

## **GuarantCo provides partial credit guarantee to investors in Acorn's KES 5 billion note programme to fund the construction of accommodation for 5,000 students in Nairobi**

- **First ever green bond in Kenya**
- **Rated B1 by Moody's - higher than the sovereign bond rating**
- **First restricted public offering in Kenya for GuarantCo**
- **First deferred drawdown project loan note**
- **First affordable housing investment for EAIF**

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GuarantCo, a Private Infrastructure Development Group (PIDG) company, has provided investors with a partial credit guarantee to cover 50 percent of principal and interest due under the KES 5 billion note programme that raised KES 4.3 billion. The Emerging Africa Infrastructure Fund (EAIF), another PIDG company, participated in the issue and is currently the largest single investor with a participation of KES 1.279 billion. The funds will be used to finance the construction of up to 6 green-certified student properties developed by Acorn in Nairobi, creating clean, safe and affordable accommodation for 5,000 students in Nairobi.

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 purpose-built student accommodation (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 note programme is the first ever to achieve green certification<sup>1</sup> in Kenya, which ensures the programme genuinely contributes to reducing carbon emissions. The construction of the environmentally friendly student accommodation will meet international green building 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 and 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 dormant bond market in Kenya.

GuarantCo, through the PIDG Technical Assistance Facility, is providing Acorn with a part returnable grant to contribute towards the costs of the loan note issue, creating a significant enabling effect for this transaction.

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<sup>1</sup> 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.

**UK Secretary of State for International Development Alok Sharma said:** “The UK is mobilising private sector investment to help African nations make the most of their enormous potential. We are leading the way in the listing of green bonds, with over 100 bonds listed on the London Stock Exchange. The growth of the green bond market in East Africa is supporting vital climate resilient infrastructure and helping provide 5,000 students in Kenya with environmentally-friendly, affordable housing. I look forward to building on this success at the UK-Africa Investment Summit next year.”

**CEO of PIDG Philippe Valahu said:** “I’m delighted that we are able to announce our first green bond in Kenya. This will provide much needed student housing which is environmentally friendly and meets international green building standards.”

**CEO of GuarantCo Lasitha Perera said:** “We are proud to have provided the 50 percent local currency credit guarantee for the Acorn student housing note programme, our first project bond in Kenya. For university students, the options for accommodation during their education in Nairobi are severely limited, often unsafe, poorly built and lacking basic amenities. This is why we are joining forces with Acorn to pioneer the first ever green bond in Kenya and lead the way by setting new standards of quality, safety, convenience and comfort in the provision of purpose-built accommodation so students can fulfil their potential.”

**EAIF Executive Director Emilio Cattaneo said:** “This is EAIF’s first investment in the affordable housing market in Africa. That 5,000 students in Nairobi will have high quality accommodation is a great endorsement for EAIF’s future in the affordable housing sector.”

**CEO of Acorn Holdings Ltd Edward M. Kirathe said:** “Acorn is delighted to have successfully pioneered the issuance of Green bonds in Kenya. We are truly grateful for the unprecedented support we have received from UK DFID supported entities - especially GuarantCo and FSD Africa without which it would not have been possible to bring this bond to Market.”



**Ends**

## Key contacts

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## About GuarantCo

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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](http://www.guarantco.com)

## About EAIF

The Emerging Africa Infrastructure Fund provides a variety of debt products to infrastructure projects promoted mainly by private sector businesses in sub-Saharan Africa. Part of PIDG, EAIF is funded by the governments of the United Kingdom, The Netherlands, Switzerland, and Sweden. It raises its debt capital from public and private sources, including Allianz, the global insurance and financial services company; Standard Chartered Bank; the African Development Bank; the German development finance institution, KfW, and FMO, the Dutch development bank. The Fund helps create the infrastructure framework that is essential to sustained economic stability; business confidence, job creation and poverty reduction. It has to date supported 75 infrastructure projects across eight sectors in 22 sub-Saharan African countries. EAIF is managed by Investec Asset Management. [www.eaif.com](http://www.eaif.com)

## About PIDG

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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](http://www.pidg.org)