Catalyst

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Private Equity Deal of the Year 2022

Will the sun still shine on GPs in 2023?

DFIs in Africa stick with alternatives

FROM THE EDITOR'S DESK

Dealmakers are possessed with a natural optimism bias. When times are good, there are deals to be had in pursuit of growth-enhancing expansion. When times are tough, well, then assets become available on the cheap, and growth can be achieved through consolidation.

The African private equity market experienced a surge in investment over the past decade, with almost $45bn invested in Africa's private equity sector in 2019 alone – a high watermark. This investment has been largely driven by a number of factors, including the continent's large and rapidly growing population, its wide array of natural resources, and its high rate of return on investment.

However, the outlook for African private equity is becoming increasingly uncertain as a result of changing global economic conditions. The World Economic Outlook (WEO) from the International Monetary Fund (IMF) predicts that the global economic growth rate will decline in the coming years, due to tightening monetary policy all over the world. This is likely to have a significant impact on the African private equity market, with investors becoming increasingly cautious and risk-averse, and of course, with the cost of capital raising hurdle rates for transactions that rely on leverage to juice returns.

The outlook for private equity in South Africa is particularly uncertain. The South African economy has been especially hard hit by the global economic downturn, and the country's currency, the rand, has depreciated significantly against the US dollar in recent months, thanks to the ongoing bumbling of the government in its handling of the electricity crisis. This is likely to have a significant impact on South Africa's private equity sector, with investors likely to be more cautious and risk-averse, and will raise the hurdles to attract global funds into our general partners.

The downward trend in interest rates has been a constant in the investment world for the past two decades, as global deflation has generally outweighed the risk of rising prices, leading central bankers around the world to keep the monetary spigots open, and driving real interest rates to historic lows. This has led to a steady uptick in asset prices and the creation of massive wealth around the world. This has now come to an abrupt end.

As rising rates undercut the value of assets today, generating returns in this environment can be significantly harder for private equity investors, who have benefited mightily from the run-up in multiples over the past two decades. This poses a dual threat to private equity as dealmakers risk the opposite if valuations flatten out, and inflationary cost pressures and margin pressure pose a real threat to just about any portfolio company.

While the South African private equity sector has come under pressure in the midst of global economic turmoil, the venture capital and start-up sector has remained resilient. Africa is the only market where venture capital is still growing, despite the macroeconomic downturn. New funding is coming into the market, with the likes of global giants Sequoia Capital, Andreessen Horowitz and Tiger Global all entering the market for the first time in the last 18 months. But the global economic outlook is influencing South African start-up valuations and deals being made. Valuations are more difficult to achieve, and investors are becoming more selective in their pre-investment vetting. Start-ups are also advised to undertake some belt-tightening to weather the economic uncertainty ahead.

2023 promises to be another bumpy ride. ◆

Michael Avery

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This is the 18th 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.

Renewable deal signals secondaries coming of age

In a deal that signals that the secondary market for private renewable power assets is starting to come of age, Actis, a global investor in sustainable infrastructure, and Mainstream, the global wind and solar company, announced the sale of the Lekela platform to Infinity Group and Africa Finance Corporation (AFC) in the third quarter of 2022.

Lekela, established in 2015, is the African continent's largest pure-play renewable energy Independent Power Producer (IPP). The platform includes over 1GW of fully operational wind assets, including five operational wind farms in South Africa (624MW), one operational wind farm in Egypt (252MW), and one operational wind farm in Senegal (159MW), as well as development opportunities in Ghana, Senegal and Egypt.

The platform was established as part of a joint venture between Actis (60%) and a Mainstream-led consortium called Mainstream Renewable Power Africa Holdings (MRPAH) (40%). The planned exit marks the successful culmination of their partnership strategy for Lekela, following a comprehensive value creation approach.

Through close engagement with neighbourhood communities, Actis and Mainstream have been committed to sustainable development throughout the entire development, construction, and operations journey. Lekela has implemented the highest international standards in health, safety and environmental protection with the help of Actis' and Mainstream's committed sustainability professionals. Lekela continues to run a community investment programme that funds initiatives for environmental protection, education and entrepreneurship.

"This exit highlights the hands-on approach we take at Actis as builders and operators of leading energy platforms of scale, delivering positive impact," said Lucy Heintz, Partner and Head of Energy Infrastructure at Actis. "Building on our Net Zero commitment, we're proud to leave Lekela well-positioned for its upcoming phase of growth as an acknowledged sustainability leader, supplying desperately needed clean energy to communities across Africa. We have concentrated on an active


Lucy Heintz


Shami Nissan

ownership approach with our committed sustainability team, enabling us to deliver a strong commitment to local African communities and environmental protection initiatives, investing behind the Energy Transition and delivering financial performance for our investors."

Actis partner and head of sustainability, Shami Nissan continued, "Lekela's ranking as one of the top performing companies globally by Sustainalytics, under its ESG Risk Rating assessment process in November 2021, is a testament to the work we have done in collaboration with the management team of the company. Sustainalytics highlighted Lekela's effective management of business ethics, occupational health and safety, land use and biodiversity issues, and community relations."

The success of Actis and Mainstream's efforts in creating a premier platform for sustainable infrastructure that has produced a favourable impact and financial performance for investors is reflected in the sale of Lekela to Infinity Group and AFC. Additionally, it emphasises the value of Africa's renewable energy market, and the contribution of private equity to the region's move toward clean energy and decreased reliance on fossil fuels. Lekela is well-positioned for continued growth under its new ownership, due to its solid track record in sustainable development, and dedication to local communities. ◆

Advisers to the deal were:
Citigroup Global Markets, Absa CIB, Cantor Fitzgerald, Webber Wentzel, Clifford Chance and Norton Rose Fulbright.

Comment from the Independent Panel:
This $1,5bn deal in the important renewables sector stood out because of its pan-African footprint, size and complexity, and its strategic significance in creating one of the largest renewable players across Africa and the Middle East, with an exciting growth pipeline.

PICK OF THE BEST

Turning trash into treasure

EnviroServ, the largest private waste management business operating in sub-Saharan Africa, was acquired in June 2022 by a consortium of companies including SUEZ, Royal Bafokeng Holdings and African Infrastructure Investment Managers. The acquisition was made from Rockwood Private Equity, which had taken the company private in 2008 in a R1,9bn deal through Parchment Trading 72, an entity affiliated with ABSA Capital Private Equity.

EnviroServ is a leading provider of hazardous and general waste management services, with a turnover in excess of €80m. The company owns and operates a fleet of 175 specialised waste-transport vehicles and 10 treatment and disposal sites. EnviroServ also recently expanded its operations to the United States, acquiring the business and assets of Chemical Transportation Inc., a specialised waste transportation and environmental services company with operations in Arizona, New Mexico and Texas.

The acquisition of EnviroServ was made through a special purpose holding company, with SUEZ holding a 51% stake,

24.5% held by Royal Bafokeng Holdings and 24.5% by African Infrastructure Investment Managers. The acquisition speaks to the growth and potential of EnviroServ, and its valuable services in the waste management industry.

EnviroServ's acquisition by Rockwood Private Equity took place in 2008 through a newly established private company, Parchment Trading 72. The ultimate beneficial owners of the underlying assets and business of EnviroServ were certain private equity investment funds under the management of ABSA Capital Private Equity; Alistair McLean, who was the Executive Chairman of EnviroServ, also held 20.75% of the EnviroServ shares. This acquisition was supported by The Bidvest Group, which owned 30.23%, and Zeder Investments SPV2 with a 7.92% stake.

