



Burbidge
Capital

EAST AFRICA FINANCIAL REVIEW

JULY 2021

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July in Numbers:

7

The number of disclosed deals in EA

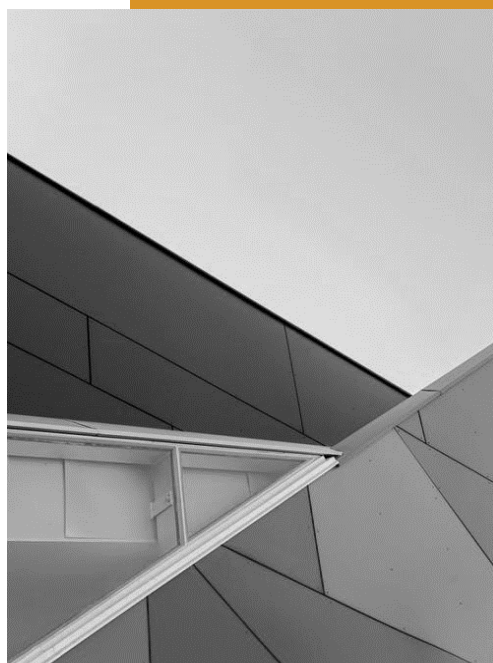
40.3

Disclosed deal value in USD million



IMBC Deal of the Month:

Actis' acquisition of the East African hotel operations of JSE-listed City Lodge Hotel Group.



The Editorial Team

EDWARD BURBIDGE | KEVIN KURIA

July kicked off the second half of the year with a decline in deal activity with 7 deals having been recorded, although with a higher total transaction value of c. USD 40 million (from 4 transactions that had disclosed deal values). This brought the total deal count for the year to 60 (70, as at July 2020) and the total disclosed deal value to c. USD 416 million (c. USD 853 million, as at July 2020). PE and DFI deals constituted the majority of recorded transactions with the numbers rounded off by a corporate bond and a VC investment deal. The manufacturing sector took pole position by deal count with 2 transactions whilst the financial services, ICT, real estate, agribusiness and hospitality registered one transaction each. Unlike in previous months in this year when deal activity was well spread out across the region, all the deals in July were attributed to the Kenyan market.












We maintain a cautious optimism for the deal environment in the region as informed by the general business environment. However, the slow progress of vaccination efforts as well as the increasing spread of the Delta variant of the coronavirus presents significant challenges and poses risks to the continuing relaxation of restrictions. We note that financial investors in particular, maintain a significant amount of dry powder, most of which is sourced from developmental sources and as such, has deployment targets. It will be interesting to see how investors navigate the current environment to clinch high quality assets.

IMBC's deal of the month is the acquisition by Actis, the growth markets investor, of the East African hotel operations of JSE-listed City Lodge Hotel Group in an all-cash deal. The acquisitions were expected to be made via two entities owned by Actis's Africa Real Estate Fund III which was reportedly paying c. USD 9.5 million for the four properties which are located in Kenya and Tanzania. The deal comes at a time when there have been a dearth of hospitality sector deals in the region and with expectations of consolidations in the market on account of the effects of the pandemic on tourism.

In the Listed Equities Market, the up-swing recorded in June was maintained in July with the NSE 20, NSE 25 and NSE All Share Index all recording growth of 2.4%, 3.1% and 2.3% respectively. The Market registered a decrease in average daily turnover to USD 4.07 million in July, from USD 6.16 million in June. Top gainers during the month included CIC Insurance which was up by 37.0% and Car & General (K) which increased by 32.8%. Crown Paints Kenya and Nairobi Business Ventures witnessed the highest decline in the month with a fall in their share price by 34.0% and 18.8% respectively.

