

5 Regional Trends - East and Central Africa

5.1 Venture Capital and Private Equity in Africa

■ INTRODUCTION

The data and analysis of venture capital and private equity activity in this section covers the East and Central Africa region. It includes the reported activity of 16 investments in 2005 in the following 7 countries: Cameroon, Comoros, Congo, Kenya, Madagascar, Tanzania and Uganda.

Of these 16 investments – 15 were reported as in-country investments i.e. investments made in investee companies by fund managers located in the same country and international fund managers (excluding intra-Africa investments), while the remaining 1 investment was in a French company.

In general, the volume of investment activity in 2005 in the region has decreased when compared to 2004. Whilst the number of deals increased, the average deal sizes reduced – leading to a reduction in the overall volume of investments made in the period. European and United States-based investors remain the largest source of PE/VC funds invested in the region and the preferred investment sector over the past two years has been in business and financial services.

■ SOURCES OF CAPITAL

Fund raising activity was not reported in Comoros, Congo, Rwanda, and Tanzania. Therefore, the fundraising activity for the region documented within this section of the report is based on the activity in Cameroon, Kenya, Madagascar and Uganda.

■ Fund raising in the region decreases to US\$ 7.6 million

Survey respondents reported that they raised funds amounting to US\$ 7.6 million in 2005 but this was a substantial decrease compared to 2004 where the reported fundraising activity amounted to US\$ 43.9 million. In 2005, funds raised in Kenya amounted to US\$ 0.6 million by value and in Uganda amounted to US\$ 7.0 million by value. In 2004, funds raised in Cameroon amounted to US\$ 18.9 million by value and in Madagascar amounted to US\$ 25.0 million by value.

■ Government and aid agencies are the largest contributors of funds to the region

According to the reported numbers, the region is still heavily dependent on foreign sources of capital. The largest proportion (78.9%) of the funds raised in 2005, amounting to US\$ 6.0 million by value, reportedly came from government and aid agencies (to Uganda). US\$1.0 million (13.2%) came from banks, and US\$ 0.6 million (7.9%) from private individuals.

The mix of fund raising in 2004 was significantly different, with the majority of funds, amounting to US\$ 16.0 million by value, reported to originate from Development Finance Institutions to Cameroon. Private equity fund of funds contributed US\$ 10.0 million and private individuals contributed US\$ 6.2 million. Banks provided US\$ 1.7 million, and 'other' sources (not individually listed) provided US\$ 10 million. [Table 1.1]

■ Foreign funding primarily originated from Europe followed by the United States

The largest reported contributions to the region came from Europe, both in 2004 and 2005, and amounted to US\$ 28.5 million or 64.9% of the total funds raised and US\$ 4.0 million or 52.6% of total funds raised respectively. The second largest contributions in 2005 came from the United States, which provided US\$ 3.0 million (39.5% of total). In 2004, the second largest contributions, amounting to US\$ 12.5 million (28.5%) by value, came from Asia and the remainder from Cameroon - the only country to report local fund raising activity amounting to US\$ 2.9 million (6.6%). [Table 1.2]

■ All funds raised were for early stage focused funds

In 2005, 100% of the total funds were raised for early stage funds, as opposed to 2004 where 43.0% of the funding was raised for balanced/diversified stages, and the remainder of the funding equally raised for early and expansion stage focused funds (12.5% each). [Table 1.3]

■ INVESTMENT PATTERNS

■ In-country investment decreased to US\$ 14.0 million though deal numbers increased

The in-country investment activity, in terms of number of deals, improved in 2005 though the reported volume has decreased by 35% in value terms. In 2005, 15 investments amounting to US\$ 14.0 million by value were reported, while in 2004, 13 investments amounting to US\$ 21.5 million by value were reported.

The average value of the in-country reported investments also declined in the past year – in 2004 the average reported value was US\$ 1.7 million per investment, compared to US\$ 0.9 million per investment in 2005, a reduction of about 47%.

■ Independent fund managers continue to deliver most of the investments

Independent fund managers reportedly accounted for 10 of the in-country investments in 2005, which amounted to US\$ 10.6 million (75.2%) by value. Captive fund managers followed, and accounted for 4 deals that amounted to US\$ 2.6 million (18.4%) by value, and public sector fund managers who accounted for 1 deal that amounted to US\$ 0.9 million (6.4%) by value.

