



Burbidge  
Capital

# ANNUAL EAST AFRICA FINANCIAL REVIEW

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# 2021

Sponsorship Partners



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## 2021 in Numbers:



### Deal of the Year\*:

Actis' acquisition of the East African hotel operations of JSE-listed City Lodge Hotel Group for c. USD 10m.

# 105

The number of disclosed deals in EA

# c. \$900.8M



The total value of all disclosed corporate deals in EA in USD

# c. \$7.5M

The median size of deals in EA

*'When Something is Important Enough, You Do It Even If The Odds Are Not In Your Favour'*

~Elon Musk

*The Editorial team*

EDWARD BURBIDGE | KEVIN KURIA | VIRAJ SHAH

Following a year characterised by global challenges, 2021 was seen as a year where countries looked to recover, rebuild and renew growth. In East Africa, Kenya's economy is expected to have grown by c. 5.1% (-1.0% FY 20). Similarly, the economies of Uganda, Rwanda and Tanzania are expected to have grown respectively between 3.5% and 5.0%, having all experienced economic contraction in 2020.

Regional public markets bounced back, with all the major indices gaining in performance. The NSE 20 index grew by 1.8%, while the NSE 25 and NASI expanded by 9.6% and 9.4%, respectively. Other regional capital markets followed suit, with the DSEI and ALSIUG recording significant increments respectively. Market performance is further detailed on [page 11](#). Public capital markets in 2021 witnessed 2 Corporate Bond Issues and 1 Private Placement, with a joint-total disclosed value of USD 69 million. This is in comparison to only 1 Rights Issue in 2020. However, there remains a stark difference between public markets and the much more active private capital markets in the region.

In the East African private capital markets, a total of 54 transactions (51.4%) had a disclosed deal value (down from 57 in 2020) with the total disclosed deal value decreasing from USD 1.23 billion in 2020 to USD 900.8 million in 2021. The overall median deal value also decreased to USD 7.5 million in 2021 from 2020's USD 13.0 million.

Continuing the trend from 2019 and 2020, M&A activity declined in 2021 to a total of only 17 M&A deals, with only a single M&A transaction disclosing a deal value. Private equity activity, however, remained robust, with 76 transactions recorded in 2021, matching the 76 PE transactions recorded in 2020. This is however, an indication of the long term view held by these investors as well as the prevalence of developmental capital in the East African capital markets. A further deepdive is presented from [page 4](#).

\*Voted by I&M Burbidge Capital's Corporate Finance team members individually. Decision by majority votes.

# EDITORIAL NOTE

## IMBC in 2021

We were pleased to win both the EAVCA Financial Advisor Award, as voted by the PE industry, and the Deal Makers Africa Award for Best M&A advisor (by deal count).



Companies and promoters looked at 2021 as a year of recovery from a difficult 2020 marred by the pandemic, but was 2021 really the year of recovery?

We can postulate some of the challenges faced as:

A hangover effect of Covid-19. Several East African countries faced more restrictions and lockdowns. For example, the Kenyan Government only fully removed all restrictions on social distancing, including a night curfew, in October 2021. Similarly, learning institutions in Uganda are only just being resumed as at January 2022.

Rapid mutations of the Covid-19 virus;

Cheaper cost of debt and capital in developed economies for developed trade players to tap into to fund M&A activity in developed nations; and

A smaller pipeline of transactions carried forward from 2020, which was the case from 2019.

We do, however, hold a robust outlook for 2022 across the region (please see more analysis from [page 27](#)), despite the upcoming government elections in Kenya. This will be highly dependent on the continued success of the vaccine rollout. Fiscal management, particularly relating to public debt, and the stability of the political environment, will be key themes for the region's largest economy.

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**David Lekera**  
dlekerai@ikm.co.ke

**James Kamau**  
jkamau@ikm.co.ke

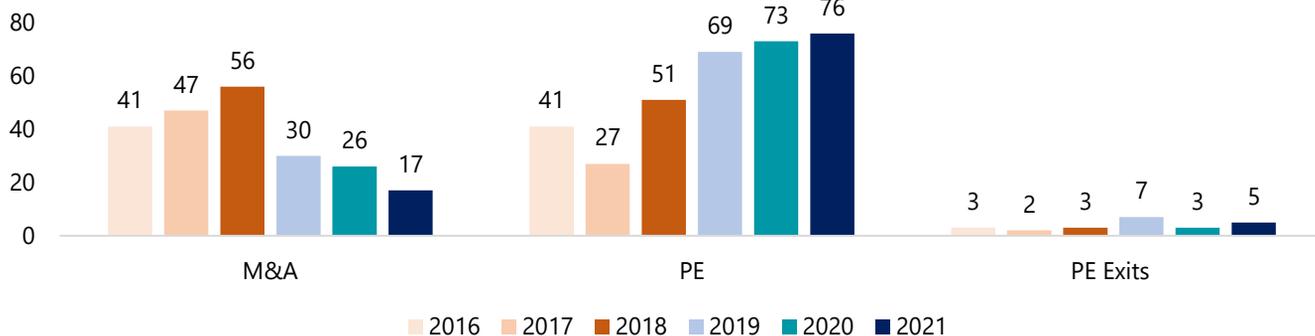


# 1

## Transactions Landscape in 2021

# PE AND M&A DEALS

Total Number of Reported PE and M&A Deals in East Africa: 2016 - 2021



Source: Thomson Reuters

## Capital Markets Review

2021 can be seen as a year of recovering, consolidating and rebuilding for many markets globally. Following a troublesome 2020, characterized as a year of challenge (predominantly due to the Coronavirus pandemic), the East African capital markets sought to bounce back and improve performance as global restrictions eased and rigorous vaccine drives kicked-in.

As is detailed further in this review, private equity investment has seen a robust push in the number of transactions, strongly suggesting that transactions in the East African markets have further shifted in favor of private equity deals over M&A activity. This, we believe, is due to:

- the dampened foreign-led M&A Activity due to the availability of cheaper cost of capital (including debt) in more developed nations, making it easier and more attractive to carry out M&A activity in the developed nations rather than the emerging ones;
- Reduction in the intent levels of commercial capital providers from developed economies;
- the challenging business environment globally; and
- the increased availability of developmental capital from developed economies.

## Private Equity and Venture Capital Activity in Brief

Private equity activity in 2021 kept pace with 2020. There were a total of 76 private equity investment transactions (a slight increase in the number of transactions from 73 in 2020), including VC and DFI led deals, with a disclosed value of USD 815.7 million, from 47 transactions that had a disclosed deal value, and a median deal value of USD 3.6 million. Similar to 2020 and 2019, PE investment values have outpaced M&A values and this is demonstrative of both the increasing liquidity from private equity investors, particularly from developmental capital sources, and also of the challenging business environments in the region following new Covid-19 restrictions and waves of increased cases, that have dampened trade player investment. There were 5 private equity exits during the year, an increase from the 3 that were recorded in 2020. It is important to note, however, that anecdotal evidence from our market participation reveals that some private equity funds exited their holdings back to the original entrepreneurs without public disclosure. As such, exit figures may be higher. We do expect that we will see an acceleration in exit numbers over the coming years as investment horizons mature. It remains to be seen how PE investors will operate in East African countries in 2022, given the upcoming government elections in Kenya, the most favored investment hub (with over 45% of PE investments recorded in 2021).

Of the 76 PE investment deals recorded in 2021, 9 transactions – with a disclosed deal value of USD 334.0 million and a median deal value of USD 15 million were led or had a significant participation from development finance institutions (DFIs).

# PE AND M&A DEALS

The East African region has witnessed a shift towards early-stage investments, with 29 Venture Capital (VC) transactions being recorded, with a total disclosed deal value of USD 56.28 million (up from USD 39.07 million in FY 2020) and median deal value USD 2.30 million (USD 2.28 million in FY 2020).

## PRIVATE EQUITY INVESTMENTS BREAKDOWN: 2019 - 2021



Source: Thomson Reuters

Notable PE transactions recorded during the year include the Proparco's USD 10 million investment in d.Light, Adenia Partners investing in Africa Biosystems Limited and USD 13 million seed funding capital raise led by TCom and 4DX Ventures in Autochek Limited in October.

### Sectoral Analysis

The Financial Services and Tech\* sectors recorded the highest number of transactions in East Africa, 29 and 25 disclosed deals, respectively. As was the case in 2020, Agri-businesses recorded the third highest number of transactions – with 13 disclosed deals. The Financial Services sector also witnessed 3 PE Exits, with a notable transaction being the exit of 8 Miles from Orient Bank Uganda in an acquisition by I&M Group Plc.

\*includes Fintech

### Outlook

We expect that PE activity will remain robust for the majority of 2022 driven by a demand for capital from local businesses seeking for expansion. PE activity may slow down in Kenya around Kenya's election period, but recent trends have indicated an increased stock of developmental capital available for investment in other EA countries. Whilst we do expect to see more exits during the year, it is likely that many investors will aim to execute transaction documents in early 2022, to avoid any potential uncertainty during the aforementioned elections.

### Key Statistics - 2021

|                                   |                   |
|-----------------------------------|-------------------|
| <b>PE Deals</b>                   | 76                |
| <b>PE Deal Value</b>              | USD 862 million   |
| <b>Median PE Deal Value</b>       | USD 4 million     |
| <b>Top Sectors by Deal Volume</b> | Financial Service |
| <b>Total PE Exits</b>             | 5                 |
| <b>Total PE Exits Value</b>       | Undisclosed       |
| <b>Number of M&amp;A Deals</b>    | 17                |
| <b>M&amp;A Deal Value</b>         | USD 15.1 million  |
| <b>Median M&amp;A Deal Value</b>  | USD 15.1 million  |

## M&A Activity in Brief

M&A activity continued to decline in 2021 with only 17 transactions (34.6% reduction compared to the 26 transactions in 2020) having been recorded, with a total disclosed deal value of USD 15.1 million only (-96.2% from 2020). Key to this is the decrease in the number of deals with disclosed values in 2021, with only 1 deal as compared to 15 transactions with a disclosed deal value in 2020. Whilst the Covid-19 pandemic played a key role in the diminished performance in M&A activity in 2020 and 2021, we speculate that the fundamentals of the business and political environment in the region, such as governance shocks, droughts and terror attacks, have also dampened M&A activity. In what can be described as a combination of the perfect storm, particularly in Kenya, liquidity challenges, the collapse of banks and large retail chains, like Nakumatt and Tusky's, in addition to the continued heated political environment have proved to be hugely detrimental to business confidence. Political unrest plagues Ethiopian businesses, however, Tanzanian businesses have been buoyed by a better operating environment in H2 2021. Uganda and Rwanda offer some further hope, though both economies are relatively small and thus may be unattractive to some buyers – recording only 3 M&A deals in 2021 jointly. These challenges and poor business performances have made the region less appealing to trade players - especially foreign players - who have formed the magnitude of previous M&A activity in the region.

In 2021, the financial services sector had the highest number of M&A transactions with 6, followed by the tech sector with 4 deals and the agriculture sector with 2 deals. Energy, Manufacturing, Logistics, Automotive and FMCG sectors all recorded 1 deal, respectively.

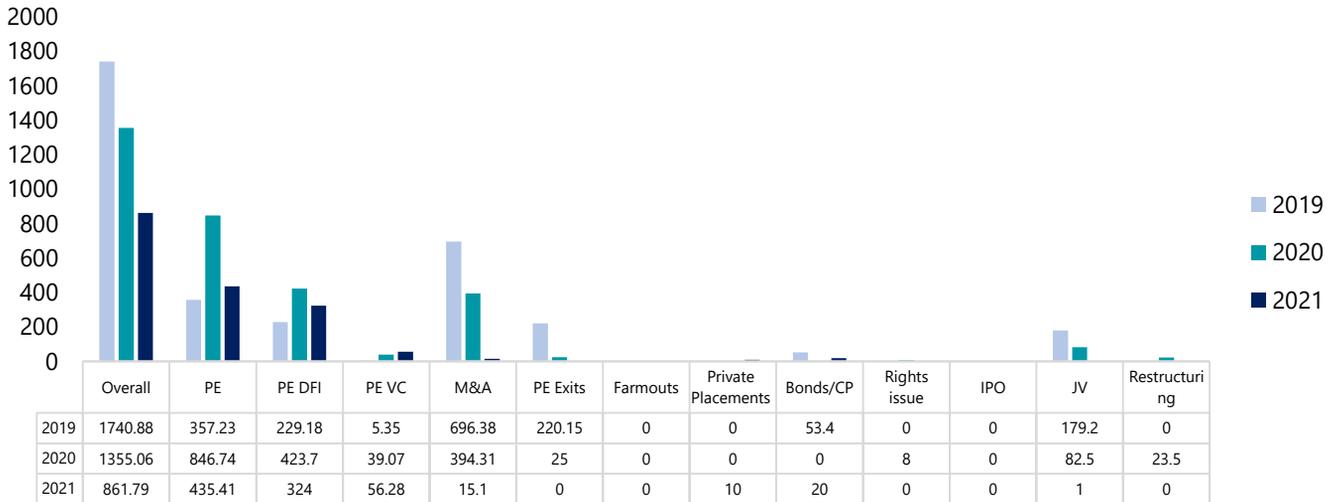
## Outlook

In the short-term, we expect that M&A activity will be muted as businesses recover from the longer-term effects of the Covid-19 pandemic, together with the upcoming general elections in Kenya – which as shown historically brings a downturn in business performance during the period. This may well continue into the medium term, particularly for foreign trade player driven transactions, if the operating challenges to doing business are not addressed.

However, we expect to see more local consolidation, with some of this likely to be driven by bolt-on acquisition transactions, as well as distress businesses requiring a buy-out or fresh capital injection. This may well be the case in industries where long investment periods are required to generate competitive returns and platform strategies are likely to counter this challenge profitably.

# DEAL STATISTICS I

Disclosed Deal Valus: 2019 - 2021 (USD Millions)



Source: Thomson Reuters

Global expertise  
Local knowledge

Enriching the lives of our people and of those we serve through our entrepreneurial and innovative global brand

Kenya • Uganda • Tanzania • Rwanda

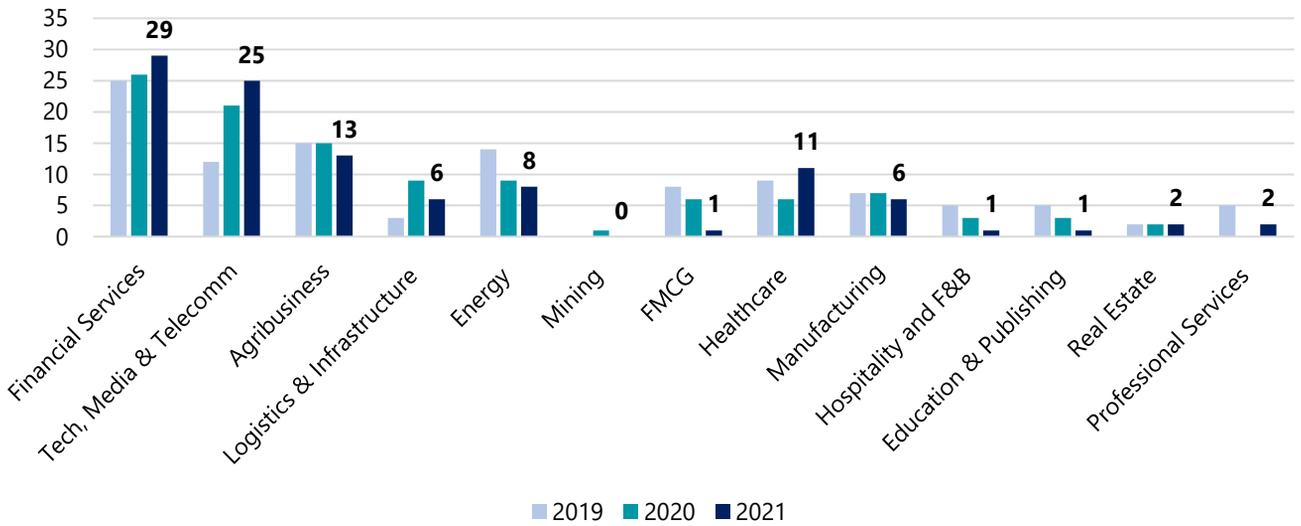


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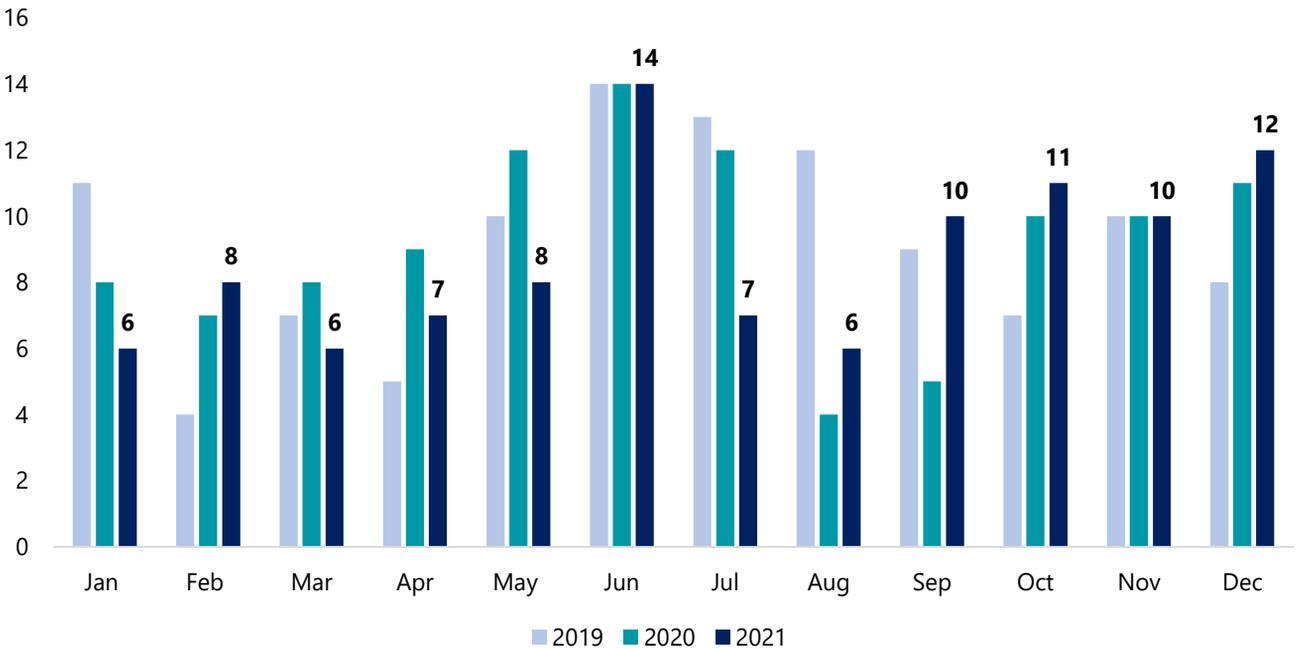
# DEAL STATISTICS II

