



Full length article

Navigating Exit Challenges in Southern Africa's Private Equity Market: Barriers, Strategies, and Policy Implications

Mdaniso Ernest Sakala

University of Zambia - Institute of Distance Education

ORCID: <https://orcid.org/0000-0001-5911-9960>

*Corresponding e-mail: mesakala@gmail.com

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ABSTRACT

Private equity (PE) has become an important source of entrepreneurial finance and long-term investment capital within Southern Africa. However, successful PE exits remain constrained by weak capital markets, limited liquidity, regulatory uncertainty, foreign exchange restrictions, and underdeveloped secondary markets. This study examines the institutional, regulatory, and market factors influencing PE exit outcomes in Southern Africa. It evaluates the adaptive strategies utilised by PE firms operating in constrained frontier-market environments. The study adopted an exploratory research design, grounded in a structured thematic literature review and supported by exploratory stakeholder perspectives from PE practitioners operating in Southern Africa. The findings indicate that PE firms increasingly utilise adaptive mechanisms, including fund life extensions, co-investment structures, secondary buyouts, and structured transaction arrangements to manage constrained exit environments. The study concludes that improving PE exits within Southern Africa will require stronger institutional quality, deeper capital markets, improved regulatory coordination, and enhanced investor confidence.

1. INTRODUCTION

1.1 Background on Private Equity in Southern Africa

Private equity (PE) has emerged as an important driver of economic development and entrepreneurial finance in emerging markets such as Southern Africa, particularly where traditional financing channels, including commercial banking systems and public capital markets, remain relatively underdeveloped and inaccessible to many growth-oriented enterprises (Dhlamini, 2024). PE provides long-term capital, governance support, strategic expertise, and operational enhancement to firms that may lack access to financing through public markets or commercial banks (Kaplan & Strömberg, 2009). Unlike traditional debt financing, PE investors typically adopt active ownership models that involve governance participation, operational oversight, and value-creation initiatives to improve enterprise growth and competitiveness.

Research indicates that PE-backed firms often demonstrate stronger growth and employment creation. According to the Southern African Venture Capital and Private Equity Association (SAVCA), PE-backed

companies in South Africa recorded employment growth of 4.2%, compared to the national average of 2% (Southern African Venture Capital and Private Equity Association, 2020). Over the past two decades, Southern Africa has experienced increasing PE activity across sectors such as infrastructure, renewable energy, financial services, and consumer goods. Development Finance Institutions (DFIs), such as the African Development Bank (AfDB), have played a catalytic role in this growth. Between 1997 and 2024, the AfDB invested over USD 1.45 billion in African PE funds, primarily as an anchor investor, helping mitigate perceived investment risks (African Development Bank Group, 2024).

Beyond financial returns, PE activity has contributed to employment creation, enhanced governance, increased financial inclusion, regional integration, and business expansion across Southern Africa. However, despite the growth of PE investment activity, successful exits remain one of the most significant challenges affecting PE sustainability and long-term investor confidence within the region.

1.2 The Importance of Exit Strategies

Successful exits are central to the sustainability and attractiveness of the PE ecosystem because they enable investors to realise returns, recycle capital, and improve future fundraising prospects (Gompers & Lerner, 2001). Common PE exit routes include initial public offerings (IPOs), trade sales, secondary buyouts, and management buyouts (Kaplan & Strömberg, 2009). Exit timing and strategy significantly influence fund performance, internal rates of return (IRRs), and investor confidence (Bain & Company, 2026; McKinsey & Company, 2026).

However, PE exits in Southern Africa remain challenging due to shallow capital markets, limited liquidity, weak IPO activity, constrained buyer pools, and broader macroeconomic and regulatory uncertainties (African Private Capital Association, 2024). These conditions often result in prolonged holding periods, delayed capital recycling, and lower valuation realisation (African Private Capital Association, 2024).

Although PE exits have been widely studied in developed economies characterised by mature financial systems and deep capital markets, comparatively limited research has examined the institutional, regulatory, and structural barriers affecting PE exits within Southern Africa. Consequently, there remains a need for context-specific analysis of how PE firms navigate exit challenges in constrained frontier markets.

1.3 Theoretical and Conceptual Positioning

This study draws on entrepreneurial finance and institutional theories to examine how institutional quality, market conditions, and regulatory environments influence PE exit outcomes across Southern Africa. A more detailed theoretical and conceptual discussion is provided in the literature review section.

1.4 Problem Statement: The Persistent Challenge of Private Equity Exits in Southern Africa

Despite the growth of PE activity within Southern Africa, successful exits remain a major challenge affecting fund performance, capital recycling, and long-term investor confidence. PE fund managers frequently face prolonged holding periods due to limited exit opportunities, shallow capital markets, regulatory inconsistencies, foreign exchange constraints, and macroeconomic instability. These conditions increase the risk of capital being locked in underperforming investments and weaken the efficiency of the broader PE ecosystem.

The absence of efficient and predictable exit mechanisms has wider implications for entrepreneurial finance and regional investment attractiveness. Delayed or unsuccessful exits may reduce investor confidence, constrain

fundraising activity, and discourage future PE investment within the region. Although the existing literature has examined PE activity extensively in developed markets, comparatively limited research has focused on the institutional, structural, and policy-related barriers affecting PE exits in Southern Africa and on the adaptive strategies employed by PE firms operating under constrained market conditions.

1.5 Objectives of the Study

This study examines the key challenges affecting PE exits in Southern Africa and the implications for entrepreneurial finance and regional investment ecosystems. Specifically, the study aims to:

1. Examine the regulatory, economic, and structural barriers affecting PE exits in Southern Africa.
2. Analyse the strategies adopted by PE firms to manage constrained exit environments, including fund life extensions, DFI partnerships, and secondary transactions.
3. Evaluate the influence of institutional and regulatory conditions on PE exit viability within Southern African markets.
4. Recommend policy interventions aimed at improving exit opportunities, market liquidity, and investor confidence within the region.

1.6 Contribution of the Study

This study contributes to the literature in several ways. First, it provides a focused analysis of PE exit challenges in Southern Africa, addressing a significant gap in entrepreneurial finance research relating to frontier and emerging markets. While much of the existing PE literature is concentrated on developed economies characterised by deep capital markets and mature institutional environments, this study contextualises PE exit dynamics within the structural realities of Southern Africa's evolving financial ecosystems.

Second, the study extends existing discussions beyond firm-level performance by examining broader institutional, regulatory, macroeconomic, and market-ecosystem factors that influence PE exit viability. In doing so, the study contributes to entrepreneurial finance and institutional theory perspectives by demonstrating that PE exit outcomes in frontier markets are not determined solely by operational value creation and financial performance, but are also strongly shaped by regulatory quality, market liquidity, investor confidence, and the broader investment environment.

Third, the study highlights the adaptive strategies employed by PE firms operating in constrained market environments, including fund life extensions, co-investment arrangements, secondary buyouts, structured exits, and other flexible liquidity mechanisms to manage market and institutional constraints. The study, therefore, contributes conceptually by illustrating how PE firms increasingly adopt ecosystem-responsive exit strategies in environments characterised by underdeveloped capital markets and regulatory fragmentation.

Finally, the study contributes to policy debates by identifying reforms necessary to improve market liquidity, strengthen exit ecosystems, enhance regulatory harmonisation, and improve investor confidence across Southern Africa. The findings provide practical insights for policymakers, DFIs, investors, and fund managers seeking to support the long-term sustainability and growth of private capital markets within the region.

