

Mergers & Acquisitions

Private Equity

2025
WRAP-UP

2026
OUTLOOK

Foreword

2025 marked a decisive turning point for the Nigerian deal landscape. Despite macroeconomic volatility, regulatory transitions, and shifting investor sentiment, the mergers, acquisitions, and private equity ecosystem demonstrated remarkable resilience. Market participants recalibrated their strategies, regulators accelerated reforms, and sector leaders continued to pursue capital formation, consolidation, and strategic partnerships.

At Olaniwun Ajayi LP, we are proud to have played a pivotal role in advising our clients on some of these transformative transactions. We are deeply grateful for the trust placed in us to provide strategic, commercial, and forward-looking counsel during this dynamic period.

This Wrap-Up Report distills the key themes that shaped dealmaking activity in 2025 and provides a clear view of what stakeholders should anticipate as 2026 unfolds. Readers can expect an informed, data-driven analysis of policy and regulatory developments; sector-specific deal trends; evolving deal mechanics, including the rise of seller-side diligence and increased use of W&I and tax insurance; and shifting investor priorities around governance, transparency, and digital enablement. The report also highlights the implications of regional integration initiatives, such as the ECOWAS merger control framework, and what they signal for future transaction execution.

We extend our sincere appreciation to the contributors, analysts, and industry participants whose insights and data have enriched this report. Looking ahead, we remain optimistic about a future defined by innovation, collaboration, and sustained growth within Nigeria's mergers, acquisitions, and private equity landscape. We hope this report serves not only as a reference point, but as a catalyst for strategic dialogue with our clients and partners in the year ahead.

Anu Balogun

Partner, Olaniwun Ajayi LP





2025

WRAP UP



PART

01

THE ECONOMIC LANDSCAPE
AND MACROECONOMICS IN
2025

REAL GDP & GROWTH TRENDS

The World Bank projected that Nigeria's economy would grow by 3.5 per cent in 2025 and with a modest improvement to 3.7 per cent in 2026, driven largely by macroeconomic and implemented fiscal reforms.¹ In its Global Economic Prospects Report, the World Bank observed that the Central Bank of Nigeria (CBN) had tightened monetary policy in response to rising inflation and a weakening Naira. The fiscal deficit narrowed during 2024, supported by a marked increase in government revenues resulting from the elimination of the foreign-exchange subsidy, following the unification of the exchange rate, and improvements in revenue administration.

Despite these positive developments, the World Bank projected that per capita income growth would likely remain subdued over the forecast period, as structural constraints such as persistent inflationary pressure, naira depreciation, and underperforming oil production continued to present material risks to sustained economic recovery.

However, contrary to these projections, Nigeria recorded a stronger-than-expected performance in early 2025. In the first quarter of 2025, aggregate GDP stood at ₦94

trillion in nominal terms and ₦49.34 trillion in real terms, representing a year-on-year real growth of 3.13 per cent, an improvement on the 2.27 per cent recorded in Q1 2024. Growth accelerated further in Q2 2025, rising by 4.23 per cent.² Notably, the performance of the GDP in Q1 2025 was predominantly driven by the services sector which recorded a growth rate of 4.33 per cent and accounted for 57.5 per cent of aggregate real GDP. The industry sector also strengthened, recording 3.42 per cent growth in Q1 2025 compared with 2.35 per cent in the corresponding quarter of 2024.

In contrast, the oil sector experienced a significant slowdown, especially in Q1 2025. Its year-on-year real growth rate declined by 1.87 per cent in Q1 2025, from 5.7 per cent in Q1 2024, contributing only 3.97 per cent to real GDP.³ The non-oil sector remained the dominant driver of the economy, accounting for 96.03 per cent of real GDP in Q1 2025⁴. Key contributors included but were not limited to:



1. Nairametrics, 'World Bank projects 3.5% GDP growth for Nigeria in 2025, 3.7% in 2026', available at World Bank projects 3.5% GDP growth for Nigeria in 2025, 3.7% in 2026, accessed on 04 November 2025.

2. National Bureau of Statistics, 'Nigerian Gross Domestic Report Q1 2025', available at <https://microdata.nigerianstat.gov.ng/index.php/catalog/147/download/1287>,

accessed on 04 November 2025.

3. Ibid.

4. Ibid.



In Q2 2025, aggregate nominal GDP rose to ₦100.73 trillion, representing 19.23 per cent year-on-year nominal growth.⁵ Real GDP expanded by 4.23 per cent, outperforming the 3.84 per cent recorded in Q2 2024.

The oil sector exhibited a notable rebound in Q2 2025, with year-on-year real growth of 20.46 per cent, an improvement of 10.38 percentage relative to Q2 2024. On a quarter-on-quarter basis, the sector grew by 6.01 per cent. Its contribution to real GDP increased to 4.05 per cent, compared with 3.51 per cent in Q2 2024 and 3.97 per cent in Q1 2025.

The non-oil sector contributed 95.95 per cent of real GDP in Q2 2025, slightly lower than what was recorded in Q2 2024 (96.49 per cent) and Q1 2025 (96.03 per cent). Growth in this sector was driven mainly by crop production, telecommunications, real estate, financial institutions, trade, construction, and electricity, gas, steam and air-conditioning supply.

Taken together, these figures indicate broad-based economic growth in 2025, demonstrating that Nigeria's GDP performance is increasingly anchored in non-oil activity, even as the oil sector shows episodic rebounds.



INFLATION & COST OF LIVING PRESSURES

Inflation developments in 2025 presented a complex picture. The year marked a clear departure from the rapid and unrelenting price increases that characterised 2024, during which inflationary pressures were broad-based, volatile, and difficult to manage. However, the accumulated effect of several years of elevated prices has produced a pronounced cost-of-living crisis, which continues to weigh heavily on household consumption.

Although inflation has not returned to pre-crisis levels, 2025 recorded a measurable deceleration. This was the first tangible outcome of the CBN's commitment to maintaining an aggressive monetary-tightening stance through sustained high interest rates.⁶ Consensus estimates placed average inflation for 2025 between **22 and 25 per cent**⁷, a notable moderation from the **30-plus per cent** peaks of 2024,⁸ which followed the removal of fuel subsidies and sharp currency adjustments⁹. While inflation has slowed relative to 2023 and 2024, the exceptionally high base in those years has created an optical effect in which the 2025 figures appear comparatively modest, even though prices remain historically elevated.

5. Morgan Capital Group, 'GDP Report Q2 2025', available at GDP Report Q2 2025, accessed on 10 November 2025.

6. Central Bank of Nigeria, Personal Statements of MPC Members, May 2025 Meeting and Communiqué (20 May 2025) < CBN/MOC/COM/157/300 > accessed 1 November 2025.

7. Open Africa Data Hub, Nigeria Inflation Summary 2025 (September 2025) < Nigeria Inflation Summary 2025 > accessed 5 November 2025. See also - National Bureau of Statistics, Consumer Price Index (May 2025), available at Consumer Price Index (April 2025) - Nation Bureau of Statistics accessed on 02 November 2025.

8. National Bureau of Statistics, Official Statistical Report (2024) < CPI and Inflation Report 2024 > accessed 2 November 2025.

9. Laolu Afolabi, 'Effects of fuel subsidy removal on Nigerians' socioeconomic wellbeing' Punch Newspaper Online (30 December 2024) < Effects of fuel subsidy removal on Nigerians socioeconomic wellbeing > accessed 2 November 2025.



Changing Drivers of Inflation in 2025

Inflationary dynamics shifted in 2025, reflecting both macroeconomic improvements and persistent structural challenges.

Exchange Rate Stability

The most significant improvement stemmed from a more stable Naira. This stability broke the adverse cycle observed in 2024, when currency depreciation translated almost immediately into higher prices for imported goods, including essential commodities such as food and pharmaceuticals. Given Nigeria's continued dependence on imported inputs and finished goods,¹⁰ the exchange rate, particularly against the US dollar, remains one of the most influential determinants of headline inflation¹¹.



Persistent Structural Pressures

Despite progress on the foreign-exchange front, key structural factors continued to drive inflation. Food inflation remained the most substantial source of pressure on households,¹² reflecting long-standing issues such as insecurity in major agricultural regions,¹³ poor transport and storage infrastructure, and the rising cost of farm inputs, including fertilisers and diesel.¹⁴ Core inflation was also elevated, driven by the necessary but burdensome adjustments to electricity tariffs and other utility costs.¹⁵ These increases fed into a cumulative price-adjustment cycle, with cost pressures in one part of the economy cascading through supply chains and ultimately pushing up consumer prices.



10. Vanguard, 'Nigeria spends N3.53trn on raw material imports in H1'25' (20 October 2025) <Nigeria spends N3.53trn on raw material imports in H1'25 > accessed 5 November 2025.

11. Andrw E.O. Erhijakpor, 'Dollarization, Inflation, and Interest Rate in Nigeria' (2025) 9 IJAAR 1

12. Taofeek Oydedokun, 'Drop in inflation rate yet to ease hardship for Nigerians' BusinessDay (22 June 2025) <Drop in inflation rate yet to ease hardship for Nigerians' > accessed 5 November 2025

13. ThisDay Live, 'Nigeria's Looming Food Insecurity' (12 October 2025) 'Nigeria's Looming Food Insecurity' accessed 5 November 2025.

14. Vanguard, 'FCT farmers decry rising costs of fertilisers' (23 August 2025) <FCT farmers decry rising costs of fertilisers' > accessed 5 November 2025.

15. Proshare 'Electricity Tariff Hike Could Awaken The "Sleeping Core Giant"' (18 February 2020) <Electricity Tariff Hike Could Awaken The "Sleeping Core Giant"> accessed 5 November 2025.




EXCHANGE RATE & EXTERNAL PRESSURE


Following a period of pronounced volatility and eroded market confidence in 2024, developments in 2025 marked a shift in the trajectory of the Naira.¹⁶ The currency's sustained depreciation was halted, giving way to a phase of managed volatility as the market sought to determine an equilibrium value. The Federal Government's foreign-exchange liberalisation policy,¹⁷ most notably, the elimination of multiple exchange-rate windows in favour of a unified, market-driven framework, constituted one of the most consequential macroeconomic reforms of the year.




The Naira's performance in 2025 did not represent a straightforward recovery; rather, it reflected an ongoing adjustment process shaped by the interaction of market-based reforms, targeted CBN interventions,¹⁸ and fundamental supply-and-demand conditions.

The Naira's performance in 2025 did not represent a straightforward recovery; rather, it reflected an ongoing adjustment process shaped by the interaction of market-based reforms, targeted CBN interventions,¹⁸ and fundamental supply-and-demand conditions. A notable achievement was the continued narrowing of the spread between the official Nigerian Autonomous Foreign Exchange Market (NAFEM) rate and the parallel-market rate,¹⁹ which had previously created significant opportunities for arbitrage. The reduction of this gap curtailed speculative activity, restored confidence in the official market, and enhanced the credibility of the NAFEM rate as a benchmark for planning and investment. The CBN adopted a markedly different operational posture in 2025. Instead of attempting to defend a predetermined exchange rate, its approach centred on strategic interventions designed to address distortions and stabilise expectations:

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One of the CBN's most consequential actions was the systematic clearance of the multi-billion-dollar foreign-exchange backlog owed to airlines, manufacturers, and portfolio investors.²⁰ Resolving these arrears released previously "trapped" funds, strengthened investor confidence, and signaled a renewed commitment to market integrity and contractual credibility.
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Market Guidance Rather Than Direct Control: The Bank increasingly positioned itself as a facilitator of market stability rather than a strict price-setter. Its use of periodic, transparent FX auctions helped moderate demand surges, reduce panic-driven behaviour, and smoothen short-term price fluctuations without imposing an artificial rate.²¹
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Clearer Monetary-Policy Communication and External Signaling: More coherent communications regarding monetary-policy direction, particularly interest-rate decisions, helped anchor expectations and reduce uncertainty. These efforts coincided with broader Federal Government initiatives, including legislative reforms²² aimed at improving the investment climate and attracting foreign capital. Together, these measures contributed to renewed investor confidence, reduced capital outflows, and supported an increase in foreign-portfolio inflows.²³

16. Hope Moses-Ashike, 'How Nigeria can sustain naira stability - World Bank' BusinessDay (19 September 2025) <https://businessday.ng/business-economy/article/how-nigeria-can-sustain-naira-stability-world-bank/> accessed 5 November 2025

17. Punch Newspaper Online, 'Forex market liberalisation boosts push for investors' confidence' (29 May 2025) <https://punchng.com/forex-market-liberalisation-boosts-push-for-investors-confidence/> accessed 5 November 2025.