## Number of Deals per Sector: 2019 - 2021



Source: Thomson Reuters

## Number of Deals Per Month: 2019 - 2021



Source: Thomson Reuters

# DEAL STATISTICS III

|                                |  |  |                    |
|--------------------------------|--|---|--------------------|
|                                |  | 2021  | 2020               |
| <b>Ethiopia</b>                |  |   |                    |
| No. of Deals                   |  | 4   | 7                  |
| Disclosed Deal Values (USD Mn) |  | 5.0   | 86                 |
| Most Active Sector             |  | Healthcare  | Food and Beverages |

|                                |  |  |       |
|--------------------------------|--|---|-------|
|                                |  | 2021  | 2020  |
| <b>Kenya</b>                   |  |   |       |
| No. of Deals                   |  | 76  | 76    |
| Disclosed Deal Values (USD Mn) |  | 820.4   | 999.1 |
| Most Active Sector             |  | FS  | FS    |

|                                |  |  |             |
|--------------------------------|--|---|-------------|
|                                |  | 2021  | 2020        |
| <b>Uganda</b>                  |  |   |             |
| No. of Deals                   |  | 15  | 9           |
| Disclosed Deal Values (USD Mn) |  | 68.0  | 38.7        |
| Most Active Sector             |  | FS  | Agriculture |

|                                |  |  |       |
|--------------------------------|--|---|-------|
|                                |  | 2021  | 2020  |
| <b>Rwanda</b>                  |  |   |       |
| No. of Deals                   |  | 9   | 10    |
| Disclosed Deal Values (USD Mn) |  | 7.5   | 26.01 |
| Most Active Sector             |  | FS, Health, ICT   | FS    |

|                                |  |  |        |
|--------------------------------|--|---|--------|
|                                |  | 2021  | 2020   |
| <b>Tanzania</b>                |  |   |        |
| No. of Deals                   |  | 1   | 8      |
| Disclosed Deal Values (USD Mn) |  | -   | 55.8   |
| Most Active Sector             |  | FS  | Mining |

FS = Financial Services

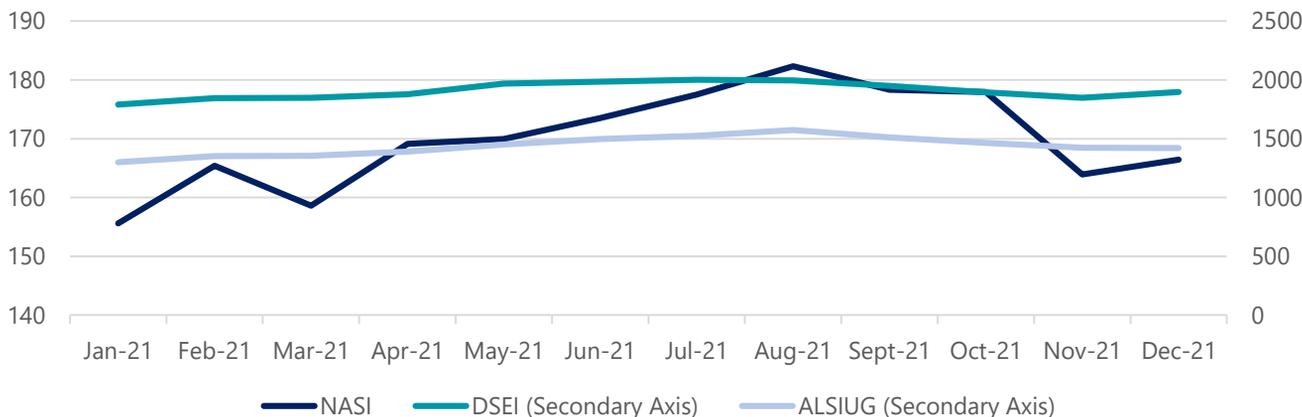
Source: Thomson Reuters

# 2

## Key Market Statistics

# EQUITIES MARKETS COMMENTARY

NASI, DSEI & ALSIUG Comparison



Source: Thomson Reuters

## Performance of the Nairobi Securities Exchange

- The NSE recorded a positive performance in 2021 – as Companies recovered from a difficult 2020. The NSE 20, NSE 25 and NSE All- share indices all recorded upward performances of 1.8%, 9.6% and 9.4% respectively during the year. Performance in Q4 was worst hit as investors potentially sought to take out profit-earnings during the year with the NSE 20, NSE 25 and NASI all down by 6.3%, 4.4% and 6.6% respectively. However, market performance across the three indices represented positive market performances during the first three quarters of the year.
- Turnover declined 10.6% during the year to close at USD 1.21 billion from USD 1.36 billion in 2020. Foreign investor flows followed suit as in 2020, recording significant out flows from the market of USD 90.63 million compared to USD 261.63 million the previous year.
- At the individual stock level Crown Paints Kenya, Car & General (K) and Equity Bank were the top gainers in 2021 recording a positive growth by 60.5%, 54.3% and 44.3% respectively. Standard Group, E.A. Portland Cement and WPP Scangroup were the top losers recording 39.8%, 39.5% and 31.0% in losses respectively during the year.

Source: Standard Investment Bank

## Regional Markets Performance

- Optimism, investor confidence and upturn in business performances played a key part in improvements in the majority of the regional capital markets. The DSE All Share Index and the USE All share increased by 4.4% and 8.5% respectively.
- Further afield, the South African (JSE) recorded a stable 24.1% growth over the year. Ghana's Composite Index, Egypt's EGX 30 Index and Lusaka's ASI Index all followed suit recording a growth of 37.1%, 10.1% and 94.7% during the year.

## Key Market Developments

- Key market developments in 2021 included the following:
  - Maintaining of lower Central Bank Rates to ensure easier access to capital to encourage consumer spending and investment;
  - Court order removal of 1% turnover tax in Kenya;
  - Strong and growing relationships within the EAC and COMESA.

# KEY MARKET STATISTICS

## Key Africa and Global Equity Indices Performance

| Equity Index  | December 2021 | 2021      |           | December 2020 | % change |
|---------------|---------------|-----------|-----------|---------------|----------|
|               |               | Year High | Year Low  |               |          |
| NSE 20        | 1,902.57      | 2,066.46  | 1,822.26  | 1,868.39      | 1.83%    |
| NSE 25        | 3,743.9       | 4,093.06  | 3,410.11  | 3,415.24      | 9.62%    |
| NSE ALL SHARE | 166.46        | 188.20    | 152.04    | 152.11        | 9.43%    |
| DSEI(TZ)      | 1,896.71      | 2,143.35  | 1,810.92  | 1,816.88      | 4.39%    |
| ALSIUG        | 1,420.69      | 1,587.10  | 1,292.98  | 1,309.86      | 8.46%    |
| NGSEINDEX     | 42,716.44     | 44,068.70 | 37,555.30 | 40,270.72     | 6.07%    |
| EGX 30        | 11,949.18     | 11,950.34 | 9,769.18  | 10,845.26     | 10.18%   |
| JALSH(SA)     | 73,709.39     | 73,881.56 | 59,408.68 | 59,408.68     | 24.07%   |
| NYSE          | 17,164.13     | 17,364.31 | 14,258.25 | 14,524.21     | 18.18%   |
| FTSE 100      | 7,384.54      | 7,457.14  | 6,397.24  | 6,471.90      | 14.10%   |
| S&P 500       | 4,766.18      | 4,808.93  | 3,662.71  | 3,756.07      | 26.89%   |

Source: Thomson Reuters

## Central Bank Rates

| Country/Region                    | Dec 2021 | Dec 2020 | Ch. y/y |
|-----------------------------------|----------|----------|---------|
| Central Bank of Kenya (Kenya)     | 7.00%    | 7.00%    | 0.00    |
| Bank of Uganda (Uganda)           | 6.50%    | 7.00%    | -0.50   |
| Bank of Tanzania (Tanzania)       | 7.00%    | 7.00%    | 0.00    |
| South African Reserve Bank (RSA)  | 3.75%    | 3.50%    | 0.25    |
| Central Bank of Nigeria (Nigeria) | 11.50%   | 11.50%   | 0.00    |
| Central Bank of Egypt (Egypt)     | 8.25%    | 8.25%    | 0.00    |
| Bank of England (UK)              | 0.25%    | 0.10%    | 0.15    |
| Federal Reserve Bank (USA)        | 0.25%    | 0.25%    | 0.00    |
| European Central Bank (EU)        | 0.00%    | 0.00%    | 0.00    |

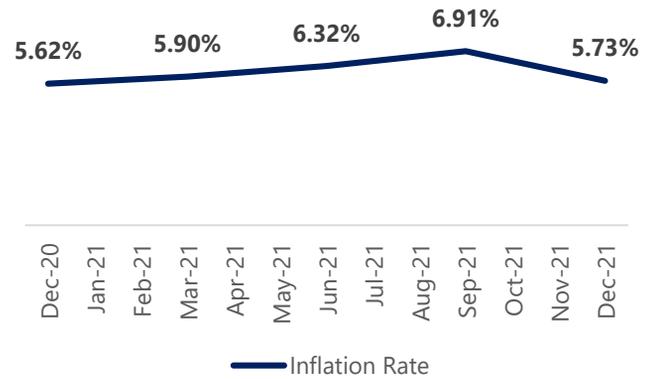
Source: Thomson Reuters

## Key Africa and Global Currency Performance

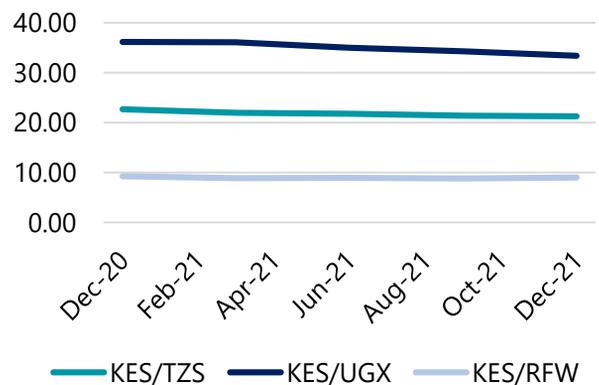
| Currency | Dec 2021 | Dec 2020 | % Ch. y/y |
|----------|----------|----------|-----------|
| USD/KES  | 112.15   | 109.00   | 2.9%      |
| USD/TZS  | 2,305.99 | 2,318.54 | -0.5%     |
| USD/UGX  | 3,545.72 | 3,655.25 | -3.0%     |
| USD/RWF  | 1037.36  | 978.5    | 6.0%      |
| USD/ETB  | 49.15    | 38.05    | 29.2%     |
| USD/ZAR  | 15.95    | 14.65    | 8.9%      |
| USD/NGN  | 411.95   | 381.2    | 8.1%      |
| USD/EGP  | 15.71    | 15.73    | -0.1%     |
| GBP/USD  | 1.35     | 1.37     | -1.5%     |
| EUR/USD  | 1.13     | 1.22     | -7.4%     |

Source: Thomson Reuters

## Kenya Quarterly Inflation Rate - 2021



## KES vs. TZS, UGX, RFW



Source: Thomson Reuters

# 3

## View From The Treasury

# VIEW FROM THE TREASURY



Henry M. Kirimania  
General Manager, Treasury, I&M Bank Limited  
[hkirimania@imbank.co.ke](mailto:hkirimania@imbank.co.ke)

## Kenya Sovereign Euro Bonds Performance During 2021

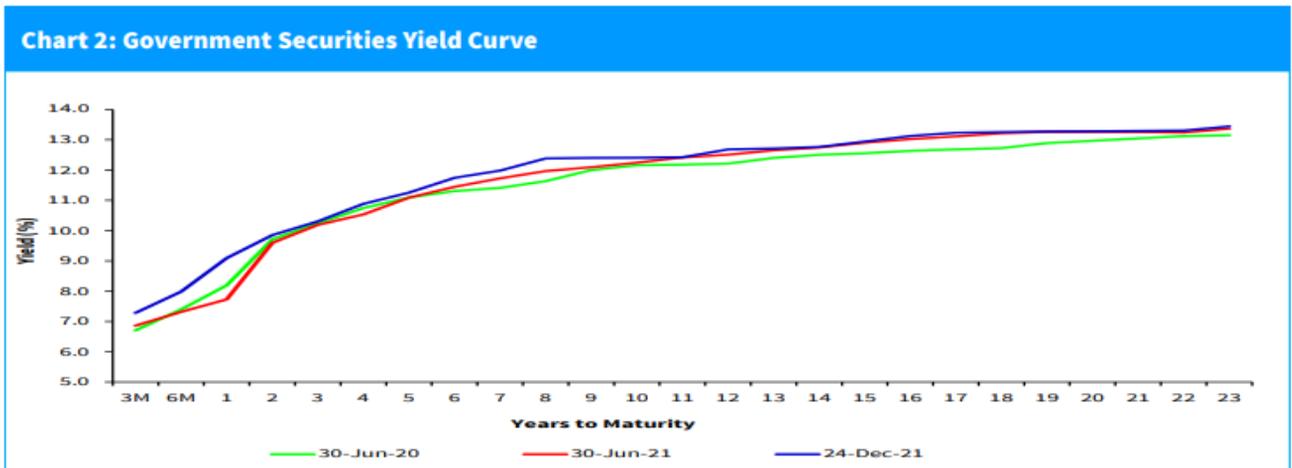


Source: Bloomberg

- The above chart above shows the yield movement (Jan-Dec 2021) for the Kenya 2024, 2028, 2034 and 2048 Eurobond issuances.
- Kenya raised USD 1 billion by issuing a 12-year Eurobond at 6.3 percent on June 17, 2021. The Eurobond will be repaid in two equal tranches in January 2033 and January 2034. In June 2021, The Republic of Kenya issuance was oversubscribed x4 at the primary auction.
- The confidence in the Republic of Kenya, as indeed other Emerging market Bonds, has since weathered down after a storm of risk aversion by global investors following The China Evergrande bond default in September 2021; the risk off sentiment in emerging market credits was closely followed by US Fed announcement that they will raise interest rates sooner than June 2022 on account of upward spike in USA Inflation. Emerging markets debt has thus weathered a rise in Yields reflective of the risk aversion and rise in US Benchmark interest rates.
- Towards the end of the year, Kenya Eurobond yields showed signs of recovery, driven by investors' search for higher yielding EM credits despite the emergent Omicron variant threat and an uneven global economic recovery that contributed to recent losses.

