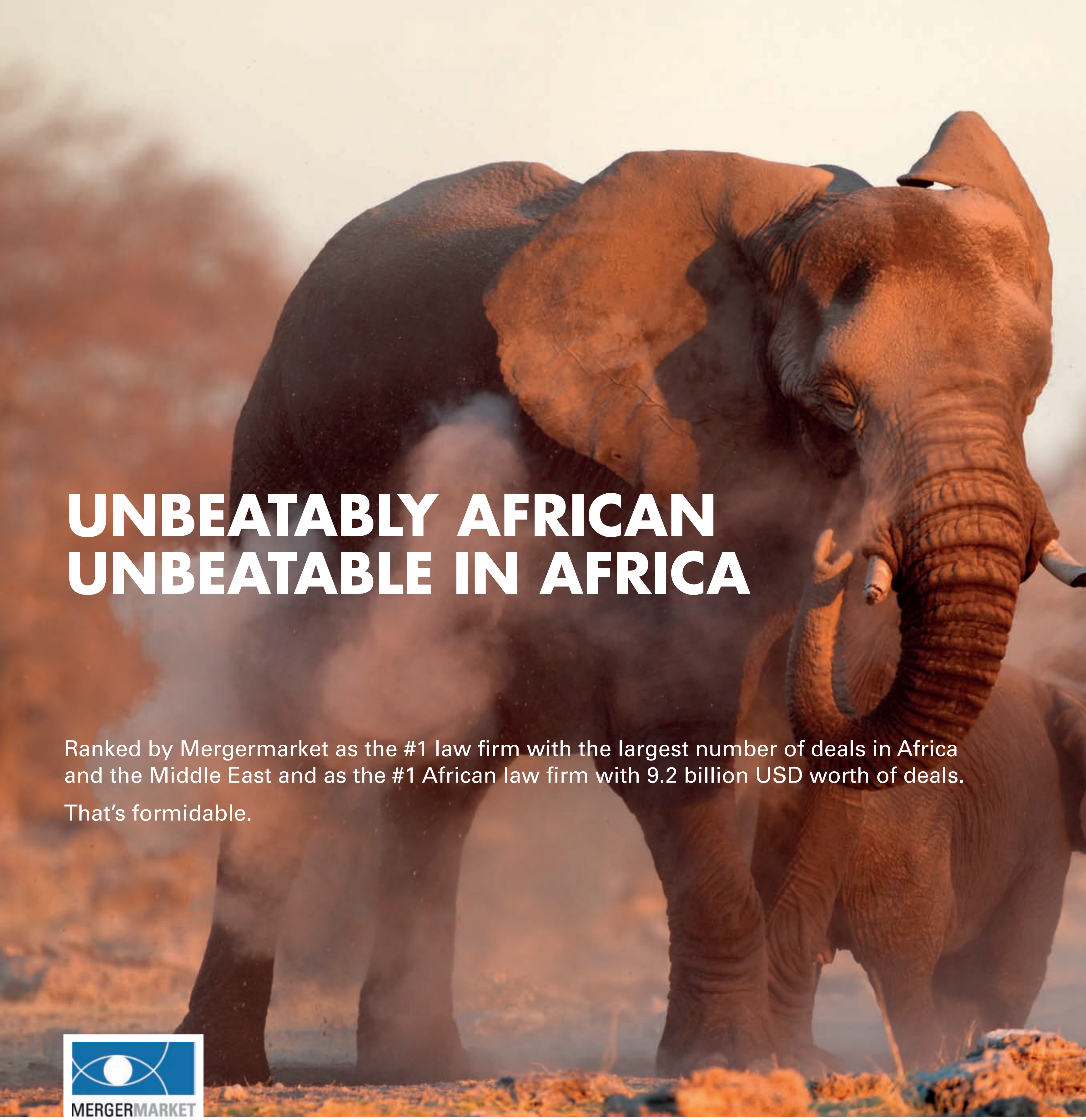
DealMakers AFRICA

Vol 8: No 1

TRANSACTION TABLE BY COUNTRY INCLUDING ADVISORS | BUSINESS IN AFRICA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from the editor's desk

The last eighteen months or so has seen a marked change in the way business is being done in Africa. There is a noticeable push by legislators to issue new, or revamp, mining and petroleum legislation to protect and regulate industries. Much of the content of this quarter's magazine is devoted studying these changes.

To a degree, this legislation has affected merger and acquisition activity on the continent. East Africa in particular has seen a marginal slowdown when compared with this time last year. This has been attributed to the easing of activity, most noticeable in the mining and petroleum industries, but also to the drop in commodity prices along with local confusion about legislation governing oil concessions and mining leases. Exploration companies, in particular, may have to sell assets to survive and this will come through in M&A activity in the next 12 to 24 months. China is expected to be waiting in the wings to pick up value assets at particularly cheap prices.

Strict fiscal policies should be carefully considered and implemented depending on the stage of development in various sectors. Making unreasonable fiscal demands such as partial government ownership and royalties when industries are still fledgling will do nothing to encourage growth.

But it is not all doom and gloom for M&A. In East Africa a great deal of merger and acquisition interest has been seen in the insurance sector. Consolidation in the industry is ongoing among the multinationals and pan-African companies. There is a huge push out of SA in the form of, for example, Old Mutual and Sanlam and this is expected to continue for the rest of the year.

Private equity continues its active streak, with a great deal of interest from around the world. The downside for these private equity funds is finding investments of reasonable size. Africa funds are continually being set up in all sectors ranging from financial to retail, manufacturing and real estate. SA pension funds such as Stanlib are particularly interested in the real estate funds. Multinationals such as Helios Investment Partners and Catalyst Principal Partners are also very active.

A healthy pipeline of deals is expected to ensure that the second half of 2015 is as good as that of 2014. With infrastructure coming into play, these additional opportunities are likely to attract investors. Regional players, particularly in the financial sector, are predicted to make their presence felt in the next 12 to 24 months as exposure to the rest of the continent is sought. •

MARYLOU GREIG

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DealMakers AFRICA is published by the proprietor Gleason Publications (Pty) Ltd, reg no: 1996/010505/07 from its offices at 30 Tudor Park, 61 Hillcrest Avenue, Blairgowrie, Randburg 2194.
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DealMakers AFRICA is printed by Typo Colour Printing, 19 Beaufort Street Troyeville, Johannesburg.

Gleason Publications

Springboard into Africa

TAPIWA SHAMU

While South Africa remains one of the main investment springboards into Africa for many international companies and investors, the country has not succeeded in fully capitalising on this position. As a result, in recent years, a number of other countries have emerged as significant contenders for this African springboard title. It is imperative that South Africa takes urgent steps to reassert its dominance to ensure that international investment into, and through, this country remains the driver of economic growth that it can and should be.

In 2011, research conducted by the African Business Panel put South Africa, Nigeria and Kenya (in that order), as the top three countries for global investment to flow into the African continent. Since then, the countries positioned in the top three spots haven't changed, but the order certainly has. There are also a number of other African countries like Botswana, Angola, Ghana, Mauritius and Mozambique that have made significant strides towards asserting their position amongst these rankings - largely at the expense of South Africa.


Shamu

For now the race to be the leading African economic hub remains primarily a three-horse one, with Kenya largely enjoying the perception of being Africa's key source of mobile and ICT technology expertise, and Nigeria being dominant in terms of entrepreneurship and innovation.

South Africa's recent energy, labour and political challenges have resulted in its African investment hub star shining a little dimmer of late, but it still holds a number of distinct competitive advantages over its rivals. For one, SA's historic standing as the primary investment springboard enjoys a general sense of legitimacy amongst multinational companies, both in Africa and abroad. Furthermore, the country boasts a well-established, albeit recently beleaguered, national air carrier with arguably one of the most extensive air travel networks within the continent.

For now the race to be the leading African economic hub remains primarily a three-horse one, with Kenya largely enjoying the perception of being Africa's key source of mobile and ICT technology expertise, and Nigeria being dominant in terms of entrepreneurship and innovation.

Finally, SA continues to offer an advanced and sophisticated operating environment complemented by significant skills, all of which still make it an attractive business and investment destination for both African and international businesses.

