



Burbidge
Capital

EAST AFRICA FINANCIAL REVIEW

FEBRUARY 2025

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EAST AFRICA FINANCIAL REVIEW

Editor's Note

Deal activity in East Africa's capital markets in February reduced, with 6 transactions (13 in January) having been announced, which held a total disclosed value of c. USD 604 million (from 2 transactions that had disclosed deal values). PE was the most active investor segment with 3 transactions, and was trailed by VC with 2 transactions, and DFI recording a singular investment. Activity was broadly spread across a large cross-section of the major sectors in the region with agribusiness recording the most transactions with 2 entries, and entertainment, energy, healthcare and professional and other services each recorded singular entries. Kenya took the largest share of deals with 4 deals, with Tanzania and Ethiopia capping the list with singular entries.

The deal activity in February has brought the year-to-date deal count to 19, reflecting a decrease compared to 29 deals closed during the same period in 2024, whilst the total disclosed deal value increased to 642.7 million, 1.2 times higher than the same period in 2024. We anticipate a moderate rise in deal activity in 2025, with a stronger performance compared to 2024, driven by significant capital inflows into the region. We believe market enthusiasm is gaining momentum on account of two significant emerging tailwinds. These are the initiation of interest rate cuts by the Central Bank of Kenya (CBK) expanding the private sector and the increasing stability of regional currencies, which are better withstanding volatility from developed economies.

The sudden freeze of USAID funding to Kenya in 2025 sent shockwaves across the region. These cuts are part of a broader reevaluation of US foreign aid, resulting in significant reductions in funding for key sectors such as healthcare, education, and economic development. Whilst USAID funding decreased, opportunities for M&A investments in Africa are emerging, with potential for companies to capture market share as noted by several development financial institutions investment into the region. More impact investors are recognizing this, and we anticipate increased foreign investment from private markets as companies and governments in East Africa actively seek these investors. While donor funding remains crucial during times of crisis and for humanitarian aid, entities across East Africa are becoming more risk-conscious and implementing measures to mitigate these risks.

Domestically, the Central Bank's rate is set at 10.75%, and the reduction of the Cash Reserve Ratio by 100 basis points to 3.25% has released additional liquidity, supporting credit growth in the private sector. Consequently, the central bank's treasury bills and bond rates have declined to single-digit levels, contributing to broader economic growth. Kenya has also issued a new Eurobond to fund infrastructure and refinance debt. While this provides immediate relief, it introduces long-term repayment challenges. Private capital investors are more focused on businesses with growth potential than on government-backed financial instruments. Investors are increasingly seeking to capitalize on the significant tailwinds created by recent fiscal reforms and the growth of the services sector, which are unlocking new opportunities for regional and cross-sector innovation.

IMBC's Deal of the Month features Alterra Capital Partners' investment in East Africa's tourism sector through ARP Africa Travel Ltd, one of the region's largest destination travel operators. The private equity firm has acquired a majority stake from the founding family, who will remain involved in managing the daily operations. Alterra's investment reflects strong confidence in the recovery and growth potential of Africa's tourism market, emphasizing its commitment to the sector's long-term success.

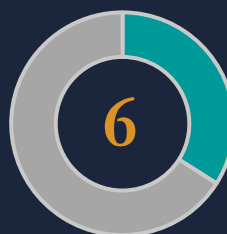
The listed equities recorded a positive performance in February, with the NSE 20, NSE 25 and NSE All Share Index posting 6.4%, 4.6% and 3.0% in positive returns, respectively. Average daily turnover reduced however to USD3.30 million, from USD10.18 million in December. Top gainers during the month included Centum and Uchumi Supermarket which were up by 39.7% and 32.1%, respectively. Flame tree Group and E.A. Cables recorded the largest losses ending the month down by 32.2% and 10.5%, respectively.

KEY HIGHLIGHTS

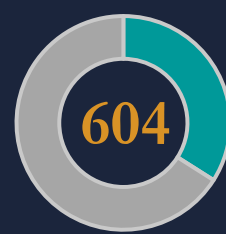
- Total number of disclosed deals in the YTD is 19.
- Total disclosed deal values in the YTD now c. USD 642.7 million.
- VC and PE investment activities account for 30% of YTD deal activity each, with M&A accounting for 20% and DFI and PE exit activity comprising 15% and 5% of total corporate deals.