In 2013, a syndicate led by HarbourVest Partners LP and Coller Capital purchased the 73.37% limited partnership interest that Barclays Africa had held in Absa Capital Private Equity Fund I. At the time, Kwikspace – the biggest and most varied producer of prefabricated buildings in sub-Saharan Africa – Safripol, a producer of plastic, and Tsebo, a multifaceted catering and facilities management company, were among the assets owned by Absa Capital Private Equity Fund. Absa Capital Private Equity, the investment advisor to the General Partner of Absa Capital Private Equity Fund I, was spun off as a result of the sale to become Rockwood Private Equity, a new independent private equity fund manager.

Rockwood has a stellar exit track record. The Tsebo Group was sold to KAP Industrial Holdings in 2016 for an attributable enterprise value of R5.25bn, and Safripol was sold to the holding company for an equity value of R4,1bn. With total gross exit proceeds of about R9,4bn, these exits were among the biggest private equity funds ever completed in South Africa. The overall internal rate of return exceeded 23%, exceeding the 9.6% IRR for the JSE All Shares for the period of 2007 to 2016. ◆

Advisers to the deal were:
Standard Bank, Rand Merchant Bank, Quercus Corporate Finance, Bowmans, Baker McKenzie and Roodt.

Comment from the Independent Panel:
This was noted as a complex asset to exit, with many issues specific to the waste management industry. The successful sale to a global leader was a great outcome for PE shareholders.

Studio 88 – "There is no finish line."

The Studio 88 group of companies, which includes brands such as Studio 88, Skipper Bar, Side Step and John Craig, was recently sold to Mr Price by RMB Ventures. The sale marks the end of RMB Ventures' 10-year journey alongside the Studio 88 management team, who have built a strong business in the branded athleisure space.

RMB Ventures first invested in Studio 88 alongside the founders in 2013, taking a 37% stake in the business. The management team at Studio 88 had a growth thesis to take the business from a 100-door operation with a turnover of R1bn to a 777-door operation with a turnover of around R6bn over the next 10 years.

According to Cassim Motala, Co-Head of RMB Ventures, investing alongside founders is vastly different from a typical management buyout or investment in a professional management team. Motala says that critical elements of such deals include establishing trust and alignment with founders, creating the right capital structure, and allowing the business to grow in both size and sophistication.

The growth of Studio 88 over the past decade has been largely organic, with a few acquisitions, such as Skipper Bar and John Craig, boosting the group's performance. While some smaller acquisitions didn't perform as well, Motala notes that this is to be expected in an entrepreneurial environment.

Throughout the decade-long investment, RMB Ventures worked closely with the Studio 88 management team to help them shift their thinking and grow the business. Motala states that creating freedom and closeness through informal interactions, rather than a formal board setting, was key to the success of the partnership.


Cassim Motala

As a balance sheet investor, RMB Ventures always had time for the exit, and the sale to Mr Price was always going to happen when it most suited the founders. The engagement and courtship with the Mr Price management team and founder started informally, to build trust and comfort with the investment. The deal structure was critical in creating alignment with the new owners, and the Studio 88 team allowed RMB Ventures to largely negotiate the deal with Mr Price, even for the follow-on transaction, demonstrating the level of trust between the teams.

Motala expressed deep satisfaction with the way the process unfolded, which returned an annual compound return of 20% per annum, and wished the management team and Mr Price continued success in the future. As the Studio 88 team like to say, "There is no finish line!" ◆

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Advisers to the deal were:
Rand Merchant Bank, Investec Bank, Bowmans, Deloitte and Renmere Advisory.

Comment from the Independent Panel:
A well-structured exit of a very successful growth asset in the retail sector.

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.

AIIM targets NOA to overcome flood of load shedding inaction

The extent of South Africa's ongoing electricity crisis was captured by Reserve Bank Governor, Lesetja Kganyago during his first press conference of the year, following the Bank's decision to hike rates by another 25 basis points. Kganyago speaks with authority and breeds confidence, so when he said that South Africa's prospects for growth were more uncertain than normal, in part due to extensive load shedding, pushing the bank to lower its GDP growth projections for the year to 0.3%, the market was paying attention.

However, the Governor hastened to add that a "material reduction in load shedding would significantly raise growth. There could also be higher investment in alternative energy sources as firms and households offset the impact of load shedding".

Ed Stumpf

As the energy industry continues to evolve, companies are looking for new ways to establish themselves as leaders in their field. One such company, NOA, is taking an innovative approach to scaling up its operations and establishing itself as a major player in the African energy market.

NOA has recently announced that it has entered into a partnership with African Infrastructure Investment Managers (AIIM), a leading investment management firm. Through this partnership, NOA will have access to new investment prospects in key African markets where AIIM already has a presence. This will allow NOA to expand its reach and become a regional energy solutions provider in areas of high energy demand across the continent.

AIIM agreed to provide initial equity funding of up to $90m, which will be used to deliver net zero energy solutions for Africa, and will be financed through a mix of equity provided by AIIM's South African IDEAS Fund and the latest iteration of AIIM's USD denominated pan-African investment fund, AIIF4.

NOA is a vertically integrated energy platform that provides net - zero oriented renewable energy solutions to customers in the commercial and industrial sectors of the economy. It has developed a comprehensive and innovative range of solutions for customers through the provision of large-scale wheeled energy generation utilising wind, solar and storage technologies. The investment will help strengthen AIIM's position as one of the leading investors in South Africa's renewable energy landscape, with projects representing over 1.9GW of solar and wind generation capacity.

NOA aims to develop, finance and operate a portfolio in excess of 1GW of renewable energy assets over time. The initial funding will be utilised to conclude the construction of existing projects and achieve financial close on projects amounting to almost 100MW. NOA will be launched by a team comprised of veterans of the South African renewable, commercial and industrial energy sectors, and is led by Karel Cornelissen, the former Chief Executive Officer of Energy Partners.

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The transaction comes as the liberalisation of South Africa's energy markets is accelerated by impending regulatory changes which permit self-generation without the need for a generation license, and the removal of size limits of such facilities, announced by President Cyril Ramaphosa in July 2022. These projects may now also be grid connected and sell to multiple customers through wheeling, the act of transporting electricity from a generator to a remotely located end-user through the use of an existing transmission and distribution system. Rapidly declining costs of renewable energy technology further enable NOA to provide its customers with renewable energy at competitive tariffs.

South Africa has a large and growing shortfall in energy availability. Between 30GW and 50GW of new capacity is likely to be required over the next 10 years if South Africa is to meet its nationally determined contributions under the Paris Climate Agreement, and to mitigate the current energy crisis. Investment Director at AIIM, Ed Stumpf commented, "South Africa is at a pivotal point in the evolution of its energy landscape, with the imminent retirement of ageing coal power stations, a significant energy sector infrastructure deficit, and increasing liberalisation of the market paving the way for an acceleration of investment in net-zero oriented businesses such as NOA."

Karel Cornelissen, CEO of NOA, expressed his excitement about the acquisition, stating, "We are thrilled to be joining forces with AIIM. This partnership will allow us to accelerate our ambition to work with our clients on their journey to Net Zero, while also making a meaningful contribution to addressing South Africa's current energy crisis."