Being an international business convergence point with convenient distribution into the rest of the continent, doesn't constitute sufficient reason for global businesses to keep on using South Africa as the key point entry into Africa. There is stiff competition for this title from many other African countries, not helped by the fact that our economic growth of late largely pales against that of many of those competitors.

While the South African government has recently taken some steps to bolster the country's competitiveness as an African springboard, including further exchange control relaxation and the introduction of foreign member funds last year, a greater effort is also required from all other stakeholders. This is particularly true of financial institutions that, in many ways, represent the foundation on which investment into Africa from South Africa can be encouraged and facilitated.

Nedbank Group's recent acquisition of a 20% stake in the business of its long-standing pan African partner, Ecobank Transnational Incorporated (ETI) at a cost of R5bn, is an example of one of the practical ways in which South Africa's private sector can, and should, be investing into ensuring the country retakes its number one position as Africa's investment hub.

More than just a way of diversifying South African operations into sub-Saharan Africa, the deal represented the culmination of a seven-year strategic partnership that offers global and international businesses, investors and clients more than 2000 banking branches in 39 countries. In addition to the transactional capabilities this vast network delivers, business establishment, expansion and investment in Africa is also encouraged and enabled through the provision of extensive local knowledge.

The bottom line is that Africa's appeal as a business and investment destination remains firmly on a trajectory that can only be described as stellar. So, if nothing else, Nigeria's rise to the position as largest African economy and Kenya's recent recognition as best African emerging economy to invest in by Eurasia Group should serve as two of many wake-up calls for South Africa.

The implications of a failure to heed these calls and claw its way back to the number one African springboard spot extend way beyond missing out on a few business opportunities. In many ways, entrenching its position as the most appealing base from which global businesses can expand their operations into Africa can, and should be the panacea needed for many of the ills that are currently inhibiting South Africa from realising its full growth potential.

Now is certainly not the time for complacency. •

Shamu is a principal with Corporate Finance at Nedbank Capital

Nor is it the time for country wide xenophobia – Editor.

Rethinking merger notification in the energy sector

TAMARA DINI AND SARAH JACKSON

Rigorous competition law regimes are a vital part of incentivising companies to reduce their prices, improve the quality of their products and become more innovative in order to retain, or better yet increase, their market share. Many African countries now recognise these advantages and as a result there is an increase in the number of regimes in place across the continent. With Mozambique having recently brought its competition law regime into effect, only a handful of African countries have no competition law regimes.

Within these regimes, mandatory merger notification obligations play an important role. They force merging companies to proactively contemplate competition issues and give the authorities an opportunity to scrutinise information relevant to the merger and its potential effect on competition. Having said that, filing these notifications can be cumbersome, not to mention expensive, given the substantial filing fees, legal costs and lengthy or indeterminate review periods. While some mergers warrant investigation by regulators, competition law regimes may also create unnecessary regulatory hurdles for companies that meet certain thresholds and trigger filing obligations even where no competition issues arise.

An example of this exists in the energy sector when a firm acquires an exploration license with a view to conducting exploration or prospecting activities. In a number of jurisdictions, the exploration licenses' value may trigger merger notification obligations even if exploration has not started or is at a very early stage and, as such, is unlikely to have any meaningful effect on competition.

The Competition Authority of Kenya (the CAK), has been pragmatic in dealing with the issue. Kenya currently does not have thresholds for merger notifications, meaning that it considers all transactions that fall within the merger control provisions of the legislation to be notifiable. However, a guideline issued in 2013, *Exclusion of Proposed Mergers from Provisions of Part IV of the Competition Act, No 12 of 2010*, allows for certain transactions to be excluded from the notification process. Excluded transactions include those in the "carbon-based mineral exploration and prospecting" sector (meaning oil, natural gas or coal but excluding downstream retailing of these products), if "the value of the reserves, the rights and the associated exploration assets to be held as a result of the merger is below four billion shillings" (approximately US$43,451,600). This approach has also been adopted by countries further afield. Canada has a similar exclusion relating to "exploration or development activities." Pakistan too, provides a general exemption for transactions in which property is acquired for the purpose of exploration or development. In certain circumstances, however, the transaction may still be subject to a substantive review after is has been implemented. Pakistan is thereby able to strike a good balance between easing the burden of notification on companies and retaining sufficient oversight in the energy sector.

A merger is considered to occur when "one or more firms directly or indirectly acquire or establish control over the whole or part of the business of another firm".

Dini

In South Africa, the Competition Act, 89 of 1998 (the Act) requires that any transaction which could be deemed a "merger" must be submitted to the competition authorities when the prescribed financial thresholds are met and where there is an "effect" in the country. A merger is considered to occur when "one or more firms directly or indirectly acquire or establish control over the whole or part of the business of another firm". If an exploration right is deemed to be an asset in terms of the Act and its schedules, then acquiring control of that exploration right may be considered a merger for the purposes of the Act if the asset constitutes "the whole or part of a business".

Jackson

The case of *Aquarius Platinum SA (Pty) Ltd/The Southern Booysendal Mining Right,* Case No. 52/LM/Jul11 involved the acquisition of control of a mining right in circumstances where no mining activities had begun. The right itself was considered the "target". At the time of the merger notification, there was no activity overlap as production had not begun. However, the Competition Tribunal (the Tribunal) pointed out that this would change once mining started.

In *Competition Commission/Edgars Consolidated Stores Ltd/Retail Apparel Group (Pty) Ltd*, Case No: 95/FN/Dec02 (Edcon), the Tribunal contrasted situations where an asset would be considered to be a "part of a business" as opposed to merely a "bare asset" in terms of competition law. It was found that acquiring a debtor's book was effectively a merger given that the book debt constituted a "part of a business" on the facts. The Tribunal looked at whether the acquisition of the asset would enhance the competitive position of the acquiring firm and enable the "acquiring firm to increase its market share or pre-empt a rival from

While some mergers warrant investigation by regulators, competition law regimes may also create unnecessary regulatory hurdles for companies that meet certain thresholds and trigger filing obligations even where no competition issues arise.

increasing its." Should the competitive position of the acquiring firm increase due to the acquisition of an asset, it is likely to be viewed as the acquisition of "the whole or part of a business."

Unfortunately, the South African competition law authorities have not dealt specifically with the acquisition of exploration rights yet. However the Tribunal has offered some useful guidance in relation to determining whether or not an asset would be considered a "part of a business." Considering the Tribunal's reasoning in the Edcon case, if an exploration license is purchased for land that holds a natural resource in an exploitable form, the market share, and therefore the competitive position of the purchaser would increase given its potential to generate income. The acquisition of the license could then be deemed to be a "merger" in terms of the Act. If, on the other hand, the natural resources are not exploitable, or the profit generated by these resources is very low, the acquisition of the license could be considered a "bare asset", in which case it is not a merger and therefore not notifiable.

Problematically, until such time as exploration activities have been conducted, the acquirer will not know the status of the asset. Even if exploration has occurred to confirm the land does, in fact, have natural resources, it can only really be stated that there is real "business" once production or exploitation has yielded any resources.

Requiring the notification of an exploration license therefore requires the acquiring firm to notify the competition authorities of a "spes", or the expectation of a future right over a corporeal natural resources that might be discovered, rather than of an existing right. This is problematic in two respects namely (i) that firms engaging in exploration activities are already incurring significant costs which they are not guaranteed of recouping; and (ii) to require notification in respect of an exploration right requires a company to notify the competition authorities of an expectation of a future revenue producing business, which does not allow for a meaningful assessment of the impact of the acquisition on competition.

For regulators in Africa, Kenya has established a pragmatic approach which may be helpful for other regulators to consider, either by way of creating an exclusion from the merger notification obligations or different, industry-specific thresholds. Competition regulators' scarce resources would be far better placed if expended on investigating mergers which could have an impact on competition. ●

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Lending in Nigeria – the building blocks

DAVID JONES

The disparity between Nigeria's GDP and the size of its banking sector clearly indicates significant growth opportunities for banks in the country. The gap between the two is particularly striking when compared with South Africa.


Jones

Nigeria's Deposit Money Banks, of which there are 21, serve a population of 180 million people, in a country that boasts a GDP of over half a trillion US dollars. The combined market capitalisation of Nigeria's banks is approximately US$17bn, with net assets of $18.5bn. South Africa's listed banks serve a population of 50 million people. South Africa's GDP is around $370bn, however its banks have a combined market capitalization of $83.5bn with net assets of $42bn.

