investors like Mitsui & Co, Convergence Partners Communication

“FTI Capital Advisors DIFC Limited played a crucial role in advising CSquared on the capital raise and concurrent sale of Google LLC’s stake, adding a layer of financial expertise to the strategic manoeuvre.”

Infrastructure Fund and the IFC, CSquared embarked on an accelerated journey to deepen market penetration and expand geographically, operating in six African markets – Uganda, Ghana, Liberia, Kenya, the Democratic Republic of Congo, and Togo. CSquared’s collaboration with Google in Togo facilitated the historic landing of the Equiano cable in March 2022 – a landmark moment, transforming internet access in an underserved market.

The fruits of these efforts are evident in the increased accessibility, affordability, and improved quality of broadband in Africa, where download speeds rose from 2.68 Mbps in 2019 to 8.18 Mbps in 2022, accompanied by a significant drop in the average price of 1 gigabyte from 10.5% of monthly Gross National Income (GNI) per capita in 2019 to 5% in 2021.

The latest development in CSquared’s journey involves a $25m equity raise from CPDIF, the IFC, and the International Development Association’s (IDA) Private Sector Window Blended Finance Facility. This marks the first tranche of a broader $65m investment programme aimed at fuelling CSquared’s expansion and growth initiatives. In tandem with this injection of funds, CPDIF acquires the stake previously held by Google LLC, streamlining CSquared’s ownership structure.

The fresh investment is earmarked for network expansion, underscoring CSquared’s commitment to advancing digital infrastructure across Africa. The developmental impact of such investments is pivotal to CSquared’s vision, aligning with broader goals of job creation, innovation, and entrepreneurship, propelled by increased internet access and digitalisation.

Lanre Kolade, CSquared Group Chief Executive Officer, expresses unwavering optimism about the company’s role in addressing Africa’s digital transformation challenge. He emphasises CSquared’s proven track record in developing carrier-neutral, open-access networks, and the pivotal role investors play in transforming the company’s ability to deliver on its ambition of a Digitally Connected Africa.

Ngcaba highlights the strategic timing of increasing investment in CSquared amidst a pivotal phase in African digital development. The dual impact of developmental growth and commercial returns underscores the attractiveness of this investment for CPDIF.

Sarvesh Suri, the IFC’s Regional Industry Director for Infrastructure in Africa, emphasises the critical role of broadband connectivity in the continent’s development. The investment in CSquared aligns with the IFC’s strategy to promote digital infrastructure, fostering economic growth and job creation.

FTI Capital Advisors DIFC Limited played a crucial role in advising CSquared on the capital raise and concurrent sale of Google LLC’s stake, adding a layer of financial expertise to the strategic manoeuvre.

As CSquared forges ahead, the infusion of capital and streamlined ownership structure signal a new chapter in Africa’s digital evolution. The company stands poised to bridge the digital gap, fostering a continent where connectivity is not just a luxury, but a transformative force for progress and development. The vision of a Digitally Connected Africa inches closer to reality, fuelled by strategic investments and unwavering commitment. Now, more than ever, the future is here.

Africa: from basket case to breadbasket

I stopped an old man along the way, hoping to find some old forgotten words or ancient melodies. He turned to me as if to say, “Hurry boy, it’s waiting there for you.”
~ Africa by Toto

In the heart of Africa’s transformative journey towards becoming a net exporter of food, a new chapter is being written, guided by the winds of change brought by the African Continental Free Trade Area (AfCFTA). The narrative is set for the agricultural sector to emerge as the protagonist in this story, igniting Africa’s domestic processing capacity and ushering in a denouement of economic rewards. Among the lead authors of this fresh new story is Amos Dairies, the latest venture under the strategic wing of EXEO Capital’s Agri-Vie Fund II.

Agri-Vie Fund II, a US$150m food and agri-business investment juggernaut managed by EXEO Capital, is strategically positioned to leverage the expansive landscape of sub-Saharan Africa. From the farm to the table, this fund spans the entire food and agribusiness value chain, making it a dynamic force in shaping the future of agriculture across the continent.

Paul Nguru, Partner at EXEO Capital, sheds light on the latest development, where Agri-Vie Fund II earmarks $10m for Amos Dairies' next strategic growth phase. This injection of capital positions Amos Dairies as a key player in Uganda's dairy sector, standing tall as the largest milk processor in the country, and the sole processor of casein in sub-Saharan Africa.

