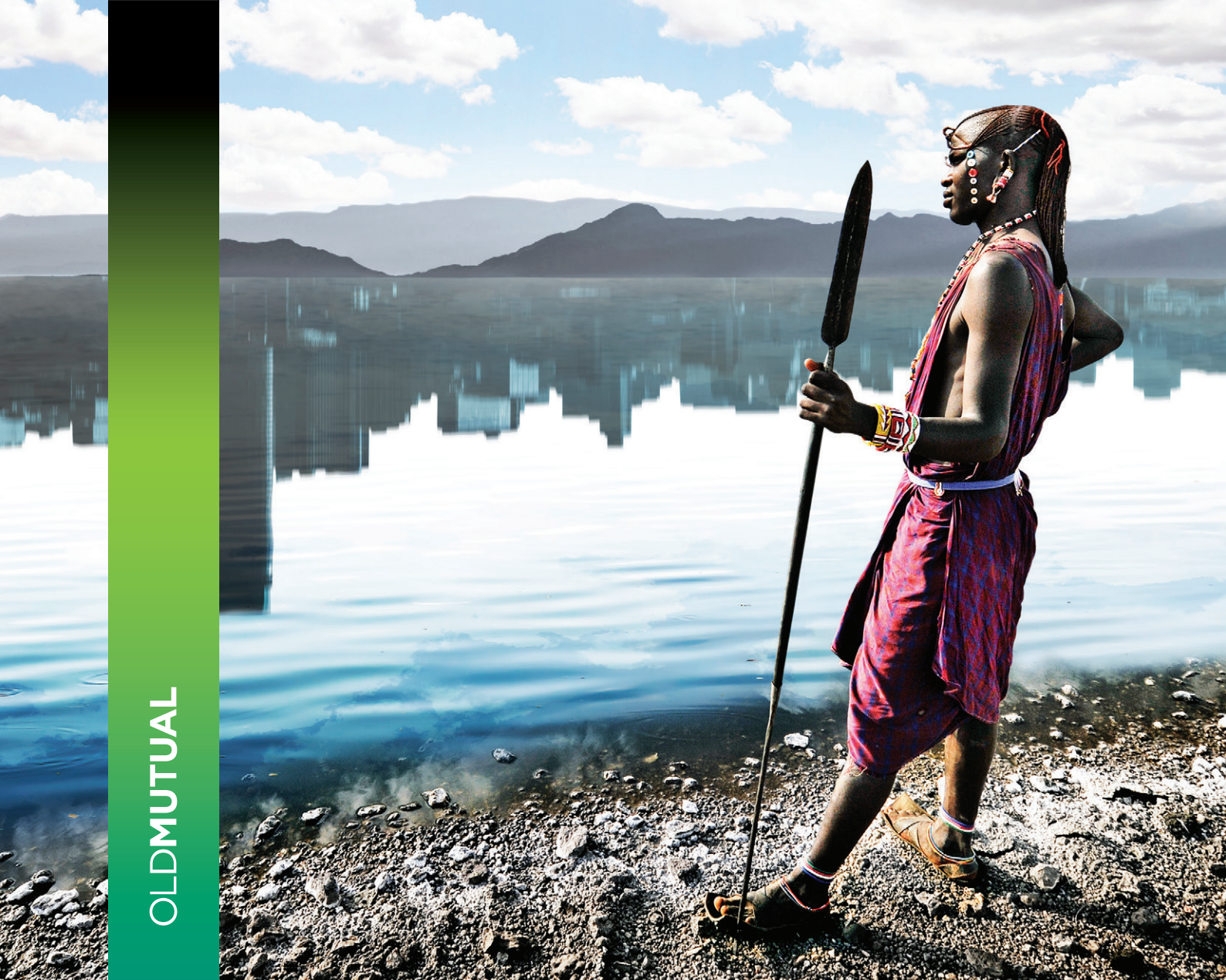


SAVCA 2020

Private Equity Industry Survey

**Insights into the Southern African Private Equity Industry
covering the 2019 Calendar Year**



OLDMUTUAL

AN AFRICAN PERSPECTIVE

TRUE OPPORTUNITY LIES IN THE ABILITY TO SEE WHAT OTHERS MAY OVERLOOK

If you're looking for alternative investment opportunities on the African continent, you need a skilled team that digs deeper, going beyond the obvious to find the right deals that can generate higher returns. It's this non-obvious approach, combined with the right experience and depth of expertise that makes us the largest alternative investment manager in Africa.

READ MORE at oldmutualalternatives.com



ALTERNATIVE INVESTMENTS
DO GREAT THINGS EVERY DAY



Old Mutual Alternative Investments (Pty) Ltd is a licensed financial services provider, FSP No 45255, approved by the Registrar of Financial Services Providers (www.fsb.co.za) to provide advisory and/or intermediary services in terms of the Financial Advisory and Intermediary Services Act 37, 2002. Old Mutual Alternative Investments (Pty) Ltd is a wholly owned subsidiary of Old Mutual Investment Group Holdings (Pty) Limited and is a member of the Old Mutual Investment Group. Contractual rights and obligations of investors are set out in the relevant investor agreements and or mandates. Unlisted investments have short term to long term liquidity risks and there are no guarantees on the investment capital nor on performance. Market fluctuations and changes in exchange rates as well as taxation may have an effect on the value, price, or income of investments and capital contributions. Since financial markets fluctuate, an investor may not recover the full amount invested. Past performance is not necessarily a guide to future investment performance.

CONTENTS

	Foreword	p2
	Reflections and Macroeconomic Context	p4
1	Survey Highlights: 2019	p8
2	Investment Activity	p12
3	Exits	p22
4	Fundraising Activity	p30
5	Funds Under Management	p40
6	Reaffirming Transformation & Private Equity Investment Professionals	p52
7	Data Tables, Respondents & Research Methodology	p58
8	Review of Terms	p64

The Team

Editor: Tanya van Lill

Managing Editor: Avantika Seeth

Research Partner: Deloitte

Production and Sales: Avantika Seeth, Pule Boroko

Design: Aucourant Design and Reproduction

FOREWORD



It is my great pleasure to present the 20th annual *SAVCA Private Equity Industry Survey*, and although the report focuses on the industry trends during the 2019 calendar year – it is notably being launched at the start of a new decade where, as a result of the COVID-19 pandemic, multiple countries are not only facing a health crisis but an economic crisis as well.

A new set of words and phrases became mainstream in our vocabulary in 2020, such as unprecedented, the new normal, infection rate, comorbidities, webinar, working from home, lockdown, social distancing and relief funding. Against this backdrop, it felt like the world turned on its head in a matter of weeks. After experiencing accelerating growth for the last three years, Sub-Saharan Africa is expected to go deep into contractionary territory in 2020. Various countries and regions are faced with uncertainty related to demand, supply shocks and regulations put in place to help protect lives. Although the impact of this global pandemic is already being felt, the full extent of the might of this crisis on economies, industries, businesses and people are yet to be seen.

The insights in this report, albeit based on the 2019 calendar year, still provide useful information on industry trends and highlights the valuable role the private equity industry will play in the economic recovery of the region. The 2020 report not only showcases the private equity impact on portfolio companies, but also includes a series of case studies of SAVCA members and investee companies that have made a remarkable contribution as a result of the crisis caused by COVID-19. This once again highlights how private equity consistently creates value for investors and portfolio companies, whilst driving socio-economic development and economic sustainability.

The 2020 report highlights an increase in funds under management from R171 billion in 2018 to R184.4 billion in 2019. Although this increase is welcomed and speaks to the industry's 9.2% compound annual growth rate experienced since the survey first began, it is worth noting that more SAVCA members participated in the 2020 survey and represented more funds in comparison to the 2019 survey. This does, however, bode well for the industry as an increase in funds and funds under management should lead to increased investment into the region. Despite Southern Africa's tough economic conditions over the past few years, the industry was able to raise R21.7 billion in 2019. The cost of investments in 2019 totalled R25.4 billion with the top two sectors invested in being Infrastructure and Energy & Related. In 2019, the funds returned to investors totalled R12 billion, a decrease from the R15.6 billion returned in 2018. We end off the report with a focus on the transformation that has been realised, not only through investments, but also through the private equity professionals that form part of the industry.

In order for SAVCA to create a more supportive regulatory environment and to promote the value and impact of private equity and venture capital to local and international investors and therefore improving our members' ability to raise capital, SAVCA requires the necessary data points. We would therefore like to take this opportunity to thank all our members who participated in the survey. Without your support, this report and the level of data we report on, would not be possible.

We hope you find this year's SAVCA report both insightful and beneficial.

A handwritten signature in black ink, appearing to read 'Tanya van Lill'.

Tanya van Lill
CEO: SAVCA

Proudly championing private equity and venture capital



SAVCA is proud to represent an industry exemplified by its dynamic and principled people, and whose work is directed at supporting economic growth, development and transformation.

SAVCA was founded in 1998 with the guiding purpose of playing a meaningful role in the Southern African venture capital and private equity industry. Over the years we've stayed true to this vision by engaging with regulators and legislators, providing relevant and insightful research on aspects of the industry, offering training on private equity and venture capital, and creating meaningful networking opportunities for industry players.

We're honoured to continue this work on behalf of the industry.



REFLECTIONS & MACROECONOMIC CONTEXT

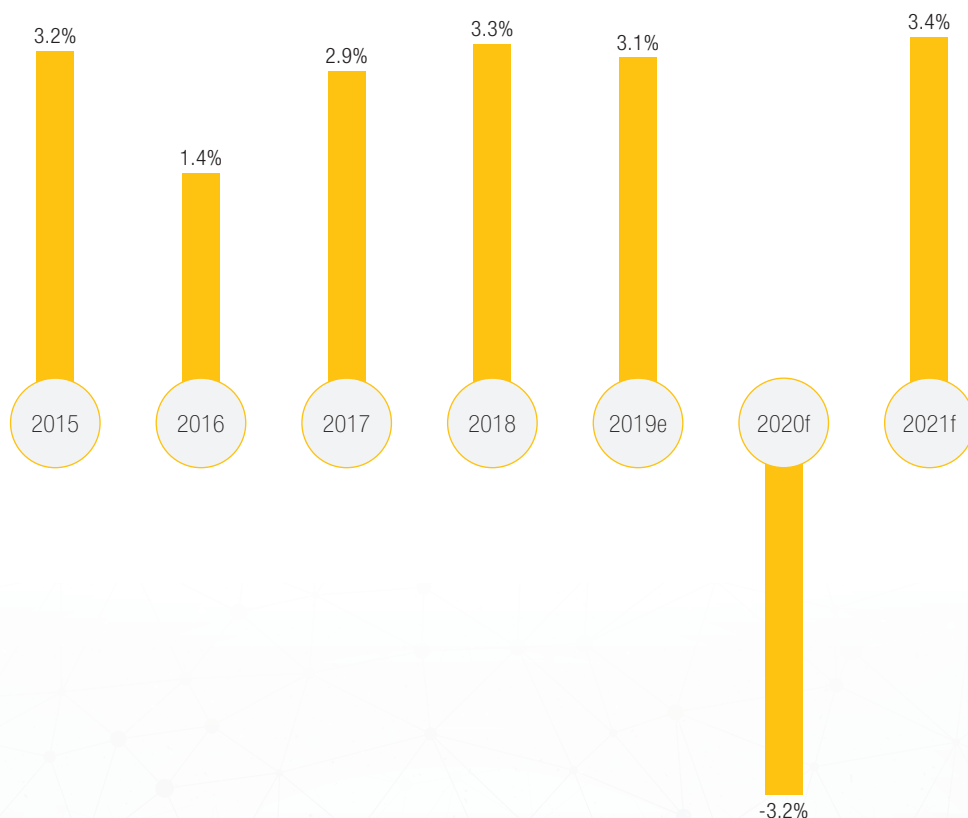
REFLECTIONS & MACROECONOMIC CONTEXT



After achieving average real GDP growth of over 3% for a third year running in 2019,¹ Sub-Saharan Africa (SSA) is set to enter contractionary territory in the wake of the global COVID-19 pandemic. The 2020 macroeconomic landscape is set to be vastly different from the preceding years on account of the COVID-19 related demand and supply shocks globally and in the region. It is anticipated that this will have a considerable impact on the economies of the region, including the private equity industry in 2020. However, highlights from the SAVCA 2020 *Private Equity Industry Survey*, which looks at the 2019 calendar year, indicate that the private equity industry remained resilient in the face of weak macroeconomic circumstances and this should bode well for the industry's ability to navigate the COVID-19 crisis.

Figure I

Sub-Saharan Africa real GDP growth, 2015-2021f (%)²



Now, more than ever, SSA's post-COVID-19 recovery relies on the continent's fortitude. For example, to accelerate economic recovery the public sector will need to focus on structural reforms and improved macroeconomic policies. In turn, the private sector will also play a pivotal role, which may include greater participation in private-public partnerships, as well as an acceleration toward "stakeholder capitalism".³ Private equity has a proven track record for being able to outperform other asset classes during times of weak economic growth and market volatility.⁴ One particular avenue where the private sector can deliver sustained and long-term positive growth is through Impact Investing.⁵

¹ International Monetary Fund (IMF), June 2020. *World Economic Outlook (WEO)*. See also: www.imf.org/en/Data

² International Monetary Fund (IMF), June 2020. *World Economic Outlook (WEO)*. See also: www.imf.org/en/Data

³ World Economic Forum (WEF), January 2020. *Taking stakeholder capitalism from principle to practice*. See also: <https://www.weforum.org/agenda/2020/01/stakeholder-capitalism-principle-practice-better-business/>

⁴ Deloitte, May 2020. *Private equity and the post-COVID-19 economic recovery in Sub-Saharan Africa*. See also: <https://www2.deloitte.com/za/en/pages/finance/articles/private-equity-and-the-post-covid-19-economic-recovery-in-sub-saharan-africa.html>

⁵ The Global Impact Investing Network (GIIN) defines Impact Investing as "investments made with the intention to generate positive, measurable social and environmental impact alongside financial return". See also: <https://thegiin.org/impact-investing/need-to-know/>

REFLECTIONS & MACROECONOMIC CONTEXT

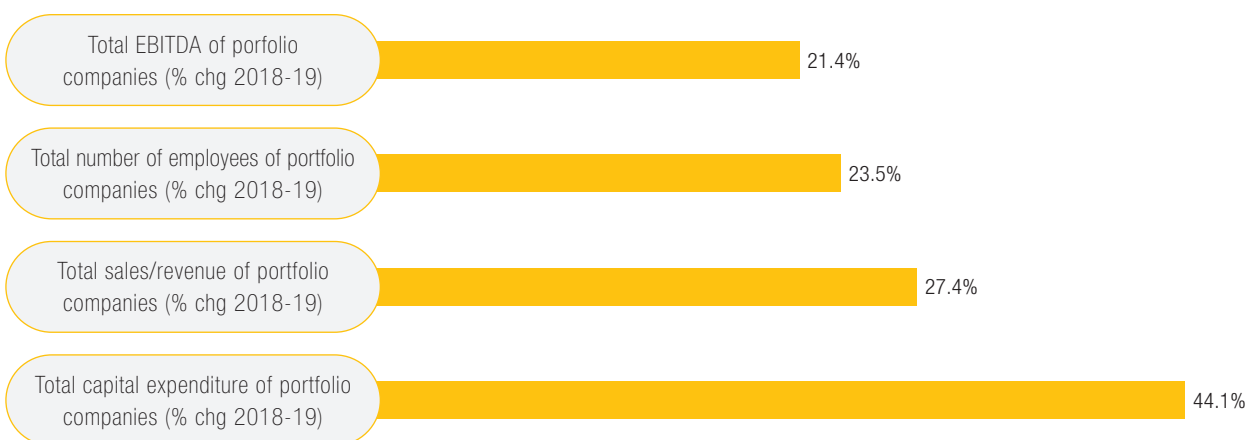
This year, as an extension to *The Impact of Venture Capital & Private Equity*⁶ study SAVCA launched in February 2020, the SAVCA 2020 Private Equity Industry Survey included an inaugural set of questions that attempted to capture an overview of the status of Impact Investing in the Southern African private equity space. Findings indicate that the vast majority (98%) of fund managers consider, at a minimum, Environmental, Social, and Governance (ESG) factors when making an investment decision.

To take it one step further in achieving actual impact through private equity investments, 78% of fund managers indicated that their key performance criteria are linked to achieving goals that go beyond financial returns. While only half of the surveyed fund managers confirmed that they have an Impact Investing mandate, 72% of those that do not currently have such a mandate are set to have one in place within the next five years.

Despite only 50% of fund managers having an explicit mandate for Impact Investing, the private equity industry is showing strong numbers when measuring the impact made on portfolio companies. Total earnings before interest, tax, depreciation and amortisation (EBITDA) for all portfolio companies captured by the survey increased by an average of 21.4% from 31 December 2018 to 31 December 2019.

Over the same period, the total number of employees for portfolio companies increased by an average of 23.5%, while total revenue of the portfolio companies climbed by an average 27.4%. Similarly, the total capital expenditure of portfolio companies increased by an impressive average of 44.1% from 31 December 2018 to 31 December 2019.

Figure II Private equity impact on portfolio companies (% increase from end-2018 to end-2019)



Looking ahead, Impact Investing funding is expected to increase in Southern Africa, as various factors position the continent as a potentially attractive socially responsible investment destination. These include a young, fast growing population as well as increasing economic integration across the continent, with the African Continental Free Trade Area (AfCFTA) agreement ratified by 30 countries as of May 2020.⁷ With many companies around the globe potentially re-evaluating their supply chains in the wake of COVID-19,⁸ it is increasingly likely that African economies will look inward to source their needs from a more local footprint. With the need for a more inclusive and sustainable development path, this provides numerous opportunities to generate returns, in addition to making a long-lasting, meaningful impact to millions of people for investors, including private equity funds.

⁶ SAVCA, 2020. *The Impact of Venture Capital & Private Equity*. See also: <https://savca.co.za/wp-content/uploads/2020/03/SAVCA-2020-Private-Equity-and-Venture-Capital-Impact-Survey.pdf>

⁷ Tralac, 2020: *Status of AfCFTA ratification*. See also: <https://www.tralac.org/resources/infographic/13795-status-of-afcfta-ratification>

⁸ Deloitte, 2020. *COVID-19 Managing supply chain risk and disruption*. See also: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-COVID-19-managing-supply-chain-risk-and-disruption.pdf>



It Takes Team Work To Create Shareholder Value

At Ata Capital we strive to be a valuable player
in the investment landscape to build
and transform economies.

Ata Fund III is open for investment, partner with us.

Visit www.atacapital.co.za to watch our latest thought leadership insights.

www.atacapital.co.za

1

SURVEY HIGHLIGHTS: 2019



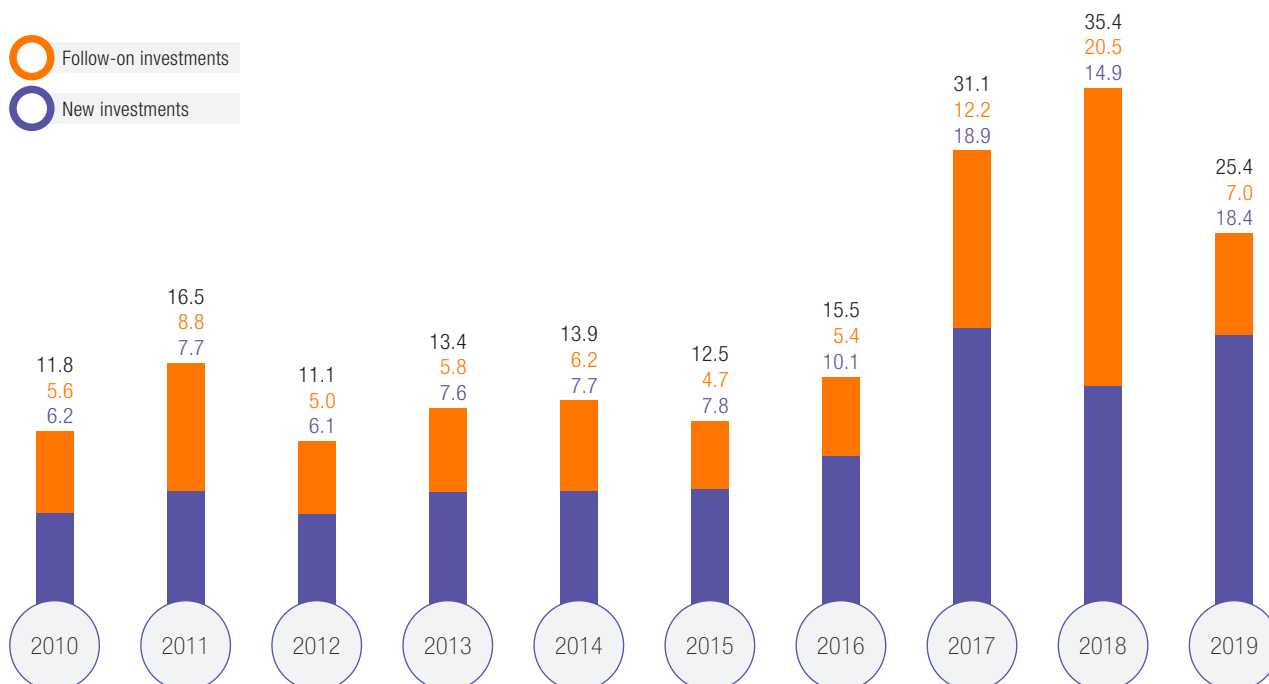
SURVEY HIGHLIGHTS: 2019

1

- Southern Africa's private equity industry, (including private sector and government funds), had R184.4 billion in funds under management (FUM) at 31 December 2019, representing a compound annual growth rate (CAGR) of 9.2% since 1999, when the survey first began.*
- Of the FUM at the end of 2019, R32.5 billion was in undrawn commitments. R11.2 billion was available for future investments exclusively in South Africa and R21.3 billion for Pan-Africa (the latter includes the mandate to invest in Southern Africa and the rest of Africa).
 - Of the R32.5 billion in undrawn commitments, 92% was committed to Independents (R29.9 billion) and 8% to Captives – Other (R2.5 billion).
- R21.7 billion was raised in 2019, with the bulk of the funds earmarked for late-stage investments (R20.5 billion or 94.5%). The remainder of funds raised during 2019 (R1.2 billion) are earmarked for start-up and early stage projects in the infrastructure sector.
- Of the funds raised during 2019, 35.3% were from South African sources (2018: 56.6%). South Africa has been the source of 59.2% of cumulative funds raised to date and not yet returned to investors (2018: 64%).
- South Africa's private equity capital penetration was equal to 0.5% of GDP in 2019 (2018: 0.7%). This compares with 0.1% for Nigeria, 0.5% for Brazil, 0.01% for Russia, 0.7% for India and 0.3% for China.
- The cost of investments made during 2019 totalled R25.4 billion. Of this, R7 billion was for follow-on investments and R18.4 billion for new investments.
- Funds returned to investors in 2019 totalled R12 billion, compared to R15.6 billion in 2018.

Investment Activity

Cost of investment made during the year, analysed by new and follow-on investments, 2010-2019 (Rbn)

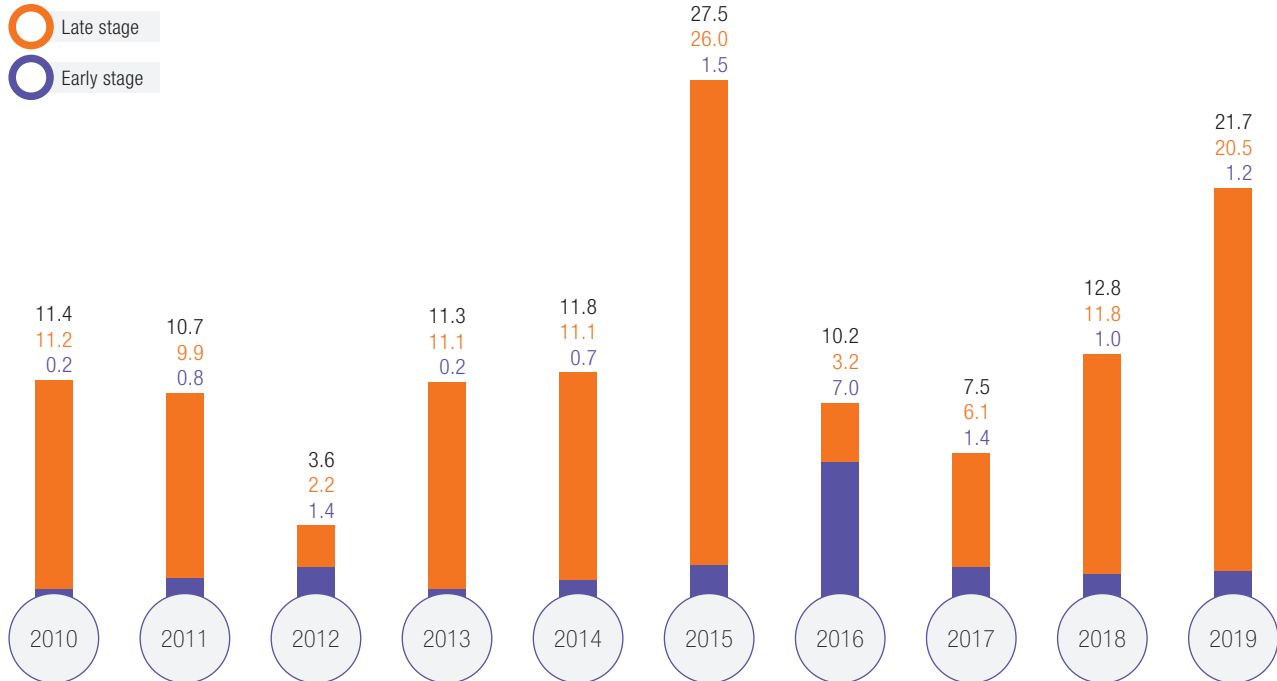


* Questionnaires were e-mailed to fund managers representing 112 funds. Of these, 50 (2019: 47) fund managers, representing 101 funds (2019: 82), completed the questionnaire which compared, where relevant, 2019 data with 2018 data on an equal basis and included no new data points.