A central component of the growth in the banking sector will come from corporate lending which, in turn, should be supported by economic growth. But economic growth alone does not necessarily stimulate private sector lending. In order for a loan to take place, one needs a willing buyer of capital (the borrower) and a willing seller of capital (the lender). At the most basic level, the borrower generally focuses on price (the interest rate), whilst the lender, although sensitive to price, focuses on loss minimization (the legal framework regarding property rights and contract enforceability).

So what stimulates growth in lending is an environment with high demand for capital from the borrower due to favourable interest rates, and where the lender can, with a high level of certainty, assess both the probability of the borrower being unable to repay the capital lent and how much of the capital the lender stands to lose should non-payment occur. But what are the factors that create such an environment, and in Nigeria why do banks lend less than in South Africa?

Hernando De Soto's discerning book *"The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else"* demonstrates how the institution of formal property rights unlocks capital and fosters an environment where capitalism can thrive and where wealth can be created.

A fundamental concept that De Soto articulates is that capital is not a physical thing of value, like gold, but rather it is a form of information. Capital is in essence a form of relationship, where the value is derived out of transactions enabled by a set of defined and enforceable relations (a contract) with respect to the handling of gold.

However, defined relations or legal title alone cannot enable the enforcement of contracts. To have value, contracts depend deeply upon the wider legal, economic and social environment to convey their full potential in stimulating lending and true capital formation.

The laws that govern commercial transactions in Nigeria are to a large extent inherited from English law. Nigeria's legal system was designed with the English legal system as reference. Therefore, on a standalone basis, with formal property rights and highly skilled lawyers to ensure enforcement of contracts, Nigeria's legal system cannot explain deficiencies in lending practices. The courts may be inefficient and backlogged and jurisprudence can be found lacking when it comes to financial transactions, but you will get your day of fair representation in court.

In the last three decades the Nigerian banking sector has experienced numerous regime changes, from military dictatorships to the return of civilian rule. During this time, the sector has also undergone five banking sector reforms including deregulation and privatisation, re-regulation, liberalisation, and, most recently, post the credit crisis of 2008, consolidation and recapitalisation.

This history and the extent of industry volatility created its own institutionalised and, at times, strained conduct between lenders and borrowers. From a borrower's perspective, committed facilities suddenly became uncommitted, fixed interest rates could one day be increased, that long-term loan now payable on demand. From the lender's perspective, there has sometimes been a reluctance to share company information, often resulting in significant differences between audited and management accounts, or incomplete asset registers.

Anecdotally, it was explained to me that a banker in Nigeria, upon reviewing a company's much improved set of financial results, requested that the interest rate be raised. Imploring the banker to explain his rationale, the reply was: "You're earning more, so you can pay me more"!

Remnants of these relationship dynamics are still present today. Fortunately, the Central Bank of Nigeria (CBN) governors who have overseen the most recent (and constructive) banking sector reform are skilled ex-bankers who understand how policy, regulation and sustainable lending interact. The Nigerian banks that have survived the consolidation are financially the strongest and most skilled that they have ever been, and the increase in competition from international banks (Citibank, FirstRand Bank, JP Morgan, Standard Bank, Standard Chartered, and, most recently, Barclays Africa) is also having a positive impact on lending practices.

Yet, a rigorous legal framework and strong lending institutions cannot, on their own overcome Nigeria's most damaging issue of corruption. This is particularly so of sanctioned corruption, in which government gives itself the prerogative to presume upon value before it is even created, denying the creation of broad-based wealth and savings that is then reinvested as loans in the real sector.

In Nigeria, this multifarious system of patronage politics permeates far more profoundly than a simple system of formal property rights. It ultimately drives the economic risk premium demanded by providers of capital, and in turn ensures that local borrowing costs are, for all but the strongest of corporate borrowers, unsustainably high, crowding out broad-based borrower demand.

> A central component of the growth in the banking sector will come from corporate lending which, in turn, should be supported by economic growth. But economic growth alone does not necessarily stimulate private sector lending. In order for a loan to take place, one needs a willing buyer of capital (the borrower) and a willing seller of capital (the lender).

Lenders in turn are inadvertently incentivised to invest in low-risk, administratively-intensive and non-productive Federal Government of Nigeria bonds, a practice the CBN is actively looking to transform.

Interest rates prohibitively high, and other costs, such as the cost of registering security - up to 7.5% of the value of the amount the lender wants secured (these costs are typically borne by the borrower), are significant deterrents to borrower demand. While lenders have been able to mitigate this cost by under-stamping their security; that is, paying stamp duty on an amount lower than the lower amount (in itself an endorsement of the faith in Nigeria's legal system), this compromise is saved only for the best companies and not shared with the broader pool of eligible borrowers.

One should bear in mind that Nigeria has experienced substantial economic growth since it returned to civilian rule in 1999. More tellingly, this growth has been more stable than during the previous four decades of mostly military rule. As a fledgling democracy, Nigeria has made significant strides towards increased transparency and governance. This has been enhanced by embracing globalisation, which makes Nigeria accountable not only to its local constituents, but also to its increasing number of international stakeholders.

It is in this new environment that foreign direct investment has averaged $7bn per annum since 2007, with over 50% invested into the non-oil and gas sectors. Foreign investors now account for over 60% of domestic transactions on the Nigerian Stock Exchange, while local currency government bonds have been included in JPMorgan and Barclays emerging market bond indices. In pursuit of institutional best practice, the Federal Government of Nigeria is actively engaged with various global organisations.

This progress is precisely what is required to establish an environment that can fully unlock the value of capital in Nigeria's economy. It will take time, but lending activity will rise, levels of banking penetration will increase, and Nigeria's banks will make far greater contributions to Nigeria's economic and social prosperity. •

Jones is a loan solutions transactor at Rand Merchant Bank and is based in Lagos, Nigeria

Kenya – back to Capital Gains Tax

CELIA BECKER

Following an amendment in the 2014 Finance Act, Kenya reinstated capital gains tax (CGT) with effect from January 1, 2015. CGT was originally introduced in 1975 in the Eighth Schedule to the Income Tax Act, but suspended in 1985 as an incentive to attract investment in mining, real estate and the stock exchange.

With the Nairobi Securities Exchange ranked as the second best performing stock exchange in Africa in 2013, a booming property market and the recent discovery of mineral, oil and gas deposits, the government concluded that these industries no longer require incentivising. It is estimated that CGT could raise up to US$85m per year, which would contribute to subsidising ever increasing recurrent and development expenditure (Kenya reported a $2bin budget deficit in 2014).


Becker

CGT is to be levied at the rate of 5% on gains accruing to a company or individual on or after January 1, 2015 on the transfer of property situated in Kenya. 'Property' is widely defined and includes land, buildings and marketable securities (listed and unlisted shares).

A transfer takes place where a property is sold, exchanged, conveyed or disposed of in any manner (including by way of gift) or on the occasion of loss, destruction or extinction of property whether or not compensation is received or on the abandonment, surrender, cancellation or forfeiture of, or the expiration of rights to property.

The tax is calculated on the amount by which the transfer value (the value of the consideration or market value in the case of related party transactions) exceeds the 'adjusted cost' of property, which is defined as acquisition costs and costs subsequently incurred to enhance or preserve the property, provided such costs had not been deductible for tax purposes previously.

Incidental costs (including stamp duty, legal fees, advertising cost and any costs of the acquisition or transfer of property which consist of expenditure wholly and exclusively incurred by the person acquiring the property or the transferor for the purposes of the transfer) are deductible in determining the transfer value of property.

Capital losses are deductible against capital gains in the year the losses are made and any excess loss may be carried forward for a period of four years.

Although the CGT rate is one of the lowest in the region – Uganda levies capital gains tax at a rate of 30% and Tanzania at 20% on foreigners and 10% on residents – some uncertainty surrounds the introduction of the tax.

While the Finance Act 2014 provides for a CGT rate of 5%, the Eighth Schedule in Part II provides for a 7.5% rate on gains from investment shares (shares listed on the Nairobi stock exchange). The Kenya Revenue Authority (KRA) has been referring to the 5% in recent public notices, which seems to be the accepted rate.