2. LITERATURE REVIEW

This literature review examines existing academic and industry research on PE exits and the factors influencing exit viability within Southern Africa. The review focuses on key themes, including exit strategies, market liquidity, institutional quality, regulatory constraints, investor confidence, and emerging exit innovations in frontier markets.

Although PE has been widely studied in developed markets, research relating to PE exits in African markets remains comparatively limited. Existing studies have largely focused on fundraising, governance enhancement, and portfolio company performance, with less attention devoted to the institutional, regulatory, and structural barriers affecting PE exits within Southern Africa. Consequently, important issues such as market illiquidity, fragmented regulatory systems, political uncertainty, and limited exit channels remain insufficiently integrated into mainstream PE literature. This review adopts an entrepreneurial finance and institutional perspective to examine how broader ecosystem conditions influence PE exit outcomes, investor confidence, and long-term investment sustainability within Southern Africa.

2.1 Theoretical and Conceptual Framework

This study draws on entrepreneurial finance theory and institutional theory to explain the dynamics of PE exits in Southern Africa. Entrepreneurial finance theory views PE investors as providers of long-term capital, governance support, strategic oversight, and value creation aimed at improving enterprise growth and investment performance (Kaplan & Strömberg, 2009). Institutional theory further emphasises the role of regulatory quality, market sophistication, investor protection, and macroeconomic stability in shaping investment outcomes within emerging markets (Cumming & Johan, 2017).

The study adopts an ecosystem perspective, arguing that PE exit outcomes are influenced not only by portfolio company performance but also by broader institutional and market conditions, including liquidity constraints, political uncertainty, regulatory fragmentation, and limited buyer pools. Consequently, PE exits within Southern Africa are examined as both financial and institutional phenomena embedded within wider entrepreneurial ecosystems.

The study proposes that PE firms contribute to entrepreneurial development by providing capital, enhancing governance, providing strategic support, and implementing operational improvement initiatives to strengthen portfolio company performance. However, the effectiveness of PE exit mechanisms in Southern Africa is influenced by broader institutional and market conditions, including regulatory quality, market liquidity, macroeconomic stability, investor protection, and the foreign exchange environment. Successful exits improve capital recycling, investor confidence, and future fundraising, which in turn contribute to broader entrepreneurial finance development and ecosystem sustainability within the region. Drawing on these perspectives, the study argues that PE exit outcomes in Southern Africa are influenced by three interconnected dimensions: firm-level value creation, institutional quality, and broader market ecosystem conditions.

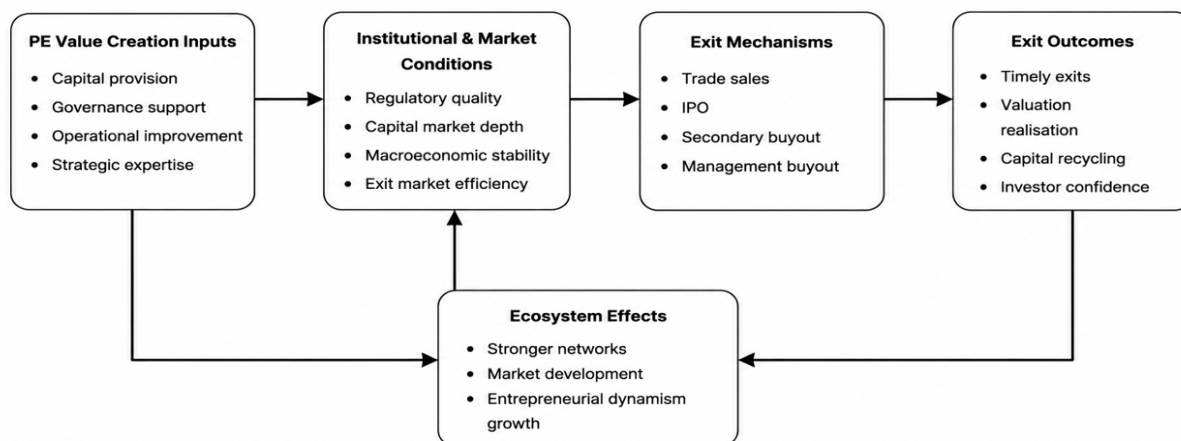


Figure 1: Conceptual Framework for PE Exit Outcomes in Southern Africa

Source: Developed by the author based on the reviewed literature.

Figure 1 illustrates the conceptual framework underpinning the study. It demonstrates that the interaction between portfolio company value creation initiatives and broader institutional and market conditions shapes PE exit outcomes in Southern Africa. The framework further demonstrates how successful exits contribute to investor confidence, capital recycling, future fundraising, and the long-term development of entrepreneurial finance ecosystems within the region.

2.2 Overview of PE Exit Strategies

PE exit strategies represent a critical component of the investment lifecycle because they determine the extent to which investors realise value, recycle capital, and generate returns for limited partners (Kaplan & Strömberg, 2009). In developed markets, PE firms typically utilise a range of exit mechanisms, including trade sales, IPOs, secondary buyouts, and management buyouts (MBOs), with the choice of exit route influenced by market conditions, institutional quality, investor appetite, and portfolio company performance (Cumming & Johan, 2017).

Within Southern Africa, however, the effectiveness and availability of these exit routes remain uneven due to underdeveloped capital markets, weak liquidity, regulatory fragmentation, and limited strategic buyer participation. Consequently, PE firms operating in the region often rely more on negotiated trade sales and secondary transactions than on public market exits. The literature further suggests that constrained exit environments contribute to prolonged holding periods, weaker valuation realisation, and delayed capital recycling in frontier-market PE ecosystems (African Private Capital Association, 2024; Southern African Venture Capital and Private Equity Association, 2023).

Table 1: Comparative Overview of PE Exit Routes in Southern Africa

Exit Route	Key Characteristics	Advantages	Key Constraints in Southern Africa
Trade Sales	Sale of portfolio company to a strategic or corporate buyer	Faster execution and relatively flexible transaction structures	Limited strategic buyer pools and lower competitive bidding

Initial Public Offerings (IPOs)	Listing of portfolio company shares on a public stock exchange	Potentially higher and increased visibility	Weak capital market liquidity, low investor participation, and high listing costs
Secondary Buyouts	Sale of portfolio company to another PE firm	Supports capital recycling and continuity of ownership	Underdeveloped secondary PE markets and limited active PE participants
Management Buyouts (MBOs)	Acquisition of the company by existing management teams	Operational continuity and stronger management alignment	Limited acquisition financing capacity and underdeveloped debt markets
Structured or Phased Exits	Use of earn-outs, deferred payments, or phased disposals	Greater flexibility in uncertain market conditions	Complex transaction structuring and regulatory uncertainty

Source: Author's compilation based on reviewed literature.

Table 1 summarises the principal PE exit routes and the major institutional and market constraints affecting their viability within Southern Africa.

The comparative analysis demonstrates that the viability of PE exit routes within Southern Africa is strongly shaped by institutional quality, market sophistication, regulatory predictability, and investor participation. From an institutional theory perspective, the dominance of trade sales and the limited use of IPOs reflect the relative shallowness and sophistication of regional financial ecosystems. Entrepreneurial finance theory further suggests that constrained exit opportunities weaken capital recycling efficiency, fundraising capacity, and long-term entrepreneurial ecosystem development.

While PE firms may utilise multiple exit routes, the viability and effectiveness of these mechanisms within Southern Africa are heavily influenced by broader institutional, regulatory, and market conditions. Consequently, understanding PE exits within the region requires consideration not only of transaction structures but also of the wider financial and policy environments that shape investor behaviour, liquidity conditions, and long-term ecosystem development.