Paul Nguru

"Amos Dairies has not just secured a foothold in the market; it has become a standout player in the value-added African dairy sector. Through our Agri-Vie funds, we've successfully invested in other dairy processors across the continent. This recent investment is a natural progression, allowing us to build on our experience and extend the Fund's reach into Uganda and beyond," remarks Nguru.

Amos Dairies, an African success story with vast potential, currently manufactures a diverse array of nine products, ranging from ghee and butter to casein and various milk powders. The production of casein, a crucial milk protein with a global market value of $2,7bn in 2020, gives Amos Dairies a significant competitive edge.

Nguru highlights Amos Dairies' strategic positioning, with around 90% of its revenue derived from exports to markets such as Egypt, Kenya, India, and America. This not only provides a natural hedge to foreign exchange risks, but also positions the dairy giant to tap into dollar revenue streams, aligning with the interests of both Amos Dairies and EXEO's diverse portfolio.

However, what sets Amos Dairies apart is not just its product diversification and export success; it's the positive impact it has on smallholder farmers. Currently supporting 1,600 farmers, Amos Dairies plans to grow its workforce by 80% over the next five years, creating 140 new jobs. Doubling milk volumes during this period will directly benefit approximately 3,200 smallholder farmers.

Nguru emphasises the centrality of impact in their investment strategy, stating, "Investing in African food and agribusiness companies is about nurturing prosperity. These enterprises represent windows of opportunity, fostering sustainable development on the continent. While economic viability is paramount, we deeply appreciate the transformative impact such investments can have."

As part of EXEO Capital's portfolio, Amos Dairies gains more than just financial support. EXEO will provide governance support, opening doors to new markets and customer bases through their extensive networks. Over the next five years, potential partnerships with EXEO's existing dairy portfolio companies and the development of value-added products are on the horizon.

> "Investing in African food and agribusiness companies is about nurturing prosperity. These enterprises represent windows of opportunity, fostering sustainable development on the continent. While economic viability is paramount, we deeply appreciate the transformative impact such investments can have." – Nguru

EXEO Capital aims to guide Amos Dairies strategically, enhancing corporate governance, optimising operations, and fortifying environmental and social governance practices. Mal Beniston, Chair of the Board at Amos Dairies Limited, echoes the sentiment, emphasising the shared commitment to agricultural and agribusiness development across the continent.

In this transformative story, EXEO Capital's trust in Amos Dairies' vision propels them to push boundaries in dairy production, while uplifting communities and fostering economic resilience. As the investment arc unfolds, collaboration, growth and a positive impact on Africa's agricultural landscape are the supporting cast, hopefully changing the narrative from basket case to breadbasket. ◆