SURVEY HIGHLIGHTS: 2019

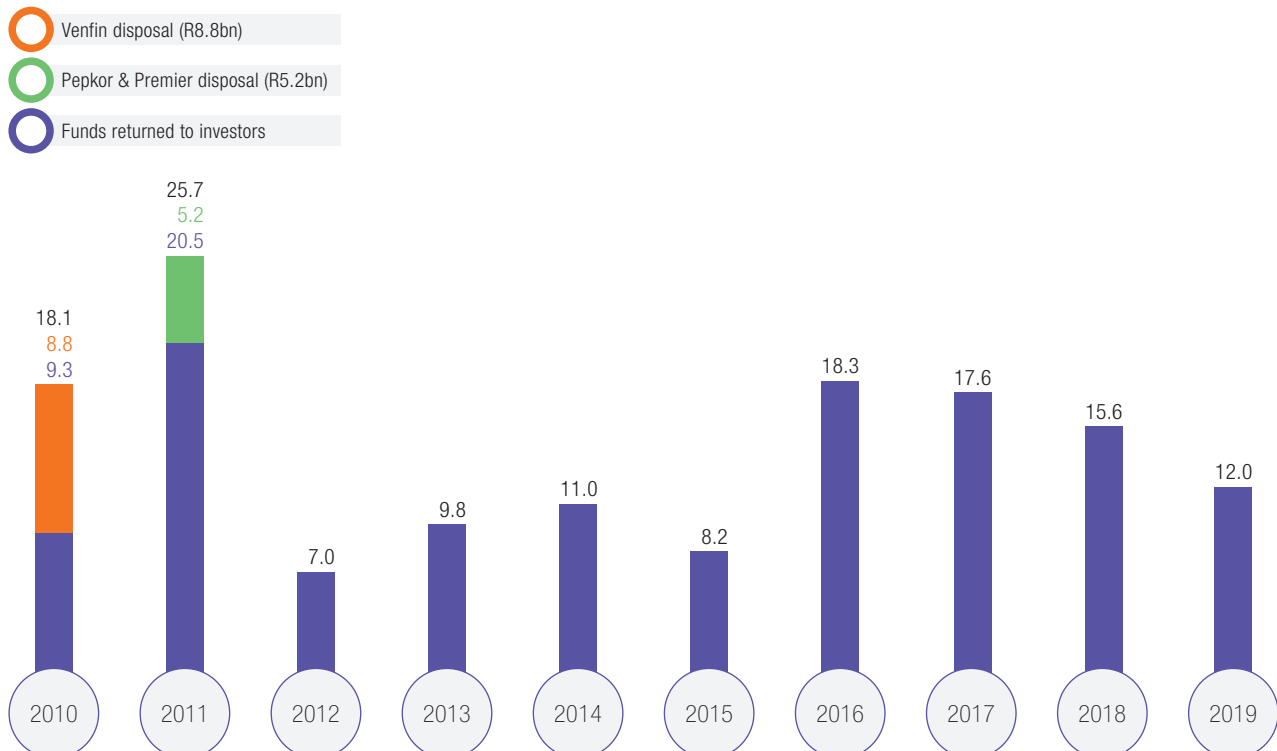
Fundraising Activity

Third-party funds raised during the year, analysed by fund stage, 2010-2019 (Rbn)



Funds Returned

Funds returned to investors during the year, 2010-2019 (Rbn)

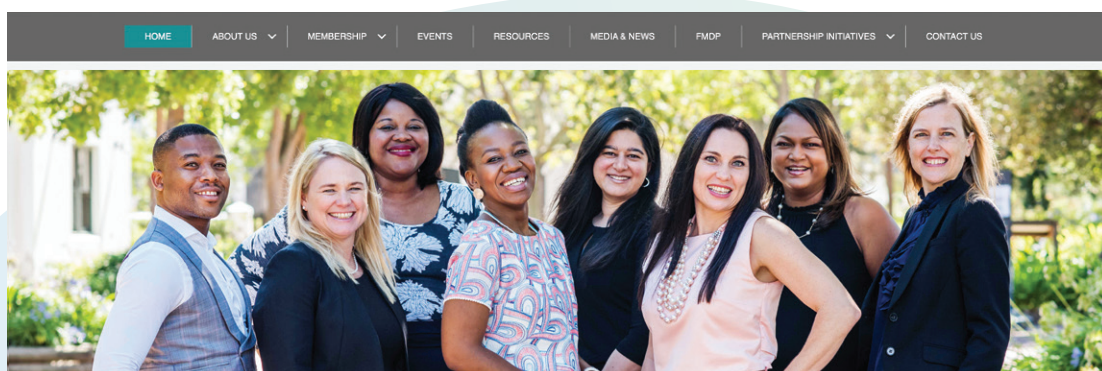


ADVERTISE WITH SAVCA!

SAVCA Publications



SAVCA Website Banners and Job Portal

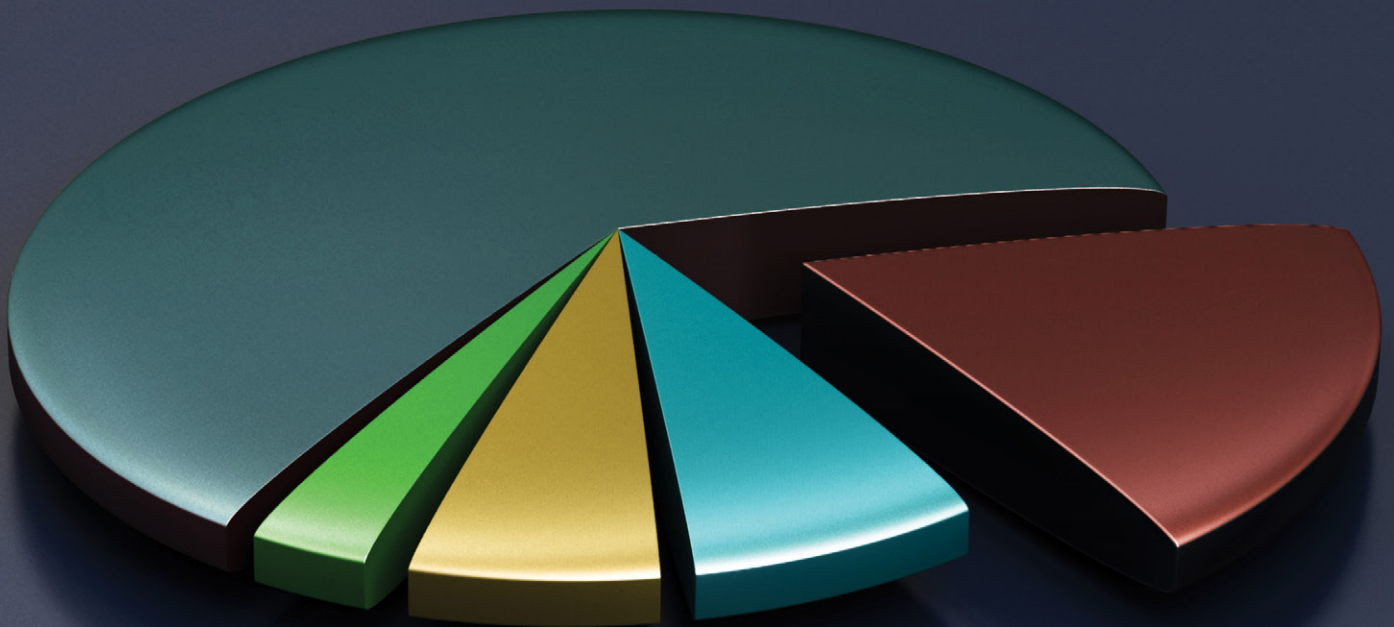


SAVCA Newsletters



2

INVESTMENT ACTIVITY



Southern African private equity ended the 2019 calendar year with a decrease in investment activity from the previous record year. The value of new investments and follow-on investments fell to R25.4 billion in 2019, compared to the record high of R35.4 billion in 2018. For context, the average annual aggregate cost of investment over a 10-year period from 2010 to 2019 was R18.7 billion. The total number of investments decreased to 588 in 2019, compared to an annual average of 591 over the last 10 years (2010-2019).

- The total number of investments decreased by 230, from 818 in 2018 to 588 in 2019.
- In contrast to 2018 where the cost of new investments (R14.9 billion) was considerably lower than the cost of follow on investments (R20.5 billion), the cost of new investments during 2019 increased to R18.4 billion whilst the cost of follow-on investments fell to R7 billion in 2019.
- Real estate accounted for 12.5% of the value of all unrealised investments at 31 December 2019, with infrastructure and mining & natural resources accounting for 11% and 10%, respectively.
- Expansion and development, as a proportion of investments made by cost, increased from 45.2% in 2018 to 52% in 2019. Replacement capital decreased from 23% of investment by cost during 2018 to 12% in 2019.
- In terms of the reported investments for 2019, Business Partners:
 - Was again by far the most active investor in the Southern African private equity market, contributing 287 (48.8%) of the total number of reported investments made during 2019 (2018: 310, 37.9%);
 - By value, represents 3% of the cost of total investments made during 2019 (2018: 2%); and
 - Reported an average deal size of R2.7 million in 2019 (2018: R2.7 million).
- Excluding Business Partners, the total average deal size of investments during 2019 increased to R82.1 million (2018: R68 million), the average deal size of new investments during 2019 increased to R106.7 million (2018: R68.3 million) and the average deal size of follow-on investments during 2019 decreased to R51.1 million (2018: R67.7 million).
- Of the investments made during 2019 that exclude those made by Business Partners and classified into sectors by value, 34.7% were in the infrastructure sector, 14.5% in the energy sector and 10.7% were in the telecommunications sector.
- The overall average investment deal size, including Business Partners, increased marginally to R43.4 million during 2019, from R43.3 million during 2018. The average deal size for new investments was R57.1 million during 2019, compared to R36.9 million during 2018, while the average deal size for follow-on investments decreased to R26.6 million during 2019, from R49.4 million during 2018.

INVESTMENT ACTIVITY

Figure 1

Cost of investments made during the year, analysed by new and follow-on investments, 2010-2019 (Rbn)

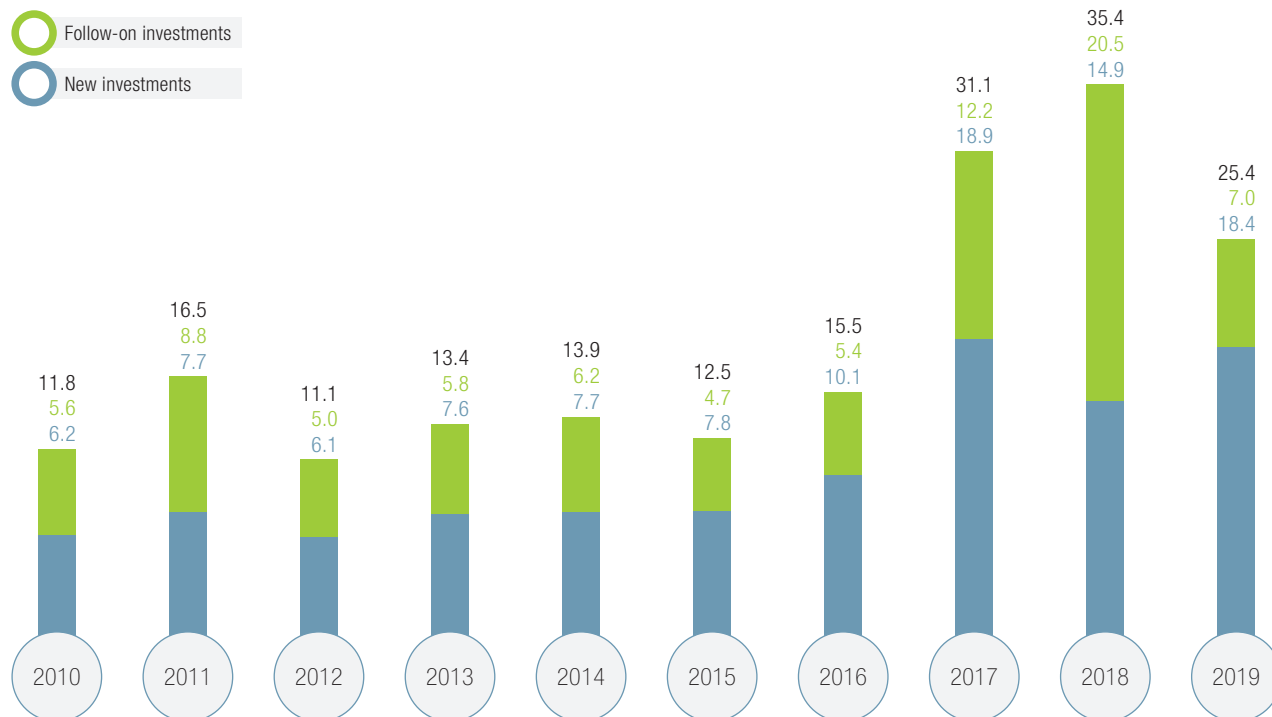


Figure 2

Number of investments made during the year, analysed by new and follow-on investments, 2010-2019

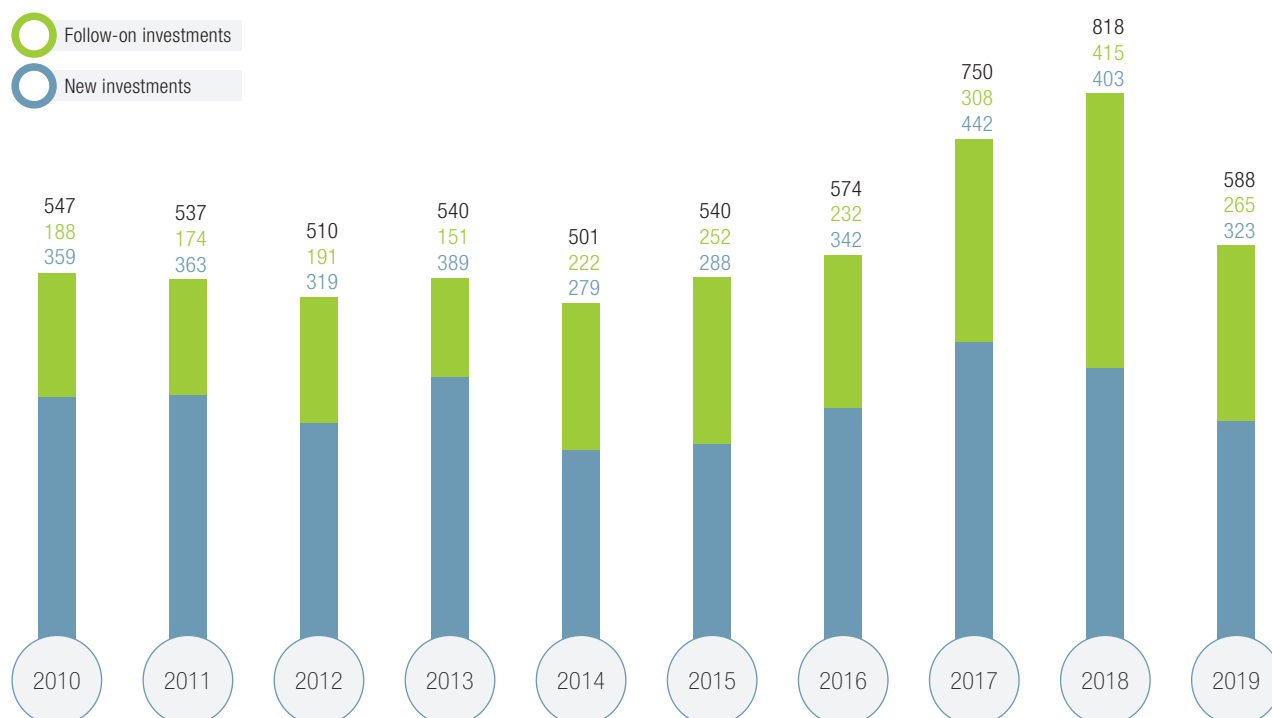


Figure 3a Cost of investments made during the year, analysed by type of fund manager, 2018 and 2019 (Rbn)*

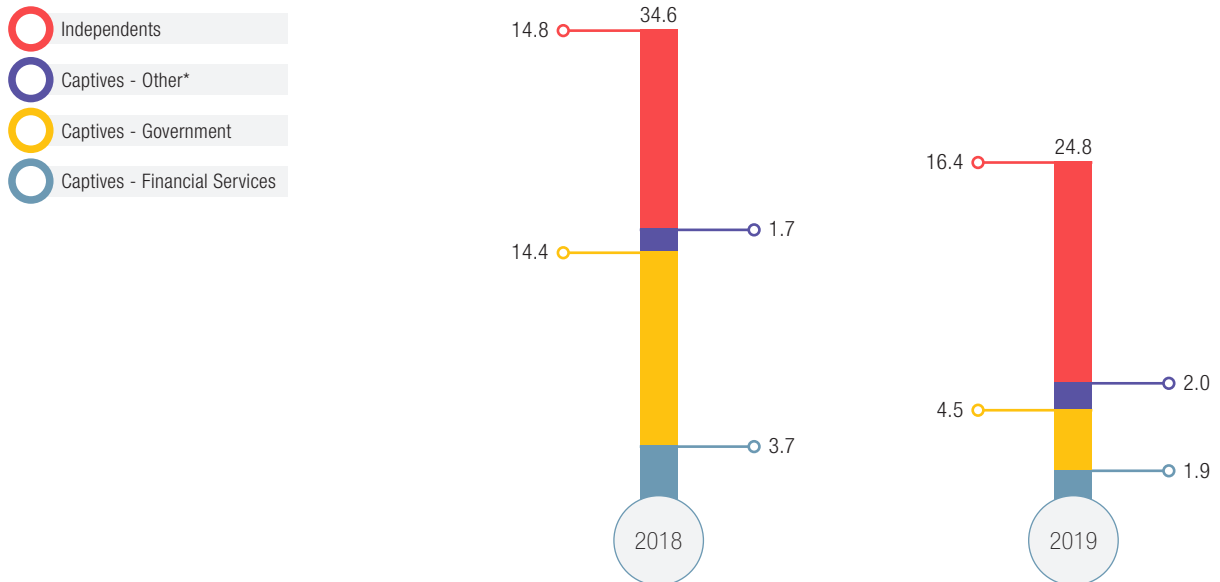
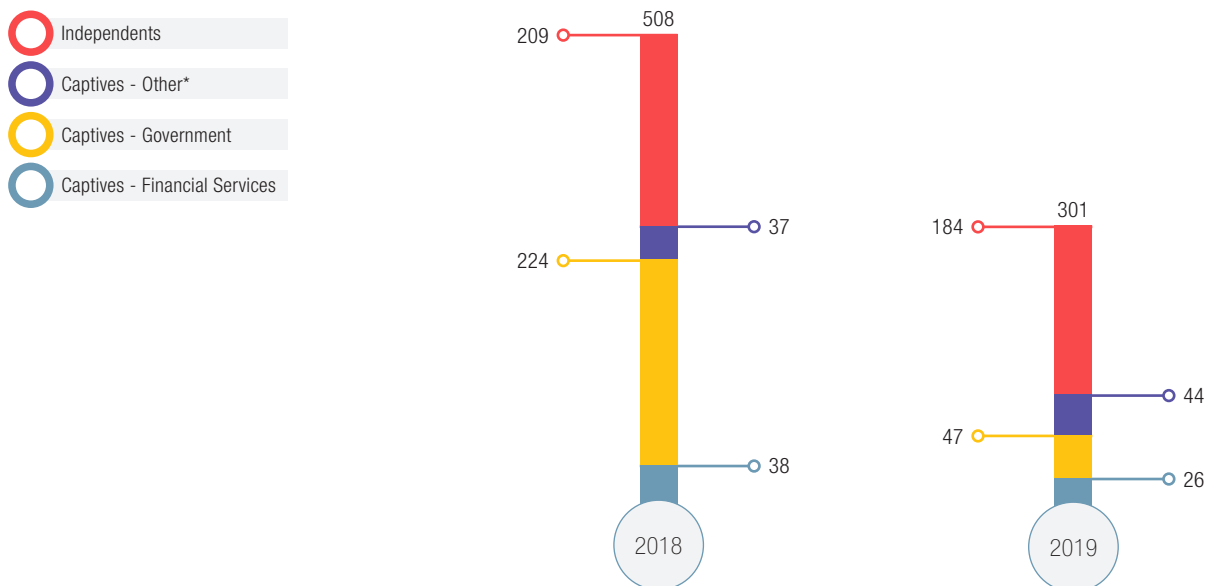


Figure 3b Number of investments made during the year, analysed by type of fund manager, 2018 and 2019*



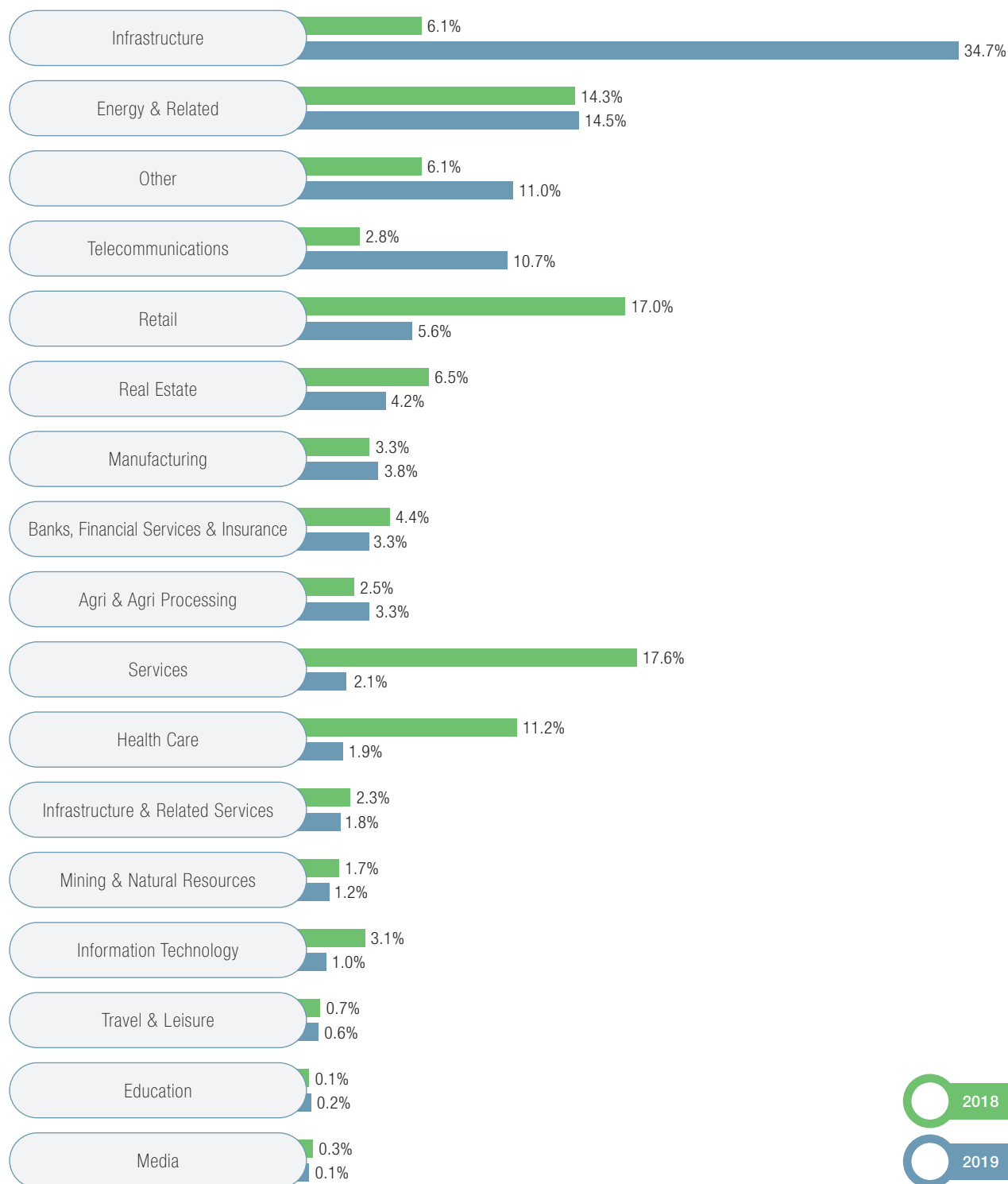
* Excludes Business Partners

INVESTMENT ACTIVITY

Figure

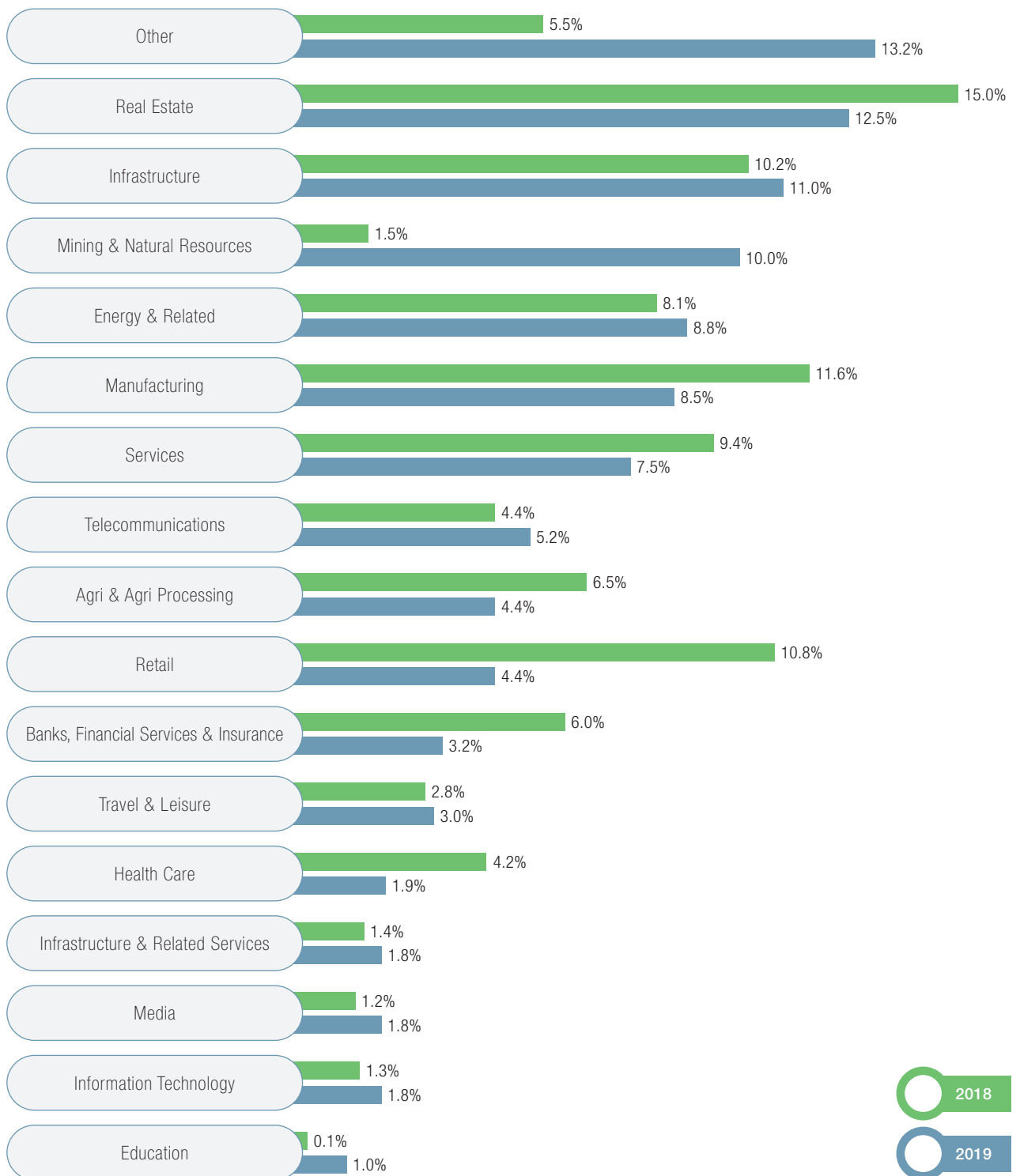
4

Investments made during the year, analysed by sector, 2018 and 2019 (% of total cost)*



