

As markets recovered from COVID-19 challenges, opportunities in tech-enabled businesses spurred new momentum in African private capital

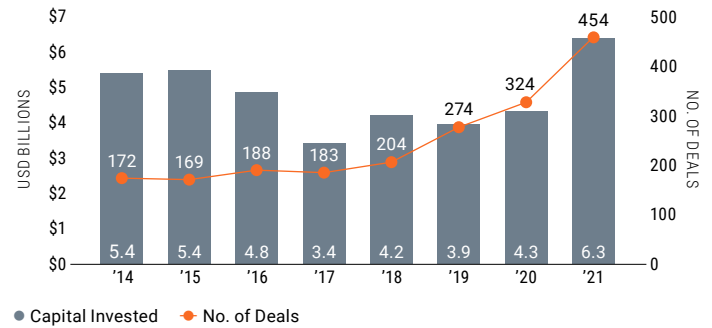
Private capital investment in the region reached the highest level since GPCA began tracking activity in 2008, reflecting gains seen across global markets. Investors deployed USD6.3b across 454 deals, surpassing the previous record year of 2015, when peak commodity prices and the 'Africa rising' narrative bolstered investor optimism. Tech and digitalization are the dominant forces shaping the new private capital landscape, but investors are also still finding opportunities filling market gaps in traditional segments, including:

- ▶ **Natural resources:** In the largest private capital deal in Burkina Faso on record, Resource Capital and Beedie Investments led a USD182m financing package for TSX-listed Orezone for the development of the Bomboré Gold Project.
- ▶ **Brick-and-mortar retail:** Helios Investment Partners invested USD70m in discount grocery chain BIM Morocco, and Mediterranean committed USD31m to Morocco-based FMCG distributor Dislog.
- ▶ **Supply chain services:** Convergence Partners carved out the Middle East and Africa unit of AI logistics platform Ctrack, and OMAI and Afropulse Group invested USD35m in JSE-listed Imperial Logistics.

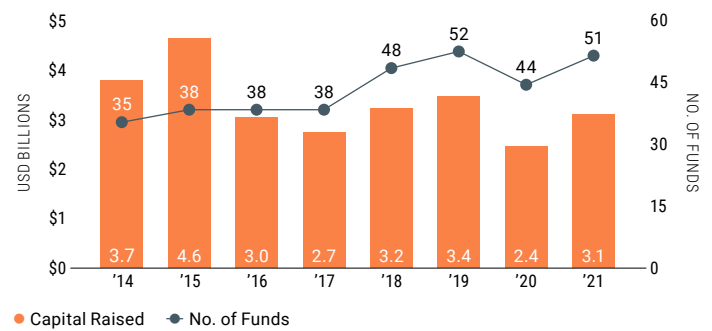
Fundraising rebounded to pre-COVID levels in 2021, with fund managers raising USD3.1b for Africa-focused vehicles, a 27% increase from 2020. Growth equity strategies accounted for over half of capital raised, led by the USD900m final close of Development Partners International's third flagship vehicle. Growing global interest in African infrastructure opportunities drove a record 12 infrastructure equity and debt funds to reach closes in 2021, led by renewable energy-focused vehicles. Reflecting the rise of private credit strategies globally, fundraising for African private debt vehicles also reached a record USD709m. Notably, Ninety One closed its second pan-African direct lending fund at USD185m and BluePeak Private Capital reached a USD115m first close for its debut fund.

Private capital exit value reached USD2.6b in 2021, a 44% year-over-year increase but still far below record-high 2019 totals. Sales to private capital fund managers and other financial investors presented the primary path to liquidity in 2021, led by Emerging Capital Partners' sale of utilities platform Eranove to an A.P. Moller Capital-led consortium for USD250m. While investors in other regions benefitted from strong public markets liquidity in 2021, Africa's relatively small, dispersed securities exchanges remain an exit challenge for private capital investors. Still, fund managers listed four African companies in 2021 – led by the USD378m IPO on the NYSE of telecom tower operator IHS, backed by AIIM, Ethos and FMO – and Egypt-founded ride-hailing company Swvl agreed to go public on the Nasdaq through a SPAC merger.

