

Kenya Mortgage Refinance Company PLC



(A public limited liability company incorporated in Kenya with registration no. PLC-LXSM9G)

ISSUE OF KES 1,400,000,000 (KENYA SHILLINGS ONE BILLION FOUR HUNDRED MILLION) FIXED RATE NOTES UNDER THE MEDIUM TERM NOTE PROGRAMME FOR AN AMOUNT OF UPTO KES 10,500,000,000 (KENYA SHILLINGS TEN BILLION FIVE HUNDRED MILLION)

PRICING SUPPLEMENT IN RELATION TO TRANCHE 1

PART A - CONTRACTUAL TERMS

This document constitutes the Pricing Supplement in respect of Tranche 1 of the issue of the Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Information Memorandum dated 10th January 2022 (the "Terms and Conditions"). The Notes will constitute unsecured obligations of the Issuer. This Pricing Supplement contains the final terms and conditions of the Notes and must be read in conjunction with the aforementioned Information Memorandum. Full information on the Issuer and the offer of Notes is only available on the basis of the combination of this Pricing Supplement and the aforementioned Information Memorandum. The Information Memorandum is available for viewing on the Issuer's website: <http://kmrc.co.ke> and copies may be obtained free of charge at Kenya Mortgage Refinance Company PLC Offices at UAP Old Mutual Tower, Upper hill Road, Upper hill, Nairobi or from NCBA Investment Bank Limited, NCBA Annex, 3rd Floor, Mara Road, Upper Hill.

DESCRIPTION OF THE NOTES	
Issuer	Kenya Mortgage Refinance Company PLC
Status of the Notes	The Notes will constitute direct, unconditional, unsubordinated and unsecured (subject to the provisions of Condition 6, Negative Pledge and Financial Covenants, of the Terms and Conditions in the Trust Deed) obligations of the Issuer and will rank equally among themselves (save for certain debt preferred by laws that are both mandatory and of general application) with all other present and future unsecured obligations (other than subordinated obligations (if any)) of the Issuer outstanding from time to time
Aggregate Nominal Amount	Kes 10,500,000,000
Series Number	Fixed Rate Series [FXD- KMRC- 01/22/7*]
* Note: the explanation of the Series Number: "KMRC" (Kenya Mortgage Refinance Company PLC);); "01", (the first series of the Notes); "22" (the year the Notes were issued) and "7" (the tenor of the Notes)	
Tranche 1 issue Amount	Up to Kes 1,400,000,000
Guarantor	Not Applicable
Guarantee Amount	Not Applicable
Negative pledge and Financial Covenants of the Issuer	Applicable, subject to the provisions of Condition 6 of the Terms and Conditions in the Trust Deed
Redemption/Payment Basis	Amortization repayment, at Par
Interest Payment Basis	Fixed Rate
Form of Notes	Dematerialised Notes
Issuance method	Non-Syndicated
Issue Date	4 th March 2022
Listing Date	14 th March 2022
Specified Denomination	Kes 100,000 with integral multiples of Kes 100,000 thereof

Issue Price	Notes will be issued on a fully paid basis at par	
Specified Currency	Kenya Shillings ("Kes")	
Day Count Fraction	Actual/364	
Registrar and Fiscal Agent	Custody and Register Services Limited	
Specified Office of the Registrar and Fiscal Agent	IKM Place, Tower B, 1st Floor 5th Ngong Avenue, Off Bishops Road P.O. 8484-00100 Nairobi, Kenya Tel: +254 20 8690360, 726971599,737095124 Contact: Kerry-Ann Makatiani Email: exco@candrgroup.co.ke	
FIXED RATE NOTES		
Fixed Interest Rate(s)	12.50% per annum payable semi-annually in arrears	
Interest Payment Date(s)	Semi-annual, and payable in arrears as further detailed in the Coupon and Principal Payment Schedule under PART B	
Tenor	7 years amortizing, with a Weighted Average Life of 4.5 years	
Coupon Amount(s)	See Coupon and Principal Payment Schedule under PART B	
Interest on Late Payments	Applicable Interest Rate plus a margin of 2% p.a.	
PROVISIONS REGARDING REDEMPTION/ AMORTIZATION		
Scheduled Redemption /Amortization	Amortized Redemption of Principal as shown in the Coupon and Principal Payment Schedule under PART B	
Moratorium on Principal Repayment	Not Applicable	
Scheduled Redemption Dates	Annually each year commencing on 7 th March 2023 until the Maturity Date (each a "Redemption Date") as shown in the Coupon and Principal Payment Schedule under PART B	
GENERAL		
Business Centre	Nairobi	
Specified Office of the Issuer	27 th Floor, UAP Old Mutual Tower P.O. Box 15494-00100 NAIROBI. +254 111 022 400 http://kmrc.co.ke	
Other terms or special conditions	All applications shall be considered equally for purposes of allotment. In the event of oversubscription, allotment will be on a pro rata basis The basis of allotment shall be notified to Applicants and the Capital Markets Authority. Applicants will be informed of the reasons for the rejection of an application	
Board approval for issuance of Notes obtained	30 th September 2021	
Additional selling restrictions	Not Applicable	
Securities exchange	Nairobi Securities Exchange or the "NSE"	
International Securities Identification Numbering (ISIN)	KE7000007760 KMRC FXD	
Relevant sub-market of the securities exchange	Fixed Income Securities Market Segment.	
Record Date	The Fifteenth day before (and not including) each Interest Payment Date	
If non-syndicated, name and address of Placing Agents	NCBA Investment Bank Limited, NCBA Annex, 3 rd Floor, Mara Road, Upper Hill, P.O. Box 44599 - 00100	
Issuance Timetable	Approvals from CMA of the Pricing Supplement	10 th January 2022
	Offer opens	4 th February 2022
	Offer closes	18 th February 2022

