



# Global Financial Insights

## September Edition

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## INTRODUCTION

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The global financial environment is undergoing profound changes, marked by a surge in mergers and acquisitions, private equity deals, and capital market activities. These are not just reflections of prevailing market conditions; they are pivotal strategies that reshape industries, impact national and global economies, and alter the competitive landscape across regions.

Over the past few months, both mature and emerging markets have seen an uptick in financial activities, highlighting broader trends influenced by economic shifts, technological advancements, and

evolving regulatory frameworks.

This article delves into some of the most significant global transactions. By offering an in-depth analysis of these transactions, we aim to provide valuable insights into the strategic drivers behind these deals and assess their broader implications for participants and stakeholders in the financial sector. Our review will categorise these transactions into three key sectors, each discussed in detail below.

# MERGERS & ACQUISITIONS

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With several high-profile deals recently announced that have impacted both investor sentiment and industry dynamics over the past month, mergers and acquisitions continue to be a crucial component of business strategy, driving innovation, expansion, and market consolidation. These transactions include:

**1. Alaska Airlines' \$1.9 Billion Acquisition of Hawaiian Airlines:** Alaska Airlines' \$1.9 billion acquisition of Hawaiian Airlines, approved by the Department of Transportation (DOT), is set for completion in early 2025. The deal strengthens Alaska Airlines' aviation dominance and secures vital passenger protections, including preserving the value of loyalty rewards programs, maintaining key routes to underserved regions, and offering customer-friendly policies like fee-free family seating and military discounts. This strategic move comes as the airline industry faces slower growth amid rising fuel costs and inflation.

**2. Mastercard's \$2.65 Billion Acquisition of Recorded Future:** In the financial sector, Mastercard acquired the threat intelligence firm, Recorded Future for \$2.65 billion, as part of its strategy to enhance cybersecurity services. The deal is set for completion. This move strengthens Mastercard's efforts in detecting fraud in light of the increase in cyber threats such as ransomware and hacking, especially with the application of generative AI. The acquisition also highlights how crucial cybersecurity is becoming to the financial sector as a result of growing business risks from cyberattacks.

**3. Verizon's Acquisition of Frontier Communication:** In the telecommunication sector, Verizon intends to bolster its position in the broadband and telecoms sectors by acquiring Frontier Communications for \$20 billion. This transaction occurs at a time when the telecom sector is experiencing increased competition, especially with growing fibre optic networks and high-speed internet services. This deal underlines Verizon's commitment to bolstering its market position in the competitive telecommunications industry by increasing its broadband and fibre optic offerings.

**4. First Majestic acquisition of Gatos Silver:** In the mining industry, First Majestic Silver's \$970 million acquisition of Gatos Silver demonstrates the company's strategic focus on growth through acquisition, making use of Gatos Silver's assets to bolster its operational efficiency and resource base. The merger reflects the industry's broader trend toward consolidation, aimed at achieving greater production scale, operational synergies, and long-term value creation while maintaining sustainable mining practices.

These global mergers and acquisitions demonstrate how companies are strategically utilizing acquisitions to enhance their competitive advantage, broaden their portfolios, and capitalize on growing market opportunities.

# PRIVATE EQUITY

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The financial sector remains predominantly influenced by private equity, as firms leverage their capital to acquire, grow, and reorganize businesses across various industries, showcasing resilience and flexibility in navigating a rapidly evolving environment through recent investments.

**1. Mirova's \$15 Million Investment in SolarAfrica:** France-based global sustainable investment and asset management group Mirova invested \$15 million in a renewable energy enabler and independent power producer, SolarAfrica. The investment highlights the ongoing interest in stimulating access to clean energy and promoting climate action in emerging market countries.

**2. Genstar Capital's Majority Investment in Flourish Research:** Genstar Capital's majority investment in Flourish Research, a leading multi-site clinical trial organization and an NMS Capital portfolio company. This deal underscores private equity's continued focus on healthcare, driven by the sector's steady demand and growth prospects.

**3. Oaktree Finalizes £200 Million Deal with Close Brothers Asset Management:** Close Brothers Group announced the sale of its wealth management and financial planning division, Close Brothers Asset Management (CBAM), to US private equity firm Oaktree for up to £200 million. This move highlights the growing trend of

private equity firms expanding their presence in the wealth management and financial planning sectors.

**4. Hotel Engine Achieves \$2.1bn Valuation with \$140m Permira Investment:** Hotel Engine, a travel technology specialist, has raised \$140 million in a Series C funding round led by Permira Growth Opportunities II. This investment values the company at \$2.1 billion. This investment aligns with the growing interest of private equity firms in the technological sector.

