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LAW LLP

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Newsletter

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EDITOR'S NOTE

A New Dawn for Kenya, the Brits and maybe for the Kenyan Capital Markets

In August, Kenya went to the polls to elect its fifth President marking the end of the political season. After the votes were counted, including those at the Supreme Court, our fifth President was sworn in. The largely seamless polls were a key milestone in the Kenyan quest for democracy and leadership by the people for the people. Kenya is relatively young democracy and the impact of our choice of leaders to our economic fortunes is significant.

Shifting gears, the Queen is dead. Long live the King. The British know how to put on a good show, the ascension of King Charles III and Privy Council proceedings were intriguing. Many Commonwealth legal practitioners recognize the Privy Council from case law, and may have found the proceedings interesting to watch. The changes of guard locally and in Britain should make good fodder for students of governance and institutional operations. Keen eyes may have noted the King's first order of business was naming his heir apparent. No better reminder of the importance of succession planning in matters governance.

As we noted in our Q3 Issue, the state of the global and Kenyan economies remains in question. In this Issue, we focus on the Kenyan capital markets which are a key subset of our economy. President Ruto's commitments to revitalize and support the capital market, and spur increased listing are welcome policy directions. Policy signals also indicate stronger monitoring of stakeholders in our capital markets.

The Capital Markets Authority is spearheading this with proposals made this last quarter to amend and update the regulatory framework.

These particularly welcome moves will go a long way to develop and deepen our capital markets. We are therefore happy to highlight specific items affecting the Kenyan capital markets for your reading. We discuss changes to the rules on public offers, listing, and collective investment schemes. We reflect on the REITs journey as the relevant regulations turn 10 year this coming year. There must be way of improving uptake of Real Estate Investment Trusts in a country which loves collective investments and real estate.

Qwasha, which recently launched its website, speaks on Environmental Social and Governance (ESG) matters. This is a new compliance focus area for corporates, both for regulatory and investor attraction considerations. The Nairobi Securities Exchange has issued ESG Reporting Guidelines to guide listed companies.

As we usher the last quarter of what feels like a whirlwind year, I appreciate a new dawn for Kenya under a new administration. Maybe, just maybe we are witnessing a renaissance of the Kenyan capital markets in the offing. I hope this Issue provides useful insights.

Best,
Mugambi Maingi

ALMOST 10 YEARS ON:

A Reflection on REITs in Kenya

Real Estate Investment Trusts commonly known as REITs are professionally managed investment vehicles through which investors pool funds for real estate investment. In Kenya REITs are regulated by the Capital Markets Authority through the 2013 REITs regulations.

An investor in REITs invests to access real estate a high return asset which hedges against inflation but has limited accessibility due to its high capital outlay. A key benefit is the value of professionally managed real estate. This is especially relevant as real estate's traditional allure being it multiplies value purely due to time not value addition is slowly diminishing. REITs also provide a tax neutral position to investees so they are not disenfranchised by investing in real estate indirectly rather than directly and facilitate investor pooling by allowing tax exempt investors who can anchor the REIT such as pension schemes maintain their tax exempt status even as they invest alongside investors who are not tax exempt.

Despite the REITs regulations turning 10 June next year we only have two successful REITS. These are the listed Fahari I-REIT and the Acorn I-REIT and D-REIT. The Acorn I-REIT trades on the NSE Unquoted Securities Platform, a private trading platform operated by a subsidiary of the NSE PLC. Neither of these achieved more than 30% of the amounts they targeted raising. The proposed Fusion D-REIT also failed to achieve the minimum number of investors to qualify as a REIT.

You must wonder whether Kenyans do not like real estate as an asset or better still collectively investing in it. No, Kenyans love real estate — owning a plot is considered a mark of success. Collective real estate investments are common and happen through our chamas, land buying societies, and housing cooperatives. You only need walk through any major town or the Nairobi Central Business District to see buildings built by chamas.

"Despite the REITs regulations turning 10 June next year we only have two successful REITS. These are the listed Fahari I-REIT and the Acorn I-REIT and D-REIT."