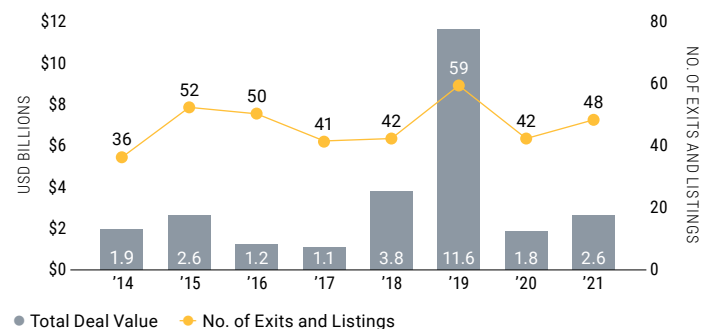
Africa Private Capital Investment, 2014-2021



Africa Private Capital Fundraising, 2014-2021

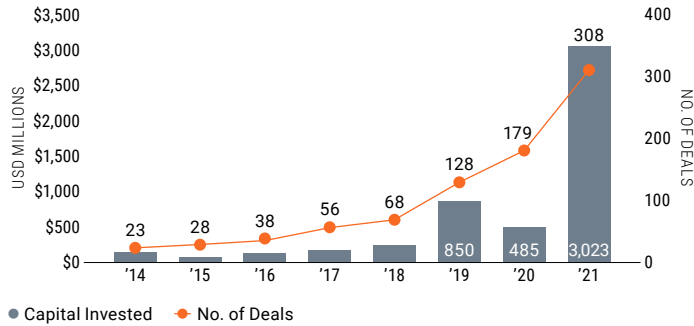


Africa Exits and Private Capital-Backed Listings, 2014-2021



Note: Exit totals include total aggregate deal value and are not limited to disclosed distributions to private capital investors.

Africa Venture Capital Investment, 2014-2021



Capital poured into African VC in 2021, with local and global players alike seeking exposure to the region's startups

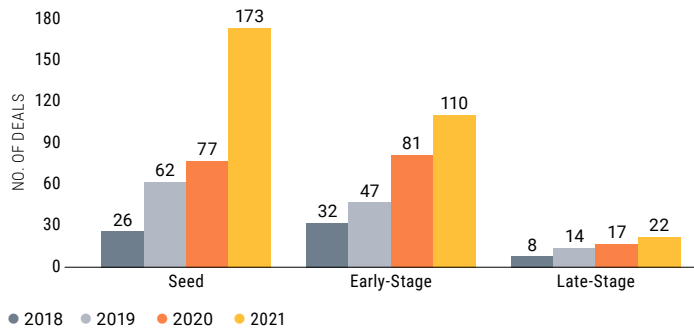
Investors deployed over USD3b in African startups in 2021, accounting for just under half of total private capital deal value. African VC may be only beginning to pick up steam, as capital invested in the region in 2021 surpassed the 2017 levels recorded for both Latin America and Southeast Asia. Startups in the latter two regions attracted USD15.7b and USD10.3b, respectively, in 2021, signaling African VC's potential growth trajectory. Conversely, volatility in global public markets and concerns over tech valuations may have an effect on VC deal activity in the near term.

AFRICA VC BY THE NUMBERS

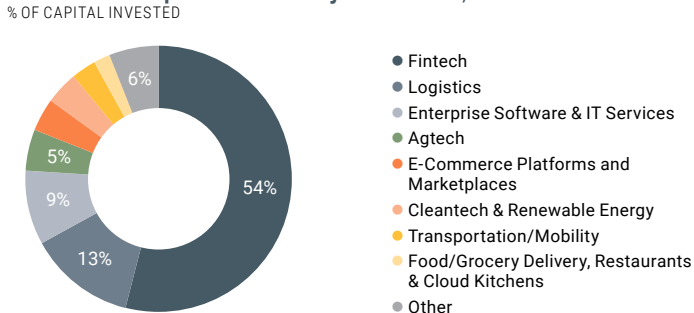
GPCA's venture capital (VC) dataset includes investments into startups with participation from at least one VC fund manager. Standalone investments by corporates, institutional investors and development finance institutions are excluded from the dataset. Growth equity deals for mature, tech-enabled businesses raising their first round of institutional capital from private equity (PE) fund managers are included in GPCA's PE dataset. For more information, please see the Data Methodology page on GPCA's website.