The transferor has the responsibility of proving the acquisition cost of property, which may be problematic where property has been owned for an extended period (in terms of the Income Tax Act, records are required to be retained only for a period of 10 years). In instances where this information is not available, the amount of the consideration for acquiring the property shall be deemed to be equal to the market value of the property at the time of the acquisition or to the amount of consideration used in computing stamp duty payable on the transfer by which the property was acquired, whichever is the lesser.

No general provision is made for the indexing of adjusted costs, which means that a significant gain may arise purely as a result of inflation. The adjusted cost of shares was originally defined as the market price at which the shares could have been purchased at arm's length for shares acquired before June 13, 1975 and the value of consideration for shares acquired on or after June 13, 1975. However, the CGT Guidelines issued by the KRA as a public notice in January 2015 indicates that, where shares were acquired during the period until 2004, the acquisition cost of shares shall be the highest price of those shares in the year they were acquired, as obtained from the Nairobi Securities Exchange. For securities acquired from 2005, the acquisition cost will be the actual cost as per the Central Depository System (CDS) account statement. Where a pool of securities acquired at different dates and at different prices are sold, the adjusted cost will be computed on a first-in-first-out (FIFO) basis. PwC Kenya has expressed uncertainty regarding the legal enforceability of the public notice, as such substantive amendments to legislation must typically be passed through an Act of Parliament.

Although the KRA Guidelines confirm that CGT is a transaction-based tax payable by the transferor upon the transfer of property by no later than the 20th of the month following the transfer, for investment shares the responsibility to collect and account for the tax will be on stockbrokers. They should ensure that CGT is collected before releasing the sale proceeds to their clients. This places a significant compliance burden on stockbrokers, which may require system upgrades and result in significant administration costs, especially where historical documents are required to determine the acquisition cost. The Eighth Schedule onerously provides that a stockbroker who fails to collect and remit the tax shall be jointly and severally liable with the transferor for the payment of tax.

The Kenya Association of Stockbrokers and Investment Banks (KASIB) raised concerns that the tax will be discouraging to existing and potential investors and that the Nairobi Securities Exchange will lose its competitive edge as a result. Others are of the view that the relatively low tax rate will ensure a minimal effect. The longer term implications of the reintroduction of CGT on the Kenyan economy will only be revealed in due course. ●

Becker is an Africa business intelligence executive at ENSafrica

Encouraging investment

NKONZO HLATSHWAYO

The COMESA Competition Commission (the Commission) has published amendments to its merger control regulations. The amendments constitute the last instalment of a reform process which was initiated in 2014 and resulted in the publication of Merger Guidelines in October 2014.

Although the amendments were published on April 9, 2015, they were adopted by COMESA's Council of Ministers on March 26, 2015 and therefore became effective on that date.


Hlatshwayo

Modification of notification thresholds

The amendments repeal the Notice on the Rules for the Determination of Merger Thresholds of 2012, which set merger thresholds at zero. The new Notice introduces, for the first time, a two tier financial threshold system in terms of which transactions will only trigger notification where:

- the combined annual turnover or asset value (whichever is greater) of the merging parties is at least US$50m per annum; and
- at least two of the parties, presumably including an acquiring firm and a target firm, each generates turnover of at least $10m.

This represents a significant improvement to the merger control regime. Less than a year ago, the Commission had zero thresholds. This meant that if any of the parties had a presence in COMESA, any transaction that they were involved in anywhere in the world (even the mere purchase of a grocery store in Brazil) triggered the notification requirements.

When a number of parties sought to determine the precise meaning and interpretation of Article 3(2), which seemed to confine the Commission's jurisdiction to conduct which had an appreciable effect on trade between member states or could restrict competition, the Commission introduced its Merger Guidelines in October 2014. The Guidelines introduced three important elements which helped to mitigate the zero thresholds problem by:

- defining "having operations" in COMESA as meaning that a party had to have turnover of at least $5m for merger control purposes;
- indicating that where the target had no presence in COMESA, the transaction was not notifiable; and
- noting that where each party generated turnover of at least two thirds of its revenue in one and the same member state, then the transaction was also not notifiable.

While not a perfect solution, this introduced significant improvement to the credibility of COMESA's merger control. The two-thirds turnover rule introduced through the Guidelines is retained.

The new amendments take this a step further by requiring only transactions of a certain size to trigger notification.

At the heart of the amendments is the quest to harmonise the apparent disparity between the provisions of Article 3(2), which defines the scope of application of the Regulations and the import of Article 23(3), which envisages that a merger where only one of the parties has a presence in the COMESA region could have a regional dimension.

This will give many entities which do business in COMESA the comfort that the merger control regime is aimed at dealing with competition issues at the right level.

Reduction of filing fees

The amendments further address the thorny issue of filing fees.

Prior to this amendment, merging parties were required to pay a filing fee of the greater of 0.5% of their turnover or asset value, with a ceiling of $500 000. Consequently, a combined turnover of only $100m meant that the parties paid the maximum filing fee.

However, this has significantly changed. Firstly, the percentage has come down from 0.5% to 0.1%. Importantly, the ceiling has also dropped from U$500 000 to $200 000. Although, this is still relatively high, COMESA's willingness to review it shows that it has been listening to the concerns voiced by business.

Clarification regarding the determination of relevant thresholds

The third important change brought about by these amendments is clarification in respect of the determination of the relevant thresholds.

Where a party is selling only a division of its business, whether or not separately incorporated, only the revenue of that division constitutes the relevant turnover for purposes of the thresholds.

On the acquiring side, the amendments make it clearer that the revenues of the acquiring firm, its subsidiaries, its parent companies as well as their subsidiaries must be taken into account in the computation of the relevant thresholds.

This amendment brings the COMESA merger control regime in line with other authorities in the region.

Conclusion

Although the amendments are a welcome improvement on the existing regime, they do not resolve the problem of Article 3(2) of the Regulations which defines the scope of application of the Regulations.

It is our understanding that the Regulations apply only to conduct that has an appreciable effect on trade between member states and which restricts competition. Consequently, in order to assert jurisdiction, the Commission is required to show that one of the two elements is satisfied.

The Commission has missed the opportunity to resolve this question once and for all. The introduction of thresholds and lowering of filing fees, while helpful, do not address the critical requirements of the scope of application set out in Article 3(2). It would be interesting to see how the COMESA Court of Justice would interpret this provision. ●

Hlatshwayo is a partner at Webber Wentzel

Negotiating a Power Purchase Agreement (PPA)

ARVIN HALKHOREE

A Power Purchase Agreement (PPA) is both a legal and a commercial document between a power producer as seller and the wholesale energy purchaser, as buyer/offtaker. The PPA is at the heart of any power generation project.

Halkhoree

The PPA will state the obligations of the power producer to produce and deliver power to specified points and will further set out the price. The PPA will also contain terms relating to interconnection, metering, invoicing and payment, scheduled outages, *force majeure* exceptions (actual and potential transmission constraints and interruptions), dispute resolution and possibly buy-out options. Other operational key issues may also be addressed in a PPA like operational targets, dispatch procedures, commissioning and testing, and repair and maintenance.

For renewable energy projects, the PPA will contain additional clauses regarding environmental attributes of the project, particular risks of such projects, and depending on jurisdictions, provisions relating to renewable energy credits (RECs). In countries having RECs, like the USA, it is critical to estimate the total revenue stream available over the life of the project. RECs or tax credits for power plants entail limitations on disposal and/or buyouts, so that control does not change, for the project to still avail itself of the tax credits or the energy credits, where applicable.

> Renewable energy presents several challenges in the negotiation process. The intermittent and highly unpredictable nature of wind and solar power should be considered when setting demand and performance requirements.

Renewable energy presents several challenges in the negotiation process. The intermittent and highly unpredictable nature of wind and solar power should be considered when setting demand and performance requirements. A commonly used mechanism is a multilayer look-back with credits accumulation for performance above the minimum levels to be offset during underperformance. Geothermal and biomass plants, however, do not suffer from intermittency issues. Geothermal PPAs should address uncertainties linked with the quantity of geothermal resource by requiring the geothermal resource to be measured and certified at the commercial operation date and periodically thereafter. Similarly, because of the strategic locations of power plants, there can be significant transmission costs which would need to be addressed when discussing the economics of the project during negotiation of the PPA.