# VIEW FROM THE TREASURY

## Kenya Government Securities Yield Curve (KES) - Remained stable during 2020



Source: Central Bank of Kenya

### Inflation, Monetary and Fiscal Policy Adjustments

- On the monetary policy side, The Monetary Policy Committee (MPC) of the Central Bank of Kenya continued with the accommodative monetary policy stance as the country continued to recover from 2020 contraction led by Covid-19. The CBK policy rate was maintained at 7% throughout the year as inflation remained range bound with increased exports and imports as well as improved private credit growth.
- The December 2021 month on month inflation ratio reduced to 5.7% after Government offered subsidies to fuel importers to cushion consumers from sharp spike in cost, thus containing the inflation. The annual inflation rate in Kenya eased for the third month in a row to 5.73% in December of 2021, from 5.8% in the prior month. It was the lowest rate since January, mainly due to a slowdown in prices of food & non-alcoholic beverages (9.1% vs 9.9% in November). At the same time, transport costs rose 8.1%, the same as in the prior month, as gasoline and diesel prices remained steady due to the fuel subsidies.
- On the Fiscal policy side, the government rolled out the third Economic Stimulus Programme and Economic Recovery Strategy 2021/2022 to boost domestic demand and to steer the economy toward recovery. The Stimulus Programme will be targeting key productive and service sectors in thirteen strategic interventions that cover: agriculture, health, education, drought response, policy, infrastructure, financial inclusion, energy, and environmental conservation.

Source: Central Bank of Kenya and Treasury of Kenya

# VIEW FROM THE TREASURY

## Forex Commentary

### USD/KES



Source: Thomson Reuters

- The chart shows USD/KES movement (Jan –Dec 2021).
- The local market opened in January 2021 at a USD/KES exchange rate of USD 1 = KES 109.25.
- In Q1 to mid-year the Kenya Shilling was steady as the country's exports and diaspora inflows recovered to pre-Covid levels, providing support to the local unit.
- Midyear the KES appreciated to 108.00 with continued improvement in exports of horticulture and manufactured goods. The Infra Bond primary auction in July also boosted the Kenya Shilling levels for some time.
- From end of July onwards, the Kenya Shilling depreciated against the Dollar as trade imbalances deteriorated due to increased imports and continued rise in global commodity prices especially oil. Continued shipping challenges and increasing cost of freight made the situation worse.
- Kenya's trade deficit for the nine months to September widened to 38.57% due to a growing appetite for foreign manufactured goods, fuel and the soaring cost of imports following Covid-19 related supply chain disruptions. Trade data collated by the Kenya National Bureau of Statistics (KNBS) shows the gap between merchandise imports and exports climbed to KES 988.51 billion in the review period from KES 713.37 billion in the same period a year ago. The cost of imports has soared globally on persistent disruptions in global supply chains which have increased shipping expenses amid a resurgence in global oil prices for non-oil producing countries such as Kenya. The provisional data indicate Kenyan traders spent KES 1.53 trillion in the January-September 2021 period on imports, a 28.04% year-on-year jump compared to Sh1.2 trillion in the previous period. Imports grew at a faster pace ahead of the 13.29% growth in export earnings to KES 543.5 billion at a time when Kenya's tea and cut flowers fetched lower revenue.
- The Kenya Shilling closed at 113.05 against the dollar.

# VIEW FROM THE TREASURY

## GBP/KES

The chart below shows GBP/KES movement (Jan – Dec 2021).



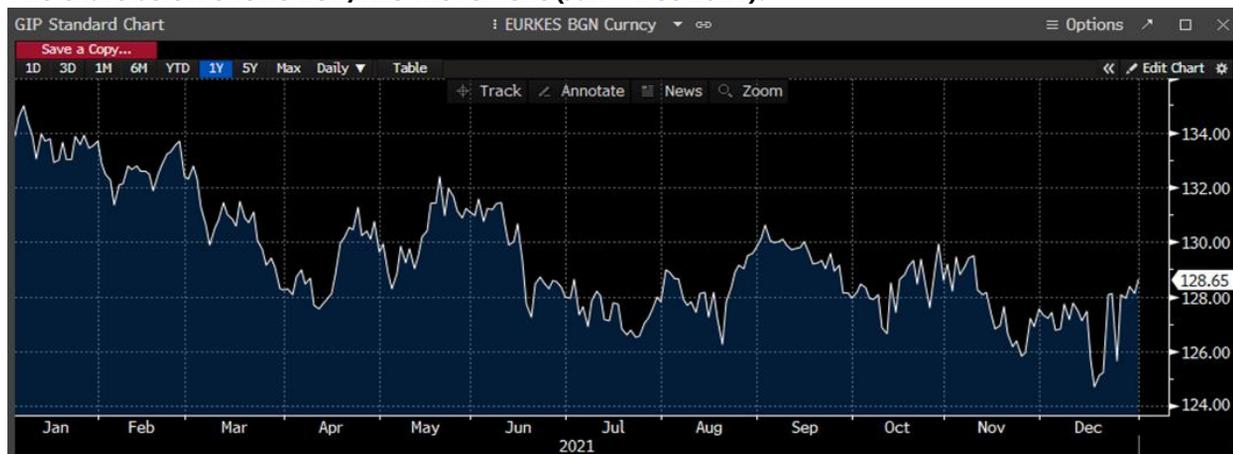
Source: Bloomberg

- The chart shows GBP/KES movement (Jan – Dec 2021).
- During the year, The Pound Sterling experienced wide swings against the majors as the market reacted to the UK Economy re-opening post Covid-19.
- With mutation of Covid-19 to Delta Variant and Omicron Variant later in the year the UK prime minister Boris Johnson kept the market at bay with mixed announcements on the closing and the re-opening of the UK economy to mitigate Covid-19 infections.
- The surprise rate hike by the Bank of England at its December 2021 meeting gave the currency some support to close at strong levels.
- The pound opened at GBP 1 = KES 149.10 in Jan 2021 but rose to 154.50 before retracing to close at 153.10 at the end of the year.

# VIEW FROM THE TREASURY

## EUR/KES

The chart below shows EUR/KES movement (Jan – Dec 2021).



Source: Bloomberg

- The chart shows EUR/KES movement (Jan – Dec 2021).
- EUR opened at EUR1= KES 134.20 before the weakening to 130.20 levels.
- EU economic recovery lagged behind peer economies as global economies re-opened. The US recorded a higher pace in economic recovery while the EU recorded modest recovery out of uncertain monetary policy stance by the European Central Bank.
- The key driver for a weaker EUR in H2 2021 was the difference between Fed and ECB views on rates and inflation. While the Fed had already begun to aggressively reduce its QE program to try and tame the inflationary pressure, ECB continued with the dovish stance stating that the inflationary pressure was transitional and still too early for intervention.
- The Euro closed the year at EUR 1= 128.65.

## Official Foreign Exchange Reserves for Kenya

| Table 3: Official Foreign Exchange Reserves (USD Million)         |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
|   | 02-Dec-21 | 09-Dec-21 | 16-Dec-21 | 23-Dec-21 | 30-Dec-21 |
| 1. CBK Usable Foreign Exchange Reserves (USD Million)             | 8,737     | 8,730     | 8,643     | 8,556     | 8,817     |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 5.34      | 5.34      | 5.28      | 5.23      | 5.39      |

\*Based on 36 months average of imports of goods and non-factor services

Source: Central Bank of Kenya

# 4

## **Insight on Maximizing Shareholder Wealth Through Vendor Due Diligence Reviews by PKF East Africa**

# Maximizing Shareholder Wealth Through Vendor Due Diligence Reviews



**Gurmit Santokh**  
Managing Director  
PKF Consulting (K) Limited

Merger and acquisition transactions are critical growth strategies that can significantly increase shareholder wealth. Whether the seller intends to retain part of the business or divest completely, a Vendor Due Diligence Review (VDDR) is critical in ensuring optimal returns to the seller. A VDDR is a pre-transaction review on behalf of a seller, which not only addresses issues that are relevant to potential buyers of the business but also optimises the value of the business through a well-planned process culminating in sale. For this reason, the review consists of intermittent interventions in a process that can take about two years before actual sale of the business.

## Enterprise Risk Management

Enterprise Risk Management is a strategy aimed at identifying potential risks within an organisation through a review of the entity's finances, operations and objectives. The entity's overall risk environment is assessed through the VDDR and it covers financial risks, strategic risks, operational risks and risks relating to unforeseen occurrences such as the effects of the COVID - 19 pandemic. The VDDR would involve conducting an Enterprise Risk Management review to get a full diagnostic analysis of the entity from a risk perspective, which would then inform the next steps. It is interesting just how much the owners of the business learn from this review about their own business; for example operational flaws which over the years are accepted as a normal part of the business.

## Tax and Business Structure Optimization Review

It is important to have a full tax health check conducted on the business covering all tax heads. The review ensures that corrective action is taken on non-compliance with tax legislation and the related penalties and interest are settled before it snow balls into material amounts.

Moreover, it also ensures that tax non-compliant practices within a business are eliminated. The value of a business that is tax compliant is far higher than a similar business with contingent liabilities arising from tax exposure. It is important to engage a tax practitioner with adequate experience to carry out such a review and one who can review the proposed post-sale structure and advise on optimization of tax.

## Marketing and Branding Review

A branding and marketing review is necessary to assess how well the marketing activities are coordinated and whether they are providing optimal returns to the business. This is an important part of the VDDR because a few changes to the system can register significant increase in revenues and positively impact shareholder value before a sale. The review is focused on both marketing assets and activities and incorporates a review of the marketing plans. Brand Image Review complements the branding marketing review since it addresses the fundamental question of how the market perceives the entity's brand. A poor perception may signal the need for a public relations expert to provide advice on the same and a good perception may require positive reinforcement of initiatives that increase brand equity.

## Investor Readiness Review

A critical part of the VDDR is facilitating the seller in the whole process with a view to optimising the sale price of the shares. The management is guided through a review that identifies the value drivers of the business through a critical analysis of the data. This could include brand review, customer classification and loyalty, review of the management competencies and the overall marketing presence of the business. A detailed systems review is conducted to assess the level of efficiency and the overall control environment. Any lapses are identified and the process of addressing the same is conducted over a period of time within the VDDR period.

# Maximizing Shareholder Wealth Through Vendor Due Diligence Reviews

This significantly enhances the operations of the business and negates the need for the buyer to invest in system up-grades thus creating value within the current system set-up. Other areas that increase value without undue investment are on corporate governance and reporting. A corporate governance review is conducted as part of the VDDR and recommendations are shared for implementation. The VDDR also includes manpower and succession planning and for this, the work of a specialized Human Resource consultant is necessary.

## Preparing for the Due Diligence Review

Findings arising after transaction completion invoke warranties in sale agreements and may lead to legal suits, which erode trust and dim the business prospects envisaged. The buyer will conduct a financial, tax, legal and operational review of the business and the VDDR facilitates in preparation of a Data Room of all the information expected by the buyer in a typical Due Diligence Review and the team facilitates in keeping the Data Room up-to-date with current information that emerges during the transaction. The information accumulated by the VDDR team also facilitates in supporting the seller in discussions with the buyer and offers strategic insight into the business.

## During the Due Diligence Review

The VDDR team should consist of well-rounded experienced professionals with a multi-dimensional perspective to issues, usually gained through experience in accounting, tax, law and other disciplines necessary for an efficient undertaking of such assignment.

A good grasp of the regulatory environment coupled with an intimate knowledge of current macroeconomic and political developments is imperative for such reviews. This is particularly important because the transaction price for share purchases or swaps is usually determined through complex share valuations. These valuations rely a lot on projections that are largely contingent upon macro-economic variables that are exogenous to the business.

## The Post-Due Diligence Period

The objective of the due diligence review is not to find deal breakers but to facilitate the parties to implement the merger or acquisition strategy with adequate knowledge of the facts. The VDDR acts to bridge the requirement of the parties and ensures a seamless process in the sale. Where certain matters identified cannot be resolved through an accurate quantification of their financial effect; a good example being the effect of COVID-19 on future business performance, the parties can be advised to escrow part of the consideration or to have more discrete legally binding warranties and representations to cover the respective interests of the parties.

*Gurmit Santokh is the Managing Director of PKF Consulting (K) Limited overseeing consultancy assignments in the Horn of Africa region. He holds a Bachelor of Arts degree in Economics from the University of Nairobi, a Bachelor of Laws degree from the University of London and is a Certified Public Accountant of Kenya, Rwanda and Uganda with three decades of experience in audit, tax and consulting assignments.*

# 5

## **Insight on Competition Law by DLA Piper Africa, Kenya (IKM Advocates)**

# Competition Law: Why It Is Crucial For Your Transaction



**Timothy Mukiti**

Associate

DLA Piper Africa, Kenya  
(IKM Advocates)

On a fairly good number of occasions, competition regulatory compliance is hardly given the attention it deserves in transaction structuring and planning. Parties to a transaction tend to encounter the requirement to comply with competition law as one would encounter an unwelcome speed bump at high speed on the highway - highly inconveniencing, and rather disruptive. But good foresight and acknowledgement of the important role competition law plays can save parties to a transaction a good deal of inconvenience (and money of course).

Transactions, whether investment transactions such as private equity investments or merger and acquisition transactions or leasing arrangements, inevitably require a significant deal of planning and structuring. Significant manhours are usually spent negotiating and bargaining between parties in the interest of advancing their respective commercial interests. But while at it, parties are likely to grant competition law a back seat, and not account for important competition considerations. These include assessing whether any agreed or desired contractual rights trigger control within the meaning of competition law and, if so, the applicable merger notifications and approvals requirements, the timelines for such approvals and the kind of regime the parties have to notify the transaction.

Competition law approvals take the nature of a full merger notification, an exclusion notification, or automatic exclusions of particular transactions, which are not required to be notified. The basis of determining where a transaction falls within the competition approval spectrum largely depends on two key parameters, namely (i) whether the transaction triggers a change of control of the target entity and (ii) whether the turnover or value of assets of the parties to the transaction, the specific industry or sector which parties belong

to are above the prescribed merger thresholds under competition law.

A merger is broadly defined to constitute any acquisition of control in an entity, or assets of an entity, whether directly or indirectly. Most people are familiar with what acquisition of direct control entails – this includes acquisition of a majority stake in a business, or ability to exercise majority of the voting rights of an entity. Acquisition of indirect control, however, is less straight forward. This includes acquisition of a minority stake but with certain contractual rights that, based on the applicable merger regime, may constitute acquisition of control.

A number of merger regimes, such as the Kenyan competition regime or the COMESA competition regime have developed rules or guidelines that can be used in determining whether and which contractual rights trigger acquisition of control of a target entity. However, the interpretation would vary depending on the circumstances and facts of each transaction. That said, some contractual rights are obvious candidates that would or may confer ability to exercise material or decisive influence to the acquirer over the target entity and thereby create control for competition law purposes. Such matters include ability to appoint or veto the appointment of C-level managers, determination of budgets or business plans or strategic commercial policies of an undertaking. Therefore, it is advisable for transacting parties to seek legal advice at an early stage to determine whether any matters agreed between them could create indirect control.

Upon determining that a transaction (as structured) would constitute a change of control whether direct or indirect, it would then be necessary to determine whether such transaction meets the applicable financial thresholds for notification to the competition authority. For most undertakings (both acquirer and target), the determination of turnover or value of assets is usually straightforward. A quick look at the latest financial statements does the trick.

# Competition Law: Why It Is Crucial For Your Transaction

However, this is not the case for private equity funds, investment entities, joint ventures and group companies with several subsidiaries and parent undertakings – such entities require a specialised reckoning of turnover or value of assets. In Kenya for instance, for private equity funds, control for competition purposes rests with the general partner. Therefore, in ascertaining the turnover or assets of a private equity fund for purposes of a given transaction (say Fund 1), one would also have to consider the combined turnover or assets of all other private equity funds (and their investee entities) controlled directly or indirectly by the general partner controlling Fund 1. For joint ventures, the turnover or assets of the joint venture is attributed equally between its controlling parents, irrespective of the size of their financial or other interests. For group holding entities, one is required to consider the turnover or value of assets of the transacting undertaking, its subsidiaries, its parent and of its parent subsidiaries. These considerations require careful review in determining the turnover or value of assets, which is important in identifying whether a transaction is notifiable and, if notifiable, whether eligible for exclusion (being a fast-tracked review process) or subject to full merger notification (which is more comprehensive, time involving and subject to payment of merger fees to the competition authority).

The other key consideration is the timeline for merger approval and the regime for which the merger is notified. There are two types of merger regulatory regimes, a suspensory one, and a non-suspensory one. In a suspensory merger regime, parties to a merger cannot proceed with the merger until they receive the approval of the competition regulator.

*Timothy is an Associate in the Corporate M&A and Private Equity team at DLA Piper Africa, Kenya (IKM Advocates). Timothy advises on a full spectrum of corporate work including mergers and acquisitions, private equities, corporate restructuring, capital markets compliance, aviation law and competition law.*

Kenya's merger regime is suspensory. In a non-suspensory regime, parties to a merger may proceed to merge before obtaining approval of the competition regulator. However, they do this at their risk, since they may be required to unwind the transaction if the same is not ultimately approved by the competition regulator. COMESA merger regime is non-suspensory. Understanding the nature of the regime under which a transaction is required to be notified plays an important role in determining what parties to the transaction can or cannot do regarding the proposed transaction. The timelines for approval are also crucial in planning the transaction. For example, the statutory period for merger approvals in Kenya is normally 60 calendar days (but could be extended by the authority if necessary).

