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Developments in the securities market

**Johann Scholtz and Eunice van Zyl
Webber Wentzel Bowens
Johannesburg**

Listing of the JSE Limited (the JSE)

The JSE is the only securities exchange in South Africa providing fully electronic trading, clearing and settlement in equities, derivatives and other associated instruments. It is a company registered and incorporated with limited liability under the company laws of South Africa, and is licensed as an exchange under the Securities Services Act 36 of 2004 (the SS Act).

The JSE demutualized on July 1 2005 and intends listing its issued shares on the main board of the JSE in the General Financial-Investment Services sector on June 5 2006. Apart from increasing the number of JSE shares by subdividing each ordinary JSE share of R1 into 10 ordinary shares of 10 cents each (to meet the listings requirement to have 25 million shares in issue for a main board listing), listing will require no structural changes to the JSE.

Listing will achieve the following benefits:

- improved visibility of (and potentially liquidity in) JSE shares;
- it will allow the JSE to raise capital through additional avenues should the need arise;
- it will place the JSE on the same footing as the leading international exchanges whose shares are listed, thereby facilitating comparison between the JSE and these exchanges as investment cases; and
- it will demonstrate support for the JSE's core business proposition, namely that it is most efficient to raise capital and achieve price discovery through a properly organized, electronic central order book.

The JSE is committed to transformation in the financial services industry. It intends to introduce the Broad-Based BEE Initiative (comprising the JEF Initiative and the Black Shareholder Retention Scheme, a scheme aimed at encouraging black shareholders to retain their JSE shares) and the Employee Scheme (a cash-settled long-term incentive and retention bonus scheme to facilitate the retention of key JSE employees) before or at the same time as the listing.

Consumer protection

The National Credit Act 34 of 2005 (the NCA) was assented to by the state president and published as an Act on March 15 2006. It will come into force on a date proclaimed by the president, and pub-

lished in the government gazette. Draft regulations in terms of the NCA, which expand and clarify provisions in the NCA, were published for comment on February 20 2006. The NCA seeks to regulate every aspect of credit granting in South Africa and will repeal both the Usury Act 73 of 1968 and the Credit Agreements Act 75 of 1980. The NCA will have far-reaching implications for South African financial institutions.

The NCA provides for the establishment of a national credit regulator, whose functions include promoting a fair, sustainable, accessible credit market and regulating the consumer credit industry. A national consumer tribunal with powers to adjudicate applications under the terms of the NCA and allegations of prohibited conduct will also be set up.

The NCA will generally apply to every credit agreement between parties dealing at arm's length and made in, or having an effect in, South Africa. Credit agreements in terms of which the consumer is the state, an organ of the state or juristic person whose asset value or annual turnover exceeds R1 million (\$153,900), are excluded from the operation of the NCA.

The NCA provides for the registration of credit providers, credit bureaux and debt counsellors. It contains detailed provisions regarding the permissible fees, charges and interest under credit agreements, advertising practices of credit providers, consumers' rights to apply for credit, to certain information, to protection of confidential information and to reasons for credit being refused. The NCA prohibits certain credit agreements (unlawful credit agreements), the inclusion of unlawful provisions in credit agreements, the extension of reckless credit or credit which will cause the consumer to become over-indebted.

On March 15 2006 the DTI published a Draft Consumer Protection Bill (the Draft Bill) for comment. The Draft Bill sets the framework to enshrine the protection of consumer rights in South Africa. It aims to protect the interests of all consumers, harmonize the laws relating to consumer protection, provide a fair and accessible marketplace for consumer products and services, educate consumers, improve the quality of information provided to consumers and to address South Africa's past social and economic inequality and to give effect to internationally recognised consumer rights.

The Draft Bill will govern issues such as unfair contract terms, product liability, disclosure and pricing, and will regulate certain marketing practices. It will aim to rid the market of unethical traders, unsafe products and unfairly discriminatory marketing, and seeks to protect confidential consumer information from being released without consent.

The Draft Bill builds on the consumer protection principles contained in the NCA, but extends to all consumer-facing businesses, including the financial services sector.

Broad-based black economic empowerment

The recent publication, by the Department of Trade and Industry (the DTI) of Draft Codes of Good Practice (the Draft Codes), which will eventually be gazetted under section 9 of the Broad-Based Black Economic Empowerment Act, 2003 (the BEE Act) is a big step in the policy of broad-based black economic empowerment in South Africa.

Section 10 of the BEE Act provides that every organ of the state and public entity must take into account and, as far as reasonably possible, apply any relevant code of good practice issued in terms of the BEE Act when, among other things, determining qualification criteria for the issuing of licences, concessions or authorizations and developing and implementing a preferential procurement policy.