PRIVATE EQUITY DEALS 2023 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Investment by	Bitkraft Ventures, Andreessen Horowith (a16z), Konvoy Ventures, TVV Capital, Alumni Ventures, Lateral Frontiers VC and Kepple Ventures	in Carry1st [pre Series B]		$27m	Jan 17
Investment by	Endeavor Harvest Fund, Steven Heilbron, Kalon Venture Partners, Vunani Fintech Fund and Buffet Investments	in Flow Living		$2,5m	Jan 18
Acquisition by	Sanlam Private Equity (Sanlam) from the McDonald Family Trust and the Susan McDonald Family Trust	80% stake in SkipWaste	Novitas Capital Advisors; ENS	undisclosed	Jan 18
Acquisition by	RMB Ventures Eight (FirstRand)	45% stake in Mafika Engineering Group	Fairbridges Wertheim Becker	undisclosed	Jan 24
Acquisition by	Summit Private Equity Partnership	a stake in Custom Capital Finance		undisclosed	Feb 3
Acquisition by	Vuna Partners Fund I	a stake in Dynamic Bedding t/a The Bed Shop	ENS	not publicly disclosed	Feb 3
Acquisition by	Mainstreet 1910 [consortium led by Infinite Partners and including 27Four]	100% of E4 Investment and a majority stake in Continuum Investment	Webber Wentzel; EY	R1bn	Feb 3
Disposal by	Criterion Africa Partners to Mission Produce	a minority stake in Selokwe Agri		undisclosed	Feb 7
Investment by	Atlantica Ventures, Allan Gray, E-Squared Ventures, Fireball Capital, Endeavor Catalyst, 4Di Capital, Endeavor Harvest, Alpha Private Capital and Kalon Venture Partners	in Sendmarc [Series A]		$7m	Feb 9
Acquisition by	Futuregrowth Asset Management (Old Mutual)	investment in prop-tech startup platform Flow Living		$2m	Feb 9
Investment by	HAVAÍC and Capacitech	in RNR (Right Now Response)		R10m	Feb 14
Investment by	International Finance Corporation, the German Development Finance Institution (DEG), Hollard and Yellowwoods	in Naked	Webber Wentzel	R290m	Feb 15
Acquisition by	Cape Town Biogas (Metier)	a stake in New Horizons Waste to Energy	Cliffe Dekker Hofmeyr	undisclosed	Feb 17
Investment by	Naspers Foundry (Naspers), ARS Holdings, Rivonia Road Capital and other investors	in Planet42		undisclosed [total debt & equity $100m]	Feb 22
Investment by	New GX Ventures SA and GIIG Africa Fund	in Envisionit Deep AI		$1,65m	Feb 24
Acquisition by	TLG Investments 74% owned by AIIM (Old Mutual) from Etymo	remaining 49% stake in Tradekor	ENS	not publicly disclosed	Mar 2
Acquisition by	Sanlam Investment Management through Cavalier (Sanlam) from ECP Africa Fund	Grand Foods Meat Plant	ENS	not publicly disclosed	Mar 2
Acquisition by	Copenhagen Infrastructure Partners' New Markets Fund I	a majority stake in Mulilo Energy	Rothschild & Co; Webber Wentzel; Herbert Smith Freehills South Africa; KPMG	undisclosed	Mar 9
Disposal by	Halliard International Besloten Vennootschap (PBT Group) to existing shareholders IFM Growth Partners, Saniel Ventures and Jasper Foundation	entire shareholding in Payapps	Questco	A$14,35m	Mar 28
Disposal by	RCL Foods to EMIF II Investment (A. P. Moller)	Vector Logistics	Rand Merchant Bank; Webber Wentzel; Baker McKenzie; White & Case (SA); White& Case (London); EY	R1,25bn	Mar 29
Acquisition by	R 5 Holdings and IDEAs Infrastructure II	a stake in R 5 Brezza Africana	Fasken (SA); Cliffe Dekker Hofmeyr	not publicly disclosed	not announced Q1