Ultimately, competition law plays a crucial role in a transaction. A transaction that does not get approval of competition regulators ultimately cannot be implemented.

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## **Economic Review & Outlook: Sub-Saharan Africa**

## Sub-Saharan Africa



Sub-Saharan Africa, home to more than 1 billion people, half of whom will be under 25 years old by 2050, is a diverse continent offering human and natural resources that have the potential to yield inclusive growth and eradicate poverty in the region. On January 1, 2021, the African Continental Free Trade Area (AfCFTA) commenced trading, bringing to fruition the most ambitious economic program in Africa's history. When fully operational, AfCFTA will become the world's largest free trade area with a 1.3 billion consumer population market and a USD3.4 trillion GDP.

### Macro Environment

The economic impact of the COVID-19 shock in Sub-Saharan Africa (SSA) has been severe, however economic growth in Sub-Saharan Africa (SSA) is set to emerge from the 2020 recession and have expanded by 3.3% in 2021. This rebound, currently fueled by elevated commodity prices, a relaxation of stringent pandemic measures, and recovery in global trade, remains vulnerable in light of low rates of vaccination on the continent, protracted economic damage, and a slow pace of recovery. Growth for 2022 and 2023 will remain just below 4%, continuing to lag the recovery in advanced economies and emerging markets.

East and Southern Africa, the hardest hit region by the third wave of the coronavirus, is expected to rebound from a 3.0% contraction of GDP in 2020 to growth of 3.3 percent in 2021 and 3.4% in 2022.

Growth in West and Central Africa is expected at 3.2% in 2021, up from -0.8% in 2020 and estimated to grow further by 3.6% in 2022.

The Sub-Saharan region is expected to pick up momentum from last year's weak performance to 4.5% in 2021 and 5.3 percent in 2022.

Faster vaccine deployment would accelerate the region's growth to 5.1% in 2022 and 5.4% in 2023 — as containment measures are lifted faster and spending increases. However, should vaccine delivery and coverage continue to lag, growth could slow to 2.4% in 2023.

### Monetary Policy

Average inflation in 2021 declined to 8.6% from 10.7% in 2020. Inflation was primarily driven by higher food prices and rising fuel prices. In some countries (Angola, Nigeria), accommodative monetary and fiscal policies, currency depreciations, and rising food and energy prices have stoked inflation. Elsewhere (Kenya, South Africa), subdued demand has kept inflation in check. Foreign direct investments in the region have been resilient, recouping about ninety percent of their pre-pandemic levels, and workers' remittances to the region have held up better than expected.

# ECONOMIC REVIEW & OUTLOOK - SSA

## Fiscal Policy

Sub-Saharan Africa's fiscal deficit was 5.6% in 2021 as compared to 6.7% in 2020. The region faces three key fiscal challenges: first, to address the region's pressing development-spending needs, second, to contain public debt, and third, to mobilize tax revenues in circumstances in which additional measures are generally unpopular. Given the pandemic's impact on the region's outlook, finding the right balance is now even more difficult.

African countries have seized the opportunity of the Covid-19 crisis to foster structural and macroeconomic reforms that could pave the way for increased inclusive growth over the long-term. Several countries have embarked on difficult but necessary structural reforms, such as the unification of exchange rates in Sudan, fuel subsidy reform in Nigeria, and the opening of the telecommunications sector to the private sector in Ethiopia. Reforms that deliver reliable electricity, including better functioning of public utilities, can power the manufacturing sector and the digital economy. Finally, reforms that address digital infrastructure gaps and make the digital economy more inclusive - ensuring affordability and building skills for all segments of society - are critical for improving connectivity, boosting digital technology adoption, and generating more and better jobs for men and women.

| Key Economic Statistics - Sub-Saharan Africa | 2013 | 2014 | 2015  | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022F |
|--|------|------|-------|------|------|------|------|------|------|-------|
| Real GDP growth (%)                          | 5.1  | 5.2  | 3.2   | 1.5  | 3.1  | 3.3  | 3.2  | -1.7 | 3.7  | 3.8   |
| Inflation (%)                                | 6.5  | 6.4  | 6.725 | 10.3 | 10.6 | 8.3  | 8.2  | 10.3 | 10.7 | 8.6   |
| Volume of goods and services exported (%ch.) | 3.5  | 1.5  | 3.9   | -0.2 | 2.9  | 2.3  | 1.9  | -9.5 | 4.6  | 4.9   |
| Volume of goods and services imported (%ch.) | 4.9  | 7.2  | 5.6   | -8.2 | -1.5 | 5.2  | 6.6  | -5.7 | 4.9  | 5.3   |
| Current account balance (%GDP)               | -2.2 | -3.5 | -5.7  | -3.5 | -2.1 | -2.4 | -3.4 | -2.9 | -2.2 | -2.7  |
| Fiscal Expenditure (% GDP)                   | -3.1 | -3.6 | -4.2  | -4.4 | -4.4 | -3.5 | -3.9 | -6.6 | -5.9 | -5.2  |
| Gross National Savings (%GDP)                | 30.0 | 31.9 | 37.8  | 42.2 | 44.6 | 47.5 | 50.4 | 57.2 | 56.6 | 56.5  |

Source: IMF World Economic Outlook Database

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## **Economic Review & Outlook: Kenya**

## KENYA



### Macro Environment

According to the World Bank, the Kenyan economy grew by 5.6% in 2021 as compared to a contraction of 0.3% in 2020. Kenya's economy has demonstrated resilience to the COVID-19 shock, with output in the first half of the year rising above pre-pandemic levels and experiencing one of the faster recoveries among Sub-Saharan African countries.

Economic activity in Kenya has continued to adapt to the pandemic and associated restrictions. Growth has been supported by rebounds in industry and, especially, services. Agricultural output, however, fell by 0.5% year on year in the first half of 2021 following a particularly strong performance in 2020, partly due to below-average rains. Demand-side recovery has been supported by a revival in private consumption, against a backdrop of improving employment conditions and household incomes.

### Monetary Policy

Average inflation in 2021 was 6% compared with 5.1% observed in 2020. Inflationary pressure is attributed to increases in fuel and gas, food and non-alcoholic beverages as well as housing costs.

The MPC maintained the Central Bank Rate at 7.00% throughout the year.

The Kenya Shilling traded at an average of 109.65 against the US dollar during the year, closing out the year at 113.05, having depreciated 3.64% against the greenback during the year.

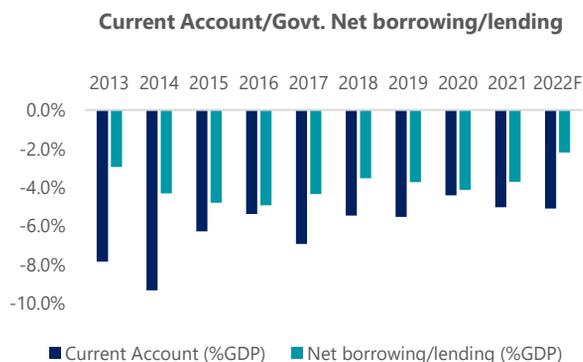
### Balance of Payments

The overall balance of payments position improved to a surplus of USD 1,970 million (2.0% of GDP) in the year to May 2021 from a surplus of USD 210.5 million (0.2% of GDP) in the year to May 2020. This was mainly due to improvements in the merchandise account and the capital account despite a decline in receipts from services.

### Fiscal Policy

The fiscal policy for the year was designed to support resilient and sustainable economic recovery as well as inclusive growth, mobilize revenues and reduce the fiscal deficit. The Government continued with its policy on expenditure prioritization, implementation of cost-cutting measures including parastatal reforms and alignment of resources to programmes under the "Big Four" Agenda and those supporting the Economic Recovery Strategy.

As presented in the budget in June 2021 the deficit was at 7.4% of GDP representing a narrowing of the deficit from 7.5% as at June 2020. The Country's debt to GDP ratio increased to 69.73% in 2021 from 67.57% in 2020.



Source: IMF World Economic Outlook

# ECONOMIC REVIEW & OUTLOOK - KENYA

| Key Economic Statistics - Kenya | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022F |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Consumer inflation (%)          | 5.72  | 6.88  | 6.58  | 6.32  | 7.99  | 4.69  | 5.20  | 5.17  | 6.00  | 5.00  |
| Real GDP growth (%)             | 3.80  | 5.02  | 4.97  | 4.21  | 3.82  | 5.62  | 4.98  | -0.32 | 5.60  | 6.05  |
| Current account balance (%GDP)  | -7.85 | -9.33 | -6.28 | -5.39 | -6.94 | -5.47 | -5.53 | -4.42 | -5.04 | -5.10 |
| Fiscal balance (%GDP)           | -2.95 | -4.31 | -4.80 | -4.94 | -4.35 | -3.54 | -3.73 | -4.14 | -3.71 | -2.20 |
| Gross government debt (% GDP)   | 39.27 | 38.57 | 44.38 | 46.73 | 54.75 | 57.34 | 58.98 | 67.57 | 69.73 | 70.19 |

Source: IMF World Economic Outlook Database

## Economic Outlook

The World Bank predicts that overall economic performance is expected to be robust at 6.0% per year in 2022-23, similar to the pre-pandemic pace (5% average annual growth from 2010 to 2019). This outlook takes into account that some sub-sectors, such as education, have bounced back strongly, but others such as international tourism, have only partially bounced back and face a much more protracted recovery. The anticipated further recovery of hotels and restaurants, trade, transport, and other services, depends on substantial vaccination progress to help prevent new waves of infections and associated containment measures.

In addition to pandemic-related risks to the outlook, a second key domestic risk factor stems from the drought conditions which are affecting parts of the country and already causing severe hardship. Should the drought intensify or spread, this would weigh on the near-term economic outlook. Weaker global growth, higher-than-anticipated energy prices, and tighter external financing conditions are the primary external risks.

National elections are scheduled for August 2022 and a protracted/contentious electioneering cycle has the potential to significantly impact the economic forecast.

# 8

## **Economic Review & Outlook: Uganda**

# ECONOMIC REVIEW & OUTLOOK - UGANDA

## UGANDA



### Macro Environment

Data from the World Bank indicates that the Ugandan Economy grew by 4.7% in 2021 as compared to a contraction of 0.8% recorded in 2020. The economic recovery in FY 21 has tapered off mainly due to the more severe second COVID-19 wave in mid-2021 and the related lockdown measures.

Uganda's economy and people are highly dependent on its natural resources, namely agricultural land (pastureland and cropland), forests, water bodies, soils, and other resources. These resources are the foundation of the country's main economic activities. COVID-19 has heightened the urgency to enhance agricultural productivity and the sustainable use of natural resources. Given the loss of jobs and closure of small businesses, many people have returned to agriculture to help see out and survive the crisis.

### Monetary Policy

Core inflation averaged 3.4% for the 12 months to July 2021.

The domestic interbank money market remained relatively stable in the quarter to July 2021. The interbank interest rates were well anchored around the Central Bank Rate (CBR), with the 7-day interbank rate, the operational target averaging 7.1% down from 7.4% in the quarter to April 2021 and the overnight interbank rate declining to 6.7% from 6.9% in line with the reduction of the CBR in June 2021.

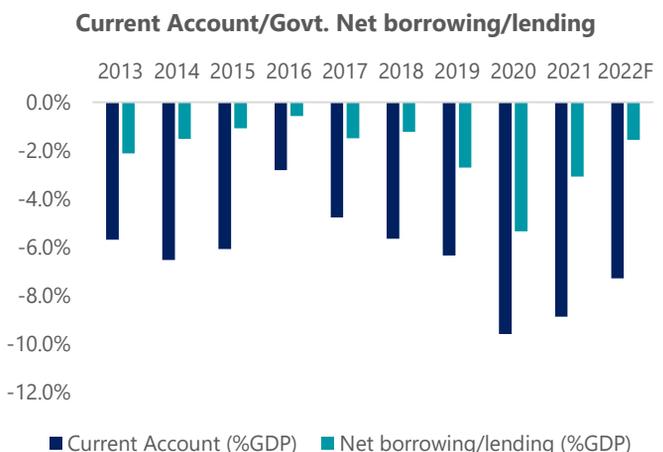
### Balance of Payments

In FY 2020/21, the external sector strengthened, recording an overall balance of payments surplus in the quarter to June 2021 of USD 439 million. However, the current account deficit widened by 65 percent to a record high of USD 4,139 million during the FY 2020/21, equivalent to 10% of GDP, up from 7% of GDP in the FY 2019/20.

The trade deficit widened, by 28% to USD 3,083 million, as both exports and imports expanded, with the growth in the import bill outweighing the rise in exports.

### Fiscal Policy

Fiscal operations during the FY 2020/21 were constrained by revenue shortfalls and slow execution of externally funded government projects. Relative to the Uganda Revenue Authority (URA) target, tax revenue underperformed by UGX. 2.21 billion as a result of shortfalls in all tax collections except stamp duty.



Source: IMF World Economic Outlook

# ECONOMIC REVIEW & OUTLOOK - UGANDA

| Key Economic Statistics - Uganda | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022F |
|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Consumer inflation (%)           | 5.468 | 4.288 | 3.691 | 5.171 | 5.641 | 2.623 | 2.344 | 2.758 | 2.161 | 5.014 |
| Real GDP growth (%)              | 3.94  | 5.75  | 7.99  | 0.17  | 6.79  | 5.61  | 7.71  | -0.84 | 4.71  | 5.15  |
| Current account balance (%GDP)   | -5.70 | -6.54 | -6.09 | -2.82 | -4.78 | -5.66 | -6.36 | -9.61 | -8.89 | -7.30 |
| Fiscal balance (%GDP)            | -2.13 | -1.53 | -1.09 | -0.58 | -1.50 | -1.23 | -2.72 | -5.35 | -3.09 | -1.57 |
| Gross government debt (% GDP)    | 22.08 | 24.77 | 28.67 | 30.99 | 33.64 | 34.75 | 37.04 | 44.09 | 49.08 | 50.21 |

Source: : IMF World Economic Outlook Database

## Economic Outlook

The medium-term outlook for Uganda has improved since the end of 2020 due to advances in domestic demand conditions and the continuing global recovery as COVID-19 vaccines are rolled out. According to the World Bank, Uganda's growth is expected to be between 4.5% and 5.2% in Fiscal Year (FY) 22 and about 5.5% in FY 23.

To ensure an inclusive economic recovery, faster deployment and widespread coverage of the vaccine is critical. Uganda is currently engaged in an accelerated push to vaccinate all individuals 18 years and above, comprising approximately 22 million people, or half of Uganda's population.

There is significant uncertainty on the evolution of COVID-19; weather shocks are a perennial threat; while lower revenues, spending pressures and adjustments to the government's debt profile could jeopardize Uganda's hard-earned macroeconomic stability.

However given that commodity prices have recovered and digital technologies and the digital economy continue to support new ways of operating and doing business the outlook for the Country remains positive.

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## **Economic Review & Outlook: Rwanda**

# ECONOMIC REVIEW & OUTLOOK - RWANDA

## RWANDA



### Macro Environment

The Covid-19 pandemic continues to exert a large impact on Rwanda's economy and social fabric. Real GDP growth contracted by 3.4% in 2020. Despite a second wave of infections that prompted a three-week lockdown in Kigali in early 2021, real GDP rate is expected to rebound to 5.1% in 2021, reflecting the start of vaccine rollout, and scaled-up government spending to accommodate additional spending needs due to the more protracted nature of the pandemic and the need to minimize scarring.

Growth is expected to return to its pre-pandemic trend by end-2023. However, downside risks to growth remain substantial owing mainly to uncertainties surrounding the availability and timely delivery of vaccines.

### Monetary Policy

Headline inflation is expected to remain subdued in the coming quarters and having fallen below the 5.0% benchmark in 2021.

### Balance of Payments

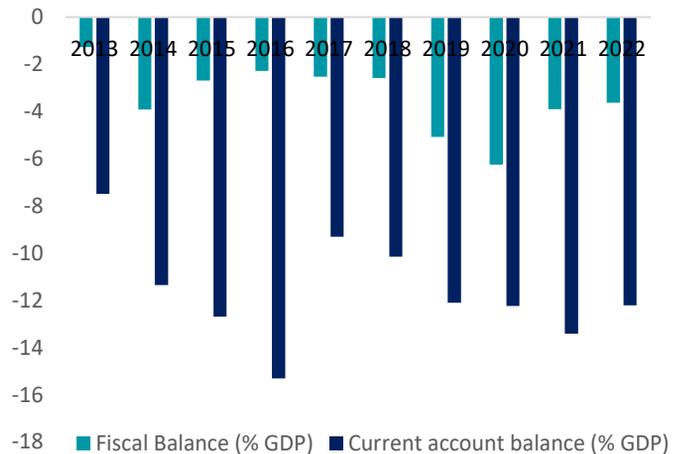
The current account deficit is estimated to have widened to 13.4% of GDP in 2021, following a pickup in capital and intermediate goods imports associated with the resumption of economic activity, subdued tourism, and higher oil prices.