* Excludes Business Partners

Figure 5 Unrealised investments at year end, analysed by sector, 2018 and 2019 (% of total cost)*



* Excludes non-African unrealised investments

INVESTMENT ACTIVITY

Figure 6a

Analysis of investments by stage based on cost of investments during 2019 (% of total)

Investments Made

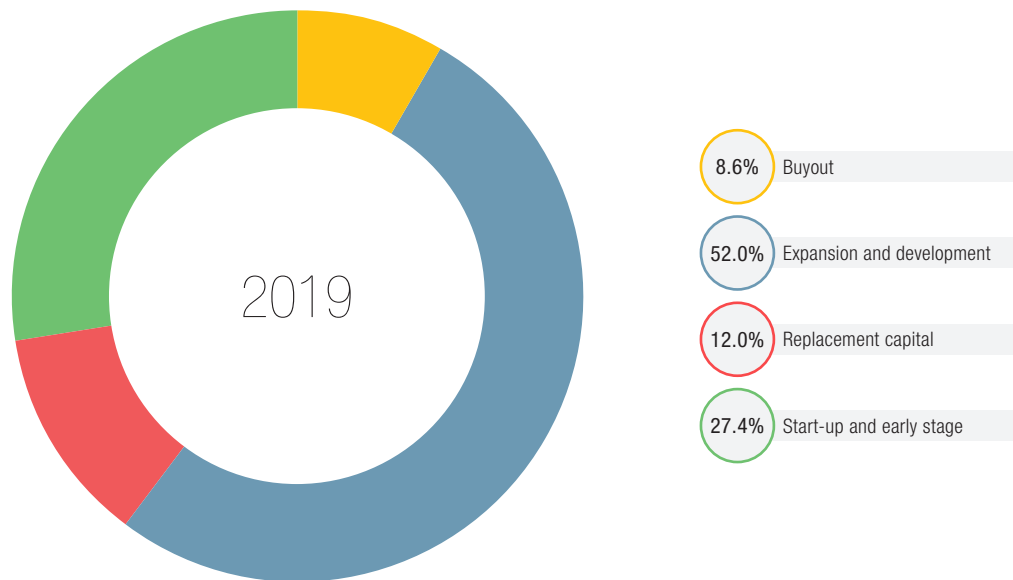


Figure 6b

Analysis of investments by stage based on cost of investments during 2018 (% of total)

Investments Made

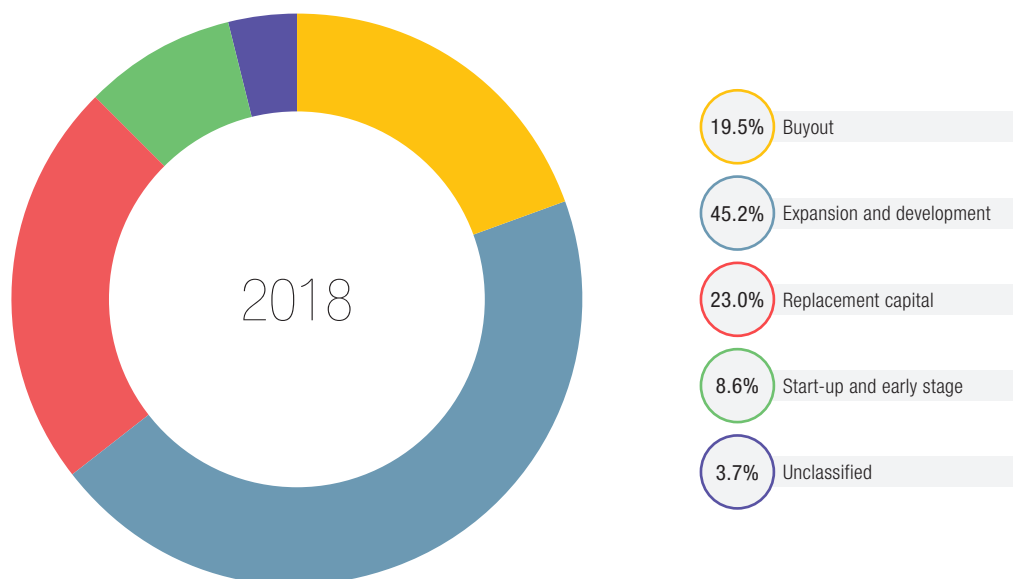


Figure 7a Analysis of investments by stage based on unrealised investments during 2019 (% of total)*

Unrealised Investments

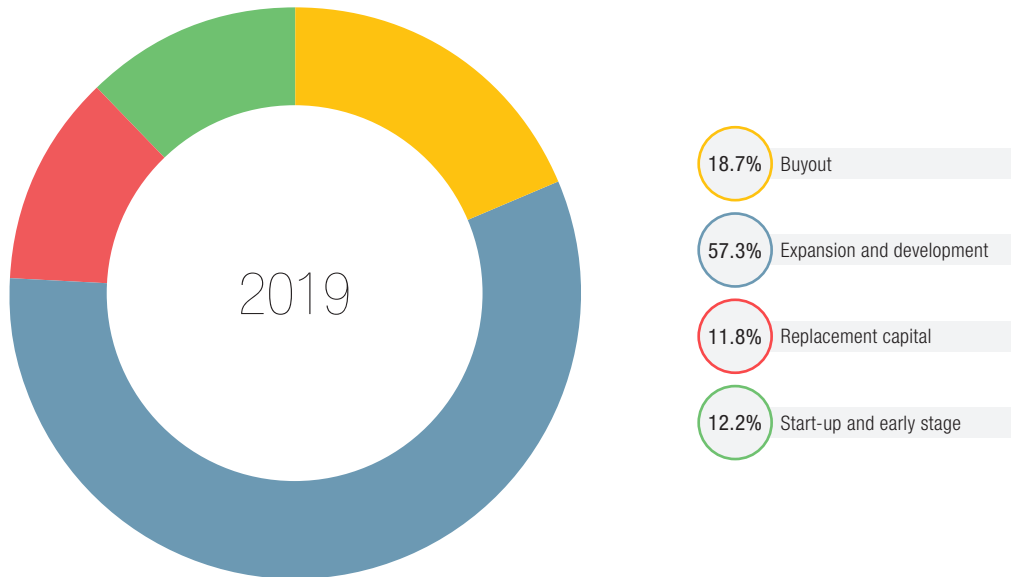
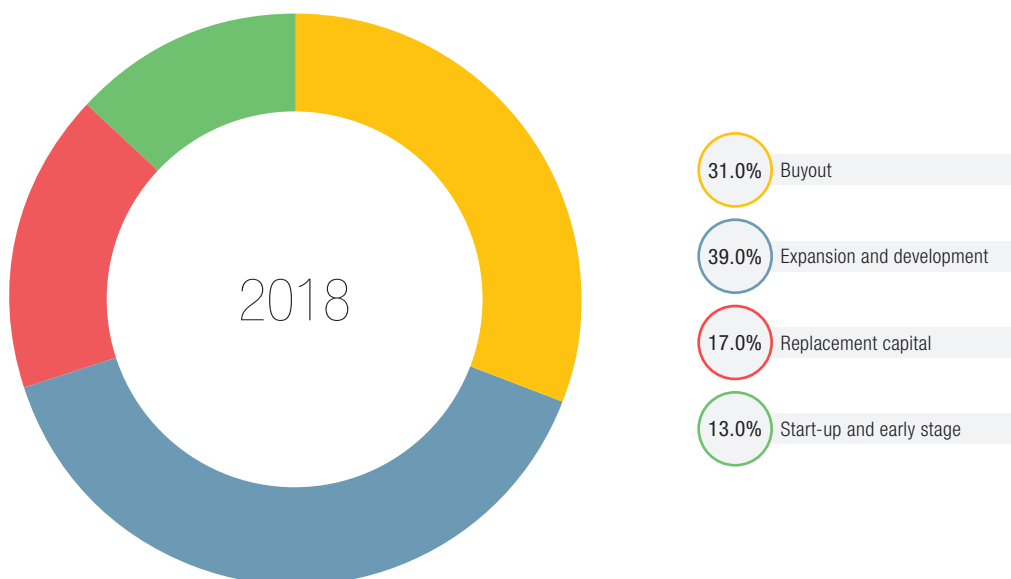


Figure 7b Analysis of investments by stage based on unrealised investments during 2018 (% of total)

Unrealised Investments

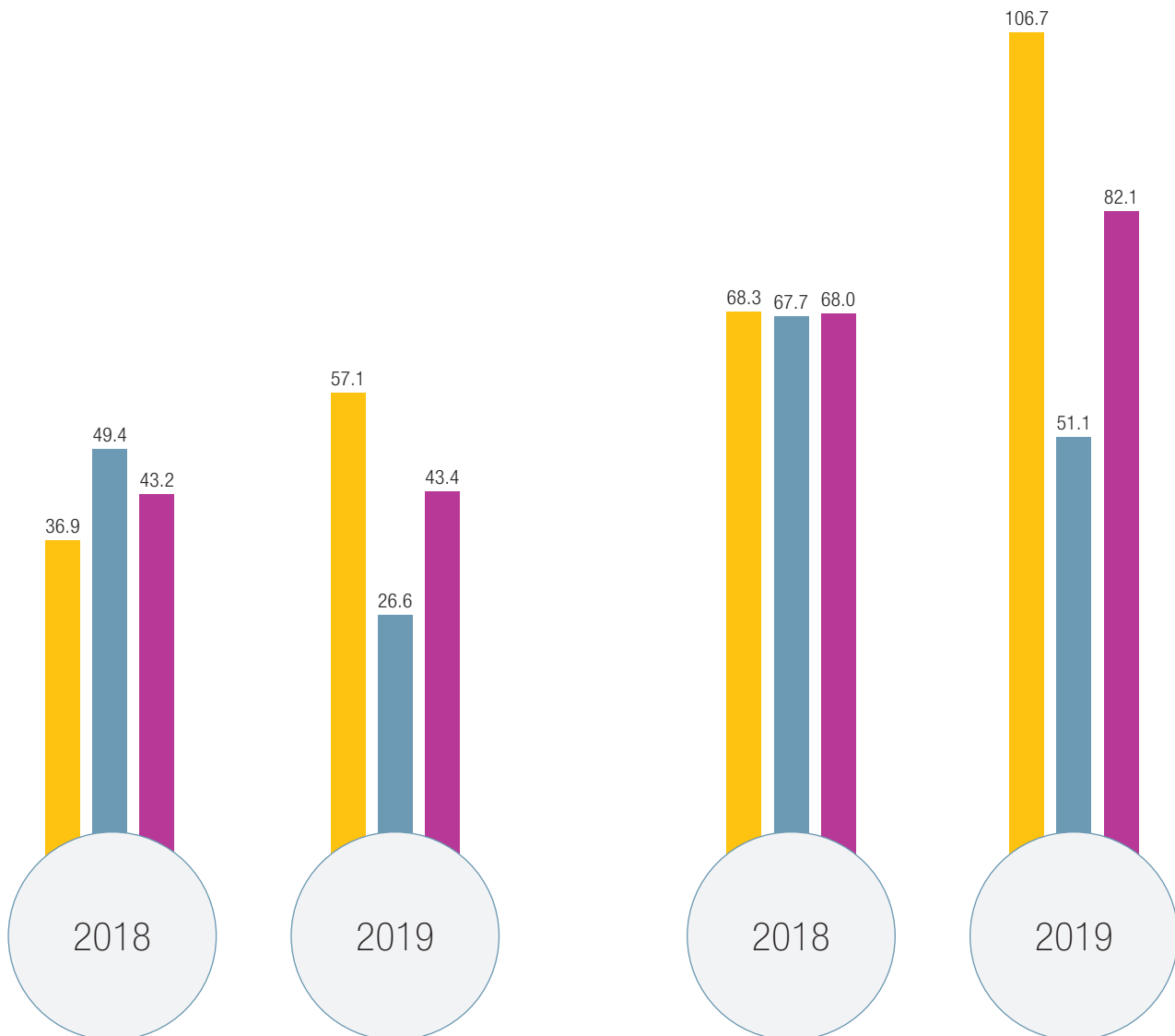


* Excludes non-African unrealised investments

INVESTMENT ACTIVITY

Figure 7c

Average investment size during 2018 and 2019 (Rm)



Average investment size (including Business Partners)

Average investment size (excluding Business Partners)

Below are the top investments made in Southern Africa, according to data disclosed by participants in the annual SAVCA Private Equity Industry Survey:*

Figure 8a Top Southern African investments made during 2019

Private equity fund	Investee company	Total enterprise value (Rm)	Interest	Sector focus
Metier Capital Growth Fund II and RMB Ventures	Vox Holdings	Over 2 000.00	25% - 50%	Telecommunications
Identity Fund Managers (IDF)	Identity Property Co	Over 1 000.00	over 50%	Real Estate
STANLIB, Vulindlela, WIP Silo Investment Holdings, Landbank, RMB	AFGRI Grain Silo Company	Over 1 000.00	25% - 50%	Agri & Agri Processing
Old Mutual Alternative Investments (OMAI)	Footgear Holdings	Over 600.00	over 50%	Retail

Figure 8b Top Southern African investments made during 2018

Private equity fund	Investee company	Total enterprise value (Rm)	Interest	Sector focus
Ethos Fund VII, Ethos AI Fund, Convergence Partners	CVAS Consortium SPV (Channel VAS BVI)	Over 4 000.00	0% - 24%	Banks, Financial Services & Insurance
Evolution II Fund, FMO, Norfund, Swedfund	d.light	Over 2 000.00	over 50%	Energy & Related
Evolution II Fund	Alten Hardap	Over 900.00	25% - 50%	Energy & Related
Novare Africa Property Fund I	Urshday Limited	Over 600.00	25% - 50%	Real Estate
Old Mutual Alternative Investments (OMAI)	Medhold Group	Over 500.00	25% - 50%	Health Care

* Information obtained from the survey has been supplemented with data from Dealmakers. See [online]: www.dealmakerssouthafrica.com

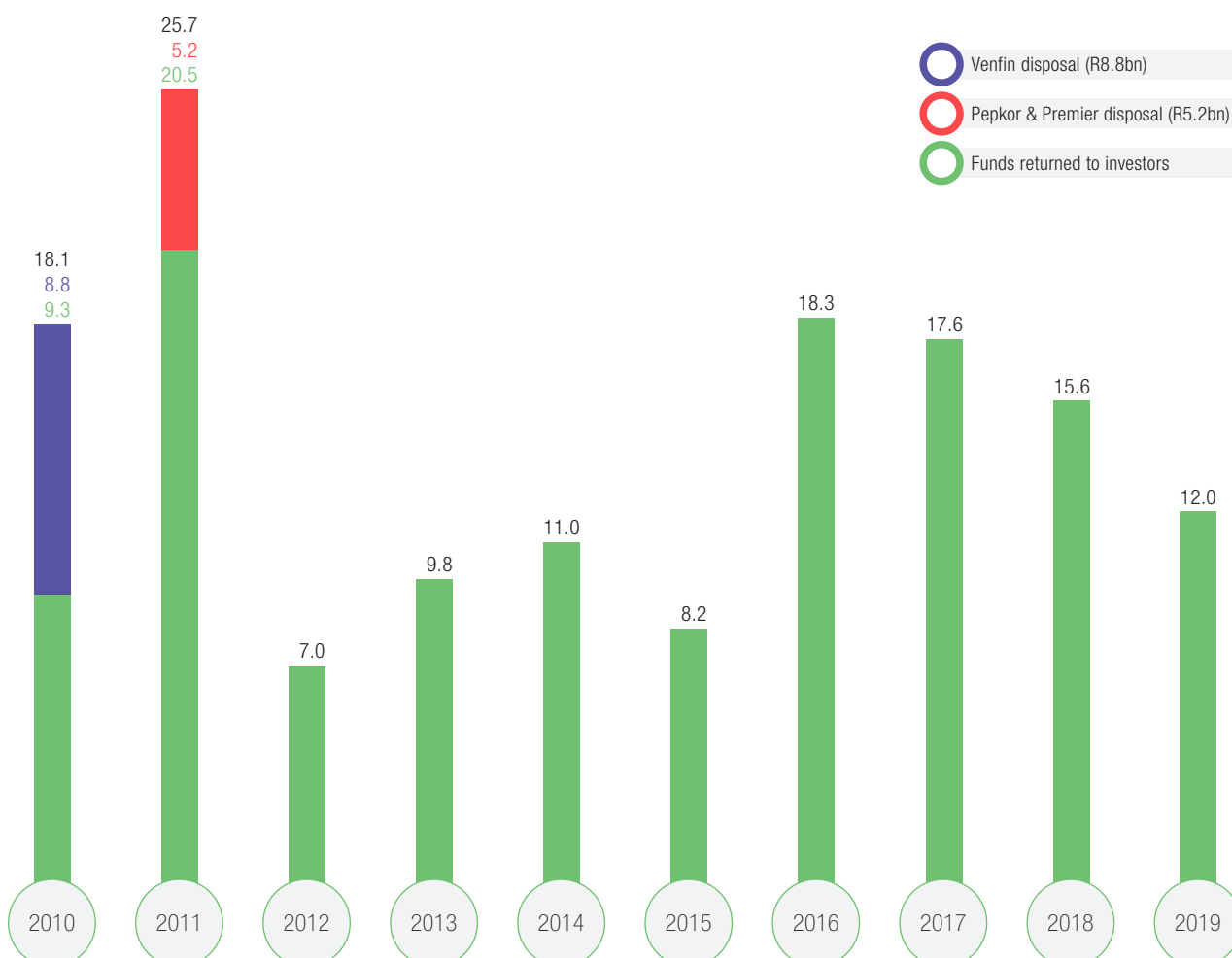
3

EXITS

Funds returned to investors⁹ in 2019 totalled R12 billion, with disposals¹⁰ during the year amounting to R5.3 billion. In comparison, the annual average funds returned to investors over the last five years (2015-2019) was R14.3 billion, with disposals averaging R8.6 billion over that period.

- Looking at funds returned to investors (by proceeds) during 2019, repayment of preference shares or loans was the most popular by value (R4.6 billion), followed by trade sales (R4.2 billion).
- When looking at the most popular method of disposal by number, sale to management was the most popular at 52 (2018: 45).
- The average size of funds returned in 2019 was R48.8 million (2018: R34.1 million).
- A total of 41 investments were written off during 2019, marking a sharp decrease from the 260 investments that were written off in 2018.

Figure 9 Funds returned to investors during the year, 2010-2019 (Rbn)



⁹ Funds returned represent all cash flows returned to investors including the proceeds of an asset realisation (i.e. an exit), dividends, interest and repayment of loans. The term "disposals" refers only to proceeds from the realisation of an investment.

¹⁰ Disposals include: sales of listed shares and IPOs; sales to another private equity firm or financial institution; sales to management (i.e. buy-back); share buy-backs by portfolio company; and trade sales.

EXITS

Figure 10 Nature of funds returned during the year based on proceeds, 2018 and 2019 (Rbn)

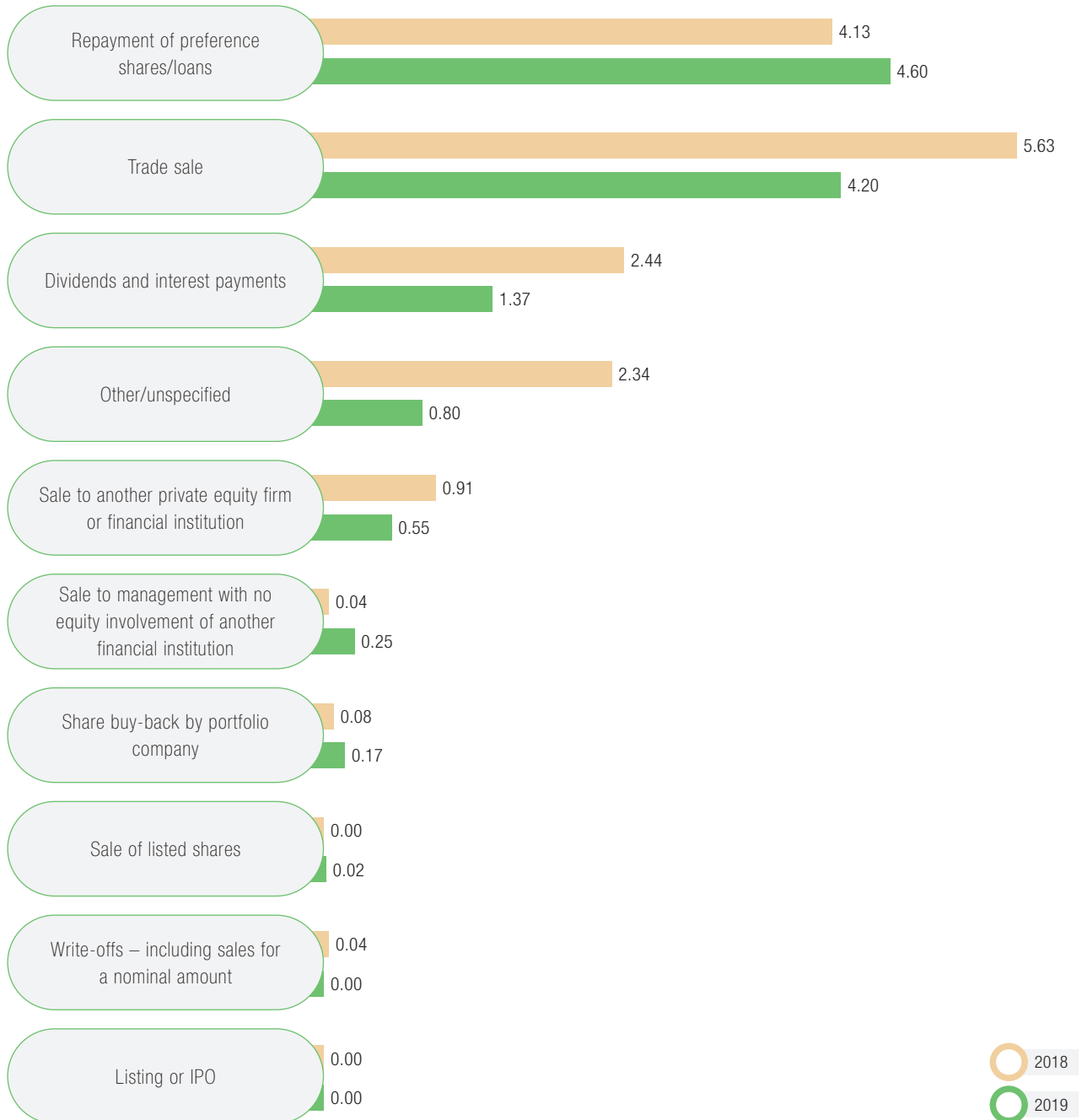
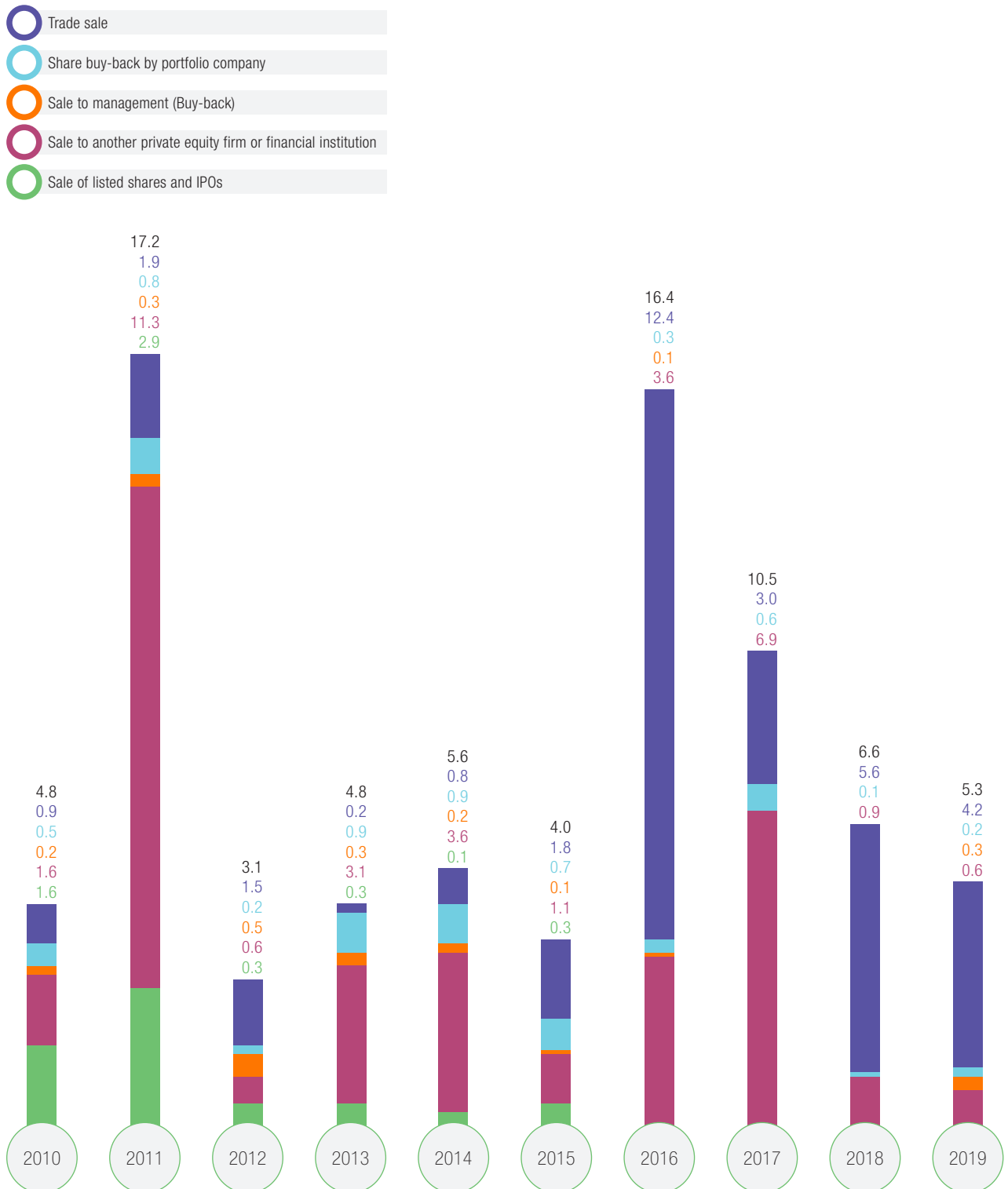