Apart from measuring black economic empowerment, the Draft Codes adopt a complex approach to measuring an entity's BEE status. The Draft Codes envisage a scoring system to determine an enterprise's contribution to BEE in seven key areas: equity ownership, management, employment equity, skills development, preferential procurement, enterprise development and a residual element specific to each industry.

The Draft Codes also the misrepresentation by an entity of its BEE status, transformation charters, specific verification issues relating to complex structures and the recognition of ownership contributions from investments by BEE targeted warehousing funds.

Banking and project finance

Recommended firms

Tier 1

Deneys Reitz
Webber Wentzel Bowers

Tier 2

Bowman Gilfillan
Edward Nathan*

Tier 3

Cliffe Dekker
Jowell Glyn & Marais
Sonnenberg Hoffmann Galombik*
Werksmans

Tier 4

Bell Dewar & Hall
Brink Cohen Le Roux
Hofmeyr Herbstein & Gihwala
Prinsloo Tindle & Andropoulos
White & Case

**Going to press, Edward Nathan and Sonnenberg Hoffmann Galombik announced that the two firms had agreed to merge.*

Deneys Reitz

Market commentators had a distinct understanding of the strides that Deneys Reitz is continuing to gain in banking and project finance. Critically acclaimed as the "top firm" for such work, its impressive list of mandates arises because "they deliver good, high quality work". According to rivals, the firm has

such a strong position that Lionel Shawe "has the bank world sewn up." Clinton Van Loggerenberg was once again highlighted as a leader, and Kevin Cron was the recipient of emphatic praise, invariably described as "an excellent attorney, very practical and solutions-driven" and "a pleasure to sit across the table from."

Deneys Reitz' spin-off, African Legal, has proven to be a successful entity in providing legal advice to the international development finance community throughout Africa, and as such the firm has incurred substantial dividends from much coveted mandates. Barclays Bank required this necessary expertise during the acquisition of up to 60% in Absa Bank, weighing in at R33 billion (\$4.7 billion).

The Anglo American Platinum Corporation also ensured that Deneys Reitz is the "one to beat" by instructing the firm on the negotiation of finance facilities with Caylor Corporate & Investment Bank and Standard Chartered Bank. Closing in December 2005, the practice overcame the complexities of this transaction and was rewarded with a R2.3 billion transaction to add to the deal sheet. Further meaty instructions came from Caylor Corporate and Investment Bank for the R4 billion listing on the Bond Exchange of South Africa of the first domestic medium-term note (MTN) programme by a foreign bank in South Africa. In a further demonstration of the firm's prowess, the practice assisted FirstRand Bank in respect of a highly complex multi-party Black Economic Empowerment transaction. Closing in April 2005, the deal had a transaction volume of R7.9 billion.

Leading lawyers

Kevin Cron
Clinton van Loggerenberg
Lionel Shawe

Key contact partners

Mark Kyle
Clinton van Loggerenberg
Lionel Shawe

Webber Wentzel Bowers

"A good client base and a strong team" is what preserves Webber Wentzel Bowers' positioning in the top tier. Despite bidding farewell to the highly impressive Bruce Cleaver, the practice has continued to receive impressive mandates and act upon such transactions with diligence. Part of the consolidation in the post-Cleaver era is owed to Sally Hutton, who is deemed a rising star by the market. Established 140 years ago, the firm has offices in Johannesburg and Cape Town and representation throughout Europe as the result of its affiliation with Maitland.

Ever-present in the projects arena, Webber Wentzel is usually seen acting for clients involved in information technology, mining, casino, energy, transport, prisons, health and accommodation. Across the term, the practice advised a number of tendering consortia in respect of its tenders for PPP or public sector concessions and as preferred bidder to financial close.

Among the most striking mandates, the firm acted as lead legal counsel to the Sethekgo Consortium as preferred bidder in respect of the South African National Department of Education Accommodation PPP. Additionally, the practice acted for the lender to Entilini Concessions as concessionaire for the Chapmans Peak toll-road PPP, advised Bakwena Platinum Corridor on the financing for the N1/N2 road toll PPP, and guided the National Ports Authority of South Africa as concession grantor through potential concessions at the ports of Ngqura, Cape Town and Richards Bay.

Leading lawyers

Lisa Botha
David Lancaster
Johan Scholtz

Key contact partners

Lisa Botha
David Lancaster
Johan Scholtz

Bowman Gilfillan

Boasting a solid reputation for its banking work, market commentators and clients are particularly fond of Bowman Gilfillan. In particular, it is Ezra Davids, the “main man” with a good reputation”, who wins most plaudits, and as a result is “seen on all sorts of things.” David Anderson also adds depth, and is rated as “very good” by the market.