In 2004, independent fund managers accounted for 12 of the 13 deals reported amounting to US\$18.7 million by value. Public sector fund managers accounted for 1 deal that amounted to US\$ 2.8 million by value. [Table 2.1]

■ Most investments are made by generalist private equity stage funds

Generalist private equity funds made up the largest share of in-country investments measured both by deal number and value terms with 6 deals amounting to US\$ 5.2 million. This is followed by 2 buyouts amounting to US\$ 3.5 million, 4 deals by balanced/diversified funds amounting to US\$ 2.6 million (18.4% of investment), 2 deals by fund of funds amounting to US\$ 2.5 million (17.8% of total investment) and 1 deal by an early stage fund amounting to US\$ 0.3 million (1.9% of investment).

Balanced/diversified funds made up 61.4% of the total funds in 2004, with 5 deals amounting to US\$ 13.2 million by value. 5 deals of generalist private equity funds amounted to US\$ 8.2 million by value and 3 deals of early stage funds amounted to US\$ 0.2 million by value. [Table 2.2]

■ The largest deals were expansion stage investments

Almost half (7 of 15) of the in-country deals reported in 2005 were directed towards expansion investments and accounted for US\$ 7.3 million (52.2%) by value. A further 2 deals collectively amounting to US\$ 0.9 million by value went towards venture capital partnerships. Single deals were reported in a variety of stages including: early stage (US\$ 1.1 million), seed stage (value not reported), start up (US\$ 1.3 million), recapitalisation/turnaround (US\$ 1.3 million), buyout (US\$ 1.8 million) and acquisition (US\$ 0.3 million).

Most investments in 2004 were directed at start-ups, totalling 5 of 13 reported investments, but the larger volume of investment in terms of value was directed towards venture capital partnerships (41.8% of total investment) and buyouts (30.4% of total investment). [Table 3.1]

Most of the investments which reported shareholding showed a preference for significant minority and minority holdings i.e. less than 50% ownership. Only 1 deal was reported to result in a majority shareholding i.e. over 50% ownership. All investments in 2005 were non-syndicated. [Table 3.2 and 3.3]

■ One small outbound investment was reported from Cameroon into France

1 outbound investment was reported to have been made outside the region¹. An independent fund manager from Cameroon reported investing US\$ 0.1 million of a balanced/diversified fund into a non-syndicated third stage investment in France. [Tables 4 and 5]

■ Investors from the United Kingdom continue to invest in the region – but investors based in the region are taking on a larger share

Foreign investors (i.e. funds) based outside Africa contributed 46.0% of the total investment in the region in 2005 compared to 80.8% in 2004². The United Kingdom and France were the only two countries from which foreign investments were recorded in both years. The United Kingdom-based investors reported US\$ 3.4 million in 2005 down from US\$ 5.0 million in 2004, and France-based investors reported US\$ 0.3 million in 2005 from US\$ 0.6 million in 2004.

¹Investments made in investee companies based outside the fund manager's country (i.e. outbound investments) are noted in this section separately from the in-country investment activity

²The total investments in this section include investments made by fund managers in investee companies located outside the fund manager's country of operation (i.e. outbound investments)

In 2005, investors based in the United States and Netherlands reportedly contributed US\$ 2.3 million and US\$ 0.6 million respectively. Norway provided half of the total investment in the region in 2004, amounting to US\$ 10.8 million by value. Other foreign investors included Luxembourg-based investors who provided US\$ 1.0 million. Investors based in the East and Central African region contributed 54.0% of the funds invested in the region in 2005. Cameroon-based investors invested US\$ 2.6 million in both 2005 and 2004. Mauritius-based investors invested US\$ 5.0 million in 2005 and Kenyan-based investors invested US\$ 1.6 million in 2004 but nothing in 2005. [Table 6]

■ Kenyan-based businesses received the most investment in the region in both years

Although Kenyan-based businesses received the most investment in both years, investments decreased by 65% in 2005 – i.e. from US\$ 10.6 million (49.0% of the total) in 2004 to US\$ 3.7 million (26.1% of the total) in 2005. Likewise, decreased investments were reported from Ugandan-based businesses from US\$ 3.4 million in 2004 to US\$ 0.6 million in 2005. Reported investment in Cameroon-based companies took a different turn and increased from US\$ 2.6 million in 2004 to US\$ 3.0 million in 2005. Countries in which investments were reported in investee companies in 2005 only, included: Comoros (US\$ 1.1 million), Congo (US\$ 1.8 million), Madagascar (US\$ 2.3 million) and Tanzania (US\$ 1.5 million). Rwanda was the only additional country from which investment was reported in 2004 (US\$ 5.0 million). [Table 6]

■ Investment remained concentrated in business and financial services

In-country investment activity in both years was spread across a wide range of sectors. In 2004 and 2005, the sector that received the most investment (both in terms of deal numbers and value) was the business and financial services sector; with 6 deals amounting to US\$ 3.2 million by value in 2005, and 9 deals amounting to US\$ 19.1 million by value in 2004. The only other sector in which investments were reported in both years was construction, which attracted US\$ 1.1 million of investment in 2005, and US\$ 2.2 million in 2004.