18. Bisiriyu Olaoye, 'CBN's Multiple Measures to Stabilise Naira, Boost FX Reserve' Champion News (23 March 2025) <'CBN's Multiple Measures to Stabilise Naira, Boost FX Reserve' > accessed 5 November 2025.

19. Hope Moses-Ashike, 'Exchange rate gap closes as naira falls to lowest at official market' BusinessDay (8 December 2023) <'Exchange rate gap closes as naira falls to lowest at official market' > accessed 5 November 2025.

20. MMS Plus, 'Naira Appreciates as Govt Clears \$7bn FX Backlog' (3 February 2025) <'Naira Appreciates as Govt Clears \$7bn FX Backlog' > accessed 1 November 2025.

21. Hope Moses-Ashike, 'Naira closes flat after CBN sells \$86.6m at NFEM'. BusinessDay (23 October 2025) <'Naira closes flat after CBN sells \$86.6m at NFEM' > accessed 3 November 2025.

22. Vanguard, 'Signed Insurance Reforms Bill Aligns FG's Vision of Building a \$1 Trillion Economy - Senate' (6 August 2025) <'Signed Insurance Reforms Bill Aligns FG's Vision of Building a \$1 Trillion Economy - Senate' > accessed 5 November 2025

23. Vanguard, 'Nigeria's economic reforms: How clear monetary policy direction creates window for strategic investments' Vanguard (5 November 2025) <'Vanguard - Monetary Policy and Nigeria's Economic Reforms' > accessed 5 November 2025



Despite these advances, the exchange-rate environment remains affected by deep structural weaknesses. The supply of foreign exchange continues to be constrained, largely due to Nigeria's heavy dependence on oil revenues²⁴ and the burden of substantial, recurrent external-debt servicing obligations.²⁵ These factors limit the CBN's capacity to intervene sustainably and leave the Naira vulnerable to shocks, including fluctuations in global oil prices, disruptions in domestic oil production, and broader macroeconomic pressures.²⁶

Accordingly, while the reforms of 2025 have materially improved exchange-rate stability and market confidence, the Naira's resilience remains contingent on addressing long-standing structural challenges within the broader economy.

24. Hope Moses-Ashike, 'Understanding CBN's building of buffers, FX inflows amid oil price fall' (4 November 2025) <Understanding CBN's building of buffers, FX inflows amid oil price fall' > accessed 5 November 2025.

25. Inwalomhe Donald, 'Rising loans and high cost of debt servicing in Nigeria' The Guardian (9 October 2025) <'Rising loans and high cost of debt servicing in Nigeria' > accessed 1 November 2025.

26. Adedapo Adesanya, 'Trump Threats Weaken Naira by 1.02% at Official FX Market' Business Post (4 November 2025) <'Trump Threats Weaken Naira by 1.02% at Official FX Market' > accessed 5 November 2025.



CAPITAL FLOWS & FOREIGN PARTICIPATION

Foreign participation in Nigeria's economy continued to expand in 2025, reaching new levels and reaffirming the country's position as a leading commercial hub and primary destination for foreign investment in Africa.

In Q1 2025, total foreign capital inflows rose sharply to US\$5.6 billion, the highest level recorded in five quarters, according to data from the National Bureau of Statistics (NBS) and analysis by the Nigerian Economic Summit Group (NESG).²⁷ This represented a 67.12 per cent year-on-year increase from the US\$3.4 billion recorded in Q1 2024, and an improvement over the US\$5.1 billion reported in the preceding quarter.

The expansion was driven predominantly by foreign portfolio investment (FPI), which accounted for 92.3 per cent of total inflows, highlighting investors' growing preference for short-term financial instruments such as treasury and open market operations bills, which accounted for 80.8 per cent of the total foreign investments made in Q1 2025.²⁸ In contrast, foreign direct investment (FDI) and other Investments components contributed only 2.2 per cent and 5.5 per cent, respectively, reflecting investors'

continued preference for liquid, short-term instruments over long-term commitments in Nigeria.

The surge in portfolio inflows was attributed to improved foreign exchange liquidity supported by the CBN's interventions as well as favourable real returns following the rebasing of the consumer price index, which substantially lowered measured inflation. However, the dominance of short-term portfolio flows heightens exposure to exchange-rate volatility and increases the risk of rapid outflows should investor sentiment shift.²⁹ This underscores the need for targeted reforms aimed at attracting long-term FDI, particularly in productive sectors such as agriculture and manufacturing, which jointly received less than 3 per cent of inflows in Q1 2025.³⁰

The United Kingdom remained the largest source of foreign investment in Q1 2025, accounting for 65.3 per cent (US\$3.7 billion) of total inflows. Other significant contributors included South Africa (8.9 per cent), Mauritius (7 per cent), the United States (6.5 per cent), and the United Arab Emirates (5.3 per cent).

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27. Nigeria Economic Summit Group, 'NESG 2025Q1 Capital Importation Alert', available at NESG 2025Q1 Capital Importation Alert, accessed on 03 November 2025.

28. *ibid*

29. Nigeria Economic Summit Group, 'NESG 2025Q1 Capital Importation Alert', available at The Nigerian Economic Summit Group (NESG), accessed on 03 November 2025.

30. *ibid*



Sectoral and Geographic Distribution



The banking sector attracted the largest share of foreign capital in Q1 2025, with inflows amounting to US\$3.127 billion, representing 55.44 per cent of total inflows. The foreign capital inflow into the banking sector can be linked to the looming deadline for the banking sector recapitalization largely driven by CBN circular reviewing upwards the minimum capital requirements for banks in Nigeria. The financing sector followed with US\$2.09 billion (37.18 per cent), while production/manufacturing ranked third with US\$129.92 million (2.3 per cent).³¹

Geographically, Abuja emerged as the leading destination for foreign investment, attracting 54.1 per cent (US\$3 billion) of total inflows in Q1 2025.³² Lagos State ranked second with US\$2.56 billion (45.5 per cent). Other destinations, including Ogun, Oyo, Kaduna, Kano, and Ekiti, recorded marginal inflows in comparison.³³

31. *Business Day*, 'Foreign investment into Nigeria soar by 67% to \$5.6bn in Q1 2025', available at <https://businessday.ng/business-economy/article/foreign-investment-into-nigeria-soar-by-67-to-5-6bn-in-q1-2025/>, accessed on 10 November 2025.

32. *ibid*

33. *ibid*



PART

02

LEGAL AND REGULATORY DEVELOPMENTS IN THE M&A/PRIVATE EQUITY SECTOR IN NIGERIA

THE INVESTMENTS AND SECURITIES ACT 2025: KEY HIGHLIGHTS AND IMPLICATIONS FOR M&A AND PRIVATE EQUITY

On 31 March 2025, President Bola Ahmed Tinubu signed into law the Investments and Securities Act, 2025 (**ISA 2025** or the **Act**), marking a major milestone in the evolution of Nigeria's capital market framework. The Act replaces the Investments and Securities Act, 2007 (**ISA 2007**), with the objective of aligning Nigeria's capital market regulation with global best practices and reflecting the dynamic developments that have shaped the financial ecosystem over the past two decades.

Among its most significant reforms, the ISA 2025 expands the regulatory powers and oversight functions of the Securities and Exchange Commission (**SEC** or the **Commission**), formally recognizes private capital vehicles, and reinforces the fact that corporate restructurings involving public companies are under the SEC's supervisory purview. Collectively, these updates aim to enhance investor protection, foster market transparency, and promote innovation in the development of diverse and sophisticated financial products—ultimately strengthening confidence in Nigeria's capital market.

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KEY HIGHLIGHTS

Statutory Recognition of Private Capital Vehicles

One of the most notable innovations under ISA 2025 is the express statutory recognition of private capital vehicles, including private equity (PE) and venture capital (VC) funds, as part of the regulated entities under collective investment schemes (CIS).

The Act expands the scope of what constitutes a CIS to include a broader range of pooled investment arrangements, covering both open-ended and closed-ended schemes, as well as funds offered exclusively to qualified or sophisticated investors³⁴. This development resolves the long-standing ambiguity under the repealed ISA 2007, which had left the regulatory treatment of PE and VC funds largely uncertain and dependent on the discretionary interpretation of the SEC.

By defining a CIS to encompass any scheme or arrangement involving the pooling of investor contributions for collective portfolio management, the ISA 2025 creates a presumption of regulatory coverage for PE and VC structures—except where expressly exempted by the SEC. Furthermore, the Act also empowers SEC to recognise and regulate a wider array of schemes as constituting collective investment scheme³⁵, presumably to avoid participants from structuring to avoid regulatory supervision. Essentially, where a scheme functions like a collective investment scheme, even if it is packaged differently, the Commission can designate it as one and subject it to the appropriate regulatory framework.

Expanded Scope of Corporate Restructuring under the ISA 2025

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Enhanced Oversight Role of the SEC in Corporate Restructuring Approvals

The ISA 2025 also strengthens the SEC oversight in the review and approval of corporate restructuring applications, reinforcing its role as a key gatekeeper for transparency and shareholder protection in Nigeria's capital market. The SEC is mandated to ensure that all shareholders are treated fairly, equitably, and consistently throughout the restructuring process³⁷. The provision also imposes an obligation on the SEC to verify that adequate and accurate disclosures are made to shareholders to facilitate informed decision-making. This approach underscores the Commission's policy focus on transparency, fairness, minority shareholder protection and investor confidence, particularly in transactions that may significantly alter a company's capital or operational structure.

Importantly, the SEC's review is limited to capital market and shareholder protection considerations. The SEC is not empowered to assess issues relating to competition, dominance, or market concentration, as those matters fall squarely within the regulatory jurisdiction of the Federal Competition and Consumer Protection Commission (FCCPC).

34. Sections 150 and 151, ISA 2025

35. Section 151, ISA 2025

36. Section 140(1) and (2) of ISA 2025

37. Section 140(3) of ISA 2025



Mergers and Acquisitions under the ISA 2025: SEC Oversight and Court-Sanctioned Schemes

The ISA 2025 introduces a more structured and transparent framework for mergers involving public companies, reinforcing the SEC oversight at every critical stage of the transaction. The framework codifies already established practice of the SEC when reviewing merger transactions.

The Act outlines a clear, sequential process that integrates both regulatory approval and judicial supervision, ensuring fairness, accountability, and legal finality. A merger involving a public company that is to be achieved through an amalgamation or other combination must follow the prescribed steps below³⁸:



Obtain SEC's Approval-in-Principle (AIP): The merging entities must first seek and secure the SEC's AIP before taking further steps in the merger process.



Apply for a Court-Ordered Meeting: Upon receiving the AIP, the companies must apply to the Federal High Court for an order to convene meetings of their respective shareholders.



Shareholder Approval: The holders of at least 75% in the value of the shares of members being present and voting must approve the scheme for referral to the SEC for approval.



SEC Approval of the Scheme: The approved scheme is then submitted to the SEC for final regulatory review and approval.



Court Sanction: Once the SEC grants approval, an application is made to the court for an order sanctioning the merger scheme.



Effectiveness: Upon the court's sanction, the merger becomes effective and binding on the companies.

It is noteworthy that the SEC's jurisdiction under the Act is limited to mergers involving public companies and does not displace or diminish the FCCPC's authority to review such transactions from a competition-law perspective.

³⁸ Section 141 of the ISA 2025

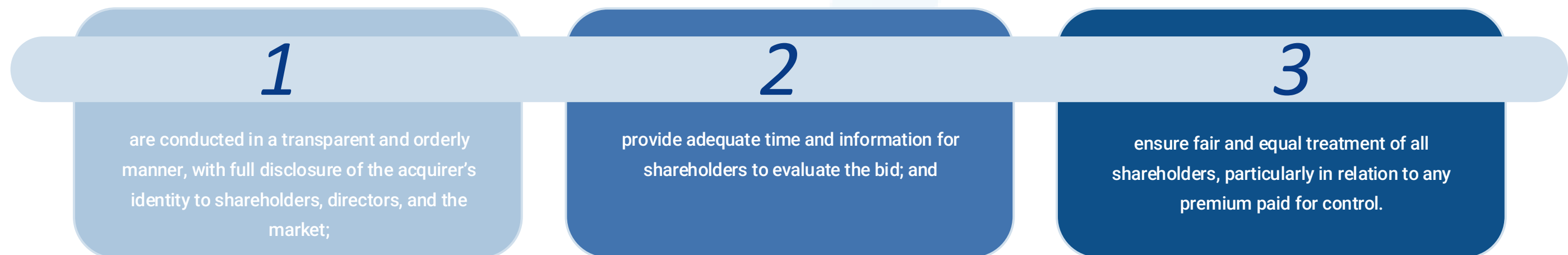


Thresholds and Procedures for Takeovers

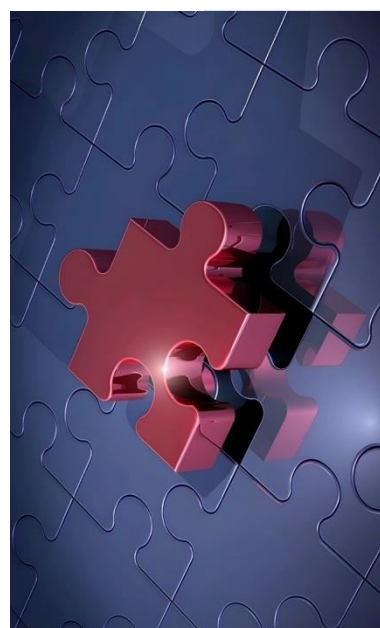
The ISA 2025 establishes a more transparent and pre-emptive framework for the acquisition of control in public companies. The new provisions seek to ensure that change of control transactions involving public companies are conducted in a fair, competitive, and equitable manner.