As local investors ramp up seed and early-stage activity, the region's late-stage startups are scaling to attract larger tickets from global players and PE firms. Africa-based investors participated in more than two-thirds of seed deals and over half of early-stage deals in 2021, with Nigeria-based Loftylnc and Egypt-based Flat6Labs amongst the most active. As diversity amongst African VC-backed startups has come under scrutiny, the growth of the local manager ecosystem may help drive more capital to Black and Indigenous founders. Although there are still few late-stage deals in the evolving African VC space compared to other regions, marquee global tech investors are seeking exposure to Africa at an unprecedented level, with SoftBank completing its first four deals on the continent in 2021. Helios' participation in the USD45m round for Tanzanian energy startup ZOLA Electric demonstrates how the VC ecosystem is shaping the opportunity set across asset classes.

Africa Venture Capital Investment by Deal Stage, 2018-2021

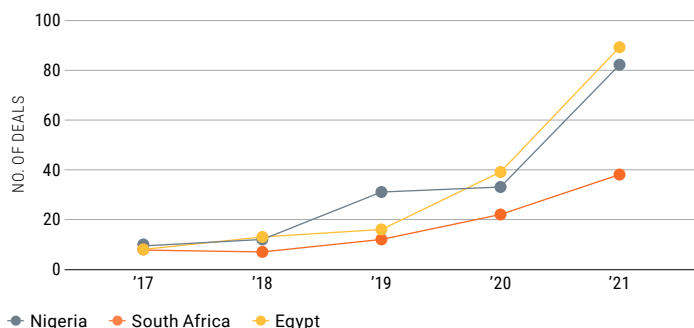


Africa Venture Capital Investment by Tech Vertical, 2021



Fintech companies accounted for over half of VC investment activity, with OPay's USD400m Series D representing the largest private capital deal in 2021 and the largest African VC deal to date. In contrast to India, CEE and Latin America, where e-commerce accounts for at least 20% of capital invested in VC, investors in Africa have concentrated on B2B plays like logistics and agtech. Baillie Gifford, Temasek and others invested USD250m at a USD2.75b valuation in delivery platform Zipline, which began operations in Rwanda before scaling to Nigeria, the US and Japan. Kenya-based Gro Intelligence, an AI-powered data company focused on food systems, raised a USD85m Series B led by Intel Capital, TPG, EchoVC and family offices.

Africa Venture Capital Investment in Select Markets, 2017-2021



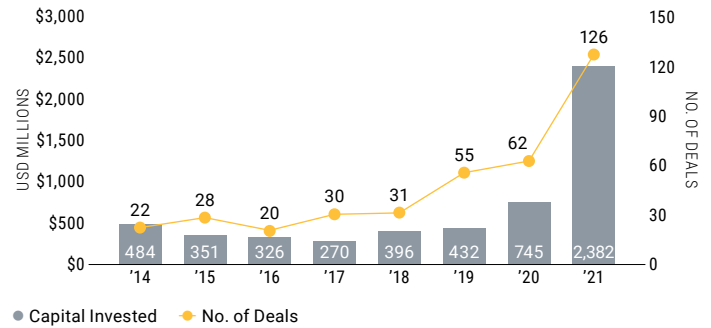
Egypt, Nigeria and South Africa together accounted for two-thirds of deals in 2021, as startups in these countries benefit from strong engineering talent, large domestic markets and access to deeper pools of local institutional capital than other African countries. Dealmaking in Egypt has grown faster than in any other market, with more VC deals in 2021 than in the previous four years combined. Along with global and Africa-focused VCs, Middle East-focused investors like BECO Capital and VentureSouq have pursued opportunities in Egypt, where trade links and linguistic commonalities give companies a unique ability to scale into both regions. Single-country managers like Algebra Ventures are also beginning to crop up as the local ecosystem develops.