PRIVATE EQUITY DEALS 2023 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	Paper Plane Ventures	a stake in Tradebridge	Webber Wentzel	undisclosed	not announced Q1
Disposal by	Zeder Financial Services (Zeder Investments) to Fedgroup Private Capital Fund and others	Clean Air Nurseries Agri Global	PSG Capital	R19m	not announced Q1
Investment by	Apis Growth Fund II	in Peach Payments	Webber Wentzel	€29m	Apr 3
Acquisition by	Old Mutual Alternative Investments - Hybrid Equity Fund (Old Mutual)	significant stake in Enable Capital		R150m	Apr 3
Disposal by	African Infrastructure Investment Managers (Old Mutual) to Ntiso Investment	20,8% stake in Commercial Cold Storage trading as CCS Logistics	ENS	not publicly disclosed	Apr 4
Acquisition by	Secha Capital and Hassium Capital	a stake in FarmTrace		undisclosed	Apr 12
Acquisition by	Nimble Credit Fund 1 from Sasfin Private Equity Investments and Zungu Investments Company	MCG Industries	Fasken (SA)	not publicly disclosed	Apr 12
Acquisition by	Criterion Africa Partners	a minority stake in Merensky Timber	Standard Bank; Webber Wentzel; Cliffe Dekker Hofmeyr	$20m	Apr 21
Acquisition by	FMO	a minority stake in Merensky Timber	Standard Bank; Hogan Lovells (SA)	$20m	Apr 21
Investment by	Buffet Group, Castleton Capital, Praesidium Capital Management and Galloprovincialis	in Maholla [seed funding]		$1,5m	Apr 24
Acquisition by	Convergence Partners	a strategic stake in 42Markets Group	Bowmans	$10m	Apr 24
Acquisition by	Vantage Capital from AfricInvest	a significant minority stake in Promamec in Morocco	Derenia Capital; PwC; Deloitte; Webber Wentzel; Clifford Chance; Allen & Overy; Cabinet Atlassi; A&B Associés; PwC Morocco	€30m	May 4
Acquisition by	NEXT176 (Old Mutual)	investment in telehealth provider Kena Health	Bowmans	$2m	May 5
Investment by	The Abadali Equity Equivalent Investment Programme	in Oakantswe Construction and Projects		undisclosed	May 7
Investment by	Khulisani Ventures (Mineworkers Investment Fund)	in Quro Medical	Camaku Transaction Advisory	R25m	May 9
Investment by	Intaba Capital	in DigsConnect [part of ongoing Series A]		undisclosed	May 11
Investment by	Sand River Venture Capital	in Maltento	ENS	$3,3m	May 19
Investment by	Grindstone Ventures	in Play Sense		undisclosed	May 22
Investment by	Norrsken22, Blue Earth Capital and existing shareholders (including Tencent)	in Tyme	Webber Wentzel; Baker McKenzie (SA); Baker McKenzie	$77,8m	May 23
Joint Venture	MultiChoice, Rapyd and General Catalyst	development of an integrated payment platform for Africa - Moment (25,5% stake)		$3,3m	May 29
Acquisition by	RMB Ventures (FirstRand) and Bopa Moruo	investment in Aurex Constructors	Cliffe Dekker Hofmeyr; EY	undisclosed	Jun 9
Disposal by	John Robertson and Capitalworks to Vox Ventures	Robertson and Caine	Webber Wentzel; CMS; Werksmans; PwC	undisclosed	Jun 14
Investment by	Convergence Partners, Energy Entrepreneurs Growth Fund and Platform Investment Partners	in Yellow [Series B]	Bowmans; Cliffe Dekker Hofmeyr; Deloitte	$14m	Jun 19
Disposal by	Actis to ENGIE	100% of BTE Renewables	Citigroup Global Markets (SA); Standard Chartered Bank (SA); Cliffe Dekker Hofmeyr; Clifford Chance; Cleary Gottlieb	enterprise value of $1bn	Jun 20