So why aren't REITs meeting the high expectations we had and how can we change this when we undertake the ten-year review of the regulations as required by law? Here are our thoughts:

Form of REITs

In Kenya, a REIT must be structured as a trust to receive CMA approval. Elsewhere, like the UK and USA, despite the use of word REIT limited liability companies and partnerships may qualify as REITs if they meet set minimum conditions. This is important for the reasons below.

First, Kenyans require more sensitization on the nature of trusts. To put this into perspective, while recently applying for a KRA PIN for a unit trust scheme, we encountered difficulty explaining what a unit trust scheme was despite using examples of money market funds structured as trusts which have been in the market for years. This may partly explain Kenyans lukewarm approach to REITs and may be addressed by allowing use of companies a familiar structure.

Secondly, owners of investment grade real estate who may want to sell down their interest through a REIT have to consider loss of control. This leads to these owners of real estate either applying for a REIT manager licence to retain control or not proceeding. Applying for a REIT manager licence increases compliance costs, and creates a cumbersome and inefficient process. Consider listed companies which hold trillions worth of assets and whose day-to-day management is handled by a qualified internal management team. Using corporate entities would allow a similar structure where a board of directors would provide oversight in place of a corporate trustee and dispense with the need of having investee companies to hold the assets. This factors learnings from countries like South Africa that have demonstrated exemplary success in REITs in their markets. South Africa's success is partly attributable to having property investment companies the domestic market was familiar with prior to adopting the use of REITs. The use of REITs only aligned local practice to a term familiar to foreign investors.

Hybrid REITs

The REITs regulations provide for two distinct REITs, a development REIT (D-REIT) and income REIT (I-REIT). Either of the REITs may be structured as an Islamic REIT ifit complies with sharia principles. Investment in D-REITs is restricted to a minimum of KES 5 million because of the attached development risk. It is now generally recognized this amount is high and locks out D-REITs to individual investors who may want to diversify their personal investments so that a KES 5 Million investment is a single security may be too high restricting them from maintaining a diversified portfolio. Without individual investors and with limited appetite from local institutional investors who likely already have development real estate in their portfolios, there is limited incentive for D-REIT uptake. We expect the minimum investment to be reduced to KES 1 million.

Above this, we propose hybrid REITs that combine a D-REIT with an I-REIT. The exposure to development risk can be limited to up to 25–30% of the REIT size to control the overall risk profile. While current regulations allow I-REITs to invest in development property to a limited extent and D-REITs to hold income generating properties they developed, REITs must classify as either. A hybrid REIT would give investors a blended return combining the higher return from development while reducing risk exposure through the relatively stable income component. An offering with such an investment strategy would improve subscriptions and eliminate the duplicated costs of running two separate REITs.

Time to listing

REITs can only be made available to the public if they are an I-REIT and listed on the NSE to ensure liquidity for retail investors. However, listing has been shown to negatively affect REITs particularly in their early stages where income is not yet stable leading to erosion of value. It is common to see NSE listed investment companies finding their shares are undervalued. Giving a REIT a timeline of at least 3 years before it must list during which it can enjoy REIT tax treatment allows pricing to be determined by the fair market valuation of REIT assets rather than market sentiment may mitigate this as the REIT builds a strong track record.

"We propose hybrid REITs that combine a D-REIT with an I-REIT. The exposure to development risk can be limited to up to 25–30% of the REIT size to control the overall risk profile."

Tokenization of Real Estate

The tokenization of real estate using block chain to create digital tokens linked to underlying real estate assets is possibly the next way to democratize access to real estate. The CMA may consider allowing real estate funds or REITs to issue real estate tokens as securities and their trading on an online trading platform rather than a recognized securities exchange. While these may not be attractive to foreign investors it may be the proposal that opens up our domestic markets to investing in real estate through our capital markets. These tokenized real estate funds may be open to retail investors subject to an initial offer cap of say KES 500 million. With the Sectional Properties Act, 2020 in place these funds can for high value properties exclusively own a portion of those properties.

Opening up the trustee market will also enhance uptake. The change needed is recognizing the trustee role is professional so eligibility should focus on skill and competence not minimum capital.

