

Thursday, May 9, 2024

The Nairobi Securities Exchange Plc admits the Kshs. 3 Billion Islamic Secured Residential Lease Based Securities (“Linzi Sukuk”) Based on Forward Lease Structure on its Unquoted Securities Platform

The Nairobi Securities Exchange Plc (NSE) has today admitted the Linzi Sukuk on the NSE Unquoted Securities Platform (USP) making the product the first Shari’ah compliant product to be admitted on the platform.

The Linzi Sukuk, issued by Linzi FinCo Trust, a common law unincorporated trust, is a Kshs. three billion (Kshs. 3,000,000,000.00) Islamic Secured Residential Lease Based Security with a maturity period of 15 years offering an internal rate of return of 11.13%. The proceeds of the Sukuk will go towards construction of affordable institutional housing, in line with the Government of Kenya (“GoK”) Agenda on Affordable Housing Program. In addition to providing housing, the construction will create approximately 3,000 new direct jobs and tens of thousands indirect jobs across Kenya.

Commenting on the admission, Mr. Frank Mwit, Chief Executive, NSE noted, *“The admission of Linzi Sukuk on the Unquoted Securities Platform marks a decisive point in broadening Kenya’s capital markets appeal and offering for Shariah-compliant issuers and investors. The admission and listing of the first Sukuk on the NSE also unlocks the potential for issuance of Shariah-compliant Islamic Products and enhances the depth, breadth and sophistication of the capital market in Kenya”*.

“Kenya holds great potential in Shariah-compliant instruments which can and should play a significant role in bridging the vast financing gap across various priority sectors such as infrastructure, housing and agriculture in the country”, he added.

“We are excited to be offering the first Sukuk in partnership with the Government of Kenya. This will mark the first Public Private Partnership project to achieve financial close using locally sourced capital,” said Mr. Tom Mulwa, the Managing Director of **Liaison Group**, the Transaction Advisor and Arranger for the Linzi Sukuk. *“This issuance will also contribute to the growth of the country’s capital markets by adding a new asset class to the market, thereby assisting owners of capital in diversifying their portfolio and deepening Kenya’s capital market”*.

“We at CPF Financial Services being the Anchor Investor for the inaugural Sukuk at the NSE, are proud of this landmark achievement in ethical finance. This Sukuk issuance is a strategic milestone that strengthens our investment portfolio while fostering socio-economic development in our communities. By adhering to Islamic principles and Ethical investments, we are sure to deliver sustainable value to stakeholders and are enthusiastic about the opportunities this partnership creates. Furthermore, we remain committed to pioneering more innovative financial solutions in the market.” said CPF Group Managing Director/CEO - Dr. Hosea Kili OGW

The Unquoted Securities Platform (USP) is an automated solution for the issuance and trading of securities of unquoted companies and currently hosts the Acorn Student Accommodation Development Real Estate Investment Trust (D-REIT) and the Income Real Estate Investment Trust (I-REIT). The platform is used for value discovery, capital raising and trading of securities. The Linzi Sukuk brings the total number of admitted securities on the USP to three.

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Notes to the Editor

About NSE

The Nairobi Securities Exchange (NSE) is the principal securities exchange in Kenya. It offers a world class trading facility for local and international investors and issuers looking to gain exposure to Kenya's and Africa's economic growth. NSE plays a vital role in the growth of Kenya's economy through mobilization of domestic resources and international capital. The NSE is a founder member of the African Securities Exchanges Association and the East African Securities Exchanges Association. It is a full member of the World Federation of Exchanges and the Association of Futures Markets, and also a partner Exchange in the United Nations Sustainable Stock Exchanges Initiative (SSE). NSE operates under the regulatory jurisdiction of the Capital Markets Authority of Kenya.

About LIAISON GROUP

Founded in 1981, LIAISON GROUP is an independent non-banking financial services Organization that has been at the forefront of Risk & Insurance, Healthcare, Pensions and Investments Advisory. Through a comprehensive suite of service offerings in our Investment Advisory arm, we offer transaction advisory services on non-vanilla capital market offering such as Asset Backed Securities, Asset Based Securities, Municipal Bonds, Real Estate Investment Trusts and Sukuk offerings. The firm has a deep understanding of securitised structured finance and of Islamic finance and is committed to providing its clients with innovative funding solutions. The value we create is driven through by the personal determination of our highly motivated and skilled staff in Africa. At LIAISON GROUP we pride ourselves on our ability to provide a service built on expertise, responsiveness to clients' needs and credibility in our business.

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