NOA's innovative approach and strategic partnership with AIIM positions the company for growth and success in the competitive African energy market. ◆

The sun will continue to shine on private equity in Africa

Globally, 2021 was a knock-out year for private equity (PE) transactions (and M&A generally), with 2022 arriving off a very hot 2021. However, global private equity deal activity slowed in 2022 compared to the previous year. According to Bloomberg Law, investments in the global private equity M&A market in 2022 saw reductions of 38.6% from 2021, with deal value down US$820,5bn to $1,3trn in 2022.

Lydia Shadrach-Razzino

African PE space

In the African PE space, the upward trajectory continued in 2022, albeit more muted than 2021. Going forward, it is expected that PE transactions in Africa will continue to grow. According to the AVCA Private Capital Activity Report, the first half (H1) of 2022, was one of the strongest half years for Africa's private capital industry, with 338 completed deals valued at $4,7bn. This followed an upbeat 2021 for African PE, a year of ample dry powder.

The confidence instilled in investors by PE fund managers in Africa means the continent is expected to remain a very strong investment opportunity for private investors. This is despite the numerous crises of the last couple of years, especially in terms of the effects of the looming global recession and energy crisis, which is significant in South Africa but also a global issue, with energy prices soaring. In addition, the recent rate hikes mean that money is not cheap and this adds complexity and makes for more risk-averse investors.

These challenges have stalled investors to some extent, but there is still dry powder, and capital is being channelled to the market. It does appear that the ticket size is smaller, but that funds are still able to raise capital. While there are not as many high value deals, the market remains buoyant. The smaller ticket trend is something we have seen for the last few years. Overall, it is a fairly positive and opportunistic market, with managers looking at assets where the price is attractive, and those that will offer an uplift to their portfolios.

Opportunities and Challenges

PE investments in Africa still face numerous challenges, however. Post-pandemic and after the impact of global economic turbulence, investors have been thinking very carefully about which sectors will do well and where the pandemic has allowed for discounts on quality assets. Across the world, including in Africa, General Partners (GPs) have had to address new risks and stabilise their investments. In addition, sellers have been holding on to their assets, waiting for an increase in value. Currency volatility in Africa has also been a challenge in recent years, and the devaluation of certain of the local currencies has impacted the value of deals.

We are also likely to see more take privates in 2023. There have been a number of delistings from the Johannesburg Stock Exchange in the past 18 months and this trend will likely continue. According to the AmaranthCX database of South African company listings and delistings, South Africa has been averaging about 25 delistings per year. This, however, also presents a good opportunity for private equity.

Most opportunities lie in the hot sectors, which are currently technology (especially fintech), agriculture, healthcare, financial services and renewable energy.

Exits

In terms of exits in the African market, the general consensus is that they might take a little longer going forward and the fund life of a typical vehicle might need to be extended as managers hold on to assets a little longer to turn the time and growth into a premium. We have not seen many IPOs recently and this is impacted by the cyclical nature of the market.

The AVCA report details how private capital investors achieved 22 full exits between January and June 2022. This was a 29% increase compared to H1 2021. The number of exits in the continent's PE sector is expected to continue increasing despite global economic turbulence. Globally, the exit market saw a 37% decline from H1 2021, and fund managers appeared to be holding on to their portfolios rather than risking lower prices as valuations in the markets fell.

Start-ups and venture capital

According to Deloitte's **Private Equity Review 2022**, 41% of PE firms in South Africa have prioritised risk management in portfolio companies, and 14% of private equity firms in the country said that they would focus on bolt-on and tuck-in acquisitions to augment their portfolio companies. Deloitte also noted that in 2021, 12.4% of the total value invested in PE firms was in start-up and early-stage companies, and 45.5% went to buyout and replacement capital for businesses that were expanding. There has also been a strong investor appetite for early-stage investments, leading to growth in the number of dealmakers on the continent. Africa's venture capitalists have also been attracting global investors.

Lydia Shadrach-Razzino

Africa's fintech ecosystem has been a star performer in the venture capital space. According to Ashlin Perumall, a Partner in our Corporate/M&A Practice, the fintech industry made up more than 25% of all venture capital rounds in the last few years, with South Africa joining other regional leaders, such as Egypt, Nigeria and Kenya. Out of the nine notable tech unicorns in Africa, seven are fintech companies.

We have also seen increased interest in and appetite for start-ups by development finance institutions (DFIs), with some pretty edgy new ventures attracting their attention.

Focus on sustainability

Another trend to take note of is the heightened focus of PE investors on green, low-carbon and sustainable initiatives in Africa. Projects focusing on clean energy, community healthcare, green transport, sustainable water, wildlife protection and low-carbon developments, for example, are attracting much attention. GPs, and the limited partners investing in their funds, have been prioritising investments that meet acceptable Environmental, Social and Governance (ESG) standards. ESG investing has become quite a buzz term driving sustainability and there is some ESG dry powder waiting to be deployed. Energy efficiency, staff training and qualifications, green-house gas emissions, highest standards of governance and best business practices, and litigation risks are some of th factors that they have been considering. Alongside the increased equity investor focus on ESG, some lenders are also prescribing particular ESG principles that a company must meet in order to receive funding.

It appears that the PE sector is shining in Africa as we head deeper into 2023, and investments in the sector are playing a catalytic role in terms of sustainable growth and investment on the continent.

Picking up on another recent trend, I asked artificial intelligence chatbot, ChatGPT, what it thought the future was for private equity and was pleased to see that it confirmed my view, suggesting that private equity would become an increasingly attractive asset class and that, overall, the outlook for private equity in 2023 was positive and would remain so for the foreseeable future. ◆

Shadrach-Razzino, Partner and Co-head of the Corporate/M&A Practice, Baker McKenzie Johannesburg, and the winner of the 2021 DealMakers Dealmaker of the Year Award.

DFIs set to play an indispensable role in the future of PE in Africa as the cheap money recedes

As the 'L' in Leverage Buyout becomes more expensive, we can expect to see some downward pressure on private equity deal activity. In South Africa, leverage has not been used to the same extent as in more developed markets, but using debt is still a key component of securing returns attractive enough to pull the trigger on a transaction. And with interest rates now higher than before the COVID pandemic, many experts are warning that the receding tide of cheaper capital will reveal who has gone swimming naked with their portfolio companies.

Africa-focused private equity funds appear to have enjoyed a boom year in 2021. Figures from the African Private Equity and Venture Capital Association (AVCA) show that private capital fund managers in the region raised $4,4bn in final closes and another $2,3bn in interim closes last year.

Abi Mustapha-Maduakor

This is a drop in the global financial ocean, but it does mark a fourfold increase on the capital raised during the depths of the pandemic in 2020.

The 2021 fundraising totals were boosted by some of the continent's largest ever fund closes. Most notably, Development Partners International's third fund closed on $900m in October, with another $250m in co-investment capital.

Scratch beneath the surface, however, and the picture looks less rosy. Much of the capital raised in 2021 simply represents "deferred investment" from 2020.

The total volumes raised by funds holding a final close in 2020 or 2021 – $5,5bn – were considerably less than the $6,7bn raised in the two years before the pandemic. Hope that the recovery would accelerate has been dented by the worsening global macroeconomic conditions in the first half of 2022. Today, Africa-focused fund managers face a major test in persuading capital allocators that the time to put their money to work on the continent is now.