Traditional financial services companies and new fintech platforms are drawing record levels of capital, led by VC deals for payments processors

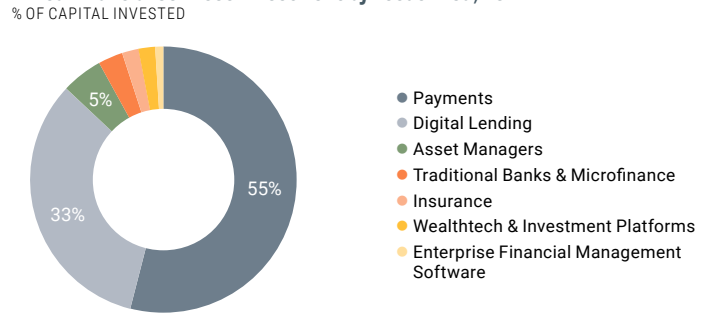
Appetite for African financial services companies reached new heights in 2021, with investors deploying over USD2.3b into the sector, more than the previous five years combined. Interest in the space is driven by large underbanked populations and high levels of fragmentation in the sector. Payments processors garnered over half of capital invested in financial services companies in 2021, as COVID-19 has accelerated demand for digital transactions. Four African payments unicorns were newly minted in 2021, including OPay (valued at USD2b), Chipper Cash (USD2b), Wave (USD1.7b) and Flutterwave (USD1b). Capital continues to flow to payments platforms in 2022, as Flutterwave raised an additional USD250m in its Series D, bringing its valuation to USD3b.

Despite low levels of bank financing on the continent, digital lending companies in Africa have attracted less capital than in Latin America and the Middle East. While VCs have favored payments processors over riskier, more capital-intensive lending business models, PE players have backed the most mature digital lending companies, demonstrated by TPG’s USD200m investment into consumer and enterprise finance platform Airtel Mobile Commerce and Apis Partners and JG Summit’s USD110m investment into TymeBank. PE investors also continue to find opportunities in more traditional lenders, such as LeapFrog’s USD54m deal for Fidelity Bank Ghana.

Africa Financial Services Investment, 2014-2021

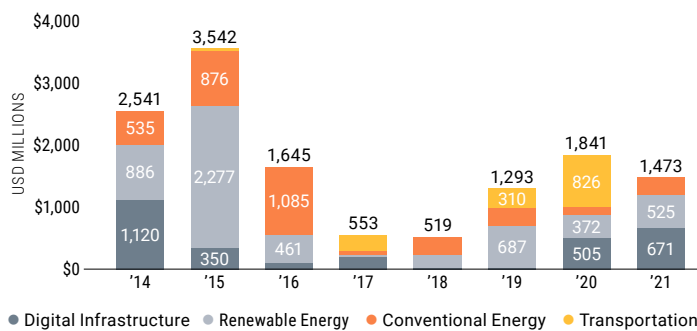


Africa Financial Services Investment by Focus Area, 2021

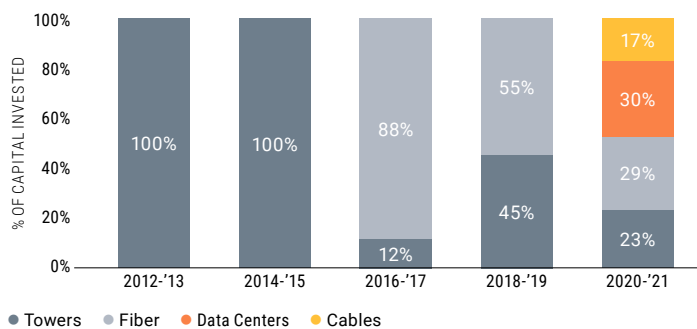


Note: 'Africa Financial Services Investment' includes fintech software companies classified as 'Information Technology' in GPCA's industry breakdown.

Africa Infrastructure Investment by Segment, 2014-2021



Africa Digital Infrastructure Investment by Asset Type, 2012-2021



Note: 'Africa Infrastructure Investment' includes private credit financing for infrastructure projects. 'Digital Infrastructure' includes STANLIB's investment in New GX Investments to establish a digital infrastructure investment platform.