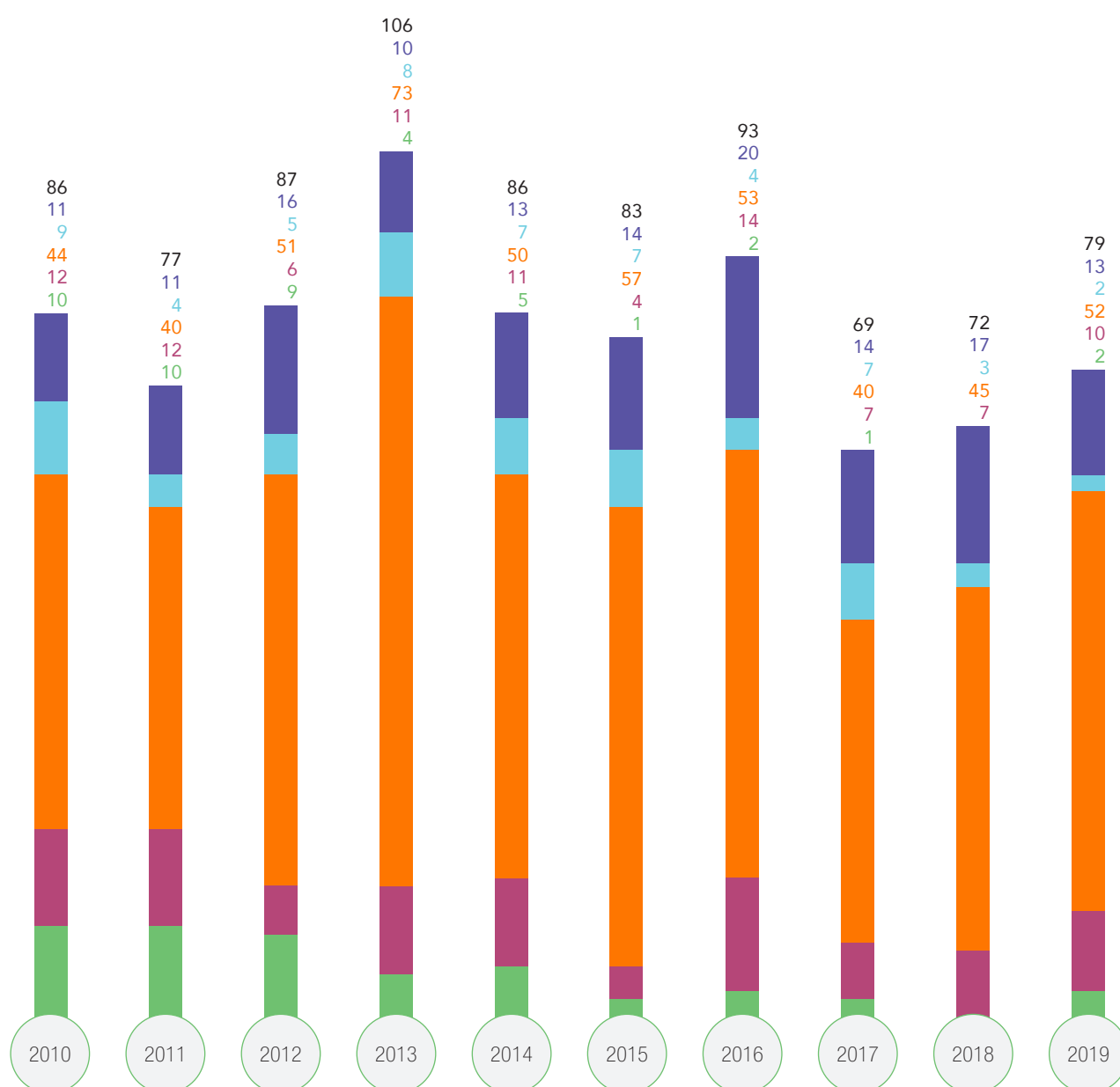
Figure 11 Analysis of disposals made during the year based on proceeds, 2010-2019 (Rbn)



EXITS

Figure 12

Analysis of number of disposals made during the year, 2010-2019*



* Excludes the Venfin disposal in 2010 and the Pepkor & Premier disposal in 2011.

Figure 13a Proceeds and cost of investments exited during 2019 (Rbn)

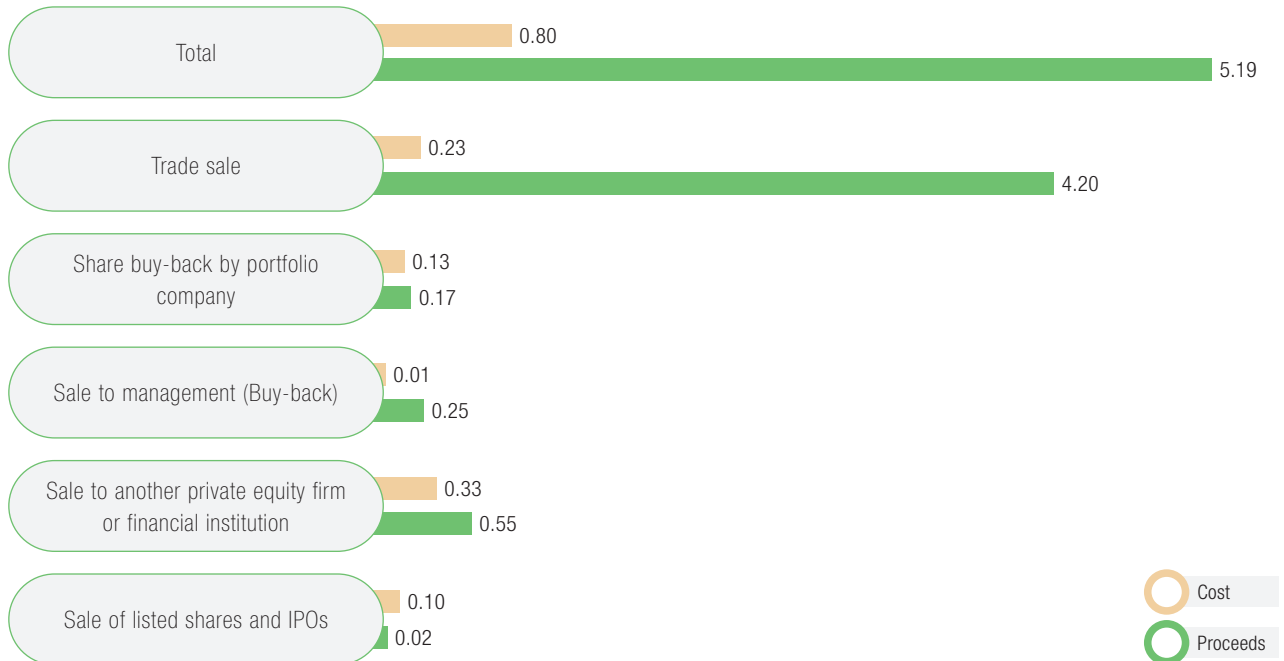
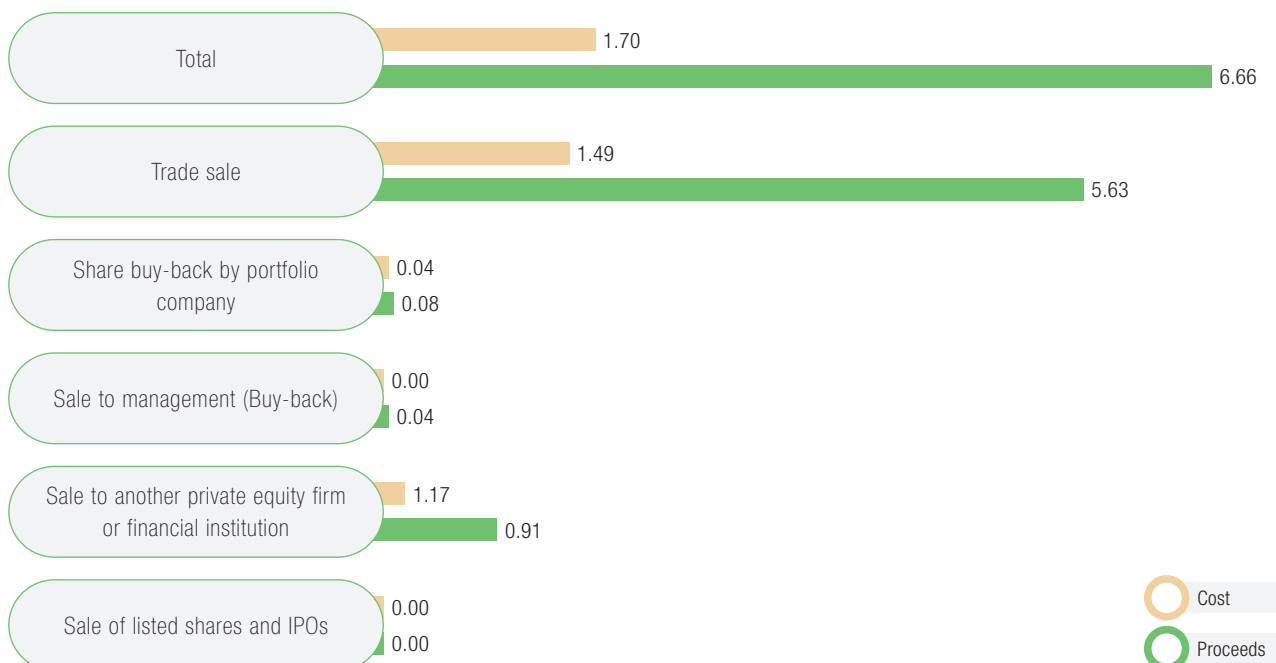


Figure 13b Proceeds and cost of investments exited during 2018 (Rbn)



EXITS

Below are the top disposals/exits made in Southern Africa, according to data disclosed by participants in the annual SAVCA Private Equity Industry Survey:*

Figure 14a Top Southern African disposals/exits during 2019

Private equity fund	Investment company	Total enterprise value (Rm)	Interest	Sector focus
Actis	Compuscan	Over 3 700.00	over 50%	Banks, Financial Services & Insurance
RMB Ventures, Bud Group and Lereko Metier Capital Growth Fund	Vox Holdings	Over 2 000.00	25% - 50%	Telecommunications
Trinitas Private Equity and Agile Capital*	Assets of Everite and Sky Sands (excluding Barnes Reinforcing Industries)	Over 400.00	n/a	Manufacturing
Phatisa*	Meridian	Over 400.00	n/a	Beverages
Lereko Metier Capital Growth Fund	Master Plastics Limited	Over 200.00	25% - 50%	Manufacturing

Figure 14b Top Southern African disposals/exits during 2018

Private equity fund	Investment company	Total enterprise value (Rm)	Interest	Sector focus
Capitalworks	Much Asphalt	Over 2 000.00	over 50%	Infrastructure
Vantage Mezzanine III Southern African Sub Fund Partnership	New GX Capital Holdings	Over 1 000.00	0% - 24%	General/No specific focus
Novare Africa Property Fund I	Gray-Bar Alliance Limited	Over 200.00	0% - 24%	Retail
Exeo Capital	Hygrotech	Over 100.00	25% - 50%	Agri & Agri Processing
Sanlam Private Equity	Zico	Over 70.00	25% - 50%	Banks, Financial Services & Insurance

* Information obtained from the survey has been supplemented with data from Dealmakers. See [online]: www.dealmakerssouthafrica.com



COVID-19 AND THE ALTERNATIVE ASSETS SPACE

Paul Boynton, CEO: *Old Mutual Alternative Investments (OMAI)*



With strict lockdown measures introduced early and more recorded coronavirus cases than any other country in Sub-Saharan Africa, both the public health and economic impacts of COVID-19 in South Africa could be devastating. The World Bank estimates that the country's GDP will contract by 7.1% this year, as the stringent but necessary measures continue to disrupt economic activity.

Amid this high level of uncertainty and fears of a sharp global economic downturn, alternative asset managers and investors have been swift to act, engaging with portfolio company management teams to consider the impacts, and to assess business continuity, liquidity and specific asset risks.

While travel restrictions and social distancing are likely to remain in 2020, causing delays in fundraising and deal origination, the longer-term outlook is more positive: 69% of investors are confident that COVID-19 will not impact their future alternatives strategy, and 62% are not adjusting targeted returns.

Within OMAI's portfolio companies, which span investments across private equity, infrastructure, impact investing in affordable education and housing, and fund of funds, we have focused on three key areas to mitigate risk: ensuring employee health and safety in line with hygiene and social distancing guidelines; working with companies on liquidity issues, to help them endure this period of reduced revenue; and preparing businesses for the new future as the economy begins to recover.

While management teams are primarily focused on the first two issues, the third is likely to become a dominant factor going forward. COVID-19 may well be the inflection point that presages a new normal. Investors and management teams must always look forward. To paraphrase the great Canadian hockey player Wayne Gretzky, you should skate to where the puck is going to be, not to where it is!

Our infrastructure arm has a widely diversified portfolio across countries and sectors, with a mix of contractual and commercial offtake arrangements, making it well placed to manage the risks posed by the pandemic. The portfolio has been resilient and most projects continued operating throughout the crisis, thanks in large part to being classified as critical infrastructure in their markets, as well as the portfolio's exposure to assets with contracted revenues.

Our IDEAS Fund is a key investor in SA's renewable energy sector, and while the national grid has been subject to a steep reduction in demand over the lockdown period, the Fund has remained relatively protected, being primarily invested in projects with take-or-pay arrangements with Eskom. Energy demand is already picking up as lockdown restrictions begin to ease and normal economic activity resumes.

Renewables are key to South Africa's sustainable future. As we begin to focus on the economic recovery, the opportunity to 'build back better', rebuilding economies in a way that pairs recovery action with climate action to ensure economies emerge stronger than before, is increasingly coming into the limelight. Renewables will play an essential role in SA's sustainable recovery and are likely to remain an attractive investment opportunity.

Both impact and ESG have come into sharper focus as the COVID-19 crisis exposes some of the stark social inequalities our country still faces. Within SA's education system, inequality of access and the poor quality of public schools have been longstanding challenges exacerbated by the pandemic, with student fees rising and some schools forced to close down. Investing in affordable, high quality education to help bridge the inequality gap has become more important than ever, offering an opportunity for alternative investors looking to invest in areas that make a tangible, positive impact on communities.

In a fiscally constrained environment, we anticipate that African governments will embrace the public-private partnership model more enthusiastically post COVID-19, particularly when it comes to funding much-needed infrastructure. Following President Ramaphosa's announcement of a R2.3 trillion infrastructure investment drive over the next decade, private alternative investors will have an essential part to play in helping South Africa 'build back better'.

4

FUNDRAISING ACTIVITY



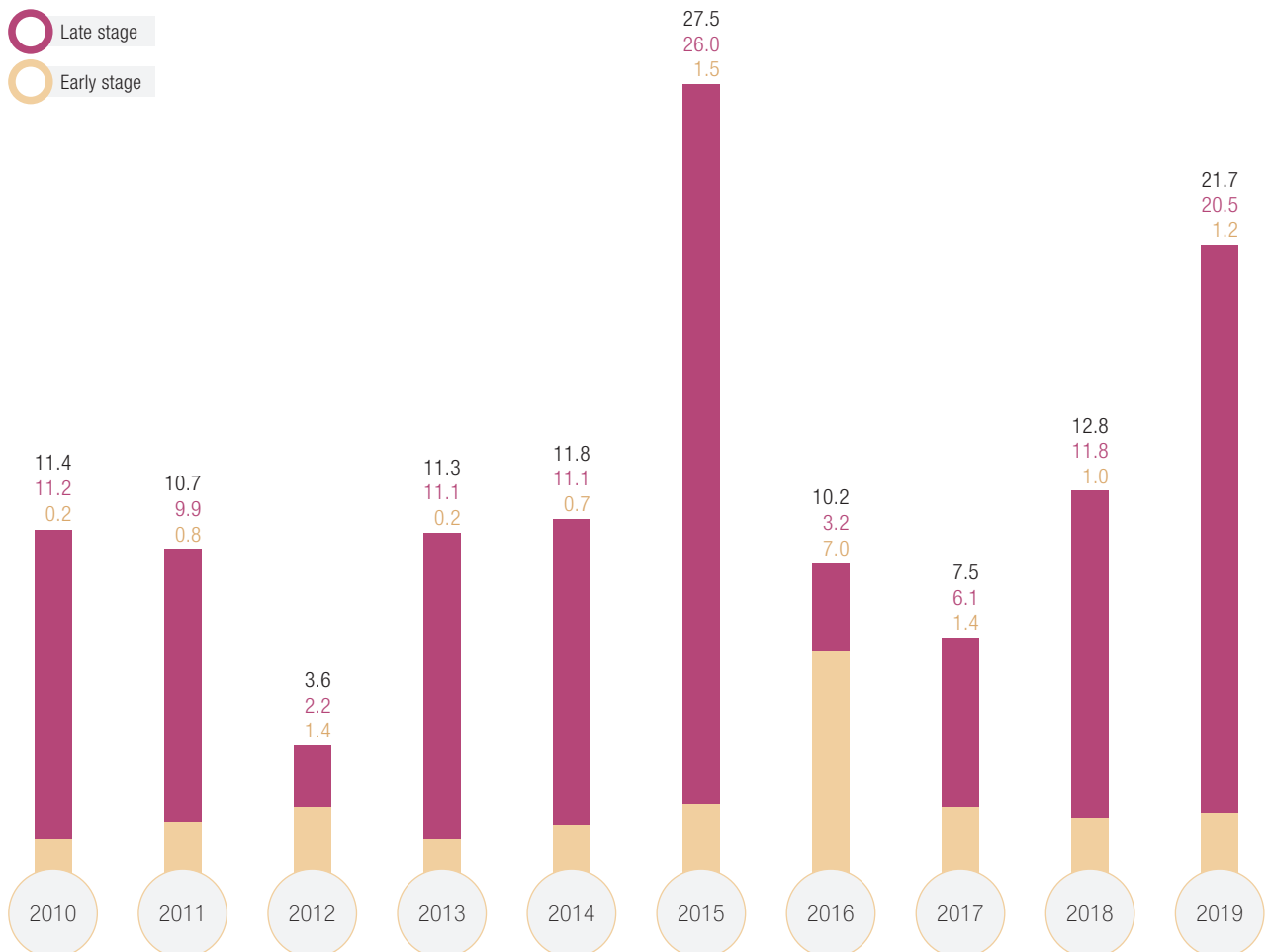
FUNDRAISING ACTIVITY

4

Total funds raised increased by 69.5% in 2019 (R21.7 billion), in comparison to the R12.8 billion raised in 2018. These are impressive figures, given the relatively downbeat macroeconomic climate in South Africa over the last few years. Still, strong fundraising is indicative of the continued resilience of the private equity industry. Of the funds raised, R7.7 billion (35.3%) stemmed from South African sources, with the bulk of the funds earmarked for late-stage investments (94.5%).

- Of the disclosed sources of third-party funds raised during 2019, private individuals were the source of 32.8% of all third-party funds raised during 2019 (2018: 5.2%). Pension and endowment funds accounted for 19.9% in 2019 (2018: 12.6%) and government, aid agencies & DFIs made up 16.3% of funds raised in 2019 (2018: 35.5%).
- Of the cumulative funds not yet returned to investors, South Africa is the main source of funds raised (59.2%), ahead of Europe (23.3%) and the rest of Africa (4.8%).
- While funds raised specifically for investment in South Africa fell from R7.1 billion in 2018 to R3.7bn in 2019, there was a sharp uptick in funds raised for investment in the rest of Africa (excluding South Africa). These funds raised increased from R5.7 billion in 2018 to R18 billion in 2019.