**5. The Acquisition of Hisa by Rise:** In Nigeria, private equity activity has also been notable. A recent example is the acquisition of Kenyan investment platform Hisa by Nigerian fintech startup Rise, as part of Rise's expansion into the East African market. Rise, which facilitates access to global stock investments in US dollars, shares a similar mission with Hisa by offering users access to both local and global assets, including stocks, ETFs, bonds, and alternative investments. This deal reflects the growing trend of cross-border fintech collaboration and the creation of a seamless, borderless investment experience for African investors.

# CAPITAL MARKETS

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Capital markets have maintained a high level of activity globally, driven by consistent streams of initial public offerings (IPOs), bond issuances, and secondary market transactions. These financial operations play a vital role in equipping businesses with the necessary capital to support growth, drive innovation, and pursue key strategic goals.

## **1. Egypt's Plan to Issue \$3 billion in Eurobonds:**

Egypt is aiming to re-enter the international bond market, with plans to issue \$3 billion in Eurobonds and other debt instruments during this fiscal year. This issuance if it pulls through can stabilize its economy and manage macroeconomic challenges more effectively.

## **2. KKR raises \$4.6 billion for debut North America mid-market deals fund:**

KKR & Co has raised \$4.6 billion for its debut fund focused on mid-sized deals in North America despite a difficult fundraising environment as high interest rates dampened investors' appetite for debt-driven buyouts. The fund was oversubscribed at the time of its closing and received backing from a range of investors, including public pensions, family offices, and insurance companies.

## **3. Wayfair Proposed Offering of \$700 Million Senior Secured Notes:**

Wayfair Inc. announced that Wayfair LLC, its subsidiary, plans to offer \$700 million in senior secured notes due 2029 in a private offering, subject to market and other conditions. The Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by Wayfair. The proceeds from the notes

offering, along with cash on hand, are intended to be used for repaying a portion of Wayfair's existing convertible senior notes and supporting general corporate purposes, providing the company with greater financial flexibility.

**American Healthcare REIT Primary Public Offering of Common Stock:** American Healthcare REIT, Inc. launched an underwritten public offering of 14.5 million shares of its common stock, with an option for underwriters to purchase an additional 2.175 million shares within thirty (30) days. The company plans to use the net proceeds to acquire its joint venture partner's 24% minority interest in Trilogy Holdings LLC which operates a diversified portfolio of senior living communities and skilled nursing facilities, and to repay portions of its outstanding debt under existing credit lines.

## **4. Sterling Financial Holdings Company PLC Secures \$50M Capital Injection:**

In Nigeria, to comply with the Central Bank of Nigeria's recapitalization requirements, Sterling Financial Holdings Company PLC has received a \$50 million (approximately N75 billion) capital injection from a consortium of domestic investors and ultra-high-net-worth individuals, with the deal currently awaiting final regulatory approvals. This capital raise signifies the market's confidence in the vision and potential of the enterprise.

These capital market transactions, both internationally and in Nigeria, highlight the critical role of public markets in facilitating corporate growth, fostering innovation, and boosting shareholder returns.

## CONCLUSION

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The global financial landscape is experiencing profound changes, driven by large-scale private equity, capital markets, mergers and acquisitions, and transactions. In light of these ongoing shifts, it is essential for Nigerian businesses and investors to stay informed and proactive in understanding global financial trends and take a cue from the same in making investment decisions. By remaining agile and capitalizing on emerging opportunities, Nigeria can strategically position itself to navigate market complexities while fostering economic growth.

For Nigerian stakeholders, having a comprehensive understanding of the implications of these global financial movements is key to unlocking opportunities and driving the country's economic development forward. Engaging with these trends will enable Nigerian investors and businesses to effectively manage risks and contribute to the nation's broader economic progress.



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Stren & Blan Partners is a full-service commercial Law Firm that provides legal services to diverse local and multinational corporations. We have developed a clear vision for anticipating our client's business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence.

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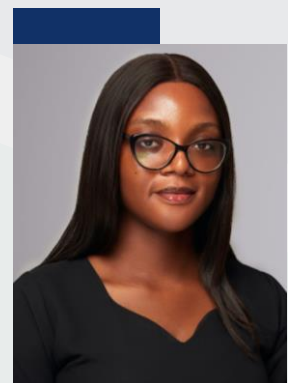
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