A key issue of discussion in a PPA is the pricing; pricing will ensure the cash flows and allows a forecast of the revenue over the lifetime of the project. Historically, pricing has been at a flat rate but we note an emerging trend with renewable energy; the offtaker making a part prepayment or making an investment in the power project. For non-renewable power projects, fuel costs is a major cost component and fluctuation in fuel prices would need to be addressed in the PPA, for instance by using pass-through elements, to make the project viable and profitable.

Another important discussion will revolve around the development milestones, implementation schedule and commercial operation date of the power project. The advantage with renewable energy projects is that additional turbines or solar panels can be added subsequently making the commercial operation date easier to achieve than a traditional power generating plant. Key milestones and longstop dates for certain conditions including penalties for delays would require particular attention. Delays are mainly caused at the EPC (Engineering, Procurement and Construction) stage.

To a lesser extent, connection to the grid and the need for interconnection facilities, would also be discussed. Another related issue is that of constraints of the transmission system which may result in the offtaker curtailing the supply of power to the grid. It is imperative to decide, at the outset, who will bear the costs of such curtailment.

Finally, consideration must be given to the technology being used and its performance attributes, inasmuch as a PPA is a long-term commitment and technologies change rapidly.

Although the direct parties to the PPA are the power producer and the offtaker, it is equally relevant to lenders and equity investors of the energy project. They would want the project to be creditworthy and may want to restrict the ability to assign or transfer the PPA. The PPA allows the power producer to secure a revenue stream from the electric generating facility, which is necessary to finance or to repay for the project. Securing predictable cash flows is in fact one of the most important factors in obtaining finance for the project. As such, the economics of the project would revolve around the terms and conditions of the PPA, which go way beyond the mere purchase and sale of energy. Negotiating a financeable PPA therefore remains necessary notwithstanding the availability of other credit enhancement mechanisms like a corporate parent guarantee, performance bonds or insurance covers.

Many PPAs contain "early termination rights", which allow any party to the PPA to terminate if certain events occur. One such event is the seller's failure to obtain the necessary financing. The problem, however, can be in situations where the power producer has invested massively but has not yet reached the commercial operation date and the offtaker terminates the contract.

The local independent power producers willing to invest either in Mauritius or in Africa should consider the above key issues whilst negotiating their PPA. ●

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DEALMAKERS AFRICA CRITERIA

This section has been added to expand DealMakers' coverage to include transactions worked on by South African industry service providers across the continent. It has been introduced in response to numerous requests made by various companies over a long period. In order to ensure its effectiveness, all firms involved in transactions of this nature are urged to provide appropriate details.

1. Entities that seek credit for involvement in M&A work and other financial transactions must demonstrate the involvement, if necessary by reference to one or several of the principals
2. The full value of each deal is credited to each entity providing a service in respect of that deal
3. Rankings are recorded in respect of South African:
   - Investment Advisers (includes Merchant & Investment Banks and others claiming this category)
   - Sponsors
   - Legal Advisers
   - Reporting Accountants
4. So as to achieve fairness, rankings are to be recorded in two fields
   - Deal Value US$
   - Deal Flow (number of deals)
5. All deals and transactions are dated for record purposes on the 1st announcement date (except for listings, for which the record date is the date of the actual listing)
6. M&A deals that are subsequently cancelled, withdrawn or which are deemed to have failed will nevertheless be included for ranking purposed and companies/units that have worked on these will be credited with them for ranking purposes provided they are able to demonstrate the work was undertaken and effected
7. Where advisers make use of other advisers (second advisers), and provided the work was undertaken and this can be verified, secondary advisers will be credited for ranking purposes
8. Schemes of arrangement, rights issues and share repurchases are valued for record purposes at the maximum number of shares and value that can be purchased or issued until such time as the results are announced
9. All deals and transactions are checked by DealMakers; any discrepancies that arise will be queried
10. Entities that claim involvement in a deal or transaction on which their name and/or company logo does not appear on the published announcement recording their specific role will be asked to provide confirmation from the principals regarding their role
11. All entities involved in deal-making and/or corporate finance transactions will be asked to sign off a summary document prepared by DealMakers to ensure that no clerical errors have occurred
12. DealMakers does not accept responsibility for any errors or omissions

Stock exchanges in Africa

JOHN GEEL AND ROBBIE CHEADLE

Stock exchanges play a vital and varied role in the development of the economy of a country. The bond and equity markets in Africa are still relatively underdeveloped in comparison to their European, American, Asian and Australian counterparts. Based on statistics provided by African Securities Exchanges Association ("ASEA"), the combined value of the equity securities and bonds (government and corporate) traded in respect of the 1 413 companies listed on the 21 ASEA member stock exchanges that were reviewed by KPMG during 2013 amounted to US$454.9bn and US$2 080.6bn, respectively.

The African stock exchanges have amongst the lowest liquidities in the world. This is due to a number of factors, including the limited number of listed companies on the stock exchanges, the limited free float, the low numbers of retail investors, the significant and long-term holdings by pension funds and the high transaction costs.


Geel

Increasing the number of listed companies and increasing liquidity are vital for the development of African stock exchanges in order for them to reach their full potential as contributors to the African financial markets and enhancers of economic development. Africa is characterised by unacceptably high levels of poverty and more liquid and vibrant stock exchanges can contribute significantly to job creation and greater participation by African citizens in the profits and growth of African companies.

This being said, what opportunities are available to African stock exchanges and governments to achieve these goals, particularly with regards to the equity markets?


Cheadle

The initial factors that need to be considered are:

- Policy making needs to be stable and predictable and preferably take place within the capital markets framework;
- Relationships between government and investing companies need to be transparent and two-sided; and
- Potential investors need to collaborate with governments in achieving their goals and objectives, particularly in the areas of investing in infrastructure, providing jobs and developing human resources.

Deepening the African markets through attracting more local listings will go a long way to solving the illiquidity of the various African exchanges and encouraging increased participation by the general public and small investors in local stock exchange investment. This could potentially be done using, *inter alia*, in any of the three ways identified below:

- Encouraging, but not forcing, large foreign listed multinationals who are expanding into Africa to list on the local stock exchanges;
- Facilitating private equity "exits" from African investments through a local listing; and
- Encouraging small to medium sized local companies to list on the junior markets of their local stock exchanges. ●

Geel is a director and Cheadle an associate director in Deal Advisory at KPMG

Foreign NGOs in Mozambique

ARMANDINHO CAULA

Types of NGOs in Mozambique

In Mozambique, non-governmental organisations (NGOs) are divided into two types, domestic and foreign. While domestic NGOs are regulated by Law No. 8/91 of 18 July (the Associations Law), the legal framework for foreign NGOs is found in Decree No. 55/98 of 13 October (D55/98), which defines the criteria for the authorisation, objectives and operation of foreign NGOs.

Authorisation and objectives of foreign NGOs


Caula

Foreign NGOs require authorisation to operate in the country. The power to authorise is delegated to the Minister of Foreign Affairs and Cooperation, in paragraph 1 of Article 5, of D55/98. In accordance with D55/98, foreign NGOs play a very important role, including:

i) complementing the government's efforts in developing the country;
ii) involvement in emergency or rehabilitation programs, and social and economic development;
iii) devoting themselves to the care of the population, as well as participating in the eradication of poverty, including through actions to increase household income and create jobs.

Thus, pursuant to D55/98, NGOs whose activities fall within the government's programmes, primarily in rural and peri-urban development, education, health, water supply and knowledge and technology transfer, may be authorised to operate in the country.

In order that the Minister of Foreign Affairs and Cooperation (MINEC) can authorise their activities, foreign NGOs must submit an application, accompanied by various documents, including a description of the staff that they propose to use, and the name of the person who will be the NGO’s representative, along with the description of qualifications of this person.

MINEC requests opinions from the NGO’s supervisory authorities and the relevant provincial departments. However the issuance of the Order authorising the operation of a foreign NGO, in accordance with paragraph 1 of Article 5 of the D55/98, does not require that MINEC consults with the labour authorities.

Contracting representatives of foreign NGOs

Paragraph 1 of Article 17 of Decree No 55/2008 of 30 December (D55/2008) establishing the mechanisms and procedures for hiring foreigners and requires that foreign citizens working for non-governmental organisations be hired through the work permit procedure (hiring foreigners outside of quota). This means that they are permitted to be contracted based on authorisation of the Minister of Labour in consultation with the body responsible for the relevant sector. Based on our experience and studies, we found that there have been refusals of work permit applications for representatives of foreign NGOs, based on paragraph 1 of article 31 of Law 23/2007 of August 1 (the Labour Law), which states: "the employer shall create conditions for the integration of skilled Mozambican workers into complex technical jobs and management positions and into the management of the company."