Closing in April 2006, the firm advised IDC on its \$50 million facility to another African bank. Elsewhere, Standard Bank proved to be a particularly lucrative client for the firm, instructing Bowman Gilfillan on a R750 million (\$106.8 million) retail credit joint venture. Also during the term, Bowman Gilfillan guided Opic through various facilities in Africa in respect of housing projects, totalling some \$43.6 million. Another standout deal for the year saw the firm tending to African Oxygen on a R300 million scheme of arrangement and disposal of Johannesburg Stock Exchange-listed subsidiary Afrox Health Care.

On the financial services side, meanwhile, Bowman assisted Standard Bank on certain arrangements with Foschini in retail banking. Additionally, in a deal which was yet to close at the time of writing, Bowman Gilfillan was instructed by Rand Merchant Bank to advise on its equity trading platform with Morgan Stanley.

Predictably at ease in the project finance arena, the firm has worked on a plethora of PPP transactions over the years, and over the past 12 months in particular, and has earned a reputation as “the market leader in project finance” according to one peer. Rand Merchant Bank turned to the firm for guidance on the R20 billion PPP of the Gautrain Rapid rail system. Lenders SCMB also mandated Bowman Gilfillan on the Department of Education’s PPP for the construction and service of the department’s headquarters. Elsewhere, the firm assisted much sought-after clients such as Opic in relation to the \$46.3 million low-income housing project in Zambia and IPP in the Peaking Power project.

Leading lawyers

David Anderson
Ezra Davids
Jonathan Shlosberg

Key contact partners

David Anderson
Ezra Davids
Heather Duffey

Edward Nathan*

In the previous edition of the *IFLR1000*, it was reported that the directors of Edward Nathan & Friedland broke away to from its parent company Nedcor Investment Bank to form the revised entity known simply as Edward Nathan. There has been a further development this year with the announcement that the firm is set to form a partnership with another force in the marketplace – Sonnenberg Hoffmann Galombik. For this research, South African practitioners commented on Edward Nathan as a single entity, and the resultant praise suggests that the practice enters the merger with a lot to offer. The merged firm, which will be led by Michael Katz and Piet Faber, will be the largest in Africa, boasting almost 300 legal and tax professionals.

The current banking team, led by Sean Lederman and Emil Brinker, landed a number of interesting mandates this year, notably that of Seyanda Incwali, for the funding of the acquisition of DMS Powders, boasting a sizeable transaction value of R230 million (\$32.6 million). Lively on the financial services side too, Edward Nathan assisted Woolworths on the redrafting of credit card agreements, guided Investec through matters relating to the National Credit Act, and assisted Stenham Gestinor on all regulatory matters relating to its business. A solid player in project finance too, a standout deal for the year saw the firm representing Absa Capital/IDC on the sub-participation of Moana Titanium.

Rivals were acutely conscious that Edward Nathan “has been doing a lot of acquisition finance work” and that the firm is “prominent in aircraft finance” mainly because of the continued presence of “aircraft expert” Lederman.

Leading lawyers

Sean Lederman
Graeme Tucker

Key contact partners

Emil Brincker
Angela Itzikowitz
Sean Lederman

Cliffe Dekker

The South African banking environment has been markedly buoyant of late, mainly as a result of low interest rates and a strong currency. This has ensured a positive economic outlook, which in turn has led to optimistic financings. Understandable then that Cliffe Dekker – a banking outfit of considerable pedigree – has advised upon a slew of prized deals this year.

For example, the practice assisted JP Morgan in the local funding of its private equity investment, Waco Africa – a transaction worth in excess of R5.4 billion (\$767 million), advised Sanlam in relation to the funding of the much-publicized Black Economic Empowerment stake in Vukile Property Income Fund, and acted as joint advisor to the arranger in respect of the R650 million senior secured credit facilities for Savcio Holdings’ acquisition of the businesses of Delta DMS. In a further demonstration of versatility, the practice aided Old Mutual Specialised Finance on a secured loan of R120 million to subsidiaries of Acucap, which included putting in place R600 million-worth of security to enable further advances in the future.

Crystallizing its reputation for financial services advice, Cliffe Dekker assisted RENNIES Bank in respect of the Financial Advisory and Intermediary Services Act. Its reputation was enhanced further when the firm advised HSBC in respect of this Act, as well as the Collective Investment Schemes Control Act, and acted for Standard Bank in the establishment of the first JSE-listed deposit note.