Under the ISA 2025, any person who acquires – whether in a single or series of transactions – shares carrying 30% or more of the voting rights in a public company, is required to make a mandatory takeover bid to the remaining shareholders of the target company. This obligation also extends to persons acting in concert whose aggregate holdings reach the 30% threshold.

The SEC’s powers under the new takeover framework extend to ensuring that all offers:



Finally, the SEC’s supervisory jurisdiction now explicitly covers all persons and entities involved in takeovers, mergers, or compulsory acquisitions – including acquirers, offerors, offerees, their associates, and officers³⁹ – thereby ensuring that every stage of the process adheres to principles of transparency, fairness, and market discipline. Other key highlights of the takeover provisions introduced by ISA 2005 are as follows:



Directors Good Faith Obligations

Directors of the acquirer and the target shall in relation to the take-over or merger continuously act in good faith and ensure shareholders are not oppressed or disadvantaged in the process.⁴⁰ This development underscores the SEC’s policy focus on transparency, integrity, and equitable shareholder treatment throughout the takeover process.

Misleading Information and Omissions

The Act criminalises false or misleading statements, omissions of material facts, and deceptive conduct in connection with mergers, takeovers, or corporate restructurings⁴¹. Violations attract a minimum fine of ₦5 million, imprisonment for up to five years, or both. In addition, the SEC may impose administrative fines of ₦10 million or more, providing a strong deterrent against disclosure-related misconduct.

39. Section 142(1) of ISA 2025

40. Section 142(9) of ISA 2025

41. Section 147 of the ISA 2025



THE NEW TAX ACTS: IMPACT ON M & A AND PE TRANSACTIONS

On 26 June 2025, President Bola Ahmed Tinubu signed into law four landmark statutes collectively called the *Nigerian Tax Reform Acts* (“the **Tax Acts**”). These are: the Nigeria Tax Act (NTA), Nigeria Tax Administration Act (NTAA), the Nigeria Revenue Service (Establishment) Act (NRSEA), and the Joint Revenue Board (Establishment) Act (JRBEA). These reforms constitute one of the most extensive overhauls of Nigeria’s tax framework in decades and will become operational from 1 January, 2026. They are expected to have significant implications for mergers, acquisitions, and private equity transactions, particularly in relation to deal structuring, negotiations, tax due diligence, and post-transaction integration.



KEY TAX CHANGES AFFECTING M & A AND PRIVATE EQUITY TRANSACTIONS

Capital Gains Tax – Increased Rate, Indirect Offshore Share Transfers and Exemptions

Increased CGT rate:

Section 56 of the NTA increases the Capital Gains Tax (CGT) rate from 10% to 30% for any company that earns more than NGN50 million annually, has total fixed assets in excess of NGN250 million and brings into the tax net all forms of assets including shares, rights, debts, digital or virtual assets and incorporeal property. The increased CGT rate is likely to be a material consideration for investors when making decisions on acquisitions and investments, as this could impact their exit strategies.



Indirect transfer of shares in offshore transactions

Section 47 of the NTA introduces tax on the capital gains derived by any person from indirect disposal of shares if the sale results in a change in the ownership structure or group membership of a Nigerian company, or a change in ownership or interest in assets located in Nigeria. This means that if a sale or acquisition occurred offshore, it could still trigger taxation in Nigeria if it results indirectly in a change of control of a Nigerian company or asset.

Under section 46 of the NTA, shares in a foreign company is deemed to be located in Nigeria for tax purposes if within 365 days preceding the sale of the shares, 50% of the value of the shares is derived from business operations or assets located in Nigeria. Foreign companies with their central and/or effective place of management or control in Nigeria can also be exposed to CGT in Nigeria on their direct or indirect disposals of equity interest in other foreign companies, considering that the NTA now brings the sellers into the category of “Nigerian companies”. The above provisions on indirect share transfers in offshore transactions raise multiple taxation concerns for transaction parties as the same gain could be taxed in the country of the seller, the country of the target company and also taxed in Nigeria. The Federal Government is yet to release any circular or regulations to address how this double taxation issue would be addressed.

Exemptions for assets transferred in a merger

In the case of a merger of two or more entities, CGT will not be applicable to the transfer of assets to the surviving or newly formed entity.⁴²

Exemptions for investments in startups

Capital gains arising from disposals made by angel investors, venture capitalists, private equity funds, accelerators, and incubators to labelled startups⁴³ are exempted from CGT, provided the assets have been held within Nigeria for a minimum of 24 months⁴⁴. Where the investment in labelled startups has been held for less than 24 months, CGT would be applicable.

Exemption Threshold for share disposal

Furthermore, where investors realise less than NGN150 million from share disposals in Nigeria and the chargeable gain from share disposal does not exceed NGN10 million in any 12 consecutive months, CGT would not be applicable. Any disposal and chargeable gains above the thresholds stated above will attract CGT⁴⁵.

Exemptions for reinvestment of proceeds

Where proceeds of share disposal are reinvested in the shares of another Nigerian company within the same year of assessment, irrespective of whether the proceeds exceed the NGN150 million and NGN10 million thresholds, CGT would not be applicable. The exemption from tax for gains made from share disposals when they are reinvested in shares of another Nigerian company within the same year was first introduced by the Finance Act of 2021 but the disposal proceeds was pegged at NGN100 million in the Finance Act and the NGN10 million threshold for chargeable gains was absent.⁴⁶ This provision is likely to affect the exit strategies of investors as they may decide to reinvest the proceeds of any share disposal into other opportunities instead of exiting their investments from Nigeria.

42. Section 190(1)(a)(ii) of the NTA.

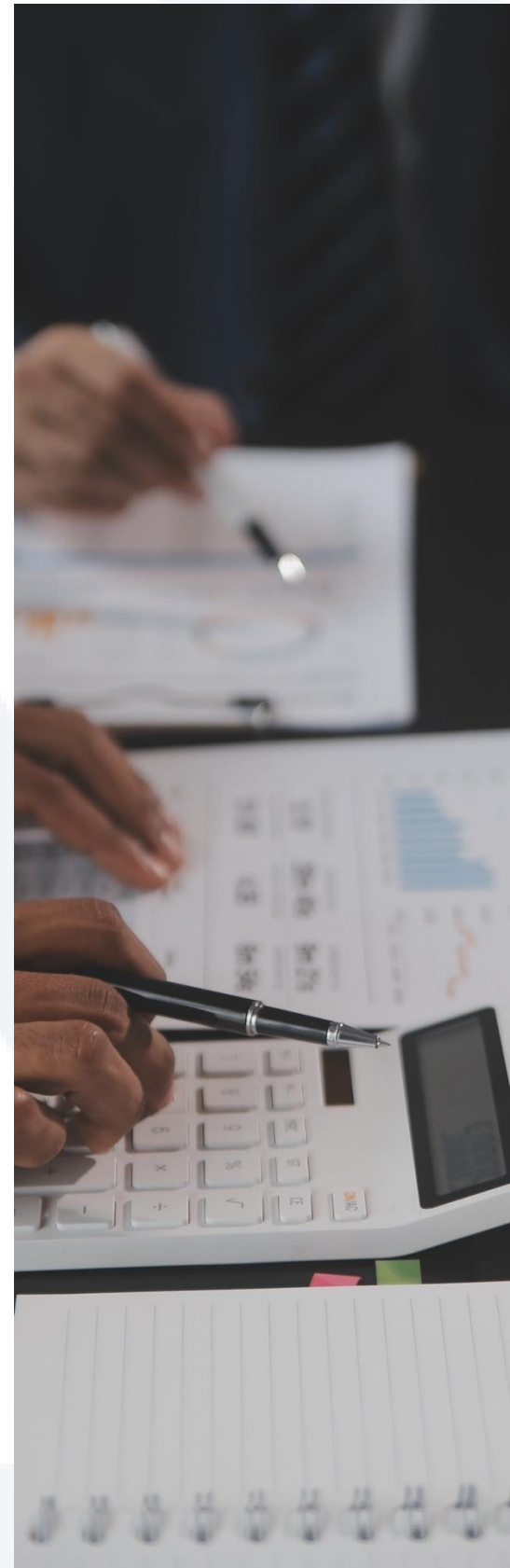
43. Labelled startups are Nigerian companies granted the start-up label under the Nigerian Startup Act, 2022

44. Section 163(1)(m) of the NTA,

45. Section 34(1)(a) of the NTA,

46. Section 2 of the Finance Act 2021 provides that gains from the sale of shares in Nigerian companies are subject to CGT, except where the proceeds are reinvested

within the same year in shares of the same or another Nigerian company (only the non-reinvested portion is taxed); the total disposal proceeds within 12 months are below ₦100 million, provided the taxpayer files an annual return; or the transfer occurs in a regulated securities lending transaction. The CGT rate was 10% of the chargeable gain. Individuals pay to the State Internal Revenue Service (SIRS), while companies pay to the Federal Inland Revenue Service (FIRS). However, gains from the sale of Nigerian government securities (e.g., Treasury Bonds, Savings Certificates, Premium Bonds, or other government-issued long-term securities) are not subject to CGT.





Incentives for Business Restructuring

Unutilised capital allowances and accumulated tax losses

Unutilised capital allowances and accumulated tax losses of merging entities are transferable to the surviving entity, provided the losses are incurred by the merging businesses. These provisions incentivize restructurings by maintaining tax continuity post-merger. In a merger of two or more businesses or trades, the unutilised capital allowance on the assets transferred shall be available for use by the new or surviving trade or business.⁴⁷

Unabsorbed losses

The unabsorbed losses of the merging entities shall be available to the surviving trade or business, provided that such losses were incurred by the merged trade or business.⁴⁸ Additionally, the taxes deducted at source relating to the merging entities shall be available for the surviving or new merger entity.⁴⁹ The anti-avoidance provision in relation to the 365 days requirement for a tax neutral group reorganisation has been removed. This supports efficient group reorganisations and merger and acquisition activities, reducing the risk of tax leakage during restructuring.

Value Added Tax (VAT) Exemptions for Restructuring

VAT will not be imposed on business restructurings including mergers, transfers of businesses causing cessation, and transfers of business assets below the residual value of qualifying capital expenditure.⁵⁰ Additionally, if a business or a part of it that can operate separately is transferred as a going concern, and the purchaser continues to utilise the assets in the same business activities for which the assets were previously deployed by the seller, such a transfer will not be treated as a supply of goods or services liable to VAT. However, the exemption is applicable on the condition that the buyer is already registered as a taxpayer in Nigeria or becomes registerable due to the transfer.⁵¹

47. Section 190(1)(a)(v), the NTA.

48. Section 190(1)(a)(vi), the NTA.

49. Section 190(1)(a)(vii), the NTA.

50. NTA, section 190(6).

51. NTA, section 190(7).



Revised Stamp Duty Regime

Except for exempted instruments⁵², documents first executed in Nigeria or executed outside Nigeria and relating to any property situated or to any matter or thing done in Nigeria are subject to stamp duties.⁵³ The Ninth Schedule to the NTA outlines rates and corresponding exemptions for stamp duties on documents, including documents for mergers, acquisitions and private equity transactions such as conveyance or transfer on sale charged at 1.5% ad valorem rate, excluding a property with a value of NGN10,000,000 (ten million naira) or less; or transfer between related companies holding at least 90% shareholding in each other or through a third party if such conveyance or transfer document of the property had been stamped in the prior purchase of the property.



52. Section 185 of NTA

53. Section 126 of NTA



THE INSURANCE ACT 2025 AND ITS IMPACT ON MERGERS AND ACQUISITION, PRIVATE EQUITY

The Nigerian insurance sector has witnessed significant transformation in 2025, with the enactment of the Nigerian Insurance Sector Reform Act (**NIIRA** or the **Act**) by President Bola Ahmed Tinubu. The Act consolidates insurance legislations that were previously fragmented in different statutes. Beyond consolidation, the reform aligns with the Federal Government's economic ambition of building a \$1 trillion economy by 2030.