REITs provide an excellent way for Kenyans to invest in real estate. The key to enhancing participation is aligning the regulatory framework to local custom while ensuring attractiveness to international capital. Strategically leveraging technology will also have immense benefits in accelerating the adoption of REITs.

Proposed Changes to the Capital Markets Regulatory Framework

The Capital Markets Authority (CMA) has proposed various changes to the legal and regulatory pillar of the capital markets. These changes have been through piecemeal amendments of regulations like the Capital Markets (Conduct of Business) (Market Intermediaries) Regulations, 2011 and the Capital Markets (Licensing Requirements) (General) Regulations, 2002;through introduction of new regulations such as the Capital Markets (Whistleblower) Regulations 2022 (summary available here) and finally as is the case in the draft regulations we review here, an entire overhaul of the Capital Markets Public Offers Listing and Disclosure Regulations 2002 and the Capital Markets Collective Investment Schemes Regulations, 2002.

The changes are indeed overdue considering the capital markets regulations were last reviewed 20 years ago. Since then a lot has changed in technology, the risk environment and investor profiles. We highlight the key changes proposed to public offers and listings in part 1 and to collective investment schemes in part 2.

Part 1: Proposed Changes to Offering and Listing Regulations

These Regulations govern the listing, sale of securities to the public and corporate actions by issuers of listed securities.

Market Segments

The existing regulations provide for four market segments, the Main, Alternative, Fixed Income and Growth Enterprises market (GEMS). The draft Regulations propose to introduce two new segments targeting Small and Medium sized Enterprises (SMEs). The SME market segment will replace the Alternative market while the SME Fixed Income Securities Market is proposed to provide an avenue for SMEs seeking to raise debt from KES 20 million up to KES 400 million from the listed markets. If the Regulations come into effect, securities trading on the Alternative market segment which qualify for listing on the Main market can choose to move there or to the SME market. There are no provisions on the transition of GEMS-listed securities, and we expect that the NSE may propose to retain this market segment or a restructured version of it under the enabling provisions of the Regulations that allow a securities exchange to propose additional segments.

The draft Regulations also propose a watch list for issuers who consistently fail to comply with the continuing listing obligations particularly with regard to asset level and solvency tests. Corporates on the watch list may continue trading on a recovery board established by the securities exchange. Once moved to the recovery board, the affected issuer must submit a shareholder approved restructuring plan for CMA approval within 24 months. Failing this or adherence to the restructuring plan, the securities exchange may delist the issuer or suspend trading of its securities with a view of delisting.

Green Shoe Option

Green shoe options allow issuers to allot more securities than they initially offered subject to a set limit. The draft regulations propose to increase this limit to 30% of the offer amount up from the current 15%. Green shoe options can be used to meet increased market demand or stabilize prices of equity securities after listing. In Kenya, they have typically been used in debt issues to meet market demand e.g. the East Africa Breweries KES 11 billion corporate bond, which was oversubscribed by 245%.

Where the green shoe option is meant to stabilize price post listing, the draft regulations require the use of either an investment bank or underwriter as a stabilizing agent. The agent must hold the over-allotment proceeds in a special bank account and the shares acquired to meet the overallotment option in a special securities account.

Special Purpose Acquisition Company (SPAC)

The draft regulations introduce SPACs as an alternative to direct listing and possibly in keeping with the worldwide attention SPACs have been getting. SPACs are investment vehicles with no commercial operations or underlying assets, incorporated solely to raise funds through an initial public offer (IPO) for acquiring an existing business through a business combination. In Africa, Swvl — an Egyptian ride sharing company — went public on Nasdaq via a SPAC.

The business combination may be a merger, share purchase, asset acquisition or a reorganization. It must be done within 2 years from the IPO closing date unless extended for 12-months with the shareholders and CMA approval. The draft Regulations require at least 90% of the IPO proceeds be held in escrow by an escrow agent regulated by the Central Bank of Kenya. Upto 10% of the IPO proceeds may be used for administrative expenses incurred by the SPAC such as transaction advisory fees.