According to the market, the firm is “trying to get into the PPP market,” and evidence suggests that this intention will serve to strengthen an already successful practice. Among the year’s highlights, the firm advised Harmony Gold on a project financing in Australia and Papua New Guinea, and assisted the financier to the Motolo PGM joint venture between Xstrata and RPM.

Other standout deals saw the firm advise the Para Property Fund in negotiating a complex R948 million loan facility agreement with joint lenders Absa Bank and Rand Merchant Bank, which provided a flexible securitization structure to deal with current and future acquisition and refinancing requirements, and

acted for a shareholder on its acquisition of a stake in the Bakwena toll-road concession.

Leading lawyers

Joz Coetzer
Deon Wilken

Key contact partners

Joz Coetzer
Deon Wilken
David Thompson

Jowell Glyn & Marais

Jowell Glyn & Marais “does a lot of work” in this area and executes transactions with “a high level of intuition.” Under the guiding hand of the “very experienced” Richard Glyn, the practice assisted Bank of Ireland Asset Management to obtain a financial services licence from the Financial Services Board, and advised the company on its obligations under the Financial Advisory and Intermediary Services Act. Another standout deal saw the firm advise GE Swiss with regulatory notifications and approvals required in South Africa in acquiring shares in a large international reinsurer.

Growthpoint Properties also sought the experience of Jowell Glyn in relation to the financing of its black economic empowerment transaction. The transaction required the development of a novel structure to finance transactions in the listed property sector and entailed the provision of senior, mezzanine and vendor finance. Over the year the practice advised a number of financial banks and other financiers in relation to its funding by way of preference shares. In addition, the firm presided over dealings in black economic empowerment transactions of listed companies, including a leading retail bank in South Africa, a large retailer of building supplies and a conglomerate active in the services industry.

Leading lawyers

Richard Glyn
Donn Jowell

Key contact partner

François Marais

Sonnenberg Hoffmann Galombik*

Sonnenberg Hoffmann Galombik has “built up a profile” over the past years, and will stand as a significant ally to Edward Nathan in the proposed merger of the two firms later this year. The practice’s footprint is projected into many jurisdictions, with Sonnenberg Hoffmann Galombik having a healthy working relationship with clients in the UK such as CSFB, Deutsche Bank, Barclays and Standard Chartered.

Over the past year, the practice advised Standard Chartered Bank in the provision of a forward currency facility, interest-rate hedging facility and foreign currency settlement facility, for commodities purchase, transport and sale by Grindrod South Africa. Another firm to have taken full advantage of the ripe market conditions, Sonnenberg Hoffmann Galombik assisted Ran Merchant Bank on the R4 billion (\$568 million) funding of the purchase of Venfin’s assets (other than its Vodacom stake) as part of the purchase by Vodafone of Venfin’s stake in Vodacom. Standard Chartered Bank turned to the firm for advice a second time during the provision of overdraft facility pursuant to the establishment of a home loan origination and warehousing structure

Proving “a safe pair of hands” on the complex, high-volume transactions, Sonnenberg Hoffmann Galombik advised the Distell Group on its vendor financing of the purchase by an empowerment consortium of a 15% interest in its operating subsidiary for R860 million. In other deals the firm assisted Morgan

Stanley on an equity trading and research joint-venture, and advised Investec Bank on bank card products, including payroll cards and retail-branded cards. Futuregrowth Asset Management was also a significant client, instructing Sonnenberg on the restructuring of a community property fund into an incorporated joint venture.

Leading lawyers

Che Lue
Simon Osborne

Key contact partners

Deon De Klerk
Simon Osborne
Roger Rudolph
Stephen von Schirnding

Werksmans

Market commentators note that Werksmans “can no longer be regarded as banking specialists” after making a conscious decision to compete in other practice areas. However, the firm’s delivery is certainly not in doubt as “the quality of work is good” and Wildu du Plessis is “definitely a leading lawyer.”

The firm’s major deal of the year took place when it advised the syndicated lenders Absa Bank and Nedbank on the Two Rivers Platinum syndicated loan. Other work of merit saw the firm advising X-Strata Coal in the funding of the Goedgevonden joint venture.