NEW MINIMUM CAPITAL REQUIREMENTS AND RISK BASED FRAMEWORK

NIIRA has introduced several changes to the insurance sector. One of these being the increase in the minimum capital requirements for insurance companies to NGN10 billion for life insurance companies⁵⁴, NGN15 billion for non-life insurance companies⁵⁵, and NGN35 billion for reinsurance companies⁵⁶.

The Act also introduces a risk-based capital (RBC) framework for determining insurers' minimum capital requirements. Under this framework, an insurer's minimum capital will be the higher of the statutory monetary threshold prescribed by the Act or the RBC amount determined for that insurer.⁵⁷ Under the RBC framework, insurers and reinsurance operators are expected to have capital that is proportional to their underwriting risks. Additionally, the 50% of the minimum statutory capital of a new insurer and 10% of the minimum capital of an existing insurer is to be deposited with the CBN which in turn is expected to invest such sums and pay income from the investments to the insurer bi-annually.⁵⁸

Insurers have been mandated to comply with the new minimum capital requirements no later than 30 July 2026, and the acceptable means of procuring the required capital have been stated to be any or a combination of the following –

- (x) injection of fresh funds through private placements, rights issue, and/or offer for subscription and
- (y) acquisitions, amalgamation and transfers.⁵⁹

Thus, mergers and acquisitions and private equity remains a viable recapitalisation option that insurers may consider as the regulatory deadline approaches. With the enactment of the NIIRA and increased minimum capital requirements, the market has witnessed significant capital raising transactions by insurance companies. Consolidations between insurance companies would also most likely occur.



54. From NGN8 billion.

55. From NGN10 billion.

56. From NGN20 billion.

57. Section 15 & 25 NIIRA 2025

58. Section 16(4) NIIRA 2025

59. paragraph 3.2 of the NAICOM Minimum Capital Requirements Guidelines issued in September 2025



REVISED MINIMUM CAPITAL REQUIREMENTS FOR LICENSED PENSION FUND ADMINISTRATORS AND PENSION FUND CUSTODIANS

The National Pension Commission (**PenCom** or the **Commission**) raised the bar for capital adequacy within Nigeria's pension industry by the issuance of a pivotal circular dated 26 September 2025 (the **Pencom Circular** or the **Circular**),⁶⁰ through which the Commission introduced revised minimum capital requirements for Licensed Pension Fund Administrators (**PFAs**) and Pension Fund Custodians (**PFCs**).

This move marks a new phase in PenCom's ongoing effort to strengthen the financial resilience and operational capacity of pension operators in a rapidly expanding industry and the first major recapitalisation in the Nigerian pension industry since the last significant recapitalisation exercise for PFAs which occurred in April 2021, when the minimum regulatory capital was increased from ₦1 billion to ₦5 billion.⁶¹ The recapitalisation for PFCs, on the other hand, had operated under a ₦2 billion capital threshold that had been in place since 2004, despite the exponential growth in pension assets under custody.⁶²

To keep up with evolving times, the Commission has further revised the framework and adopted a stratified capital model for PFAs under the Circular, including introducing a tiered capital structure for PFAs tying the required shareholders' fund to the size of Assets Under Management (AUM).⁶³ The revised system contained in the Circular uses categories as follows:

Category A

PFAs with assets under management of ₦500 billion or more must now maintain a minimum capital of ₦20 billion plus 1% of the value of AUM exceeding ₦500 billion,⁶⁴ and

Category B

PFAs with assets under management of less than ₦500 billion are required to maintain a flat ₦20 billion minimum.⁶⁵

Category C

The two special-purpose PFAs, NPF Pensions Limited and Nigerian University Pension Management Company Limited, are required to hold ₦30 billion and ₦20 billion, respectively, as their minimum capital.⁶⁶

60. Pencom, 'Revised Minimum Capital Requirements for Licensed Pension Fund Administrators and Pension Fund Custodians' (26 September 2025) <https://www.pencom.gov.ng/wp-content/uploads/2025/09/Revised-Regulatory-Capital-Requirement-for-PFOs-September-24.pdf> accessed 7 November 2025.

61. Nairametrics, 'PenCom raises capital requirement for PFAs to ₦20 billion' (27 September 2025) <https://nairametrics.com/2025/09/27/pencom-raises-capital-requirement-for-pfas-to-n20-billion/> accessed 7 November 2025.

62. Pencom Revised Minimum Capital Requirements for Licensed Pension Fund Administrators and Pension Fund Custodians (PenCom Circular), Section 4.0.

63. Pen Com Circular, Section 2.0.

64. Pen Com Circular, Section 3.3.

65. Ibid.

66. Ibid.



While the Circular has a transitional compliance period – generally until 31 December 2026, the Commission requires and has also clarified that new applicants seeking PFA licence must demonstrate compliance with the new thresholds of ₦20 billion for PFAs before approval or a licence to operate either as a PFA is granted.⁶⁷

For PFCs, PenCom has prescribed a revised minimum capital base and raised this base capital requirement to ₦25 billion plus 0.1% of the total assets under custody (AUC).⁶⁸ New applicants seeking licences to operate as PFCs must demonstrate compliance with the new thresholds of ₦25 billion before approval.⁶⁹

PenCom's directive further stipulates that existing operators must comply fully by 31 December 2026, hereby allowing existing operators the chance to meet the new thresholds through various capital raising and restructuring means – recapitalisation, mergers and other approved restructuring mechanisms.⁷⁰ The Commission will assess compliance every two years based on audited financial statements, and any operator found to have a shortfall in shareholders' funds will be required to rectify the deficit within 90 days of notification⁷¹ This monitoring mechanism underscores PenCom's commitment to sustained capital integrity rather than one-off compliance.

The revised requirements are expected to trigger strategic recalibrations across the industry.⁷² PFAs and PFCs may need to explore various options to meet the new thresholds, ranging from fresh equity injections and mergers to retained earnings consolidation or strategic investor participation.⁷³ For smaller PFAs in particular, the higher capital floor could promote industry consolidation, leading to fewer but stronger players with broader asset bases and improved service delivery.⁷⁴

Beyond strengthening the financial base of operators, the new capital framework is designed to bolster risk management, enhance governance standards, and safeguard the interests of contributors and retirees. As the value of pension assets continues to rise, already surpassing ₦23.26 trillion in February 2025,⁷⁵ PenCom's focus on capital adequacy is a proactive measure to ensure that pension operators remain robust, resilient, and able to absorb market shocks.

The immediate implication of the revised framework is that several PFAs and PFCs are required to strengthen their balance sheets in compliance with the Circular. This shortfall is driving a wave of capital-raising efforts – through shareholder injections, private equity investments, or outright mergers.

By linking capital requirements to the scale of operations, PenCom has introduced a dynamic and proportionate regulatory model that rewards growth while maintaining prudential safeguards.⁷⁶

In conclusion, the Circular marks a decisive step in the continuing evolution of Nigeria's pension landscape. It signals PenCom's intent to future-proof the sector against systemic risks and to strengthen public confidence in the contributory pension scheme.

The Circular and capital requirements represent a transformative moment for Nigeria's pension industry, hereby proposing a long-term positive effect and encouraging a more capitalised and consolidated industry which will be better equipped to manage risk, deliver returns, and build public confidence in the pension system.

67. PenCom Circular, Section 3.4.

68. PenCom Circular, Section 4.2.

69. PenCom Circular, Section 4.3.

70. PenCom Circular, Section 5.1.

71. PenCom Circular, Section 5.2.

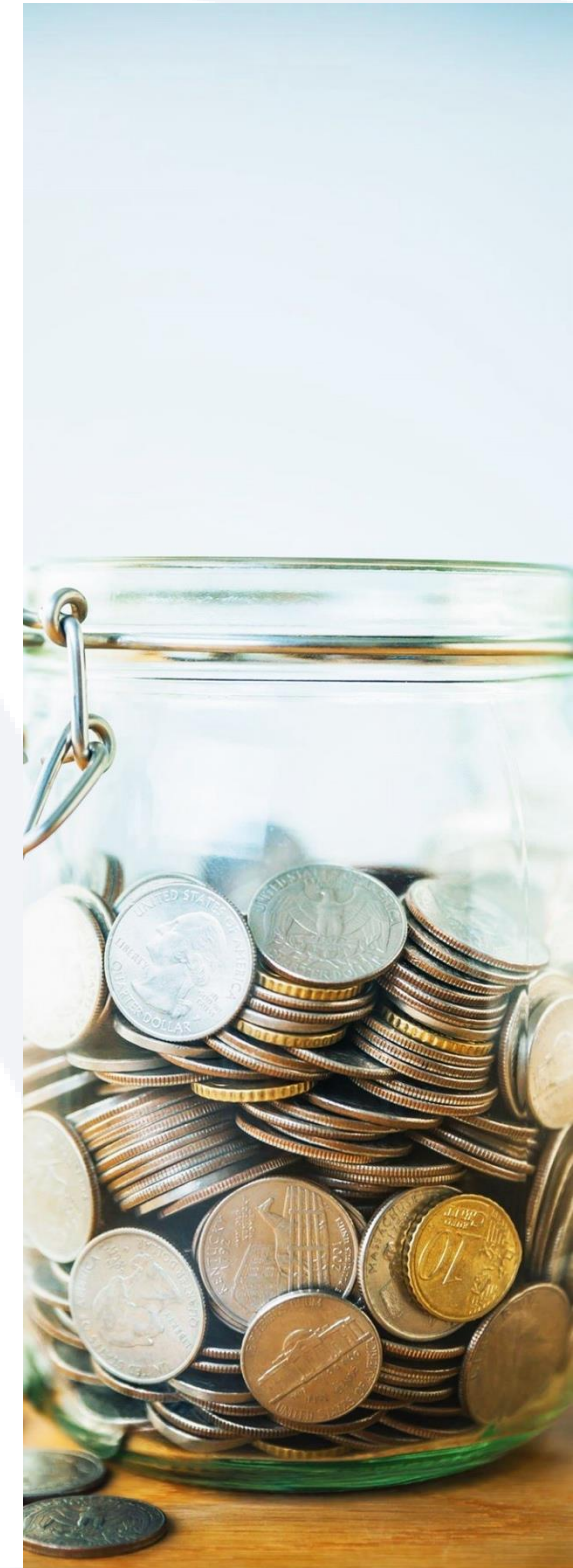
72. Business Day, 'PFAs need N276.8bn to meet new capital requirement' (6 October 2025), <https://businessday.ng/insurance/article/pfas-need-n276-8bn-to-meet-new-capital-requirement/> accessed 7 November 2025; Naira metrics, 'PenCom raises capital requirement for PFAs to N20 billion', (27 September 2025) <https://nairametrics.com/2025/09/27/pencom-raises-capital-requirement-for-pfas-to-n20-billion/> accessed 7 November 2025.

73. Ibid.

74. Ecofin Agency, 'Nigeria Orders Pension Fund Operators to Recapitalize by December 2026', (29 September 2025) <https://www.ecofinagency.com/news-finances/2909-49102-nigeria-orders-pension-fund-operators-to-recapitalize-by-december-2026> accessed 7 November 2025.

75. Naira metrics, 'Pension Fund Assets grow to N23.26 trillion as of February 2025 – PenCom' (12 May 2025) <https://nairametrics.com/2025/05/12/pension-fund-assets-grow-to-n23-26-trillion-as-of-february-2025-pencom/> accessed 2025.

76. The Nation, 'PenCom releases new capital requirement for PFAs, PFC' (28 September 2025) <https://guardian.ng/business-services/pencom-releases-new-capital-requirement-for-pfas-pfc/> accessed 7 September 2025.