PRIVATE EQUITY DEALS 2023 – SOUTH AFRICA

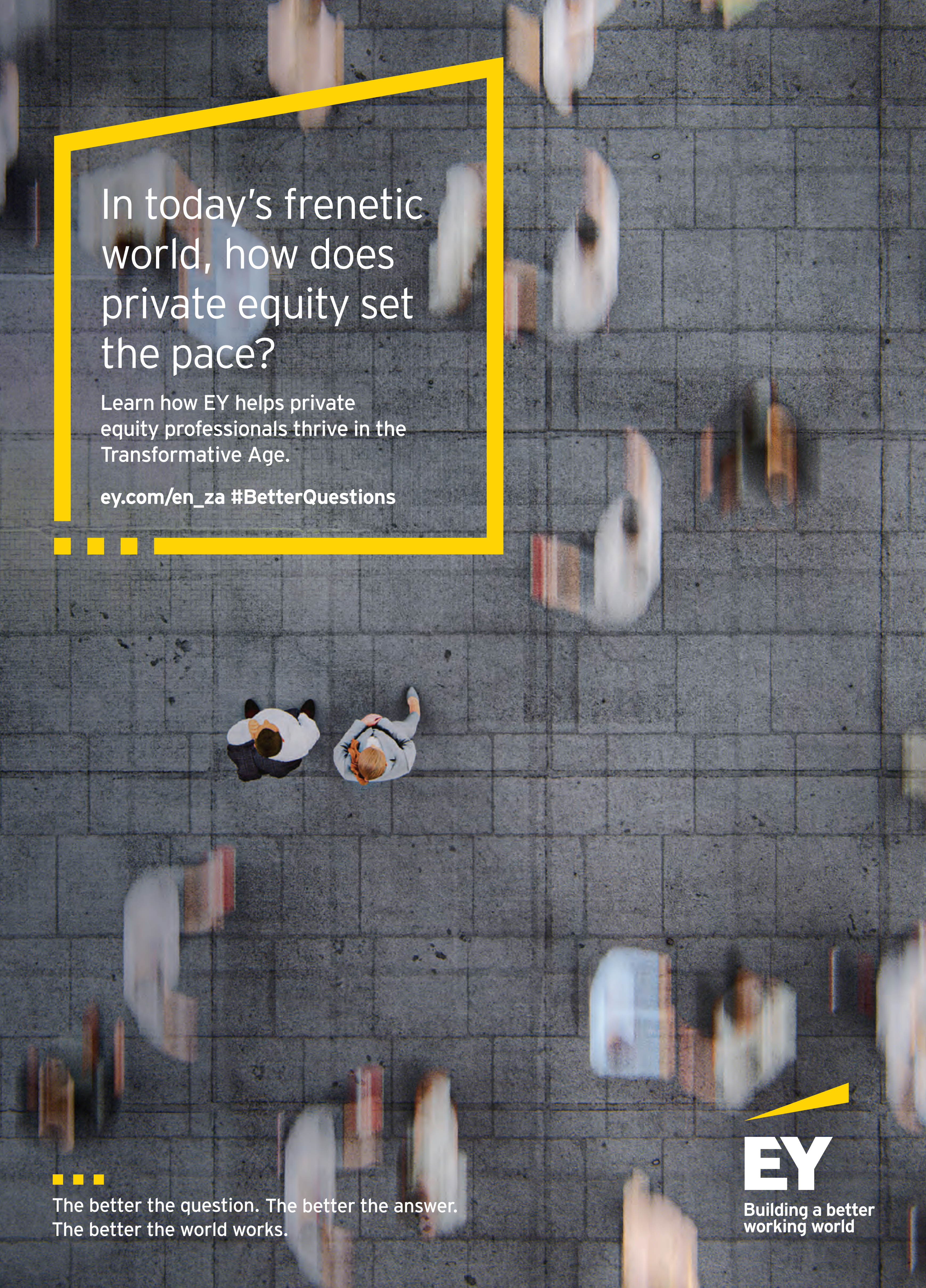
NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Investment by	4DX Ventures and E Squared	in Zoie Health [pre-seed]		undisclosed	Jun 20
Acquisition by	Jet 1	a stake in GoSolr	Webber Wentzel; Cliffe Dekker Hofmeyr	not publicly disclosed	not announced Q2
Acquisition by	AST Investco	a stake in Acrux Sorting Technology	Poswa	undisclosed	not announced Q2
Disposal by	African Infrastructure Investment Managers (Old Mutual) to Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N. V.	15,8% stake in Navie	ENS	not publicly disclosed	not announced Q2
Acquisition by	Capricorn Capital Partners and the Shackleton Group from Capita	Capita enforcement arm of their business comprising Equita, Ross & Roberts and Stirling Park	Webber Wentzel; Dentons UK	not publicly disclosed	Jul 10
Acquisition by	AgroFresh from Carlyle	Tessara	Rabobank; White & Case (SA); Bowmans; ENS; Webber Wentzel; Morrison Foerster; EY	undisclosed	Jul 19
Acquisition by	Vantage Capital and management from the Shah family, Ramco Group and Terra Mauricia	a majority stake in Aquasantec	Caroma Consulting; Werksmans; Webber Wentzel; Bowmans; EY	$25m in debt and equity	Jul 20
Investment by	Knife Capital, Finnfund, DFC, Tim Koogle, Beyond Capital Ventures, Altree Capital, BLOC Smart Africa Fund and Five35 Ventures	in Kasha [Series B]		$21m	Jul 21
Investment by	Five35	in Zuri Health		undisclosed	Jul 21
Acquisition by	RMB Corvest (FirstRand) from Diploma plc	investment in Hawco		undisclosed	Jul 25
Acquisition by	RMB Corvest (FirstRand), Umoya Capital Partners and Calibre Capital	a minority stake in M4A		undisclosed	Aug 1