Figure 15 Third-party funds raised during the year, analysed by fund stage, 2010-2019 (Rbn)



FUNDRAISING ACTIVITY

Figure 16 Third-party funds raised during the year, analysed by investment destination, 2016-2019 (Rbn)

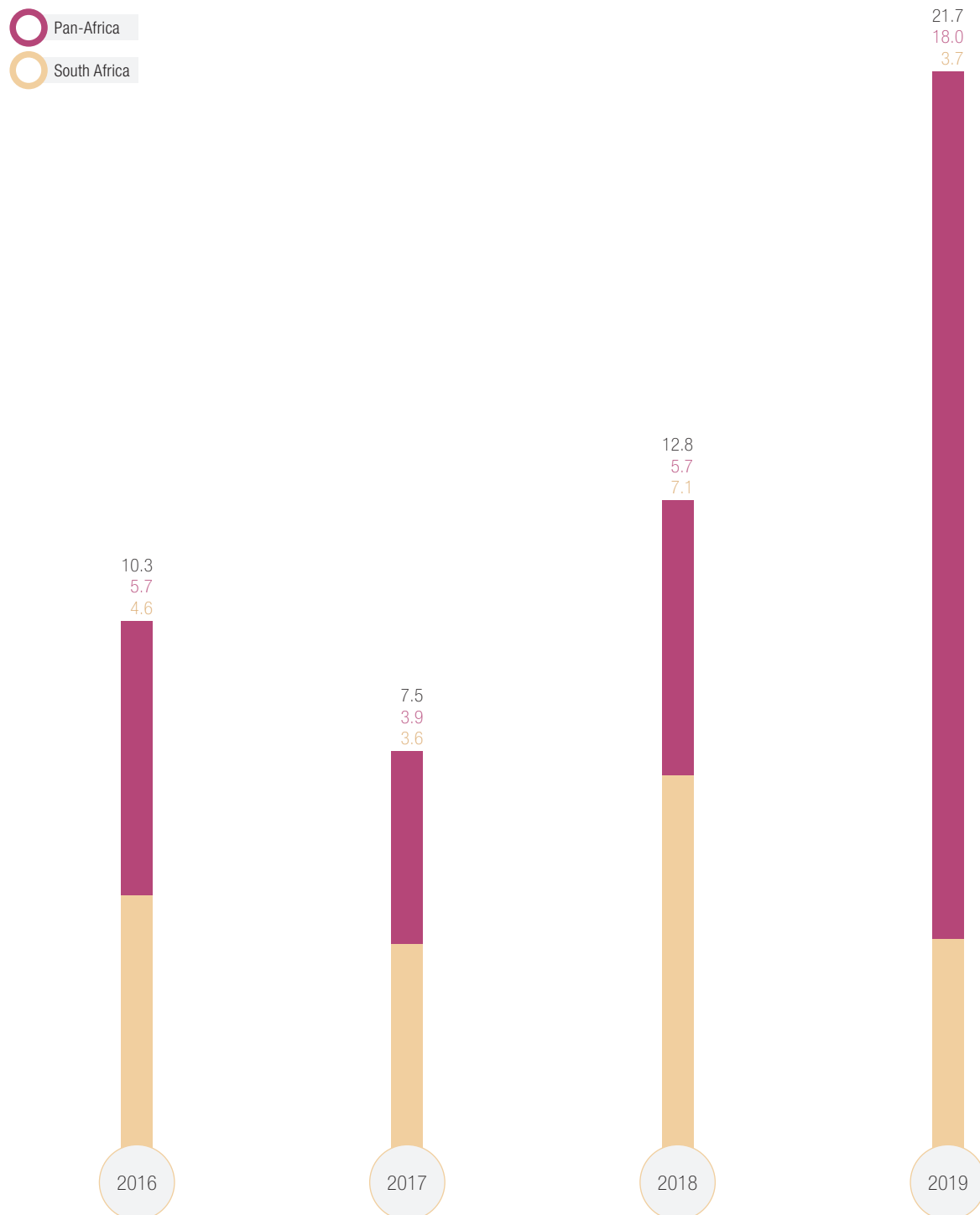
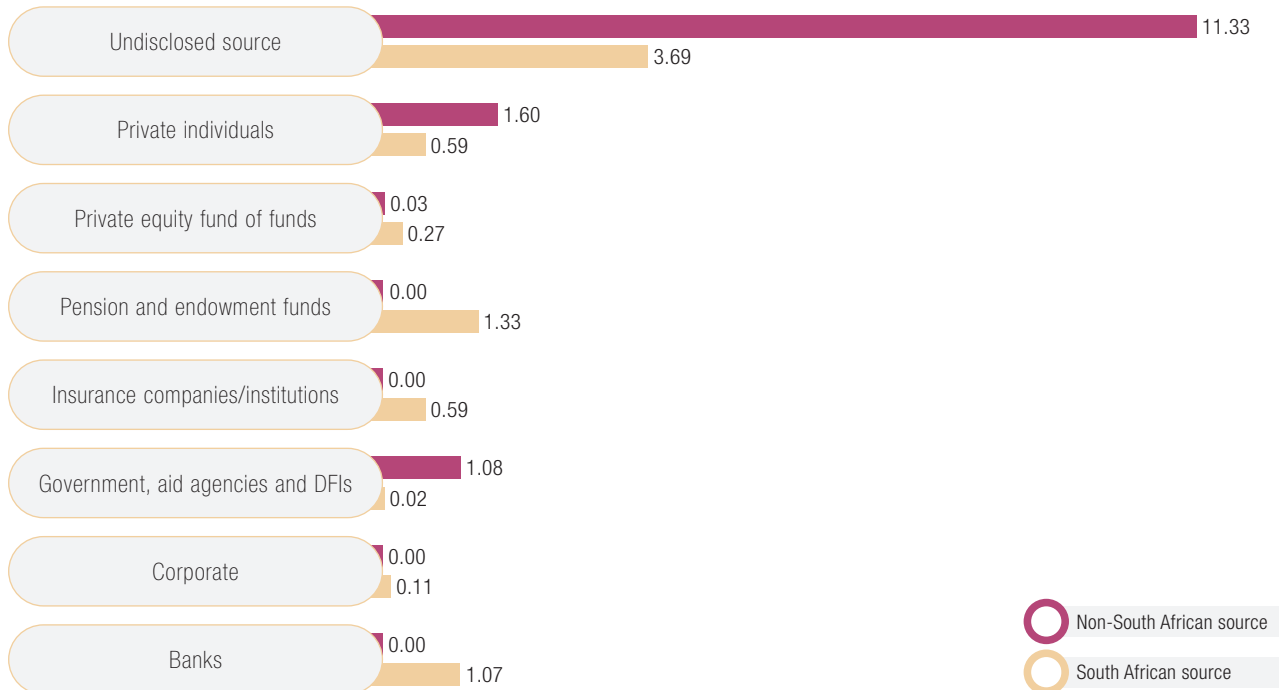
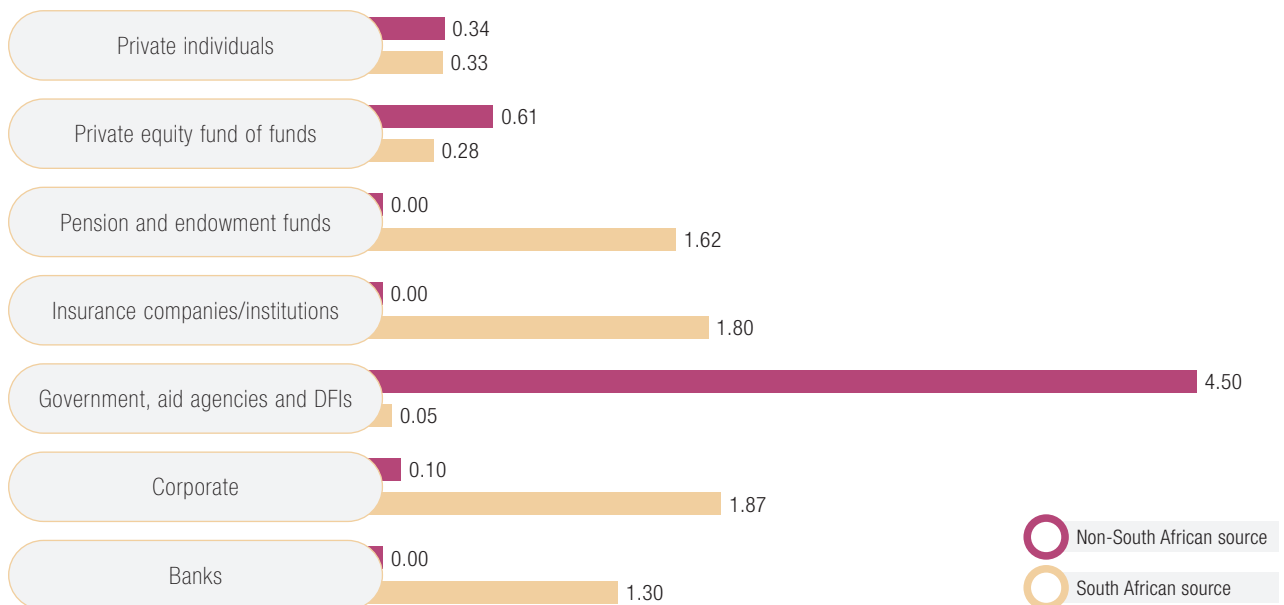


Figure 17a Source of third-party funds raised during 2019 (Rbn)**Figure 17b** Source of third-party funds raised during 2018 (Rbn)

FUNDRAISING ACTIVITY

Figure 18a Geographical sources of third-party funds raised during 2019 (% of total)

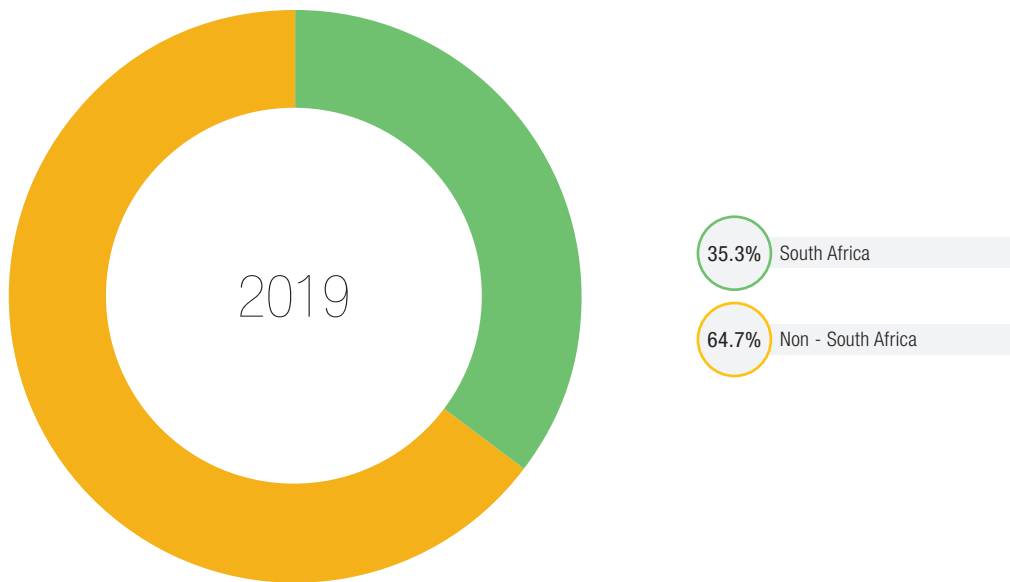


Figure 18b Geographical sources of third-party funds raised during 2018 (% of total)

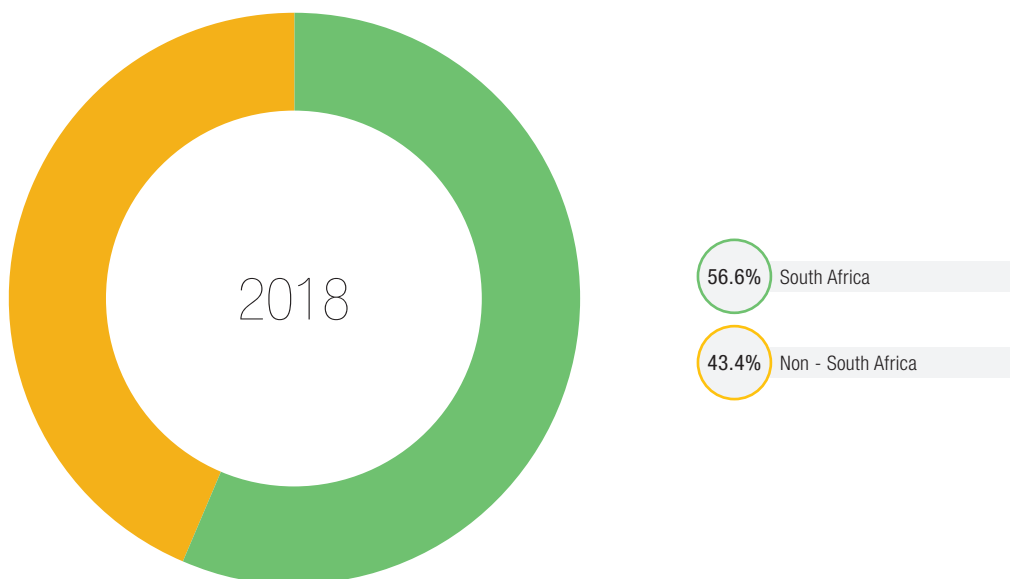


Figure 18c Geographical non-South African sources of third-party funds raised during 2019 (% of total)

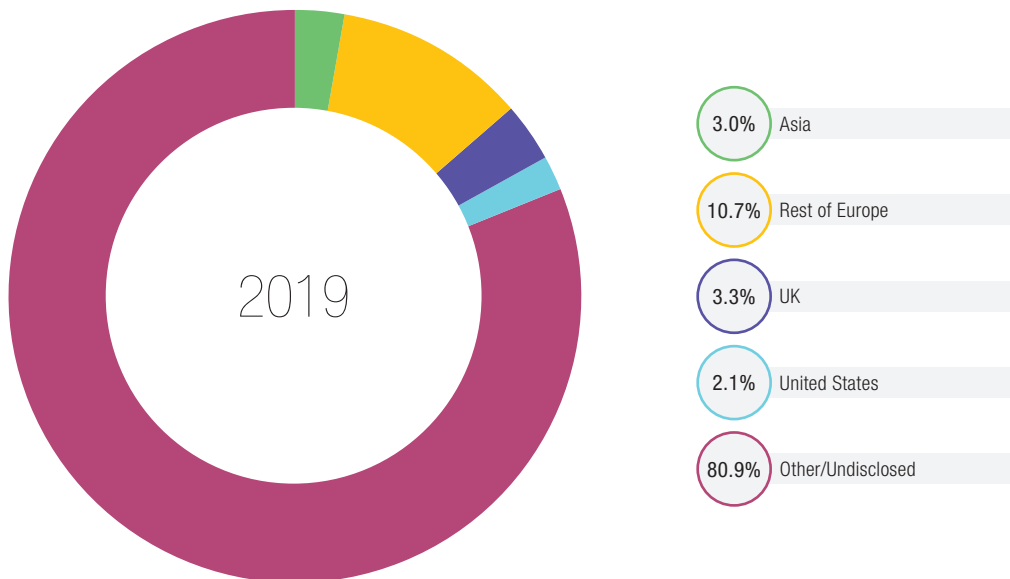
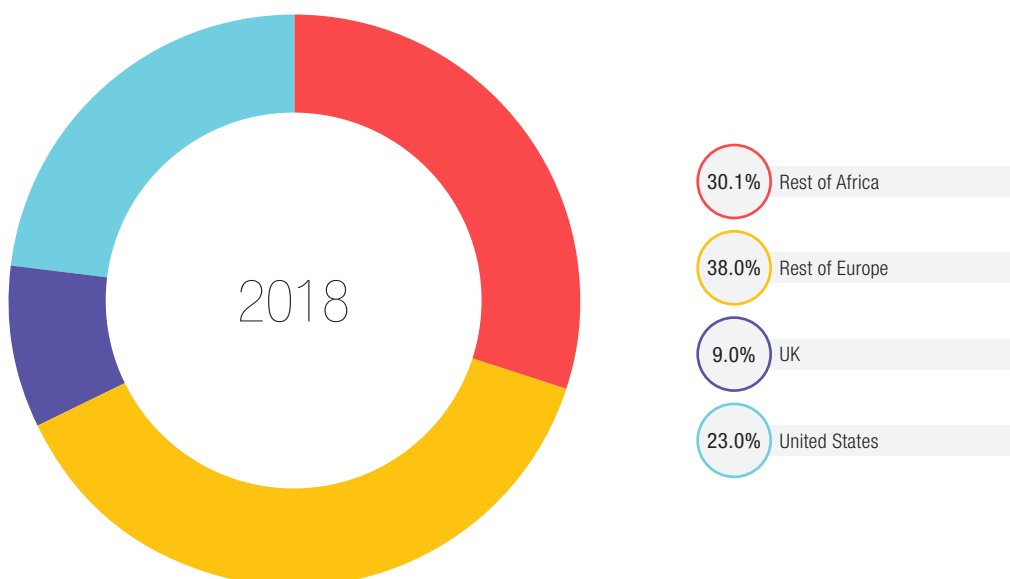
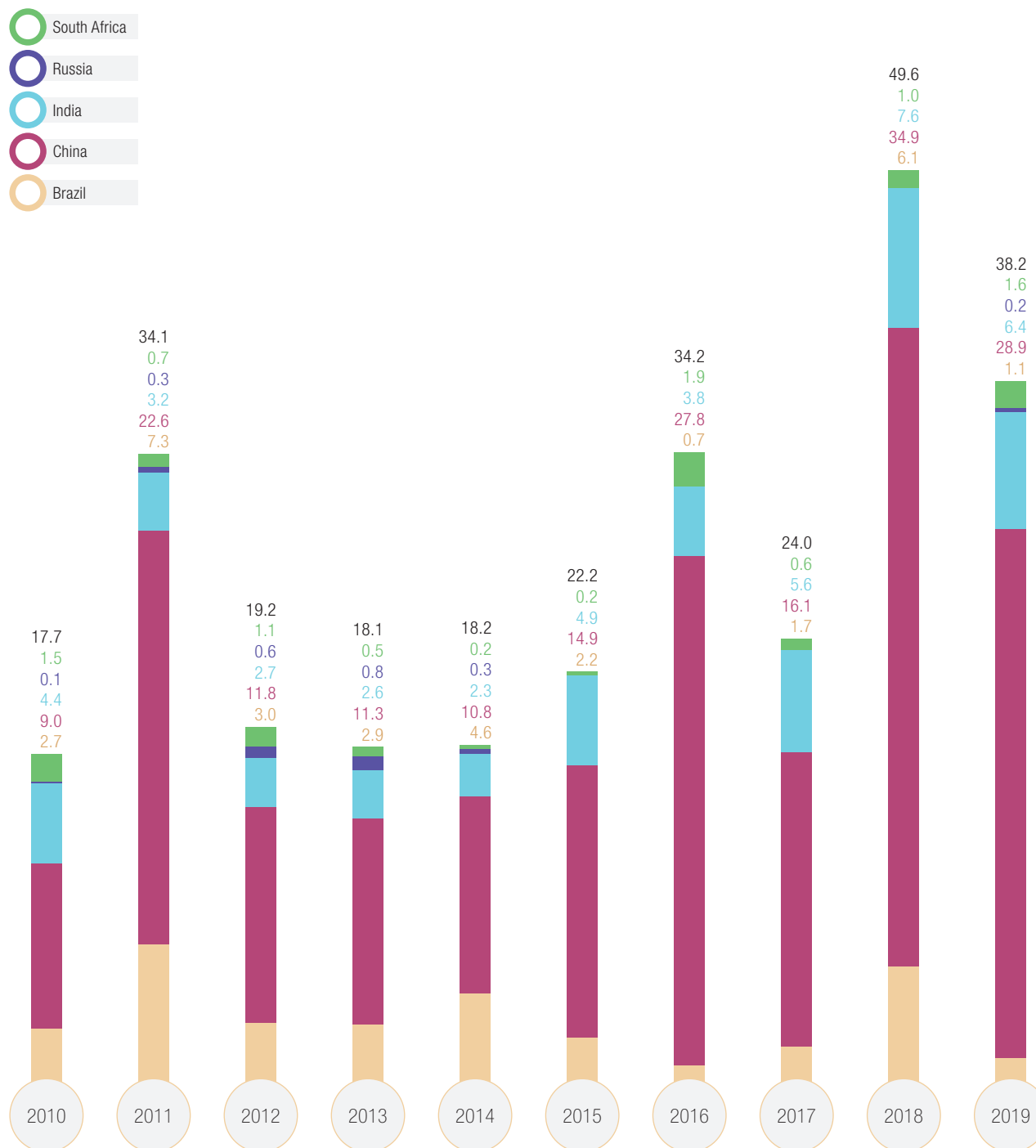


Figure 18d Geographical non-South African sources of third-party funds raised during 2018 (% of total)



FUNDRAISING ACTIVITY

Figure 19 Emerging markets private equity fundraising totals by select markets, 2010-2019 (US\$bn)^{11 12}



¹¹ Data for Russia, India, China, and Brazil are sourced from the Emerging Markets Private Equity Association (EMPEA). For South Africa, the data are collated from the survey.

¹² Previously, EMPEA investment aggregates included only the portion of capital invested in each deal by blind-pool, fixed-term private capital funds backed by third-party investors. Due to a methodology change, investment aggregates now also include contributions by strategic and institutional investors.



THE IMPACT OF COVID-19 ON EOS CAPITAL NAMIBIA

Connie-Marlene Theyse: Senior Associate, *Eos Capital Namibia*



About Eos Capital Namibia

Eos Capital is a Namibian private equity fund manager that manages the Allegrow Fund. Eos Capital's objective is to contribute to the growth of the Namibian economy as a leading Private Equity player that is the first choice for investors to manage private equity funds, as well as the preferred partner for companies looking for financing in Namibia, building on its strong local network and ability to add value to portfolio companies.

1. What impact has COVID-19 and the lockdown measures had on your portfolio?

Our Allegrow Fund investments delivered mixed results as the portfolio is representative of companies in various sectors across the economy. Two of our companies that performed very well were Elso Holdings (Pty) Ltd, a manufacturer of cleaning products and toilet paper products and Fabupharm (Pty) Ltd, a manufacturer of medicines and vitamins. Apart from Panel to Panel (Pty) Ltd, which plays in the construction sector, and Nambob Funeral Solutions (Pty) Ltd, which experienced a decline in demand due to no COVID-19 related deaths recorded in Namibia, the remainder of our portfolio companies were indirectly affected due to an overall decline in the economy as a result of the enforced lockdowns.

2. How did the fund and/or your portfolio companies overcome some of these challenges? Any interesting/innovative approaches you are proud of?

Both Elso Holdings and Fabupharm were quick to react to seize opportunities. The right leadership and simple decision-making matrixes are testament to the success in any business during challenging times.

For Fabupharm, the win was getting the right multivitamin on the market without any delays once the first COVID-19 case was detected in Namibia. Suplimax CDZ 60's was formulated to provide the immune system with the necessary Vitamin C, D and Zinc as a boost against COVID-19. Marketing of the product took care of itself due to the popularity of the product, especially among large corporates that found this the ideal product for their staff.

Elso Holdings identified sales opportunities before COVID-19 became a reality in South Africa or Namibia and pre-emptively secured bulk supplies of hand sanitisers and medical masks from their South African suppliers. This enabled them to be one of the first companies to have a consistent supply of hand sanitisers and medical masks in the country and they could seize bulk-supply opportunities. In addition, a new surface disinfectant was formulated.

For one of our portfolio companies in the education sector, the response to COVID-19 has meant completely rethinking the way of doing business. For Rosewood Academy (Pty) Ltd, this meant switching to e-learning. Within a space of two weeks, the school successfully transitioned to online learning, and classes had resumed.

3. Going forward, is there anything you will do differently as a result of the lessons learnt?

As a fund we were quick to react to understand the implications of COVID-19 and the lockdown on our portfolio companies. We need to ensure continued focus on risk management within our portfolio companies and we need to plan for more business disruptions taking place in future. We need to build up a war chest – diversified revenue streams, diversified supplier networks, cash reserves, strong leadership supported by the right team etc. to sure up our portfolio companies for more business disruptions as they are here to stay.

When making investment decisions, we need to model the absolute worse-case scenarios such as what we are currently experiencing. And we need to look for investments in defensive industries such as healthcare, staples and cleaning products, rather than luxury goods.





AFRICA'S CAPITAL MIX – A TALE OF TWO ASSET CLASSES

Ahanna Anaba, Transactions Executive: *Orbitt*

According to data collected on the Orbitt platform over the past three years, African company owners are opting to fulfil their funding needs with hybrid solutions. Capital demand and supply across the continent indicates a preference for a combination of private debt and private equity fundraising.

Since June 2017, 21% of African funding requests via Orbitt have sought pure private equity (182 deals at a value of US\$3.06 billion) and at an average ticket size of US\$16 million. Meanwhile 37% of African funding requests have been for pure-debt solutions (190 deals at a value of US\$5.47 billion) and at an average ticket of US\$29 million.

However, 30% of African companies are opting for hybrid equity and debt, including mezzanine structures (154 deals at a value of US\$4.48 billion). Furthermore, in the past 18 months there has been a 32% rise in the number of transactions that begin as pure equity, and end up incorporating debt into their funding structure.

Through empirical research and as cited by the companies on the Orbitt platform, the three primary drivers of this shift include:

Time – private equity deals can take anywhere from six to 15 months to complete, and the time horizon funds have for an exit may range from five to seven years. This creates a challenge for company owners who need faster access to capital and know how difficult it is to achieve longer-term targets in often challenging business environments across the continent.

Alignment of interest – a shift to hybrid funding structures is impacted by private equity's shorter-term horizon, while business owners have a broader socio-economic view of their companies outside of the monetary factors.

Retained control – debt is becoming more appealing as an alternative in order to retain the amount of equity in a business. This is particularly the case for family-owned businesses.

In terms of demand, we have seen a steady increase in the amount of private equity funds that have incorporated debt as part of the investment mandate. 11% of the private equity funds on the Orbitt platform are now seeking or able to provide private debt.

Capital demand data is provided by the 467 Africa-focused institutional investors and lenders registered on the Orbitt platform. These include 158 private equity funds, 30 Trade Finance Funds, 21 Private Debt Funds, 34 Development Finance Institutions (DFIs), 46 Venture Capital Funds, 122 Banks and a further 38 strategic investment institutions, 11 Family Offices and 7 Sovereign Wealth Funds.

Fundraise supply information is based on 700 corporate submissions to the Orbitt platform, since June 2017, totalling US\$14.6 billion in requests for equity or debt-related finance.





THE IMPACT OF COVID-19 ON SAMPADA PRIVATE EQUITY

Kgomotso Serwalo: Senior Partner and
Chief Investment Officer, *Sampada Private Equity*



About Sampada

Sampada Private Equity focuses on three investment avenues: commercial properties and infrastructural developments, independent private education schools and related institutions and commercial strategic partnerships with international companies.

1. What impact has COVID-19 and the lockdown measures had on your portfolio?

Our private equity investment portfolio includes retail properties that are primarily located in growing townships. Therefore, when COVID-19 level 5 lockdown restrictions were announced and enforced, a number of our retail properties tenants had to stop trading, as only tenants classified as providing essential services could operate. Therefore, tenants that were not allowed to operate and trade during level 5 of the lockdown approached us (as their landlord) to mostly request rental payment reprieves and/or reductions, particularly for the months that they could not trade or operate in.

However, as a landlord our retail properties have contracted operations expenses (including cleaning and security services) and also senior debt repayments (part of investment strategies and financing); which still had to be covered and paid for during the lockdown. Therefore, as a team we intensively considered and discussed all the possible risks and challenges; while our key purpose was to engage tenants based on their requests.

2. How did the fund and/or your portfolio companies overcome some of these challenges? Any interesting/innovative approaches you are proud of?

The team embarked on what we eventually termed the COVID-19 Lockdown Risk Management focused meetings, and eventually the team built a process and internal system that we refer to as the Retail Properties Tenants Specific and Unique Risks Control Matrix. We used this when engaging each tenant that made specific requests for rental payment deferments or reductions. Part of the key outcomes is that to a certain extent our retail properties experienced some level of cash flow challenges that resulted in capital calls from our private equity funds, which we were easily able to cover as it had already been part of our strategies for our investments and funds' scenarios and sensitivity analysis.

However, as the COVID-19 lockdown restrictions' levels eased and eventually reached level 3, all our retail properties' tenants were able to trade. Therefore, somehow returning our expected/forecasted and budgeted retail properties' rental payments from tenants and incomes by/from the retail properties, to pre COVID-19 level 5. As a team, we have continued with our Retail Properties Tenants Specific and Unique Risks Control Matrix and increased our monitoring and engagements with our tenants. We pride ourselves that this is part of our risk management strategy across the business.

3. Going forward, is there anything you will do differently as a result of the lessons learnt?

As mentioned, through the Sampada's Retail Properties Tenants Specific and Unique Risks Control Matrix, we will continue improving our engagements with all of our retail properties tenants.





5

FUNDS UNDER MANAGEMENT

FUNDS UNDER MANAGEMENT¹³

5

Southern Africa's private equity industry recorded R184.4 billion in funds under management at the end of 2019, marking a CAGR (Compound Annual Growth Rate) of 9.2% since the first edition of the SAVCA Private Equity Industry Survey, published in 1999. In 2019, 82.4% (R151.9 billion)¹⁴ of funds under management were unrealised investments, with the remaining R32.5 billion classified as undrawn commitments.