KEY AMENDMENTS IN THE SECURITIES AND EXCHANGE COMMISSION REVISED RULES RELATING TO PRIVATE EQUITY FUND

In April 2025, the SEC issued a revised rule amending certain provisions of the SEC Rules 2013 (the **Rules**). Collectively, these changes aim to improve the governance framework, transparency, and operational efficiency within Nigeria's private equity industry. A few novel provisions in the Rules have been set out below:

REGISTRATION REQUIREMENTS

Previously, all PE funds with a minimum commitment of NGN1 billion were subject to registration. Under the new rules, private funds targeting NGN5 billion or less are exempt from registration but must file governing documents with the Commission to obtain a "no objection" before raising capital.⁷⁷ The SEC in its explanatory note, explains that while the rule exempts private equity funds with a target fund size of NGN5 billion or less from mandatory registration, they are still required to obtain a formal "no objection" from the SEC before raising capital.⁷⁸ SEC further clarified that to secure this approval, fund managers must comply with the Ease of Doing Business Document 2025, which provides a checklist of required documents, and requires a sworn undertaking from both the fund manager's and sponsor's boards. These documents must also be notarized.⁷⁹



INVESTMENT CONCENTRATION LIMIT

PE funds can now invest up to 70% of the fund's assets in a single investment. This is a significant increase from the previous limit of 30%.⁸⁰

FUND MANAGER COMMITMENT

Where a fund seeks to attract pension fund investments, the rules mandate that the fund manager must retain a minimum proprietary stake of 3% of the total fund size or 1% if the investors include a sovereign wealth fund or a multilateral development finance institution.⁸¹ Importantly, the SEC clarified that this rule does not regulate the types of funds Pension Fund Administrators (PFAs) may invest in; rather, it specifies the minimum equity interest that fund managers must retain in their own PE funds. This requirement mirrors the provisions in SEC's Infrastructure Fund Rules introduced in 2017.⁸²

77. Securities and Exchange Commission Rules, 2025, Rule 558

78. Securities and Exchange Commission, Interpretative Guidance Note on Private Equity Fund Rules' <https://sec.gov.ng/for-investors/keep-track-of-circulars/interpretative-guidance-note-on-private-equity-fund-rules/> accessed 6 November 2025

79. *Ibid*

80. Securities and Exchange Commission Rules, 2025, Rule 560(a)

81. Securities and Exchange Commission Rules, 2025, Rule 560(b)

82. Securities and Exchange Commission, Interpretative Guidance Note on Private Equity Fund Rules' <https://sec.gov.ng/for-investors/keep-track-of-circulars/interpretative-guidance-note-on-private-equity-fund-rules/> accessed 6 November 2025



CAPPED FEE STRUCTURES

Management fees and operating expenses for PE funds are capped at 2% of the total amount raised in Nigeria,⁸³ while performance or incentive fees (i.e. carried interest) are limited to a maximum of 20% of the sums raised in Nigeria.⁸⁴ SEC clarified that this relates to the fees and expenses of the fund manager, not the fund. Similar to infrastructure funds, there is no regulatory cap on fund expenses for alternative investment schemes. The caps are on the manager's fees/expenses and on incentive fees charged by the manager. The practice is to disclose a cap on total expenses as required by investors.⁸⁵



VALUATION METHODOLOGY

To strengthen investor protection, the Rules also require that all fund valuations be conducted using methods and principles approved by the fund's advisory board, as disclosed in the fund's information document. The valuation process must be properly documented and reviewed annually by the fund's statutory auditor.⁸⁶

The Rules introduced notable changes that enhance accountability for PE funds and their fund managers. These changes not only safeguard investor interests but also encourage the growth and development of the private equity sector by promoting transparency, prudent governance, and consistent standards across all funds.



83. Securities and Exchange Commission Rules, 2025, Rule 560(c)

84. Securities and Exchange Commission Rules, 2025, Rule 560(d)

85. Securities and Exchange Commission, 'Interpretative Guidance Note on Private Equity Fund Rules' <https://sec.gov.ng/for-investors/keep-track-of-circulars/interpretative-guidance-note-on-private-equity-fund-rules/> accessed 6 November 2025

86. Securities and Exchange Commission Rules, 2025, Rule 563



ERCA ANTITRUST FILINGS, THE SINGLE-CONTROL PRINCIPLE, AND MISALIGNMENTS WITH FCCPC ANTITRUST FILING REQUIREMENTS

With the adoption of the *Guidelines on Mergers and Acquisitions (the Guidelines)* by the ECOWAS Regional Competition Authority (**ERCA**) in 2024, qualifying M & A transactions are now subject to the competition review by the ERCA. As part of its mandate under the Supplementary Act A/SA.1/12/08 and Regulation C/REG.23/12/21, ERCA has assumed jurisdiction to assess mergers and acquisitions that may prevent, restrict, or distort competition across the ECOWAS Common Market. These Guidelines seek to ensure consistency, transparency, and predictability in the ERCA's merger control framework, providing an analytical structure for assessing concentrations and their effects on competition and consumer welfare within the region. However, as regional integration deepens, the intersection between ERCA's supranational competition oversight and domestic regimes such as the FCCPC has become increasingly intricate.



ERCA'S ANTITRUST AND MERGER CONTROL FRAMEWORK

Legal Foundation and Policy Objective

Under Article 7 of the Supplementary Act A/SA.1/12/08, mergers and acquisitions that substantially lessen competition or create a dominant position within the ECOWAS Common Market are prohibited. The ERCA Guidelines operationalize this provision by establishing the procedural and substantive criteria for assessing mergers and acquisitions. ERCA's mandate extends to all transactions involving enterprises that operate in at least two ECOWAS Member States, thereby distinguishing its jurisdictional scope from national competition authorities whose remit is limited to domestic markets.

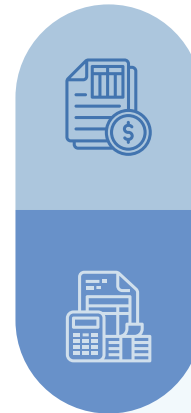


Notification and Jurisdictional Thresholds

The Guidelines introduce a dual notification threshold system based on turnover or balance sheet size:⁸⁷

01

Where the combined turnover or relevant balance sheet item, whichever is higher of all merging entities within the common market exceed UA⁸⁸ 20 million; or



02

The aggregate Common Market-wide turnover or relevant balance sheet item, whichever is higher, of at least two of the entities involved in the merger or acquisition exceeds UA 5 million.



THE SINGLE CONTROL PRINCIPLE AND ITS IMPLICATIONS

A central feature of the ERCA Guidelines is the Single Control Principle, articulated under Article 13 of the Supplementary Act and Section VI of the Guidelines. This principle is designed to eliminate duplicative merger review between ERCA and national competition authorities (NCAs) by ensuring that only one authority exercises jurisdiction over a qualifying transaction. In practice, the principle functions as a jurisdiction-allocation mechanism: mergers with a regional dimension fall under ERCA's exclusive competence,⁸⁹ while purely domestic transactions remain within the remit of the relevant NCA.⁹⁰

Beyond reducing administrative burden, the Single Control Principle is intended to promote regulatory certainty, streamline timelines, and minimise the risk of conflicting decisions across ECOWAS Member States. It also aligns the regional framework with global best practices—mirroring, in principle, the “one-stop shop” model under the EU Merger Regulation—where a single regulator leads the substantive competitive assessment of cross-border mergers.

87. ERCA Manual of Threshold for Mergers and Acquisitions and Threshold Indicating a Dominant and Monopolistic Position. See Article 5.

88. Unit of Accounts is a standard currency used by the African Development Bank and other international organizations for financial reporting and transaction

89. ERCA Merger Guidelines, para 107.

90. ERCA Merger Guidelines, para 108.



Unlike the European Commission's structured referral mechanisms under Articles 4 and 22 of the EU Merger Regulation, ERCA's Guidelines do not stipulate clear criteria or timelines for referring cases between ERCA and NCAs. For example, when the FCCPC receives a merger notification involving regional operations, it is required to refer the case to ERCA. However, the Guidelines do not appear to specify how or when ERCA must acknowledge such referrals, nor do they address the treatment of ongoing domestic investigations. This procedural opacity may undermine investor confidence and create a risk of duplicative review processes. Intuitively, such referrals should occur before either the NCA or ERCA begins its review to avoid subjecting transaction parties to overlapping processes or duplicative merger-notification fees. Ultimately, the effectiveness of these mechanisms depends on the existence of a formal cooperation framework between ERCA and the relevant NCAs. To ensure coherent enforcement across jurisdictions, ERCA and national authorities such as the FCCPC must prioritize regulatory convergence through both institutional cooperation and substantive alignment.



Mutual Recognition of Decisions: Future Considerations

In line with the ECOWAS Treaty's integration goals, ERCA and the NCAs could establish a mutual recognition framework whereby clearance granted by one authority (for transactions clearly within its jurisdiction) is presumptively valid across the ECOWAS region, subject to notification and coordination. However, for such a framework to be practical, we would expect that at least three foundational conditions must first be established.

First, there must be a binding cooperation instrument, whether through an MoU, protocol, or implementing regulation, setting out clear jurisdictional triggers, mandatory information-sharing processes, timelines, and dispute-resolution mechanisms. Without a legally grounded structure, mutual recognition cannot operate predictably or securely. Second, ERCA and the NCAs would need to achieve substantive alignment in their competition assessment methodologies, including market-definition approaches, dominance tests, theories of harm, and evidentiary standards, as divergence in analytical frameworks may make cross-recognition unworkable. Third, mutual recognition depends on a baseline of institutional trust, which can only be built through consistent, transparent, and technically rigorous enforcement. Until ERCA establishes a credible operational and jurisprudential track record that national authorities can confidently rely upon, regulators may be unlikely to defer to its decisions.



From information garnered from ERCA, we understand that ERCA is working closely with all Member States to adopt single notification filing and has come up with a Cooperation Agreement for the implementation and enforcement of Community Competition Rules (CCRs), which was adopted by ECOWAS Ministers of Trade and Industries (ECOMOTI) during their last meeting held in May 2025. However, the Cooperation Agreement is yet to be adopted or signed by the FCCPC. We hope that the Cooperation Agreements between ERCA and the FCCPC, as well as ERCA and other NCAs that establishes a mutual recognition framework for competition clearances are signed soon to eliminate duplicative competition clearances for M&A transactions involving enterprises that operate in at least two ECOWAS Member States.



PART

03

STATE OF M&A/PRIVATE EQUITY
MARKET IN NIGERIA IN 2025

While Nigeria is not traditionally viewed as a global M&A bellwether, yet 2025 delivered a pronounced rebound in domestic transactional activity. The year saw a recalibration of ownership structures across several strategic sectors, driven by multinational divestments, regulatory recalibrations, capital-raising mandates, and sustained investor appetite in energy transition, digital infrastructure, and consumer-facing assets.

Notwithstanding FX headwinds and macroeconomic fragility, the deal pipeline remained resilient as corporates pursued portfolio optimisation, capital efficiency, and balance-sheet strengthening. Activity was especially robust across oil and gas, power, financial services, telecoms, consumer goods, pensions, and insurance, all sectors undergoing varying degrees of transformation and consolidation.

The following sections provide a consolidated view of the key transactions, thematic drivers, and regulatory dynamics that defined Nigeria's corporate landscape in 2025.

OIL & GAS SECTOR

2025 marked one of the most consequential years for Nigeria's upstream sector. The landmark completion of Shell's divestment of SPDC to the Renaissance consortium triggered a structural shift in the ownership of onshore assets.⁹¹ This transaction, valued at approximately US\$2.4 billion, represented the most significant rebalancing of Nigeria's upstream landscape in over a decade, signaling both a strategic scale back by IOCs from onshore operations and a scaling-up of indigenous E&P companies.⁹²

International majors continued to pivot toward deepwater and integrated gas portfolios with lower environmental and security exposure, while indigenous operators, notably Aradel, ND Western, First E&P and Waltersmith pursued aggressive acquisition and consolidation strategies, supported by domestic lenders and energy-focused private equity. Sector analysts estimate that indigenous producers could control up to 70% of Nigeria's onshore output, marking a historic inversion of the long-standing dominance of foreign majors.⁹³

This transition was not merely opportunistic but structurally driven. Indigenous companies, many of which began as marginal field operators or junior partners in joint ventures, leveraged their local networks, operational familiarity, and cost efficiency to secure financing from Nigerian and regional banks as well as private equity funds with energy exposure.

91. Shell Plc "Completion of sale of SPDC to Renaissance" (Shell plc, 13 March 2025) < Completion of sale of SPDC to Renaissance | Shell Global > accessed 04 November 2026.

92. Petlong Dakhling "Renaissance Seals Shell's \$2.4 B Nigeria Deal" (African Energy Council March 14 2025) < Renaissance Seals Shell's \$2.4B Nigeria Deal - African Energy Council > accessed 04 November 2025.

93. Kingsley Jeremiah 'IOC divestments may push indigenous producers to 70% ownership' (The Guardian January 3 2025) <IOC divestments may push indigenous producers to 70% ownership"> Accessed 04 November 2025.



POWER SECTOR

In 2025, Nigeria's power and renewables market recorded a marked uptick in acquisitions, project roll-outs and platform consolidations, particularly in the distributed renewable energy (DRE) and mini-grid segment. The year's flagship transaction involved WeLight Africa entering into a US\$200 million agreement⁹⁴ with the Rural Electrification Agency (REA) of Nigeria to deploy some 400 mini-grids and 50 "MetroGrids" across rural and peri-urban communities. The initiative is projected to deliver first-time or improved power access to between 1.5 and 2 million people and forms part of Nigeria's aim to increase the renewable share of electricity from approximately 22% to 50%.

