




Kenya Pension Funds Investment Consortium

Infrastructure Allocation Trends: A Kenyan Perspective

GEPI Thought Leadership Conference 2023




Private Investments in Kenya's Infrastructure...



Kenya to sign deal for Sh51 billion JKIA-Westlands expressway

By **GEOFFREY WISOCKI** | 1 hour 24m 2019 at 09:00:00 GMT +0300



China firm to get Sh106bn on city expressway toll fees



Kenya to sign deal for the US \$3bn Nairobi Mombasa expressway project

Modified date: Nov 27, 2019

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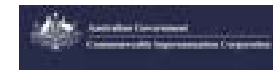


Building of Sh160bn Mau Summit road to start 2021



President Uhuru Kenyatta is received by his French host Emmanuel Macron at Elysee Palace at the start of his official visit to France on Wednesday morning. (AP/WIDE WORLD)

Where are Kenyan Pension Schemes?

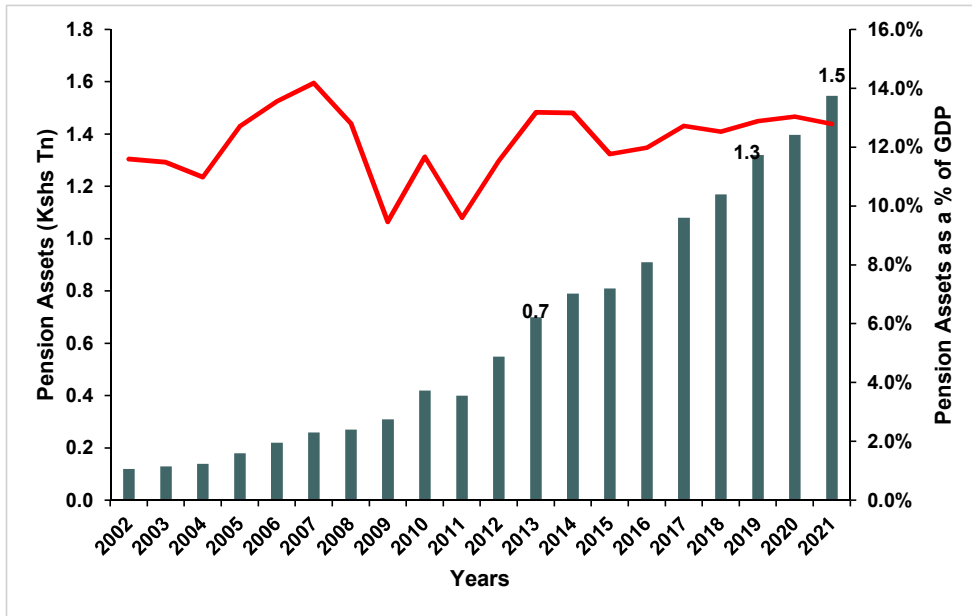


Why is this important: Diversification, Diversification, Diversification

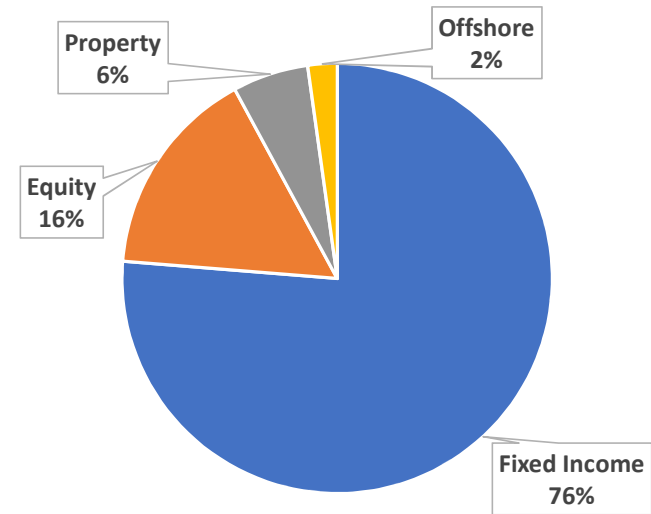


Total pension fund assets are approx KES 1.6 trillion and are expected to almost double in 5 years.

