



TRUSTEE INVESTMENT BRIEFING

DEPLOYING DOMESTIC CAPITAL INTO PPPS

A Trustee-Led Approach to PPP Alpha

How structured public-private partnerships deliver a premium over traditional assets — without abandoning fiduciary duty.

Presentation Overview

01

Trustee Context

Analyzing current portfolio concentration and the liquidity landscape in Kenyan pension funds.

02

Reframing PPPs

Shifting the investment thesis from direct project risk to structured, rated instruments.

03

The Numbers

Quantifying the returns alpha and the long-term impact of a 10% infrastructure allocation.

04

Opportunity Set

Mapping investable sectors including Roads, Sports Infrastructure, and Affordable Housing.

Trustee Reality: Strong but Concentrated

KES 2.8T AUM (Mar 2026)

58.5% Govt Sec + Equities

<2% Infrastructure Allocation

The Question

Are current instruments sufficient to deliver retirement promises over the next 20-30 years?

- **GoK yields** are declining from peaks.
- **Inflation** remains a persistent headwind.
- **Liabilities** grow as the population ages.
- **Liquidity** is high (89.2%), but yield is compressed.

Policy & Regulatory Landscape

Year	Regulation / Act	Key Impact for Trustees
2013 / 2021	PPP Act (First Gen & Revised)	Strengthened VfM (Value for Money) Guidelines
2023	PPP Practitioners Act	Legalized Linzi Sukuk and defined roles
2024	National PPP Policy / Housing Act	Ringfencing of housing levies for SPVs
2025+	Islamic Finance Framework	REIT scale-up and diversified capital pools

Trustees must verify levy ring-fencing to mitigate fiscal appropriation risk.

6 Patterns Reshaping the Market

01. Domestic Capital

Pension funds replacing DFIs as primary offtakers.

02. Levy-Pay Models

Statutory levies (fuel, sports, housing) backing SPVs.

03. Asset-Backed

Assigning levies to SPVs to issue rated notes.

04. Credit Enhancement

SBLCs and DFI first-loss tranches unlock eligibility.

05. Brownfield Focus

Preference for roads and ports with proven cashflows.

06. Blended Finance

Public VGF + DFI + domestic senior debt stacks.

Conditions for Investability

1. Ringfenced Cashflows

- Statutory levy assigned to SPV
- Toll revenues to concession entity
- **X** General budget appropriation

2. Credit Enhancement

- Global/Local credit rating (GCR)
- Standby Letter of Credit (SBLC)
- **X** Unrated developer bonds

3. Simple Instruments

- NSE-listed IABS / Sukuk format
- Fixed coupon, semi-annual amortizing
- **X** Complex co-invest structures

4. Clear Governance

- Independent trustee + Big 4 audit
- Step-in rights defined in indenture
- **X** No independent SPV oversight

Case Study: Sports Infrastructure

Talanta Stadium IABS

15.04% IRR | 15yr | KES 44.79B

- EA's largest asset-backed securitisation.
- SASDF levy cashflows ringfenced in SPV.
- GCR Rated + KCB Bank SBLC.
- **Fully subscribed** at 100.2%.
- Proof of concept: Levy + SPV + Rating = Success.



Case Study: Roads Infrastructure



Fuel Levy Bond + Road Equity

~14% Bond | 18% NSSF Equity

- **KES 175B** programme backed by fuel levy.
- KES 7/litre RMLF ringfenced for SPV.
- **NSSF Stake:** KES 9.6B equity in Rironi-Mau Summit.
- 25% stake with CRBC; 28yr toll concession.
- Models for both domestic debt and equity.

Where Alpha Comes From



Development Uplift: Land at book value + building adds 3-5x value. Acorn D-REIT: 27% gain at inception.

Illiquidity Premium: 15-year lock-up on rated instruments earns 100-200bps over liquid equivalents.

Impact of a 10% PPP Allocation

+60 bps Return Uplift

KES 60M Extra Income / Year

KES 2.1B Value Added (10yrs)

"PPPs are insurance against yield compression. This is an enhancement of returns — not a shift in strategy."

Kenyan PPP Opportunity Set

Sector	Structure	Return Range	Tenor
Affordable Housing	PPP Bond / Sukuk / D-REIT	13–18%	15–25yr
Toll Roads	Concession equity / debt	13–16%	25–30yr
Levy-backed (Roads/Sports)	IABS / Structured notes	13–16%	10–15yr
Energy (IPP)	Power purchase agreement	12–15%	20–25yr

Implementation Strategy



Questions?

Ready to explore your portfolio's PPP potential?

3 Questions to Answer:

- Is this deal actually investable?
- Is the return real or projected?
- Can you exit if you need to?



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