In 2005, the second highest value of in-country investments was recorded in the health sector (US\$ 3.1 million), followed by the communications sector (US\$ 2.6 million). Agriculture, forestry and fishing and the energy sector attracted smaller investments of less than US\$ 1.3 million. In 2004, activity was also recorded in the consumer related and transportation sectors. [Table 7]

■ Investors prefer investee businesses with turnovers under US\$ 20 million

Information on target companies themselves was mostly not reported. However, from the information available, it was apparent that investors opted for the target firms in-country with a turnover of under US\$ 20 million. The data on employee numbers indicated a general preference for targets with less than 500 employees. [Table 8]

■ Limited divestment activity

There were 4 instances of divestment recorded in 2005 compared to 3 in 2004. Of those recorded in 2005, 1 involved a trade sale (US\$ 0.5 million), 1 IPO (US\$ 0.4 million), 1 sale to management (US\$ 0.8 million), and 1 sale to another private equity firm or financial institution (value not reported). In comparison, exit activity in 2004 included 2 write-offs at a collective value of US\$ 0.4 million and 1 exit by unspecified means (US\$ 2.5 million). [Table 9]

■ CONTRIBUTION OF VENTURE CAPITAL AND PRIVATE EQUITY TO THE OVERALL ECONOMIC ACTIVITY

The contribution of private equity and venture capital to the overall economic activity in East and Central African countries is measured as a percentage of venture capital and private equity investments in 2005 to GDP in 2005.

Comoros recorded the highest percentage in 2005 at 0.602%, an increase from nothing reported the year before. Likewise, Madagascar followed with the second highest percentage of 0.093% up from nothing reported in the previous year. [Table 10]

Table 1.1 ■ SOURCES OF FUNDS

Funds (in US\$ million)		2004		2005	
Type of investor	Amount	%	Amount	%	
Banks	1.73	3.93	1.00	0.13	
Corporates	0.00	0.00	0.00	0.00	
Development Finance Institutions	15.98	36.40	0.00	0.00	
Government and aid agencies	0.00	0.00	6.00	0.79	
Insurance companies	0.00	0.00	0.00	0.00	
Pension and endowment funds	0.00	0.00	0.00	0.00	
Private equity fund of funds	10.00	22.78	0.00	0.00	
Private individuals	6.19	14.10	0.60	0.08	
Other	10.00	22.78	0.00	0.00	
Total funds raised	43.89	100.00	7.60	100.00	

Source: Thomson Financial, SAVCA/KPMG

Table 1.2

Funds (in US\$ million)		2004		2005	
Source of funds by geographical region					
Asia	12.50	28.48	0.00	0.00	
Europe	28.48	64.88	4.00	0.53	
Middle East	0.00	0.00	0.00	0.00	
Own country	2.92	6.65	0.60	0.08	
Rest of Africa	0.00	0.00	0.00	0.00	
United States	0.00	0.00	3.00	0.39	
Other	0.00	0.00	0.00	0.00	
Total funds raised	43.89	100.00	7.60	100.00	