Although we are all in favour of the above-mentioned legal provision and of creating employment for national citizens, we believe that the role of representative of a foreign NGO is a position of responsibility which requires a thorough knowledge of the rules and procedures that guide the NGO in its country of origin.

We argue, therefore, that organisations are best led by a person who knows their procedures and global vision. Without this the organisation may fail to meet its proposed objectives, in accordance with its operating project as approved by the Ministry of Foreign Affairs and Cooperation, the ultimate goal of which is to further the objectives of the government itself.

We are not saying that there are no nationals capable of representing a foreign NGO. Instead it is our view that the analysis by the labour authorities of the work permit applications for foreign NGOs should take into account the following factors:

i) the sensitivity of the role;
ii) the know-how and holistic vision which the NGO representative must have of the organisation;
iii) the trust that the parent NGO and donors place in the representative in order for that person to carry out their role;
iv) the contacts that the representative must maintain with donors to raise funds for the NGO to operate;
v) the capacity that the representative must have to expand the NGO including creating additional jobs and complying with the objectives established and commitments made in memoranda of understanding with the government and other public institutions; and
vi) the knowledge and experience that the representative has about the projects to be carried out in Mozambique, among other factors.

The position of NGO representative is not a technical position, it is a position of management, leadership and trust. Therefore, several NGOs have opted to post senior staff from their parent organisation to represent them in other countries, because these staff members already know the organisation's procedures, rules of conduct, and ways of ensuring performance of projects. We believe, on this basis, that paragraph 1 of article 17 of D55/2008, applies to expert assistance, as its title says, and not to the role of representative of a foreign NGO. Instead, these should be covered by paragraph 4 of Article 2 of D55/2008, according to which "the hiring of managers, agents and representatives of employers takes place under the quota system primarily and within the work permit system secondarily".

Consequently we believe that the hiring of foreign citizens to the position of NGO representatives should be carried out within quota or, if carried out using the work permit system, the approval process should be "automatic", given that the representative will be in a position of leadership and trust as regards the parent NGO and its donors, and will create jobs and meet the objectives for which it has already been authorised to operate by the government, as represented by the Minister of Foreign Affairs and Cooperation. •

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For Africa, By Africa

DARIO MUSSO

The recent financing package for a US$900m, 350MW gas-fired combined cycle power station to be constructed in Ghana marks an important turning point for the power constrained country, and indeed for the sub-Saharan Africa region. Not only is the Cenpower plant the first licensed Independent Power Producer (IPP) in Ghana, but it is also the first greenfield IPP delivered through commercial bank project financing in the region.

This truly African project, which will add more than 10% to Ghana's electricity network capacity, is being developed, constructed and financed primarily by African sponsors, shareholders, contractors and lenders – another first for the West African region. The deal recently won Project Finance International's African Power Deal of the Year.

The project, which was first conceived in 2003 by its founding Ghanaian shareholders, Cenpower Holdings, will be constructed in the Tema industrial zone, about 20km east of the capital, Accra. It benefits from a 20-year Power Purchase Agreement (PPA) with local utility, Electricity Company of Ghana (ECG). In turn, ECG's obligations under the PPA benefit from a Ghanaian government guarantee. The plant is designed to run on three types of fuel: natural gas, diesel and light crude oil, making it fairly versatile in adapting to the evolving fuel sources available in the West African market. It is also the first deal of its kind in the region where the IPP will take the fuel supply risk (as opposed to being supplied fuel by the utility), which necessitated the development of an innovative fuel working capital facility to allow the project to manage fuel supply and payment timing risks.

The plant was developed and will be owned predominantly by African organisations: Africa Finance Corporation (an African multilateral); South Africa's African Infrastructure Investment Managers; and Cenpower Holdings. Sumitomo Corporation of Japan will own a minority portion of the plant, while also playing the plant operator role in a joint venture with Africa Finance Corporation and Cenpower Holdings. The plant will be constructed in just under three years by listed South African contractor, Group Five, which has been operating in Ghana for more than a decade.

Rand Merchant Bank (RMB) led the commercial bank debt financing for the project, raising a 15-year export credit facility of $450m from predominantly South African banks. The commercial bank debt financing was insured by the Export Credit Insurance Corporation of South Africa. A consortium of development finance institutions led by Dutch development bank, FMO, provided the remaining $200m of debt finance. The shareholders have committed $250m of equity alongside the lenders.

The significant involvement of African organisations in this project is what makes it a truly African deal, and demonstrates the ability and willingness of African players to deliver large infrastructure projects on the continent. This transaction will provide a bankable template for future projects to be delivered throughout sub-Saharan Africa, delivering much needed electricity to support the continent's economic growth. Much credit is due to the Ghanaian government, which acknowledges the direct link between the availability of electricity and economic growth, and provided unwavering support to getting the deal done, via its various ministries.


Musso

The project will provide about 600 jobs during the peak of construction, most of which will be for Ghanaians and it will employ at least 70 people full time during operations. It will have a negligible social impact, with no resettlement required, as the site is located in an industrial area, free of human habitation.

For RMB this was a truly landmark financing, particularly in a country where we soon plan to launch a local banking presence, after being granted a banking licence earlier this year. This presence will build on the group's West African operation based in in Lagos, Nigeria and will help underpin our sub-Saharan African expansion endeavours. Arranging and structuring the finance package for this project was executed jointly by RMB's Johannesburg and Lagos teams, drawing on power project finance skills and regional experience.

In addition to the comprehensive due diligence performed on the transaction, much analysis and focus was placed on Ghana's fiscal and financial position, particularly in light of the pressure exerted on the country's financial health as a result of falling oil prices. The outcome was a positive long-term 'through the cycle' view on a country with a bright future.

While it may have taken a long time to finally close the Cenpower project, it is hoped that it will provide a replicable template for future deals in the region which can be delivered on a much more accelerated timeframe.

Musso is a senior transactor at Rand Merchant Bank

Oil exploitation in Madagascar

CAMILLE RAZALISON

- New decrees taken by the Council of Ministers on April 15, 2015 relating to approval of the Tsimiroro Development Plan and the granting of an exploitation and transport licences for the Tsimiroro Project.

- The Tsimiroro Project becomes the first oil project to enter into the development phase in Madagascar.
- The Tsimiroro Project demonstrates a collaborative approach by the Government of Madagascar (the "GoM") towards operators in upstream oil sector.
- The country's new status raises future challenges.


Razalison

On April 15, 2015, the GoM approved by decree Amendment No. 2 of the Production Sharing Contract (the "PSC") entered into between the *Office des Mines Nationales et des Industries Stratégiques* (the "OMNIS") and Madagascar Oil SA ("Madagascar Oil" referred also as the "Company") in respect of the Tsimiroro Contractual Area of the 3104 Block (the "**First Decree**") and the granting of the Hydrocarbons Exploitation Mining Title (the "Exploitation Licence") and the Hydrocarbons Transport Mining Title (the "Transport Licence" and together with the Exploitation Licence, the "Licences") of the Tsimiroro Contractual Area of the 3104 Block (the "**Second Decree** ").

Tsimiroro is situated on the western side of the island of Madagascar along the Mozambique Channel. The 3104 Block refers to the oil block in the Tsimiroro region which falls under an exploration licence and the PSC entered into by Madagascar Oil with the OMNIS in 2004. The Company estimates the reserves of mainly formed heavy oil covering the Tsimiroro region at around 1.7 billion of barrels.

Madagascar Oil SA, the operator in the 3104 Block is a company registered in Madagascar. Its parent company, Madagascar Oil Limited is incorporated under the laws of Bermuda and listed on the Alternative Investment Market of the London Stock Exchange since 2010.

Madagascar Oil also holds four other exploration licences in the island, one of them as part of a consortium with the French conglomerate, Total.

Currently, no more than 225 offshore and 4 onshore blocks remain free and the GoM is actively marketing to attract new promoters.[1] From 2004 to 2013 investment in oil upstream sector activities reached around $1.5bn.