FEBRUARY

In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million



IMBC Deal of the Month:

Alterra Capital Partners investment in ARP Africa Travel Group










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PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	6	20
 Agribusiness	3	600.2
 Energy	2	7.5
 Manufacturing	1	15
 Professional and other Services	1	Undisclosed
 Healthcare	1	Undisclosed
 Entertainment	1	Undisclosed
 Automotive	1	Undisclosed
 ICT and Telecommunication	1	Undisclosed
 WaSH	1	Undisclosed
 Hospitality	1	Undisclosed

*Deals in the “Sector Analysis” table that occurred in a one sector but involved different types of transactions have been treated as a single deal. In the “Total Number of Deals in EA” chart below, each type of transaction has been considered as a separate deal. There may therefore be a mismatch between the “Sector Analysis” and “Analysis by Type of Transaction” deal numbers.

Analysis by Type of Transaction

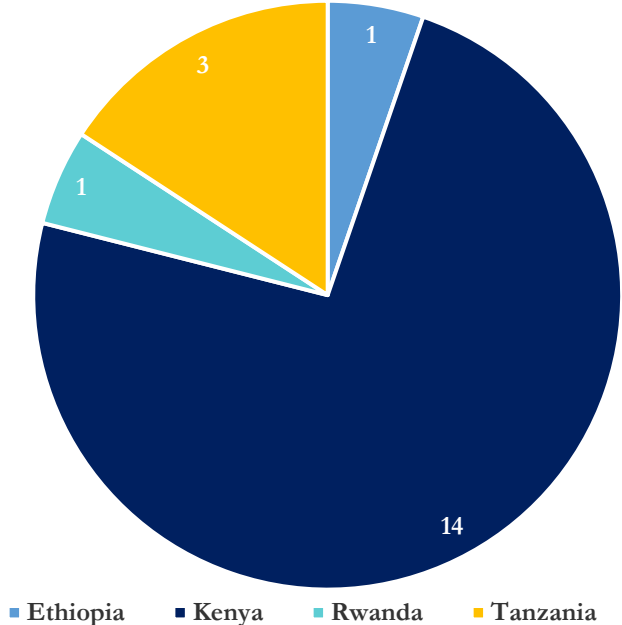
TOTAL NUMBER OF DEALS IN EA - YTD 2025



PART I : DEAL STATISTICS

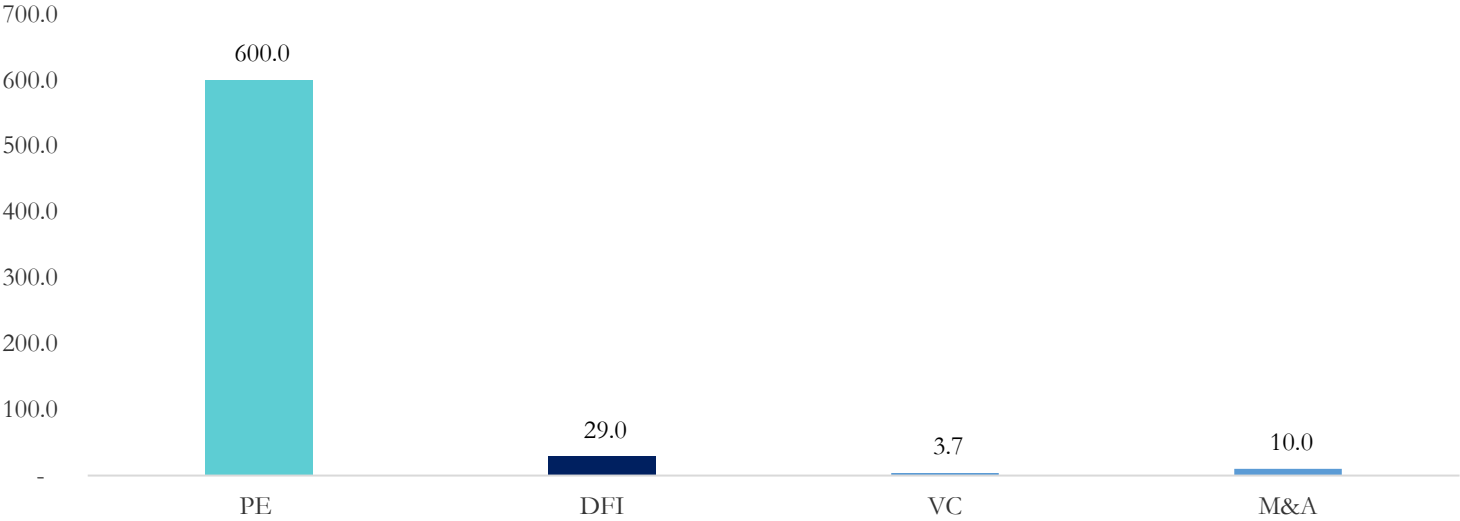
Analysis by Country

TOTAL NUMBER OF DEALS IN EA - YTD 2025



*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 may therefore be a mismatch between the “Sector Analysis” and “Analysis by Country” deal numbers.