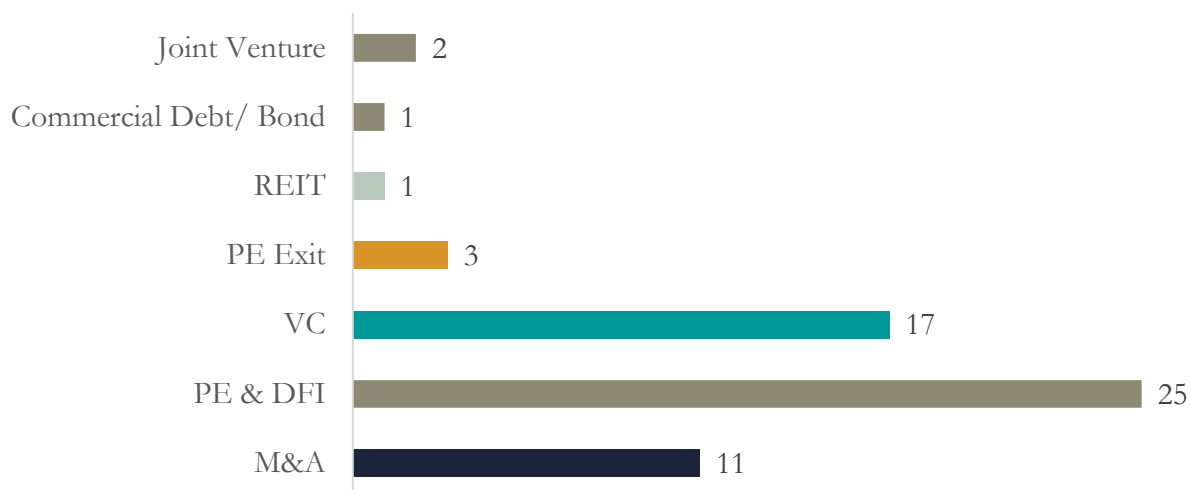
PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	16	65.2
 ICT and Telecom	10	149.4
 Energy	7	144.5
 Healthcare	6	6.0
 Agribusiness	7	9.4
 Logistics	4	3.5
 Manufacturing	3	Undisclosed
 Real Estate	2	28.5
 Water, Sanitation and Hygiene	2	Undisclosed
 Education	1	Undisclosed
 Hospitality	1	10.0