	Allotment date	22 nd February 2022
	Announcement of Allocation Results	22 nd February 2022
	Settlement date	4 th March 2022
	Issue Date	4 th March 2022
	Crediting of the CDS Accounts	7 th March 2022
	Listing and commencement of trading on the NSE	14 th March 2022
Please note that subject to receipt of approval from the Capital Markets Authority, Kenya Mortgage Refinance Company PLC reserves the right to amend these dates and times. Any such amendment will be communicated in good time to the potential investors in the event such a decision is taken		
MATERIAL ADVERSE CHANGE STATEMENT		
Save as disclosed in the Information Memorandum as read together with this relevant Pricing Supplement, there has been no material change in the Issuer's financial position since the date of the Issuer's last audited financial statements		
RESPONSIBILITY		
The Issuer accepts responsibility for the information contained in this Pricing Supplement, which, when read together with the Information Memorandum referred to above, contains all information that is material in the context of the issue of the Notes.		

KENYA MORTGAGE REFINANCE COMPANY PLC

By:  _____

**Duly Authorised Signatory
Mr. Johnstone Oltetia
Chief Executive Officer and MD**

PART B – COUPON AND PRINCIPAL PAYMENT SCHEDULE

Period	Principal Repayment	Semi-Annual Interest	Principal Obligations Outstanding
Friday, September 2, 2022	-	85,750,000	1,400,000,000
Friday, March 3, 2023	137,700,627	85,750,000	1,262,299,373
Friday, September 1, 2023	-	77,315,837	1,262,299,373
Friday, March 1, 2024	154,568,954	77,315,837	1,107,730,419
Friday, August 30, 2024	-	67,848,488	1,107,730,419
Friday, February 28, 2025	173,503,651	67,848,488	934,226,768
Friday, August 29, 2025	-	57,221,390	934,226,768
Friday, February 27, 2026	194,757,848	57,221,390	739,468,920
Friday, August 28, 2026	-	45,292,471	739,468,920
Friday, February 26, 2027	218,615,685	45,292,471	520,853,235
Friday, August 27, 2027	-	31,902,261	520,853,235
Friday, February 25, 2028	245,396,106	31,902,261	275,457,129
Friday, August 25, 2028	-	16,871,749	275,457,129
Friday, February 23, 2029	275,457,129	16,871,749	-

PART C – OTHER INFORMATION

LISTING	
Listing	Nairobi Securities Exchange (“NSE”)
Admission to trading	Application has been made for the notes to be admitted to trading on the NSE with effect from 14 th March 2022
RATINGS	
Issuer Rating	National scale rating AA-(KE) / A1+ (KE) (LT/ST) by Global Credit Rating Company Limited
REASONS FOR THE OFFER	
Use of proceeds	On lending by Extending long term loans to Primary Mortgage Lenders in order to increase availability of affordable housing finance in Kenya including arid and semi-arid areas of northern Kenya, secured against eligible collateral. The bonds proceeds will be utilized alongside other concessionary funding at KMRC’s disposal.
OPERATIONAL INFORMATION	
Clearing system(s)	Not Applicable
Settlement Procedures and Settlement Instructions including relevant identification numbers	<p>Payments will be made in full to KCB Bank Kenya Limited, the Receiving Bank, in immediately available funds by 5:00pm on 4th March 2022. The payments will be made via the Real Time Gross Settlement system to Account Name: KMRC BOND COLLECTION ACCOUNT, Account Number: 1290321841, and should reflect the following details:</p> <ul style="list-style-type: none"> • If applicant is an institutional investor: Kenya Mortgage Refinance Company PLC Bond_[Insert Name]_ [Insert custodian account number] • Other applicants: Kenya Mortgage Refinance Company PLC Bond _[Insert Name]
Stock Code(s)	FXD KMRC- 01/22/7
Delivery:	Not Applicable
Receiving Bank:	KCB Bank Kenya Limited

