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Helios scores first for Africa fund with Crown Agents deal

William Wallis in London

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Helios, the pan-African investment firm, is set to deliver a postcolonial turnaround with a deal for key divisions of Crown Agents — a company which was once a pillar of the British empire.

The deal for Crown Agents Bank and its sister asset management company, for an undisclosed sum, marks the first time an African-managed fund has won approval from regulators to acquire a UK financial institution.

Helios is one of the largest investment firms focused on Africa, and among the few private equity groups founded and managed by Africans.

Tope Lawani, its Nigerian co-founder, says the firm will retain the management of the two divisions — with combined assets of \$2.6bn — and inject capital to build on their client relationships across many, mostly Commonwealth states.

The acquisition was spurred in part by the exit from small frontier and emerging markets of bigger, global banks, Mr Lawani told the Financial Times, citing the recent decision by Barclays to sell its Africa division.

The growing pressure of regulatory compliance and capital requirements is driving mainstream banks from smaller markets where returns no longer justify costs.

“Despite the moment we are in, in the economic cycle, demand for trade finance and transaction banking is growing significantly while supply is diminishing,” Mr Lawani said.

Recent research by the African Development Bank estimates shortfalls in trade financing on the continent at \$110bn-\$120bn annually.

This provides an opportunity for Crown Agents, Mr Lawani said, adding that the goal is to create the leading wholesale bank for small and medium sized countries.

Crown Agents was set up in 1833 to manage grants, raise capital and run supply chains in British

dependencies. It has been through numerous incarnations since, from managing engineering projects to assisting post-independence institution-building in former colonies and advising on the creation of sovereign wealth funds.

The development organisation was privatised in 1997 and became a non-profit-making foundation. It is headquartered and regulated in the UK but has a presence across states in Africa, Asia and the Caribbean.

“We have seen Angola making investments in Portugal,” Mr Lawani said, drawing a parallel with the oil-rich southern African state and its former colonial ruler. “This is not quite the same dynamic. Crown Agents is uniquely British. I am not aware of any similar financial institution anywhere.”

The banking division has relations with central banks and corporate entities in smaller states such as Sierra Leone, Malawi and Rwanda. But under foundation ownership it has lacked resources to capitalise on its client networks. Helios hopes to change this using its experience developing businesses across African borders.

“One of the things we have seen, and not just in banking, is that you can develop a nice protective moat around companies that develop significant market share in small countries,” Mr Lawani said.

“These are very concentrated markets and that is an opportunity for Crown Agents. It has been in these places for 180 years.”

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