

Acquisition. |

How Equity paid Sh6.7bn for Rwanda bank

Patrick Alushua

Equity Group has disclosed that it considered the potential cash flows and the valuation of a KCB deal in the same market, among other factors, in agreeing to buy a Rwandan bank for Rwf54.68 billion (Sh6.7 billion).

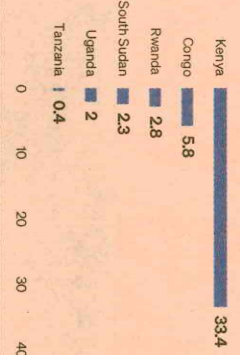
The lender says it picked on the price for a 91.9 percent stake in Rwanda's Compagnie Générale De Banque Plc (Cogebanque) with the guidance of Asturelogic Advisory Limited—a transaction adviser.

Equity says in a circular to shareholders that the valuation was partly based on potential income after the deal as well as comparisons of the Sh5.3 billion that its rival KCB Group paid for 62.06 percent stake in Banque Populaire du Rwanda (BPR).

The lender has also disclosed that it arrived at the price after striking a deal with the Government of Rwanda, a principal shareholder in Cogebanque, to buy the bank's head office at Rwf11.49 billion (Sh1.39 billion) within one year of completion

Equity bank net earnings by

Operations in other countries now account for 28 percent of the group's net earnings



SOURCE: COMPANY STATEMENTS

of the transaction.

"Consequently, this recoverable amount for the head office building has been built into the price to be paid for the sale shares," says the lender in the circular giving details of the deal.

Equity plans to complete the transaction on or about August 10, 2023 from the Government of Rwanda (41.67 percent), Rwanda Social Security Board (30.6 percent), Judith Mwirasoni (12.68 percent) and Sanlam

Vie Plc (6.98 percent).

The lender says it sees the macro-economic outlook of Rwanda and the East Africa region as attractive and hopes to achieve economies of scale by amalgamating Cogebanque into Equity Group.

Equity also considered the rate of return on investment with a similar risk profile to that of Cogebanque.

The lender also hopes to eventually make a bid to 23 other shareholders to acquire 8.07 percent that will remain after the initial deal is completed. Equity says it will pay the agreed price from internally generated cash resources. As at 31 March 2023, Equity reported cash balances of Sh14.68 billion in its standalone company financial statements.

The Government of Rwanda in December last year acquired 41.67 percent in Cogebanque. Cogebanque closed last year ranked fifth among the licensed banks operating in Rwanda when measured by reported aggregate total assets and total shareholder funds.

Equity will be keen to seal this deal after the collapse of another where it was to buy 62 percent of the share capital of Rwanda's Banque Populaire du Rwanda from Atlas Mara.

The deal flopped in July 2020 alongside that of buying 100 percent of African Banking Corporation of Zambia, African Banking Corporation Tanzania and African Banking Corporation Mozambique.

More acquisitions

The latest proposed transaction will deepen Equity's acquisition drive in the region as has been seen with its competitors who have been cutting their reliance on profits from Kenya by expanding in the region.

KCB, Co-op Bank, I&M, NCBA, Stanbic, DTR, Guaranty Trust Bank and ABC Bank all run subsidiaries in the region and are still keeping their purses open for more acquisitions. Others, including Family Bank, are planning to raise money and expand outside Kenya.

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Aviation. |

Jambojet to lease eighth aircraft in expansion drive

Boniface Otieno

Low-cost carrier Jambojet plans to lease a second-hand Bombardier Dash 8 Q400 aircraft, bringing its fleet complement to eight as it continues to expand in the domestic market.

The Kenya Airways subsidiary says it is in discussions with a lessor for the plane that has been in the market for the last four years, and expects a deal by August 23.

The plane will be joining the Jambojet fleet of seven Dash 8-Q400s leased from Falko, Montrose Global, and Nordic Aviation Capital.

It will be Jambojet's eighth aircraft. Its seventh Dash 8 Q400 was delivered in November 2022 and is on its domestic market, flying from Jomo Kenyatta International Airport (JKIA).

"We are leasing one more aircraft and it's a 2019 plane which is four years old. This is to increase capacity to Mombasa, Kisumu, Eldoret and Malindi," Jambojet CEO Karania Ndegwa told the *Business Daily*.

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Real Estate. |

Multinationals lift demand for high-end Nairobi offices

Edna Mwenda

Multinationals are driving demand for high-end, sustainability-compliant office spaces in Nairobi, with Westlands remaining the most popular location, a new report shows.

The *Africa Office Market Dashboard* for the first quarter of 2023 has revealed that Westlands is the most popular location for prime offices, two years in a row due to its surplus pipeline of grade A commercial buildings and is set to topple Upperhill, Kilimani and Mombasa Road.

Major global powers that have committed millions of dollars in sustainable projects including the United States, the United Kingdom, South Korea, and China are expected to trigger an influx of multinational corporations in hubs like Nairobi and Johannesburg.

"Consequently, the office market in these cities is witnessing a recovery, with Grade A offices registering lower average vacancy levels of around 20 percent," said Knight Frank in the report.

"Across the continent, there is a

growing demand for best-in-class and ESG-compliant offices, however, the supply of such stock remains low."

"Despite this number being a fraction of the 120,000 global green buildings, markets such as Nairobi, Accra, and Lagos have recorded over a 200 percent increase on average in the past three years."

The UK government announced in March this year it had committed alongside other developed countries through the United Nations Framework Convention on Climate Change (UNFCCC) to a collective target of providing and mobilising \$100 billion in climate finance a year for developing countries.

About \$2 billion was to be invested in sustainable projects across Africa while the US pledged an initial \$20 billion for its partnerships for Global Infrastructure Initiative.

Britam Tower was recognised as one of the 10 iconic ESG-compliant office buildings on the continent alongside 35 Lower Long in South Africa, CFC's first tower in Morocco and PPF tower in Tanzania.

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The Business Daily commercial team is putting together a special supplement on the core banking software industry, to highlight trends and emerging technologies in response to the needs of both the demand and supply sides of the market.

The supplement is targeted at banking institutions that are keen to run up-to-date software, and also at customers so that they are informed of the possibilities their bankers could apply.

We are inviting providers/innovators of core banking solutions, as well as banks and other finance institutions, to feature the qualities of their digital systems.

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