Gross official reserves are expected to have declined in 2021 but remain adequate at above 4 months of import cover. The current account deficit is expected to start narrowing afterwards as the tourism sector recovers.

### Fiscal Policy

The near-term fiscal position is predicted to worsen due to increases in Covid-19 related spending. Overall and debt-creating fiscal balances are projected to gradually improve as COVID-19 fiscal support is phased out and fiscal consolidation measures are implemented after the crisis abates.

### C/A and Fiscal Deficit



Source: IMF World Economic Outlook Database

# ECONOMIC REVIEW & OUTLOOK - RWANDA

| Key Economic Statistics - Rwanda | 2013  | 2014   | 2015   | 2016   | 2017  | 2018  | 2019  | 2020   | 2021   | 2022F |
|----------------------------------|-------|--------|--------|--------|-------|-------|-------|--------|--------|-------|
| Consumer inflation (%)           | 4.22  | 1.78   | 2.51   | 5.72   | 4.84  | 1.36  | 2.43  | 7.72   | 2.40   | 4.90  |
| Real GDP growth (%)              | 5.89  | 7.80   | 8.87   | 5.97   | 3.98  | 8.58  | 9.40  | -0.35  | 5.10   | 6.85  |
| Current account balance (%GDP)   | -7.09 | -11.43 | -14.76 | -15.45 | -7.45 | -7.85 | -9.23 | -16.46 | -10.40 | -9.08 |
| Fiscal balance (%GDP)            | -1.26 | -3.90  | -2.67  | -2.26  | -2.52 | -2.58 | -5.19 | -6.25  | -3.90  | -3.63 |
| Gross government debt (% GDP)    | 5.89  | 7.80   | 8.87   | 5.97   | 3.99  | 8.58  | 9.40  | 1.99   | 6.32   | 6.51  |

Source: IMF World Economic Outlook Database

## Economic Outlook

According to the IMF, Rwanda is still dealing with the fallout from the COVID-19 pandemic. A second wave of infections led to a tightening of restrictions in December 2020 and led a three-week lockdown in Kigali in January 2021. Some of the restrictions on mass movements, including the imposition of curfews, continued through the end of the first quarter of 2021.

Headline inflation is projected to have fallen below the National Bank of Rwanda's benchmark in 2021 owing to subdued demand, before an expected pick up in 2022. However, inflationary risks could materialize, including from the increase in international energy and food prices.

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## **Economic Review & Outlook: Tanzania**

# ECONOMIC REVIEW & OUTLOOK - TANZANIA

## TANZANIA



The Tanzanian Shilling has remained relatively stable to the USD appreciating by 1% from 2020 to 2021.

### Macro Environment

The World Bank estimates the GDP growth in Tanzania to have been between 3.5% and 4.5% in 2021, which is below its long-run potential growth rate of about 6%.

Indicators from 2021 present mixed signals and suggest that the global pandemic continues to take a toll on Tanzania's external sector, with exports and tourism below 2020 and 2019 levels. Meanwhile, domestic demand is also weak, with cement production, imports of capital goods and raw materials, and electricity generation all below 2020 levels. Other indicators, such as credit growth, mobility, and telecommunications activity have recovered faster and are now expanding at pre-pandemic rates, suggesting that more rapid growth could be achieved across the economy if the pandemic is adequately managed.

### Monetary Policy

Inflation has remained relatively stable and was recorded as 3.24% in 2021 as compared to 3.29% recorded in 2020.

As of November 2021, the average lending rates for commercial banks was 16.40 % as compared to 16.61% observed in 2020.

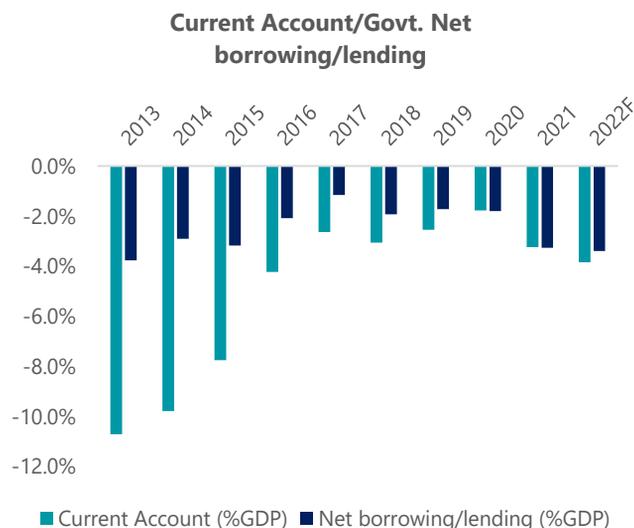
### Balance of payments

For the 11 months to November 2021, the current account deficit widened to USD 1,784.7 million from a deficit of USD 1,140.7 in the corresponding year end of 2020, driven by higher imports.

### Fiscal Policy

A significant reduction in public spending helped the government maintain a sustainable fiscal position. The fiscal deficit widened to 1.1 percent of GDP in the first three quarters of 2020/21, but remained within the government's target due to deep cuts in both recurrent and development expenditures. Domestic revenues missed their target for those three quarters as economic activity slowed; revenue from taxes on domestic income and consumption declined, as did departure fees, hotel taxes, international travel levies, and other tourism-related tax and nontax revenues.

Financing for capital projects has driven an increase in the public debt stock. The total public debt increased by 4.7 percent in the first three quarters of 2020/21.



Source: IMF World Economic Outlook Database

# ECONOMIC REVIEW & OUTLOOK - TANZANIA

| Key Economic Statistics - Tanzania | 2013   | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022F |
|------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Consumer inflation (%)             | 7.87   | 6.132 | 5.588 | 5.17  | 5.319 | 3.509 | 3.448 | 3.289 | 3.235 | 3.396 |
| Real GDP growth (%)                | 6.78   | 6.73  | 6.16  | 6.87  | 6.77  | 6.96  | 6.97  | 4.81  | 4.02  | 5.11  |
| Current account balance (%GDP)     | -10.71 | -9.79 | -7.75 | -4.23 | -2.64 | -3.06 | -2.54 | -1.77 | -3.24 | -3.84 |
| Fiscal balance (%GDP)              | -3.76  | -2.91 | -3.17 | -2.08 | -1.16 | -1.93 | -1.72 | -1.80 | -3.27 | -3.39 |
| Gross government debt (% GDP)      | 32.72  | 36.09 | 39.21 | 39.80 | 40.73 | 40.54 | 39.04 | 39.15 | 39.69 | 39.62 |

Source: IMF World Economic Outlook Database

## Economic Outlook

The global evolution of the pandemic and domestic policies to manage the pandemic are the most important sources of risk to the economic outlook. Restrictions on international travel and trade, stress in global financial markets, and elevated sovereign debt levels continue to adversely impact worldwide economic activity - including foreign direct investment - threatening the projected recovery. While vaccination rates are accelerating, especially in advanced economies, the spread of new variants of COVID-19 could extend the duration of the pandemic.

The shift in the government's approach to COVID-19, combined with its renewed focus on regional trade facilitation, international economic cooperation, and private-sector-led growth, mitigates these risks, but does not eliminate them. Enabling a sustainable recovery in 2022 and maintaining a robust expansion over the medium term will require well-calibrated policies designed to make growth more inclusive and resilient by fostering an inclusive, efficient, and competitive private sector.

# 11

## **Economic Review & Outlook: Ethiopia**

# ECONOMIC REVIEW & OUTLOOK - ETHIOPIA

## ETHIOPIA



### Macro Environment

Ethiopia's economy is experiencing growth on the back of easing restrictions. However, risks are heavily skewed to the downside. The ongoing violent conflict is expected to drag on in 2022, which should hurt household spending and may deter some foreign investment. On top of this, the country's notably low vaccination rate poses another downside risk. Focus Economics panelists see the economy having grown 5.6% in FY 2021, which is down 0.7 percentage points from last month's forecast, and 6.0% in FY 2022.

### Monetary Policy

Ethiopia's annual inflation rate eased slightly to 33.0% in November of 2021, from 34.2% in October. Food prices slowed down (38.9% vs 40.7% in October), despite a lack of commercial goods in Tigray and neighboring Amhara region, where fighting spread in July.

Inflation Rate in Ethiopia is expected to be 32.0% by the end of Q4 in 2021, according to Trading Economics global macro models and analysts expectations. In the long-term, the Ethiopia Inflation Rate is projected to trend around 12.0% in 2022 and 10.0% in 2023, according to econometric models.

### Balance of Payments

Ethiopia recorded a Current Account deficit of USD 926.7 million in the second quarter of 2021.

In the long-term, the Ethiopia Current Account is projected to trend around -USD 720.0 million in 2022 and -USD 1 billion in 2023.

Ethiopia recorded a trade deficit of USD 2,735.1 Million in the second quarter of 2021. According to trading economics, Ethiopia's economic Balance of Trade is projected to trend around -USD 2,800.0 million in 2022 and -USD 3,020.0 million in 2023.

### Fiscal Policy

Ethiopia's Gross Domestic Product (GDP) growth is expected to fall to 2.0% in 2021 and recover to 8.0% in 2022 as industry and service sectors rebound according to a report by African Development Bank (AFDB).

The country's fiscal deficit is projected to rise due to delay in tax policy reforms which have been affected by the pandemic while its increased use of open market operations is expected to gradually reduce inflation.

### C/A and Fiscal Deficit



Source: IMF World Economic Outlook Database

# ECONOMIC REVIEW & OUTLOOK - ETHIOPIA

| Key Economic Statistics - Ethiopia | 2013   | 2014   | 2015   | 2016  | 2017   | 2018   | 2019   | 2020   | 2021   | 2022F  |
|------------------------------------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|
| Consumer inflation (%)             | 8.07   | 7.40   | 9.57   | 6.63  | 10.69  | 13.83  | 15.81  | 20.35  | 32.00  | 9.91   |
| Real GDP growth (%)                | 9.90   | 10.30  | 10.40  | 8.00  | 10.21  | 7.70   | 8.97   | 6.06   | 1.99   | 7.93   |
| Current account balance (%GDP)     | -6.06  | -6.60  | -11.73 | -9.40 | -8.51  | -6.52  | -5.32  | -4.46  | -4.65  | -2.87  |
| Fiscal balance (%GDP)              | -1.931 | -2.582 | -1.947 | -2.34 | -3.243 | -3.029 | -2.528 | -2.764 | -2.977 | -2.998 |
| Gross government debt (% GDP)      | 47.50  | 47.55  | 54.46  | 55.83 | 57.72  | 61.11  | 57.60  | 55.43  | 57.11  | 55.76  |

Source: IMF World Economic Outlook Database and African Economic Outlook

## Economic Outlook

The medium-term economic outlook is contingent on the resolution of the COVID-19 crisis, the pace of the economic recovery, and such other shocks as civil strife and climate change. Real GDP growth in 2021 is projected to have fallen to 2.0%, then recover to about 8.0% in 2022, led by a rebound in industry and services. Monetary policy is expected to remain flexible in response to the government's financing requirements. Increased use of open-market operations is expected to reduce inflation gradually.

# 12

## Disclosed\* PE Deals - 2021

*\*Transactions that were publicly disclosed during the year. This list and subsequent lists are a fair reflection of the deal activity in the region but do not purport to be comprehensive.*

# SELECTED PE DEALS IN EA - 2021

| Date      | Buyer             | Seller                          | Deal Size (M USD) | Sector             | Type      | Target Nation | Synopsis   |
|-----------|-------------------|---------------------------------|-------------------|--------------------|-----------|---------------|--|
| 09-Jan-21 | XSML              | Ecopharm                        | Undisclosed       | Healthcare         | PE        | Uganda        | XSML invested in Ecopharm through its third fund under management, ARF III. The fund targets growing, well-managed and medium-sized enterprises.   |
| 12-Jan-21 | TPG Growth        | GRO Intelligence                | 85                | ICT                | PE        | Kenya         | TPG Growth supported GRO Intelligence which is an AI-powered insight company providing decision-making tools, solutions and analytics to the food, agriculture and climate economies. The financing accelerated the growth and global adoption of the Gro Platform, enhancing the platform's machine-learning capabilities and delivering localised insights on food, agriculture and climate risk.  |
| 02-Feb-21 | Incofin           | EFC Uganda (MDI) Limited        | Undisclosed       | Financial Services | PE        | Uganda        | Incofin Investment Management signed a multi-million dollar debt investment in EFC Uganda Limited through its agro-focused fund agRIF. EFC Uganda is one of the fastest-growing microfinance institutions in Uganda.   |
| 15-Feb-21 | Dynamo Ventures   | Amitruck                        | Undisclosed       | Logistics          | PE        | Kenya         | Dynamo Ventures invested in Amitruck, a trucking logistics marketplace that connects truckers with shippers using web and mobile applications.   |
| 15-Feb-21 | Zoscales Partners | Pioneer Diagnostic Center (PDC) | Undisclosed       | Healthcare         | PE        | Ethiopia      | Zoscales Partners made a follow on investment into Pioneer Diagnostic Center, a diagnostic imaging service provider in Ethiopia, acquiring a controlling stake in the company.   |
| 08-Mar-21 | SunFunder         | Winch Energy                    | 2                 | Energy             | PE (Debt) | Uganda        | SunFunder disbursed a new USD 2 million loan to Winch Energy for the construction of 25 mini-grids in northern Uganda. It is part of the UK-based mini-grid developer's new limited-recourse financing platform Winch Energy IPP Holdings, established with NEoT Offgrid Africa. The loan will finance part of the construction of the rural electrification projects in Uganda's northern Lamwo region, which borders South Sudan.  |
| 06-Apr-21 | Meridiam          | Raxio Group                     | 48                | ICT                | PE        | Uganda        | The Raxio Group, a pan-African data centre developer and operator, and Meridiam, a global asset and fund manager specialising in sustainable infrastructure and energy transition projects, announced a partnership to deploy a network of data centres across the African continent. Under this agreement, Meridiam was expected to invest USD 48 million to support the continued deployment of data centres in Africa. Raxio has data centres in Uganda, Ethiopia and the DRC.                        |
| 08-Apr-21 | AgDevCo           | Uzima Chicken Limited           | 3                 | Agribusiness       | PE (Debt) | Rwanda        | AgDevCo announced a USD 3 million follow-on mezzanine debt investment into Uzima Chicken Limited, a poultry company operating in Rwanda and Uganda. AgDevCo's first investment in 2017 helped launch Uzima in Rwanda. From a brownfield site, the company has grown rapidly and now reaches customers in over 59,000 households. This investment provides Uzima with further capital to expand its production capacity, vertically integrate into poultry feed and widen its already significant impact. |