Kenya Pensions Industry Growth (%)³



Kenyan Pension Fund Asset Allocation (%)⁴



1-Year Average Returns vs Inflation

9.2%	3.7%	9.7%	-16.6%
Inflation	Total Returns	Fixed Income	Equities

Source: 3) Retirement Benefits Authority Industry Report, CBK Annual GDP Data

Investment Regulations

Infrastructure Investment Regulations

- The Retirement Benefits Authority introduced infrastructure as a distinct investment category under the pension fund regulations allowing pension funds to invest up to **10%** of their assets into the asset class.
- However pension funds can get exposure to infrastructure through other channels such as private equity, REITs, immovable property and 'Any Other Assets' categories

Asset Category	Max %
Immovable Property	30%
Real Estate Investment Trusts	30%
Private Equity & Venture Capital	10%
<i>Infrastructure and Affordable Housing</i>	<i>10%</i>
Any Other Assets	10%

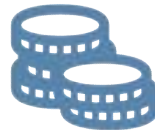
What is Holding Us Back?



Limited awareness of opportunities



Limited investment expertise (*resulting in limited risk appetite*)



Large investment size



Regulatory uncertainty

Membership Growth

Both public and private pension schemes...

<p>Britam Umbrella Retirement Fund and Personal Pension Plan</p>	<p>CDSC Kenya Pension Scheme</p>	<p>CBK Staff Pension Scheme</p>	<p>Citibank Staff Pension Scheme</p>	<p>Co-op Trust Pension Scheme</p>	<p>County Pension Fund and LAPTRUST</p>
<p>KenGen DC Scheme</p>	<p>Kenya Airways Staff Retirement Scheme</p>	<p>Kenya Pipeline DB and DC schemes</p>	<p>Kenya Ports Authority DB and DC schemes</p>	<p>KRA Staff Pension Scheme</p>	<p>MTRH Staff Pension Scheme</p>
<p>Moi University Pension and Provident Funds</p>	<p>NSSF National Social Security Fund</p>	<p>NSE Staff Pension Scheme</p>	<p>TelPosta Pension Scheme</p>	<p>Stanbic Bank Staff Retirement Scheme</p>	<p>Zamara Fanaka Retirement Fund</p>

KEPFIC Partners



1) Promotion of Alternative Assets Investments:

- The Parties shall collaborate on joint initiatives to highlight the benefits of alternative assets investments to pension portfolios.

2) Capacity-building:

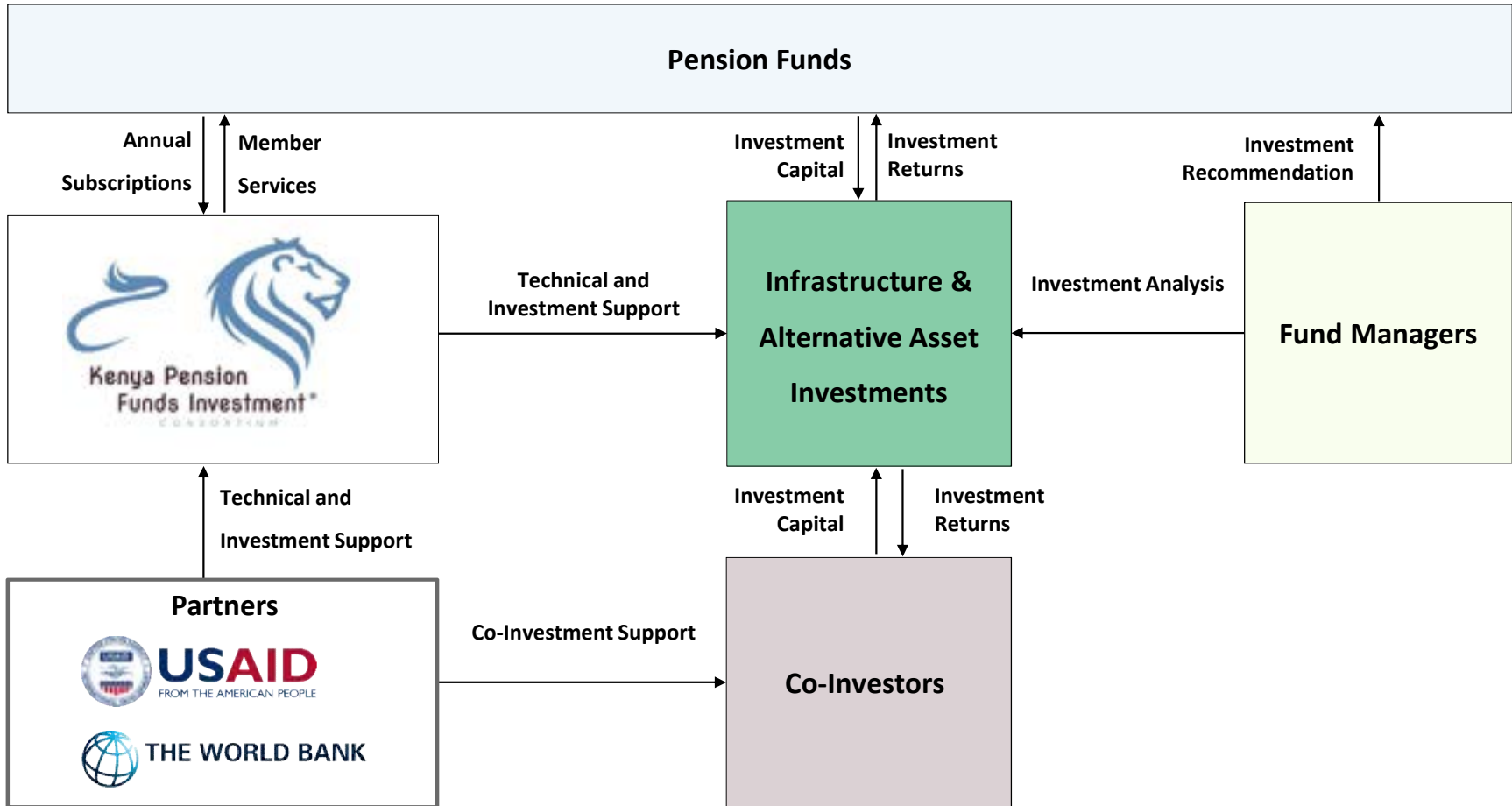
- The Parties shall jointly undertake stakeholder engagements, workshops, capacity building initiatives and strategic partnerships pertaining to alternative assets investments

3) Technical Due Diligence Support:

- KEPFIC would seek independent technical reviews (operational, legal and tax due diligence) of shortlisted opportunities which would supplement the fund managers investment assessment.






KEPFIC Investment Structure





Investment Mobilization Highlights

USD 113M+ mobilized into roads, student and affordable housing from 88 local pension funds since 2021.

	Opportunity	Investment Need	KEPFIC Mobilization
	Acorn Student Accommodation REITs	USD 50 million	USD 11 million
	Kenya Mortgage Refinance Company (KMRC) Affordable Housing Bond	USD 14 million	USD 52.1 million
	Northern Kenya Road Project Bond	USD 20 million	USD 50 million
	Total	USD 84 million	USD 113.1 million

* Local currency equivalent.

USD 800M+
Investment Pipeline

USD 113M+
Investments Mobilized

134%
of Total Investment Need
Mobilized by KEPFIC

88
Local Pension Scheme
Investors

KEPFIC Call For Investment Proposals

- KEPFIC invited investment proposals from project sponsors and fund managers that were looking to raise capital from Kenyan pension funds for regional opportunities.
- The call was placed in prominent national newspapers such as Daily Nation, The Standard, and Business Daily, as well as on social media platforms LinkedIn and Twitter.