Leading lawyers

Gareth Driver
Wildu du Plessis

Key contact partners

Chris Moraitis
Wildu du Plessis
Kevin Trudgeon

Capital markets

Recommended firms

Tier 1

Bowman Gilfillan
Deneys Reitz
Edward Nathan*
Webber Wentzel Bowens
Werksmans

Tier 2

Brink Cohen Le Roux
Cliffe Dekker
Jowell Glyn & Marais

Tier 3

Sonnenberg Hoffmann Galombik*
Tabacks
Prinsloo Tindle & Andropoulos
White & Case

**Going to press, Edward Nathan and Sonnenberg Hoffmann Galombik announced that the two firms had agreed to merge.*

Bowman Gilfillan

“Definitely a tier one firm” according to the market, Bowman Gilfillan justifies its advanced positioning this year with advice given to leading institutions on the more favourable deals. Particularly well regarded for its equity work, the practice is well

run by one of the premier capital markets lawyers in the jurisdiction, Patrick Hersche.

Among the firm's prized mandates, Bowman Gilfillan assisted Standard Bank on an offer of South African public perpetual preference shares worth R2 billion (\$283.9 million). But the standout deal of the year occurred when the firm advised on the combined primary and secondary offering by AngloGold Ashanti and Anglo American, worth R9 billion. And the disappointment of seeing the proposed IPO of Waco International aborted at the eleventh hour would have been short-lived, as the firm bagged a plum role advising on the R3.5 billion disposal by PIC of some of its shareholding in Telkom to the Elephant Consortium.

Regular clients of Bowman Gilfillan include UBS, Merrill Lynch, Goldman Sachs, Credit Suisse First Boston and Citigroup.

Leading lawyer

Patrick Hersche

Key contact partner

Jonathan Schlosberg

Deneys Reitz

Jostling for positioning in the leading quintet, Deneys Reitz is "a recognised capital markets firm" that "does very good work". The team, which is overseen by the well-known Lionel Shawe and Clinton van Loggerenberg, was visible on a number of significant transactions this year, notably on the debt side. Among the highlights, the firm assisted Eskom Holdings on setting up its domestic medium-term note (MTN) programme, and confirmed its place as a top choice for programme-related advice when it advised Imperial Capital on its R6 billion domestic MTN programme.

High-volume, complex work proved plentiful, as the firm acted for the Old Mutual Life Insurance Company on a R4 billion unsecured subordinated callable note programme and the drawdown of R3 billion unsecured callable notes under the programme. In fact, Deneys Reitz was particularly sought after in this line of work, and subsequently aided Momentum Group in a R1 billion unsecured callable note programme.

Cell C was also a beneficiary of the firm's capital markets expertise, ably guided by the firm through the issue of €270 million senior subordinated notes and €400 million first priority senior secured notes.

Leading lawyers

Shawn Barnet
Sorelle Grass
Casper van Heerden
Clinton van Loggerenberg
Lionel Shawe

Key contact partners

Casper van Heerden
Clinton van Loggerenberg
Lionel Shawe

Edward Nathan*

Increasingly lively on the equity side, Edward Nathan is typically seen on listed bond issues. Standout deals for the period saw the practice assisting in the funding and acquisition of Life Healthcare, as well as advising on the financing of an internationally guaranteed bond issue and a subordinated callable note programme. Prominent in the structured finance arena, Edward Nathan competently assisted Mvelaphanda & Broomstone on the R300 million structured financing of its acquisition of its interest in Life Healthcare, as well as acted for Investec Bank.

The firm recently announced that it would be merging with Sonnenberg Hoffmann Galombik. The merged firm, which will

be led by Michael Katz and Piet Faber, will be the largest in Africa, boasting almost 300 legal and tax professionals.

Leading lawyers

Jackie King
Graeme Tucker

Key contact partners

Jackie King
Sean Lederman
Graeme Tucker

Webber Wentzel Bowers

The "very reliable" duo of Karen Couzyn and Sally Hutton have helped preserve Webber Wentzel Bowers' "fine reputation" for capital markets work, especially in its advice to banks when acting as arrangers and lead managers of debt transactions.

Among the highlights, the practice advised the managers in relation to an issue by Cell C of €400 million senior secured and \$270 million subordinated high-yield notes on EuroMTF, acted for the arranger in relation to Aveng's R1 billion guaranteed convertible bond issue listed on the London Stock Exchange, and guided the arrangers through the R2 billion subordinated callable bond issue for the Liberty Group.

No stranger to the more complex end of the capital markets, the firm was instructed by the arranger in relation to the establishment by Investec Bank of a R15 billion bank sponsored multi-seller asset-backed commercial paper conduit. And in a final show of prowess, Webber Wentzel Bowers assisted Growthpoint Properties in relation to its R5 billion domestic MTN programme.

Other recent clients of the firm include Absa Capital, the Standard Bank of South Africa, FirstRand Bank, Investec Bank and JP Morgan Securities South Africa.