Yet, with rising inflation in advanced economies prompting central bankers to raise interest rates, emerging markets have become less attractive as investment destinations. Higher returns available in the US and Europe mean that investors are less likely to take on the real and perceived risks of allocating to Africa-focused vehicles.

This will particularly disadvantage managers unable to demonstrate a track record.

Currency volatility – a longstanding thorn in the side of efforts to boost investment in Africa – is likely to become more severe in the coming months, given that the Federal Reserve's hawkish policies are strengthening the dollar.

Several of Africa's largest markets have already seen their currencies depreciate against the dollar this year. For instance, according to the Bank of Ghana, the Ghanaian cedi depreciated by almost 20 percent against the dollar between January and July.

An AVCA survey published in March found that 23 percent of GPs "frequently" experience delays in raising capital in Africa because of currency risks. Another 41 percent view currency fluctuations as having a "significant negative impact" on returns.

Abi Mustapha-Maduakor, the chief executive of AVCA, insists that it is possible to learn from the current situation. She believes that increasing interest from venture capitalists in African start-ups won't diminish. She asserts that "the fundamentals are still strong." Even now, a portion of investors will probably want to invest more aggressively in Africa.

VC firms may be better placed to attract capital in the current environment than traditional private equity players that invest in brick-and-mortar businesses. MD of Endeavor South Africa, Alison Collier says that Fintechs and other tech start-ups have "attracted a lot of international private money because those businesses are looked at as international businesses. They started in Africa, but they can scale up globally."

On the other hand, she bemoans the enduring wariness among institutional investors of committing to Africa-focused PE funds. "The perception of risk, in general, for Africa is higher than the reality," she says.

Alison Collier

Perhaps more surprisingly, even asset owners with impact mandates frequently have reservations about the continent when given the chance to invest in Africa and support the Sustainable Development Goals. According to a report released by the International Finance Corporation in July 2021, only a small portion of impact capital (31 percent) is allocated to African emerging markets funds.

Mobilising local capital

Institutional investors from outside the continent may be less likely to commit to Africa-focused funds until currency and other macroeconomic headwinds have eased. But what about pools of capital from within Africa itself?

African pension funds hold assets amounting to at least $350bn, a figure that has grown substantially in recent years. But these funds overwhelmingly allocate to government securities or, in markets such as South Africa, listed equities. Private equity and pension funds should be an ideal fit but, generally, there is a lack of understanding regarding the asset class among African pension funds.

Progress is being made to reform regulations to allow institutional investors to allocate more to alternative funds. In July last year, the South African government confirmed that the country's pension funds would be able to increase their allocation to private equity to 15 percent of their assets from January 2023. Until now, allocations have been limited to 10 percent.

John Bellew

It is worth noting, however, that South African pension funds are not in danger of breaching the current limit. In fact, South African institutional investors allocate just 0.3 percent of their AUM to private equity, according to research published last year by development agency, FSD Africa.

Development finance institutions (DFIs) are commonly cited as playing a critical role in convincing institutional investors to back Africa-focused funds. Some of them say that we absolutely need a DFI to be part of a fund, because it gives comfort around the level of due diligence and ESG processes.

There is little doubt that DFIs will remain indispensable to private equity in Africa.

As private equity law doyen, John Bellew of Bowmans says, "DFIs have, for many years, provided the backbone for private equity managers looking to raise capital to deploy in Africa. We expect them to continue to support the industry, but to encourage managers to also raise capital from commercial LPs, especially in successor funds. A number of DFIs also have an appetite for co-investment, and we expect this also to continue." ◆

Blue chip LPs seed Knife's Fund III

Venture capital firm, Knife Capital has recently announced the launch of its new $50m African Series B expansion fund, Knife Fund III. The fund has already received commitments from a number of local and international investors, including Standard Bank and the SA SME Fund, as well as the International Financing Corporation (IFC) and Mineworkers Investment Company.

Ketso Gordha

According to Akash Maharaj, executive of equity finance and investments at Standard Bank Corporate and Investment Banking, the bank believes that investing in early-stage, high-growth businesses can have a positive impact on innovation, job creation and economic development in South Africa. He added that, with Standard Bank's extensive African presence and suite of tailored banking products, the bank is well-positioned to support the growth journey of businesses that scale internationally.

For the SA SME Fund, CEO Ketso Gordhan stated that the organisation is committed to nurturing South Africa's entrepreneurial spirit through long-term partnerships, and is pleased to continue supporting Knife Capital through Fund III.

The Knife Fund III is focused on investing in scalable business-to-business technology companies that have attractive exit options. The fund consists of two main funding vehicles: a USD-denominated limited partnership in Jersey, and a ZAR-denominated limited partnership in South Africa, which will co-invest alongside one another in portfolio companies. The fund has already made its first investment, leading a $10m round in South African startup, DataProphet, which provides AI-as-a-service software in the manufacturing sector.

Co-Founder of Knife Capital, Keet van Zyl, stated that they are excited not only to gain a funder, but also a growth partner in Standard Bank for their portfolio companies. The fund aims to support innovative technology companies that can make a positive impact on the African economy and communities. ◆

Keet van Zyl

The thin end of the edge

A recent report from Bain believes that as capital becomes increasingly commoditised across global markets, more private equity firms are specialising to gain an edge. This might mean focusing on a specific style of deal, or seeking opportunities that fit an investor's particular value-creation profile or sector specialisation, as deal teams seek ways to source deals others can't, and identify ways to create value that others don't see. This specialisation can help firms differentiate themselves and stand out in an increasingly competitive marketplace.

However, some investors make the mistake of assuming that strong market growth equates to superior returns when choosing sectors. To achieve sustainable success in sector investing, it is important to develop a fine-grained understanding of where the firm has a competitive advantage, and focus on that. This means actively seeking out areas of potential value creation, and looking for opportunities where the investor can bring distinctive expertise, resources and relationships to bear.

This involves three kinds of inquiries: Are we in the right sectors? Are we in the flow? And how focused should our strategy be?

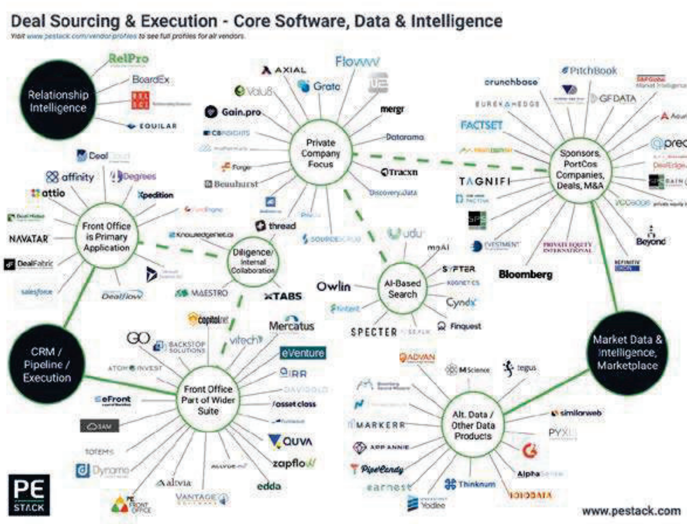
When it comes to sector selection, experts at Bain believe that firms should ask whether a given sector is the right place for them to invest, rather than just whether it is a good place to invest. This starts with a clear-eyed assessment of where the firm has a differentiated "right to win"; how effectively they are competing already; and what it really takes to be a world-class investor in the vertical. By understanding their core capabilities and staying focused on the most promising sectors, firms can assess whether they are truly 'in the flow' – that is, whether they are in a sector that offers both current returns and long-term sustainability.