# SELECTED PE DEALS IN EA - 2021

| Date      | Buyer                                  | Seller                          | Deal Size (M USD) | Sector                  | Type                | Target Nation | Synopsis   |
|-----------|--|---------------------------------|-------------------|-------------------------|---------------------|---------------|--|
| 26-May-21 | Mobility 54                            | AiCare                          | Undisclosed       | Financial Services      | PE                  | Kenya         | Toyota Tsusho Corporation ('Toyota Tsusho') and its group company CFAO SAS ('CFAO') invested in AiCare Group, Inc. ('AiCare'), a provider of telematics systems for insurance companies in Kenya. The investment was expected to be engaged by Mobility 54 Investment SAS ('Mobility 54') - a corporate venture capital subsidiary of Toyota Tsusho.   |
| 2-Jun-21  | ADAP Capital LLC                       | FarmMoja                        | Undisclosed       | Agribusiness            | PE                  | Kenya         | ADAP Capital LLC, through its ADAP Fund 2, announced the investment in FarmMoja. Based in Kericho, Kenya, FarmMoja provides training and inputs for smallholder farmers to get more efficient market access. FarmMoja has piloted its initial model in the Kericho region, working with hundreds of farmers, utilizing its demonstration for farm research, practical learning and skills training.  |
| 1-Jun-21  | Adenia Partners                        | Africa Biosystems Limited (ABL) | Undisclosed       | Healthcare              | PE - VC             | Kenya         | Adenia Partners, a private equity firm investing in Africa announced it has completed the acquisition of Africa Biosystems Limited (ABL), a leading distributor of life sciences and clinical diagnostics equipment in East Africa. Financial terms of the deal were not disclosed. Adenia will work together with ABL to expand its operations in its core East African markets, with a focus on accelerating its installed base of scientific instruments. |
| 9-Jun-21  | Addis Ababa Angles Network             | Eshi Express                    | Undisclosed       | Transport and Logistics | PE                  | Ethiopia      | Addis Ababa Angles Network invested in Eshi Express, a delivery service firm. Delivery services in Ethiopia are highly fragmented and predominantly done by company vehicles, personnel or informal players. This leads to high cost of goods, management headaches and inconvenience to people and organisations.   |
| 22-Jun-21 | Agri-Business Capital Fund (ABC Fund). | Apollo Agriculture              | 1                 | Agribusiness            | PE (Debt)           | Kenya         | Agri-tech startup Apollo Agriculture, which uses machine learning and automated operations technology to help small-scale farmers access the resources they need to maximise their profitability, raised USD 1 million in debt funding from the Agri-Business Capital Fund (ABC Fund). Based in Nairobi, Apollo Agriculture is a commercial farming platform for small-scale farmers that uses machine learning and automated operations technology          |
| 23-Jun-21 | Acumen                                 | Ed Partners Africa              | Undisclosed       | Education               | PE                  | Kenya         | Acumen, a global social impact investor, made an investment in Ed Partners Africa, a financial institution that provides affordable private schools in Kenya with financing to enable the development of school infrastructure. Affordable private schools in Kenya play an important role in delivering education and can be integral to breaking the cycle of poverty.   |
| 23-Jun-21 | FSD Africa Investments (FSDAi)         | Nithio FI                       | 4.5               | Energy                  | PE                  | Kenya         | FSD Africa Investments (FSDAi), the investing arm of FSD Africa, pumped US\$4.5 million in Nithio FI, a renewable energy financing intermediary focused on the Pay as You Go (PAYG) off-grid solar sector, to provide reliable and sustainable renewable energy solutions for households and small businesses in Kenya, Nigeria, and Uganda.   |
| 12-Jul-21 | AgDevCo                                | Victory Farms                   | Undisclosed       | Agribusiness            | PE (Mezzanine Debt) | Kenya         | AgDevCo announced a multi-million-dollar mezzanine debt investment in Victory Farms, a rapidly growing aquaculture company in Kenya. AgDevCo's investment will support the company's continued growth and impact, including the construction of a feed mill and expansion into new countries in the East Africa region.  |

# SELECTED PE DEALS IN EA - 2021

| Date      | Buyer   | Seller                             | Deal Size (M USD) | Sector             | Type      | Target Nation | Synopsis   |
|-----------|---|------------------------------------|-------------------|--------------------|-----------|---------------|--|
| 13-Jul-21 | OikoCredit  | Unaitas Sacco                      | 9.3               | Financial Services | PE (Debt) | Kenya         | Unaitas Sacco secured KES 1 billion funding from Dutch private equity Oikocredit International for onward lending to small and medium enterprises. The Sacco said the funds will be repaid over six years allowing them to offer loans to over 5,000 farmers' groups and cooperatives, individual farmers, farm input dealers and transporters. The funds are part of the sacco and Dutch PE firm's efforts to help firms recover from an economic fallout caused by the Covid-19 pandemic that has led to massive layoffs, pay cuts and shutdowns amid a decline in sales and customer traffic. |
| 26-Jul-21 | Tana Africa Capital                                     | Africa Protein Holdings Limited    | Undisclosed       | Manufacturing      | PE        | Kenya         | Tana Africa Capital, a pan-African private equity firm, announced its investment through its second fund, Tana Africa Capital II (TAC II), into Africa Protein Holdings Limited, which is a Mauritius based holding company which includes Quality Meat Packers Ltd and Anirita Poultry Farm Plc (the QMP Group) whose operations are based in Kenya.  |
| 27-Jul-21 | Actis Africa Real Estate                                | City Lodge Hotels                  | 10                | Hospitality        | PE        | Kenya         | South Africa's City Lodge Hotel Group sold its stakes in three hotels in Kenya, as well as its City Lodge Hotel Dar es Salaam in Tanzania, to subsidiaries of the UK-based investment firm Actis. The Kenyan hotels, 127-room Fairview Hotel in Nairobi, the 171-room City Lodge Hotel at Two Rivers in Runda also in Nairobi and the 84-room Town Lodge Upper Hill in Nairobi, were to be sold for almost R141 million (USD 9.5 million) while the Tanzanian hotel was expected to fetch R1 million (USD 67,366).   |
| 6-Aug-21  | Qatar Holding LLC                                       | Airtel Mobile Commerce BV (AMC BV) | 200               | Financial Services | PE        | Kenya         | Qatar Holding LLC, an affiliate of the Qatar Investment Authority (QIA), agreed to a minority stake in Airtel Mobile Commerce BV (AMC BV) for USD 200 million, which valued Airtel Africa's mobile money business at USD 2.65 billion. AMC BV is the holding company for several of Airtel Africa's mobile money operations.   |
| 9-Aug-21  | Pearl Capital Partners                                  | Pura Organic Agro Tech Ltd         | 2.5               | Agribusiness       | PE        | Uganda        | The Yield Uganda Investment Fund, which is managed by Pearl Capital Partners, announced an investment of \$2.5 million in Pura Organic Agro Tech Ltd structured in both straight equity and patient debt investment. This marks the fund's eighth investment into the Ugandan agriculture sector but more uniquely, the first substantial value addition investment into the cassava value chain. Pura, which was incorporated in 2011, is located in Nakasongola District, Central Uganda.  |
| 2-Sep-21  | Yield Uganda Investment Fund and FCA Investments (FCAI) | AMFRI Farms                        | 1.51              | Agribusiness       | PE        | Uganda        | Yield Uganda Investment Fund and FCA Investments (FCAI) announced a €1.3 million investment in AMFRI Farms. AMFRI Farms is a pioneering organic farming, processing and exporting company working closely with diverse communities all over Uganda, in training and production of certified organic fruits and vegetables, processed for the export market. AMFRI Farms started its journey in Luwero in 1998, at the company's Kyampisi Estate.   |
| 20-Sep-21 | SprintX Venture Studio                                  | Jumuisha                           | Undisclosed       | ICT                | PE        | Kenya         | Jumuisha, a fintech startup that helps churches and NGOs receive donations, make payments and manage events all in one place, raised a round of seed funding to accelerate product development. The undisclosed amount of capital came from SprintX Venture Studio, based out of Austin, United States (US). Owned by 3pm Ventures, Sprint will also provide Jumuisha with business strategy, marketing and technology expertise to help it grow.  |

# SELECTED PE DEALS IN EA - 2021

| Date      | Buyer   | Seller                          | Deal Size (M USD) | Sector             | Type | Target Nation | Synopsis  |
|-----------|---|---------------------------------|-------------------|--------------------|------|---------------|---|
| 20-Sep-21 | Undisclosed                                   | Greenspoon Ltd                  | Undisclosed       | ICT                | PE   | Kenya         | Greenspoon Ltd, celebrating its 5th anniversary this month, has secured growth capital for rapid expansion. Greenspoon is Kenya's first online food store to offer full transparency to its customers around the source of their food. Greenspoon has shown strong organic growth over the past 5 years but found itself constrained in terms of space and logistics capacity. The growth capital will be used to fund warehousing & logistics capacity, build new online technology for improved customer experience, and increase sustainability.   |
| 23-Sep-21 | Oikocredit                                    | Sidian Bank                     | 9                 | Financial Services | PE   | Kenya         | Sidian Bank, a mid-tier bank focusing on Small and Medium Enterprises (SMEs) in Kenya signed US\$9 million deal with the Netherlands-based social impact investor, Oikocredit. The bank secured a funding deal that will enable the bank to support onward lending to the SME sector in Kenya. The funding will be utilized to support the bank's growth plans to further its strategy of providing affordable credit to its SME clients and privately-owned business enterprises as it works towards empowering entrepreneurs to realize their potential through providing tailor-made financial solutions.        |
| 24-Sep-21 | Zoscales Partners                             | Pioneer Diagnostic Center       | Undisclosed       | Healthcare         | PE   | Ethiopia      | Zoscales Partners, which chases small and medium enterprises in Ethiopia and the rest of East Africa, has struck its second control deal in the healthcare sector this year. The move comes after the private equity firm made a follow-on transaction to buy a majority stake in an existing portfolio company.  |
| 13-Oct-21 | Japan International Cooperation Agency (JICA) | Sanergy                         | 2.5               | ICT                | PE   | Kenya         | Sanergy, a tech-enabled startup and the owner of the Fresh Life toilets franchise, has received US\$2.5 million funding from the Japan International Cooperation Agency (JICA). This is in an effort to address the city's growing sanitation needs while also helping farmers across Kenya produce more crops with fertilizer produced as a byproduct. Sanergy plans to expand its reach into additional African and Southeast Asian cities, on the wings of the investment.   |
| 13-Oct-21 | GridX Duara Holdings                          | Two Rivers Power Company (TPRC) | 7                 | Energy             | PE   | Kenya         | Pan-African commercial and industrial solar and distributed energy financier GridX Duara Holdings has injected Shs770 million (US\$7 million) investment into Two Rivers Power Company (TPRC). TPRC is a wholly-owned subsidiary of Two Rivers Development Limited (TRDL) and was established to ensure the provision of reliable power to the Two Rivers Development in Nairobi, Kenya. The investment will be used to expand renewable energy infrastructure for Centum Real Estate projects.   |
| 14-Oct-21 | Adenia Partners                               | Altlands SA                     | Undisclosed       | Agribusiness       | PE   | Kenya         | Private equity firm, Adenia Partners, has taken a controlling stake in Altlands SA, the parent company of Red Lands Roses, a grower with operations in Kenya, for an undisclosed amount. Adenia Partners, through Red Lands' management, now plan to increase roses production in Kenya by cultivating flowers in an additional 20 hectares of land, as it seeks to grow its revenues by increasing supply to meet the needs of its existing customers and new ones. It said that this will create an additional 250 jobs over the next two years, to bring its number of employees to 750, most of whom are women. |

# SELECTED PE DEALS IN EA - 2021

| Date      | Buyer  | Seller                          | Deal Size (M USD) | Sector             | Type      | Target Nation | Synopsis  |
|-----------|--|---------------------------------|-------------------|--------------------|-----------|---------------|---|
| 22-Oct-21 | Goodwell Investments   | Asante Financial Services Group | 7.5               | Financial Services | PE        | Kenya         | Asante Financial Services Group announced US\$7.5 million Series A investment anchored by Goodwell Investments with participation by other investors including Sorenson Impact Foundation and Forsage Holdings. Asante is a high-impact fintech focused on supporting the growth of African Micro, Small and Medium Enterprises (MSMEs). The Series A investment enables Asante to scale its credit offerings to the underserved segment of MSMEs in Kenya and Uganda and expand to Nigeria and Rwanda.   |
| 27-Oct-21 | Triodos Investment Management  | Sidian Bank                     | 10                | Financial Services | PE        | Kenya         | Sidian Bank has secured Sh1.1 billion from Triodos Investment Management for onward lending to Micro, Small and Medium Enterprises (MSMEs) in Kenya. The facility, to be repaid in five years, will support the bank in its focus on providing credit to Micro, Small and Medium-Sized Enterprises. "As Sidian Bank, we are passionate about supporting the growth of Micro and SME customers in line with our goal to be the preferred bank for provision of financial solutions to entrepreneurs," said Sidian chief executive officer Chege Thumbi in a statement Tuesday. |
| 29-Oct-21 | TLcom Capital, 4DX Ventures and Golden Palm Investments, Enza Capital and Lateral Capital. Others are new participants, ASK Capital and Mobility 54 Investment SAS | Autochek                        | 13.1              | ICT                | PE        | Kenya         | Digital automotive company Autochek received Sh1.5 billion (\$13.1million) seed funding that will be used for expansion beyond the five countries it operates through financing vehicle ownership. The seed funding was raised by Autochek's lead investors - TLcom Capital and 4DX Ventures - and existing investors including Golden Palm Investments, Enza Capital and Lateral Capital. Others are new participants, ASK Capital and Mobility 54 Investment SAS - the venture capital arm of Toyota Tsusho group company, CFAO Group.                                      |
| 10-Nov-21 | AfricInvest  | Ruai Family Hospital Limited    | Undisclosed       | Healthcare         | PE (Debt) | Kenya         | AfricInvest - a pan-African asset management platform covering private equity, venture capital and private credit - entered into a strategic partnership with Ruai Family Hospital Limited (trading as RFH Healthcare) through a facility provided by its debt vehicle, AfricInvest Private Credit (APC). RFH Healthcare is backed by RFH Specialist Hospital, one of only twelve Level 5 facilities in Nairobi, and the only one in East of Nairobi.   |
| 30-Nov-21 | Optimizer Foundation   | Viebeg Technologies             | Undisclosed       | Healthcare         | PE        | Rwanda        | Swedish impact investor Optimizer Foundation invested in Viebeg Technologies, a Rwanda-based healthtech company that provides medical supplies and equipment across East and Central Africa through a data-driven procurement platform. The highly fragmented nature of supply chains for medical equipment and supplies in most African markets results in several layers of middlemen and subsequently, punitive price mark ups excluding thousands of patients from quality and affordable healthcare.   |

# SELECTED PE DEALS IN EA - 2021

| Date      | Buyer   | Seller                       | Deal Size (M USD) | Sector       | Type      | Target Nation | Synopsis  |
|-----------|---|------------------------------|-------------------|--------------|-----------|---------------|---|
| 8-Dec-21  | Undisclosed Investors   | Twiga Foods                  | Undisclosed       | FMCG         | PE        | Kenya         | Twiga Foods expanded its operations to parts of Nyanza and South Rift Valley after raising new capital from international investors to fund expansion. Twiga said the expansion will cover Kisii town, Kaplong in Bomet, Kilgoris in Narok, Migori, Awendo and Oyugis. The month before, Twiga raised Sh5.56 billion (\$50 million) from a group of private equity firms, which was also to finance its planned foray into new markets in West Africa. The Covid-19 pandemic disrupted the expansion, which was to happen early this year.  |
| 8-Dec-21  | Yield Uganda Investment Fund and FCA Investments                  | Sausage King 3000 Uganda Ltd | Undisclosed       | Agribusiness | PE        | Uganda        | Yield Uganda Investment Fund (Yield Fund) and FCA Investments Oy (FCAI), announced a co-investment in Sausage King 3000 Uganda Ltd (Sausage King), a premier meat processor in Uganda. This marks Yield Fund's eleventh investment into Uganda's agriculture sector. Sausage King, a pioneering meat processing company 30 kilometers outside of Kampala, was established in February 2019 and specializes in value addition and processing of beef, poultry, and pork into convenient premium meat products. Sausage rolls, cold cuts, and speciality cuts are among the products produced by the company. |
| 14-Dec-21 | United States International Development Finance Corporation (DFC) | Apollo Agriculture Limited   | 9.5               | Agribusiness | PE (Debt) | Kenya         | Nairobi-based financier Apollo Agriculture Limited secured a Sh1.07 billion (\$9.5 million) loan from the United States International Development Finance Corporation (DFC) for onward lending to smallholder farmers in the country. While announcing the 10-year loan, the DFC said the facility would help improve food security in Kenya by boosting Apollo's ability to support smallholder farmers. Last year Apollo also raised about \$6 million in another round of funding for onward-lending to farmers.   |
| 17-Dec-21 | Google  | SafeBoda                     | Undisclosed       | ICT          | PE        | Uganda        | Internet giant Google, announced that it made the first investment from its Africa Investment Fund in Ugandan super app SafeBoda, reports TechCrunch Africa. The undisclosed investment came two months after Alphabet CEO Sundar Pichai announced the tech giant's intentions to commit US\$1 billion over the next five years in "tech-led initiatives", which includes a US\$50 million Africa Investment Fund targeted at early- and growth-stage start-ups on the continent. He made this known at the Google for Africa event in October.   |