The growth of online services and proven exit prospects are driving investors into African digital infrastructure

Private capital investors have committed USD1.2b to African digital infrastructure since 2019, responding to the digitalization of businesses accelerated by COVID-19 and proven liquidity in the segment. The IPO of Helios Towers and American Tower Corporation's acquisition of Eaton Towers drove overall Africa exit value to record levels in 2019, and both international strategic buyers and public markets investors continue to show appetite for African digital and telecom assets. The IPO of towers company IHS on the NYSE represented the largest Africa private capital-backed listing in 2021, and Digital Realty has announced an agreement to acquire South Africa-based data center operator Teraco Data Environments from Berkshire Partners and Permira at a reported USD3.5b valuation.

Telecom towers continue to draw capital – recently demonstrated by the USD180m acquisition of Eastcastle Infrastructure by Adenia Partners, AIIM and IFC – but investors are also finding opportunities in a more diverse set of digital assets, such as:

- ▶ Cables: In the first recorded private capital investment into subsea cables in GPC markets, African Capital Alliance invested in West Indian Ocean Cable Company.
- ▶ Fiber: STANLIB invested in South Africa-based investment firm New GX Capital to establish a platform focused on fiber assets in South African townships.
- ▶ Data centers: AIIM invested in Ghana-based Tier IV data center Onix Accra 1.

Capital invested in the African energy sector has plateaued despite an unprecedented level of dry powder for climate and sustainability opportunities

Africa's energy transition presents a massive opportunity for private capital investors. In the largest renewable energy deal in 2021, Meridiam, Ninety One, Proparco and others committed USD282m to BIOVEA Energie to develop Côte d'Ivoire's first biomass plant. Still, with only USD674m invested in the sector in 2021, the scale of investment has not reached 2015 levels, when large grid-scale projects drove record totals. Given cyclical bidding opportunities for independent power producer (IPP) projects, investors are pursuing more flexible plays for off- and mini-grid energy providers, aided by efficiency gains in distributed generation technology. As a result, investors are meeting energy demand in smaller markets and more remote locations than ever before. In the first renewable energy deals in Cape Verde and Malawi on record, A.P. Moller Capital acquired a 44% stake in wind farm operator Cabeolica, and SunFunder and Triple Jump financed home solar company Yellow.

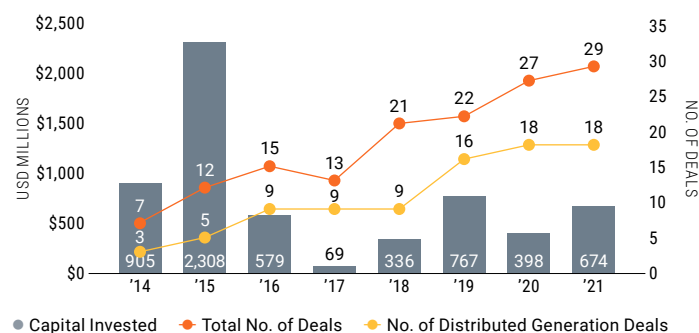
Investors have unprecedented levels of dry powder to deploy in the segment. Fund managers raised USD507m for vehicles focused on African renewable energy and other climate opportunities in 2021, including Lion's Head's Facility for Energy Inclusion (USD211m) and Metier Sustainable Capital Fund II (USD156m). Investors in GPC markets also raised USD5.3b for climate-focused vehicles that include Africa within their mandates, led by the USD4.7b final close for Actis Energy 5, the largest energy fund ever raised for GPC markets. Inspired Evolution's third renewables fund and Helios and InfraCo's jointly managed vehicle CLEAR are amongst the sixteen Africa-focused climate private capital funds currently in the market.