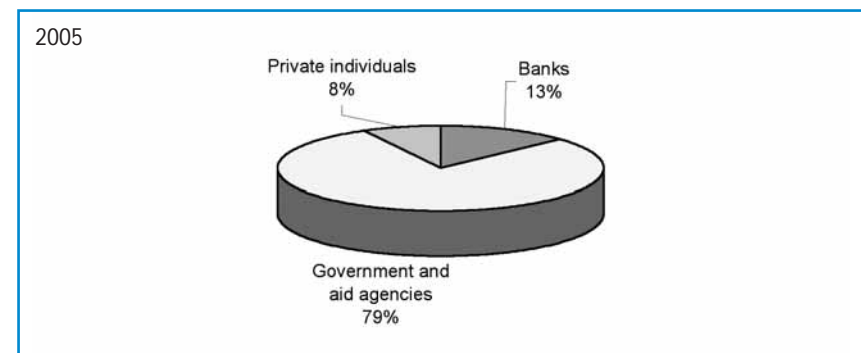
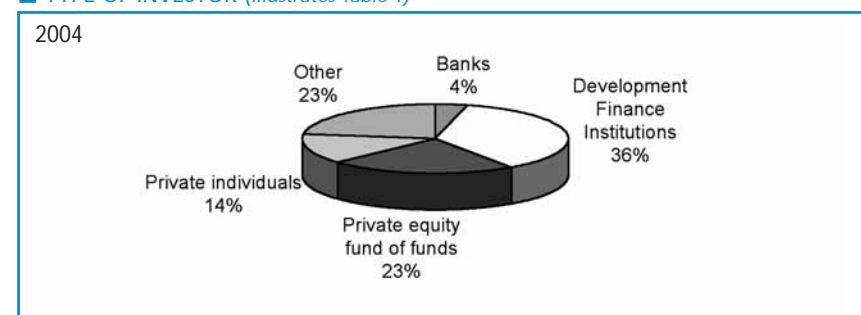
Source: Thomson Financial, SAVCA/KPMG

Table 1.3

Funds (in US\$ million)		2004		2005	
Funds raised by fund stage focus					
Balanced/Diversified	18.89	100.00	0.00	0.00	
Buyouts	0.00	0.00	0.00	0.00	
Early Stage	12.50	0.00	7.60	1.00	
Expansion	12.50	0.00	0.00	0.00	
Fund of funds	0.00	0.00	0.00	0.00	
Generalist Private Equity	0.00	0.00	0.00	0.00	
Later Stage	0.00	0.00	0.00	0.00	
Mezzanine	0.00	0.00	0.00	0.00	
Turnaround/Special Situation	0.00	0.00	0.00	0.00	
Total funds raised	43.89	100.00	7.60	100.00	

Source: Thomson Financial, SAVCA/KPMG

■ TYPE OF INVESTOR (Illustrates Table 1)



■ SOURCE OF FUNDS BY GEOGRAPHICAL REGION (Illustrates Table 2)

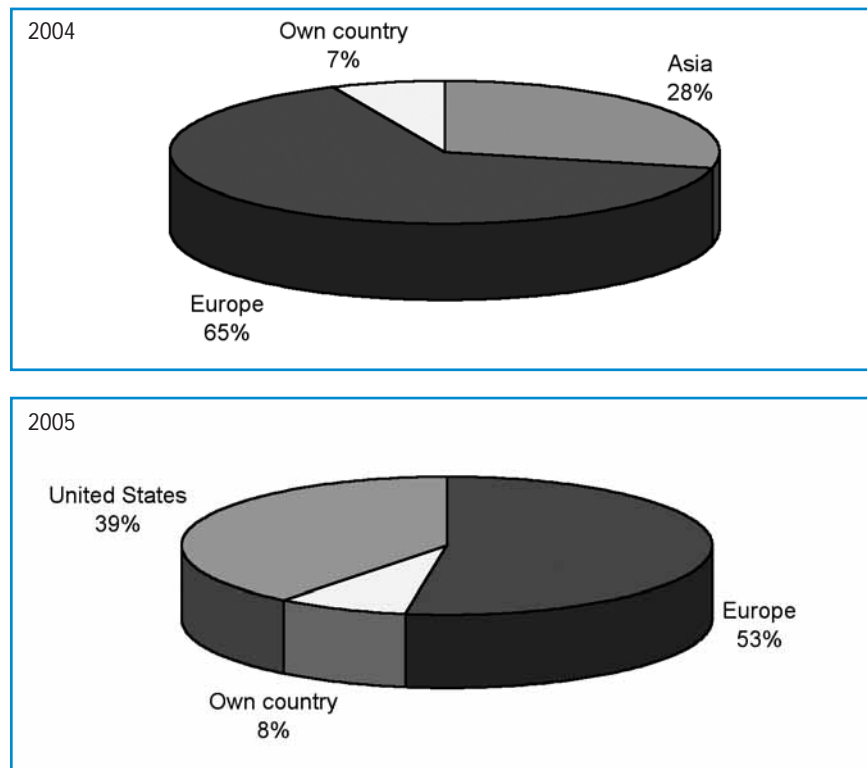


Table 2.1 ■ PE/VC INVESTMENT ACTIVITY DURING THE YEAR

Funds (in US\$ million)		2004		2005				
Firm Ownership	Number	%	Value	%	Number	%	Value	%
Captive	0.00	0.00	0.00	0.00	4.00	26.67	2.58	18.39
Independent	12.00	100.00	18.74	0.87	10.00	66.67	10.55	75.20
Public Sector	1.00	0.00	2.80	0.13	1.00	6.67	0.90	6.41
Total	13.00	100.00	21.54	100.00	15.00	100.00	14.03	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 2.2