2.3 Institutional, Regulatory, and Market Conditions Shaping PE Exits in Southern Africa

The literature consistently identifies constrained financial market development, regulatory uncertainty, and macroeconomic instability as major barriers to PE exits in Southern Africa. Compared with developed markets, many Southern African financial systems remain characterised by shallow stock exchanges, underdeveloped secondary PE markets, limited institutional investor participation, and constrained strategic buyer activity (African Private Capital Association, 2024; Southern African Venture Capital and Private Equity Association, 2023). These conditions reduce IPO viability and increase reliance on negotiated trade sales and secondary transactions. The literature further suggests that constrained liquidity conditions contribute to prolonged holding periods, weaker valuation realisation, and delayed capital recycling, thereby limiting the broader sustainability of entrepreneurial finance ecosystems within the region (Cumming & Johan, 2017).

The literature additionally highlights the importance of regulatory quality and institutional effectiveness in shaping PE exit outcomes within Southern Africa. Institutional theory suggests that investment environments characterised by stronger governance systems, predictable regulations, investor protection, and efficient legal institutions are generally more conducive to successful PE exits and long-term private capital formation (Lerner & Schoar, 2005). However, several Southern African markets continue to experience policy uncertainty, administrative inefficiencies, inconsistent implementation of investment regulations, and fragmented cross-border regulatory systems. For example, in South Africa, trade sales are subject to approval by the competition and takeover authorities. At the same time, compliance with Broad-Based Black Economic Empowerment (B-BBEE) legislation introduces additional structural complexity that can delay or, in some cases, derail transactions (Competition Commission of South Africa, 2023; Takeover Regulation Panel, 2023). Similarly, in Zimbabwe, historical indigenisation laws requiring majority local ownership have negatively affected investor confidence and reduced buyer interest (Bowmans, 2021; Mpofu & Sibanda, 2015). Such conditions increase transaction complexity, prolong exit execution timelines, and weaken investor confidence in frontier markets.

Foreign exchange restrictions and broader macroeconomic instability remain significant constraints on cross-border private equity activity within Southern Africa. Currency volatility, exchange controls, inflationary pressures, and delays in capital repatriation can materially reduce realised investment returns and heighten uncertainty for international PE investors operating within U.S. dollar-denominated fund structures (Bekaert & Harvey, 2002). In several jurisdictions, restrictive foreign exchange regimes continue to impede the efficient repatriation of capital and investment proceeds. For example, Zimbabwe's Exchange Control Regulations Act, together with Zambia's proposed de-dollarisation measures, illustrates how such policy interventions may weaken investor confidence, constrain liquidity, and complicate exit planning for foreign investors (Mitimangi & Hill, 2024). In response to these challenges, PE firms are increasingly adopting adaptive transaction structures, including offshore holding companies, phased exits, and secondary transactions, to mitigate foreign-exchange exposure and liquidity risks while preserving investment flexibility.

The literature further demonstrates that cross-border regulatory fragmentation continues to constrain regional financial integration and the development of the PE ecosystem in Southern Africa. Differences in taxation regimes, listing requirements, merger approvals, and investment regulations increase transaction costs and reduce exit flexibility across multiple jurisdictions (World Bank Group, 2020). Although several Southern African countries have introduced reforms to strengthen investment climates, corporate governance standards, and securities market development, implementation gaps and institutional inconsistencies persist across many markets.

From an entrepreneurial finance and ecosystem perspective, these findings demonstrate that PE exit outcomes in Southern Africa are shaped not only by portfolio company performance but also by the interactions among financial market development, institutional quality, regulatory predictability, macroeconomic stability, and investor confidence. These institutional and market dynamics reinforce the conceptual framework underpinning this study and highlight the importance of coordinated reforms to improve financial market integration, regulatory harmonisation, and long-term entrepreneurial ecosystem development within the region.

2.4 Role of Development Finance Institutions (DFIs) in Facilitating Exits

DFIs have played an important role in the growth and development of PE markets across Africa, including Southern Africa. Institutions such as the African Development Bank (AfDB), International Finance Corporation (IFC), British International Investment (BII), Proparco, and DEG have increasingly acted as cornerstone investors in PE funds operating in frontier markets African Development Bank Group, 2024). Beyond capital provision, DFIs contribute governance oversight, technical expertise, ESG standards, and institutional credibility that help attract private investors into higher-risk investment environments (Lerner & Schoar, 2005). Their participation is particularly important within Southern African markets where domestic institutional capital remains limited and commercial investors may be discouraged by macroeconomic instability, constrained financial markets, and regulatory uncertainty.

The literature further suggests that DFIs increasingly facilitate PE exits in constrained markets through blended finance structures, co-investment arrangements, governance enhancements, technical assistance, and broader market development initiatives. Such mechanisms may improve transaction credibility, strengthen portfolio company governance, reduce perceived investment risk, and enhance investor confidence during exit processes. DFI-supported investments may therefore contribute to improved exit readiness and greater flexibility in environments characterised by weak liquidity and underdeveloped capital markets (OECD, 2021).

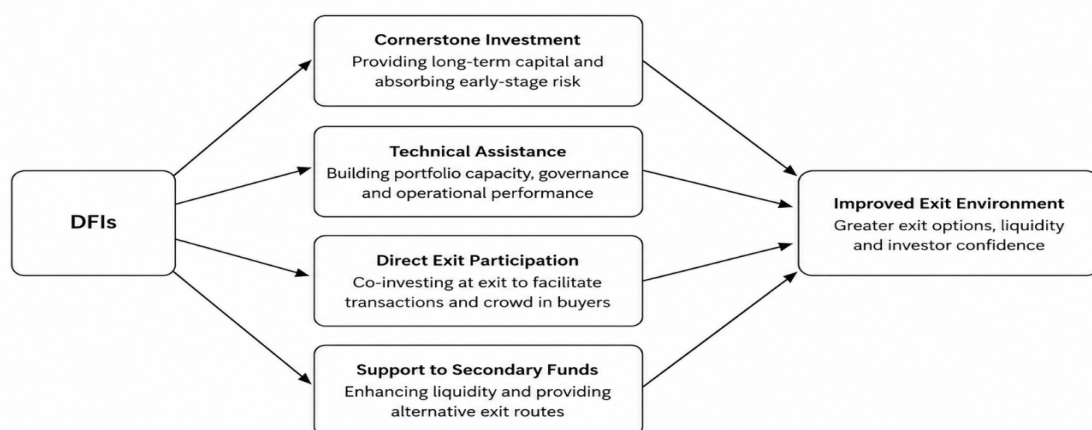


Figure 2: DFI Facilitation Pathways for Private Equity Exits
Source: Adapted from the African Development Bank Group (2024)

Figure 2 illustrates the multiple pathways through which DFIs strengthen PE exit ecosystems in Southern Africa, including governance support, risk mitigation, co-investment structures, market development initiatives, and transaction facilitation mechanisms.

Despite their important catalytic role, DFIs cannot fully offset the broader structural constraints that affect PE exits in Southern Africa. The literature highlights that extensive due diligence requirements, governance procedures, and environmental and social compliance standards may increase transaction complexity and prolong investment or exit timelines (Lerner & Schoar, 2005). Furthermore, persistent dependence on DFIs as anchor investors may raise concerns regarding the long-term commercial sustainability and self-sufficiency of regional PE ecosystems.