The First Decree authorises Madagascar Oil to proceed with the Tsimiroro Development Plan submitted for approval to the public authorities in Madagascar in October 2014. This allows it to undertake the necessary construction and installation necessary for placing required wells for exploitation of oil and for processing and treatment of extracted products. In the short term, Madagascar Oil can, under this decision, sell 100,000 barrels currently hled in storage.

The Second Decree allows for the exploitation of oil and the transport of extracted products sourced from the 3104 Block in which Madagascar Oil is the main operator. This decision is unprecedented in the history of oil exploration in Madagascar as it is the first time that an exploitation licence has been issued for an oil block.

The licence is valid for a period of twenty five years renewable for a period of 5 years.

The relationship between the GoM and Madagascar Oil has not always been as cordial as it is now. In 2011, the Company started arbitration proceedings against the GoM claiming breach of the PSCs. Madagascar Oil also submitted a notice of dispute to the government under the rules of the International Centre for Settlement of Investment Disputes after it threatened to expropriate the company's assets. In June 2011 the parties announced a dispute resolution. Three years later, the newly-formed government headed by the President Rajaonarimampianina (officially elected in December 2013) approved the declaration of commerciality of Madagascar Oil and a decree approving the test sales of about 55,000 to 73,000 barrels of crude oil. According to the current CEO of Madagascar Oil, they *"are grateful to the Government of Madagascar for its extensive and constructive contribution to this process and the strong working relationship [the GoM] have built as a result.[2]"*

Future Challenges

The first issue for the Company is to fund the development project. In October last year, the Company raised funds to the value of US$2m; this was below expectations. However, since the announcement of the GoM's decisions, the Company's share has increased by as much as 147%[3].

The recent fall of global oil prices will challenge the profitability of the project. However, the Company appears optimistic for the future.

In August 2014, the GoM issued a Framework Document on National Policies for Mining and Petroleum in which the question of updating of the Petroleum Code was raised. The GoM and the OMNIS are currently busy with the draft of the new code in which operators in the sector have been involved. It is anticipated that a key issue to be raised in the new draft is the establishment of the National Oil Company formed to manage the interests of the State. ●

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1 http://www.omnis.mg/en/hydrocarbon/exploration-blocks

2 http://www.madagascaroil.com/image/project/1429164028.pdf

3 http://www.iii.co.uk/articles/236319/why-madagascar-oil-rose-147

TRANSACTION ACTIVITY IN AFRICA

RANKING THE TOMBSTONE PARTIES Q1 2015

INVESTMENT ADVISERS*

RANKINGS BY VALUE

No	Company	Values $'m	Market Share %
1	Standard Chartered Bank	392	37.48%
2	Standard Bank Group	315	30.15%
3	Insitor	110	10.53%
4	Goldbanc Management Associates	71	6.78%
5	Barclays Bank of Kenya	55	5.26%
	SBG Securities	55	5.26%
7	PSG Capital	47	4.48%
8	uniSecurities	1	0.07%
9	KPMG	undisclosed	n/a
	River Group	undisclosed	n/a
	Viridian Capital	undisclosed	n/a

RANKINGS BY FLOW (ACTIVITY)

No	Company	No	Market Share %	Values $'m
1	Standard Bank Group	5	26.32%	315
2	Standard Chartered Bank	3	15.79%	392
	PSG Capital	3	15.79%	47
4	Insitor	1	5.26%	110
	Goldbanc Management Associates	1	5.26%	71
	Barclays Bank of Kenya	1	5.26%	55
	SBG Securities	1	5.26%	55
	uniSecurities	1	5.26%	1
	KPMG	1	5.26%	undisclosed
	River Group	1	5.26%	undisclosed
	Viridian Capital	1	5.26%	undisclosed

SPONSORS

RANKINGS BY VALUE

No	Company	Values $'m	Market Share %
1	Merrill Lynch	253	24.49%
	Nedbank Capital	253	24.49%
3	BGL Capital	71	6.85%
	Capital Bancorp	71	6.85%
	Goldbanc Management Associates	71	6.85%
	Greenwich Trust	71	6.85%
	LeadCapital	71	6.85%
	Planet Capital	71	6.85%
9	SBG Securities	55	5.31%
10	PSG Capital	47	4.53%
11	SIC Brockerage	1	0.07%
12	River Group	undisclosed	n/a

RANKINGS BY FLOW (ACTIVITY)

No	Company	No	Market Share %	Values $'m
1	PSG Capital	3	18.75%	47
2	Merrill Lynch	2	12.50%	253
3	Nedbank Capital	2	12.50%	253
4	Goldbanc Management Associates	1	6.25%	71
	BGL Capital	1	6.25%	71
	Capital Bancorp	1	6.25%	71
	Greenwich Trust	1	6.25%	71
	LeadCapital	1	6.25%	71
	Planet Capital	1	6.25%	71
	SBG Securities	1	6.25%	55
	SIC Brockerage	1	6.25%	1
	River Group	1	6.25%	undisclosed

LEGAL ADVISERS

RANKINGS BY VALUE

No	Company	Values $'m	Market Share %
1	Bowman Gilfillan Africa Group	335	43.02%
2	Cliffe Dekker Hofmeyr	253	32.47%
3	Corrs	110	14.11%
4	Detail Commercial Solicitors	71	9.08%
5	ENSafrica	7	0.90%
6	Baker & McKenzie	3	0.32%
7	Bentsi-Enchill, Letsa & Ankomah	1	0.10%
8	Clifford Chance	undisclosed	n/a
	Glyn Marais	undisclosed	n/a
	Webber Wentzel	undisclosed	n/a

RANKINGS BY FLOW (ACTIVITY)

No	Company	No	Market Share %	Values $'m
1	Bowman Gilfillan Africa Group	7	41.18%	335
2	Cliffe Dekker Hofmeyr	2	11.76%	253
3	Corrs	1	5.88%	110
	Detail Commercial Solicitors	1	5.88%	71
	ENSafrica	1	5.88%	7
	Baker & McKenzie	1	5.88%	3
	Bentsi-Enchill, Letsa & Ankomah	1	5.88%	1
	Clifford Chance	1	5.88%	undisclosed
	Glyn Marais	1	5.88%	undisclosed
	Webber Wentzel	1	5.88%	undisclosed

REPORTING ACCOUNTANTS

RANKINGS BY VALUE

No	Company	Values $'m	Market Share %
1	Akintola Williams Deloitte	71	55.98%
	PricewaterhouseCoopers	55	43.41%
	Baker Tilly, Andah + Andah	1	0.61%

RANKINGS BY FLOW (ACTIVITY)

No	Company	No	Market Share %	Values $'m
1	Akintola Williams Deloitte	1	33.33%	71
	PricewaterhouseCoopers	1	33.33%	55
	Baker Tilly, Andah + Andah	1	33.33%	1

* Investment Advisers incorporate Merchant & Investment Banks and others claiming this category

AFRICA RANKINGS

- For a transaction to qualify for the Africa tables and rankings, one of the parties or the asset has to be based in an African country other than SA.
- The Africa tables include all transactions, from mergers and acquisitions to listings and project financing.
- Proof of the firm's involvement must be provided to claim the deal.
- As many global organisations operate under specific names in certain countries, we have grouped each company under the global brand name and not under the country specific name.
- All transaction values have been converted into US$ (using the exchange rate at th date of announcement) for ranking purposes.

Should you wish to submit your firm's advisory transactions within Africa, please contact Vanessa on reception@gleason.co.za.