This deal typifies the broader trend: investors and development finance institutions (DFIs) are committing capital to yield-producing DRE platforms, while policy settings and regulatory drivers are encouraging DRE transactions. Nigeria launched a dedicated DRE fund (US\$500 million) to incentivise investment into mini-grids, solar home systems and commercial/industrial solar, thereby addressing foreign exchange and currency risk and mobilising local institutional funding. These developments enabled increased M&A activity not only at the project level but also at the sponsor/portfolio-level: acquiring existing mini-grid portfolios, structuring long-term power purchase and concession contracts, and funding platform scale-up.

Concurrently, Transgrid Enerco Limited, a consortium comprising Stanbic IBTC Infrastructure Growth Fund, North-South Power Company Limited and Axxela Limited, agreed to acquire a 60% majority equity stake in Eko Electricity Distribution Company (Eko DisCo⁹⁵), Nigeria's second-largest electricity distribution company, with completion targeted within the year. Additionally, the Federal Government engaged China Machinery Engineering Corporation under a US\$328.81 million contract to expand and upgrade the national electricity transmission network, covering the construction or rehabilitation of 544 km of 330 kV and 132 kV lines with a total capacity of 7,140 MW⁹⁶. These developments underscore both growing private sector participation in the electricity distribution and renewable energy markets and the strategic drive to increase the share of renewables in Nigeria's energy mix from approximately 22% to 50%.

For legal and transaction advisers, the key focus areas included concession structuring, land and easement verification, grid-integration risk allocation, forward tariff modelling, FX-risk mitigation, and alignment with DFI ESG and community-impact obligations.

Strategically, the expansion of Nigeria's power and renewables sector, encompassing both distributed renewable energy solutions and large-scale network investments, signals a readiness of private capital to support electrification beyond the main grid. For project sponsors and investors, this creates opportunities to enter underserved markets and capture significant upside. For regulatory authorities and DFIs, it reflects a transition from subsidy-driven access programmes to commercially oriented platforms. For advisers, the sector presented substantial deal flow requiring tailored documentation, precise risk allocation, and alignment of commercial, regulatory, and ESG imperatives across diverse project structures.



94. Reuters 'Nigeria has agreed to \$200-million deal with WeLight, a pan-African Distributed Renewable Energy (DRE) company to deploy hundreds of renewable mini grids, aimed at bringing reliable electricity to millions in rural communities and those surrounding urban centres' <Nigeria strikes \$200m deal to power rural areas with renewable mini grids>

95. Faith Esifihó 'Axxela, Stanbic acquire 60% stake in Nigeria's second largest DisCo<Axxela, Stanbic acquire 60% stake in Nigeria's second largest DisCo - Businessday NG> accessed 04 November 2025.

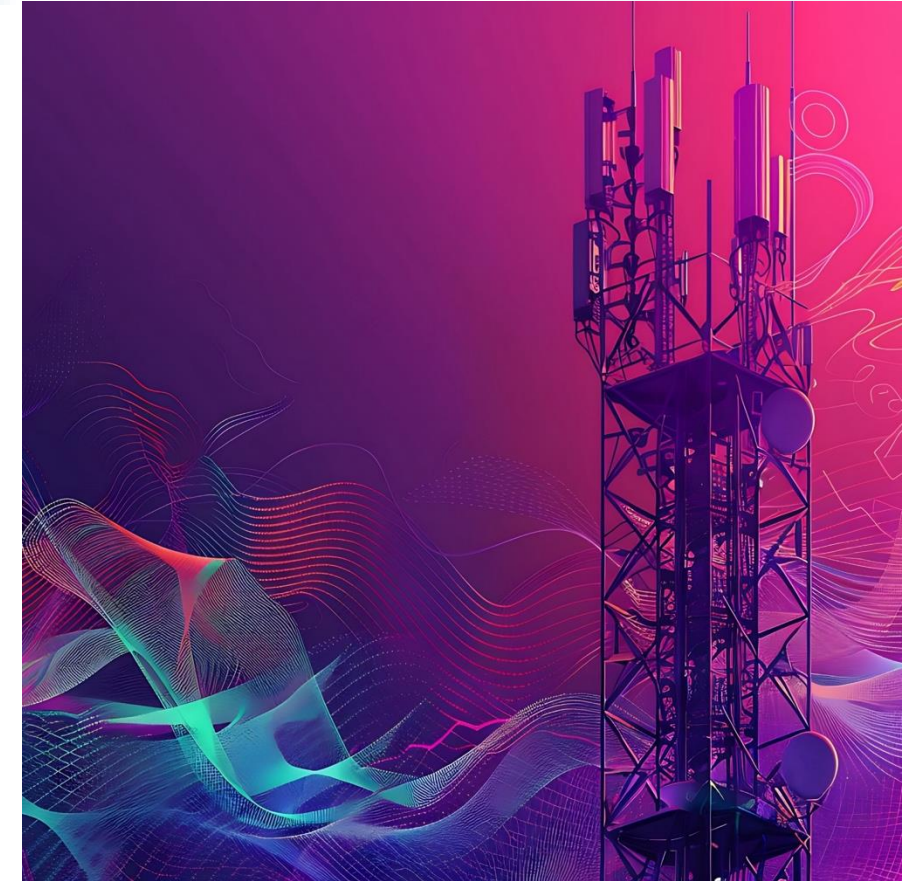
96. Adedotun Oyeniyi 'Nigeria Partners with Chinese Firm on \$328 Million Deal to Strengthen National Power Transmission Grid' <Nigeria, China ink \$328m power grid deal> Accessed 05 November 2025.



TELECOMMUNICATIONS SECTOR

While 2025 did not see major change-of-control acquisitions in the telecoms sector, the sector experienced strategic consolidation through network-sharing partnerships rather than traditional M&A. This reflects operators' focus on optimising capital expenditure, accelerating 5G rollout, and improving operational efficiency amid currency volatility and narrowing margins. The most notable transaction involved *MTN Group and Airtel Africa*, which announced regional network-sharing agreements in March 2025 covering Nigeria and Uganda. The arrangements encompass Radio Access Network (RAN), fibre, and passive tower sharing – a model designed to accelerate rural coverage, reduce duplicative capex, and enhance 5G rollout economics.

This trend signals a shift from asset-heavy ownership to cooperative network investment models. Rather than conventional change-of-control transactions, these are commercial consolidations that achieve scale and reach through shared infrastructure and joint operational platforms. The Nigerian Communications Commission (NCC) and the National Information Technology Development Agency (NITDA) have adopted a facilitative posture – permitting infrastructure sharing under guidelines that safeguard competition and prevent discriminatory access. Operators are required to file relevant cooperation agreements for regulatory clearance, particularly where shared use of spectrum, fibre, or active elements could alter market dynamics.



PENSION SECTOR

The Nigerian pension industry in 2025 witnessed heightened regulatory reform, strategic consolidation, and increased investment diversification, marking one of the most active years for institutional transactions since the enactment of the Pension Reform Act, 2014. Total pension assets under management (AUM) rose beyond ₦24 trillion⁹⁷ by mid-2025, driven by equities and FGN securities. PenCom maintained its reform agenda, tightening prudential and capital adequacy requirements for operators, and reinforcing corporate governance and investment compliance across the value chain, particularly through its published circular on minimum capital requirements as indicated above. The revised thresholds immediately recalibrated the sector's competitive landscape, compelling several mid-tier PFAs to seek strategic mergers or equity partnerships to preserve their licences. The policy also enhanced supervisory focus on technology, risk management, and cybersecurity readiness – prerequisites for ongoing operations under the new regime.



97. *Naira Metrics 'Nigeria's pension fund assets hit N24.63 trillion in June 2025, driven by equities and FGN securities' <Nigeria's pension fund assets hit N24.63 trillion in June 2025, driven by equities and FGN securities - Nairametrics> accessed 04 November 2025.*



These regulatory shifts triggered one of the year's most significant transactions, the acquisition of PAL Pensions by Leadway Holdings Limited, a deal that consolidated Leadway's position among Nigeria's top three PFAs by AUM. The transaction exemplified the capital-driven consolidation trend within the pension sector and reflected the regulator's preference for strong, well-capitalised operators capable of meeting compliance and governance benchmarks. Olaniwun Ajayi LP acted as counsel to Leadway on this acquisition, advising on transaction structuring, regulatory engagement with PenCom, and due diligence, amongst others.

Beyond M&A, investment allocation trends evolved significantly. PFAs continued to diversify portfolios to preserve real returns amidst inflation and FX depreciation. Investment in infrastructure rose by nearly 50% to ₦242.8 billion⁹⁸, while allocations to private equity surged by over 200%, reflecting a strategic pivot towards alternative assets with higher yield potential. PenCom also confirmed that over ₦5.5 trillion in pension funds had been channelled into real-sector investments – covering infrastructure, real estate, and sub-national debt – thereby reinforcing the sector's role as a long-term institutional financier of Nigeria's development agenda.

From a legal and transactional standpoint, key focus areas in 2025 included compliance with enhanced capital and fit-and-proper tests, regulatory approval of share transfers and mergers, due diligence on legacy liabilities and RSA data integrity, and post-merger systems integration. Overall, the Nigerian pension sector in 2025 reflected a maturing and consolidating industry under strong regulatory oversight. The combination of capital-based reform, consolidation transactions, and strategic asset diversification positioned the sector as a major institutional anchor for domestic investment and infrastructure financing.

FINANCIAL SERVICES SECTOR

Nigeria's financial services sector in 2025 witnessed pronounced transaction activity driven by regulatory capital directives, market consolidation pressures, and sustained syndicated financing flows. Following the Central Bank of Nigeria's (CBN) re-capitalisation directive issued in 2024, all deposit money banks were mandated to raise their minimum paid-up capital to ₦500 billion (international), ₦200 billion (national), and ₦50 billion (regional) by March 2026. This policy recalibrated the sector's capital landscape and immediately spurred a wave of capital-raising, mergers, and internal restructuring among banks and financial institutions. Many institutions responded through rights issues, private placements, and strategic mergers to align with the new capital thresholds and strengthen balance-sheet resilience amid FX volatility and rising impairment costs. Notably, Union Bank of Nigeria⁹⁹ completed its merger with Titan Trust Bank Limited in September 2025, reflecting one of the notable transactions in the year.



98. Peter Egwuatu 'Pension Funds' investment in infrastructure grows 49% to N242.8bn' < Pension Funds' investment in infrastructure grows 49% to N242.8bn - Vanguard News> accessed on 05 November 2025.

99. Union Bank < Union Bank of Nigeria Completes Merger with Titan Trust Bank - Union Bank of Nigeria> Accessed 04 November 2025.



It was projected that the re-capitalisation programme would trigger a consolidation wave similar to the 2004 banking reforms, as mid-tier banks pursue mergers or licence downgrades to meet regulatory expectations. Tier-1 banks such as Access Holdings, Zenith, GTCO, and UBA initiated capital-raising programmes via rights issues, Eurobond offerings, or secondary listings to attract foreign capital and maintain systemic competitiveness¹⁰⁰. Smaller and regional players began exploring acquisition or merger discussions to avoid regulatory displacement. The Nigerian Exchange (NGX) recorded significant rights issue filings throughout Q1-Q3 2025, signaling renewed capital-market reliance for balance-sheet reinforcement¹⁰¹.

Overall, M&A within the financial-services sector in 2025 remained strategic and regulatory-driven, aimed at scale, capital adequacy, and risk diversification rather than opportunistic takeovers. The market impact extended beyond traditional banking: fintech lenders and non-bank institutions also engaged in minority stake sales and capital partnerships to attract DFI investment. As the re-capitalisation deadline approached, the sector's transaction landscape was dominated by capital-raising, consolidation planning, and large syndicated financings.



FINTECH & TECHNOLOGY SECTOR

Nigeria's fintech and technology sectors in 2025 reflect a renewed phase of transactional activity and structural evolution. Following a global slowdown in 2023–2024, the ecosystem rebounded strongly, with fintech sustaining its position as the anchor of the country's digital economy. The resurgence was driven by a young demographic, increased mobile-money adoption, and regulatory measures such as the open banking framework and sandbox regimes, which collectively enhanced investor confidence. Nigeria remains the continent's fintech powerhouse, accounting for a dominant share of Africa's startup funding in the first half of 2025.

The capital market narrative for Q1 2025 reinforces this dominance. Nigerian startups raised over USD 100 million¹⁰², with fintech commanding the largest share through high-value transactions such as LemFi's USD 53 million Series B round. M&A and strategic buyouts also gained momentum, as exemplified by C-One Ventures' acquisition of Bankly¹⁰³, a licensed microfinance bank, which included its operating licence, technology infrastructure, and workforce. These developments signpost a clear shift from funding to consolidation, where acquirers seek control of fully licensed financial-technology platforms rather than minority investment stakes.