From an entrepreneurial finance and ecosystem perspective, DFIs are therefore increasingly viewed not only as providers of long-term capital but also as ecosystem enablers that support investor confidence, institutional development, and regional market integration. However, the long-term effectiveness of DFIs in facilitating PE exits will ultimately depend on broader institutional reforms to improve regulatory predictability, capital market depth, investor participation, and cross-border financial integration in Southern Africa.

2.5 Fund Lifecycle Management and Exit Planning

Fund lifecycle management is central to PE investing because successful exits determine capital recycling, investor returns, fund performance, and future fundraising capacity (Kaplan & Strömberg, 2009). PE funds generally operate through a structured lifecycle involving fundraising, investment deployment, portfolio management, value creation, exit execution, and capital return to investors. In developed markets, PE funds commonly operate within ten-year structures with optional extensions where necessary, while exit planning is increasingly integrated throughout the investment lifecycle to maximise valuation outcomes and improve exit readiness (Metrick & Yasuda, 2010).

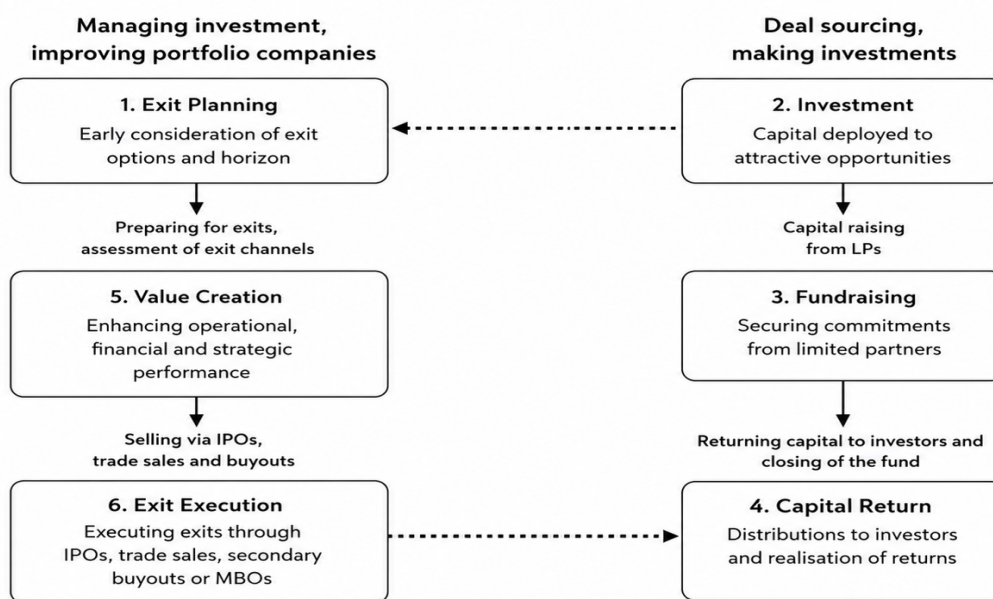


Figure 3: Private Equity Lifecycle and Exit Planning
 Source: Author’s conceptualisation of the PE investment and exit cycle.

Figure 3 illustrates the relationship between fundraising, investment deployment, portfolio value creation, exit execution, and capital recycling within the PE lifecycle. The figure further highlights the importance of successful exits in sustaining PE investment cycles and supporting future fundraising activity.

The literature suggests that PE firms typically seek to improve portfolio company value through governance enhancement, operational improvement, strategic positioning, market expansion, and financial restructuring (Kaplan & Strömberg, 2009). Within Southern Africa, PE firms often place greater emphasis on governance quality, financial reporting standards, and operational resilience to improve exit readiness and attract strategic buyers or international investors. However, successful exits in frontier markets depend not only on portfolio company performance but also on broader institutional and market conditions, including liquidity, investor confidence, macroeconomic stability, and regulatory predictability.

Compared with developed markets, where PE investments are commonly exited within 4 to 6 years, investments in Southern Africa frequently experience extended holding periods due to constrained exit opportunities, underdeveloped IPO markets, regulatory delays, and weaker liquidity conditions (Southern African Venture Capital and Private Equity Association, 2020). Prolonged holding periods may reduce capital recycling efficiency and place pressure on fund performance, particularly where funds operate within fixed lifecycle structures. Consequently, PE firms in the region increasingly utilise adaptive mechanisms, such as fund life extensions, to manage constrained exit environments. Still, this action reduces limited partners' confidence and delays capital recycling (Gilligan & Wright, 2020).

From an entrepreneurial finance and ecosystem perspective, capital recycling remains fundamental to the long-term sustainability of PE markets because successful exits enable PE firms to return proceeds to investors, strengthen track records, and raise future funds (Gompers & Lerner, 2001). The literature therefore suggests that improving PE exit environments through stronger financial market development, regulatory predictability, investor protection, and institutional quality will be essential to supporting long-term development of the entrepreneurial finance ecosystem in Southern Africa (African Private Capital Association, 2024; Cumming & Johan, 2017).

2.6 Investor Confidence and Reputation Effects

Investor confidence is fundamental to the sustainability of PE ecosystems because institutional investors allocate capital based on perceptions of market stability, governance quality, regulatory predictability, and exit viability (Gompers & Lerner, 2001). Compared with developed markets characterised by deeper capital markets and more predictable exit environments, investor confidence within Southern Africa remains more sensitive to macroeconomic volatility, foreign exchange risks, political uncertainty, and constrained liquidity conditions (Bekaert & Harvey, 2002). Prolonged holding periods and limited exit opportunities may therefore reduce investor willingness to allocate long-term capital to PE funds operating within the region (Cumming & Johan, 2017; Gilligan & Wright, 2020).

The literature further suggests that successful exits perform an important signalling function within PE markets by demonstrating fund manager capability, governance quality, operational value creation, and regional execution capacity. PE firms with strong track records of realised exits and consistent returns are generally better positioned to attract institutional investors and raise subsequent funds (Kaplan & Strömberg, 2009). Within Southern Africa, where PE ecosystems remain relatively relationship-driven and institutionally constrained, successful exits may play an even more important role in strengthening investor perceptions regarding market viability and long-term investment potential.

Exit performance metrics, such as realised returns, distributed to paid-in capital (DPI), internal rates of return (IRRs), and exit timing, remain important indicators for LPs evaluating PE fund managers and broader market attractiveness (Metrick & Yasuda, 2010). Lower exit volumes, delayed exits, and constrained liquidity may therefore reinforce perceptions of institutional weakness and investment risk in frontier markets. Consequently, investors often favour larger and more established fund managers perceived as better positioned to navigate regulatory complexity, macroeconomic instability, and constrained exit ecosystems within Southern Africa.

From an entrepreneurial finance and ecosystem perspective, the literature suggests that improving investor confidence within Southern African PE markets will require stronger institutional quality, greater regulatory predictability, improved market liquidity, and more efficient exit environments. Industry associations such as SAVCA and AVCA, together with DFIs and regulatory reform initiatives, continue to play an important role in improving market transparency, governance standards, and regional investor awareness. Ultimately, sustained improvements in exit predictability and institutional effectiveness will be essential to strengthening long-term PE fundraising capacity and the development of the region's entrepreneurial finance ecosystem.