Leading lawyers

Karen Couzyn
Sally Hutton

Key contact partners

John Bellew
Karen Couzyn
Sally Hutton

Werksmans

"Well-regarded" for its capital markets department, Werksmans proved active in a number of areas this year. The Liberty Group instructed the firm in its capacity as issuer in the secondary capital bond issue worth R2 billion (\$283 million). Citibank is clearly fond of the practice, instructing Werksmans to act first on the €175 million high-yield eurobond by Foodcorp, and then on the Reclamation Group's €253 million high-yield bond issue. Citibank acted as the lead manager on both transactions.

Equally visible in the structured finance arena, Werksmans advised arranger Investec Bank in relation to the Grayston Auto receivables securitization, and represented Fitch Ratings in various transactions, including the R5 billion Blue Granite residential mortgage-backed securitization, the Growthpoint commercial mortgage-backed securitization, and Accelerator Fund's R3 billion auto receivables securitization.

Leading lawyer

Wildu du Plessis

Key contact partners

Wildu du Plessis
Amelia Heeger

Brink Cohen Le Roux

A respected capital markets firm, over the past year Brink Cohen Le Roux advised Tikom in relation to its issue of 10.5% bonds, and then steered the Trans-Caledon Tunnel Authority through the Vaal River eastern sub-system augmentation project. Other work of recent vintage included the firm's role as arranger's counsel in relation to setting up the Standard Bank of South Africa's R10 billion (\$1.4 billion) domestic MTN programme, and the subsequent increase of the programme's aggregate nominal value to R20 billion.

Brink Cohen Le Roux is the South African member of Interlaw, an international association of more than 60 independent law firms in 120 business centres worldwide.

Leading lawyers

Johan Brink
Andrew Hume
Alison de Villiers

Key contact partners

Johan Brink
Andrew Hume

Cliffe Dekker

Over the past year Cliffe Dekker did itself justice after winning a number of considerable mandates. For example, the firm acted for the Standard Bank of South Africa in the establishment of the first JSE-listed deposit note, and advised Barclays Capital in relation to its underwriting of a €125 million high-yield bond issue by Savcio Holdings.

Further evidence of a well-tuned debt practice was on display when the firm acted for the Standard Bank of South Africa in an issue of notes under its domestic MTN programme, and when the firm advised Unitrans Services in respect of its domestic MTN programme and first note issue thereunder.

Active on the structured side too, this year Cliffe Dekker advised Paramount Property Fund on a loan granted by Absa and RMB, a flexible securitization structure designed to deal with current and future acquisitions as well as refinancing requirements.

Leading lawyers

Joz Coetzer
Deon Wilken

Key contact partners

Joz Coetzer
David Thompson
Deon Wilken

Jowell Glyn & Marais

Rival practitioners asserted that Jowell Glyn & Marais "does quite a lot of work for investors" – something certainly not disproved by a vibrant transaction list over the past year or so. What is particularly notable about the firm's deal list is the repeat business that the firm receives from its clients, with the South African National Life Assurance Company (Sanlam) being a particularly apt example. The firm acted for Sanlam in relation to the acquisition of the entire issued share capital of African Life Assurance for €350 million, on its disposal of a 20% interest in Absa Bank to Barclays for €1.3 billion, on a €235 million acquisition by the Black Economic Empowerment consortium, and on all aspects of a capital reduction in the form of a scheme of arrangement and odd-lot offer to shareholders worth €470 million.

Investec Bank was also a foremost client, instructing the firm on the offer and listing of its cumulative non-redeemable perpetual shares; the firm also guided the bank through a due diligence investigation before the share issue.

Other standout deals included the firm's roles advising the target, Capital Alliance Life, when it was acquired by Liberty Life for €350 million, and assisting a consortium of investors led by Kermas in the tender process (and on its being named the preferred bidder) relating to the €400 million acquisition of 100% of the issued share capital of Samancor from BHP Billiton and Anglo American.

Lastly, the firm showed its versatility when it advised on all aspects of the €325 million reverse listing of Verimark into Creditvision.

Key contact partners

Richard Glyn
Francois Marais
Willem de Villiers
Mike Janse van Rensburg

Sonnenberg Hoffmann Galombik*

Securitization has been a particularly fruitful source of work for Sonnenberg Hoffmann Galombik over the past few years, largely as a result of the firm's strong relationship with Standard Bank. This trend has continued this year. Among the highlights, Standard Bank instructed the firm to act on the Blue Granite No 2 asset-backed note programme (relating to residential mortgage-backed securitizations) as well as on the Blue Diamond Master Programme.