104. Nathan Olaniyi 'Consolidation or concentration? The stakes behind Africa's fintech deal wave' < Consolidation or concentration? The stakes behind Africa's fintech deal wave - Businessday NG > accessed 07 November 2025.



Nigeria's fintech landscape entered a phase of strategic consolidation¹⁰⁴, reflecting a shift from pure growth-at-all-costs models to value-driven acquisitions. Investors increasingly prioritised fintech operators with scalable platforms, diversified revenue streams, and demonstrable credit-risk management frameworks. Transaction activity moved away from numerous early-stage funding rounds toward fewer, larger, and more strategic deals, where acquiring companies sought licensed operators with established customer bases, operating licences, and robust technological infrastructure. This consolidation trend was accelerated by regulatory measures, including CBN's fit-and-proper assessments, enhanced licensing requirements, and the Federal Competition and Consumer Protection Commission's oversight, which together created both opportunities and compliance challenges for potential acquirers.

The underlying drivers of this consolidation are multifaceted. A young and rapidly urbanising population, high mobile-money adoption, and underbanked market segments create substantial growth potential, while macroeconomic turbulence, currency volatility, and fragmented digital infrastructure impose operational constraints. Legal practitioners advising on these transactions must focus on licence portability, data-management obligations, post-acquisition integration, and alignment with evolving regulatory frameworks. The 2025 trend demonstrates that successful market participants are those capable of navigating regulatory complexity, sustaining transaction economics, and integrating acquired businesses efficiently, highlighting a maturing ecosystem where strategic structuring, governance, and regulatory compliance are central to preserving investor confidence and driving sustainable fintech M&A momentum.

FMCG SECTOR

In 2025, Nigeria's fast-moving consumer goods (FMCG) sector remained relatively stable, with limited high-profile mergers or acquisitions. Notwithstanding the subdued transactional activity, we anticipate increased consolidation and strategic acquisitions in the coming period, driven by domestic players seeking scale and operational efficiency. A notable exception during the year was the acquisition of CHI Limited (brands "Chivita" and "Hollandia") by UAC of Nigeria PLC ("UAC") on 30 July 2025¹⁰⁵. The Coca Cola Company entered into an agreement to divest CHI Limited to UAC, which operates nine manufacturing facilities and an extensive distribution network in Nigeria.

The acquisition took on regulatory momentum in October 2025 when the FCCPC formally approved the transaction, allowing UAC to complete the deal. This move underscores the scale of change taking place in Nigeria's FMCG landscape: global multinationals divesting manufacturing-heavy assets and Nigerian conglomerates stepping in to consolidate domestic capacity, brands and distribution reach.



105. Coca Cola 'The Coca Cola Company Announces Agreement for the Sale of Chivita | Hollandia (CHI Limited) to UAC of Nigeria PLC (UAC)' < Press Release July 2025 > accessed 07 November 2025.



Underlying this deal and the broader sector dynamic are two key forces. First, multinational corporations like Coca Cola are increasingly deploying a bottling partner or licensing model rather than owning all manufacturing assets – freeing capital and simplifying operations in emerging markets. Second, some domestic firms are recognising the value in acquiring or partnering with well established brands and local production/distribution platforms to capture margin uplift, enhance vertical integration, and expand distribution reach across Nigeria’s growing consumer base – though this remains selective and contingent on favourable local market conditions

From a legal and transactional vantage point, the CHI–UAC deal illustrates several important considerations. Competition filings to the FCCPC were central, with scrutiny on market share in dairy and juice segments and the impact of brand transfer on consumer choice.

As a strategic implication, the deal signals that Nigeria’s FMCG sector appears to be entering a phase where domestic consolidation will be a key growth lever. For acquiring conglomerates, there is potential for synergies in production, logistics and distribution; for sellers, there is a path to divest heavy-asset operations while retaining brand presence through licenses or partnerships.

Another notable M&A deal in the sector in 2025 is the acquisition by Helios Investment Partners of the entire stake of the Greek commercial refrigeration equipment maker, the Frigoglass Group, in Frigoinvest Nigeria Holdings B.V, the holding company for the Frigoglass Group’s packaging operations in Nigeria¹⁰⁶. The transaction, announced in **December 2025**, was reported to be valued at approximately **€100 million (US\$116 million)**. It remains subject to regulatory approvals and involves the indirect acquisition of a majority and significant equity stake in Frigoglass Industries (Nigeria) Limited (FINL) and Beta Glass Plc, one of the better-performing stocks on the Nigerian Exchange Group in 2025.

The deal is notable given Beta Glass’ strong market position and brand perception in Nigeria, the existing import ban on glass bottles, and the local production capacity of Beta Glass and FINL for glass bottles, plastic crates and metal crowns. It also comes against the backdrop of Beta Glass’ strong share performance in 2025. In line with private equity investment practice, Helios Investment Partners may focus on operational and financial value creation in the acquired businesses, with a view to strengthening their long-term performance. Overall, the 2025 CHI–UAC and Frigoglass-Helios transactions exemplify the broader consolidation trend in Nigeria’s consumer goods sector, marked by the forces of multinational repositioning, domestic player expansion and PE participation.



INSURANCE SECTOR

The Nigerian insurance sector in 2025 experienced a measured but meaningful wave of consolidation, capital restructuring, and regulatory-driven realignment. Following the enactment of the Insurance Industry Reform Act 2025, market participants were compelled to review capital adequacy, governance structures, and operational efficiencies in line with the NAICOM’s transition to a risk-based supervision model. This regulatory shift created an environment conducive to mergers, acquisitions, and strategic equity injections—primarily aimed at meeting compliance thresholds and achieving sustainable market positioning.

106. Glass Global ‘Frigoglass to sell Nigerian Glass Business’ < <https://www.glassglobal.com/news/frigoglass-to-sell-nigerian-glass-business-34553.html> >, accessed 09 January 2026



A key transaction within the year was the merger of Sanlam and Allianz's Nigerian operations, resulting in the formation of SanlamAllianz Nigeria. This deal represented one of the most significant combinations in the African insurance space, consolidating both life and non-life portfolios under a unified platform to strengthen distribution reach, digital capability, and risk management efficiency

Beyond ownership changes, the sector also recorded heightened capital-raising activity through rights issues, private equity participation, and debt conversions. The recapitalisation exercise set in motion by NAICOM spurred insurers to consolidate back-office functions, enhance technology adoption for claims and underwriting, and diversify into microinsurance and takaful segments to capture new market demographics.

Looking ahead, the Nigerian insurance sector is expected to experience a notable increase in M&A activity. This anticipation is anchored on the ongoing regulatory reforms under the Nigerian Insurance Industry Reform Act 2025, which continue to tighten capital, governance, and risk-management requirements. Insurers are likely to pursue strategic consolidations, equity injections, and partnerships to strengthen balance sheets, achieve regulatory compliance, and enhance operational efficiency.

As a result, both multinational and domestic players may explore mergers, acquisitions, and capital alliances to scale operations, expand product portfolios, and improve market positioning. This projected surge in M&A activity is likely to be supported by continued investor appetite for well-capitalised entities and the sector's growing emphasis on digital adoption, risk-based supervision, and innovative insurance solutions such as microinsurance and takaful products.



PART

04

KEY TRENDS AND DRIVERS
SHAPING 2025 M&A AND
PRIVATE EQUITY DEALS

The 2025 M&A and private equity landscape across Africa is being reshaped by a convergence of regulatory tightening, geopolitical shifts, deepened due-diligence cycles, and a recalibration of investor priorities. Dealmakers are navigating a market defined by selective capital deployment, enhanced scrutiny, and a flight toward resilient, policy-supported sectors.

Overlaying these domestic dynamics are three structural global forces that continue to drive strategic transactions worldwide:



Rapid technological disruption, led by Artificial Intelligence (AI) and automation;



Supply-chain reconfiguration in a post-globalisation environment; and;



Shifting sector profit pools as capital rotates into infrastructure, energy, and digital services. Together, these pressures are creating a market that is more cautious, but also more disciplined, transparent, and strategically aligned than in prior years.



Sectoral Concentration: Capital Pivoting to Fintech, Infrastructure, and Agri-Tech

In 2025, private equity and venture capital activity concentrated heavily on resilient, high-growth sectors—notably fintech, infrastructure, and agri-tech—driven by digital transformation and government-backed investment.

In H1 2025, fintech attracted approximately 45% of total startup funding, equivalent to US\$638.8 million, reaffirming investor confidence in payments infrastructure and digital financial services. Notable transactions include Stitch's US\$55 million Series B, underscoring persistent demand for enterprise-grade financial infrastructure.¹⁰⁷

Infrastructure remained a top investment theme, exemplified by Vision Invest's US\$700 million investment in Arise IIP¹⁰⁸ and Africa50's US\$118 million¹⁰⁹ first close for its climate-resilient infrastructure fund. What we have seen is that these deals reflect investor appetite for stable, long-horizon assets with inflation-hedged cash flows.

Agri-tech also gained momentum, supported by sustainable food-security initiatives and blended-finance instruments targeting climate adaptation and productivity¹¹⁰. These investments reflect a strategic investor preference for sectors combining stable fundamentals, scalability, and strong policy support—illustrating how Africa's deal landscape in 2025 is converging around growth aligned with economic transformation and sustainability.

Heightened Regulatory Scrutiny and Political Intervention

Across Africa, governments and competition regulators are exhibiting heightened scrutiny of mergers and acquisitions, particularly in strategic or sensitive sectors. This has translated into longer clearance timelines, more stringent merger reviews, and a growing tendency for political institutions to interrogate transaction motives especially where national economic interests or security considerations are perceived to be at stake.

A defining case in 2025 was the Lafarge Africa Plc offshore realignment by Huaxin Cement, which despite being an internal group restructuring, was widely misconstrued as a foreign takeover.

The misunderstanding prompted intervention by the Nigerian Senate, re-examination directives to the Bureau of Public Enterprises (BPE) and the SEC. This episode illustrates the new normal: perception risk now drives regulatory behaviour as much as legal substance, particularly for deals involving essential infrastructure, natural resources, or significant domestic brands

107. Stitch Team, 'Stitch announces \$55 million Series B funding round' (Stitch Blog, 15 April 2025) <https://stitch.money/blog/stitch-announces-55-million-series-b-funding-round> accessed 7 November 2025.

108. Africa Finance Corporation, 'AFC investee company, ARISE IIP, completes one of the largest private infrastructure transactions in Africa and welcomes Vision Invest as a new shareholder' (Africa Finance Corporation, 10 September 2025) <https://www.africafc.org/news-and-insights/news/arise-iip-completes-one-of-the-largest-private-infrastructure-transactions-in-africa-and-welcomes-vision-invest-as-a-new-shareholder> accessed 7 November 2025.

109. Africa 50, 'Alliance for Green Infrastructure in Africa's Project Development Fund (AGIA-PD) achieves first close with US\$118 million' (Africa 50, 13 August 2025) <https://www.africa50.com/media/news/article/alliance-for-green-infrastructure-in-africas-project-development-fund-agia-pd-achieves-first-close-with-us118-million/> accessed 7 November 2025.

110. United Nations Food Systems Coordination Hub, Global Food Systems Transformation 2025: Progress Report Based on Inputs from Countries, Coalitions, and the UN System Ahead of UNFSS+4 (FAO Rome 2025) <https://www.unfoodsystemshub.org/docs/unfoodsystemslibraries/unfss-4/global-food-systems-transformation-2025.pdf> accessed 7 November 2025.



New Rules and Guidance from the Securities and Exchange Commission

Nigeria's April 2025 SEC Rules and Sundry Amendments together with the Interpretative Guidance Note on Private Equity Funds represent the most consequential overhaul of private-market regulations in over a decade. Before the reforms, private equity vehicles operated under broad collective investment principles, often structured offshore to avoid regulatory uncertainty. The 2025 updates decisively introduced clearer and broader rules governing private equity fund registration, governance standards, proprietary investment thresholds, disclosure, and fees; and a targeted amendments to Corporate Bond and CIS rules to broaden access to non-bank financing.

These changes, as already addressed above, effectively formalise Nigeria's private markets, increasing transparency, professionalising fund governance, and expanding the spectrum of available capital-raising instruments.

Regional Oversight Deepens: ECOWAS and the Emergence of ERCA

With the operational launch of ERCA and its inaugural Merger Control Guidelines, cross-border deals now face a more complex regulatory matrix.

However, the lack of a Cooperation Agreement between ERCA and Nigeria's FCCPC has created uncertainty regarding the potential cooperation between both entities and the impact on the merger review process.