- Total FUM by Captives – Other increased by R7 billion in 2019.
- FUM by Independents increased by R13.4 billion, from R98.6 billion at 31 December 2018 to R112 billion at 31 December 2019.
- The Captives – Government category recorded R27.9 billion in funds under management in 2019, an R1.8 billion increase from 2018.
- Total undrawn commitments at 31 December 2019 reached R32.5 billion (2018: R30.1 billion), of which R29.9 billion (2018: R27.4 billion) reflects the undrawn commitments of independent fund managers.
- Private equity fund managers predominantly have a generalist mandate, with 65.3% of the FUM at 31 December 2019 in the Generalist category (2018: 79%).

¹³ Funds under management (FUM) is the total amount of funds available to fund managers for future investments plus the amount of funds already invested (at cost) and not yet exited from.

¹⁴ Excludes non-Africa unrealised investments.

FUNDS UNDER MANAGEMENT

Figure 20a Composition of total FUM in 2019 (% of total)

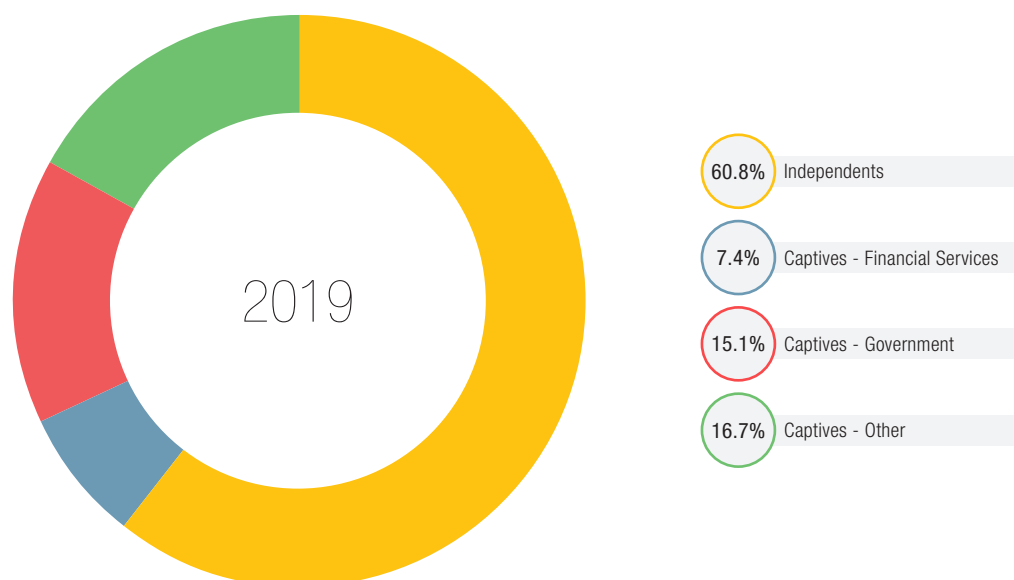


Figure 20b Composition of total FUM in 2018 (% of total)

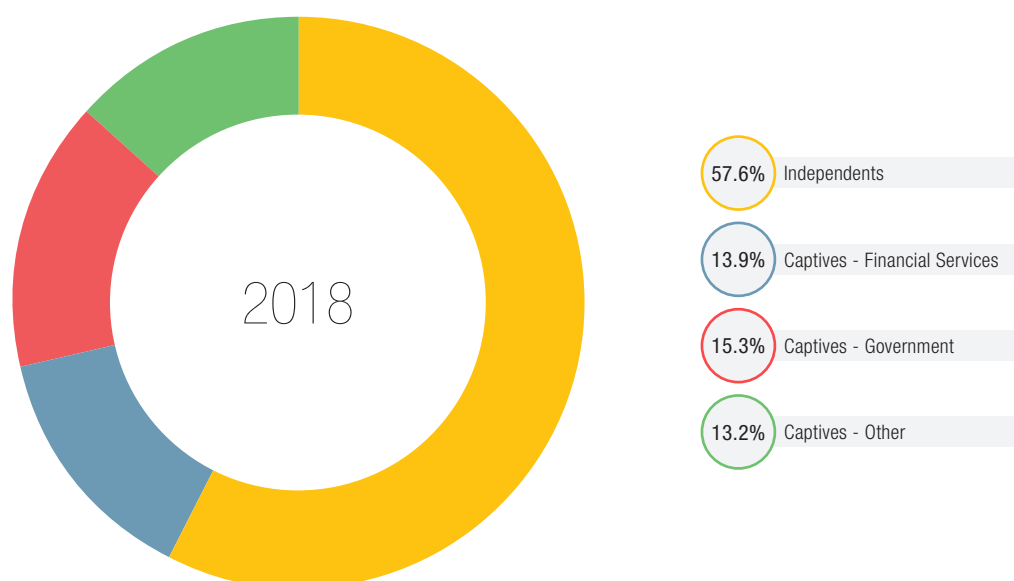
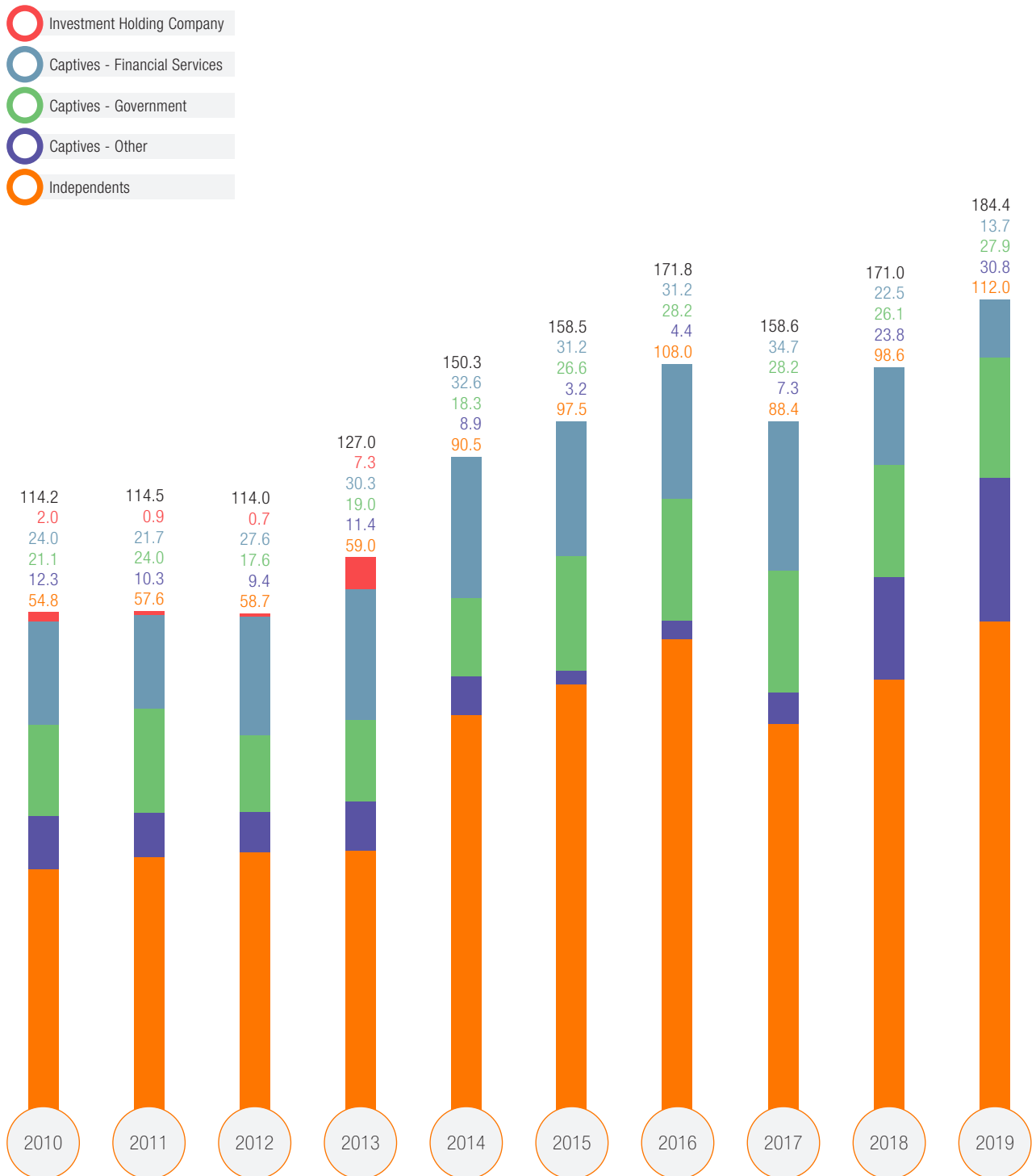


Figure 21 Composition of FUM, 2010-2019 (Rbn)



FUNDS UNDER MANAGEMENT

Figure 22a Composition of total FUM at 31 December 2019 by focus of the fund (% of total)

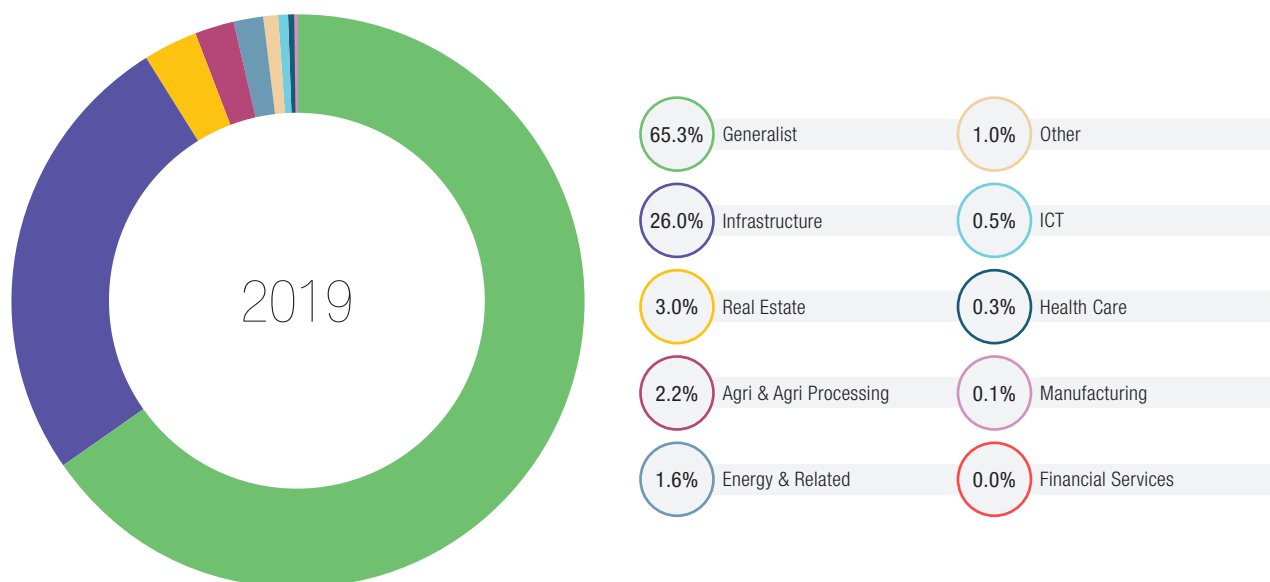


Figure 22b Composition of total FUM at 31 December 2018 by focus of the fund (% of total)

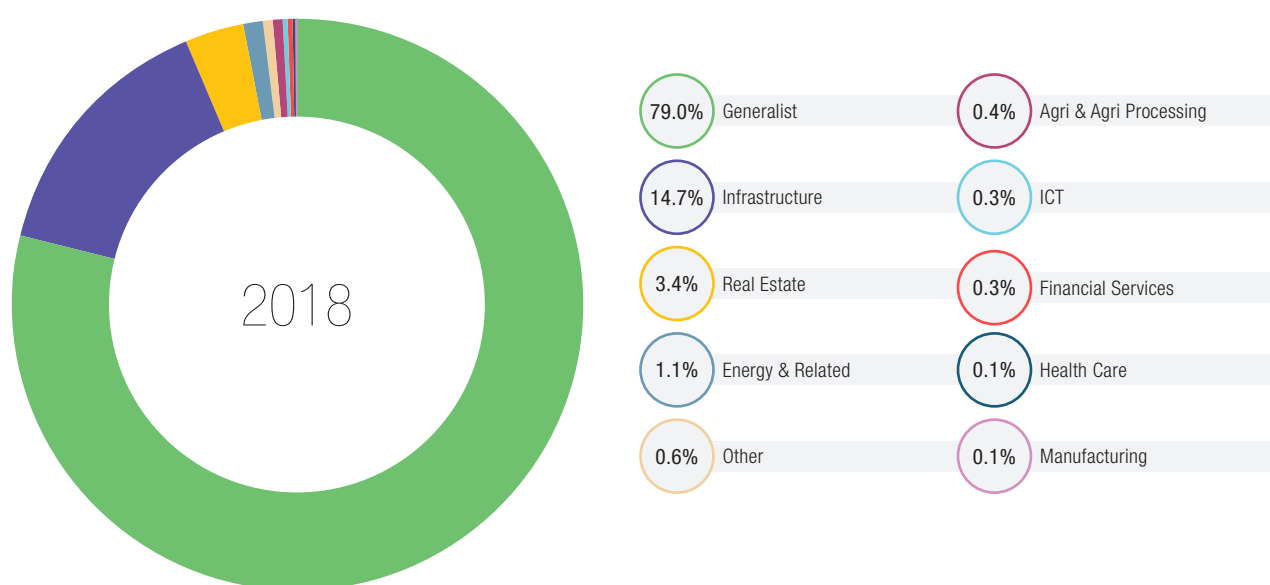
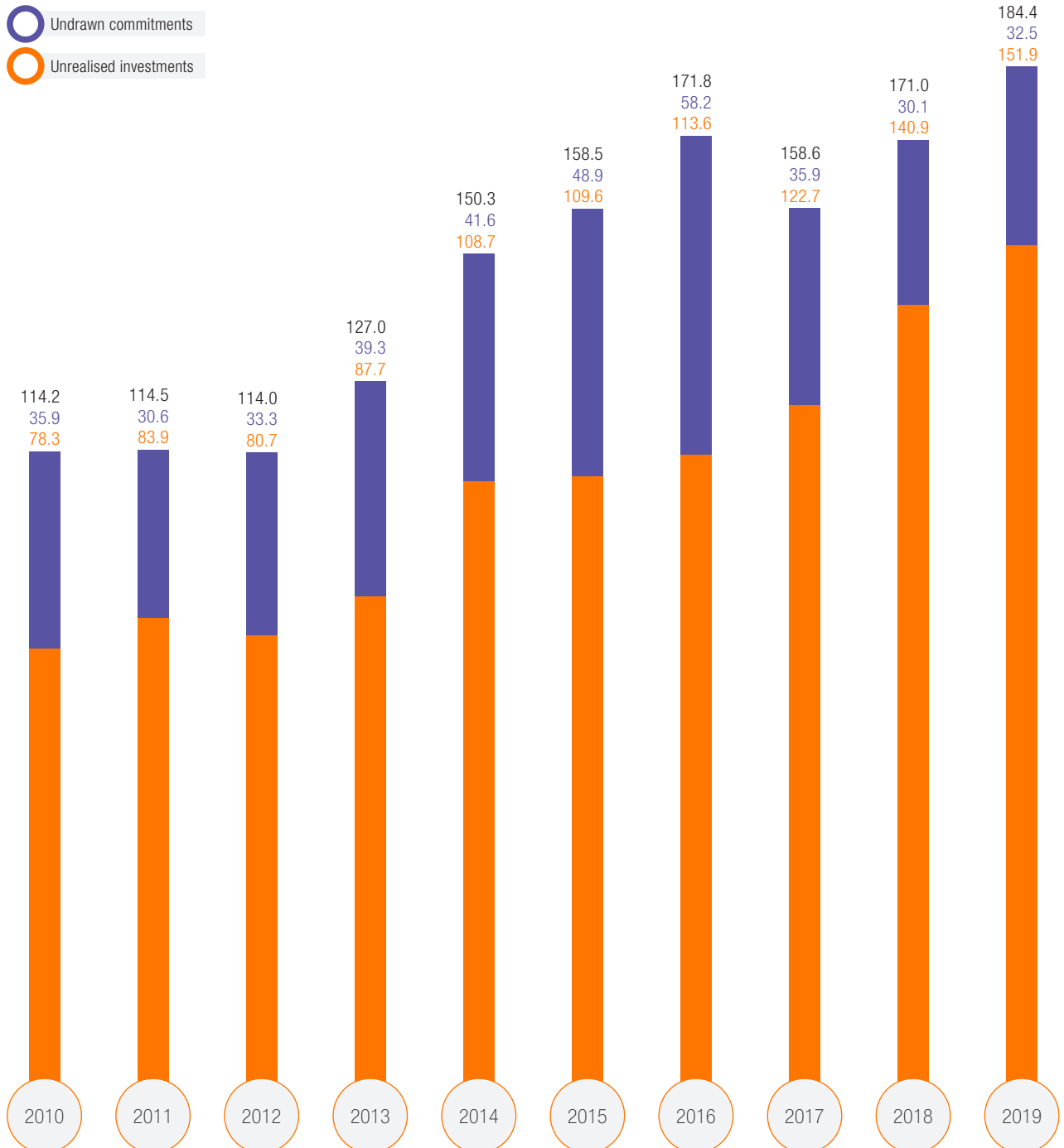


Figure 23

Total FUM, split by undrawn commitments and amounts invested, 2010-2019 (Rbn)



FUNDS UNDER MANAGEMENT

Figure 24a Total FUM by type, split by undrawn commitments and amounts invested, 2019 (Rbn)

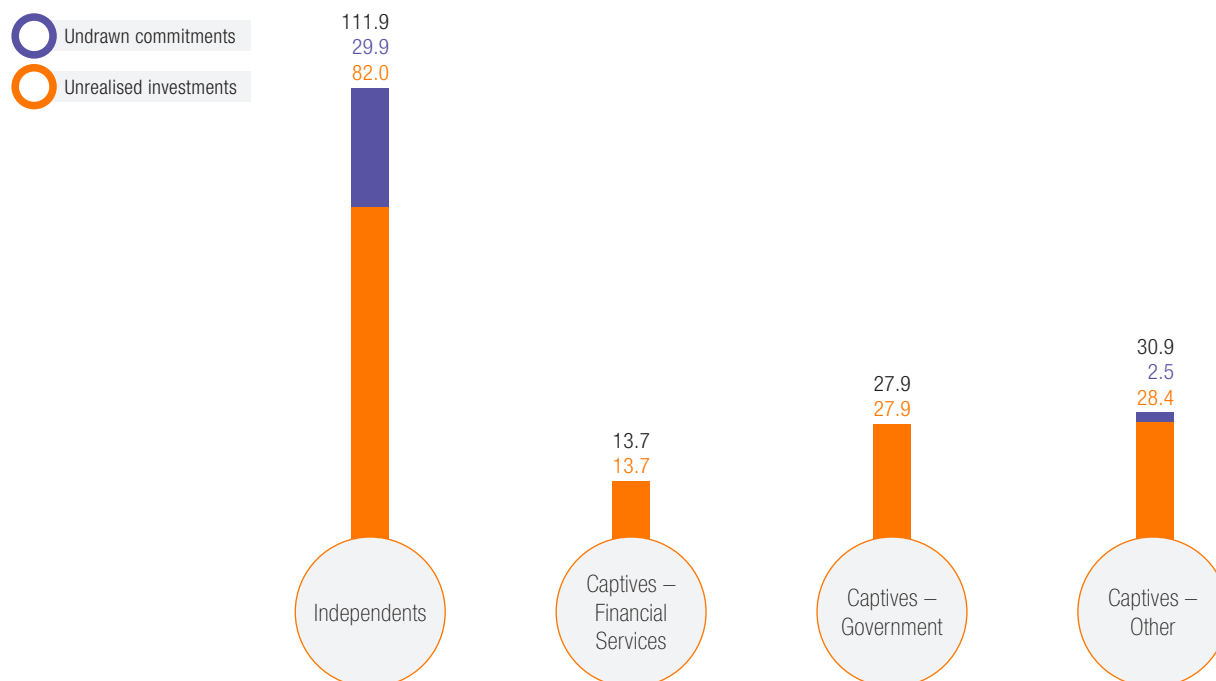


Figure 24b Total FUM by type, split by undrawn commitments and amounts invested, 2018 (Rbn)

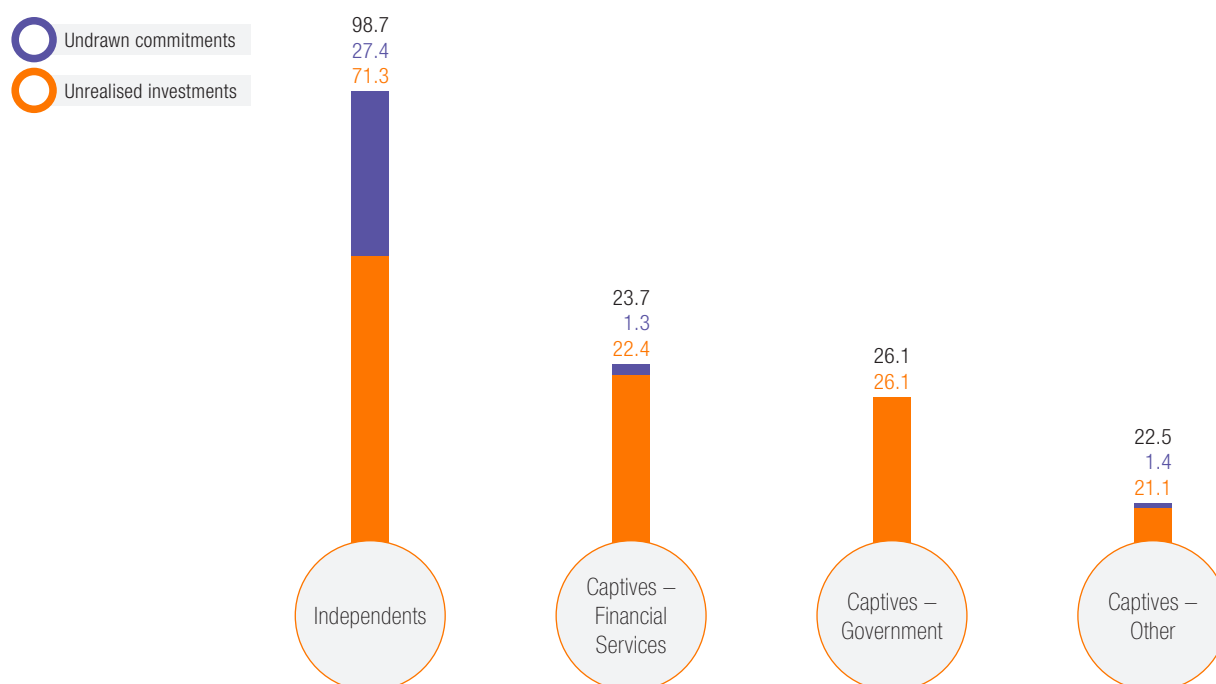
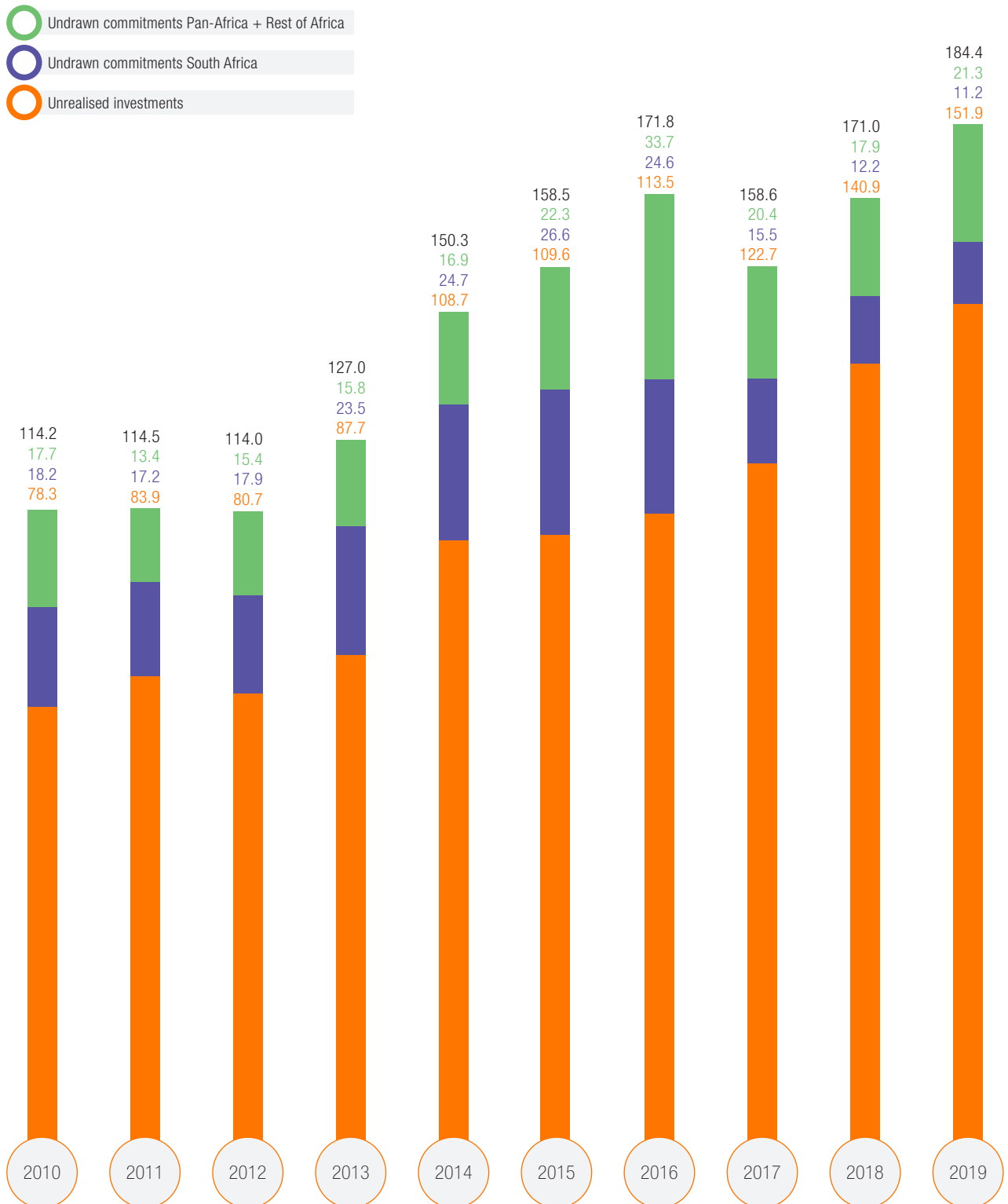