Another crucial factor is understanding whether the firm is in the flow of deals in their target universe. According to Sutton Place Strategies (SPS), most firms see only 15% to 30% of the deals within their target universe, and even top-quartile performers typically see no more than 40%. Improving these results starts with gathering data on what the firm is missing, figuring out why those deals weren't on their radar, and building the relationships and networks that raise their profile among sellers and intermediaries.

Another key question is how focused the firm's strategy should be. Making the right decisions about which and how many sectors to focus on relies on objectivity. Firms should ask how much potential really remains in their existing sectors, how much investment it would take to crack open a new one, and how that meshes with the team and resources they have available. Objectivity is key.

They should also ask whether their strategy is disciplined enough to create a virtuous cycle within their chosen sector.

Private equity investors are data-driven, but until recently, meaningful data to make these critical "where to play" decisions simply didn't exist. However, this is starting to change. Data can now provide a window into sector performance and enhance a firm's ability to develop rigorous answers to these essential strategic questions. New tools are replacing gut feel with real analysis, allowing firms to make more informed decisions about which sectors to invest in. This is great news for private equity investors, as it means that they can now get a comprehensive picture of the sector and make informed decisions on where to invest. ◆



Local and International news

National news

The Southern African Venture Capital and Private Equity Association (SAVCA) announced the winners of its Industry Awards in November. The awards platform recognises the achievements of regional portfolio companies who have leveraged the backing of venture capital (VC) and private equity (PE) investment as a launch pad to success.

The winners of the 2022 awards were as follows:

Large Category Winner | MetroFibre
Three nominees contended for the award in the Large Company category, which was open to enterprises valued at or with a revenue of over R1,5bn, and with positive operating cashflows. The winner, MetroFibre is a local telecommunications company specialising in the provision of highly managed, fibre optic broadband connectivity in South Africa.

Mid-Market Category Winner | Switch Energy Drink
The companies in the Mid-Market award category were enterprises valued at, and with revenue of over R200m but under R1,5bn. Switch Energy Drink clinched the award in this category with its eclectic selection of energy drinks and flavoured sodas aimed at South Africa's urban youth market. The brand, which was established in 2014 has seen significant growth and expansion into nine countries with 28 product lines and over 450 million products sold.

SME Category Winner | Jachris Hose & Couplings
In the SME category, four nominees were selected from a pool of entrants with an enterprise value and revenue of under R200m. Jachris Hose & Couplings was the winner in this category. The company is currently the continent's only fully integrated fluid transfer, fluid power and fire suppression company and Africa's largest supplier of specialised hose and couplings.

Start-up/Venture Capital Winner | OneCart
The Start-up/Venture Capital category included companies that are less than five years old and are in the early funding stage (Series A or B funding excluding seed and pre-revenue). Industry innovator, OneCart was the winner of this award, having gained significant traction since its launch as the country's first multi-retailer, adding an e-commerce platform with its recent acquisition by Massmart. With the goal of "simulating a virtual mall experience in the simplest form," OneCart is operational in over 50 locations throughout the country with over 5,000 daily active users.

Congratulating this year's deserving companies, SAVCA Chairperson Lelo Rantloane lauded all the winners on their value-driven approach to business, their committed focus on growth as well as their eagerness to draw on the experience and expertise of their VC/PE partners.

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Three new members were welcomed to the board of The Southern African Venture Capital and Private Equity Association (SAVCA) at its 2022 Annual General Meeting (AGM) on 5 October. Andrea Böhmert, Lebo Thubisi and Richard Rose have now officially commenced their tenure as board members. ◆

International

Private Equity International reports that PSP Investments, the pension manager of Canada's Public Sector Pension Investment Board, is optimistic that the end of ultra-low interest rates will be positive for the industry.

"We are not going back to an era of free money and that's probably good news for the industry... because that's bringing discipline," said Simon Marc, global head of private equity and strategic partnership at the London School of Economics Alternative Investments Conference, in January 2023.

He added that this change means that industry participants will need to think much harder about capital allocation. "What we have seen as investors is that a lot of sectors have re-priced tech... and many unprofitable businesses with little prospect of becoming profitable have become worthless. That's a good thing for the market. The market should be disciplined, and a zero-interest-rate environment is not one that drives any discipline."
Marc noted that the C$230,5bn ($172,3bn; €158,6bn) pension manager is "very bullish on private equity", adding that the asset class is in "better shape than it has ever been" with over $1trn in dry powder. ◆

PRIVATE EQUITY DEALS 2022 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED	DATE
Acquisition by	Digital Realty from a consortium that includes Berkshire Partners and Permira	approximately 55% of Teraco Data Environments	Goldman Sachs; Solomon Partners; ENSafrica; Bowmans; Cliffe Dekker Hofmeyr; Weil, Gotshal & Manges; Latham & Watkins	$3,5bn	Jan 4
Investment by	E Squared Investments	in AirStudent		undisclosed	Jan 13
Acquisition by	Phatisa and management from HL Hall & Sons Investments	100% of Deltamune	Step Advisory; IBIS; DLA Piper; Webber Wentzel	undisclosed	Jan 14
Acquisition by	Fledge Capital	a 25% stake in Ultimate Sports Nutrition (USN)		undisclosed	Jan 14
Investment by	Andreessen Horowitz (a16z), Avenir, Google and angel investors	in Carry1st [Series A extension]		$20m	Jan 19
Investment by	Various investors	in Orderin [pre-Series B]		$4,7m	Jan 21
Investment by	Global Founders Capital, Base Capital, Finca ventures, The Raba Partnership, 4DX Ventures, Alan Rutledge, Shaun Hurwitz, Youcef Oujidane and Olugbenga GB Agboola	in FloatPays		$4m	Jan 25
Investment by	Knife Capital	in Wamly		undisclosed	Jan 25
Investment by	HAVAÍC and 4Di Capital	in CompariSure [pre-Series A]		R15m	Jan 26
Investment by	Investec Private Capital and a consortium led by Nurture Investment Management	in TallOrder Solutions [additional Series A]		R47m	Jan 26
Acquisition by	Old Mutual Alternative Investments through its Education Investment Impact Fund (Old Mutual)	equity stake in special purpose vehicle to develop Etham College in Hilton, KZN		R14m	Jan 27
Disposal by	Ascendis Health to Apex Management Services	Ascendis Medical business	Rothschild & Co; Questco; ENSafrica; Cliffe Dekker Hofmeyr; Webber Wentzel; PSG Capital	R325m	Feb 1
Acquisition by	Pepkor from Kinea Private Equity and the founding Caseli family	87% stake in Grupo Avenida S.A.	Rothschild & Co; PSG Capital; Lefosse Advogados	$228m	Feb 3
Acquisition by	The Euphrates Agri Fund (Eos Capital)	a minority stake in the Namibian business of Cherry Irrigation		undisclosed	Feb 3
Investment by	Kalon Venture Partners, Launch Africa, IDF, Allan Grey E2 Ventures and AlphaCode	in Carscan		<$1m	Feb 4
Acquisition by	RMB Corvest (RMB Holdings), Umoya Capital Partners, Calibre Capital and management	investment in Brunel Laboratoria	Werksmans; Renmere	undisclosed	Feb 7
Investment by	Agile Capital	in Séché South Africa, which includes Interwaste, Spill Tech and Envirosure		undisclosed	Feb 8
Investment by	E Squared Investments	in Excel@Uni		R4,74m	Feb 9
Investment by	The Spruce House Partnership, PayPal Ventures, TrueLayer, firstminute capital, The Raba Partnership, CRE Venture Capital, Village Global, Zinal Growth and other investors	in Stitch [Series A]		$21m	Feb 14
Investment by	Shakti VC, Launch Africa Ventures, Founders Factory Africa and five35	in Zindi		$1m	Feb 18
Disposal by	Libstar to PAPE Fund Managers and Kanaka Chemicals	70% stake in Contactim and Chet Chemicals divisions	Standard Bank; Cliffe Dekker Hofmeyr	R174,6m	Feb 21
Investment by	Arrowroot Capital, Kennedy Lewis Investment Management, Endeavor Global and Harvest	in Clickatell [Series C]	Macquarie Capital	$91m	Feb 22
Investment by	Imvelo Ventures	in Lipa Payments		R10m	Feb 22
Acquisition by	Naspers Foundry (Naspers)	equity stake in Floatpays		R15m	Feb 24