For a MIMS listing, a SPAC must have a market capitalization of not below KES 1 billion based on the issue price and KES 300 million for listing on SMEMs. The SPAC's founding shareholders and management team, must have skin in the game and subscribe for and hold at least 20% of the total share capital for 12-months. The minimum investment in a SPAC will be KES 1 million.

Upon completion of the business combination, the target company is listed by virtue of the acquisition. If the combination does not occur within 2-years as may be extended, the SPAC will be liquidated and the funds held in escrow returned to investors on a pro rata basis. The IPO proceeds used for administrative expenses, are not recoverable except to the extent of interest earned on the funds held in escrow. To ensure prudence in the administrative expenses spent, founding shareholders only receive a refund once the investors get their funds back.

Notably, where an investor votes against a proposed combination, the draft Regulations would entitle them to redeem their ordinary shares pro rata to the funds in escrow. Any interest or income from the funds will form part of the amount for distribution.

SPACs offer excellent opportunities for investors who may be keen on companies that fit a particular investment goal e.g. ESG compliant investments. Their success will depend on strong sponsor teams with a track record in identifying and scaling businesses. This will primarily inform investor participation in the IPO. Support of institutional investors such as pension and collective investment schemes in validating the sponsor's concept will be critical validation for ordinary investors.

Public Offers Compliance Officers

The draft Regulations propose that, issuers must appoint compliance officers responsible for ensuring compliance with the Capital Markets Act and the Regulations. These compliance officers may be internal or outsourced, and their duties will include:

- Reviewing all documentation such as financial information announcements before publication, to ensure they accurately disclose all material information to shareholders and the market;
- Carrying out any activities and submitting all documents as may be required by a securities exchange;
- Training of directors on their legal responsibilities to securities holders including corporate governance, regulatory compliance and accountability; and
- Attending board audit committee meetings in an advisory capacity to ensure the meetings are conducted in compliance with the continuing listing obligations.

Allowing outsourcing will lessen compliance costs and obligations for SMEs while enhancing compliance.

Classification of Offers

The Regulations generally recognize the classification of offers under the Act and sets out criteria for determining whether an offer requires or is exempt from seeking CMA approval. These tests are summarized below.

Nature of Offer	*Requirement*	*Criteria*	*Target Investors*
Public Offers	CMA approved Information Memorandum (IM)	Proposed issuer must at a minimum qualify to have its securities listed on the applicable SME Market Segment.	Unrestricted - Everyone
Restricted Public Offers	CMA approved Short Form Prospectus - less onerous eligibility and disclosure requirements	Number	Not more than 250 investors.
		Number + Nature of investor	Sophisticated investors including banks, insurance, investment funds, and individuals who can invest at least KES 1 million. No limit in number. + not more than 250 other Investors

Nature of Offer	*Requirement*	*Criteria*	*Target Investors*
Exempt RPOs	Information Notice	Target Amount	Not more than KES 500 million
		Minimum Denomination	Regulations allow CMA to prescribe amount, expected to be more than KES 1 million
Private Offers/ Exempt Offers	N/A	Number	Not more than 100 investors, offer may only remain open for more than 12 months and you cannot raise for 24 months after close.
		Number + Nature of Investor	Not more than 100 sophisticated investors
		Common Interest Exemption	Members of a club or association with common interest
		Family & Employee exemption	Offer by private company to employees & their family members
		Legal Arrangements	Rights Issue by a public company, shares arising from exercise of a conversion option, Take over scheme

Part 2: Proposed Changes to Collective Investment Schemes Regulations

The draft 2022 CIS Regulations seek to boost investor participation in collective investment schemes through an effective asset management framework aligned with the ambitions of the 2014 -2023 Capital Market Master Plan.

Investment Vehicles

The draft regulations propose to allow for establishment of collective investment schemes (Schemes) using limited liability partnerships. Limited liability companies and partnerships will be allowed as vehicles for open end schemes in addition to the traditional unit trusts provided their incorporation documents allow for the repurchase or redemption of scheme units by the fund manager.