Analysis by Type of Transaction

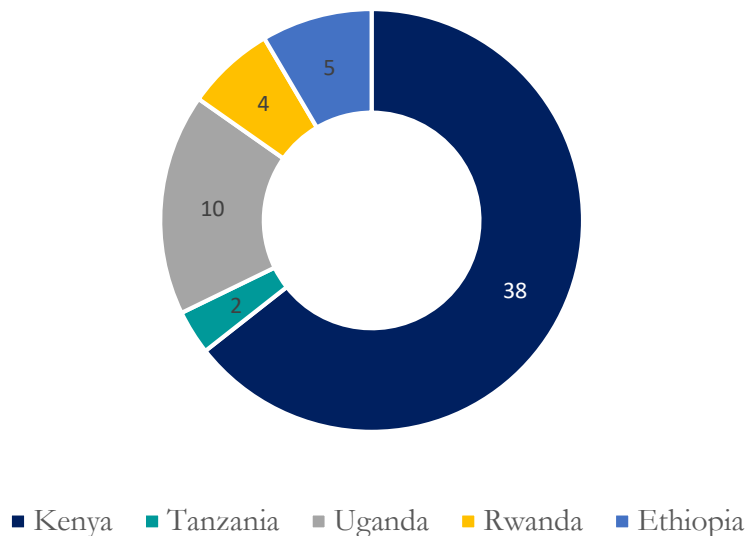
TOTAL NUMBER OF DEALS IN EA - 2021 YTD



PART I : DEAL STATISTICS

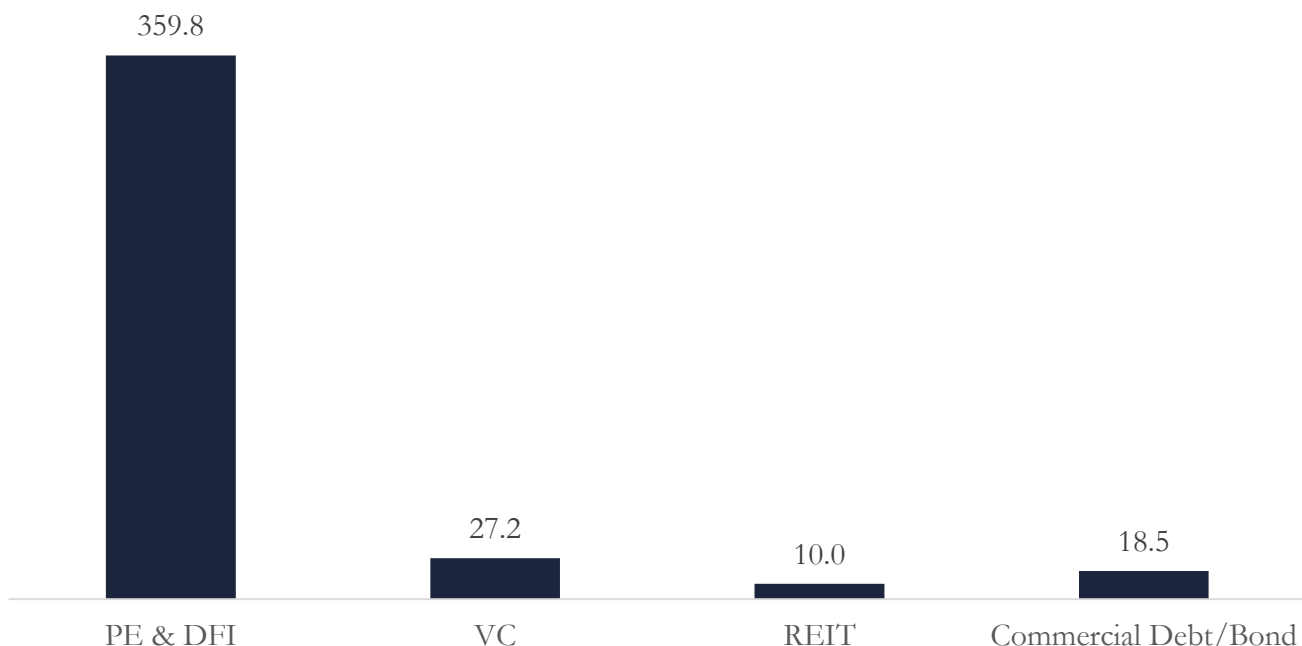
Analysis by Country

NUMBER OF DEALS PER COUNTRY



*Deals in the “Sector Analysis” table that have an impact on a company’s operations in more than one country have been treated as a single deal. In the “Analysis by Country” chart above, each country operation has been considered as a separate deal. There is therefore a mismatch between the “Sector Analysis” and “Analysis by Country” deal numbers.

DEAL SIZE YTD 2021 IN USD M



*Whilst there has been a number of M&A deals announced in the year to date, none of these have had disclosed deal values.

PART II : KEY MARKET INDICATORS

(As at 2nd August 2021)

Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	6.49%	9.47%	11.85%	12.74%
Tanzania	3.00%	7.82%	9.18%	11.44%
Uganda	8.09%	11.53%	13.47%	14.81%

Source: Respective Central Bank

Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2020 Actual Inflation	5.62%	3.56%	4.18%	3.70%
2021 Projected Inflation	5.69%	3.66%	4.77%	1.65%

Source: World Bank

Central Bank Rates

Country/Region	Rate as at July 2021	Rate as at June 2021
Central Bank of Kenya (Kenya)	7.00%	7.00%
Bank of Uganda (Uganda)	7.00%	7.00%
Bank of Tanzania (Tanzania)	5.00%	5.00%
National Bank of Rwanda (Rwanda)	4.50%	4.50%
South African Reserve Bank (RSA)	3.50%	3.50%
Central Bank of Nigeria (Nigeria)	11.50%	11.50%
Central Bank of Egypt (Egypt)	8.25%	8.25%
Bank of England (UK)	0.10%	0.10%
Federal Reserve Bank (USA)	0.25%	0.25%
European Central Bank (EU)	0.00%	0.00%

Source: CB Rates



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PART IV : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
1-Jul-21	Aaryan Investments Limited	BidCo	Undisclosed	Manufacturing	M&A	Kenya	Aaryan Investments Limited (AIL) was set to acquire 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.
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.
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.
19-Jul-21	EQ2 Ventures	Aifluence	1	IT	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.
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.

PART IV : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
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 agreed to sell 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).

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