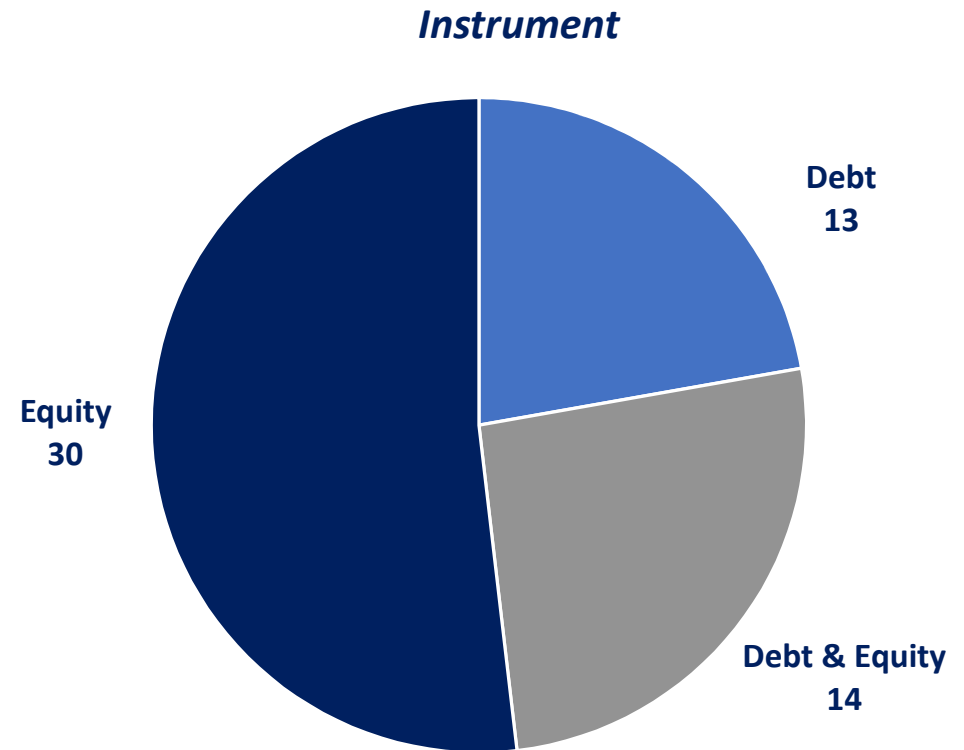
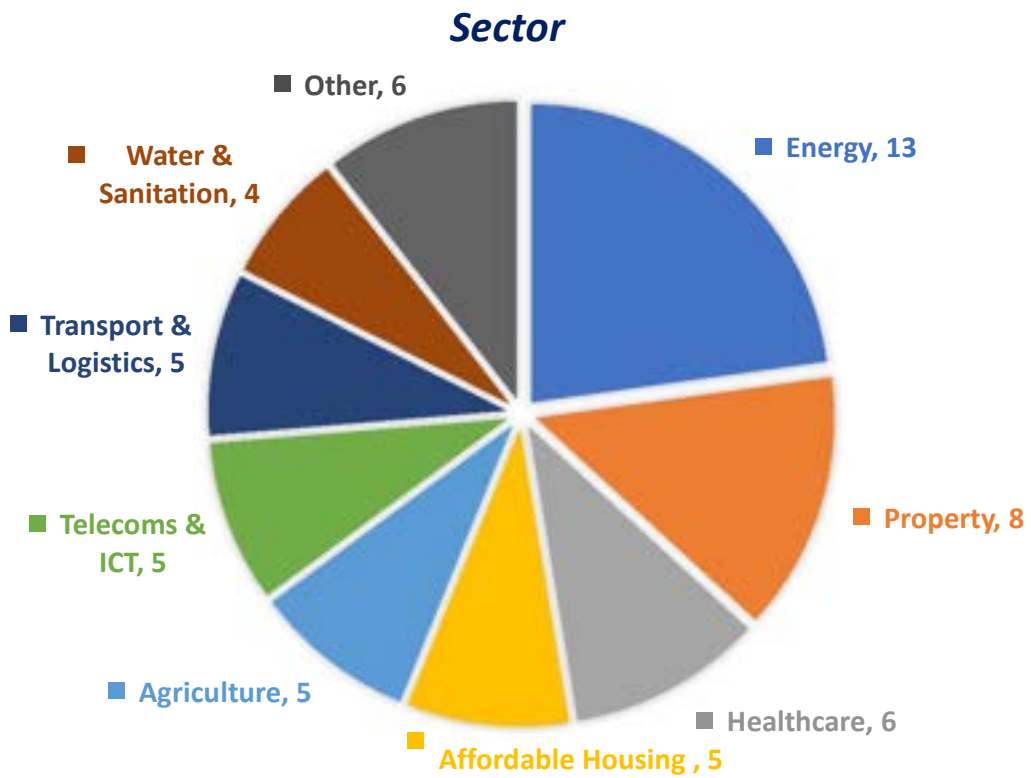


