| | |
|---|---|
| **Host Country** | Kenya |
| **Name of Borrower/Beneficiary** | Direct Loan ("DL") - Acorn Master Finco One, LLP<br>Local Currency Guaranty ("LCG") – Stanbic Bank Kenya Ltd. or another local financial institution satisfactory to DFC |
| **Project Description** | Long term financing to support the construction and operation of EDGE Certified student accommodations and provide a guarantee for a loan to Acorn Holdings Limited in connection with the refinancing of obligations incurred in the development of the Project management platform. |
| **Proposed DFC Loan/Local Currency Guaranty** | DL - $180,000,000<br>LCG - $30,000,000 (including foreign currency appreciation cover) |
| **All-Source Funding Total** | $540,332,756 |
| **Policy Review** | |
| **Developmental Objectives** | The Project is expected to have a positive impact on Kenya's student housing sector by supporting the construction of new student housing units located near major universities. Kenya is currently experiencing a shortage of housing for university students as only about 25% of student housing demand is met by university-owned housing. While private development has the potential to close the housing gap, it has been limited for reasons including high land costs, difficulties accessing funding for local developers, and lack of student housing expertise among developers. To address this housing gap, DFC will support Acorn Holdings Ltd, to develop affordable, safe and sustainable student housing units offering a total of almost 48,000 beds. In order to finance the building and operation of new housing developments, Acorn Holdings has created two Real Estate Investment Trusts (REITs). As part of the REIT structure, Acorn established the Vuka Investment Portal which will allow Kenyan retail investors to invest directly in the I-REIT. The goal is to extend the portal to the D-REITs as well. These REITs will create an innovative financing structure that will allow local Kenyan retail investors to invest in Acorn's purpose-built student housing (PBSA). Given the Project's characteristics, it is categorized as Highly Impactful per DFC's Impact Quotient (IQ). |
| **Environment and Social Assessment** | The Project has been reviewed against the DFC's 2020 Environmental and Social Policies and Procedures manual ("ESPP") and has been determined to be categorically eligible. DFC loans to Borrowers to support a real-estate investment trust (REIT), for the purpose of constructing student housing in urban/suburban areas of university towns/cities are screened as a Financial Intermediary B (FI-B) for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream investments have been pre-screened as low risk and further review and consent is not required for these investments.<br><br>To ensure that the Borrower's investments are consistent with the DFC's statutory and policy requirements, the DFC loan will be subject to conditions regarding the use of proceeds. The primary environmental and social issues |

| | |
|---|---|
| | identified in this transaction relate to the need for an Environmental and Social Policy ("ESP") that meets the 2012 IFC Performance Standards.<br><br>Under the DFC's ESPP, the Borrower is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation's Performance Standard ("PS") 1 and 2. A desk review based due diligence assessment indicates that because the Project will use DFC support for a real-estate investment trust (REIT), for the purpose of constructing student housing in urban/suburban areas of university towns/cities in Kenya, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.<br><br>The Borrower has an environmental and social policy as described in IFC PS 1, grievance mechanisms, and human resources policies generally commensurate with its investment strategy. Prior to disbursement, the Borrower will be required to make minor changes to its policies relating to gender-based violence and harassment (GBVH). |