Enhanced Due Diligence Standards

In 2025, African private equity M&A transactions were defined by more forensic due-diligence cycles, with heightened scrutiny of governance, tax integrity, cybersecurity, and ESG compliance, alongside increased investor demand for transparent operational data. Seller-due diligence is also emerging as a critical differentiator, with buyers expected to proactively assess sellers risks, restrictions, and verify their information. This not only reduces transaction uncertainty but also accelerates deal timelines and signals governance sophistication.

Looking at market trends over the past few years, Africa's private capital markets have been experiencing strong deal activity, though with evolving patterns. In 2022, 626 transactions totaling US\$7.6 billion were completed. By 2023, the average deal size was US\$18.2 million, but as due diligence requirements, regulatory scrutiny, and ESG considerations intensified, total deal value declined to US\$5.9 billion, with the average deal size further dropping to US\$15.2 million in 2024. Interestingly, despite shrinking deal values, the number of deals grew by 8% to 485 transactions, and exit activity surged by 47%. This indicates that Investor appetite remains strong, but capital is deployed more selectively, favouring transparent businesses with strong governance and defensible risk profiles.¹¹¹



Growing Adoption of Warranty & Indemnity (W&I) and Tax Insurance

W&I and tax insurance continue to gain traction as risk-mitigation levers. It has become a more common feature in auction-style M&A processes, offering both sellers and buyers a mechanism to allocate risk efficiently and facilitate competitive bidding. W&I insurance typically covers breaches of warranties and representations, allowing sellers to provide "clean" warranties without large escrows or post-completion liabilities, while giving buyers recourse through the insurer rather than the seller's balance sheet. Tax insurance, meanwhile, mitigates exposure to unforeseen tax liabilities, providing further certainty in pricing and reducing the need for protracted indemnity negotiations. Collectively, these instruments enhance deal certainty, accelerate completion timelines, and can make a transaction more attractive to multiple bidders, thereby potentially driving up sale price and improving transaction outcomes.

Generally, the 2025 African dealmaking landscape reflects a maturing market shaped by disciplined capital, robust regulatory intervention, regional integration efforts, and heightened transparency expectations. While deal values have moderated, the underlying ecosystem remains energetic, and in some respects more resilient, driven by structural demand, digital transformation, and sustained investor confidence in Africa's long-term growth trajectory.

111. African Private Capital Association (AVCA), 2024 African Private Capital Activity Report (April 2025) https://www.avca.africa/media/fcpjt4s3/2024_avca_african_private_capital_activity_report_apca_public.pdf accessed 8 November 2025



2026

OUTLOOK



LOOK FORWARD AND CONCLUSION

Projected GDP Growth in Nigeria, Africa and Key Global Economies

The Nigerian economy is expected to pick up pace, growing by 3.5% in 2025 to 3.7% in 2026, driven by a thriving services sector and gradual macroeconomic stability, according to the World Bank's latest projections.¹¹² This growth trajectory is part of a broader regional trend, with sub-Saharan Africa's GDP predicted to rise from 4.1% to 4.3% in 2026, fueled by robust domestic demand and improving trade prospects.¹¹³ Regionally, Nigeria is now projected to outperform South Africa but remain slightly below the Sub-Saharan African average of 4.4% in 2026.¹¹⁴ The World Bank's forecast paints a promising picture for Nigeria's economic future, with the services sector leading the charge.¹¹⁵

Inflation, Interest Rates, and Exchange Rate Expectations

Although, the inflation rate in Nigeria currently stands at 18%, the Manufacturers Association of Nigeria (MAN) forecasts a substantial decrease to 14%.¹¹⁶ A drop in inflation rate will consequently result in lower interest rate. As such, MAN conjectures that the benchmark interest will drop to around 23% in 2026, as the CBN aims to encourage credit expansion and drive output growth.¹¹⁷ On the same note, according to analytical forecasts, the Naira may strengthen to NGN1,392.93 against the Dollar by the end of 2026.¹¹⁸

112. Tobi Tunji, 'World Bank projects 3.5% GDP growth for Nigeria in 2025, 3.7% in 2026' (Nairametrics, 17 January 2025) accessed 06 November 2025.

113. *Ibid.*

114. *Ibid.*

115. *Ibid.*

116. Olalekan Adigun, 'MAN projects 14% inflation rate, 23% benchmark interest in 2026' accessed 06 November 2025.

117. *Ibid.*

118. USD/NGN forecasts for 2024/2025 USD/NGN Forecast for 2025, 2026-2030 accessed 08 November 2025.





Fiscal Policies and Budget Projections Impacting Investments

The 2026 Federal Budget,¹¹⁹ themed ‘the Budget of Consolidation, Renewed Resilience and Shared Prosperity’, passed the second reading at the Senate on 23 December 2025. According to the Appropriation Bill 2026, the projected total expenditure stands at NGN58.18 trillion, with NGN5.41 trillion, NGN3.56 trillion, NGN3.52 trillion and NGN2.48 trillion allocated to defence and security, infrastructure, education and health, respectively, as high-priority sectors for the year 2026. Notably, the total expenditure of over NGN58 trillion on a broader level comprises NGN4.097 trillion for statutory transfers, NGN15.909 trillion for debt service, NGN15.252 trillion for recurrent (non-debt) expenditure and NGN23.214 trillion for capital expenditure. The Budget, however, features a fiscal deficit of NGN23.85 trillion, with the capital expenditure targeting critical growth-driving sectors, including transport infrastructure, power and energy, agriculture, industrial development, housing and the digital economy. The budget projections are based on a conservative crude oil benchmark of US\$64.85 per barrel; crude oil production of 1.84 million barrels per day; an average exchange rate of NGN1,400 to the US Dollar for the 2026 fiscal year.

Anticipated Changes in Tax, Corporate Law and Capital Markets

2025 witnessed new laws and regulations that address existing lacunas in the capital markets and corporate law ecosystem in Nigeria. In the preceding paragraphs, we had discussed the sweeping reforms and changes to the Nigerian tax laws and the Investment & Securities Act as it affects M&A transactions. We expect that the tax regulators and the SEC will provide much-needed guidance and clarity on several gray areas by issuing regulations and Guidance Notes to investors and stakeholders in 2026.

Implementation of a Risk Based Capital Framework under NIIRA

Further to the implementation of the new minimum capital requirement (MCR) in the insurance sector, we anticipate that NAICOM will issue detailed regulations on the determination of Risk-Based Capital for insurance and reinsurance companies. This expectation is anchored on the provisions of the NIIRA, which stipulate that the applicable MCR shall be the higher of the prescribed minimum amount or the company’s respective risk-based capital, as determined in accordance with regulations to be issued by the Commission.¹²⁰ It is also noteworthy that insurance operators are now required to submit their risk-based capital levels on an annual basis, underscoring NAICOM’s shift towards a more risk-sensitive solvency supervision framework.

¹¹⁹. Business Day, ‘Senate passes Tinubu’s N58.47 trillion 2026 for Second Reading’, <https://businessday.ng/news/article/senatepasses-tinubus-%E2%82%A658-47trn-2026-budget-for-second-reading/>, accessed 9 January 2026.

¹²⁰. NIIRA, 2025, sections 15 & 25





Regional Developments (ERCA, FCCPC and ECOWAS Cross-border regulations)

As addressed above, the ECOWAS Merger Control Framework envisions that cross-border mergers with a “Community dimension” are reviewed at the regional level by ERCA, rather than through multiple parallel filings with national authorities. Under this one-stop shop model, ERCA would coordinate assessments, consult national authorities, and issue a binding decision across ECOWAS. Currently, there is no formal collaboration framework between ERCA and the FCCPC, meaning cross-border transactions may still require dual filings. We expect that once the Cooperation Agreement between ERCA and Member States is signed and adopted by the FCCPC, clarity will emerge on the collaboration framework which would better align the FCCPC and ERCA, and enable a true one-stop shop process.



SECTORS EXPECTED TO WITNESS INCREASED M&A ACTIVITY

Banking Sector

Nigeria's banking sector is set for a transformative year in 2026, with the CBN's re-capitalisation deadline scheduled for the first quarter, prompting banks to finalise their capital-raising efforts and strengthen balance sheets. Ahead of the CBN's 31 March 2026 recapitalisation deadline, we expect commercial and non-interest banks that have yet to meet the minimum capital requirements to conclude their fund and capital-raising efforts through various mechanisms.



Pensions

It is expected that the Nigerian pensions sector will be largely driven by M&A deals with the objective of PFAs and PFCs complying with PENCOM's new MCR. This recapitalization move, which is only the second in the industry's two-decade history, aims to strengthen operators' resilience against market shocks, cybersecurity risks, and operational inefficiencies, while preparing the industry for expanded investment portfolios in infrastructure, real estate, and ESG assets. By and large, Nigeria's pension assets were projected to exceed NGN29.3 trillion by end-2025, up 30% year-on-year, with projections surpassing NGN33 trillion by mid-2026 as compliance reforms and digital onboarding deepen market participation. PenCom's ISO certification drive and full e-pension enrollment rollout will improve transparency and compliance monitoring, reducing fraud and data lags.¹²¹ Also, PenCom's reforms under the Pension Revolution 2.0 initiative, including the reintroduction of gratuity for civil servants, bond issuances to offset pension liabilities, and free health insurance for low-income retirees are expected to consolidate the system's inclusiveness and sustainability in 2026.¹²²



121. CBNAfrica, 'Agusto: Nigeria's Pension AUM to surpass ₦29.3trn by year end 2025' <https://www.cbncafrica.com/media/7756476585697/agusto-nigerias-pension-aum-to-surpass-293trn-by-year-end-2025> accessed 5 November 2025.

122. Pension Nigeria, 'Pencom Announces Pension Revolution 2.0' <https://www.pensionnigeria.com/pension-news/pencom-announces-pension-revolution-2-0/> accessed from 5 November 2025.



Fast Moving Consumer Goods (FMCG)

Nigeria's FMCG sector enters 2026 with strong momentum, supported by stabilizing macroeconomic conditions, renewed consumer confidence, and accelerating digital adoption. Market data indicates sustained growth across food, beverage, and personal-care categories, with Nigeria now ranking among Africa's fastest-expanding FMCG markets. Digital payments and AI-enabled consumer tools will further reshape purchasing behaviour, while policy reforms—such as consumer credit expansion and FX market adjustments—are expected to ease supply constraints and strengthen local production. Industry activity will also be marked by portfolio realignments, including the anticipated completion of PZ Cussons' divestment from PZ Wilmar, positioning both parties to consolidate their strategic priorities in 2026¹²³, and the completion of the Frigoglass Group-Helios deal marking Frigoglass Group's exit from its packaging operations businesses in Nigeria.



123. Sale of non-core Nigerian Joint Venture and update on FY25 performance:

<https://www.pzcussons.com/sale-of-nigerian-joint-venture-and-trading-update/>



Conclusion

As the market transitions into 2026, the implications of 2025's developments will become even more pronounced. Regulatory recalibration, particularly in banking, insurance and competition law, will require proactive realignment by businesses and investors. Dealmakers should expect continued portfolio optimisation by multinationals, a renewed push for capital strengthening in financial services, and increasing reliance on technology, data, and risk-transfer tools to improve execution certainty.

Overall, the market momentum observed in 2025 provides a strong foundation for a more disciplined, transparent, and strategically focused deal environment in 2026. Our expectation is that well-capitalised players, agile corporates, and private capital providers willing to take informed positions will be best positioned to capture the opportunities that lie ahead.

We trust that this report provides meaningful insights as you refine your strategy for the year to come and we remain available to support your transactions and strategic decisions throughout 2026.



List of Abbreviations

Abbreviation

Meaning

AIP	Approval-in-Principle
AUC	Assets under custody
AUM	Assets Under Management
CAMA	Companies and Allied Matters Act, 2020
CBN	Central Bank of Nigeria
CGT	Capital Gains Tax
CIS	Collective Investment Scheme
ERCA	ECOWAS Regional Competition Authority
FCCPC	Federal Competition and Consumer Protection Commission
FDI	Foreign Direct Investment
FPI	Foreign Portfolio Investment
FX	Foreign Exchange
GDP	Gross Domestic Product
ISA	Investments and Securities Act, 2025
NAFEM	Nigerian Autonomous Foreign Exchange Market
NAICOM	National Insurance Commission
NIIRA	Nigerian Insurance Sector Reform Act, 2025
NTA	Nigeria Tax Act
PENCOM	National Pension Commission
PFA	Pension Fund Administrator
PFC	Pension Fund Custodian
RBC	Risk-Based Capital
SEC	Securities and Exchange Commission
VAT	Value Added Tax
W&I Insurance	Warranty & Indemnity Insurance

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