2.7 Emerging Exit Innovations in Frontier Markets

Emerging evidence suggests that constrained liquidity conditions, underdeveloped capital markets, weak IPO activity, and persistent regulatory uncertainty continue to place significant pressure on traditional private equity (PE) exit mechanisms in frontier and emerging markets (Africa Private Capital Association, 2024; Cumming & Johan, 2017). In many African markets, prolonged holding periods and limited strategic buyer activity have increasingly reduced the effectiveness of conventional exit routes such as trade sales and public listings, thereby compelling PE firms to adopt more flexible liquidity solutions. As a result, the global PE industry has witnessed the rapid expansion of alternative exit and liquidity structures, including GP-led secondary transactions, continuation vehicles, structured secondary sales, and broader fund restructuring mechanisms aimed at improving liquidity optionality and extending value-creation horizons in constrained market environments (ThirdWay Partners, 2026)

Among these emerging approaches, continuation vehicles have gained prominence as innovative structures that allow fund managers to transfer selected portfolio assets from maturing funds into newly established investment vehicles while simultaneously providing existing investors with the option to exit or maintain exposure to the underlying assets (Private Equity Wire, 2025). Such mechanisms have increasingly been utilised globally to address delayed exits, preserve high-performing assets for additional value creation, and manage liquidity pressures arising from subdued exit markets. Although continuation vehicles and GP-led secondaries remain relatively underdeveloped and still evolving within Southern Africa, they may become increasingly relevant in markets characterised by shallow secondary markets, constrained foreign investor participation, weak capital market depth, and prolonged investment holding periods (ThirdWay Partners, 2026).

Nevertheless, while these innovations may improve liquidity flexibility and partially alleviate exit constraints, they should be viewed primarily as adaptive responses to structural market limitations rather than substitutes for broader institutional and financial market reforms. Sustainable improvement in PE exit ecosystems within Southern Africa will ultimately depend on deeper capital market development, improved regulatory consistency, stronger regional integration, enhanced investor protections, and the expansion of domestic institutional investor participation capable of supporting more efficient and diversified exit channels (African Private Capital Association, 2024).

2.8 Summary of Key Literature

Table 2 summarises selected academic, institutional, and industry literature relevant to private equity exits, entrepreneurial finance, institutional quality, and frontier-market investment ecosystems in Southern Africa. The table highlights the principal themes, methodological approaches, key findings, and their relevance to the current

study. The synthesis demonstrates the extent to which the existing literature links PE exit outcomes not only to firm-level performance but also to broader institutional, regulatory, and market-ecosystem conditions.

Table 2: Summary of Key Literature on Private Equity Exit Dynamics and Entrepreneurial Finance in Emerging Markets

Author(s)	Focus Area	Methodology	Key Findings	Relevance to Current Study
Kaplan & Strömberg (2009)	PE governance and exit strategies	Conceptual and empirical review	PE investors enhance governance, operational performance, and value creation through active ownership.	Provides theoretical grounding for PE lifecycle and exit strategy discussions
Gompers & Lerner (2001)	Venture capital and PE ecosystems	Conceptual analysis	Successful exits improve capital recycling and strengthen fundraising capacity.	Supports discussion on investor confidence and ecosystem sustainability
Cumming & Johan (2017)	PE contracting and institutional quality	Comparative international analysis	Institutional quality and regulatory stability significantly affect PE exit outcomes.	Supports the institutional theory perspective and regulatory analysis
Lerner & Schoar (2005)	Legal systems and PE investments	Empirical cross-country analysis	Strong legal systems improve investment protection and transaction efficiency.	Supports analysis of governance quality and investor protection
SAVCA (2020)	Southern African PE activity	Industry survey and market analysis	IPO activity and exit opportunities remain constrained in Southern Africa	Supports discussion on regional liquidity and exit limitations
AVCA (2024)	African PE market trends	Industry market analysis	Weak secondary markets and limited buyer pools prolong holding periods	Supports findings on constrained exits and liquidity challenges
Gilligan & Wright (2020)	PE lifecycle management	Industry and conceptual analysis	Fund extensions are increasingly used in illiquid market environments	Supports discussion on prolonged holding periods and adaptive strategies
Bekaert & Harvey (2002)	Emerging market finance and risk	Empirical market analysis	Macroeconomic instability and FX volatility affect investor confidence and investment flows.	Supports discussion on currency and political risks

OECD (2021)	Taxation and investment climate	Policy and institutional review	Stable and transparent tax systems improve investment attractiveness	Supports policy recommendations on tax harmonisation
McKinsey & Company (2024)	Global PE market developments	Industry analysis	Alternative liquidity structures are increasingly used during constrained exit cycles.	Supports discussion on emerging liquidity mechanisms

Source: Author's synthesis based on the literature reviewed

2.9 Summary of the Literature Review

The literature reviewed demonstrates that PE exit outcomes in Southern Africa are shaped not only by portfolio company performance but also by broader institutional, regulatory, and market-ecosystem conditions. While developed markets benefit from deeper capital markets, stronger institutional frameworks, and more diversified exit channels, PE firms operating in Southern Africa continue to face significant constraints, including weak liquidity, limited IPO activity, regulatory uncertainty, foreign-exchange restrictions, and underdeveloped secondary markets.

The review further highlights the important roles of institutional quality, investor confidence, DFIs, and adaptive exit mechanisms in shaping PE exit viability within frontier markets, particularly in Southern Africa. Although PE firms in Southern Africa increasingly utilise flexible approaches such as fund life extensions and phased exits, these mechanisms primarily represent adaptive responses to constrained market conditions rather than substitutes for broader institutional and regulatory reform. Consequently, ongoing industry and academic discussions increasingly point to more innovative liquidity solutions, including continuation vehicles and structured secondary transactions, as potential mechanisms to address the persistent constraints affecting PE exit markets in Southern Africa. However, despite their growing prominence globally, such innovations remain relatively underdeveloped and have yet to be fully actualised within the Southern African PE landscape.

Overall, the literature suggests that improving PE exits in Southern Africa will require stronger financial market development, regulatory harmonisation, greater investor confidence, and stronger institutional effectiveness. The study contributes to the emerging literature on African entrepreneurial finance by integrating institutional, market, and ecosystem perspectives to explain PE exit dynamics within Southern Africa. The reviewed literature, therefore, provides the conceptual foundation for examining the barriers, adaptive strategies, and institutional dynamics that influence PE exits in the region.

3.0 METHODOLOGY

This study adopted a structured thematic literature review, supported by exploratory stakeholder perspectives, to examine the challenges and strategies associated with PE exits in Southern Africa. The methodology combined analyses of academic literature, industry reports, and stakeholder insights to develop a context-specific understanding of the institutional, regulatory, and market factors influencing PE exit outcomes in the region.

The study utilised secondary data from academic databases, industry publications, PE market reports, and publicly available institutional reports, including publications from SAVCA, AVCA, the World Bank, and DFIs. In

addition, exploratory stakeholder perspectives were obtained through questionnaires distributed to selected PE practitioners and market participants operating within Southern Africa. The integration of literature-based evidence and stakeholder insights enabled triangulation of findings and strengthened the contextual interpretation of PE exit dynamics within the region.

3.1 Research Design

The study adopted an exploratory research design based on a structured thematic literature review, supported by limited stakeholder perspectives from PE practitioners and market participants operating in Southern Africa. The exploratory approach was considered appropriate for the study, given the relatively limited research on PE exits in the region, particularly regarding the interactions among institutional conditions, exit mechanisms, investor confidence, and broader entrepreneurial ecosystem dynamics.

