

KEY THEMES DRIVING AFRICAN PRIVATE EQUITY IN 2025

Securing capital for new and successor funds has become increasingly challenging, prompting more agile fund managers to innovate and adapt. Several key themes propelling African PE (in particular the below) have emerged over the past 18 months, shaping the African investment fund landscape for 2025 and beyond.

IMPACT AND ESG INVESTING

There is heightened investor interest in funds that deliver financial returns as well as positive social and environmental impact. Trendy sectors like renewable energy, agriculture, education, and healthcare are especially attractive when linked to sustainable development outcomes.



FINTECH



Africa's comparatively young population, has resulted in the continent fast becoming a hub for mobile communications technology which has led to increased and significant investment in fintech, e-commerce and digital infrastructure. Given Africa's young, tech savvy population and rising internet penetration, fintech solutions that address financial inclusion will be a major focus for PE and VC investors on the continent and beyond.

INFRASTRUCTURE DEVELOPMENT

Given Africa's pressing economic and social infrastructure needs, and the global shift towards sustainable energy, funds focused on transport, energy, water sustainability, and communication infrastructure are becoming prevalent.



AGRICULTURE AND AGRI-TECH



As food security becomes a growing concern, investment in African agriculture and related technology is expected to increase. Private equity firms are likely to focus on scalable agri-tech solutions that enhance productivity, market access, and value chains across the continent.

REGIONAL SPECIALISATION

Investors are showing growing interest in funds specialising in specific African regions, particularly those with stable political climates and strong growth prospects.



CONSOLIDATION

Increased consolidation appears to be a persistent trend in the market. Consolidation is driven by global fundraising difficulties, high operating, regulatory and compliance costs and economic and policy uncertainty across the continent's different markets. Larger manager houses are increasingly buying out smaller players or merging operations with managers in other geographies to expand their reach, attract capital and stand out in a crowded market.



EXIT STRATEGIES



Exits remain a priority for PE funds in Africa (and other emerging markets). Economic uncertainties have led to many funds holding onto assets longer than anticipated. With a spate of delistings, exits through initial public offerings remain limited. However, strategic sales, secondary buyouts, trade sales and rollover or *continuation funds* are becoming more common as private equity firms seek liquidity. Private equity firms are also progressively undertaking more active portfolio management to ensure their assets are exit-ready.

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