- Eligible investment proposals under the call were required to have the following characteristics:

Sector	<ul style="list-style-type: none"> • Infrastructure & Alternative Assets (Sector Agnostic) and Housing
Investment Location	<ul style="list-style-type: none"> • Direct project level investment: East Africa • Private equity/debt funds: Pan-Africa (but must have a Kenya strategy)
Instrument	<ul style="list-style-type: none"> • Debt for project level investment and a preference for listed instruments. • Equity for fund level investments (Limited Partnerships) • Real Estate Investment Trusts
Currency	<ul style="list-style-type: none"> • Kenya Shilling preferable
Investment Return Hurdle	<ul style="list-style-type: none"> • Minimum of government bond yields

KEPFIC Call For Investment Proposals

57 proposals reviewed, Aggregate value of 770 billion....



Other: MSMEs (3), Hospitality (2), Financial Services (1)

KEPFIC Investment Dealbook 2023

Shortlisted opportunities in Telecons & ICT, Transport & Logistics, Water & Sanitation, Energy, Property, Healthcare, Agriculture and MSMEs



KEPFIC ANNUAL INVESTMENT CONFERENCE 2023

July 20 - 21, 2023

Villa Rosa Kempinski, Nairobi



215

Kenyan pension schemes and leading fund manager attendees



19

Investment Proposals



USD 2.5Bn


Investment Pipeline




KENYA PENSION FUNDS INVESTMENT CONSORTIUM

INVESTMENT DEALBOOK 2023


Shortlisted Investment Proposals

INFRASTRUCTURE	Opportunity	Promoter	Instrument	Investment
	Infrastructure Climate Resilient Fund	AFC Capital Partners	Private Equity	98bn
	Atlas Tower Limited	Atlas Tower Limited	Debt/Equity	3.1bn
	Wilken Telecommunications	Wilken Telecommunications	Debt/Equity	3.6bn
	Two Rivers Water and Sanitation Company	Centum Real Estate	Debt/Equity	175mn
	TOTAL AGGREGATE VALUE			KES 104.9bn


ENERGY	Opportunity	Promoter	Instrument	Investment
	Afreenergy II	Time To Act Capital (TTA)	Private Equity	27bn
	Akiira Geothermal Limited (AGL)	Centum Capital	Equity	5.6bn
	Two Rivers Power Microgrid Upgrade	Centum Real Estate	Debt/ Equity	1.2bn
	TOTAL AGGREGATE VALUE			KES 33.8bn


Shortlisted Investment Proposals

PROPERTY	Opportunity	Promoter	Instrument	Investment
	ALP – Athi River EPZ Garment Sheds	ALP Management Kenya Limited	Debt/Equity	6.2bn
	Garden City Business Park (GCBP)	Actis	Equity	2.3bn
	Garden City Retail Mall	Actis	Equity	5.5bn
	Mi Vida (KEZA)	Mi Vida Homes	Debt/Equity	500mn
	Acorn Student Accommodation REITS	Acorn Investments Management Ltd	Equity	8bn
	TOTAL AGGREGATE VALUE			

HEALTHCARE	Opportunity	Promoter	Instrument	Investment
	EG – Economic Empowerment Fund	EG Capital G.P	Private Equity	13bn
	Evercare Africa Fund I	TPG Capital	Private Equity	62bn
	TOTAL AGGREGATE VALUE			

Shortlisted Investment Proposals

MSMEs	Opportunity	Promoter	Instrument	Investment
	AfricInvest Financial Inclusion Vehicle, FIVE	AfricInvest	Private Equity	27bn
	BluePeak Private Capital Fund	BluePeak Capital	Private Equity	13bn
	Seedstars Africa Ventures I	Seedstars Africa Ventures Investment Management	Private Equity	12bn
	Zoscales Fund II	Zoscales Partners	Private Equity	19b
	TOTAL AGGREGATE VALUE			

AGRICULTURE	Opportunity	Promoter	Instrument	Investment
	Vital Capital Investments Fund	Vital Capital	Private Equity	37bn
	TOTAL AGGREGATE VALUE			



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