Funds (in US\$ million)		2004		2005				
Fund stage focus	16032	%	16032	%	16040	%	16040	%
Balanced/Diversified	5.00	38.46	13.23	61.41	4.00	26.67	2.58	18.39
Buyouts	0.00	0.00	0.00	0.00	2.00	13.33	3.47	24.73
Early Stage	3.00	23.08	0.16	0.75	1.00	6.67	0.27	1.92
Expansion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund of funds	0.00	0.00	0.00	0.00	2.00	13.33	2.50	17.82
Generalist Private Equity	5.00	38.46	8.15	37.83	6.00	40.00	5.21	37.13
Later Stage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mezzanine	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Turnaround/Special Situation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	13.00	100.00	21.54	100.00	15.00	100.00	14.03	100.00

Source: Thomson Financial, SAVCA/KPMG

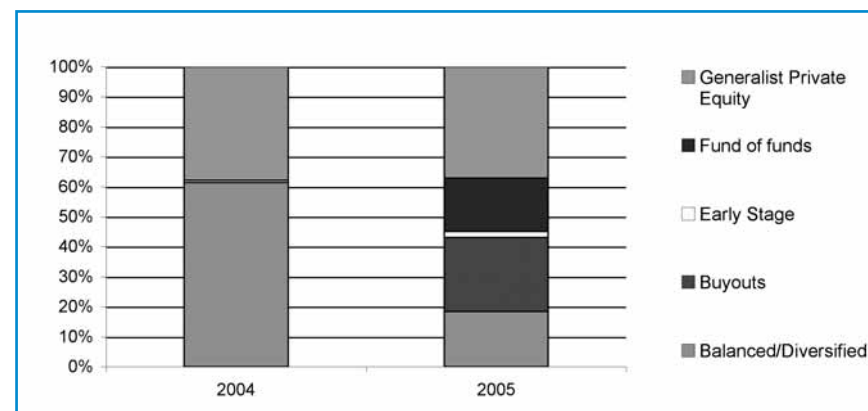


Table 3.1 ■ TYPE OF DEALS

Funds (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Investment stage focus								
Early Stage	0.00	0.00	0.00	0.00	1.00	6.67	1.14	8.13
Seed	0.00	0.00	0.00	0.00	1.00	6.67	0.00	0.00
Start up	5.00	38.46	2.64	12.25	1.00	6.67	1.29	9.19
First Stage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Second Stage	1.00	7.69	0.00	0.00	0.00	0.00	0.00	0.00
Third Stage	1.00	7.69	0.00	0.00	0.00	0.00	0.00	0.00
Expansion	2.00	15.38	0.55	2.55	7.00	46.67	7.32	52.17
Bridge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recapitalisation/Turnaround	0.00	0.00	0.00	0.00	1.00	6.67	1.29	9.19
Buyout	2.00	15.38	6.55	30.42	1.00	6.67	1.82	12.97
Private investment in public company	1.00	7.69	2.80	13.00	0.00	0.00	0.00	0.00
Acquisition	0.00	0.00	0.00	0.00	1.00	6.67	0.27	1.92
VC Partnership	1.00	7.69	9.00	41.77	2.00	13.33	0.90	6.41
Total	13.00	100.00	21.54	100.00	15.00	100.00	14.03	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 3.2

Funds (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Shareholding/ownership of investment								
Full ownership (100%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Majority (51-99%)	0.00	0.00	0.00	0.00	1.00	6.67	1.14	8.13
Joint Venture (50%)	1.00	7.69	0.00	0.00	0.00	0.00	0.00	0.00
Significant minority (20-49%)	6.00	46.15	4.61	21.39	3.00	20.00	2.14	15.25
Minority (0-19%)	0.00	0.00	0.00	0.00	1.00	6.67	0.27	1.92
Not reported	6.00	46.15	16.93	78.61	10.00	66.67	10.48	74.70
Total	13.00	100.00	21.54	100.00	15.00	100.00	14.03	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 3.3

Funds (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Syndicated investment activity								
Non syndicated	9.00	0.00	18.90	0.00	15.00	100.00	14.03	100.00
Syndicated	4.00	100.00	2.64	100.00	0.00	0.00	0.00	0.00
Total	13.00	100.00	21.54	100.00	15.00	100.00	14.03	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 4.1 ■ INVESTMENT OUTSIDE COUNTRY ^{XSA}