— Failed transaction

PRIVATE EQUITY DEALS 2022 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED	DATE
Acquisition by	Silvertree from David Torr, Christopher Verster-Cohen and Katherine Barry	the remaining stake in Ucook		R187m	Feb 24
Investment by	Pantera Capital, Alameda Research, Cadenza, CMT Digital, Coinbase Ventures, Distributed Global, GSR, Third Prime, Avon Ventures, Bittrex, 4Di Capital and other investors	in VALR [Series B]	Webber Wentzel	$50m	Mar 1
Acquisition by	International Finance Corporations (IFC), Proparco and Bopa Ventures (Bopa Moruo Private Equity and RMB Ventures)	a stake in Respublica Group	Bowmans	R516m	Mar 2
Acquisition by	Blantyre Capital and Greenpoint Capital	100% of the business of Ster-Kinekor (out of business rescue)	EY; Webber Wentzel; Baker McKenzie (SA); White & Case (SA); Mike Pienaar Consulting	R250m	Mar 2
Investment by	Norfund and CDC	in H1 Capital Investments	Cliffe Dekker Hofmeyr; Bowmans	R360m + R240m	Mar 3
Acquisition by	The Foschini Group from Westbrooke Investments (Actis)	Tapestry Home Brands	Rand Merchant Bank; Investec Bank; ENSafrica; White & Case (SA); Bookbinder Law	R2,35bn	Mar 7
Disposal by	Old Mutual to African Women Chartered Accountants Investment	21,2% stake in Futuregrowth	Bowmans	not publicly disclosed	Mar 10
Disposal by	EOH Mthombo (EOH) to Bachique 842 (LR Africa)	the Information Services Group consisting of Hoonar Tekwurks Consulting SA, Managed Integrity Evaluation, Xpert Decision Systems and Zenaptix	Rothschild & Co; Java Capital; Webber Wentzel; Bowmans; Cliffe Dekker Hofmeyr; PwC; Mazars; EY	R417m	Mar 11
Investment by	Launch Africa	in Insights by Experts (Homecoming Revolution)		undisclosed	Mar 11
Investment by	E Squared Investments	in Consumption Information Real Time [seed funding]		R7,2m	Mar 17
Disposal by	Invenfin (89% held by Remgro)	one third of its investment in Bolt Technology OU	Cliffe Dekker Hofmeyr	R179m	Mar 23
Acquisition by	Old Mutual Alternative Investments through its Education Investment Impact Fund (Old Mutual)	equity stake in special purpose vehicle to develop St Joseph's College in East London		undisclosed	Mar 23
Acquisition by	Kasada Capital Management from Meikles and other shareholders	100% [35% from Meikles] of Mentor Africa [owner of the Cape Grace hotel in Cape Town]	EY	$19m [Meikles portion]	Mar 24
Acquisition by	Tiger Brands Venture Capital Fund (Tiger Brands)	minority stake in Herbivore Earthfoods	J.P. Morgan	undisclosed	Mar 28
Acquisition by	Secha Capital	a stake in Herbivore Earthfoods		undisclosed	Mar 28
Investment by	Grindstone Ventures, Hlayisani Capital, Realm Digital, Nustate Capital Partners and Galloprovincialis	in Sticitt		undisclosed	Mar 31
Investment by	Idris Bello, Creator Collective Capital, Penrose Capital and other angel investors	in SmartWage [seed round]		$2m	Apr 5
Investment by	Grindstone Ventures	in Locstat Systems		undisclosed	Apr 6
Acquisition by	ECS Private Equity (Afristrat Investment) from SATF	Crosscorn	Merchantec Capital	$5m	Apr 7
Acquisition by	Mr Price from RMB Ventures Six and management	70% stake in Studio 88 Group	Investec Bank; Rand Merchant Bank; Bowmans; Deloitte; Renmere	R3,3bn	Apr 13
Investment by	Norfund	in Redsun Dried Fruit & Nuts	Bowmans	$8m	Apr 19
Acquisition by	ROX Equity Partners from Silverbridge minority shareholders	shares in Silverbridge	PSG Capital; Leaf Capital; Cliffe Dekker Hofmeyr; Java Capital	R65,25m	Apr 22
Acquisition by	Futuregrowth Asset Management (Old Mutual)	investment in Inseco		undisclosed	Apr 22
Investment by	The Delta	in DigsConnect		undisclosed	Apr 25
Acquisition by	Futuregrowth Asset Management (Old Mutual)	investment in Ozow		undisclosed	Apr 28

