



# Home Ownership Savings Plan, “HOSP”, Schemes in Kenya, & Cytonn Weekly #37/2019

## Private Equity

During the week, Amethis, an Africa-focused investment fund manager, acquired a stake in Veranda Leisure & Hospitality (VLH), a subsidiary of Rodgers Group, a listed company on the Stock Exchange of Mauritius. The financial details of the transaction have not been disclosed. VLH is a Mauritius-based hotel and leisure company that focuses on hotels in the upscale and mid-range segments operating under Heritage Resorts and Veranda Resorts. Currently, the company operates seven properties with a total of 802 rooms. Rodgers Group is a Mauritius based international services and investment company that specialises in FinTech, hospitality, property and logistics.

The investment from Amethis will mainly be directed towards projects under VLH through new leisure activities and accommodation offerings. Through the Heritage brand, the company is working on the development of the Bel Ombre region, highlighting its cultural and historical heritage. The transaction will contribute to the growth of Rodgers Group’s hospitality activities, diversification of its portfolio and expansion of its geographical footprint in the region. This marks the second investment that Amethis has undertaken with Rodgers Group with the first being the acquisition of approximately one third share capital of Velogic, which is a leading logistics and transport company and a subsidiary of Rodgers Group. In our view, the support from Amethis will allow VLH to accelerate their goals of expansion mainly in the Bel Ombre region. The hospitality sector is set to continue showing positive performance supported by the vibrant international and domestic tourism in the continent.

## Fundraising

In fundraising, Accion, through its seed-stage investment arm, Accion Venture Lab, raised USD 23.0 mn (Kshs 2.4 bn), for a new FinTech start-up fund. The capital for the new fund was raised through contributions from various participants including Ford Foundation, Prudential Financial, Blue Haven Initiative, Visa Inc. and Proparco (the development finance institution of the French Government). The firm intends to allocate approximately 25% - 30% of the funds to Africa where their focus will be on start-ups that leverage technology to increase the reach, quality and affordability of financial services for the under-served.

Accion Venture Lab was founded in 2012 with USD 10.0 mn in capital, with the mandate to boost financial inclusion on a global scale. Today, the company has a portfolio of 36 FinTech start-up investments across five continents. Accion Venture Lab stands out as a fund since it gives an equal pitch footing to FinTech ventures across the board, emerging and developed markets from Lagos to London. In our view, the successful fundraising done by Accion will allow it to actualize its goals of improving financial inclusion considering their focus on Africa, which has the largest share of the world’s unbanked population. For the FinTech sector, this poses as an opportunity for innovative

start-ups to scale up in their respective industries.

***We maintain a positive outlook on private equity investments in Africa as evidenced by the increasing investor interest, which is attributed to; (i) economic growth, which is projected to improve in Africa's most developed PE markets, (ii) attractive valuations in Sub Saharan Africa's private markets compared to its public markets, and (iii) attractive valuations in Sub Saharan Africa's markets compared to global markets. Going forward, the increasing investor interest, stable macro-economic and political environment will continue to boost deal flow into African markets.***

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