PART D – SUBSCRIPTION AND SALES

The Notes will be sold by the Issuer through Authorised Placement Agent upon the terms and conditions set out in the Agency Agreement (the “Agency Agreement”) dated 10th January 2022 or about the date of this Information Memorandum. The Notes to be issued under the Programme shall be placed with investors and thereafter if allowable, be available for secondary trading on the Fixed Income Securities Market Segment (FISMS) of the Nairobi Securities Exchange (NSE).

Elements of the Subscription and Sale Process

Application Procedure

1. Persons wishing to apply for the Notes in Kenya Mortgage Refinance Company PLC must complete the physical or online Note Application Form and, if and where applicable, CDS Securities Account Opening Form (Form Such forms must be completed in accordance with the provisions contained in this Pricing Supplement and the instructions set out on the Application Form) and physically returned to the Authorised Placement Agent or submitted online on the Bond Portal. In the event of a rejection, for any of the reasons set out in “Rejections Policy” below, any such Note Application Form/s and accompanying monies shall be returned to the Authorised Placement Agent to which the Note Application Form was submitted for collection by the relevant Applicant.
2. Copies of this Pricing Supplement, Information Memorandum and with the accompanying Note Application Form/s may be obtained from the Authorised Placement Agent referred to in section 6 of the Information Memorandum or online via [URL:https://kmrc.candrgroup.co.ke](https://kmrc.candrgroup.co.ke).
3. Save in the case of negligence or wilful default on the part of Kenya Mortgage Refinance Company PLC, its Advisors or the Authorised Placement Agent, neither Kenya Mortgage Refinance Company PLC, nor any of the advisors nor the Authorised Placement Agent shall be under any liability whatsoever should a Note Application Form not be received by the Closing Date.
4. The minimum application size for a Note is KES 100,000 with subsequent multiples of KES 100,000.
5. Joint applications may be made. However, joint applications must not be used to defeat the allocation policy. For purpose of the minimum initial allocation under the allocation policy set out below, Kenya Mortgage Refinance Company PLC reserves the right to treat each joint application as an application by each joint applicant alone.
6. All alterations on the Note Application Form, other than the deletion of alternatives, must be authenticated by the full signature of the Applicant.
7. Kenya Mortgage Refinance Company PLC will not directly receive any Note Application Forms or payments. No receipts will be issued by Kenya Mortgage Refinance Company PLC for applications and/or remittances.
8. Applications sent by facsimile or by any means other than the methods stipulated in this Pricing Supplement will not be accepted.
9. Applications once given are irrevocable and may not be withdrawn once submitted.
10. By signing an Application Form each Applicant:
 - (i) attests to having read this Pricing Supplement and Information Memorandum, and is deemed to have had notice of all information and representations concerning Kenya Mortgage Refinance Company PLC contained the Information Memorandum and the Pricing Supplement;
 - (ii) confirms that in making such application he/she is not relying on any information or representation in relation to Kenya Mortgage Refinance Company PLC other than that which is contained in Information Memorandum, pricing Supplement and any other documents incorporated by reference to the Information Memorandum and he/she accordingly agrees that no person responsible solely or jointly for Information Memorandum or any part thereof shall have any liability for such other information or representation;

