

Weekly Investment Wrap (May 30th): GEPF, Old Mutual, Niveus and others



By Allan Cunningham | Africa Capital Digest May 31, 2016

Belelani Capital & Pareto

The lion's share of private equity deal activity in Africa last week took place in South Africa. The biggest transaction of the week took place in the country's real estate sector which saw **Belelani Capital**, a Black Economic Empowerment consortium, take a 24% stake in Pareto, one of South Africa's largest retail property companies. The deal, which was funded by **Absa Corporate and Investment Bank** and **Rand Merchant Bank**, is reportedly worth more than R4 billion, (approximately \$253.4 million).

Until the introduction of Belelani Capital as an investor, **Pareto** was owned entirely by the South African **Government Employees Pension Fund**, whose assets are managed by the **Public Investment Corporation** or PIC.

Old Mutual Investment & Prestige College

Old Mutual Investments announced two deals last week. In the first, the financial services firm's alternative investment group announced an additional investment for its R1.2 billion Education and Schools Impact investment fund. The investment, which is being made in partnership with **Barnstone Education**, is being made in the second phase of the **Prestige College** project, lifting the total amount of capital allocated to financing the project to R380 million or approximately \$24 million. The capital will be used to fund the development of six Prestige College affordable independent schools which will be managed by Barnstone Education and the founders of Prestige College.

UFF African Agri Investments

In the second of their two deals, Old Mutual Investments announced that they are raising their overall effective equity stake in **UFF African Agri Investments** to 49%. The transaction is the natural evolution of the long term relationship between the two organizations which saw UFF African Agri act as fund advisor to Old Mutual through its Futuregrowth Agri and Old Mutual Agri Funds. The new partnership expects to make up to \$500 million in African farmland investments over the next 3 years.

Stellar Capital Partners & Masimong Technologies

Staying in South Africa, **Stellar Capital Partners**, has sold a 51.1% stake in unlisted South African electronics manufacturer to **Masimong Technologies**, a Black Economic Empowerment group, in a R180 million (approximately \$11.4 million) deal. Stellar retains a 48.9% share in the company and reportedly has no plans to divest itself further of the asset.

Eos Capital & Elso Holdings

Next door, in Namibia, **Eos Capital's** Allegrew Fund is making its maiden investment to take a majority stake in **Elso Holdings**, a manufacturer of biodegradable, toxic-free cleaning liquids and powders, tissue paper products and cleaning equipment. While financial terms of the deal were not disclosed, Eos gets two board seats which the private equity firm's CEO Nicole Maske taking the Chair and either Chief Investment Officer Ekkehard Friedrich or Chairman Johannes Gawaxab taking the other seat.

The Allegrew Fund held a first close at N\$450 million or approximately \$26 million. The firm anticipates holding a final close of N\$500 million (or \$31 million). The fund focuses on making equity, debt and mezzanine finance investments in fast growing Namibian companies.

Tembo Capital & Strandline Resource

Tembo Capital, a London-based private equity advisor that targets junior and mid-tier mining opportunities in Africa and other emerging countries, is making a \$6.6 million investment in **Strandline Resources**, a Perth, Western Australia-based mineral exploration and development company. The capital will be used to fund Strandline's mineral sands portfolio in Tanzania and represents a step in a long term investment strategy by Tembo in Strandline. The private equity investor is offering to provide Strandline with up to \$15 million in development funding over the medium to long term.

In fund launch news, **Niveus Investments**, a subsidiary of JSE-listed **Hosken Consolidated Investments**, announced the launch of Niveus Ventures, a new tech sector-focused growth capital fund looking to back entrepreneurs who are aiming to expand their businesses globally. While neither the amount nor the sources of capital for the fund were disclosed, the fund's strategy will be to invest in firms who represent an investment opportunity that lies somewhere between angel or seed stage and a private equity or buyout deal.

In North Africa, meanwhile, **Cleopatra Hospital Group**, the Egyptian Healthcare platform company which is part of **The Abraaj Group's** North Africa Hospital Holdings, announced that institutional investors snapped up its offer of 34 million shares priced at EGP 9, oversubscribing the issue by a multiple of almost seven. The Hospital Group is offering retail investors an additional 6 million shares, raising the total stake on offer to 25% of the company. The capital is being raised for planned capital projects and the acquisition of land in Cairo to build a new hospital.

An interesting feature on the development Nigeria's **Azuro-Edo IPP** power project appeared in *Institutional Investor* last week. Along with a useful chronology of the project which is due to come online in 2018 with a generating capacity of 459 Megawatts, the article looks at the structures that are in place to mitigate risk, including a put-call option agreement with the country's Finance ministry, which is being used as template for other projects on the continent.

A couple of joint venture initiatives in the broader infrastructure sector grabbed some headlines last week. In the first, **General Electric, Mara Group** and **Atlas Merchant Capital** are joining forces to create a venture that will focus on making infrastructure equity investments in a number of, as yet unspecified, countries in Africa. The partnership will target high growth sectors such as power generation, transport, oil and gas as well as others including mining and will lead equity deals alongside other sponsors, leveraging its relationships with banks and development finance institutions to facilitate debt requirements for individual projects.

And in the second, **OPIC**, the U.S. Government's development finance institution has signed a Memorandum of Understanding with the **Renewable Energy Performance Platform** or REPP to facilitate cooperation on renewable energy projects in the sub-Saharan African region. Under the terms of the agreement OPIC and REPP will partner to identify promising projects that would be eligible for OPIC funding at an early stage, which, when combined with REPP assistance, would raise the likelihood of being financed and achieving their intended development impact.

Finally, as part of its Africa expansion plans, **Quantum Global** has hired 11 senior executives to manage the firm's investment vehicles in Mauritius. In April this year, Quantum announced that it was establishing offices in a number of key markets in Africa and the Middle East to bolster investor access to the opportunities offered by the continent. In setting up funds in Mauritius, the investment firm is looking to leverage the country's political and economic stability as well as its regulatory framework to attract high-quality institutional investors to invest in the firm's funds.