Oversight and supervision in limited liability companies and partnerships will be performed by a board of directors or representatives with a minimum of three members, one of whom must be the fund manager as an authorized corporate director. A corporate trustee will play the equivalent role for a Scheme structured as a trust.

Types of Schemes

Schemes generally fall into three groups: retail funds, special funds, and alternative investment funds (AIF). We summarize the proposed key changes below:

	Retail Funds	*Special Funds*	*Alternative Investment Funds (AIF)*
Regulations	Draft CIS Regulations	Draft CIS Regulations	Draft AIF Regulations,
Naming Requirements	Must include a specific generic name relevant to the fund e.g. Money Market, Equity, Fixed Income or Balanced.	Must include the word "special". Name must be descriptive of assets constituting the fund.	Name should be descriptive of fund assets constituent.
Minimum Investment Amount	No statutory minimum.	KES 100,000	KES 1 million.
Maximum Number of Investors	No statutory maximum	No statutory maximum	100

	Retail Funds	*Special Funds*	*Alternative Investment Funds (AIF)*
Single Issuer limit	25% of Assets under Management.	25% of Assets under Management.	Investment Strategy determined by Fund Manager. Relevant disclosure requirements apply.
Related Company Limit	10% of Assets under Management.	25% of Assets under Management.	Investment Strategy determined by Fund Manager. Relevant disclosure requirements apply.
Unlisted East Africa Community Securities Limit	10% of Assets under Management	Investment Strategy determined by the Fund Manager. Relevant disclosure requirements apply.	Investment Strategy determined by the Fund Manager. Relevant disclosure requirements apply.
Offshore Listed Securities Limit	10% of Assets under Management.	Investment Strategy determined by the Fund Manager. Relevant disclosure requirements apply.	Investment Strategy determined by the Fund Manager. Relevant disclosure requirements apply
Offshore Unlisted Securities Limits	5% of the Assets under Management.	Investment Strategy determined by the Fund Manager. Relevant disclosure requirements apply.	Investment Strategy determined by the Fund Manager. Relevant disclosure requirements apply.
Limit of Investment in other Collective Investment Schemes	20% of Assets under Management provided the CIS has similar profile	Investment Strategy determined by the Fund Manager. Relevant disclosure requirements apply.	Investment Strategy determined by the Fund Manager. Relevant disclosure requirements apply.
Alternative Investment Limit	10% of Assets Under Management.	80% of Assets Under Management.	Investment Strategy determined by the Fund Manager. Relevant disclosure requirements apply.
Leveraging of Assets	Prohibited	Allowed subject to disclosure in the IM and the investment policy statement.	Allowed subject to disclosure in the IM and the investment policy statement.

Composition of Retail Funds

Retail funds will also have to ensure the generic name they adopt reflects the primary constituents of its portfolio e.g. for equity funds up to 80% of the Fund's assets under management must comprise of equities with the balance in cash or money market securities. For Money Market Funds the weighted average tenor is proposed to be increased to 18 months from 13 months provided in the CMA Guidance for Collective Investment Schemes on Valuation, Investment Performance Measurement, Reporting and Other Related Matters.

Retail Funds that use generic names such as Money Market, Equity, Balanced and Fixed Income Fund will not be allowed to invest in alternative investments but must invest the balance of their portfolio in cash or near cash instruments.

Securities Lending and Borrowing

The draft CIS Regulations now allow for Schemes to engage in securities lending and borrowing. This is a departure from the current blanket restriction on Scheme lending or borrowing. This will be a particularly useful tool for funds holding equity securities. It enables them not only to hedge risk but make a return out of it. For authorization of securities lending, the Scheme incorporation documents must disclose the intention to lend securities, its investment policy and the associated market risks.

Side Pockets

The draft CIS Regulations propose to allow Schemes to use side pockets. This is a mechanism allowing a fund to segregate a portion of its assets where the fund manager determines the likelihood of recovery of those assets is low. This ensures the return profile of the fund is not impacted by their continued maintenance in the portfolio, new investors are not exposed to these assets and existing investors retain the ability to recoup their investment should recovery be made.

