

# Addressing Kenya's chronic shortage of student accommodation

**The Acorn Housing (Qwetu) project to construct eight green-certified student properties in Nairobi, sought to help address an acute shortage of student accommodation in Kenya. While the country's university enrolment grew substantially from 27,000 students in 1990 to circa 550,000 students in 2019, there were less than 40,000 university beds available. Acorn's project contributed to addressing this deficit by creating clean, safe and affordable purpose-built accommodation for 7,000 students in Nairobi, where around half of the university population is based.**

PIDG has worked closely with Acorn for over five years to realise its vision for sustainable student accommodation.

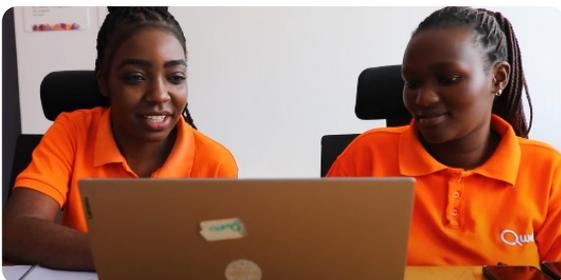
In 2019, our guarantee solution, GuarantCo provided investors with a partial credit guarantee for the initial KES 4.3 billion green bond to finance the Acorn development. We played a critical role in the structuring of this transaction, leading to the issuance of the bond, which received a green bond status, to attract long-term domestic institutional investors as the target investors. EAAIF, our debt fund helped to anchor this bond and was the largest single investor with a participation of over KES 1.2 billion.

This was a landmark transaction as it was the first green certified bond and project bond to be issued across East Africa and it was rated by an international ratings agency (B1 by Moody's), also a market first. This rating was higher than the sovereign bond rating at the time.

## The Acorn Housing (Qwetu) project

The project involved construction of sustainable student accommodation in Nairobi, supplying 7,000 beds to the market's critically underserved higher and further education population.

PIDG financed it through two bond issuances, an anchor investment, as well as grant funding throughout its lifecycle by leveraging our various solutions including bond guarantees and debt finance via our Emerging Africa and Asia Infrastructure Fund.



**"The green bond delivered wide-ranging socioeconomic impact – from affordable student housing and climate-conscious development to job creation. We are honoured to have led the way in driving forward a greener, more inclusive vision of growth in Kenya."**

Edward Kirathe, CEO of Acorn Holdings



The deal took place against the backdrop of a three-year hiatus in the local corporate bond market characterised by corporate governance failures and defaults. The most active investors in the market, i.e., banks, had enacted soft policies against local corporate bond investments<sup>1</sup> so this transaction also served to stimulate local capital markets.

**This was the first green bond issued in West Africa, which sought to stimulate a subdued bond market.**

In 2020, we provided Acorn with a second guarantee to support the KES 1.4 billion upsizing of the Medium-Term Note programme to finance the construction of additional green-certified sites. This expanded Acorn's capacity by around 50 percent. The upsizing was oversubscribed by 46 percent, demonstrating the market interest and confidence Acorn had achieved within just two years.

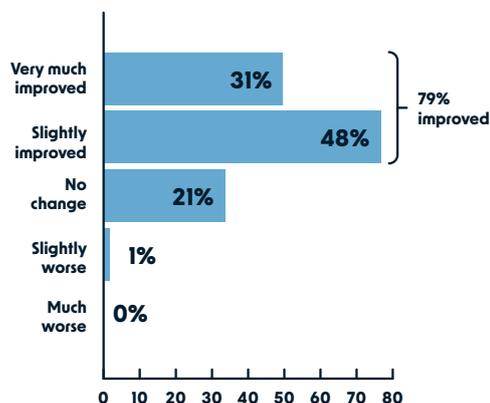
### Quality of life:

# 79%

**% reporting improved quality of life due to Acorn (Qwetu) student housing**

**Improved social life and access to utilities are the top reasons given for improvements in quality of life.**

### Perceived quality of life change:



*PIDG Impact survey findings for Acorn Housing (Qwetu), 2025*

The upsizing guarantee was achieved through the establishment of a Development Real Estate Investment Trust (D-REIT) and an Investment Real Estate Investment Trust (I-REIT). PIDG's project development solution, InfraCo invested KES 1 billion to anchor the launch of the REITs, providing important growth equity to the business and catalysing further investment from local pension funds. The D-REIT took over legal ownership of the Issuer and the MTN property assets in Q4 2021 and held property assets during the construction and stabilisation phase (12 months post project handover) after which they were sold to the I-REIT. There is only one other such REIT structure in Kenya, so this was also significant progress in terms of market transformation.

We have provided Acorn with USD385,000 in grants to support the project to date with legal, rating and listing costs, which has created a substantial enabling effect.

From the outset, Acorn's programme has aligned closely with PIDG's mission to finance projects aligned to the UN's Sustainable Development Goals. The accommodation is IFC Edge certified through meeting international green building standards for water, energy and construction materials, ensuring lower operation costs and a low-carbon impact over the long-term.



**"All the underlying assets of the bond needed to be independently certified as green against a global benchmark, in this case IFC Edge."**

**Sheila Moraa,  
Director Development Management,  
Acorn Holdings**

In addition, the Acorn facilities have clear gender and disability inclusive design features. Female students benefit from separate all-female floors, female security staffing, CCTV, biometric access, and corridor lighting. Five dedicated rooms were designed with lowered beds and counter tops and adapted bathrooms for wheelchair users and the buildings are equipped with accessible lifts with lowered buttons, as well as widened corridors and entrances.

Through the development project, 1,195 short-term jobs and 178 long-term jobs were created to deliver additional local economic positive impact.

PIDG joined Acorn in celebrating the early redemption of the green bond in October 2024 with a bell ringing ceremony at Nairobi Stock Exchange.