Sanlam also chose to instruct Sonnenberg on the R500 million (\$71 million) rolling debenture facility granted to Mettle Motor Loans, which involved financing that was structured to facilitate a future securitization. In a further standout deal the firm advised on the funding of the purchase by a management consortium of African Bank's taxi finance lending book and advance of working capital facilities.

The National Treasury of the Republic of South Africa, Deutsche Bank and Standard Bank's London branch have also instructed Sonnenberg Hoffmann Galombik in recent times.

Leading lawyers

Vivien Chapline
Simon Osborne

Key contact partners

Simon Osborne
Stephen von Schirnding

Mergers and acquisitions

Recommended firms

Tier 1

Bowman Gilfillan
Webber Wentzel Bowers

Tier 2

Cliffe Dekker
Deneys Reitz
Edward Nathan*
Sonnenberg Hoffmann Galombik*
Werksmans

Tier 3

Bell Dewar & Hall
Brink Cohen Le Roux
Fluxmans
Hofmeyr Herbstein & Gihwala
Jowell Glyn & Marais
Prinsloo Tindle & Andropoulos
Tabacks

**Going to press, Edward Nathan and Sonnenberg Hoffmann Galombik announced that the two firms had agreed to merge.*

Bowman Gilfillan

Considered a model practice in the corporate arena, Bowman Gilfillan “has had a very good year.” Bumped up in the rankings after numerous peers and clients decided it was “definitely a tier one firm”, the practice is spearheaded by the effervescent Ezra Davids. Aside from appearing in a number of the more significant transactions, the “very good people” at Bowman Gilfillan remain a firm favourite with clients.

In the first among the suite of enviable deals, Bowman Gilfillan assisted Acsa in the disposal of Aeroporti di Roma to the PIC, a deal worth R1.7 billion (\$241 million). The firm also advised Standard Bank in relation to a headline-grabbing BEE transaction worth R1.5 billion.

Elsewhere, the firm advised the target, De Beers, during its 26% acquisition by Ponahalo. And lastly, as a powerful message to rivals, the practice was instructed on a high-volume BEE deal by an investment bank.

Further clients of the firm include Afrox, Merrill Lynch, Deutsche Bank and Murray & Roberts.

Leading lawyers

Allen Keep
Neil Rissik
Charles Valkin

Key contact partners

David Anderson
Ezra Davids
Jonathan Schlosberg

Webber Wentzel Bowers

The most talked-about firm in this field over the past year, Webber Wentzel Bowers has come through the experience with flying colours. Despite gossip surrounding the departure of Bruce Cleaver, the practice has managed to close a number of prized deals and maintain a fantastic reputation among peers and clients. Alessandra Cox certainly had a hand in filling the void left by Cleaver, and as such has been declared a rising star by the market.

Bragging rights were understandable when Webber Wentzel was instructed to assist with the acquisition of the De Beers

Group worldwide by DB Investments, and its subsequent delisting in a deal worth R160 billion (\$22 billion). Other multinationals confidently instructed the firm, such as Barclays Bank, which turned to the firm for advice on its 60% acquisition of the issued ordinary share capital of the Absa Group, which at R33 billion marked the largest foreign investment ever made into South Africa. Indeed, one of the main market trends noted by market commentators this year was the flow of foreign investment entering the country. Webber's transaction list certainly backed this stance, as demonstrated when the firm acted on the Vodafone Group's acquisition of the entire issued share capital of Venfin.

Also a solid port of call for domestic clients, this year Webber Wentzel Bowers was mandated by South African Breweries to act on the R55 billion acquisition of Miller Brewing from Phillip Morris, advised on the restructuring and unbundling of Johnnic Communications, and assisted in the R4.3 billion buyout by MTN's management of 18.7% of the MTN Group.

Leading lawyers

Michael Fleischer
Johann Scholtz

Key contact partners

Michael Fleischer
Johann Scholtz

Cliffe Dekker

IFLR1000 respondents decided that Cliffe Dekker's deal flow meant it just missed out on a top-tier placing this year. However, the same commentators remained adamant that Cliffe Dekker is one to watch, describing it as “a great firm that is increasingly involved in M&A work, with some really great lawyers.”

Standout deals over the past 12 months saw the practice advise Harmony on its acquisition of a stake in Western Areas Gold Mine. Waco also required the expertise of the practice when it purchased shares in CCMP Asia for \$5.4 billion. Cliffe Dekker gained further significant mandates to act on Daniel Mills & Sons' sale of Anchory East, and on the Southern Platinum Corporation's \$226 million acquisition of Messina.