- (iii) accepts to receive any communication from Kenya Mortgage Refinance Company PLC including notices for meetings, as set out in the Terms and Conditions;
 - (iv) represents and warrants that, except in cases where the applicant is licensed to apply for and hold Notes for other persons, he applies for the Notes on his own account, will be the beneficial owner of the Notes, has not represented himself as a different person in any other application not applied for Notes under a different name, and is not applying for the Notes on the instructions of or on behalf of any other person and has not instructed any other person to apply for Notes as his nominee;
 - (v) being an applicant who is authorized to apply for Notes on behalf of other persons, represents and warrants that it is not making multiple applications for itself or any other person, is not applying as nominee of any person whom it knows to have applied under any other name or through any other nominee or person; or for any beneficial owner more than once; and
 - (vi) Acknowledges that Kenya Mortgage Refinance Company PLC reserves the right to reject any application found to be in contravention of sub paragraphs (iv) and (v) above.
11. Payment by Banker's or Authorised Placement Agent's Cheque: A prospective investor wishing to apply for the Notes must duly complete and sign the accompanying Note Application Form and return the same in its entirety accompanied by payment by way of a banker's or Authorised Placement Agent's cheque (as may be applicable) (an "Authorised Cheque") so that it is received by Authorised Placement Agent by the Closing Date. All such Note Application Forms must be accompanied by an Authorised Cheque for the full amount due for the applicable Notes.
 12. All Authorised Cheques must be in Kenya Shillings and should be drawn on a licensed bank, a member of the Central Bank of Kenya Clearing House and should be made payable to "Kenya Mortgage Refinance Company PLC Note Issuance-[Form No]" and be crossed "A/C payee only". In addition, the following information should be provided on the rear side of each of the accompanying cheques: the (i) name and identification number of the Applicant; ii) mobile phone number; and (iii) Note application form serial number. Cash or personal cheques made directly payable by the Receiving Agent or Collecting Bank will not be accepted.
 13. Commercial Banks and Qualified Institutional Investors may produce letter of bank undertaking and will be unconditionally liable for payment in respect of the Notes allocated to it and that such payment will be made in full accordance with the payment procedures set out in the Information Memorandum. The letter of bank undertaking must be sent to the Lead Arrangers.
 14. The Authorised Placement Agent receiving a physical and online Note Application Form will check that Applicant has filled in the Application Form. As an extra security measure, for physical Applications; Applicants are strongly advised to make photocopies of the completed Application Form and have it stamped by the Authorising Placement Agent as evidence of the transaction. For online Applications, Applicants are strongly advised to print or save a copy of the completed online Application before submitting of the same on the Bond Portal.
 15. The Authorised Placement Agent is entitled to ask for sufficient identification to verify that the person(s) making the application has authority or capacity to duly complete and sign the Application Form. The Authorised Placement Agent is therefore expected to undertake all "Know Your Client" procedures and activities on nominee accounts as required by law. The Lead Arrangers and Kenya Mortgage Refinance Company PLC have the right to demand and be provided with the details of the nominee accounts held by the Authorised Placement Agent to ascertain the eligibility of any application by nominee/s. In default, Kenya Mortgage Refinance Company PLC may at its sole discretion treat such an application as invalid.
 16. All bank charges incurred in submitting a Note Application Form, together with requisite funds, are for the account of the Applicant.
 17. Kenya Mortgage Refinance Company PLC reserves the right to present all cheques for payment on receipt, to reject any application not in all respects duly completed, and to accept or reject or scale down any other application in whole or in part. Scaling down will apply only if there is an over-subscription.
 18. Corporate investors must provide their tax status (taxable or tax exempt).

19. Every Applicant is required to provide all the information as required in the Note Application Form, where applicable. Refer to the Note Application Form and the Notes on the reverse for instructions on completion.
20. By signing a Note Application Form, an Applicant agrees to the allotment and issue of such number of Notes (not exceeding the number applied for) as shall be allotted to the Applicant upon the Terms and Conditions of the Information Memorandum and may enter the Applicant's name in the register of Noteholders of the Company as holder of such Notes.
21. No interest will be paid on monies received in respect of applications for Notes, nor will interest be paid on any amounts refunded or indeed deposited at the time of application.

CDS Account

22. Applicants will receive the Notes in electronic (i.e. bearer) form by way of crediting their CDS Accounts with the allocated number of Notes.
23. Trading of the Notes on the NSE will be under prevailing rules and regulations of the NSE, and if applicable, the CDSC. Therefore, it is recommended that applicants open a CDS Account.
24. To open a CDS Account, individual Applicants will be required to complete a CDS Securities Account Opening Form (Form 1) available from an Authorised Central Depository Agent.
25. In the case of joint applications, the joint Applicants should have a CDS account in the name of all the joint Applicants, in default of which a share certificate shall be issued in the name of the joint Applicants.
26. On acceptance of any application, the Issuer will, as soon as possible after the fulfilment of the Terms and Conditions relating to applications and completion of Note Application Forms, register the Notes allocated in the name of the Applicant concerned.
27. In accordance with the Central Depository (Regulation of Central Depositories) Regulations, 2004, the cost of postage of the first CDS statement issued on each CDS account following crediting of the Notes will be borne by the respective Applicant at the rate of KES 30.00 per statement. This cost should be included in the banker's cheque or Authorised Placement Agent's cheque by which payment for the Notes is made.