# SELECTED DFI DEALS IN EA - 2021

| Date      | Buyer   | Seller                                   | Deal Size (M USD) | Sector             | Type            | Target Nation | Synopsis   |
|-----------|---|--|-------------------|--------------------|-----------------|---------------|--|
| 21-Jan-21 | Solar Frontier Capital Limited, Norfund and d.light | Brighter Life Kenya 1 (BLK 1)            | 127               | Energy             | PE - DFI (Debt) | Kenya         | Solar Frontier Capital Limited, Norfund and d.light have jointly announced the expansion of BLK 1. d.light CEO excited that millions will have access to clean energy. In addition, the innovative structure expands affordable clean energy to more than a million Kenyans.   |
| 11-Mar-21 | DEG, CDC and FMO                                    | Equity Holdings                          | 100               | Financial Services | PE - DFI (Debt) | Kenya         | Equity Group Holdings signed a USD 100 million loan facility with Germany's DEG, the UK's CDC Group, and the Netherlands FMO.  |
| 21-May-21 | IFC   | I&M Bank Kenya                           | 50                | Financial Services | PE - DFI (Debt) | Kenya         | I&M Bank Kenya received a USD 50 million (KES 5.4 billion) long-term loan from the International Finance Corporation to boost its capital and expand its lending to small and medium-sized businesses. I&M Bank was the latest among local banks to raise billions of shillings from international financiers to fund their expansion and ride out the increased economic risks brought by the Covid-19 pandemic.  |
| 27-May-21 | Proparco  | d.light                                  | 10                | Energy             | PE - DFI        | Kenya         | d.light, a leading innovator of solar energy products, announced that it had raised USD 10 million in equity financing from Proparco. This latest funding will enable the expansion of the company's solar and Pay-Go consumer finance business in Africa.   |
| 2-Jun-21  | OP Finnfund Global Impact Fund I                    | EthioChicken                             | 5                 | Agribusiness       | PE - DFI        | Ethiopia      | OP Finnfund Global Impact Fund I, the first global emerging markets impact fund in Finland, has invested \$5 million in EthioChicken, an Ethiopian poultry company. Established in 2010, EthioChicken has become a forerunner and one of the largest poultry companies in East Africa. EthioChicken currently operates eight poultry farms and four hatcheries, which produce and supply young chicken for households in rural Ethiopia.   |
| 4-Jun-21  | Proparco, IFU, Si Advisers LLP                      | Global Tea & Commodities                 | Undisclosed       | Agribusiness       | PE - DFI        | Kenya         | British multinational tea packer Global Tea & Commodities has sold an equity stake to three European financiers, raising funds for expansion of its Kenyan unit, which packages the Kericho Gold and Baraka Chai tea brands. The three firms—French development finance institution Proparco, Danish sustainable investment fund IFU and London based investment and advisory firm Si Advisers LLP—did not disclose the amount invested or the size of equity they are taking up.                  |
| 19-Aug-21 | Finnfund  | Bandwidth and Cloud Services Group (BCS) | 12                | IT                 | PE - DFI (Debt) | Kenya         | Finnfund provided a USD 12 million senior loan to Bandwidth and Cloud Services Group (BCS), a telecom infrastructure provider operating in several African countries. With Finnfund's help as a key project investor, BCS is expanding its operations in East, Central and Southern Africa.  |
| 4-Oct-21  | IFC   | Guaranty Trust Bank                      | 15                | Financial Services | PE - DFI (Debt) | Kenya         | The International Finance Corporation lent \$15 million (Sh1.6 billion) to Guaranty Trust Bank Kenya for onward lending to small and medium sized firms (SMEs). The loan is part of IFC's funding of financial institutions in emerging markets under its Covid-19 crisis response programme. The loans are designed to be disbursed to companies whose cash flows have been disrupted by the pandemic, helping to boost their working capital among other needs.                                  |
| 29-Oct-21 | International Finance Corporation (IFC)             | Antler East Africa                       | 15                | Financial Services | PE - DFI        | Kenya         | Nairobi-based venture capital fund Antler East Africa raised \$15 million (Sh1.6 billion) from institutional investors, including the International Finance Corporation (IFC), to invest in local and regional start-ups. The company says it invests \$100,000 (Sh11.1 million) for a 20 percent stake in each company selected by its investment committee. IFC is set to invest a total of \$2 million (Sh222 million) in Antler which will raise the rest of the capital from other investors. |

## SELECTED VC DEALS IN EA - 2021

| Date      | Buyer   | Seller           | Deal Size (M USD) | Sector             | Type    | Target Nation | Synopsis   |
|-----------|---|------------------|-------------------|--------------------|---------|---------------|--|
| 25-Jan-21 | TCom; Women's World Banking                                   | Pula             | 6                 | ICT                | PE - VC | Kenya         | Pula, a Kenyan insurtech startup that specialises in digital and agricultural insurance to derisk millions of smallholder farmers across Africa, has closed a Series A investment of \$6 million. The round was led by Pan-African early-stage venture capital firm, TCom Capital, with participation from nonprofit Women's World Banking. The raise comes after Pula closed \$1 million in seed investment from Rocher Participations with support from Accion Venture Lab, Omidyar Network and several angel investors in 2018. |
| 29-Jan-21 | AXA IM Alts, Mani Kapital, Kepple Ventures                    | Sanergy          | Undisclosed       | Environment        | PE - VC | Kenya         | AXA IM Alts <sup>1</sup> , through the AXA Impact Fund Climate and Biodiversity <sup>2</sup> , along with Mani Kapital and Kepple Ventures, two Tokyo-based investment platforms, have invested in Sanergy, an organics recycling company transforming how cities in the developing world manage waste by upcycling it into valuable agricultural inputs – insect-based protein for animal feed, organic fertilizer, and biomass fuel.   |
| 05-Feb-21 | GreenHouse Capital  | Popote           | Undisclosed       | Financial Services | PE - VC | Kenya         | GreenHouse Capital invested in Kenyan startup Popote which is solving the problem of financial control by leveraging technology. Popote launched its primary product, a payment, expense management and accounting solution called PopotePay, in 2017.   |
| 18-Feb-21 | DFC   | Kasha Global Inc | 1                 | Healthcare         | PE - VC | Kenya         | DFC invested \$1 million in Kasha Group Inc, an e-commerce company that provides women's health and personalcare products to customers in Kenya and Rwanda.  |
| 07-Mar-21 | EDF Group & African Infrastructure Investment Managers (AIIM) | Bboxx            | Undisclosed       | Energy             | PE - VC | Kenya         | Off-grid solar business Bboxx landed additional investments from two existing partners for its Kenya unit, enabling it to ramp up the sales and installation of the company's solar home systems in the East African country.  |
| 30-Mar-21 | HAVAIC, Zedcrest Capital, DFS Lab, Victor Asemota             | Tanda            | Undisclosed       | Financial Services | PE - VC | Kenya         | Kenyan agency banking startup Tanda announced that it had secured funding from a group of investors including HAVAIC, Zedcrest Capital and DFS Lab. Tanda has also secured key strategic partnerships with Mastercard and Interswitch which will further accelerate its growth.  |
| 31-Mar-21 | Partech and Enza Capital                                      | Tugende          | 3.6               | ICT                | PE - VC | Uganda        | Tugende, a technology-enabled asset finance company in East Africa closed USD 3.6 million in additional equity financing. The round was led by Partech, with participation from Enza Capital and regionally based angel investors. The investment, which was agreed and structured in 2020, is an extension of Tugende's series A, for which the first close was announced in September 2020, and led by Toyota Tsusho's Mobility 54.  |
| 08-Apr-21 | Enza Capital, Partech Africa                                  | Tugende          | 3.6               | Financial Services | PE - VC | Uganda        | Ugandan technology-enabled asset finance company Tugende closed a USD 3.6 million Series A extension round. The extension round was led by Partech and Enza Capital who invested USD 3.6 million and brought the Series A total to USD 9.9 million.  |

## SELECTED VC DEALS IN EA - 2021

| Date      | Buyer  | Seller               | Deal Size (M USD) | Sector             | Type    | Target Nation | Synopsis   |
|-----------|--|----------------------|-------------------|--------------------|---------|---------------|--|
| 09-Apr-21 | Ecosystem Integrity Fund   | Ampersand Rwanda Ltd | 3.5               | Logistics          | PE - VC | Rwanda        | Ampersand Rwanda Ltd, Africa's first electric motorcycle company, secured a USD 3.5 million investment from the Ecosystem Integrity Fund (EIF). The deal is the largest ever e-mobility investment by a venture capital fund in sub-Saharan Africa.  |
| 15-Apr-21 | MFS Africa, DRK Foundation, Equilibria Capital and the Segal Family Foundation | Numida               | 2.3               | Financial Services | PE - VC | Uganda        | Numida, a Uganda-based fintech business, closed a USD 2.3 million seed round led by pan-African payments company, MFS Africa, with participation from DRK Foundation, Equilibria Capital and the Segal Family Foundation alongside angel investors. With this new financing, Numida plans to expand aggressively in Uganda and pilot in a new market.  |
| 22-Apr-21 | Persistent   | Ecobodaa             | Undisclosed       | Logistics          | PE - VC | Kenya         | Ecobodaa raised a round of funding from Persistent Energy Capital to help it grow. Ecobodaa aims to provide more affordable, safer, connected and environmentally-friendly means of transportation for commuters in African cities, and works on a rent-to-own model so that its riders can eventually own the electric powered motorcycles. Persistent Energy Capital also has a venture-building approach that includes technical and financial advisory support.  |
| 1-May-21  | Kepple Africa Ventures and Blue Haven  | TIBU Health          | Undisclosed       | Healthcare         | PE - VC | Kenya         | TIBU Health successfully raised seed funding from the Blue Haven Initiative and Kepple Africa Ventures. TIBU leverages its proprietary healthtech logistics platform to connect patients to healthcare professionals and services at a time and location of their choosing. The company is the proprietary owner of two mobile platforms and medical kits designed to replicate the capabilities of a primary outpatient healthcare centre.                          |
| 05-May-21 | Accion Venture Lab   | Lami Technologies    | 1.8               | ICT                | PE - VC | Kenya         | Nairobi-based insurtech startup Lami Technologies secured USD 1.8-million in a seed funding round led by Accion Venture Lab with participation from AAIC, Consonance, P1 Ventures, Acuity Ventures, The Continent Venture Partners, and Future Africa.   |
| 15-Jun-21 | SANAD Fund for MSME, Aavishkaar, UNCOVERED FUND, and KSK Angel Fund            | Sky.Garden           | 4                 | ICT                | PE - VC | Kenya         | Sky.Garden, an e-commerce platform, closed a USD4 million round of Series A funding to accelerate its growth. The startup raised a USD1.2 million seed funding round in 2018, and it has now taken on a further US\$4 million in capital via a Series A round featuring SANAD Fund for MSME, Aavishkaar, UNCOVERED FUND, and KSK Angel Fund, the latter founded by Japanese footballer Keisuke Honda.  |
| 19-Jul-21 | EQ2 Ventures   | Aifluence            | 1                 | ICT                | PE - VC | Kenya         | Kenya-based marketing platform Aifluence raised USD 1 million (Sh108 million) in new seed capital from global venture capital backers for expansion into new markets in Africa and Asia. The firm, which carries out artificial intelligence backed influencer marketing, said the funding round was led by Dubai-based EQ2 Ventures, and joined by Antler East Africa, Nigerian VC OUI Capital, ArabyAds with participation from an unnamed European family office. |

## SELECTED VC DEALS IN EA - 2021

| Date      | Buyer   | Seller              | Deal Size (M USD) | Sector     | Type    | Target Nation | Synopsis   |
|-----------|---|---------------------|-------------------|------------|---------|---------------|--|
| 10-Aug-21 | EchoVC, China-based global fund<br>MSA Capital and Kepple Africa Ventures | Wapi Pay            | 2.2               | IT         | PE - VC | Kenya         | Wapi Pay, a fintech company based in Kenya, raised \$2.2 million in pre-seed funding to scale up global payments and remittances between Africa and Asia. The investors included EchoVC, China-based global fund MSA Capital and Kepple Africa Ventures. Existing investors are Future Hub, Gobi Ventures and Transsion Holding.   |
| 27-Aug-21 | Beyond Capital Ventures   | Viebeg Technologies | Undisclosed       | IT         | PE - VC | Rwanda        | Newly launched impact venture capital firm Beyond Capital Ventures announced its first investment: Viebeg Technologies. Based in Rwanda, Viebeg is a healthtech company that provides medical supplies and equipment throughout Central and East Africa through an innovative data-driven procurement platform. Beyond Capital Ventures joined its co-investment partners Beyond Capital Fund and Eckenstein Geigy Stiftung in Viebeg's pre-seed funding round.  |
| 8-Sep-21  | GreenHouse Capital  | Pezesha             | Undisclosed       | IT         | PE - VC | Kenya         | Nairobi-based fintech Pezesha has raised a seven-figure seed extension from GreenHouse Capital, a leading African fintech investment fund. According to reports, the funding will be utilised towards the fintech's expansion of its embedded credit infrastructure across the African continent. Further to this investment, the fintech secured on-lending liquidity support from Venture Garden Group. This will further assist the fintech in expanding the capital available for its institutional partners who lend funding to SMEs. |
| 3-Nov-21  | One Ventures  | Opibus              | 8                 | Automotive | PE - VC | Kenya         | Opibus, an electric mobility startup, raised US\$7.5 million in equity and grant funding to help it scale its operations in electric motorcycle and bus manufacturing. The funding round was led by Silicon Valley fund At One Ventures, and further supported by Factor[e]Ventures and Ambo Ventures. It consists of US\$5 million in equity and USD 2.5 million in additional grants, totaling to USD 7.5 million. The investments will be used to prepare for scale up and mass manufacture of vehicles, beginning next year.           |
| 9-Nov-21  | Templeton World Charity Foundation  | Shamiri             | 1                 | Healthcare | PE - VC | Kenya         | Shamiri Institute, a mental health startup, raised USD 1 million in funding from the Templeton World Charity Foundation to tackle the scourge of mental health in Kenya and the rest of the African continent. According to the institute, the funding was to enable them build strategies for promulgating their character-based data-driven interventions to African youth and to scrutinise the long-term health objectives and outcomes of these interventions.  |
| 11-Nov-21 | Rwanda Innovation Fund  | Viebeg Technologies | 1                 | Healthcare | PE - VC | Rwanda        | Viebeg Technologies, a Rwandan health-tech startup, that provides high-quality medical supplies and equipment throughout Central and East Africa through an innovative data-driven procurement platform, received a total of US\$1 million in funding. The funding was from the Rwanda Innovation Fund (RIF), managed by Angaza Capital.   |

# SELECTED VC DEALS IN EA - 2021

| Date      | Buyer  | Seller               | Deal Size (M USD) | Sector       | Type           | Target Nation | Synopsis   |
|-----------|--|----------------------|-------------------|--------------|----------------|---------------|--|
| 15-Nov-21 | InfraCo Africa, DOB Equity and Mobility 54   | Zembo Motorcycles    | 3.43              | Automotive   | PE - VC        | Uganda        | Investment firm InfraCo Africa partnered with Dutch investor DOB Equity and Mobility 54 to invest €3 million (US\$ 3.43m) in Zembo Motorcycles SMC's electric mobility solution, to improve its operations.  |
| 25-Nov-21 | Kry and Lendo, Norrsken Impact Accelerator, Bpirfrance and GreenTec Capital  | Asilimia             | 3                 | ICT          | PE - VC (Debt) | Kenya         | Asilimia, a Kenyan-based fintech startup that is building the digital infrastructure to connect African MSMEs to the formal financial economy, secured USD 2 million to grow its team, deliver new services and expand into new markets in East Africa. The startup also raised USD 1 million in pre-seed funding from a wide range of investors, including two-time unicorn founder, Fredrik Jung Abbou (co-founder of Kry and Lendo), Norrsken Impact Accelerator, and other prominent founders from across Europe.  |
| 8-Dec-21  | Harlem Capital, Better Ventures, Accelerated Ventures, Diverse Angels, AVG Basecamp and New General Market Partners. | Pariti               | 2.85              | IT           | PE - VC        | Kenya         | Pariti, a Kenyan marketplace seeking to build a digital network for startups raised \$2.85 million in seed funding led by American diversity-oriented venture firm Harlem Capital. Other investors who took part in the round were Better Ventures, Accelerated Ventures, Diverse Angels, AVG Basecamp and New General Market Partners. Pariti was founded two years ago by Yacob Berhane and Wossen Ayele. It helps entrepreneurs get feedback from experts on their startups, besides connecting with talent and investors. It claims to have more than 880 companies across 42 countries on its platform. |
| 12-Dec-21 | Next Chymia Consulting HK Limited  | Paylend              | 2                 | IT           | PE - VC        | Kenya         | Paylend, a Kenyan FinTech startup focused on providing access to finance and digitising MSMEs in Kenya, raised USD2 million in seed investment from Next Chymia Consulting HK Limited, an Asian-based company that provides blockchain applications, consultancy services and training to global entities.   |
| 23-Dec-21 | 4DX Ventures, To.org, Golden Palm Investments, LoftyInc Capital,   | Wowzi                | 2                 | Marketing    | PE - VC        | Kenya         | Kenyan based influencer marketing platform Wowzi announced a \$2 million seed funding round, led by 4DX Ventures. In addition, To.org, Golden Palm Investments, LoftyInc Capital, Afropreneur Angels, and Future Africa joined the round. Andela co-founder Christina Sass and alumni Jessica Chervin, Justin Ziegler, and Johnny Falla also participated. The \$2 million seed round comes after a previously unannounced \$1.2 million pre-seed round, bringing the total amount raised to date to \$3.2 million.  |
| 28-Dec-21 | Agri-Business Capital Fund (ABC Fund)  | Premier Credit Kenya | 2.3               | Microfinance | PE - VC        | Kenya         | The Agri-Business Capital Fund (ABC Fund) invested €6.4 million (\$7.2 million) via debt in four microfinance providers across Mali, Kenya and Uganda. The fund has committed €2.4 million and €1 million, respectively, to the savings and credit cooperatives Nyesigiso in Mali and EBO in Uganda. It also committed €2 million and €1 million, respectively, to Kenyan credit-only microfinance institutions Premier Credit Kenya and Yehu.   |
| 28-Dec-21 | Agri-Business Capital Fund (ABC Fund)  | Yehu                 | 1.1               | Microfinance | PE - VC        | Kenya         | The Agri-Business Capital Fund (ABC Fund) invested €6.4 million (\$7.2 million) via debt in four microfinance providers across Mali, Kenya and Uganda. The fund has committed €2.4 million and €1 million, respectively, to the savings and credit cooperatives Nyesigiso in Mali and EBO in Uganda. It also committed €2 million and €1 million, respectively, to Kenyan credit-only microfinance institutions Premier Credit Kenya and Yehu.   |
| 28-Dec-21 | Agri-Business Capital Fund (ABC Fund)  | EBO                  | 1.1               | Microfinance | PE - VC        | Uganda        | The Agri-Business Capital Fund (ABC Fund) invested €6.4 million (\$7.2 million) via debt in four microfinance providers across Mali, Kenya and Uganda. The fund has committed €2.4 million and €1 million, respectively, to the savings and credit cooperatives Nyesigiso in Mali and EBO in Uganda. It also committed €2 million and €1 million, respectively, to Kenyan credit-only microfinance institutions Premier Credit Kenya and Yehu.   |