— Failed transaction

PRIVATE EQUITY DEALS 2022 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED	DATE
Acquisition by	Glenrock Lux PE No 1 and Glenrock Lux PE No 2 from minority shareholders	remaining 65,82% stake in Universal Partners [only 1,12% (809,545 shares) tendered]	Perigeum Capital; Java Capital	R892,5m [R15,1m]	Apr 29
Investment by	Kalon Venture Partners, Hlayisani Capital, Tritech Global, 4Decades Capital and E Squared Investments	in GoMetro [seed extension]		R16,3m	May 4
Acquisition by	Exeo Capital	a majority stake in Chemical Process Technologies	EY	undisclosed	May 4
Disposal by	Old Mutual Private Equity (Old Mutual) to Ardagh Group	stake in Consol		R10bn	May 5
Investment by	MIC Khulisani Ventures	in Kelo		R23,5m	May 5
Investment by	MIC Khulisani Ventures	in Rentoza		R20m	May 5
Investment by	The BLOC Smart Africa Fund	in TooMuchWiFi		$585 000	May 11
Disposal by	Phatisa to Teyliom International Group	its minority stake in Continental Beverage Company		undisclosed	May 15
Investment by	Naspers Foundry, Platform Investment Partners, Raba Capital and Base Capital	in Nile		R83m	May 17
Acquisition by	Futuregrowth Asset Management (Old Mutual) from Boyes Group	investment in FruitOne	Cliffe Dekker Hofmeyr; Deloitte Financial Advisory; Stadia Capital; Bowmans; Ibis Consulting	undisclosed	May 19
Acquisition by	Phatisa, British International Investment, Norfund and Finnfund	a significant minority stake in Lona Group		undisclosed	May 23
Investment by	Imvelo Investments	in Acumen Software [Series B]		undisclosed	May 23
Investment by	LocalGlobe, Emerge Education, FirstCheckAfrica, Future Africa, LoftyInc, Marcus Swanepoel and Isaac Oates	in FoondaMate [seed funding]		$2m	May 24
Acquisition by	Reunert from SIBU Private Equity	Terra Firma Solutions		R20,9m	May 25
Disposal by	Southern Sun Africa (Tsogo Sun Hotels) to Kasada Albatross (Kasada Hospitality Fund)	75,55% stake in Ikoyi Hotels	Investec Bank; ENSafrica; White & Case (SA)	$29,1m	May 26
Acquisition by	Espin Capital Private Equity Fund 2018	a 30% stake in Beuboea Investments (business of MGM)		undisclosed	May 27
Acquisition by	Naspers Foundry (Naspers)	equity stake in LifeCheq		R40m	May 31
Investment by	Adiwale Partners, Steyn Capital Family Office, Proparco, Investisseurs et Partenaires, Liquid Africa and other investors	in Enko Education [Series B]		$5,8m	May 31
Investment by	Existing investors	in LifeCheq [Series A]		R13m	May 31
Investment by	HAVAÍC, 4Di Capital, Gaston Aussems, Robert Kraal, Gabriel de Montessus, Marnix van der Ploeg and other angel investors	in Talk360		$4m	Jun 1
Investment by	Launch Africa Ventures	in Shopstar		undisclosed	Jun 1
Investment by	Accion Venture Lab, Finca Ventures, Launch Africa, Seedstars, Mercy Corps Ventures, Greenhouse Capital, Kepple Africa Ventures, Future Africa, The Magic Fund, and other angel investors	in Kuunda [seed round]		$2,25m	Jun 2
Investment by	Mahlako Energy Fund	in the 30MW solar photovoltaic project near Odendaalsrus in the Free State [Harmony commissioned 3 part project]		undisclosed	Jun 2
Acquisition by	African Infrastructure Investment Managers through its IDEAS Managed Fund (Old Mutual)	majority stakes in three new solar power plants in SA		undisclosed	Jun 4
Acquisition by	Kasada Capital Management	Umubano Hotel, Kigali, Rwanda		undisclosed	Jun 7
Acquisition by	African Infrastructure Investment Managers through its IDEAS Managed Fund, SUEZ and Royal Bafokeng Holdings from Rockwood Private Equity-led investors	24,5%, 51% and 24.5% respectively in EnviroServ Waste Management	Rand Merchant Bank; Standard Bank; Quercus Corporate Finance; Bowmans; Roodt	undisclosed	Jun 8

PRIVATE EQUITY DEALS 2022 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED	DATE
Investment by	4DX Ventures and other investors	in Franc [seed extension round]		R8m	Jun 8
Acquisition by	PSG Alpha (PSG Group)	My Private Dealer	PSG Capital	R35m	Jun 9
Acquisition by	Crossfin Technology (Ethos and African Rainbow Capital)	investment in VantagePay		undisclosed	Jun 14
Investment by	Admaius Capital Partners, Vitruvian Partners, AXA IM Alts, AfricInvest FIVE and Commerz Ventures	in MFS Africa [extension of Series C]	FT Partners	$100m equity & debt	Jun 14
Investment by	PAPE Fund 3	in Entersekt		undisclosed	Jun 14
Investment by	Steele Foundation for Hope, Peter Thiel and 500 Startups	in Zenysis Technologies [Series B]		$13,3m	Jun 22
Acquisition by	LACP Fund I (Legacy Africa Capital)	a 30% stake in Continuous Power Africa		undisclosed	Jun 27
Acquisition by	Consortium comprising Masimong Beverage Holdings (Sabvest Capital, Masimong Group and RMB Family Office Group Solutions) and RMB Corvest and Halewood SA management from Halewood International	Halewood International South Africa	Rand Merchant Bank; Werksmans; ENSafrica	not publicly disclosed	Jun 30
Investment by	Raise Africa Investments	in Africa Weather Group		undisclosed	Jun 30
Acquisition by	PSG Alpha (PSG Group)	MyMostAwesome	PSG Capital	R49m	not announced Q2
Acquisition by	Africa Forestry Fund II (Criterion Africa Partners)	a stake in CMO Logistics	Webber Wentzel	undisclosed	not announced Q2
Investment by	Quona Capital, Breega, CRE Ventures, Ingressive Capital, RaliCap, Unicorn Growth Capital and Sherpa Ventures	in Sava Africa		$2m	Jul 1
Acquisition by	Infra Impact Mid-Market Infrastructure Fund I	a significant minority stake in Cybersmart		undisclosed	Jul 7
Acquisition by	Lebashe Investment and management	Mara Phones South Africa (in business rescue)		undisclosed	Jul 8
Acquisition by	Lonsa Everite, Legacy Africa Capital and management	100% of Swartland Investments and Swartland Insulation	Birkett Stewart McHendrie; ENSafrica	R1,3bn	Jul 10
Investment by	Launch Africa, Goodwater Capital, Five35 Ventures and Delta Ventures	in DigsConnect		undisclosed	Jul 14
Disposal by	Actis and Mainstream Renewable Power to Infinity Group and Africa Finance Corporation	Lekela Power	Citigroup Global Markets (SA); Absa CIB; Cantor Fitzgerald; Webber Wentzel; Norton Rose Fulbright; Clifford Chance	$1,5bn	Jul 18
Acquisition by	Impressa Capital from Adevinta	Gumtree South Africa		undisclosed	Jul 22
Investment by	E4E Africa, Strat-Tech, Next Chymia, Untapped Global, Codec, Ashwin Ravichandran and Kanyi Maqubela	in Qwili [seed funding]		$1,2m	Jul 28
Acquisition by	TymeBank South Africa (African Rainbow Capital Investments)	Retail Capital	Fairview Partners; Rand Merchant Bank; Webber Wentzel; ENSafrica	R1,5bn	Aug 3
Investment by	HAVAÍC	in FinAccess		$500 000	Aug 8
Investment by	Knife Capital, Industrial Development Corporation and Norican	in DataProphet		$10m	Aug 9
Acquisition by	Sango Capital from SPE Capital Partners	a controlling stake in Sotipapier, Tunisia		undisclosed	Aug 12
Investment by	CapciTech and other investors	in Homefarm		R1,7m	Aug 14
Acquisition by	City Logistics and Clearwater Capital	100% of Fastway Couriers South Africa (70% and 30% respectively) [Fastway Couriers' National Master, Fastway Johannesburg and Fastpost]	Benchmark International; Eversheds Sutherlands (SA); Watermans Registered Auditors	undisclosed	Aug 17
Investment by	Imvelo Ventures, Lebashe Investment Group, Pallidus Alternative Investments, Shaolin Investments and Gary Stroebel	in Cape Town Stock Exchange		R85m	Aug 19
Acquisition by	Sango Capital and Tana Africa Capital	a minority stake in Sundry Markets	Deloitte; CardinalStone; Webber Wentzel; Jackson, Etti & Edu	undisclosed	Aug 22