DEALMAKERS AFRICA Q1 2015

TOMBSTONE PARTIES

TRANSACTION TYPE	DETAILS	INVESTMENT ADVISER	SPONSOR	ATTORNEY/ LEGAL ADVISER	REPORTING ACCOUNTANT	ESTIMATED DEAL VALUE	ANNOUNCEMENT DATE
Africa							
Disposal by	Bank Asya to its JV partner, Islamic Corporation for the Development of the Private Sector (ICD) of its 40% stake in Tamweel Africa					$37,7m	Jan 9
Joint Venture	Canadian Overseas Petroleum and Shoreline Energy International : Shoreline CanOverseas Petroleum Development Corporation.					undisclosed	Feb 26
Acquisition by	ITE Group of a 50.1% stake in a portfolio of events (incl Africa Oil Week) from GPP Energy Advisors			Bowman Gilfillan		£16m	Mar 6
West Africa							
Acquisition by	CDC of a stake in Miro Forestry (Ghana and Sierra Leone)					$15m	Mar 30
Botswana							
Acquisition by	Castlepines Global Equities of a 34% stake in Discovery Copper (Botswana)	Insitor		Corrs		$110m	Feb 9
Acquisition by	Shumba Coal of the Mabesekwa Propspecting License (PL428/2009) from Daheng Group Botswana					$6m	Feb 25
Acquisition by	Peregrine Diamonds of 100% of Diamexstrat Botswana from Diamond Exploration Strategies					undisclosed	Mar 30
Acquisition by	Glendal Trading of 74% stake in Jindal (BVI) - holder of the Jindal Mmamabula Energy Project			Baker & McKenzie		$2,5m	not announced Q1
Cote d'Ivoire							
Acquisition by	Amethis Finance and the National Bank of Canada of a 26.24% equity stake in NSIA Participations from ECP Africa III PCC					undisclosed	Mar 26
DRC							
Acquisition by	Frontier Services Group of Cheetah Logistics					$1,3m	Mar 12
Egypt							
Disposal by	Qalaa Holdings of its entire 80% stke in Pharos Holdings					EGP32m	Feb 3
Disposal by	Abraaj Group of its stake in ECCO Outsourcing to Saham Services					undisclosed	Mar 10
Ethiopia							
Acquisition by	Ascent Capital of a stake in Medpharm Holdings Africa					$2,5m	Feb 10
Ghana							
Issue (IPO)	Samba Foods : 3 476 053 no par value shares subscribed for @ GHc0.72 per share	uniSecurities	SIC Brockerage	Bentsi-Enchill, Letsa & Ankomah	Baker Tilly, Andah + Andah	GHc2,5m	Jan 7
Acquisition by	IVM Intersurer of a 51% state in The Metropolitan Insurance Company			Webber Wentzel		undisclosed	Jan 15
Acquisition by	CG Ghana of an 8% stake in Vivo Energy Ghana					undisclosed	Mar 31
Kenya							
Acquisition by	Old Mutual plc of a 23,3% stake in UAP Holdings	Standard Bank	Merrill Lynch (SA); Nedbank Capital	Cliffe Dekker Hofmeyr; Coulson Harney, a member of Bowman Gilfillan Africa Group		$97,6m	Jan 9
Disposal by	Helios to Norfininvest of half its stake in Equity Bank (12.22% sold)					undisclosed	Jan 16
Acquisition by	Old Mutual plc from The Abraaj Group, AfricInvest and Swedfund of a further 37,3% stake in UAP Holdings	Standard Bank	Merrill Lynch (SA); Nedbank Capital	Cliffe Dekker Hofmeyr; Coulson Harney, a member of Bowman Gilfillan Africa Group		$155,5m	Jan 26
Acquisition by	Schneider Electric of Power Technics					undisclosed	Feb 10
Acquisition by	igot.com of TagPresa's crypto exchange and remittance gateway					undisclosed	Feb 26
Bond listing	East African Breweries : Tranche 1 of a KES11bn DMTN programme.	Barclays Bank of Kenya; CfC Stanbic Bank; SBG Securities	SBG Securities	Coulson Harney, a member of Bowman Gilfillan Africa Group	PricewaterhouseCoopers	KES5bn	Mar 6
Acquisition by	Flame Tree Group of four food and snack brands from Chirac Kenya (Natures Own, Chigs, Honeycomb and Gonuts)					undisclosed	Mar 10
Acquisition by	Seruji of a 60% stake in Savannah Cement					undisclosed	Mar 30
Acquisition by	Consol Glass from East African Breweries of 100% of Central Glass Industries	CfC Stanbic Bank				undisclosed	Mar 31
Acquisition by	Industrial & Commercial Development Corporation of a stake in the Ubora Group. Funds raised to be utilized for a new hospital in Migaa			Coulson Harney, a member of Bowman Gilfillan Africa Group		KES300m	not announced Q1
Acquisition by	Retail Africa, Abland and Standard Bank of a significant stake in Buffalo Mall Naivasha			Coulson Harney, a member of Bowman Gilfillan Africa Group		undisclosed	not announced Q1
Disposal by	The Nature Conservancy of it's tourism business in Loisaba Wilderness to C&P/Elewana			Coulson Harney, a member of Bowman Gilfillan Africa Group		undisclosed	not announced Q1
Malawi							
Acquisition by	Mike Chilewe Jnr of Star FM					undisclosed	Feb 10
Mauritius							
Acquisition by	LeapFrog Investments of a minority stake in AFB Mauritius					$25m	Feb 26
Acquisition by	Amethis Finance of a 17% stake in CIEL Finance					undisclosed	Feb 26
Morocco							
Acquisition by	Global EcoPower of Nova Power					$15,3m	Feb 23
Mozambique							
Acquisition by	Siza of Duro-Moza					undisclosed	Jan 29
Acquisition by	Metals of Africa of 100% of the Balama Central Project					undisclosed	Feb 5
Acquisition by	Sanlam Emerging Markets (Sanlam) from Nico Holdings of a 51% stake in Nico Vida, Mozambique			Glyn Marais		undisclosed	Feb 19
Nigeria							
Issue (IPO)	HMK Reit : 2 600 000 000 units @ N5,15 per unit	Goldbanc Management Associates	Goldbanc Management Associates; BGL Capital; Capital Bancorp; Greenwich Trust; LeadCapital; Planet Capital	Detail Commercial Solicitors	Akintola Williams Deloitte	NGN13,39bn	Jan 28
Acquisition by	Seplat Petroleum of a 40% stake in OML 53 from Chevron Nigeria	Standard Chartered Bank				$259,4m	Feb 5
Acquisition by	Seplat Petroleum of a 56.26% of Belemaoil Producing which has just acquired a 40% in OML 55	Standard Chartered Bank				$132,2m	Feb 5
Acquisition by	AXA of a 7.15% stake in African Reinsurance Corporation					$61m	Feb 20
Acquisition by	Pioneer Foods from Food Concepts of the majority share in Butterfields Bakeries to be housed in new vehicle Foods Concepts Pioneer (50,1%:49,9%)	PSG Capital; Stanbic IBTC Capital	PSG Capital	ENSafrica		$7m	Mar 3
Disposal by	Verod Capital of its 33% stake in HFP Engineering					undisclosed	Mar 23
Disposal by	Verod Capital of part of its stake in GZ Industries					undisclosed	Mar 23
Acquisition by	AfricInvest of a minority stake in Elephant Group	Standard Chartered Bank				undisclosed	Mar 24
South Africa							
Bond listing (JSE)	Bank of Windhoek (BWZ20A) Senior unsecured floating rate notes due 27 Mar 2020	PSG Capital	PSG Capital			R299m	Mar 27
Bond listing (JSE)	Bank of Windhoek (BWZ18B) Senior unsecured floating rate notes due 27 Mar 2018	PSG Capital	PSG Capital			R180m	Mar 27
Swaziland							
Disposal by	Nosa (MICROmega) to B Mhlongo of 49% in the Swaziland operation					undisclosed	Mar 23
Tanzania							
Disposal by	Kibo Jubilee (Kibo Mining) to Metal Tiger of a 50% stake in Morogoro South gold-perspective xporation portfolio to form jv	River Group	River Group			undisclosed	Jan 19
Acquisition by	Rift Valley Resources of 100% of the Mtemi Resources Group of companies	Viridian Capital				32m Rift shares plus 42,855m unlisted Rift options	Feb 10
Uganda							
Acquisition by	8 Miles of a 42% stake in Orient Bank from Keystone Bank	KPMG (Int)		Clifford Chance		undisclosed	Feb 24
Zambia							
Acquisition by	Enko Capital Managers of a minority stake in Madison Financial Services					undisclosed	Mar 4
Joint Venture	Barloworld and BayWa : supply of agricultural equipment in Sub-Saharan Africa including consulting,sales and services (50%:50%)					undisclosed	Mar 12
Acquisition by	Spitfire Resources of 100% of the White Lion Limestone Project					A$2,1m	Mar 25
Acquisition by	Tata Power of a 50% stake in Itezhi Tezhi Power Corporation from Tata Africa					undisclosed	Mar 25