Largest Africa Funds Achieving a Close, 2021

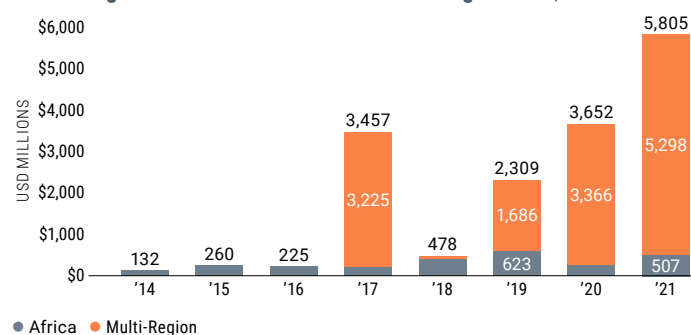
FUND MANAGER(S)	FUND	FUND TYPE	GEOGRAPHIC FOCUS	FUND CURRENCY	CAPITAL RAISED TO DATE (USDM)
Development Partners International	African Development Partners III	Growth	Africa	USD	900.0
Helios Investment Partners	Helios Investors IV*	Growth	Africa	USD	322.0
Lion's Head Global Partners	Facility for Energy Inclusion*	Infrastructure Debt	Africa	USD	211.0
Ninety One	Ninety One Africa Credit Opportunities Fund 2	Direct Lending (Senior Debt)	Africa	USD	185.0
Ezdehar Management	Ezdehar Egypt Mid-Cap Fund II*	Growth	Egypt	USD	168.2
Metier	Metier Sustainable Capital II	Infrastructure	Africa	USD	156.0
Berkeley Energy	Africa Renewable Energy Fund II*	Infrastructure	Africa	EUR	155.9
EFG Hermes Private Equity	Egypt Education Fund*	Growth	Egypt	USD	150.0
Phatisa	Phatisa Food Fund 2	Growth	Africa	USD	143.0
Convergence Partners	Convergence Partners Digital Infrastructure Fund*	Growth	Africa	USD	120.0
BluePeak Private Capital	BluePeak Private Capital Fund*	Mezzanine	Africa	USD	115.0
Uhuru Investment Partners	Uhuru Growth Fund I*	Growth	West Africa	USD	113.0
SUMMIT Africa	Summit Private Equity Fund	Growth	South Africa	ZAR	106.3
CDG Invest Growth	CapMezzanine III*	Growth	Africa; Morocco; North Africa; West Africa	MAD	104.2
Identity Development Fund Managers, Alitheia Capital	Alitheia IDF Fund	Growth	Africa	USD	100.0
Ascent Capital	Ascent Rift Valley Fund II*	Growth	East Africa	USD	100.0

*Fundraising as of December 31, 2021.

Africa Renewable Energy Investment, 2014-2021



Fundraising for Climate-Focused Vehicles Investing in Africa, 2014-2021



Note: Excludes funds without Africa in their geographic mandates, as well as funds investing predominantly outside of GPC markets.

Most Active Financial Services Dealmakers in Africa, 2020-2021

Kepple Africa Ventures	AfricInvest
LoftyInc Capital Management	500 Global
Ingressive	Global Ventures

Most Active Renewable Energy Dealmakers in Africa, 2020-2021

SunFunder	Triple Jump
Aster Capital	Climate Fund Managers
Metier	Lion's Head Global Partners