PRIVATE EQUITY DEALS 2022 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED	DATE
Acquisition by	Mergence Investment Managers through its Infrastructure and Development Equity Fund	a controlling equity stake in Live Easy		undisclosed	Aug 23
Acquisition by	Huge from Msemu Investment Trust and Aloecap Private Equity	30% and 14% stake in Interfile Group	YW Capital; Questco	R44m	Aug 31
Investment by	Knife Capital and other investors	in Octiv [Series A]		undisclosed	Sep 1
Investment by	Vumela Fund	in TSK Interiors		undisclosed	Sep 6
Investment by	E4E Africa	BusyMed		undisclosed	Sep 7
Disposal by	Liberty Two Degrees and Liberty to Mpande Property Fund General Partner	combined 50% stake in 5 Simmons Street, Johannesburg (Standard Bank Head Office)	Merchantec Capital; Bowmans; Webber Wentzel	R465m	Sep 16
Acquisition by	Revego Africa Energy Fund	stakes in Aries Solar Park, Konkoonsies Solar Park and Soutpan Solar Park	Fasken (SA)	not publicly disclosed	Sep 23
Investment by	Alithea IDF, Naspers Foundry, The Michael & Susan Dell Foundation, Futuregrowth Asset Management, Endeavor Catalyst, Endeavor SA's Harvest Fund II, Caruso Ventures and E4E Africa	in SweepSouth		R200m	Sep 27
Investment by	Khulisani Ventures (Mineworkers Investment Company)	in Livestock Wealth		R10m	Sep 27
Investment by	Arise and other investors	in iiDENTIFii	ENSafrica	$15m	Sep 29
Investment by	Mobility 54 Investment SAS	in Drive to Own		undisclosed	Sep 29
Investment by	Allan Gray E2 Ventures, Kalon Venture Partners, E4E Africa, Endeavor, HAVAÍC, Tjaart van der Walt and Coenraad Jonker	in Talk360 [seed funding]		$3m	Oct 3
Acquisition by	Cerba Lancet Africa from Ascent Rift Valley Fund	an undisclosed stake in Medpharm Holdings Africa, Ethiopia	I&M Burbidge Capital; Clyde & Co	undisclosed	Oct 3
Disposal by	Oceana to a Consortium (funds managed by African Infrastructure Investment Managers [Old Mutual], Bauta Logistics and Mokobela Shakati)	Commercial Cold Storage trading as CCS Logistics	Investec Bank; Masico Advisory; Standard Bank; Old Mutual Investment Services (Namibia); Webber Wentzel; ENSafrica; PwC	R760m	Oct 4
Disposal by	Aveng Africa (Aveng) to Trident Steel Africa (consortium comprising Ambassador Enterprises, Joseph Investments, Arbor Capital Investments and Trident Steel management)	Trident Steel	DG Capital; Investec Bank; Alchemy Law; Werksmans; KPMG	R700m	Oct 4
Investment by	HAVAÍC, DFS Lab and other investors	in Tanda [ongoing pre-Series A]		undisclosed	Oct 4
Acquisition by	Nurture Brands (Exeo Capital) from Infinitus Holdings	Vital Health		undisclosed	Oct 10
Acquisition by	MIC Impact Investment	a 24.85% stake in TooMuchWiFi		undisclosed	Oct 12
Investment by	Lifetime Ventures and other investors	in Strove		undisclosed	Oct 12
Acquisition by	Kasada Capital Management	The Lamantin Beach Resort & Spa		undisclosed	Oct 17
Acquisition by	Tabono Investments	a stake in Advanced Group		undisclosed	Oct 24
Acquisition by	Hlayisani Capital	a minority stake in Tractor Media		undisclosed	Oct 24
Acquisition by	Invenfin (89% held by Remgro)	investment in Money Fellows	Solaris Law; Matouk Bassiouny & Hennawy	undisclosed	Oct 31

PRIVATE EQUITY DEALS 2022 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED	DATE
Investment by	Buffet Investments, KLT, One5, ENL, Investec and Nedbank [Shoprite also participated]	in Omnisient		undisclosed	Oct 31
Acquisition by	RMB Corvest (RMB Holdings)	investment in Sedgeley Solar Energy	Bravura Capital	undisclosed	Nov 2
Acquisition by	Legacy Africa Capital Partners	a minority stake in Kelpack Investment		undisclosed	Nov 3
Investment by	Plug & Play, iCubed Capital, WZ Capital and Jozi Angel Network	in Contro (pre-seed funding)		R10,1m	Nov 14
Investment by	Apis Partners, Crossfin Holdings and the IFC's Fintech division [plus debt from Investec]	in Adumo		R190m (equity and debt)	Nov 18
Acquisition by	PAPE Fund 3	a majority stake in Scamont Investment Holdings		undisclosed	Nov 19
Acquisition by	The Rohatyn Group from EPE Capital Partners	Ethos Private Equity	Rand Merchant Bank	undisclosed	Nov 21
Acquisition by	African Infrastructure Investment Managers (Old Mutual) from Mota Engil	74% stake in Lots 15 and 18 of the Kenyan Road Annuity Programme		$34m	Nov 21
Acquisition by	African Infrastructure Investment Managers (Old Mutual)	equity investment in NOA Group		$90m	Nov 23
Acquisition by	Clicks from Old Mutual Private Equity (Old Mutual)	Sorbet	Investec Bank	R105m	Nov 24
Disposal by	Carlyle to Oppenheimer Partners	a majority stake in Amrod	Rand Merchant Bank; White & Case (SA); Bowmans; ENSafrica; Nortons	undisclosed	Nov 24
Investment by	SAB Foundation	in LIQID Medical		R28m	Nov 26
Acquisition by	Alitheia IDF and management	a majority stake in Club Travel Corporate		undisclosed	Dec 1
Investment by	Allan Gray E-Squared Ventures, Endeavor Harvest Fund, Adansonia PE Opportunities VCC and UW Ventures	in Synatic		$2,5m	Dec 5
Acquisition by	Futuregrowth Asset Management (Old Mutual)	KG Mall in Emalahleni, Gauteng		undisclosed	Dec 7
Acquisition by	Futuregrowth Asset Management (Old Mutual)	a stake in the South African College of Applied Psychology	Cliffe Dekker Hofmeyr	undisclosed	Dec 7
Investment by	ADP III (Development Partners International) and Fireball Capital	a stake in Ukheshe International	Royal Park Partners	undisclosed	Dec 7
Disposal by	ARC Fund (African Rainbow Capital Investments) to Accel-KKR	investment in Humanstate and Payprop SA	Webber Wentzel	R496m	Dec 9
Acquisition by	Futuregrowth Asset Management (Old Mutual) out of Business Rescue	remaining 50% stake in Safe Farm Ventures	Cliffe Dekker Hofmeyr	undisclosed	Dec 9
Investment by	Siya Kolisi, Rachel Kolisi, the Banducci family and the Ferguson family	in BOS Brands	Mazars Corporate Finance; Cala Capital Africa	undisclosed	Dec 12
Acquisition by	Hybrid Equity, a division of OM Alternative Investments (Old Mutual)	further equity stake in Mulilo		R420m	Dec 14
Investment by	Calvin Ayre	in Centbee [pre-Series A]		$1m	Dec 23
Acquisition by	SA Taxi (Transaction Capital)	40% stake in GoBid in exchange for the salvaged taxi business	Pallidus; Alchemy Law	not publicly disclosed	not announced Q4
Acquisition by	Africa Infrastructure Investment Managers (Old Mutual) from shareholders	Sequence Logistics	Investec Bank; Webber Wentzel; ENSafrica	not publicly disclosed	not announced Q4