Investments (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Firm Ownership								
Captive	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Independent	0.00	0.00	0.00	0.00	1.00	1.00	0.05	1.00
Public Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	1.00	100.00	0.05	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 4.2

Investments (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Fund stage focus								
Balanced/Diversified	0.00	0.00	0.00	0.00	1.00	1.00	0.05	1.00
Buyouts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Early Stage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expansion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund of funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Generalist Private Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Later Stage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mezzanine	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Turnaround/Special Situation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	1.00	100.00	0.05	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 4.3

Investments (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Investment stage focus								
Early Stage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Seed	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Start up	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First Stage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Second Stage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Third Stage	0.00	0.00	0.00	0.00	1.00	1.00	0.05	1.00
Expansion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recapitalisation/Turnaround	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Buyout	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	1.00	100.00	0.05	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 4.4

Investments (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Shareholding/ownership of investment								
Full ownership (100%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Majority (51-99%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Joint Venture (50%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Significant minority (20-49%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Minority (0-19%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Not reported	0.00	0.00	0.00	0.00	1.00	1.00	0.05	1.00
Total	0.00	0.00	0.00	0.00	1.00	100.00	0.05	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 4.5

Investments (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Syndicated investment activity								
Non syndicated	0.00	0.00	0.00	0.00	1.00	1.00	0.05	1.00
Syndicated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	1.00	100.00	0.05	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 5 ■ GEOGRAPHICAL ACTIVITY BY FUND STAGE FOCUS

Investments (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Investment outside local								
country by region	Number	%	Value	%	Number	%	Value	%
West Africa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
North Africa	0.00	0.00	0.00	0.00	1.00	100.00	0.05	100.00
Southern Africa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
East and Central Africa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ROW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	1.00	100.00	0.05	100.00

Source: Thomson Financial, SAVCA/KPMG

N/R - not reported

0: investment value reported for the corresponding deal

Source: Thomson Financial* Total includes one deal reported by IFC valued at US\$ 15m not specific to any country

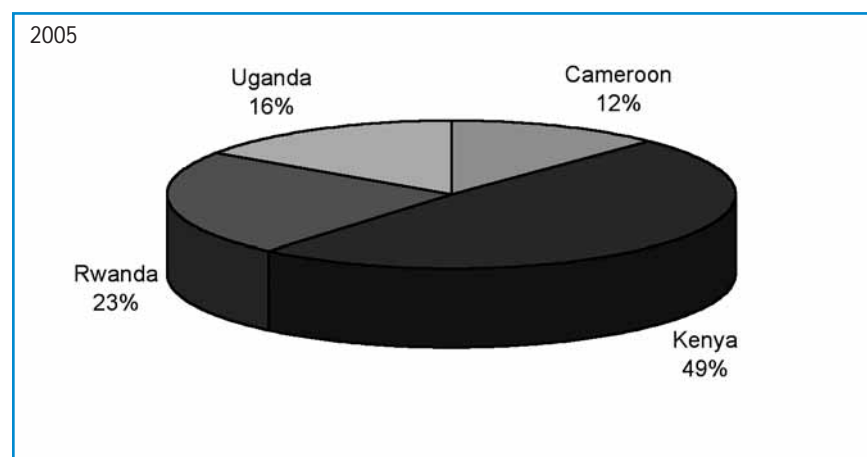
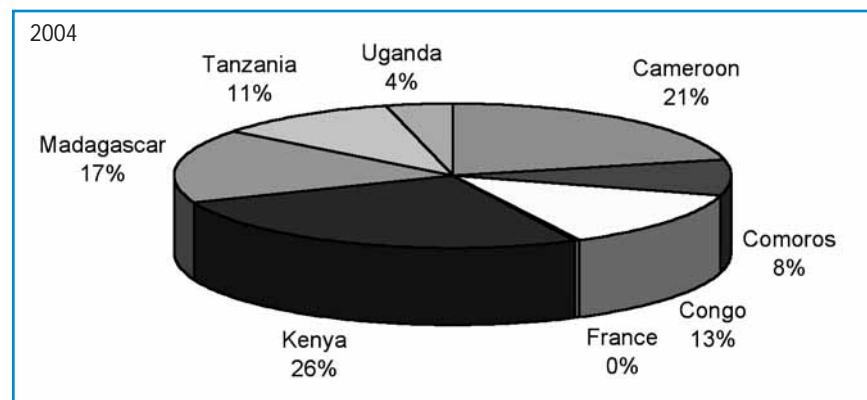
N/R: not reported

