

Impact of Proposed Budget Changes to Pensions Industry, & Cytonn Weekly #29/2019

Private Equity

During the week, Actis, a UK based private equity investor, took over the management rights of the Abraaj Private Equity Fund IV (APEF IV), a global buyout fund, and Abraaj Africa Fund III (AAF III), a Sub-Saharan investment fund. APEF IV has made investments worth USD 1.6 bn (Kshs 165.2 bn) in the Middle East and Africa while AAF III has a portfolio of investments in Africa, which include:

All values stated in Kshs unless stated otherwise

Year	Company	Contry	Amount	Sector
2007	Mouka Limited	Nigeria	Undisclosed	Manufacturing
2011	Libstar	South Africa	Undisclosed	Consumer services
2012	Nairobi Java House	Kenya	10.3 bn	Consumer services
2013	Indorama Eleme Fertilizer & Chemicals Limited	Nigeria	14.4 bn	Manufacturing
2016	Ghana Home loans	Ghana	Undisclosed	Financial services

This transaction follows the collapse of Abraaj group, a global private equity firm based in the United Arab Emirates (UAE), following the liquidation case the firm currently faces. This transaction will strengthen Actis' footprint in the Sub-Saharan region, whose portfolio currently consists of the following notable investments;

All figures in Kshs unless stated otherwise

Year	Project/Company	Country	Amount	Sector
2010	Laurus Development Partners	Ghana, Nigeria	Undisclosed	Real estate
2011	Heritage place	Nigeria	Undisclosed	Real estate
2011	Garden City	Kenya	55.7 bn	Real esatte
2015	Sigma Pensions Fund	Nigeria	6.4 bn	Financial services

In the education sector, Investisseurs & Partenaires (I&P), a Sub-Saharan impact investing firm based in Paris, France, has announced plans to invest EUR 70.0 mn (Kshs 8.1 bn) in Africa's education sector with the aim of addressing the challenges of access, equity, quality and adequacy of education in Africa. I&P currently has the following investments in the educational sector:

Year	Company	Country	Investment value	Status
2016	Enko Education	Pan-African	Undisclosed	Investment Phase
2018	Vallese Editions	Ivory Coast	Undisclosed	Investment Phase
2018	Centre d'Appui à l'Initiative Féminine (CAIF)	Senegal	Undisclosed	Investment Phase
2018	African Management Initiative	Kenya	Undisclosed	Investment Phase
2018	Etudesk	Ivory Coast	Undisclosed	Investment Phase
2018	Studio Ka	Ivory Coast	Undisclosed	Investment Phase
2019	Vatel	Madagascar	Undisclosed	Investment Phase

We have seen continued investment by international organizations in different sectors in Africa, and we expect that:

- ?. Investments in early stage business and entrepreneurs to continue owing to the continued need for capital and technical support, coupled with the potential for the segment to generate high returns on investment for private equity firms; and
- i. Investment in the education sector to continue owing to the need for quality education across Africa.

Private equity investments in Africa remains robust as evidenced by the increasing investor interest, which is attributed to; (i) rapid urbanization, a resilient and adapting middle class and increased consumerism, (ii) the attractive valuations in Sub Saharan Africa's private markets compared to its public markets, (iii) the attractive valuations in Sub Saharan Africa's markets compared to global markets, and (iv) better economic projections in Sub Sahara Africa compared to global markets. We remain bullish on PE as an asset class in Sub-Sahara Africa. Going forward, the increasing investor interest and a stable macroeconomic environment will continue to boost deal flow into African markets.