The study combined qualitative thematic synthesis of academic and industry literature with PE practitioner insights to develop a broader understanding of the structural and institutional factors influencing PE exit outcomes in Southern Africa. The literature review component followed a structured, multi-stage process involving identification, screening, eligibility assessment, and thematic synthesis of relevant studies and industry reports on PE exit strategies, institutional quality, capital market development, DFI participation, investor confidence, and emerging exit innovations in frontier markets.

The thematic review approach enabled the identification of recurring patterns, conceptual relationships, and emerging themes across the reviewed literature. The literature selection process followed a structured review protocol designed to improve methodological transparency and ensure alignment between the selected literature and the study's objectives.

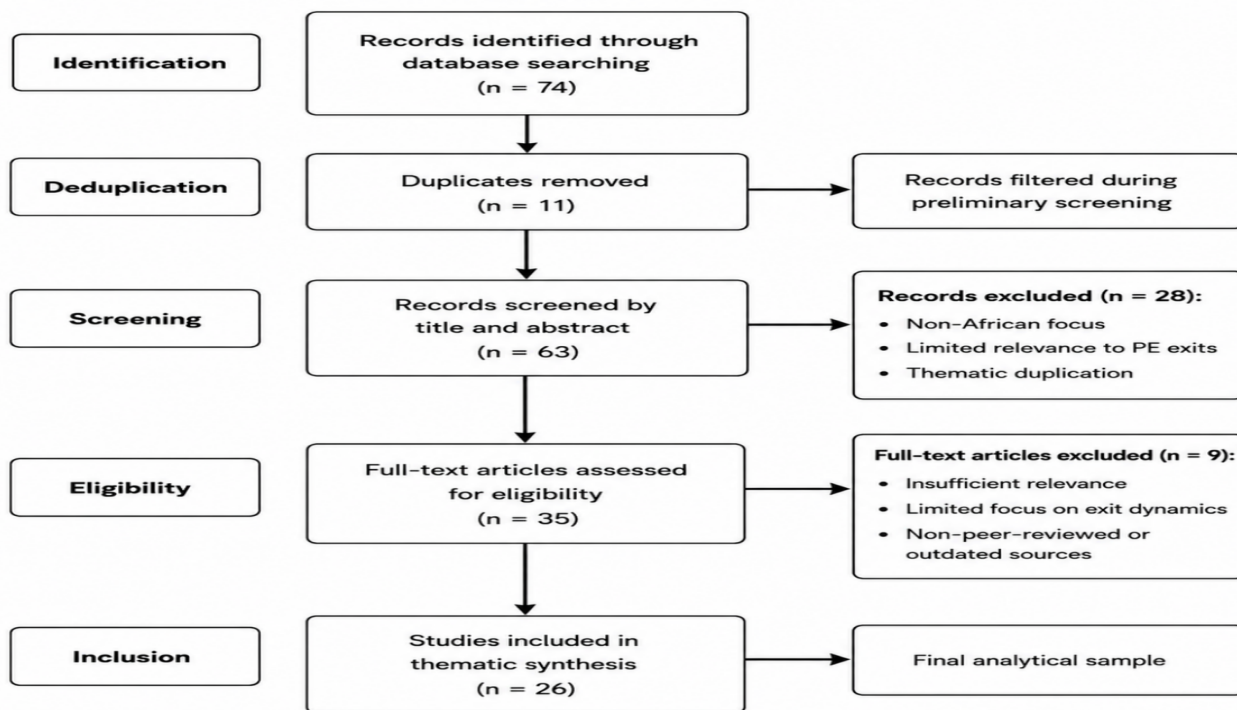
3.2 Literature Identification and Selection Process

The study adopted a structured literature review approach to systematically identify, screen, and evaluate academic, industry, and institutional literature relating to PE exits in Southern Africa and comparable frontier markets (Snyder, 2019; Tranfield et al., 2003). Literature was sourced from major academic databases, including Scopus, Web of Science, ScienceDirect, Emerald Insight, and Google Scholar, as well as institutional and industry publications from organisations such as SAVCA, AVCA, the World Bank, IFC, and the AfDB Group.

The review focused on literature published between 2000 and 2025 to capture both foundational PE scholarship and more recent developments in frontier market exits, institutional quality, investor confidence, and entrepreneurial finance ecosystems. Key search terms included "private equity exits", "venture capital exits", "Southern Africa private equity", "frontier market exits", "institutional quality", "DFIs and private equity", and "entrepreneurial finance in Africa".

The literature selection process followed a structured procedure comprising identification, screening, eligibility assessment, and final inclusion of relevant studies. Duplicate records and studies deemed misaligned with the study's objectives were excluded during the screening process, while full-text assessments were conducted to evaluate contextual relevance and analytical contribution. The final literature sample comprised academic articles, industry reports, institutional publications, and selected policy documents that informed the study's thematic synthesis.

Figure 4. The literature screening and selection process



Source: Developed by the author based on the PRISMA literature screening approach and reviewed literature.

Figure 4 summarises the structured literature identification and screening process adopted in the study. The review incorporated peer-reviewed academic studies, institutional publications, and industry reports relevant to private equity exits, entrepreneurial finance, institutional quality, and frontier-market investment ecosystems within Southern Africa.

3.3 Stakeholder Data Collection

To complement the literature review findings, exploratory stakeholder perspectives were obtained through structured questionnaires distributed electronically to PE practitioners and market participants operating within Southern Africa. The stakeholder engagement component was intended to provide practical insights into the institutional constraints, market conditions, and operational challenges affecting PE exits within the region.

The questionnaires targeted PE fund managers, investment professionals, limited partners, and portfolio company representatives with experience in PE transactions and exit processes within Southern Africa. Both closed-ended and open-ended questions were included, covering themes such as exit routes, market liquidity, regulatory barriers, investor confidence, and foreign exchange challenges. A total of 35 questionnaires were distributed using Google Forms, of which 20 completed responses were received and included in the analysis, representing a response rate of approximately 57%. The stakeholder perspectives were not intended to provide statistically representative findings, but rather to support contextual interpretation, triangulate literature-based findings, and enhance understanding of the practical realities affecting PE exits within frontier market environments.

3.4 Sampling

The study utilised purposive sampling to obtain exploratory perspectives from participants with relevant experience in PE investments and exit processes in Southern Africa. The stakeholder sample consisted of PE fund managers, investment professionals, limited partners, and portfolio company representatives selected based on their professional involvement in regional PE transactions and familiarity with market, institutional, and exit-related challenges.

The stakeholder engagement component was intended primarily to provide contextual practitioner insights that supported the thematic interpretation of the literature review findings rather than statistically generalisable results.

3.5 Data Analysis and Thematic Synthesis

The study employed thematic analysis to examine recurring patterns, conceptual relationships, and emerging themes across the reviewed literature and stakeholder perspectives (Braun & Clarke, 2006; Nowell et al., 2017). The analysis involved familiarisation with the collected material, coding of recurring concepts, and thematic categorisation of findings on exit mechanisms, institutional quality, regulatory constraints, market liquidity, investor confidence, DFI participation, and emerging exit innovations in frontier market environments.

The thematic synthesis integrated findings from academic literature, industry reports, institutional publications, and exploratory stakeholder perspectives to identify broader structural, institutional, and market factors influencing PE exit outcomes within Southern Africa. Qualitative insights obtained from stakeholder questionnaires were thematically analysed alongside secondary evidence to enhance contextual interpretation and strengthen triangulation across the findings. In addition, limited quantitative insights derived from stakeholder responses and selected industry evidence were summarised using basic descriptive measures, including frequencies and percentage distributions, to provide indicative support for the broader thematic interpretation of PE exit dynamics within the region.