Rejections Policy

28. Kenya Mortgage Refinance Company PLC shall not be under any liability whatsoever should any Note Application not be received by the Closing Date. In this regard, such Note Application Forms and accompanying cheques shall be returned to the Authorised Placement Agent where the Application Form was submitted, for collection by the applicable Applicants.
29. Applications shall be rejected if full value is not received. It is not sufficient to merely present a cheque for the full amount payable without the Note Application Forms.
30. Applications may also be rejected for the following reasons:
 - (i) Incorrect CDS Account No (if applicable);
 - (ii) Missing or illegible name of primary or joint applicant in any Application Form;
 - (iii) Missing or illegible identification number, including corporation registration number, or in the case of Kenyan residents (other than citizens), missing or illegible alien registration number;
 - (iv) Missing or illegible address (either postal or street address);
 - (v) Missing nationality indicators (for primary Applicant in the case of an individual) or missing tax indicators;

- (vi) Insufficient documentation is forwarded including missing tax exemption certificate copies for companies that claim to be tax exempt;
- (vii) Failure to have payments made by the Authorised Placement Agent; and
- (viii) Failure to provide complete EFT refund details as required or presence in the application form of alterations that cannot be accepted;
- (ix) Missing or inappropriately signed Note Application Form including (for manual application only):
 - Primary signature missing from Signature Box 1;
 - Joint signature missing from Signature Box 2 (if applicable); and
 - Two directors or a director and company secretary have not signed in the case of corporate application.
- (x) Number of Notes does not comply with the rules as set out in the Information Memorandum in respect of the minimum application and subsequent multiples;
- (xi) Authorised Cheque has unauthenticated alterations;
- (xii) Multiple applications. Every applicant shall submit an application for the Notes under only one set of names and using one identification number. An Applicant who applies in his/her name shall not be entitled to have Notes applied for him/her by a nominee entity or by other persons on his request or otherwise, or to create joint accounts/applicants for the purpose of multiple applications. A nominee entity must ensure that persons on whose behalf it applies for Notes directly are beneficiaries of only one such application by nominee and that such person are not using nominee applications for purposes of perpetrating more than one application. In the event that an applicant is found to have submitted multiple applications, The Issuer reserves the right to reject any or all of the applications; and
- (xiii) Cheque is not signed or dated or if amount in figures and words do not tally or the cheques are found to be fraudulent.

The application monies in respect of any rejected application shall be returned at the time set out for refunds.

Refunds Policy

31. Refunds:

- (i) Refunds will ONLY be made through Electronic Funds Transfer (EFT) to an Applicant's bank account;
- (ii) EFTs will only be credited to accounts held with commercial banks. Applicants are also required to check for refunds with their banks; and
- (iii) The Receiving Agent will follow up rejected EFTs on a regular basis. Where an EFT has been rejected, the refund will be defaulted to cheque payments as outlined here. Where an EFT is rejected, the refunds will be paid to Applicants through bankers cheques drawn in favour of the Applicant's as evidenced in the Application Form and will be delivered to the Authorised Placement Agent for onward collection by the concerned Applicant. Applicant is required to collect his/her refunds immediately upon release to the Authorised Placement Agent. No refund cheques will be sent by mail.

32. Selling Restrictions

(A) General: The Placement Agent will comply with all applicable laws and regulations in each jurisdiction in which it acquires offers, sells or delivers Notes or has in its possession or distributes this Information Memorandum or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer

or any other Placement Agent in any such jurisdiction as a result of any of the foregoing actions. The Issuer and the Placement Agent will have no responsibility for, and the Placement Agent will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Placement Agent is authorised to make any representation or use any information in connection with the issue, subscription and sale of Notes other than as contained in this Information Memorandum.

(B) The approval of the Capital Markets Authority has been obtained for the issue and offering of the Notes in Kenya. The sale or transfer of listed Notes by Noteholders will be subject to the rules of the Nairobi Securities Exchange, the CDSC, the Conditions and the provisions of the Agency Agreement. There are no other restrictions on the sale or transfer of Notes under Kenyan law. In particular, there are no restrictions on the sale or transfer of Notes by or to non-residents.

33. Transfer of Notes

The sale or transfer of Notes by Noteholders will be subject to the rules and regulations of the NSE, the provisions of the Agency Agreement, and such other applicable laws and regulations.

34. Allocation policy

The issuer reserves the right, whether the Issue is oversubscribed or not to reject any application in line with the Allotment policy set in this pricing supplement. Applicants as a result may be allotted less than the amount applied for. Allotment will be done on a pro-rata basis based on the amount applied for. Successful applicants will be notified by the Placement Agent of the amount allotted to them no later than the date and time specified in this Pricing Supplement.