-: data not available

0: investment value reported for the corresponding deal

Table 6 ■ INVESTMENT ACTIVITY BY INVESTOR AND COMPANY LOCATION ^{XSA}

Funds (in US\$ million)	Investor location				Company location			
	Value 2004	%	Value 2005	%	Value 2004	%	Value 2005	%
Algeria	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Angola	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Benin	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Botswana	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Burkina Faso	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Burundi	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cameroon	2.59	12.02	2.63	0.19	2.64	12.26	3.02	21.45
Cape Verde	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Central African Republic	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chad	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Comoros	0.00	0.00	0.00	0.00	0.00	0.00	1.14	8.10
Congo	0.00	0.00	0.00	0.00	0.00	0.00	1.82	12.93
Denmark	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Djibouti	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DRC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Egypt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equatorial Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Eritrea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ethiopia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
France	0.60	2.79	0.28	0.02	0.00	0.00	0.05	0.36
Gabon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gambia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ghana	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guinea Bissau	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
India	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Israel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ivory Coast	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kenya	1.55	7.20	0.00	0.00	10.55	48.98	3.67	26.07
Lesotho	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Liberia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Luxembourg	1.00	4.64	0.00	0.00	0.00	0.00	0.00	0.00
Lybia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Madagascar	0.00	0.00	0.00	0.00	0.00	0.00	2.33	16.55
Malawi	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mali	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mauritania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mauritius	0.00	0.00	4.97	0.35	0.00	0.00	0.00	0.00
Morocco	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mozambique	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Namibia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Netherlands	0.00	0.00	0.55	0.04	0.00	0.00	0.00	0.00
Niger	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nigeria	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Norway	10.80	50.14	0.00	0.00	0.00	0.00	0.00	0.00
Rwanda	0.00	0.00	0.00	0.00	5.00	23.21	0.00	0.00
Sao Tome and Principe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senegal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Seychelles	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sierra Leone	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Somalia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
South Africa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sweden	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sudan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tanzania	0.00	0.00	0.00	0.00	0.00	0.00	1.50	10.65
Togo	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tunisia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Uganda	0.00	0.00	0.00	0.00	3.35	15.55	0.55	3.91
United Kingdom	5.00	23.21	3.40	0.24	0.00	0.00	0.00	0.00
United States	0.00	0.00	2.25	0.16	0.00	0.00	0.00	0.00
Zambia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Zimbabwe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	21.54	100.00	14.08	100.00	21.54	100.00	14.08	100.00



■ INVESTMENT ACTIVITY BY COMPANY LOCATION

Table 7 ■ INVESTMENT ACTIVITY BY SECTOR

Funds (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Agriculture, Forestry and Fishing	0.00	0.00	0.00	0.00	2.00	13.33	1.29	9.19
Business and Financial Services	9.00	69.23	19.12	0.89	6.00	40.00	3.23	23.01
Communications	0.00	0.00	0.00	0.00	2.00	13.33	2.60	18.52
Construction	1.00	7.69	2.20	0.10	1.00	6.67	1.14	8.12
Consumer Related	1.00	7.69	0.05	0.00	0.00	0.00	0.00	0.00
Energy	0.00	0.00	0.00	0.00	1.00	6.67	0.17	1.21
Health	0.00	0.00	0.00	0.00	2.00	13.33	3.11	22.15
IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Manufacturing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Semiconductor/Electronics	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transportation	1.00	7.69	0.17	0.01	0.00	0.00	0.00	0.00
Utilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	1.00	7.69	0.00	0.00	1.00	6.67	2.50	17.81
Total	13.00	100.00	21.54	100.00	15.00	100.00	14.04	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 8.1 ■ INVESTMENT ACTIVITY BY TARGET FIRM^{XSA}

Funds (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Turnover								
under US\$1 million	3.00	100.00	2.50	100.00	1.00	6.67	0.05	0.00
US\$1 million-US\$4.99 million	1.00	0.00	0.55	0.00	1.00	6.67	0.28	0.02
US\$5 million-US\$20 million	1.00	0.00	1.55	0.00	1.00	6.67	0.27	0.02
US\$21 million-US\$70 million	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US\$71 million-US\$150 million	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US\$351 million-US\$500 million	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US\$151 million-US\$350 million	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US\$501 million+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Not reported	8.00	0.00	16.93	0.00	12.00	80.00	13.44	0.96
Total	13.00	100.00	21.54	100.00	15.00	100.00	14.04	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 8.2