3.6 Ethical Considerations

The study adhered to appropriate ethical research principles throughout the research process. Participation in the stakeholder questionnaire component was voluntary, and informed consent was obtained from all participants before data collection. Participants were assured that responses would remain confidential, anonymised, and used solely for academic research purposes. In addition, all secondary sources utilised in the study were appropriately acknowledged and referenced in accordance with academic citation standards.

3.7 Limitations of the Study

Several limitations should be acknowledged in interpreting the findings of this study. First, the stakeholder engagement component involved a relatively small sample size, with only 20 of the 35 participants responding. It was intended primarily to provide exploratory practitioner perspectives rather than statistically generalisable findings. Second, the study relied heavily on secondary literature and publicly available industry reports, which may differ in their methodological approaches, reporting standards, and regional coverage. Finally, the study focused primarily on Southern Africa and therefore may not fully reflect PE exit dynamics across all African regions. Nevertheless, the study provides important context-specific insights into the institutional, regulatory, and market factors influencing PE exits in Southern African frontier markets.

4.0 FINDINGS AND DISCUSSION

This section presents the findings from the thematic synthesis of academic literature, industry evidence, and exploratory stakeholder perspectives on PE exits in Southern Africa. The discussion integrates insights from stakeholder questionnaires with secondary evidence from AVCA, SAVCA, DFI publications, and the broader academic literature to examine the institutional, regulatory, and market dynamics influencing PE exit outcomes in the region. Consistent with the conceptual framework presented in Figure 1, the findings demonstrate that PE exits in Southern Africa are shaped not only by portfolio company value creation but also by broader entrepreneurial ecosystem conditions, including market liquidity, institutional quality, investor confidence, and macroeconomic stability.

4.1 Structural and Institutional Constraints Affecting PE Exits

The findings indicate that PE exits within Southern Africa continue to be constrained by a combination of weak capital market development, limited exit channels, regulatory uncertainty, macroeconomic instability, and institutional fragmentation. Consistent with the study's stakeholder perspectives, respondents identified limited IPO opportunities, weak secondary markets, constrained buyer pools, and prolonged holding periods as the most significant barriers to PE exit execution in the region.

Stakeholder responses suggested that public market exits remain relatively limited outside South Africa due to shallow stock exchanges, low investor participation, and weak liquidity conditions. Even within South Africa, respondents noted declining listing activity and reduced public market appetite for mid-sized PE-backed companies. Consequently, PE firms operating in Southern Africa continue to rely more heavily on negotiated trade sales, secondary transactions, and structured exits than on traditional IPO mechanisms. These findings reinforce the study's conceptual framework by demonstrating the extent to which broader financial market conditions influence PE exit viability in frontier markets.

The findings further demonstrate that weak secondary markets and constrained strategic buyer participation continue to limit exit flexibility across much of the region. Respondents highlighted the absence of active secondary buyers in several Southern African jurisdictions, which reduces competitive bidding dynamics and weakens valuation realisation. Consistent with the broader literature on frontier-market PE ecosystems, these constraints contribute to prolonged holding periods and delayed capital recycling, particularly when funds operate within fixed lifecycle structures. Secondary evidence from AVCA- and AfDB-supported PE funds similarly indicates that many investments in Southern Africa have exceeded the traditional holding periods commonly observed in developed PE markets.

Institutional quality and regulatory predictability also emerged as important determinants of PE exit efficiency. Stakeholder perspectives highlighted concerns relating to inconsistent regulatory enforcement, administrative inefficiencies, foreign ownership restrictions, and prolonged approval processes affecting cross-border transactions. These findings were strongly aligned with institutional theory and broader literature, which emphasise the importance of governance quality, investor protection, and regulatory stability in shaping investment outcomes in emerging markets. Markets characterised by stronger institutional frameworks and

more predictable regulatory systems were generally perceived as more conducive to successful exits and future investment activity.

Macroeconomic instability, currency volatility, and capital repatriation restrictions were also identified as major constraints affecting PE exits within Southern Africa. Respondents noted that foreign exchange risks and delayed repatriation processes may significantly reduce realised returns for U.S. dollar-denominated PE funds operating within local currency environments. Consistent with evidence from the IMF, World Bank, and AfDB, countries experiencing higher levels of policy uncertainty and macroeconomic instability were viewed as particularly challenging for long-term exit planning and investor confidence.

The findings further revealed that weak financial and professional market infrastructure continues to constrain the development of the PE ecosystem in several Southern African markets. Respondents highlighted limited access to sophisticated investment banking, legal advisory, due diligence, and transaction structuring services outside major regional financial hubs. Collectively, these findings demonstrate that PE exit constraints in Southern Africa are shaped not only by portfolio company performance but also by the interactions among institutional quality, market liquidity, financial infrastructure, and broader entrepreneurial ecosystem conditions.

4.2 Adaptive Exit Strategies and Market Responses

The findings indicate that PE firms operating in Southern Africa increasingly utilise adaptive, flexible exit strategies in response to constrained institutional and market conditions. Stakeholder perspectives, supported by industry evidence from AVCA, SAVCA, and DFI publications, revealed a growing reliance on fund life extensions and structured transaction mechanisms to preserve value and improve exit flexibility in illiquid market environments.

Fund life extensions emerged as one of the most commonly utilised adaptive mechanisms within the region. Respondents indicated that many PE funds have extended their fund life periods to avoid forced exits during periods of weak liquidity, regulatory uncertainty, or depressed valuations. Although such extensions may improve valuation preservation and exit timing flexibility, they may also delay capital recycling and place pressure on fund performance where prolonged holding periods persist. These findings reinforce entrepreneurial finance theory, which emphasises the importance of successful exits in sustaining PE investment cycles and future fundraising activity.

The findings further revealed increasing use of co-investment structures involving DFIs, institutional investors, and strategic partners to support PE exits within constrained markets. Respondents suggested that such arrangements improve transaction credibility, reduce perceived investment risk, and facilitate larger transactions within sectors characterised by longer investment horizons, including infrastructure, renewable energy, healthcare, and agribusiness. Consistent with IFC and AfDB evidence, co-investment structures were viewed as important mechanisms for partially mitigating liquidity constraints and institutional weaknesses in frontier markets.

Secondary buyouts and management buyouts also emerged as increasingly important alternatives to traditional IPO exits, particularly within South Africa and selected markets possessing relatively stronger financial

ecosystems. Stakeholder perspectives suggested that secondary transactions provide liquidity continuity where strategic buyer activity remains limited. At the same time, management buyouts may support operational continuity and stronger alignment between management teams and PE investors. However, respondents also highlighted that limited acquisition financing capacity and underdeveloped debt markets continue to constrain the broader scalability of these mechanisms across the region.

The findings also revealed the growing use of structured and flexible exit arrangements, including phased disposals, earn-outs, deferred payment structures, and dual-track processes, to improve pricing flexibility and reduce transaction risk in volatile market environments. These adaptive mechanisms suggest that PE firms operating in Southern Africa are increasingly adopting more sophisticated transaction structures tailored to frontier-market realities. Nevertheless, the findings indicate that the effectiveness of such mechanisms remains closely linked to broader institutional quality, market liquidity, and investor participation within regional PE ecosystems.

4.3 Policy, Regulatory, and Ecosystem Development Implications

The findings further demonstrate that the policy and regulatory environment play a critical role in shaping PE exit ecosystems within Southern Africa. Stakeholder perspectives consistently highlighted the importance of regulatory predictability, cross-border harmonisation, stable taxation frameworks, and foreign exchange liberalisation in supporting more efficient PE exits and improving investor confidence within the region.