Figure 25 Total FUM at year end, split by amounts invested and geographical undrawn commitments, 2010-2019 (Rbn)



FUNDS UNDER MANAGEMENT

Figure 26

Classification of undrawn commitments by stage of investments, 2010-2019 (Rbn)

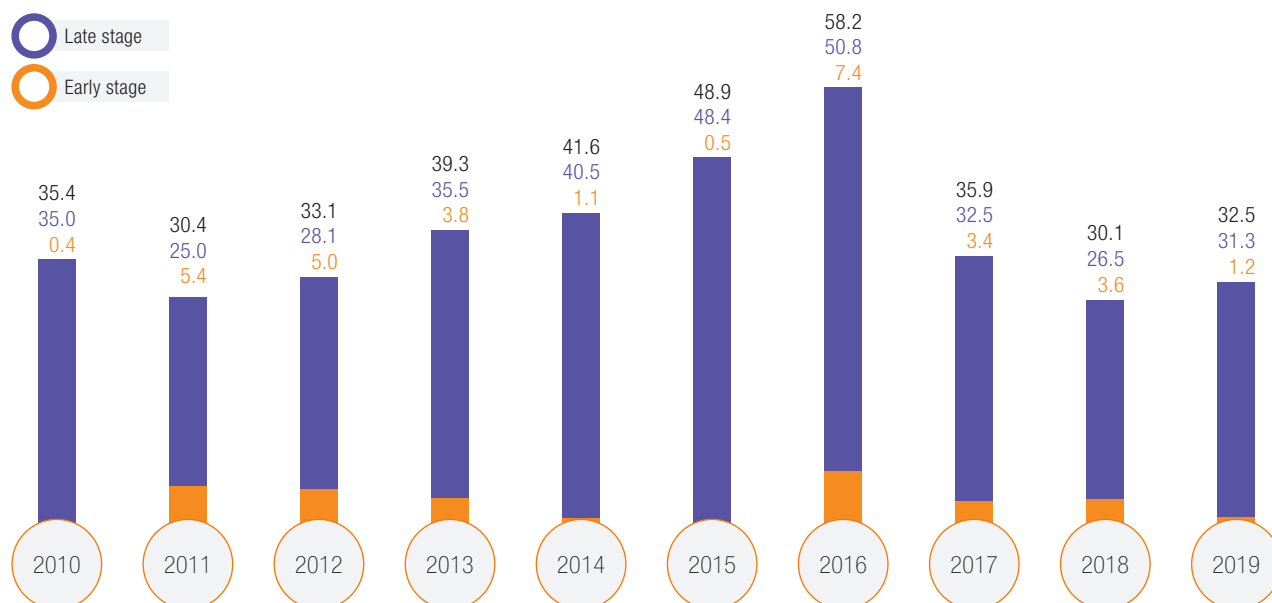


Figure 27

Composition of undrawn commitments by type of fund manager, 2010-2019 (Rbn)

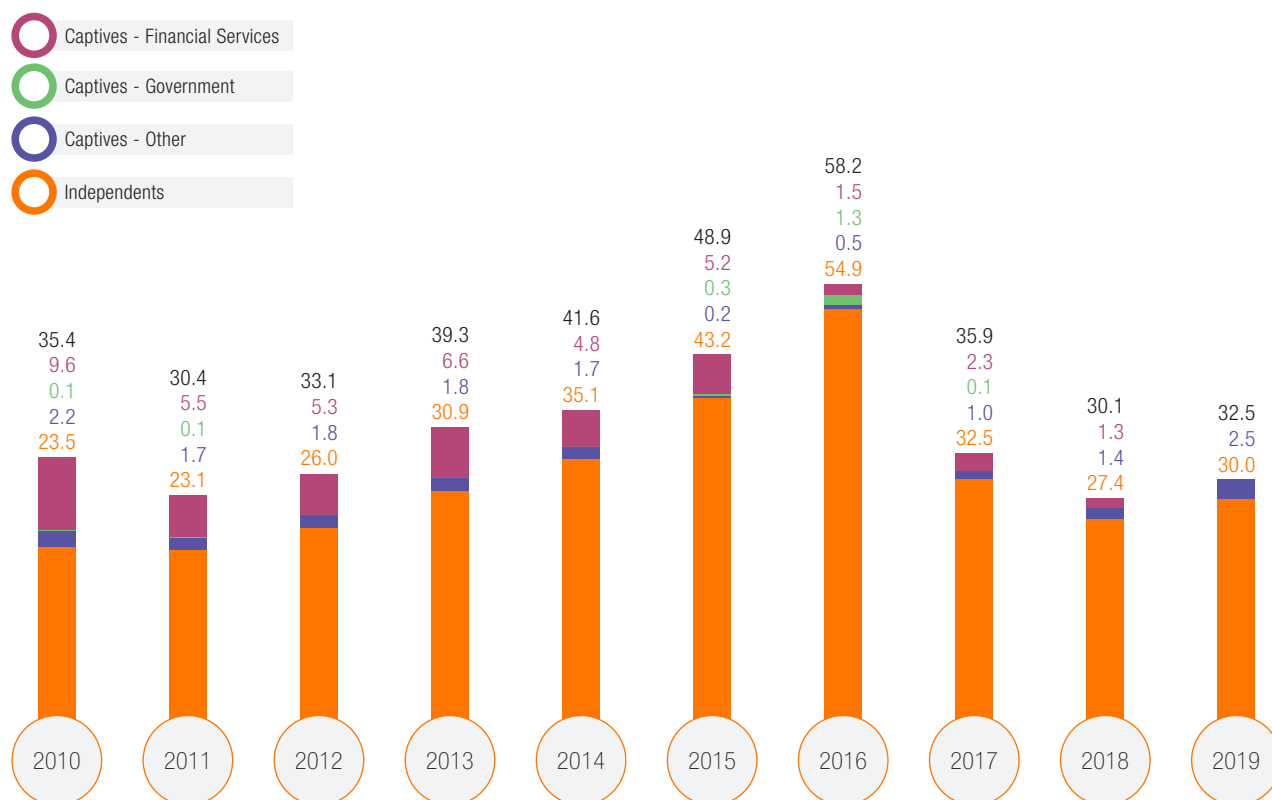
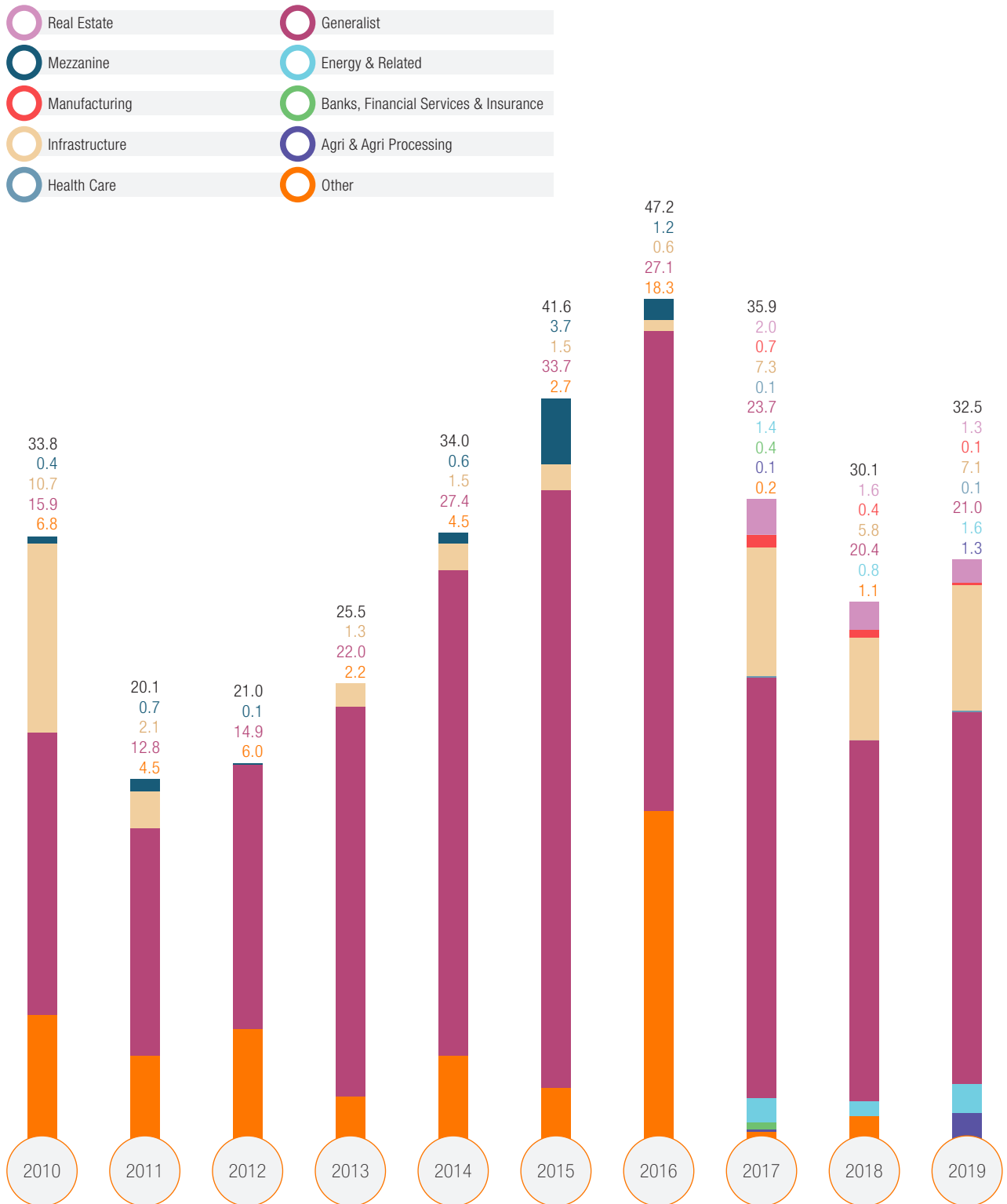


Figure 28

Composition of later stage, independent undrawn commitments by focus of the fund, 2010-2019 (Rbn)



FUNDS UNDER MANAGEMENT

Figure 29a Composition of FUM by B-BBEE level of fund manager, 2019¹⁵

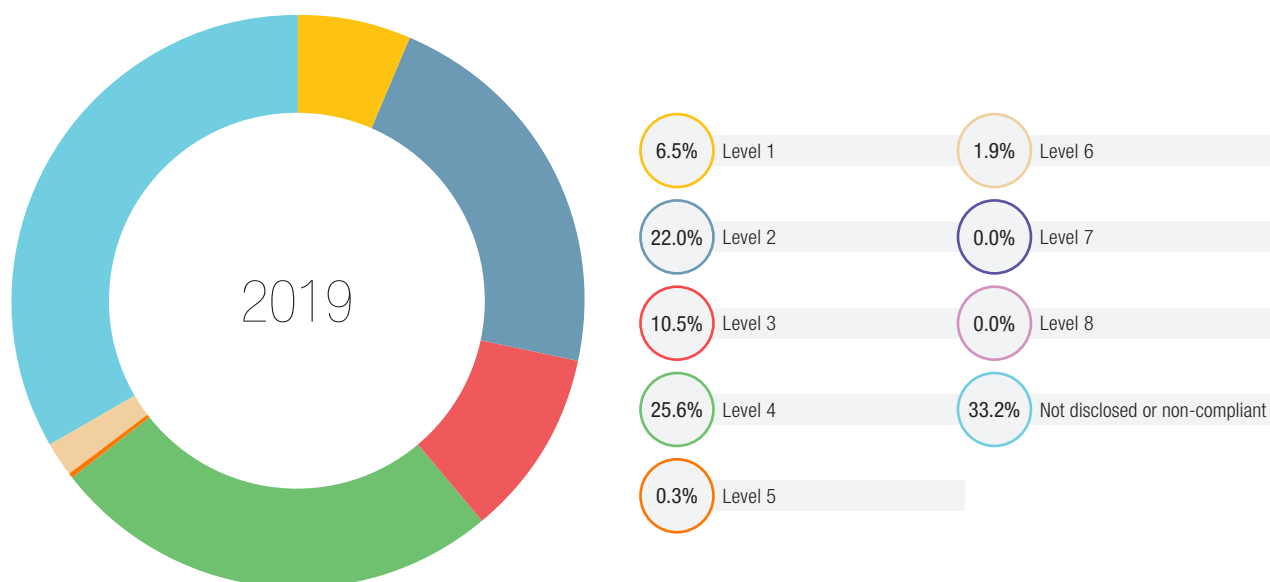
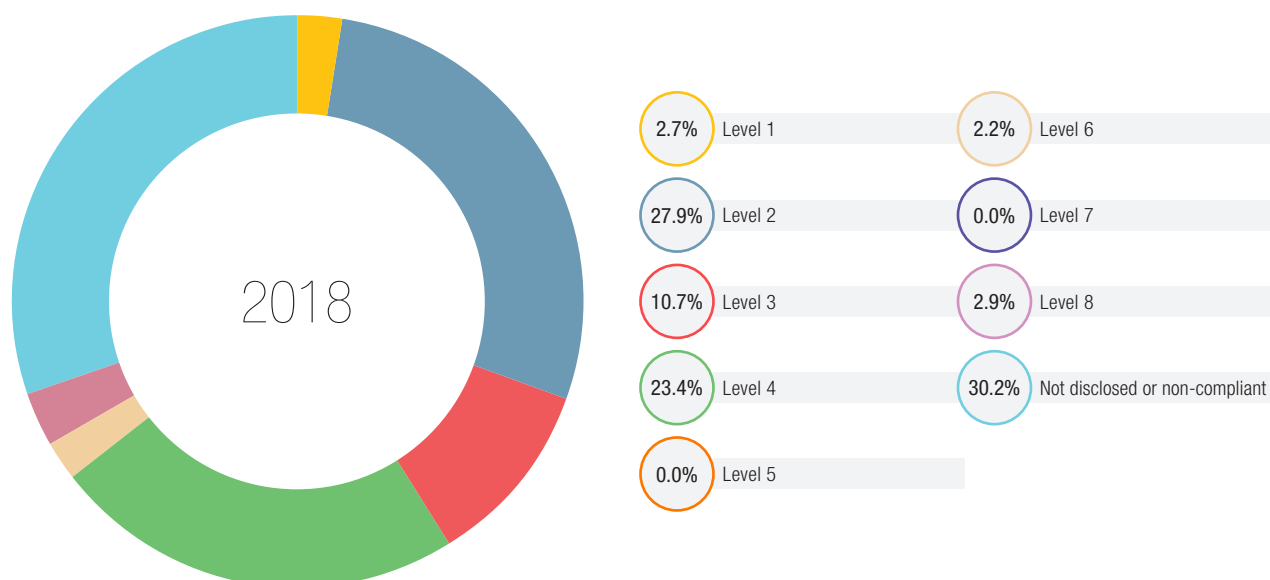


Figure 29b Composition of FUM by B-BBEE level of fund manager, 2018¹⁶



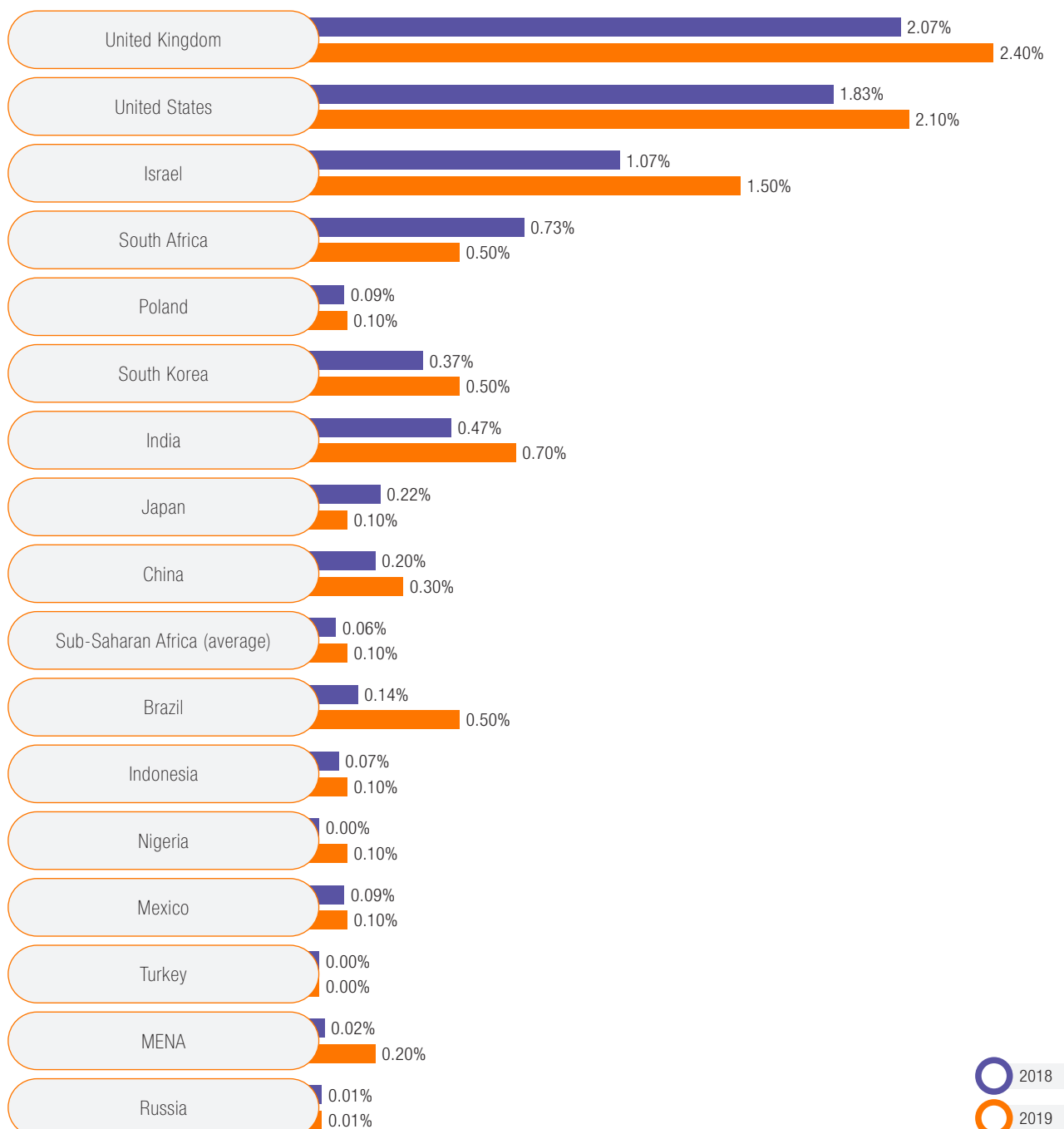
¹⁵ Excludes fund managers not based in South Africa that are consequently not affected by B-BBEE legislation.

¹⁶ Excludes fund managers not based in South Africa that are consequently not affected by B-BBEE legislation.

Comparison to the global market

- Although the South African private equity industry as a whole is relatively small in comparison to more developed economies, it is still well-established and significant in the regional market.
- Using Emerging Markets Private Equity Association (EMPEA) information, together with survey data for South Africa, South Africa's investment activity as a percentage of GDP for 2019 stands at 0.5% (2018: 0.7%).

Figure 30 Global private equity capital penetration, 2018 and 2019 (as a % of GDP)



6

REAFFIRMING TRANSFORMATION & PRIVATE EQUITY INVESTMENT PROFESSIONALS

In 2019, 50.3% of investments made were in businesses with ratings levels 1 to 4 of the Department of Trade, Industry and Competition (DTIC) B-BBEE codes (2018: 55.5%). Not only does the emerging markets private equity industry provide investors with exposure to the private sector via private or unlisted companies and attractive returns, but also the opportunity to truly make a positive impact as investors and investees walk their journey together. For example, private equity investors actively look to transform the companies they invest in from a B-BBEE perspective.

Figure 31a Investments by B-BBEE recognition level in 2019 (excluding Captives - Government)

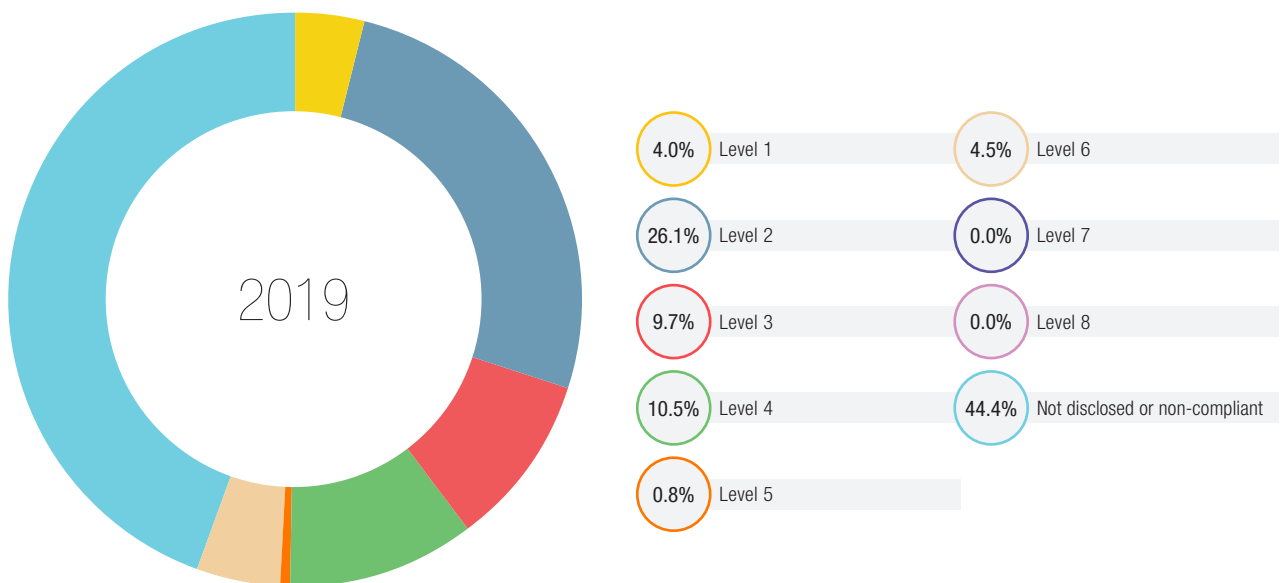
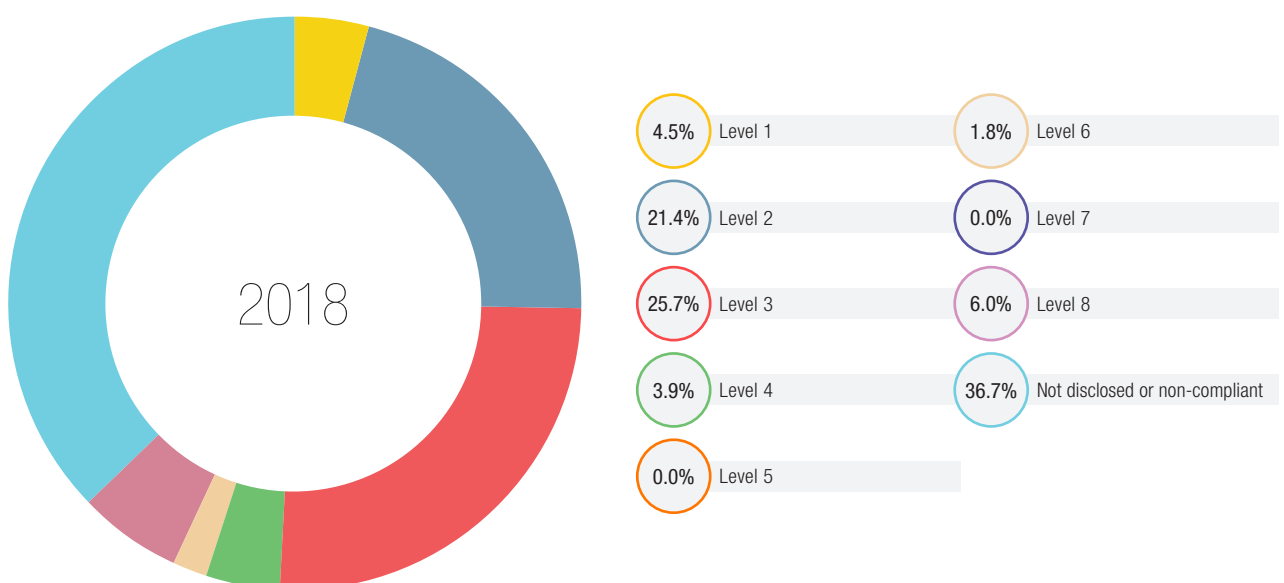


Figure 31b Investments by B-BBEE recognition level in 2018 (excluding Captives - Government)



REAFFIRMING TRANSFORMATION

SAVCA: THE ASSOCIATION

SAVCA, which was established in 1998, has over the years achieved a more transformed team, board and membership representation.

