

London Stock Exchange welcomes its first Kenya shilling corporate bond on the ISM, Acorn Holdings, guaranteed by GuarantCo, to finance clean, safe, affordable and green-certified accommodation for 5,000 students in Nairobi

- **First ever green bond in Kenya**
- **First project bond in Kenya**
- **Rated B1 by Moody's - higher than the sovereign bond rating**

For immediate release – 20th January 2020

Acorn Holdings (Acorn), the largest purpose-built student accommodation property developer in Kenya, has cross-listed its KES 4.3 billion green bond programme on the International Securities Market (ISM) of London Stock Exchange. To celebrate the Acorn bond programme listing, David Schwimmer, CEO of London Stock Exchange Group welcomed H.E. President Uhuru Kenyatta, the Rt Hon Alok Sharma, UK Secretary of State for International Development and Edward Kirathe, CEO Acorn Holdings, to open London's markets for trading today. The bond programme first listed at the Nairobi Securities Exchange on 13th January 2020.

The medium-term note programme that was arranged and placed by Stanbic Bank Kenya Limited and SBG Securities Limited, in conjunction with Standard Investment Bank who acted as placing agents, raised KES 4.3 billion in October 2019. The funds will be used to finance the construction of green-certified purpose built-student accommodation properties developed by Acorn, to create clean, safe and affordable accommodation for 5,000 students in Nairobi.

The UK has been working with the Kenyan government to develop capital markets and attract investment into Kenya. UK aid has supported the development of the regulatory framework for Kenyan green bonds through Financial Sector Deepening Africa and has provided majority funding to GuarantCo whose partial credit guarantee contributed to the B1 rating from Moody's and crowded in local institutional capital. The bond has been certified as green by the UK based Climate Bonds Initiative due to its expected contribution to reducing carbon emissions.

Structured as a project bond and the first with a deferred draw down structure, the programme is also the first ever to achieve green certification¹ in Kenya which ensures that it genuinely contributes to reducing carbon emissions. The construction of the environmentally friendly student accommodation will meet international green building

¹ The green certification was independently verified as meeting the Climate Bond Standard and Certification Scheme of the Climate Bonds Initiative and was funded by FSD Africa.

standards for water, energy and construction materials, ensuring lower operation costs and a low-carbon impact over the long-term.

Moody's has rated Acorn's medium-term note programme B1 which is one notch higher than Kenya's sovereign rating of B2. This is the first non-governmental green bond rated by Moody's in Africa and will serve as an example for other corporate issuers who wish to seek funding from institutional investors, such as pension funds, and will help to kick-start the bond market in Kenya.

Kenya currently faces a chronic shortage of student accommodation as university enrolment in Kenya has grown from 27,000 students in 1990 to around 550,000 students today whilst there are less than 40,000 beds available in the universities, creating a huge deficit. Acorn, the first PBSA provider in Kenya, has stepped in to fill the gap. Since 2015, Acorn has built three PBSA properties with over 1,600 beds and is keen to progress to address the urgent student housing deficit in Kenyan cities.

The programme listing in Kenya shillings in London will raise global investor awareness of the opportunities that exist in Kenya, increase their familiarity with the Kenyan currency and encourage international investors to consider enhancing their exposure to the African market.

UK Secretary of State for International Development, Alok Sharma, said: "The listing of the first ever Kenyan green bond on the London Stock Exchange is a landmark moment in the partnership between the UK and Kenya. With the support of UK aid, the Acorn Holdings' bond will support Kenya to create climate resilient, sustainable student housing. The City of London is a vital player in cementing the UK's role as the investor of choice for African nations, a position showcased at today's UK Africa Investment Summit."

CEO, London Stock Exchange Plc and Director of International Development, LSEG, Nikhil Rathi, said: "We congratulate Acorn and GuarantCo on the issuance of a landmark green bond, the first ever by a Kenyan issuer and the first issued in Kenyan shillings. More than 100 African bonds are currently listed on London Stock Exchange, raising close to \$105 billion. This highlights London's ability to be a strong partner for the development of African capital market and in the transition to a sustainable, low-carbon economy."

CEO of Acorn Holdings, Edward Kirathe, said: "It is a great honour for us to have successfully issued the first green bond in Kenya last week and now at the London Stock Exchange. Having pioneered purpose-built student accommodation in Kenya three years ago, we are proud to be pioneering yet another milestone for the country. We are grateful to DFID, GuarantCo and FSD Africa for the unwavering support we received without which it would not have been possible to issue and list this bond. The bond will enable Acorn to deliver an additional 5,000 beds to address the severe shortage of decent, safe and secure student accommodation in Nairobi."

CEO of GuarantCo, Lasitha Perera, said: “The listing today represents a major milestone for Acorn and GuarantCo. Supporting the development of local capital markets is a priority for PIDG companies, and capital markets in Kenya have a crucial role to play in the development of the country’s infrastructure sector that is critical to its economic development and future prosperity. We hope that through this precedent and framework, the listing will encourage other corporates so that investors can benefit and stimulate the growth of local capital markets in Africa.”



Ends

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About GuarantCo

GuarantCo mobilises private sector local currency investment for infrastructure projects and supports the development of financial markets in lower income countries across Africa and Asia. GuarantCo is part of the Private Infrastructure Development Group (PIDG) and is funded by the governments of the United Kingdom, Switzerland, Australia and Sweden, through PIDG, and the Netherlands, through FMO and PIDG. GuarantCo is rated AA- by Fitch and A1 by Moody’s. www.guarantco.com



About PIDG

The Private Infrastructure Development Group (PIDG) is an innovative infrastructure development and finance organisation which encourages and mobilises private investment in pioneering infrastructure in the frontier markets of sub-Saharan Africa and south and south-east Asia to promote economic development and combat poverty. PIDG delivers its ambition in line with its values of opportunity, accountability, safety, integrity and impact. Since 2002, PIDG has supported 183 infrastructure projects to financial close and provided 243 million people with access to new or improved infrastructure. PIDG is funded by six governments (the UK, the Netherlands, Switzerland, Australia, Sweden, Germany) and the IFC. www.pidg.org