Respondents emphasised that fragmented legal systems, inconsistent regulatory enforcement, and differing taxation regimes continue to increase transaction complexity and constrain cross-border investment activity. These findings were strongly aligned with broader institutional literature and regional market evidence from AVCA and SAVCA, which similarly highlight the importance of financial market integration and regulatory coordination in supporting regional investment ecosystems.

The findings further suggest that foreign exchange restrictions and uncertain capital repatriation frameworks remain major constraints affecting cross-border PE activity within several Southern African jurisdictions. Stakeholder responses highlighted the adverse effects of delayed foreign exchange approvals, currency conversion risks, and inconsistent investment policies on exit planning and realised investor returns. These findings reinforce the conceptual framework's emphasis on macroeconomic stability, institutional quality, and investor confidence as important determinants of PE exit viability.

Stakeholder perspectives also highlighted the importance of stronger government support and improved public-private engagement to strengthen PE ecosystems in the region. Respondents suggested that governments could support PE market development by clarifying investment regulations, reducing listing costs, offering targeted investment incentives, and strengthening support for regional capital market development initiatives. The findings, therefore, indicate that sustainable improvement in PE exit environments will depend not only on firm-level innovation but also on broader institutional reforms aimed at strengthening regulatory predictability, financial market depth, investor protection, and regional financial integration.

Overall, the findings strongly support the study's conceptual framework by demonstrating that the interactions among institutional quality, market liquidity, investor confidence, regulatory effectiveness, and broader

entrepreneurial ecosystem development shape PE exit outcomes in Southern Africa. The study further contributes to the growing literature on entrepreneurial finance within African frontier markets by highlighting the extent to which PE exit efficiency remains closely linked to broader institutional and ecosystem conditions rather than purely firm-level investment performance alone.

4.4 Chapter Summary

The findings demonstrate that PE exits within Southern Africa remain constrained by weak capital markets, limited liquidity, regulatory uncertainty, prolonged holding periods, foreign exchange volatility, and institutional fragmentation. In response, PE firms operating in the region increasingly utilise adaptive strategies, including fund life extensions, co-investment structures, secondary buyouts, management buyouts, and structured transaction mechanisms, to improve exit flexibility in constrained market environments.

The findings further demonstrate that sustainable improvement in PE exit outcomes will require broader institutional reforms to strengthen regulatory predictability, financial market development, investor confidence, and regional financial integration. Collectively, the findings reinforce the study's conceptual framework and contribute to the emerging literature on entrepreneurial finance and the development of the PE ecosystem in African frontier markets.

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

This study examined the institutional, market, and regulatory factors influencing PE exits in Southern Africa through a structured thematic review, supported by exploratory stakeholder perspectives. The findings demonstrate that PE exit outcomes within the region are shaped not only by portfolio company performance and value-creation initiatives but also by broader entrepreneurial ecosystem conditions, including market liquidity, institutional quality, regulatory predictability, investor confidence, and macroeconomic stability.

The study revealed that weak capital market depth, limited IPO activity, underdeveloped secondary markets, prolonged holding periods, foreign exchange restrictions, and policy uncertainty remain among the principal constraints affecting PE exits within Southern Africa. These structural limitations continue to weaken valuation realisation, delay capital recycling, and constrain broader PE ecosystem development within the region. In response, PE firms operating in Southern Africa increasingly utilise adaptive mechanisms, including fund life extensions, co-investment structures, secondary buyouts, management buyouts, and structured transaction arrangements, to improve exit flexibility in constrained market environments.

The findings further demonstrate that sustainable improvement in PE exit environments will require broader institutional reforms extending beyond firm-level investment strategies alone. Governments, regulators, DFIs, institutional investors, and private-sector participants all play an important role in strengthening financial market development, improving regulatory coordination, and enhancing investor confidence in regional PE ecosystems.

The study contributes to the growing literature on entrepreneurial finance and PE market development within African frontier markets by integrating institutional, market, and ecosystem perspectives to explain PE exit

dynamics within Southern Africa. Overall, the findings suggest that successful PE exits are not solely financial outcomes, but broader ecosystem indicators reflecting the quality, maturity, and integration of regional institutional and financial systems. Ultimately, sustainable PE ecosystem development in Southern Africa will depend not only on improving firm-level investment performance but also on strengthening the broader institutional and financial environments on which successful exits depend.

5.2 Policy and Ecosystem Recommendations

5.2.1 Strengthen Financial Market Development and Liquidity

Governments, financial regulators, and regional market institutions should prioritise the development of deeper, more liquid capital markets to improve PE exit flexibility and broaden available exit channels in Southern Africa. Particular attention should be given to strengthening regional stock exchanges, improving trading liquidity, reducing listing costs, and encouraging greater institutional investor participation in alternative assets. The development of stronger secondary PE markets would further improve capital recycling, increase transaction flexibility, and reduce overreliance on negotiated trade sales.

5.2.2 Improve Institutional Quality and Regulatory Coordination

The findings demonstrate the importance of stable, predictable regulatory environments for supporting PE investment activity and efficient exits. Governments and regulators across Southern Africa should therefore prioritise greater policy consistency, transparent approval processes, stronger investor protection frameworks, and improved cross-border regulatory coordination. Regional harmonisation relating to taxation, foreign ownership rules, merger approvals, and capital market regulations would significantly reduce transaction complexity and improve regional financial integration. In addition, gradual liberalisation of foreign exchange regimes and improved capital repatriation processes would strengthen investor confidence and improve the attractiveness of Southern African markets to international PE investors.

5.2.3 Support Adaptive and Collaborative PE Ecosystem Development

Given the structural limitations affecting traditional IPO exits in Southern Africa, policymakers, DFIs, institutional investors, and private-sector stakeholders should support the development of more flexible and adaptive exit mechanisms, including secondary buyouts, structured exits, co-investment platforms, and continuation structures. DFIs can continue to play an important catalytic role through blended finance arrangements, governance support, and long-term capital provision, particularly within sectors such as infrastructure, renewable energy, healthcare, agribusiness, and technology.

The study further recommends increased investment in financial market capacity-building, transaction advisory expertise, and investor education on PE investment and exit strategies. Stronger collaboration and knowledge-sharing among regulators, DFIs, PE firms, and institutional investors would further support the dissemination of best practices and strengthen the broader entrepreneurial finance ecosystem in the region.

5.3 Areas for Future Research

Future research may further examine comparative PE exit dynamics across different African regions and explore the relationships among institutional quality, market development, and long-term PE performance in frontier markets. Additional research could also investigate the effectiveness of DFI-supported exit structures, the

evolving role of secondary markets within African PE ecosystems, and the potential impact of emerging financial technologies on exit efficiency and capital market development across the continent.

Conflict of interest declaration

I wish to declare that there is no potential conflict of interest with respect to the authorship of this article or its publication.

AI Declaration

The author declares that this work was prepared independently and that no AI-based applications or generative tools were used to develop the substantive content of the manuscript. However, Grammarly was used solely for language editing and clarity improvement. In addition, Initial schematic figures were hand-drawn and subsequently converted into polished digital illustrations using the multimodal image-to-image capabilities of AI Mode in Google Search (powered by Gemini). The tool was utilised strictly for visual refinement and graphic standardisation, for inclusion in the manuscript. The author takes full responsibility for the accuracy, originality, and overall content of the manuscript.

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