Investment by	Fledge Capital	in Luxury Time		undisclosed	Aug 7
Investment by	SAAD and Blu Sky Investments	in FinMeUp		undisclosed	Aug 7
Acquisition by	Stanlib Infrastructure Fund II (Standard Bank)	majority interest in Solareff and subsidiary, GridCars	Standard Bank	undisclosed	Aug 7
Investment by	27four's Nebula Fund and other investors	in VitruvianMD [seed extension II funding]		$1,25m	Aug 14
Acquisition by	RMB Corvest (FirstRand)	minority stake in SANTS Private Higher Education Institution	Cliffe Dekker Hofmeyr	undisclosed	Aug 16
Disposal by	Rebosis Property Fund (in business rescue) to Ferryman Capital Partners, Hulk Investments, Jade Capital Partners and the beneficiaries of the Ubuntu Football Trust	Hangar 18 portfolio properties	Java Capital; Blackacres Capital; Deloitte; Nedbank CIB; Cliffe Dekker Hofmeyr	R4bn	Aug 23
Investment by	Fedgroup Private Capital	in LeaseSurance [seed funding]		R3m	Aug 28
Investment by	Alitheia IDF and the Vumela Enterprise Development Fund	in Rentoza		$6m	Aug 31
Acquisition by	Loxworrth Capital and Raiz Group	a majority stake in Patula Sawmills	Bowmans	not publicly disclosed	Sep 1
Acquisition by	Kasada	the former Radisson Blu Hotel & Residence in Cape Town - to be operated under the Pullman brand	KPMG	undisclosed	Sep 4
Acquisition by	Spartan Truck Hire from Medu Capital and Thesele Group	Leopard Transport t/a Elite Truck Hire	Rand Merchant Bank; Boy Louw; Webber Wentzel; Baker McKenzie (SA)	undisclosed	Sep 4
Disposal by	Equites Property Fund to Bopa Moruo Private Equity Fund Managers	Tunney Ridge	Vani Chetty Competition Law; White & Case (SA)	not publicly disclosed	Sep 4