The fund manager would therefore issue units in the side pocket to existing investors who can realize them should the investment be recovered. Side pockets have proven to be a particularly useful tool during times of financial crisis, for instance, the 2007-2008 Financial Crisis and the fallout from the COVID-19 pandemic.

Fund managers who would want to utilize this tool will in the spirit of transparency and disclosure be required to amend their Scheme incorporation documents to disclose this. They must also update their information memoranda to ensure appropriate disclosure is made as well as put in place checks and balances to avoid misuse.

Employee Share Ownership Plans (ESOPs)

The draft Regulations exclude ESOPs from the definition of a CIS. This aligns with the provisions of the 2022 Finance Act which removed differences in tax treatments of registered and unregistered ESOPs. This means going forward ESOPs by listed public companies will not be required to be registered by the CMA and registered ones can now have internal operating mechanisms guiding their operations.

Winding up of Schemes

The draft regulations prescribe the circumstances and process by which a trust may be wound up. In doing so, they recognize that since the regulations were put in place in 2001, the 2015 Insolvency Act which provides a comprehensive framework has come into effect.

Conclusion

The draft regulations are a step in the right direction as they embrace technology and emerging trends in the Capital Markets. For example the draft CIS Regulations possibly as a learning from the CMA Regulatory sandbox propose to licence a person other than a CMA licencee who establishes or operates an intermediary service platform which is described as an electronic application where the securities of a scheme can be issued, marketed and distributed. The draft offerings and listing regulations also signal a shift to a predominantly disclosure-based regime and government policy to promote access to listing by replacing the requirement for a 3/5-year profit track record with a 1-year track record for listings on the main market and replacing the net asset threshold with a total asset threshold. From a corporate governance perspective, the draft regulations also propose to reduce from 9 to 6 years the period after which a director is no longer considered independent.

The draft regulations have undergone public participation and are expected to be gazetted in the last quarter of 2022. We will keep you updated.

ESG - A buzzword with a timeline

The nature of our developing world is that trends are often short lived, either due to their temporary nature or because no one adopts them. Environmental, Social and Governance (ESG) reporting - which is a written demonstration of the environmental social and governance impact of organizations – is however here to stay and the faster organizations adopt and adapt the better. ESG reporting is also referred to as sustainability reporting.

As the world continues to experience the adverse effects of climate change, there are increased calls for everyone to do their part towards sustainable use of the environment. The 2015 Paris Agreement recognized climate change as a global emergency requiring coordinated solutions at all levels. It established a framework for countries to reduce their greenhouse gas emissions and to report on their climate goals. In line with this, businesses are moving towards sustainability reporting factoring the impact of their activities on the environment and the United Nations Sustainable Development Goals (UN SDG). The UN SDG have been acclaimed as a crucial blueprint towards a better and more sustainable future for all.

ESG reporting publicly discloses an organization's economic, environmental, and social impact, and its contributions whether positive or negative towards sustainable development. It foresees a holistic and integrated assessment that goes beyond pure financial metrics; overall risks facing an organization including threats to continuity. Traditionally, the main and often sole objective of an organization was to maximize value for shareholders.

However, ESG considers the interests of all stakeholders of a business such as its employees, the community, consumers, suppliers, regulators and shareholders.

In November 2021, the Nairobi Securities Exchange released its ESG Disclosures Guidance Manual to give directions to listed companies on how to collect, analyse, and publicly disclose important ESG data. The Manual makes boards responsible for developing and implementing appropriate policies for identifying, assessing and managing ESG related risks and opportunities in their organisations. Boards are also responsible for defining the sustainability reporting boundaries and establishing committees to oversee this. Such committees will be responsible for mapping the various stakeholders and assessing their expectations to determine their companies' value proposition to each group. Additionally, the Manual requires listed companies to appoint a sustainability manager as their primary contact person for ESG matters.

At a minimum, an ESG reporting framework should align with an organization's financial reporting framework. This means taking into account all entities related to the organization and the ESG impact of each of those entities. The Manual recommends adoption of the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) which are higher compared to those in the Manual. The GRI Standards require organizations to report not only on the impact they cause but also on the impact they contribute to, and impact directly linked to their activities, products or services.