Leading lawyers

Chris Ewing
Willem Jacobs

Key contact partners

Chris Ewing
Ian Hayes
Jo Nesser

Deneys Reitz

Consistently landing roles on coveted deals, the opinion of observers is that Deneys Reitz is “a great firm doing a lot of work”. The mark of a top firm is that tends to be visible on most of a jurisdiction's top deals. It comes as no surprise, therefore, that at the time of writing the practice was acting for Barclays in relation to its acquisition of Absa.

Among the litany of other big-ticket transactions, Deneys Reitz acted for Kumba Resources during the acquisition of 55% of the issued shares by Eyesizwe, Tiso and a BEE women's group, in a deal worth R14.4 billion (\$2 billion). Decidedly competent on the complex transactions, the practice advised FirstRand in an empowerment transaction that featured an innovative structure, and showed its true colours again when Kevin Cron, Nelda Turnbull, Loris Rech and David Wilcox assisting Ethos and Actis as head of a private equity consortium in relation to the acquisition of Delta's businesses.

Registering as one of the most talked-about empowerment deals in the financial services industry in recent times, Deneys

Reitz assisted Glenrand MIB during its empowerment transaction. And in a final flaunt of capability, the practice acted for Alease Gold and Uranium Resources during a reverse takeover, which marked a key transaction for the junior mining sector.

Over the past 12 months Deneys Reitz has made real inroads into the lucrative M&A market in South Africa, taking full advantage of a growing market. Pundits decided that much of this progress is down to the “highly capable Kevin Cron”, who is “strongly assisted” by Alistair Dixon.

Leading lawyer

Kevin Cron

Key contact partners

Kevin Cron
Peter Simkins
Andre Visser

Edward Nathan*

Clearly prospective clients peer through a discerning lens when seeking to hire a firm. Naturally they require utmost trust in a practice, and need an accomplished pair of hands to lead it through its key activities. Edward Nathan has certainly developed such a reputation among its loyal clients.

An outfit rich in history, and one that is clearly on a consolidating path, it is leading lawyer Michael Katz that continues to be the first choice for companies seeking top-notch advice. Considered by many to be “the best lawyer in South Africa” and possessing a “significant reputation” in this field, Katz presides over a skilful team of lawyers. Cecil Wulfshon also won praise, with one contemporary enthusing that he is “extremely capable, and for my money he could represent me.”

Among the firm’s impressive transaction list over the past year, the firm acted for Goldfields during its R4.1 billion (\$583 million) sale of a 15% stake in its South African Gold mining assets to Mvelephanda, and in another complex transaction Edward Nathan acted for the shareholders of Bidvest during the purchase of a 15 % stake by Dinatla Investments. At the time of writing, the practice was advising Bidvest in relation to the acquisition of the entire issued share capital of McCarthy.

Leading lawyers

Miranda Feinstein
Michael Katz
Cecil Wulfshon

Key contact partners

Miranda Feinstein
Michael Katz

Werksmans

Driven by the “impressive” Gareth Driver, Werksmans made further advances in this field over the past 12 months by landing roles on a number of headline-grabbing mandates. One such deal saw the firm advise the Evraz Group on its R4.9 billion (\$696 million) acquisition of shares in Highveld Steel and the Vanadium Corporation from Anglo American, together with option agreements with Anglo American and Credit Suisse International. A strong option for big South African corporates, Werksmans assisted Telekom on its acquisition of the Business Connexion Group, in a deal worth R2.4 billion, acted for Xstrata Coal on its R2.4 billion empowerment transaction with Arm, represented Xstrata Alloys on its R1.35 billion Mototolo joint-venture with Anglo Platinum, and acted for the Liberty Group on its R.31 billion acquisition of Capital Alliance Holdings.

Other work of merit saw the firm act for Cadbury-Schweppes Investments on its R1.18 billion disposal of Bromor Foods to Tiger Foods Brands, advise Shanduka Coal on the acquisition of

the Graspan and Wakefield Collieries, guide Aspen Pharmacare through a deal with Imithi Investments, and advise the Sage Group on its acquisition by the Momentum Group. Werksmans also acted for Investec Bank on its R1.2 billion rescue and restructuring of the JCI Group.

Leading lawyers

Gareth Driver
Carl Stein

Key contact partners

Gareth Driver
Gerhard Johannes
Carl Stein

Other notable firms

Fluxmans incurred warm praise for its ability to handle complex M&A transactions. Particular attention was given to Gavin Brett, who possess a “good, commercial mind, understands business [and] sophisticated clients deal with him directly.”

The relatively smaller practice of **Prinsloo Tindle & Andropoulos** continued to make gains this year, and is “very nice, very competent and friendly.”

Hofmeyr Herbststein & Gihwala also requires a mention after having “a good run this year.”