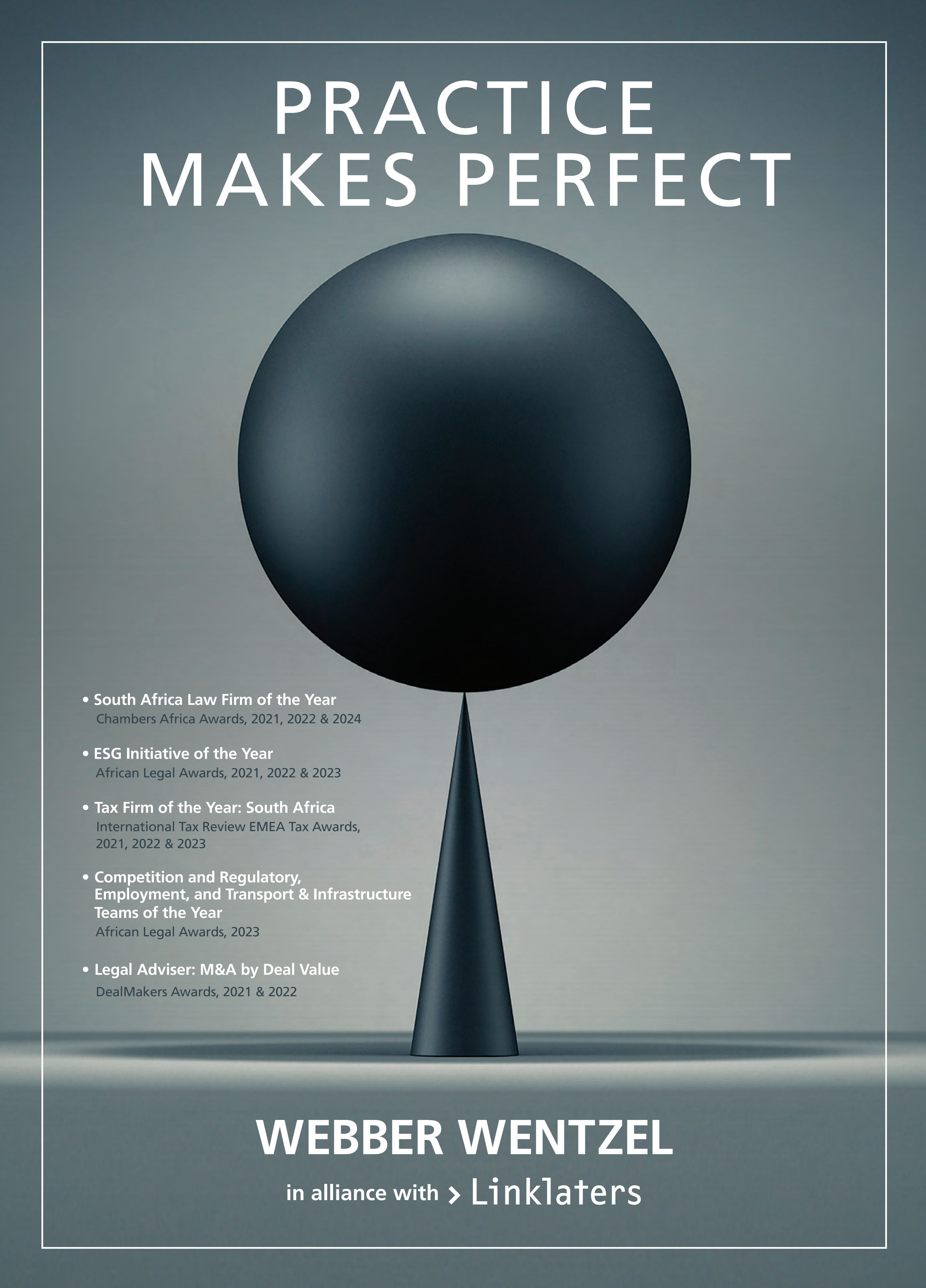
PRIVATE EQUITY DEALS 2023 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	Ascension Private Equity Fund I	a 45% stake in Paul's Muesli	Pallidus; Gwina Attorneys; ENS	undisclosed	Sep 6
Investment by	Salt Equity I (Salt Capital)	in Response24	Webber Wentzel	undisclosed	Sep 11
Acquisition by	Southern Point Resources	a stake in Bushveld Minerals	Alchemy Law	$12,5m	Sep 11
Acquisition by	Blantyre Capital	of a majority stake in DC Holdings (DC Foods)	White & Case (SA); Werksmans	undisclosed	Sep 18
Disposal by	Invenfin (89% held by Remgro) to Blantyre Capital	30% stake in DC Foods	Solaris Law; Werksmans; White & Case (SA)	not publicly disclosed	Sep 18
Investment by	QED Investors, Partech, Speedinvest, RaliCap and Everywhere VC	in Revio [seed funding]		$5,2m	Sep 26
Investment by	Bill Kilgone Investments, Evolution II and III, STOA and FMO	in Red Rocket	Fasken (SA); Cliffe Dekker Hofmeyr	$160m	Sep 26
Disposal by	Equites International (Equites Property Fund) to Relif UK IB. V. (Realterm Europe Logistics Income Fund)	Tesco property on Dodwells Road in Hinckley, UK	Java Capital	£29,75m	Sep 26
Acquisition by	RMB FOGS (FirstRand)	20% stake in Genfin Holdings		undisclosed	Sep 27
Acquisition by	African Infrastructure Investment Managers (Old Mutual)	further equity investment in NOA Group		$90m	Sep 28
Acquisition by	Invenfin (89% held by Remgro)	investment in Root	Solaris Law	$1,5m	Sep 28
Investment by	Main Street 1749 (Ata Fund)	in Nustate Capital Partners	Poswa	undisclosed	not announced Q3
Acquisition by	Greenstreet/Stanlib Infrastructure Fund II (Standard Bank) from Renewable Energy K (RF)	Kouga Wind Farm	Fasken	not publicly disclosed	not announced Q3
Acquisition by	Capitalworks Continental	a stake in Continental Compounders and Continental Engineering Compounds	Bowmans	undisclosed	Oct 2
Investment by	Ribbit Capital, CRE Ventures, PayPal Ventures and Raba Partnership	in Stitch [Series A extension]		$25m	Oct 3
Acquisition by	Private individuals, Fairstone Capital and Kleoss Capital	Drive Control Corporation (to be renamed DCC Technologies)	Webber Wentzel	undisclosed	Oct 4
Acquisition by	Adenia Partners	a majority stake in Enfin Energy Finance	Bowmans; EY	undisclosed	Oct 10
Acquisition by	African Rainbow Capital Investments	further equity investment in Linebooker		undisclosed	Oct 10
Acquisition by	Bidvest Services International (Bidvest) from a seller backed by a private equity firm	Rental Hygiene Services (RHS)	Ashurst; Deloitte	undisclosed	Oct 14
Disposal by	Medu Capital	Universal Paints		undisclosed	Oct 17
Investment by	Knife Capital	in Outsized		undisclosed	Oct 18
Acquisition by	RMB Corvest (FirstRand) and Shalamuka Capital	30% stake in Switch Telecom		undisclosed	Oct 24
Investment by	Savant Venture Fund	in Burnstar Technologies		undisclosed	Oct 31
Acquisition by	Woolworths from Sanlam Private Equity (Sanlam) and Absolute Pets Management	93,45% stake in Absolute Pets	Translink Corporate Finance; Investec Bank; Webber Wentzel; Norton Rose Fulbright South Africa; Deloitte	undisclosed	Oct 31