From November 2022 listed companies will be required to publish ESG reports annually, either separately or as part of their integrated annual reports. The ESG report should disclose the strategy and corporate governance parameters, reporting boundary and approach towards the ESG reporting. The report should also disclose the organization's stakeholder engagement process, material ESG aspects considered and the impact of the organization on them. While the topics covered under ESG reporting will vary across industries, there are certain elements that must be covered. These are governance, environmental and social risk management, stakeholder engagement, regulatory compliance, supply chain screening, economic performance, taxes, anti-corruption, human rights, labour and working conditions, occupational health and safety, training and education, diversity and equal opportunity, consumer protection, data privacy, environmental compliance and emissions.

ESG focuses on three principles – the environment, the society and governance. The first principle requires companies to look into future sustainability over and above the present profits by assessing the impact of their operations on the environment, for instance pollution, waste management and biodiversity loss. The second principle inquires into an organization's relevance to society such as reserving employment opportunities for local communities, respecting community rights and factoring community needs in organizational strategy.

Governance, on the other hand, focuses on how a company is led, how its board is composed and performs, if the company complies with legal and regulatory requirements, and financial transparency and accountability.

While the Manual applies only to listed companies, unlisted companies are encouraged to adopt ESG reporting frameworks to take advantage of its benefits. These benefits include enhanced access to capital, improved stability and reputation. Market trends suggest investors, financial institutions and private equity firms are increasingly targeting socially responsible or impactful investments such as green bonds. To prove this point, when Acorn Holdings Limited issued Kenya's first green bond to fund construction of decent affordable student housing, the bond was oversubscribed by 46%. Additionally, we have seen financiers restrict borrowers to only using their funds for socially impactful or environmentally conscious activities. As this trend continues to develop, companies that have adopted ESG reporting will be more and more preferred by financiers.

Whether your company is publicly traded or not, there is significant benefit to adopting a sustainable reporting framework.

QWASHA
CORPORATE SERVICES

An abridged version of this article was featured in the Business Daily on October 11, 2022 and can be accessed here.

QWASHA
CORPORATE SERVICES

We offer

Effective Solutions

so that your business can focus on its core activities.

Who We Are

Qwasha Corporate Services LLP is made up of a team of highly qualified and experienced Certified Secretaries(CS) and Governance Auditors who have come together to deliver top-of-the-range outsourced secretarial services. Our goal is to do all the heavy lifting so that your attention remains focused on your business and its main goal: profit driving activities.

Our Value Proposition

Our team of skilled CS practitioners and accredited Governance Auditors have collective experience of more than 28 years gained within East Africa and beyond. We are fully versed in the regulatory and compliance environment of the region, and possess the requisite skill set to identify the benefits of a good governance and secretarial team towards enhancing the corporate citizenry of a business.

Our Vision

To be the corporate services firm of choice within Africa and beyond.

Our Mission

To consistently elevate the governance standards of our clients by providing timely and quality services.

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QWASHA CORPORATE SERVICES

Our Core Values

Integrity

We act ethically in all our dealings.

Efficiency

We deliver within agreed scope and timelines.

Quality

We ensure that our delivery is unmatched.

Trust

We understand the need for confidentiality in the relationships we forge.

Areas of Expertise Include:

Governance Advisory and Board Member Training

Advising on good governance practices, conducting governance audits whilst providing value adding board training and evaluation services.

Outsourced Secretarial Services

Including organizing and serving at Board meetings, AGMs and Company Events, Minute taking and Board Resolution extraction.

Regulatory Compliance

Including but not limited to legal compliance audits, compliance checks and Statutory filings

Business Registry Services

Acting as a liaison between the Business Registration Service registries and various Regulatory Agencies.

About KN

KN Law LLP is a boutique corporate and commercial law firm operating from Nairobi, Kenya, with a regional reach across multiple jurisdictions and with a Liaison office in London. Our proven experience and proficiency in providing legal advisory to local and multi-national corporations and high-net-worth individuals is the core of our practice. We offer innovative, efficient and practical legal solutions through our team of highly trained, skilled and expert lawyers.

Disclaimer:

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