Largest Investments in Africa, 2021

INVESTOR(S)	COMPANY	COUNTRY	SECTOR	INVESTMENT TYPE	DEAL VALUE (USDMM)	INVESTMENT DATE
3W Partners, DragonBall Capital, Redpoint Ventures, Sequoia Capital, SoftBank, SoftBank Ventures Asia, Source Code Capital	OPay	Nigeria	Payments	Late-Stage	400.0	Aug-21
EDF Group, Meridiam, Ninety One, Proparco, SIFCA Group	BIOVEA Energie	Cote d'Ivoire	Renewable Power	Growth	282.4	Jun-21
A.P. Moller Capital, DEG, Emerging Capital Partners, Investment Fund for Developing Countries	Eranove	Cote d'Ivoire	Conventional Power	Secondary Buyout	250.0	Jul-21
Baillie Gifford, Emerging Capital Partners, Fidelity International, Intercorp, Katalyst Ventures, Reinvent Capital, Temasek Holdings	Zipline	Africa	Logistics & Delivery Services	Late-Stage	250.0	Jun-21
Chan Zuckerberg Initiative, Generation Investment Management, SoftBank, Spark Capital, Whale Rock	Andela	Nigeria	Business/Professional Services	Late-Stage	200.0	Sep-21
Founders Fund, Partech Partners, Ribbit Capital, Sam Altman, Sequoia Capital	Wave	Senegal	Payments	Early-Stage	200.0	Sep-21
TPG	Airtel Mobile Commerce	Africa	Non-Bank Lending & Specialty Finance	Growth	200.0	Mar-21
Beedie Investments, Canaccord Genuity, CIBC Capital Markets, Coris Bank International, Resource Capital Funds	Bomboré Gold Project	Burkina Faso	Metals & Mining	PIPE	182.0	Jan-21
9Yards Capital, Avenir, DST Global, Early Capital Berrywood, FIS Ventures, Green Visor Capital, Greycroft Partners, Insight Partners, Salesforce Ventures, Tiger Global Management	Flutterwave	Africa	Payments	Late-Stage	170.0	Mar-21
Bezos Expeditions, Deciens Capital, FTX, One Way Ventures, Ribbit Capital, SVB Capital (Silicon Valley Bank), Tribe Capital	Chipper Cash	Africa	Payments	Late-Stage	150.0	Nov-21
Adenia Partners, African Infrastructure Investment Managers, International Finance Corporation	Eastcastle Infrastructure	Africa	Telecommunications Services	Buyout	130.0	Jun-21
Apis Partners, Development Partners International, DisrupTech, Endeavor Catalyst, Lorax Capital Partners, Middle East Venture Partners	MNT-Halan	Egypt	Non-Bank Lending & Specialty Finance	Growth	120.0	Aug-21
Apis Partners, JG Summit Holdings	TymeBank	South Africa	Banks	Growth	109.9	Feb-21
Gemcorp Capital, Gramercy Funds Management, Helios Investment Partners, TC Latin America Partners, TriLinc Global	Africell	Africa	Telecommunications Services	Senior Loan	105.0	Jun-21
500 Global, Bezos Expeditions, Brue2 Ventures, Deciens Capital, One Way Ventures, Ribbit Capital, Silicon Valley Bank, Tribe Capital	Chipper Cash	Africa	Payments	Late-Stage	100.0	May-21

Notable Exits and IPOs in Africa, 2021

COMPANY	COUNTRY	SECTOR	INVESTOR(S)	YEAR(S) OF INVESTMENT	CAPITAL INVESTED (USDMM)	EXIT DATE	EXIT AND RETURN DETAIL
Travaux Généraux de Construction de Casablanca	Morocco	Engineering & Construction	Mediterrania Capital Partners	2018	67.5	Nov-21	IPO on CBSE raised MAD600m (USD65m) and provided a partial exit to Mediterrania
IHS	Nigeria	Telecommunications Services	African Infrastructure Investment Managers, Emerging Capital Partners, Ethos, FMO, GIC, Goldman Sachs Merchant Banking Division, Korea Investment Corporation, Wendel	2011-2015	1,305.0	Oct-21	IPO on NYSE raised gross proceeds of USD378m
DPO Group	Kenya	Payments	Apis Partners	2016-2019	22.0	Oct-21	Strategic sale to UAE-based, LSE-listed payments company Network International for USD291.3m
GBfoods Africa	Africa Regional	Food & Beverage	Helios Investment Partners	2017	N/A	Sep-21	Sale of 49% stake back to joint venture partner GBfoods
Fidelity Bank Ghana	Ghana	Banks	Amethis Finance, Edmond de Rothschild Equity Strategies	2014	35.0	Jun-21	Secondary sale of 16.94% stake to LeapFrog Investments for USD53.6m
Peak Timbers	Eswatini	Forestry & Paper	Criterion Africa Partners	2012	19.5	Mar-21	Sale to Shiselweni Forestry Company, a subsidiary of CTSE- and A2X-listed TWK Investments, for USD38m



Methodology

GPCA's reporting covers activity by long-term, private direct investment funds that are backed by institutional investors – along with their co-investors – across the following asset classes: private equity, venture capital, private credit, infrastructure and natural resources. For more information on research methodology, please refer to the Data Methodology webpage or contact research@GPCCapital.org.



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