DEAL SIZE YTD 2024 IN USDM



PART II : KEY MARKET INDICATORS

(As at 28th February 2025)

Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	9.12%	13.50%	12.63%	14.25%
Tanzania	7.45%	12.5%	9.18%	14.00%
Uganda	10.38%	15.74%	16.25%	17.10%

Source: Refinitive, respective Central Bank

LTM Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2024 Actual Inflation	6.31%	3.70%	3.40%	4.93%
2025 Projected Inflation	3.50%	3.10%	3.90%	5.70%

Source: World Bank

Central Bank Rates

Country/Region	Rate as at February 2025	Rate as at January 2025
Central Bank of Kenya (Kenya)	10.75%	10.75%
Bank of Uganda (Uganda)	9.75%	9.75%
Bank of Tanzania (Tanzania)	6.00%	6.00%
National Bank of Rwanda (Rwanda)	6.50%	6.50%
South African Reserve Bank (RSA)	7.50%	7.50%
Central Bank of Nigeria (Nigeria)	27.50%	27.50%
Central Bank of Egypt (Egypt)	27.75%	27.75%
Bank of England (UK)	4.50%	4.50%
Federal Reserve Bank (USA)	4.63%	4.63%
European Central Bank (EU)	2.75%	2.75%

Source: CB Rates

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
6-Feb-25	Medikea	Catalyst Fund	Undisclosed	Healthcare	PE - VC	Tanzania	Medikea, a Tanzanian healthcare startup, secured an investment from the Catalyst Fund to enhance its mission of delivering affordable healthcare services to vulnerable communities. This investment aims to address the growing healthcare needs in Tanzania, particularly as climate change intensifies various health challenges across Africa.
10-Feb-25	Best Nights VC	Hustle Sasa	Undisclosed	Entertainment	PE - VC	Kenya	Best Nights VC invested in HustleSasa in February 2025. HustleSasa is a mobile app that allows creators to sell directly to their fans. It helps users create storefronts, manage orders, accept payments, and handle delivery. HustleSasa is headquartered in Nairobi, Kenya.
19-Feb-25	Eurazeo SE	Bioline Group	Undisclosed	Agribusiness	PE	Kenya	French investment firm, Eurazeo SE, received an unconditional approval from the Competition Authority of Kenya (CAK) to acquire two firms owned by Bioline Group. Through Legendre Holding 114, the French firm plans to acquire full control of Bioline Agrosociences Africa Limited and Dudutech Properties, the two subsidiaries of Bioline Group which manufactures pest control products.
20-Feb-25	Asset Green	Ethiopian Agricultural Businesses Corporation (EABC) and Ethiopian Investment Holdings (EIH)	600	Agribusiness	PE	Ethiopia	Ethiopian Agricultural Businesses Corporation (EABC) and Ethiopian Investment Holdings (EIH) signed a shareholders agreement with UK private equity firm, Asset Green, to collaborate on a dairy and crop farming project. The project will be executed in two phases, with a total investment capital of USD 600 million.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
24-Feb-25	BII	Sun Culture	4	Energy	DFI	Kenya	British International Investment announced an additional USD 4 million investment in Sun Culture, a Kenya-based company that designs, manufactures, finances, and services solar energy systems and irrigation equipment. This follows an investment in 2023, which enabled Sun Culture to provide 9,000 solar irrigation systems to farmers in Kenya.
26-Feb-25	Alterra Capital Partners	ARP Africa Travel Group	Undisclosed	Professional and Other Services	PE	Kenya	Alterra Capital Partners made an investment in ARP Africa Travel Group, partnering with the founding family to accelerate expansion across East Africa and beyond. ARP Africa, which includes Pollman's Tours and Safaris Limited (Kenya), Ranger Safaris (Tanzania), and ARP Africa Travel (United Kingdom), is a provider of destination management services in East Africa.

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