# SELECTED PE EXIT DEALS IN EA - 2021

| Date      | Buyer               | Seller                | Deal Size (M USD) | Sector             | Type      | Target Nation | Synopsis  |
|-----------|---------------------|-----------------------|-------------------|--------------------|-----------|---------------|---|
| 12-Feb-21 | Linkham             | Leapfrog              | Undisclosed       | Financial Services | PE - Exit | Kenya         | LeapFrog Investments fully exited its stake in Kenya-based medical insurance provider Resolution Insurance via a sale to Linkham Group for an undisclosed amount. LeapFrog Investments invested in Resolution Insurance in 2015.  |
| 28-Jun-21 | Kibo Capital        | I&M Bank Rwanda       | Undisclosed       | Financial Services | PE - Exit | Rwanda        | Kibo Capital Partners completed the sale of its 6.01% stake in I&M Bank Rwanda (IMR), the second largest bank in Rwanda. The acquisition was made in April 2017 by The Kibo Fund II LLC as part of the bank's successful IPO. Throughout its investment period, Kibo Capital Partners saw IMR consolidate its position as a market leader by strengthening its value proposition in a full range of banking services.   |
| 13-Aug-21 | KCB Group           | Arise B.V             | Undisclosed       | Financial Services | PE - Exit | Rwanda        | African investment company Arise sold its shareholding in Banque Populaire du Rwanda Plc (BPR) to KCB Group in Kenya. This development came on the back of securing all the regulatory approvals in Kenya and Rwanda, and resulted in KCB becoming the majority shareholder in BPR, Rwanda's second largest bank. According to Deepak Malik, Arise chief executive officer, since inception Arise was fortunate to be able to contribute to the growth trajectory of BPR. |
| 27-Oct-21 | mPharma             | Abraaj Capital        | Undisclosed       | Healthcare         | PE - Exit | Uganda        | mPharma, a Ghanaian health startup, has taken a controlling stake in Uganda's Vine Pharmacy for an undisclosed amount, marking the firm's entry into its latest market in Africa. mPharma disclosed to TechCrunch that it has acquired a 55% stake previously held by the Abraaj Group, a private equity firm that collapsed.   |
| 15-Nov-21 | General Cargo Group | Kibo Capital Partners | Undisclosed       | Logistics          | PE - Exit | Kenya         | Kibo Capital Partners sold its interest in the Kenyan logistics and distribution company, General Cargo Group (GCG), to majority shareholder Velogic, the logistics arm of Rogers Group. The divestment marked the second exit of Kibo's sophomore fund Kibo II. Kibo first backed GCG in 2016 when the company was a Mombasa-based clearing and transportation company.  |

# 13

## Disclosed\* M&A Deals - 2021

*\*Transactions that were publicly disclosed during the year. This list and subsequent lists are a fair reflection of the deal activity in the region but do not purport to be comprehensive.*

# SELECTED M&A DEALS IN EA - 2021

| Date      | Buyer                | Seller                    | Deal Size (M USD) | Sector             | Type | Target Nation | Synopsis   |
|-----------|----------------------|---------------------------|-------------------|--------------------|------|---------------|--|
| 07-Jan-21 | Arise B.V            | Rabobank                  | Undisclosed       | Financial Services | M&A  | Tanzania      | Arise B.V acquired a 34.9% shareholding in NMB Bank Plc, which was listed in the Dar es Salaam Stock Exchange (DSE) in Tanzania. Capital Market and Securities Authority (CMSA) in Tanzania approved the transfer of 174,500,000 shares of NMB Bank owned by Rabobank.   |
| 08-Feb-21 | XM2 EARTH            | Charis UAS                | Undisclosed       | ICT                | M&A  | Rwanda        | Charis UAS, the Rwanda based drone company, announced that it received a major investment from XM2 EARTH, a leading global provider of drone solutions. The investment will be used to accelerate the expansion of its drone manufacturing and solutions across the African continent.   |
| 25-Feb-21 | EDF                  | Bboxx                     | Undisclosed       | Energy             | M&A  | Kenya         | EDF, the French electricity company acquired a 23% stake in Bboxx Kenya's operations. Bboxx manufactures, finances and distributes solar systems for households and small and medium-sized enterprises (SMEs) in rural areas. Bboxx Kenya relies heavily on the pay-as-you-go (pay-per-use) business model. The two companies already have a partnership underway in Togo.   |
| 28-Apr-21 | Ajua                 | Wayaya                    | Undisclosed       | Financial Services | M&A  | Kenya         | Ajua, the integrated customer experience management solution for businesses in Africa, acquired Wayaya, the Kenya-based artificial intelligence (AI) and machine learning (ML) company known for its Janja platform which enables borderless banking and payments across apps and social media platforms. Wayaya founder and lead Janja product builder, Teddy Ogallo, joins Ajua as VP of product APIs and integrations.                                |
| 11-May-21 | Branch International | Century Microfinance Bank | Undisclosed       | Financial Services | M&A  | Kenya         | Branch International, the San Francisco California-headquartered fintech with offices in Lagos, Mumbai, and Nairobi received regulatory approval to acquire a 84.89 percent stake in Century Microfinance Bank. The Competition Authority of Kenya (CAK) cleared Branch for the deal that was expected to give it control in the deposit-taking microfinance institution that was licensed in September 2012 with focus on agricultural finance.         |
| 20-May-21 | Salaam African Bank  | Uwezo Microfinance Bank   | Undisclosed       | Financial Services | M&A  | Kenya         | Djibouti's Salaam African Bank (SAB) acquired Kenya's Uwezo Microfinance Bank (Uwezo MFB) at an undisclosed fee. The CBK announced that Djibouti's largest lender by branch network acquired 100 percent shareholding of Uwezo MFB.  |
| 22-May-21 | Holmarcom Group      | Monarch Insurance         | Undisclosed       | Financial Services | M&A  | Kenya         | Moroccan conglomerate Holmarcom Group, through its holding company, Holmarcom Insurance Activities, acquired a majority stake in Kenya's Monarch Insurance Company.  |
| 15-Jun-21 | MarketForce          | Digiduka                  | Undisclosed       | ICT                | M&A  | Kenya         | MarketForce, an end-to-end retail distribution platform for consumer brands, has announced the strategic acquisition of Digiduka, a digital payments solutions provider which aims to bring informal retailers in Africa into the digital economy. Launched in 2018, MarketForce enables consumer brands to optimise how they deliver essential goods and services to retailers and consumers by bridging the information gap in last mile distribution. |

# SELECTED M&A DEALS IN EA - 2021

| Date      | Buyer                       | Seller  | Deal Size (M USD) | Sector             | Type | Target Nation | Synopsis   |
|-----------|-----------------------------|---|-------------------|--------------------|------|---------------|--|
| 1-Jul-21  | Aaryan Investments Limited  | BidCo   | Undisclosed       | Manufacturing      | M&A  | Kenya         | Aaryan Investments Limited (AIL) acquired a 50 percent stake in an animal feed joint venture by Bidco Africa and American Conglomerate Land O'Lakes after the Competition Authority of Kenya (CAK) approved the proposed deal. The proposed deal involved the acquisition of an additional 50 percent shares in Bidco by AIL, gaining full control of the business. AIL already owned 50 percent of the target's issued share capital.   |
| 7-Sep-21  | Autochek                    | ROAM Africa                                   | Undisclosed       | IT                 | M&A  | Kenya         | Autochek, a Nigerian automotive tech company, announced that it has reached an agreement to acquire ROAM Africa's automotive marketplaces Cheki Kenya and Uganda. Autochek is an automotive technology company facilitating auto financing across Africa with operations in Nigeria and Ghana. The move to acquire Cheki Kenya and Uganda comes just one year after the company successfully acquired Cheki Nigeria and Ghana as part of its launch in West Africa.  |
| 11-Sep-21 | Black Tulip                 | James Finlay Kenya                            | Undisclosed       | Agribusiness       | M&A  | Kenya         | Multinational firm James Finlay Kenya sold its Kericho-based flower farm to Black Tulip Group for an undisclosed amount to focus on its tea and coffee business. The sale will see workers at the Lemotit farm in Londiani, Kipkelion East, which produces roses and cut flowers for the United Kingdom and European markets, declared redundant. "The sale of Lemotit farm marks the end of Finlay's restructuring to concentrate fully on the beverage market," said Stephen Scott, Finlay Flowers general manager.                                      |
| 7-Oct-21  | Sendy Ltd                   | Kamtar International                          | Undisclosed       | ICT                | M&A  | Kenya         | Sendy Ltd, a Kenyan digital logistics firm, acquired a minority stake in an Ivory Coast-based company as part of a strategy to grow business deals at West Africa's largest seaport. The tech-logistics start-up has partnered with Mobility 54 Investment SAS — a corporate venture capital unit of Japan's Toyota Tsusho and its affiliate CFAO Group — to buy a "significant stake" in Kamtar International for undisclosed amount. Kamtar, started in February 2018, links truckers to small businesses and larger corporates in West Africa.          |
| 12-Oct-21 | Bohemian Flowers Limited    | Oserian Development Company Limited           | Undisclosed       | Agribusiness       | M&A  | Kenya         | Cash-strapped flower exporter Oserian Development Company Limited received nod to be acquired, offering a lifeline to more than 700 workers who were staring at job losses. The Competition Authority of Kenya (CAK) has unconditionally approved the acquisition of Oserian's floriculture business and certain assets by a newly formed company— Bohemian Flowers Limited. Bohemian Flowers has been formed by Kongoni River Farm Limited—a company involved in the cultivation of flowers for export—for the purpose of completing the transaction.     |
| 17-Nov-21 | National Air Services       | Siginon Aviation                              | 15.1              | Logistics          | M&A  | Kenya         | The shareholders of Siginon Aviation earned KES 1.708 billion after a Kuwaiti firm completed the purchase of a majority stake in the company — a subsidiary of Siginon Group Limited, a leading logistics company based in Kenya. National Air Services (NAS) acquired a 51% stake in Siginon Aviation whose services include cargo management services and airport ground handling. NAS has a presence in the Middle East, Africa and South Asia and prides itself in providing cargo handling services to more than half of the world's top 10 airlines. |
| 23-Nov-21 | Treepz                      | Ugabus  | Undisclosed       | Automotive         | M&A  | Uganda        | Toronto-based shared mobility company, Treepz, announced its acquisition of Ugandan bus company Ugabus.  |
| 15-Dec-21 | Central Bank of Kenya (CBK) | Choice Microfinance Bank Limited (Choice MFB) | Undisclosed       | Financial Services | M&A  | Kenya         | The Central Bank of Kenya (CBK) announced the acquisition of 85 percent shareholding of Choice Microfinance Bank Limited (Choice MFB) by Wakanda Network Limited (Wakanda) effective October 22, 2021. The move followed CBK's approval on September 21, 2021, under Section 19 (4) of the Microfinance Act of Kenya and approval by the Cabinet Secretary for the National Treasury and Planning on October 5, 2021, pursuant to Section 19(3)(b) of the Microfinance Act.  |
| 30-Dec-21 | Kerry Group                 | Afribon                                       | Undisclosed       | FMCG               | M&A  | Rwanda        | The Kerry Group expanded its footprint in Africa following its acquisition of Rwanda-based Afribon. Launched in 2012, Afribon is specialised in the development, production and marketing of food flavours and comprises five production sites, in Cameroon and East Africa (Kenya, Uganda, Rwanda and Tanzania). The pan-African food flavour development company provides flavour solutions in the beverages, food service, confectionery, baked goods and dairy categories.   |

# 14

## Disclosed\* Other Deals - 2021

*\*Transactions that were publicly disclosed during the year. This list and subsequent lists are a fair reflection of the deal activity in the region but do not purport to be comprehensive.*

## OTHER DEALS IN EA - 2021

| Date      | Buyer  | Seller                     | Deal Size (M USD) | Sector             | Type                  | Target Nation | Synopsis  |
|-----------|--|----------------------------|-------------------|--------------------|-----------------------|---------------|---|
| 01-Mar-21 | InfraCo Africa                                     | Acorn                      | 10                | Real Estate        | REIT                  | Kenya         | InfraCo Africa, part of the Private Infrastructure Development Group (PIDG), subscribed to the Acorn real estate investment trust (REIT) committing to support the delivery of affordable student accommodation in Nairobi. The \$10 million (Kenyan Shilling equivalent) investment, made through InfraCo Africa's dedicated investment vehicle, will enable Acorn to scale its business.  |
| 7-Jun-21  | Social Investment Managers and Advisors LLC (SIMA) | Renewia Energy Corporation | 1                 | Energy             | JV                    | Kenya         | Social Investment Managers and Advisors LLC (SIMA), a new generation of impact investment manager, and Renewia Energy Corporation, a global solar developer, announced a partnership to electrify rural communities in Kenya underserved by conventional utilities. The agreement includes a commitment of \$1 million from the SIMA Off Grid Solar and Financial Access Senior Debt Fund I.  |
| 7-Jun-21  | Amitruck   | Sanergy                    | Undisclosed       | Environmental      | JV                    | Kenya         | Amitruck, a technology startup and waste management solutions provider Sanergy announced a partnership to tackle waste management in Nairobi, Kenya. Through the partnership, they have built an end-to-end value chain network of operations and efficient logistics that will collect, treat, and convert two streams of waste: sanitation waste & agricultural waste from restaurants, marketplaces and agricultural pack houses.  |
| 24-Jun-21 | Undisclosed  | Family Bank Limited        | 39                | Financial Services | Corporate Bond        |               | Family Bank bond raised KES 4.42 billion, marking a subscription of 147.3%, against a KES 3 billion target with a green shoe option of KES 1 billion in its first tranche of corporate bond offer via public placement.   |
| 23-Jul-21 | Undisclosed  | Acorn                      | 20                | Real Estate        | Corporate Bond        | Kenya         | Student hostels developer Acorn raised KES 2 billion from bond investors to develop two new properties. This was the latest fundraising for Acorn, which raised KES 4.2 billion through a corporate bond in October 2019. The real estate developer also raised KES 2.1 billion from investors in March when it split its portfolio into two — a development and an investment trust. Acorn's offer was oversubscribed, having targeted KES 1.4 billion.  |
| 8-Sep-21  | Naivas Supermarkets                                | Jumia                      | Undisclosed       | FMCG               | Strategic Partnership | Kenya         | Retail shoppers along Ngong Road, in Nairobi will experience convenient change in their shopping experience following a new partnership between leading retailer Naivas Supermarkets and continental e-commerce firm Jumia. The two companies on Monday inked a strategic partnership deal aimed at enhancing access of Naivas products by customers through home deliveries using Jumia's network. The deal offers residents of Community area an opportunity to shop from Naivas Food Market (Prestige) on Jumia Food, a platform on the Jumia website. |
| 28-Sep-21 | Lami Technologies                                  | Sendy                      | Undisclosed       | Financial Services | Strategic Partnership | Kenya         | Logistics start-up Sendy and Kenyan insurtech company, Lami Technologies partnered to enable transporters in Kenya to access simple, hassle-free, and affordable insurance products customized on a per-trip basis. Most transporters move commodities, goods, and cargo across the country without business-specific insurance, which does not protect the business from the risk of potential loss. The development of insurance products for the transport sector can contribute to both financial and economic development.                           |

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I&M Burbidge Capital Limited is a corporate finance firm licensed by the Capital Markets Authority creating long term advisory relationships & solutions across Eastern Africa.

## Advisory Services

Originating and Structuring Equity and Debt Capital Raising, IPOs, M&A Transactions, Strategic Options Advisory, PE Advisory and Independent Research Services.

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