With the growing membership base and the need to expand SAVCA's offerings, the SAVCA team has grown to an eight-member team in 2020 comprising of five black and three white employees. An area for improvement though is the male to female ratio as the team consists of only one male. The current 2020 board composition is much more balanced in terms of gender and race. The board comprises of eight males and six females with the race composition being 7 white and 7 black board members.

By the year 2000, SAVCA had a membership base of 34 firms. Today, SAVCA has over 170 members of which 130 of these are fund managers.

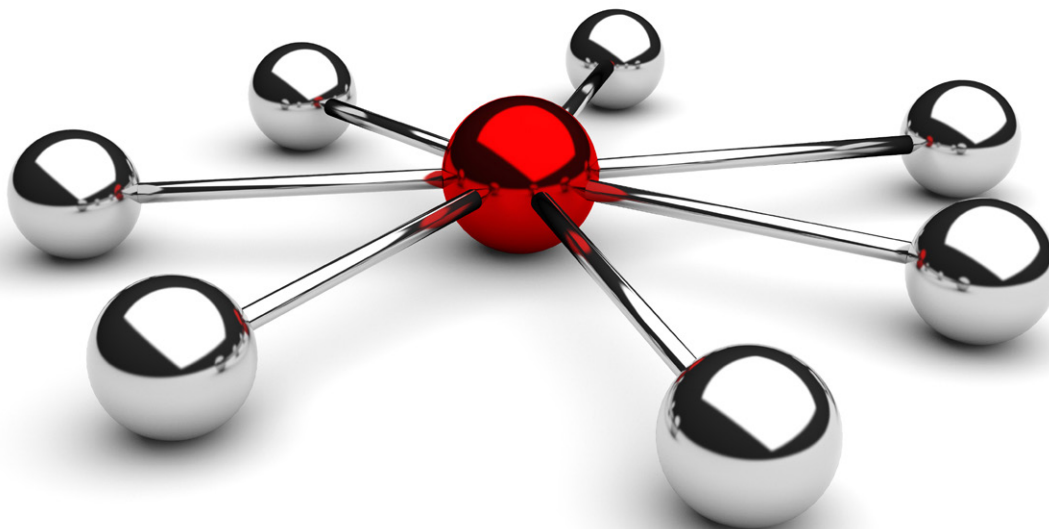
Of the fund managers, only 9% are female owned whilst a growing number of fund managers are black owned, 38%. With initiatives such as the SAVCA Fund Manager Development Programme, SAVCA is supporting the transformation of the sector both from a gender and race perspective.

THE INDUSTRY

PE Investment Professionals

The heartbeat of the private equity industry is its people. Looking at 2019:

- At 31 December 2019, African professionals accounted for 43% of the total of all professionals (2018: 35%), Coloured professionals 5% (2018: 12%), Indian professionals 10% (2018: 10%) and White professionals 40% (2018: 40%). This shows a considerable improvement towards transformation in the industry when compared to ten years ago when African professionals accounted for 19%, Coloured professionals 4%, Indian professionals 9% and White professionals 57% of all professionals.
- At 31 December 2019, 28% of all professionals were female (2018: 29.5%). African females have shown the most growth over the past ten years from only 5% representation of all professionals in 2010 to 16% in 2019. Although the male vs female composition in the industry still has a long way to go, it shows that steps being taken towards the industry being represented by more diverse investment professionals.

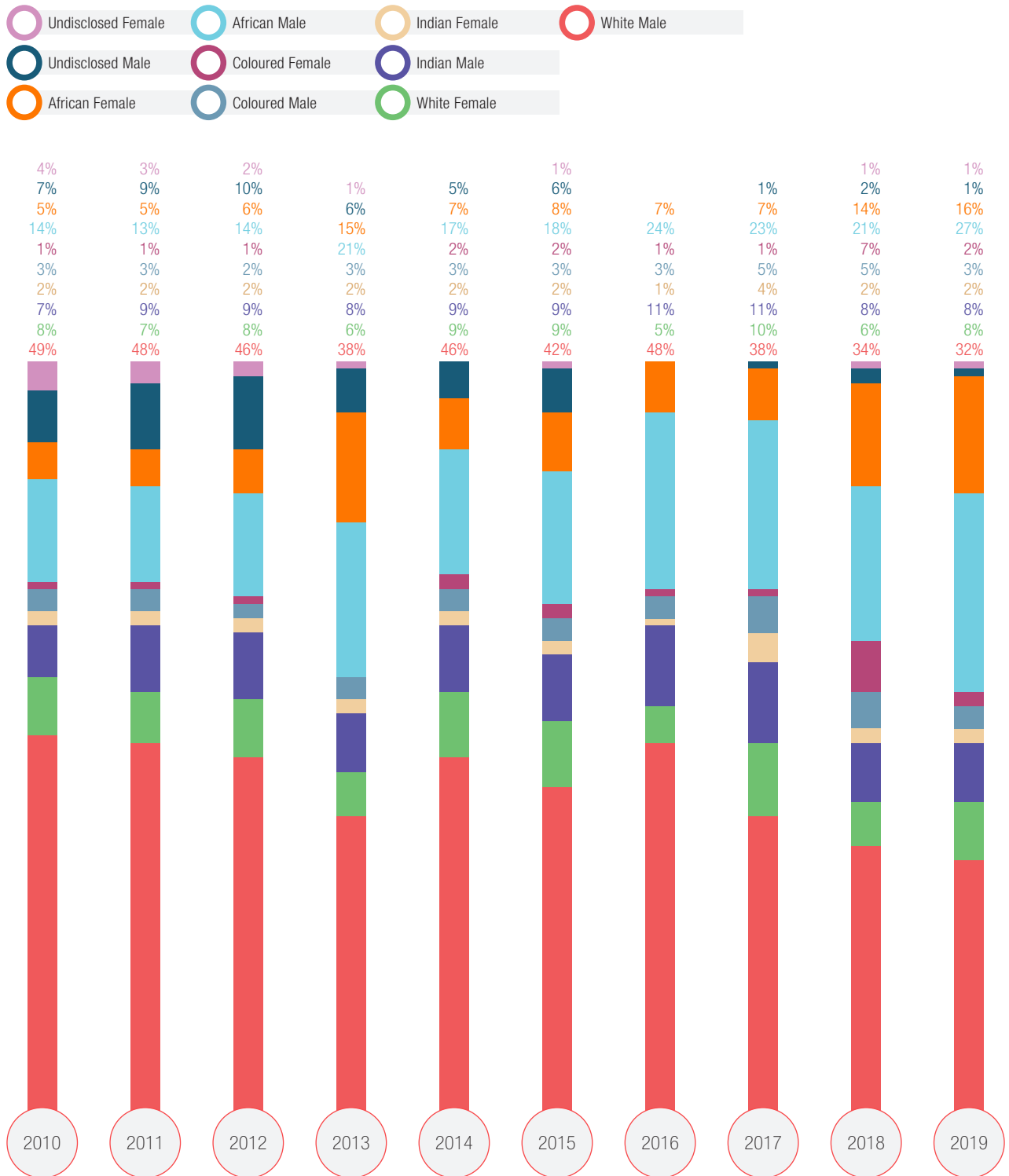


PRIVATE EQUITY INVESTMENT PROFESSIONALS

6

Figure 32a

Distribution of professionals by race and gender, 2010-2019¹⁷



¹⁷ Race classifications as per the Department of Trade, Industry and Competition (DTIC). See also: <http://www.thedtic.gov.za/wp-content/uploads/BEE38765.pdf>

PRIVATE EQUITY INVESTMENT PROFESSIONALS

Figure 32b Distribution of professionals by gender, 2010-2019

Female
Male

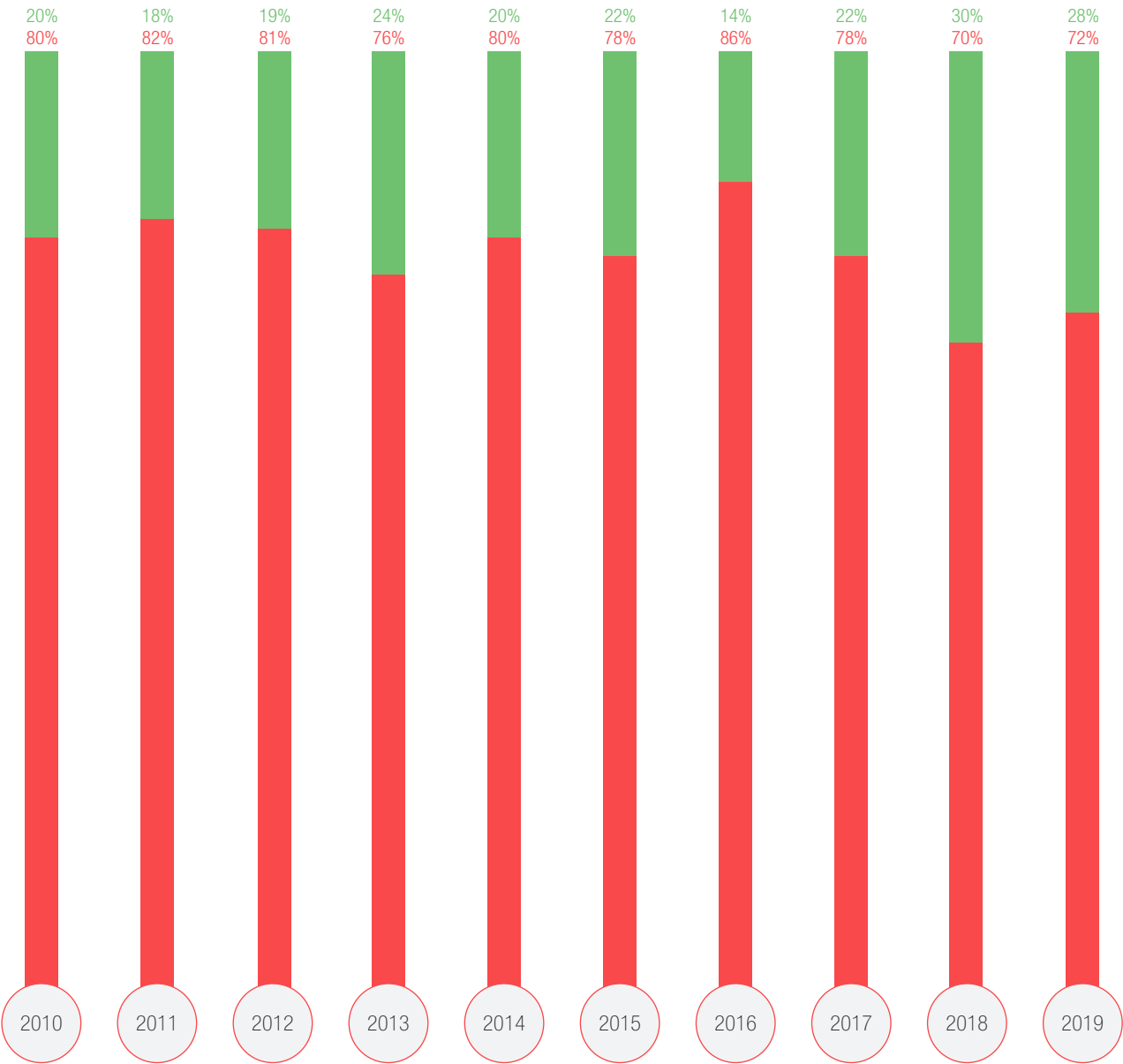
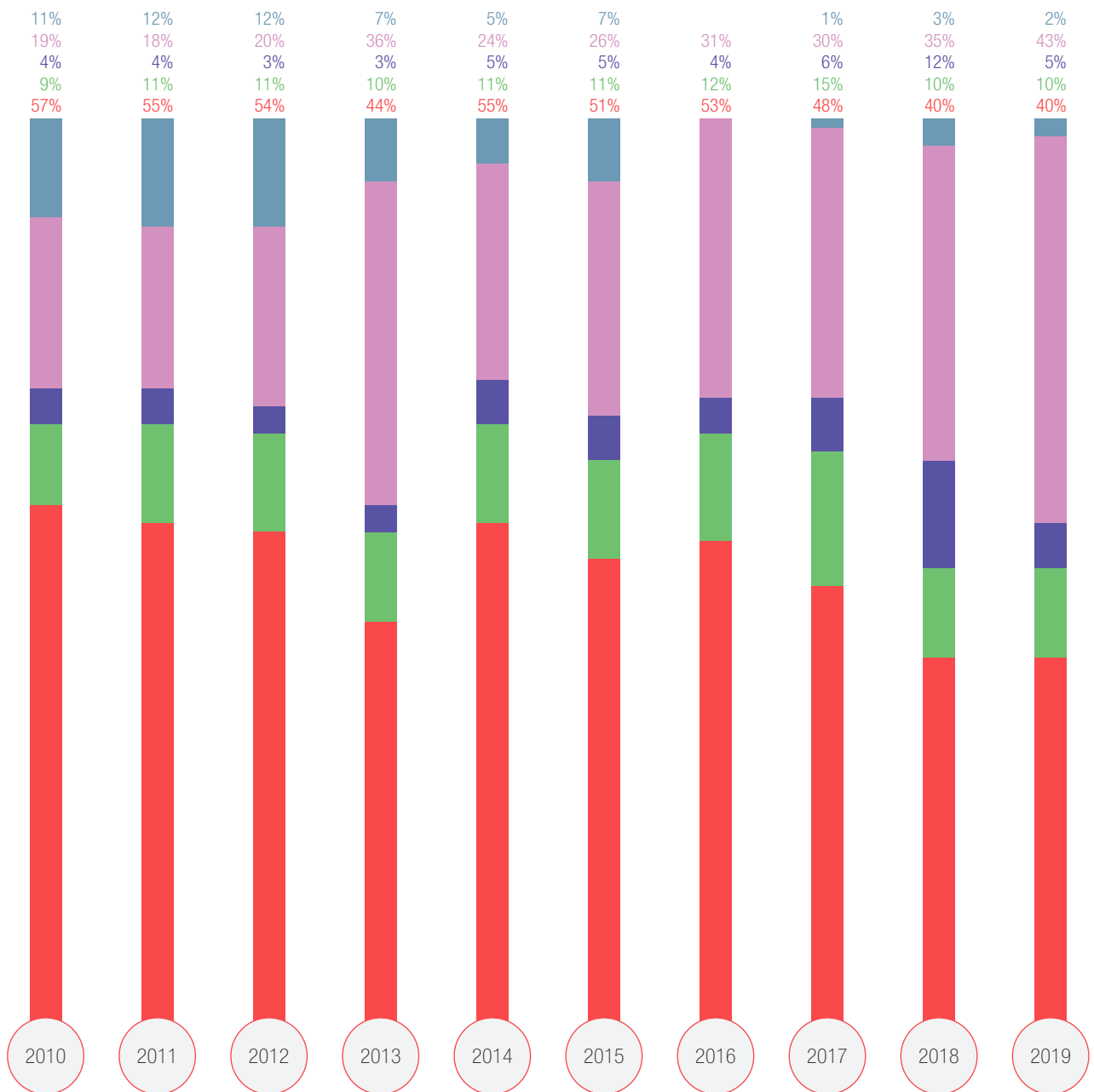


Figure 32c

Distribution of professionals by race, 2010-2019



7

DATA TABLES, RESPONDENTS & RESEARCH METHODOLOGY

010N ▶TR/01▶03
010N ▶TR/01▶03

▶RS/0211 SEARCH...A01
▶RS/0211 SEARCH...A01



▶TR/01▶03
▶TR/01▶03

▶SEARCH▶TR/01▶03
▶SEARCH▶TR/01▶03

Year ended 31 December 2019

	Total funds under management at year end	Undrawn commitments at year end	Fund raising activity during the year	Investment activity during the year	Funds returned to investors during the year
	<i>R millions</i>	<i>R millions</i>	<i>R millions</i>	<i>R millions</i>	<i>R millions</i>
Early stage funds					
- Independents	12 655.81	2 276.50	1 209.43	2 003.39	28.94
- Captives (Financial Services)	0.00	0.00	0.00	0.00	0.00
- Captives (Government)	0.00	0.00	0.00	0.00	0.00
- Captives (Other)	0.00	0.00	0.00	0.00	0.00
	12 655.81	2 276.50	1 209.43	2 003.39	28.94
Later stage funds					
- Independents	99 302.93	27 664.93	19 359.48	14 383.52	6 956.01
- Captives (Financial Services)	13 729.68	49.00	111.96	1 910.72	598.47
- Captives (Government)	27 887.58	0.00	0.00	4 469.12	0.00
- Captives (Other)	30 787.20	2 483.81	1 000.00	2 723.12	4 375.49
	171 707.39	30 197.74	20 471.44	23 486.48	11 929.97
	184 363.19	32 474.24	21 680.87	25 489.86	11 958.91

Year ended 31 December 2018

	Total funds under management at year end	Undrawn commitments at year end	Fund raising activity during the year	Investment activity during the year	Funds returned to investors during the year
	<i>R millions</i>	<i>R millions</i>	<i>R millions</i>	<i>R millions</i>	<i>R millions</i>
Early stage funds					
- Independents	9 064.83	3 583.55	1 006.94	614.53	2 395.66
- Captives (Financial Services)	0.00	0.00	0.00	0.00	0.00
- Captives (Government)	0.00	0.00	0.00	0.00	0.00
- Captives (Other)	0.00	0.00	0.00	0.00	0.00
	9 064.83	3 583.55	1 006.94	614.53	2 395.66
Later stage funds					
- Independents	89 545.49	23 713.00	10 494.36	14 166.12	8 081.03
- Captives (Financial Services)	23 753.04	1 331.05	300.00	3 689.80	3 381.84
- Captives (Government)	26 123.65	0.00	0.00	14 364.21	0.00
- Captives (Other)	22 501.12	1 441.76	1 000.00	2 520.59	1 759.99
	161 923.30	26 485.81	11 794.36	34 740.72	13 222.85
	170 988.13	30 069.36	12 801.30	35 355.25	15 618.52

RESPONDENTS

Name of Fund Manager	Website
Actis	https://www.act.is
Africa Lighthouse Capital	https://www.africalighthouse.com
Agile Capital	https://agilecapital.co.za
African Infrastructure Investment Managers (AIIM)	https://aiimafrica.com
Ashburton Investments	https://www.ashburtoninvestments.com/
Ata Capital	https://www.atacapital.co.za
Business Partners	https://www.businesspartners.co.za/en-za/home
Capitalworks	https://www.capitalworksip.com
Collins Private Equity	https://collinsresidential.co.za/collins-private-equity/
Convergence Partners	https://www.convergencepartners.com
Eos Capital	https://www.eoscapital.com.na
Ethos Private Equity	https://www.ethos.co.za
Exeo Agri- Vie	https://www.exeocapital.com/portfolio/agri-vie-fund-i/
Harith General Partners	https://www.harith.co.za
Identity Partners	http://www.identitypartners.co.za
IJG Capital	https://ijg.net
Kleoss Capital	https://kleosscapital.com
Metier	www.metier.co.za
Mahlako Financial Services	https://mahlakofs.co.za
Medu Capital	https://www.meducapital.co.za

Name of Fund Manager	Website
Multiply Group	https://www.multiplyinvest.com
Nedbank Private Equity	https://www.nedbank.co.za
Novare Africa Partners	http://www.novareequitypartners.com
Old Mutual Private Equity	http://ww2.oldmutual.co.za/
PAPE Fund Managers	https://www.papefunds.co.za
Pembani Remgro Infrastructure	https://www.pembani-remgro.com
Phatisa	https://www.phatisa.com
RMB Corvest	https://www.rmbcorvest.co.za
Rockwood Private Equity	https://www.rockwoodpe.co.za
Sampada Private Equity	https://sampada.co.za
Sanari Capital	https://www.sanari.co.za
Senatla Capital	https://www.senatlacapital.com
STANLIB Infrastructure Private Equity	https://www.stanlib.com
Summit Private Equity	https://summitafrica.com
The Franchise Co Private Equity	http://www.thefranchiseco.co.za
The SA SME Fund	https://sasmefund.co.za
Trinitas Private Equity	http://www.trinitaspe.co.za
Third Way Investment Partners	https://www.thirdway.co.za
Vantage Capital	https://www.vantagecapital.co.za
Venture-Partners Botswana	https://venture-p.com

RESEARCH METHODOLOGY

The survey

The Southern African Venture Capital and Private Equity Association Private Equity (SAVCA) survey is based on responses received from private equity participants in the Southern African market. The values reported represent the equity component of transactions only. We do note that there are a small number of industry participants that elect not to participate.

Data integrity/privacy policy

All data submitted is kept strictly confidential, with only the Deloitte staff who oversee and compile the survey results authorised with access to the raw data. SAVCA, the SAVCA sub-committee members who review the report, SAVCA directors, and other Deloitte directors and staff have no access to the underlying survey data. SAVCA, other Deloitte directors and staff, as well as the public have access only to the aggregated data, which is published in the SAVCA Private Equity Industry Survey report. Once Deloitte has completed the research on SAVCA's behalf, all data is placed in custodianship with a legal firm.

Comparative data for 2018 and earlier may have been restated by participants for errors or omissions. In addition, 2018 data may also have been restated for the inclusion/exclusion of funds that did or did not participate in the survey covering the 2019 calendar year.

About SAVCA

The Southern African Venture Capital and Private Equity Association (SAVCA) is the industry body and public policy advocate for private equity and venture capital in Southern Africa. SAVCA represents about R184 billion in assets under management through 170 members that form part of the private equity and venture capital ecosystem. SAVCA promotes the Southern Africa venture capital and private equity asset classes on a range of matters affecting the industry, providing relevant and insightful research, offering training on private equity and creating meaningful networking opportunities for industry players. For more information visit www.savca.co.za

About our research partner

As one of the most admired brands in Africa, and the world's leading professional services firm, Deloitte has a proud history of attracting the top talent and delivering value to clients. Over the course of 175 years, we have formed strategic alliances with some of the world's largest companies to create breakthrough solutions that help our clients succeed in an era of complexity and disruption.

Through our Africa network of more than 7 500 professionals in 17 countries, we collaborate across geographies and businesses to serve the most sophisticated clients and solve their toughest challenges.

For more information on our Deloitte Africa presence and service offerings, please visit:
www.deloitte.com/za

The principal source of information for this survey was the survey questionnaire. Further sources include the SAVCA 2019 Members' Directory, discussions with private equity industry participants, and public information on private equity funds that include international surveys.

The survey questionnaire was developed by SAVCA, with research support provided by Deloitte.

The guidelines for participation in this survey are as follows:

Participants must:

- Include investments if they are made in Southern Africa, regardless from where they are managed;
- Have as their principal business the management of funds (third-party and/or proprietary capital) for the provision of capital (equity or quasi-equity) primarily to unlisted companies;
- Employ professionals dedicated to the management of the capital and the investments made using the capital (and capital from other providers); and
- Aim to generate returns mainly through medium to long-term returns on the sale of investments and/or social development returns.

Questionnaires were e-mailed to fund managers representing 112 funds. Of these, 50 (2019: 47) fund managers, representing 101 funds (2019: 82), completed the questionnaire. Other empirical data have been obtained from various sources, including:

- EMPEA Industry Statistics Q1 2020 – Industry Statistics for Emerging Markets Private Capital
- Statistics South Africa
- International Monetary Fund

SAVCA reviews the document prior to its public release. SAVCA does not have access to any of the individually completed questionnaires submitted to Deloitte or any other information not presented in this publication.

While care has been taken in the compilation of the survey results, SAVCA and Deloitte do not guarantee the reliability of its sources nor of the results presented. Any liability is disclaimed, including incidental or consequential damage arising from errors or omissions in this report.

B-BBEE	Broad-Based Black Economic Empowerment B-BBEE, as defined in the Financial Sector Charter, means the economic empowerment of all black people, including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies.
Buy-out	Leveraged and/or management buy-out or buy-in.
CAGR	Compound Annual Growth Rate.
Captive funds	Funds making investments mainly on behalf of a parent or group, typically an insurance company, bank or institutional asset manager, often from an indeterminate pool of money.
Development capital	Funding for growth and expansion of a company.
DFIs	Developmental Finance Institutions.
Early stage funds	Funds focused on seed capital, start-up and early-stage investments.
EMPEA	Emerging Markets Private Equity Association.
Follow-on investments	Investments into companies where at least one round of funding has already been made.
FUM	Funds under management.
GDP	Gross Domestic Product.
Independent fund	Those private equity companies, managers or funds raising and disbursing capital which has been sourced mainly from third party investors.
IPO	Initial public offering: when a company's equity is offered and listed on a formal stock exchange.
IRR	Internal Rate of Return.
Late stage funds	Funds focused on buyout, replacement capital and growth capital.

Mezzanine debt	Debt which ranks behind senior secured debt but ahead of trade credit and shareholders' funds in terms of security. Mezzanine debt is often used in higher leveraged transactions to maximise funding availability from a company's own balance sheet. It may provide for equity-like features such as attached share purchase warrants or participation in cash-flow.
Replacement capital	Funding for the purchase of existing shares in a company from other shareholders, whether individuals, other venture-backers or the public through the stock market. Unlike venture and development capital, the proceeds of replacement capital transactions are generally paid to the previous owners of the entity.
SAVCA	The Southern African Venture Capital and Private Equity Association.
Seed capital	Funding for research, evaluation and development of a concept or business before the business starts trading.
Start-up and early-stage funding	Funding for new companies being set up or for the development of those which have been in business for a short time.
Total funding	Total funds raised by all providers of capital during a transaction. This could include the purchase consideration, funds to pay advisors fees, or funds required for immediate working capital requirements. This could be in the form of equity, shareholder loans, senior, mezzanine and junior debt and working capital facilities.
Trade sale	Sale of a business to an industry third party.
UK	United Kingdom.
Undrawn commitment	Capital committed to a private equity fund, but not yet drawn down for investment purposes.
US	United States of America.
Venture capital	Seed capital or capital for start-up and early stage.



Save the Date

SAVCA
PRIVATE EQUITY CONFERENCE

2021

◆ *Date* ◆

3 & 4 March 2021

◆ *Venue* ◆

Sun City and Virtual

Further details to be announced.

For more information contact: events@savca.co.za