PRIVATE EQUITY DEALS 2023 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Investment by	Goodwell Investments	in Inclusivity Solutions [Series A extension round]		$1,5m	Nov 1
Investment by	Westbrooke Alternative Asset Management UK (Westbrooke)	in Toots Day Nursery Investments in the UK		undisclosed	Nov 2
Acquisition by	Legacy Africa Capital Partners Fund I	a significant minority stake in Welltec	Webber Wentzel	R100m	Nov 7
Investment by	NEXT176 (Old Mutual) and the Michael & Susan Dell Foundation	in Jobjack [pre-Series A]	Cliffe Dekker Hofmeyr	R45m	Nov 8
Investment by	Convergence Partners Digital Infrastructure Fund (CPDIF)	in Csquared Link Holdings (Mauritius)	FTI Capital Advisors DIFC	part of $25m raise	Nov 13
Acquisition by	Convergence Partners Digital Infrastructure Fund (CPDIF) from Google LLC	a stake in Csquared Link Holdings (Mauritius)	FTI Capital Advisors DIFC	undisclosed	Nov 13
Investment by	Futuregrowth Asset Management (Old Mutual), Talent10, Mineworkers Investment Company, Old Mutual ESD, Lireas Holdings, ASISA ESD Fund and E4E Africa	in Pineapple		R400m	Nov 14
Investment by	1K Africa and Ascension Capital	in Consumer Profile Bureau		undisclosed	Nov 15
Acquisition by	ACN Capital IHC-led consortium (Dendrobium Capital, Emfam Beleggings, Kinston Kapitaal and The JVDM Trust) from minority shareholders	remaining 57,5% stake in Ascendis Health (363 931 281 shares) not held by the consortium	Valeo Capital; Solaris Law; BDO	R245m	Nov 28
Acquisition by	Futuregrowth Asset Management (Old Mutual)	investment in GoMetro		undisclosed	Nov 29
Investment by	HAVAÍC	in Sportable [part of a US$15m Series A]		$1m	Dec 7
Joint Venture	Sanlam Investments Sustainable Infrastructure Fund (Sanlam), Sappi and Alien Fuel Group	Mkomazi Alienfuel		undisclosed	Dec 7
Investment by	Founders Factory Africa, Digital Africa Ventures, E4E Africa, Jozi Angels and other investors	in TUNL		R1m	Dec 13
Joint venture between	Kasada Capital Management and Ingenuity Property Investments	re-development of the City Park buildng in Cape Town	Webber Wentzel; Smith Tabata Buchanan Boyes	not publicly disclosed	Dec 14
Disposal by	Bushveld Minerals to Southern Point Resources - Fund 1 SA LP	a 64% stake in Parnish Investments No.39 (Mokopane project)	SP Angel Corporate Finance; Alchemy Law; EY	$3,7m	Dec 15
Acquisition by	center3 (sts Group) from Carlyle Sub-Saharan Africa Fund	CMC Networks	White & Case (SA); Webber Wentzel	undisclosed	Dec 19
Acquisition by	Varun Beverages from a consortium led by Ethos Fund 6 (EPE Capital Parnters) [Rohatyn Group] and Nedbank	The Beverage Company	Rand Merchant Bank; Baker McKenzie; Webber Wentzel; Nortons	not publicly disclosed	Dec 19
Disposal by	Renergen to Mahlako Gas Energy (Mahlako Energy Fund and Thirdway Investment Partners)	5,5% stake in Tetra4 (owner of Virginia Gas Project)	PSG Capital; Fasken; EY	R550m	Dec 27
Acquisition by	PAPE Fund Managers	a stake in Balancell	Solaris Law	not publicly disclosed	not announced Q4
Acquisition by	Invenfin (89% held by Remgro)	investment in OfferZen	Solaris Law	not publicly disclosed	not announced Q4
Acquisition by	RMB Ventures Eight (FirstRand) and Bopa Moruo Fund II from Oppenheimer Generations Investment	Icon Oncology	Cliffe Dekker Hofmeyr	not publicly disclosed	not announced Q4
Acquisition by	SkipWaste (Sanlam Private Equity/Sanlam) from Pandae Investment	Pandae Green Solutions	ENS	undisclosed	not announced Q4




PRACTICE
MAKES PERFECT
• South Africa Law Firm of the Year
Chambers Africa Awards, 2021, 2022 & 2024
• ESG Initiative of the Year
African Legal Awards, 2021, 2022 & 2023
• Tax Firm of the Year: South Africa
International Tax Review EMEA Tax Awards, 2021, 2022 & 2023
• Competition and Regulatory, Employment, and Transport & Infrastructure Teams of the Year
African Legal Awards, 2023
• Legal Adviser: M&A by Deal Value
DealMakers Awards, 2021 & 2022
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