Funds (in US\$ million)	2004				2005			
Number of employees								
0-9	1.00	7.69	0.00	0.00	0.00	0.00	0.00	0.00
10-19	3.00	23.08	2.34	10.87	1.00	6.67	0.28	1.99
20-99	1.00	7.69	0.16	0.75	3.00	20.00	1.46	10.40
100-199	1.00	7.69	1.55	7.22	0.00	0.00	0.00	0.00
200-499	1.00	7.69	0.55	2.55	1.00	6.67	0.00	0.00
500-999	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1000+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Not reported	6.00	46.15	16.93	78.61	10.00	66.67	12.30	87.61
Total	13.00	100.00	21.54	100.00	15.00	100.00	14.04	100.00

Source: Thomson Financial, SAVCA/KPMG

Table 9 ■ EXIT/DIVESTMENT ACTIVITY

Funds (in US\$ million)	2004				2005			
	Number	%	Value	%	Number	%	Value	%
Trade sale	0.00	0.00	0.00	0.00	2.00	0.40	0.86	0.51
IPO	0.00	0.00	0.00	0.00	1.00	0.20	0.04	0.02
Sale of listed shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sale to Management	0.00	0.00	0.00	0.00	1.00	0.20	0.80	0.47
Sale to another private equity firm or financial institution	0.00	0.00	0.00	0.00	1.00	0.20	0.00	0.00
Repayment of preference loans/shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share buy back by investee company	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends and interest payments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Write offs	2.00	1.00	0.43	0.15	0.00	0.00	0.00	0.00
Other	1.00	0.50	2.46	0.85	0.00	0.00	0.00	0.00
Total	2.00	100.00	2.89	100.00	5.00	100.00	1.70	100.00

Source: Thomson Financial, SAVCA/KPMG

Tables includes exit details for companies located within the country/region and excludes investments outside Africa.

■ EXITS BY NUMBER

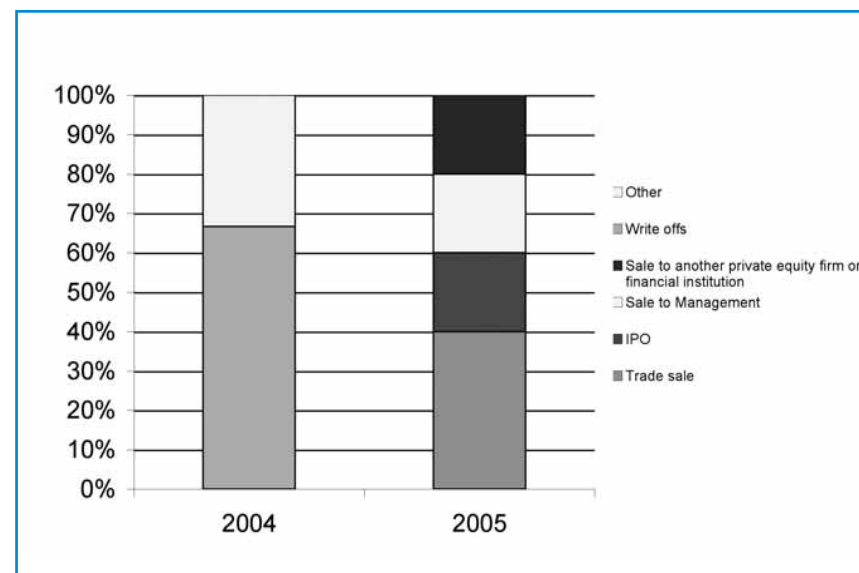


Table 10 ■ CONTRIBUTION OF VENTURE CAPITAL AND PRIVATE EQUITY TO THE OVERALL ECONOMIC ACTIVITY

Country	2003		2004	
	Total Investment	Investment as % of GDP*	Total Investment	Investment as % of GDP*
Comoros			2.3	0.602
Madagascar			4.7	0.093
Congo, Rep.			1.8	0.035
Congo, Dem. Rep.			1.8	0.026
Tanzania			3.0	0.025
Kenya	10.6	0.066	3.7	0.021
Cameroon	2.6	0.016	3.0	0.018
Uganda	3.4	0.050	0.6	0.007
Rwanda	5.0	0.273		

Source: Thomson Financial, World Bank Development Report Selected Indicators 2005 & 2006

* Investment as % of GDP given to 3 decimal places as some figures are very small