



REPUBLIC OF KENYA

REMARKS BY HIS EXCELLENCY HON. DR. WILLIAM SAMOEI RUTO, PhD., C.G.H., PRESIDENT OF THE REPUBLIC OF KENYA AND COMMANDER-IN-CHIEF OF THE DEFENCE FORCES, DURING THE LISTING OF THE LAPTRUST IMARA I-REIT BY CPF FINANCIAL SERVICES

NAIROBI SECURITIES EXCHANGE, NAIROBI COUNTY

22nd MARCH 2023

Deputy President Rigathi Gachagua;
Nairobi Governor Johnson Sakaja;
Cabinet Secretary National Treasury Njuguna Ndung'u;
The Capital Markets Authority Board Members led by the Chairman, Ugas Mohamed;
The Nairobi Securities Exchange Board Members led by the Chairman, Mr. Kiprono Kittony;
Board Members of CPF Financial Services;
The CPF Financial Services Group Managing Director, Hosea Kili;
Distinguished Guests;

Good Morning;

1. It is yet another wonderful occasion to join Kenya's capital markets fraternity in celebrating an exceptional milestone. We are here today to witness the listing-by-introduction of the first Real Estate Investment Trust (REIT) instrument to be issued by a pension scheme.

2. This momentous listing signifies the evolution of our capital markets, which have consistently shown resilience in the face of challenging local and global financial market developments, as well as responsiveness to the needs of a market that gets increasingly complex and sophisticated with each passing day.

3. Our capital markets' capacity to evolve on a sustainable, continuing basis, is therefore a critical pillar of our competitiveness as an economy. It is also a fundamental factor of our ability to finance development, thereby creating jobs and alleviating poverty.

4. Today's introduction of the Laptrust Imara - Real Estate Investment Trust (I-REIT), is the culmination of commendable collaboration among industry stakeholders in pursuit of innovative instruments that enhance the credibility, competitiveness, liquidity and efficiency of our capital markets.

5. To place this event in context, it is important to appreciate the role of a well-developed financial sector in powering national economic development. The presence of deep and efficient markets is a fundamental precondition for faster economic growth. Kenya's financial sector is strong, competitive and vibrant.

6. A debt and equity market like ours has been effective in mobilizing domestic as well as international capital, thereby complementing other forms of financing, fostering the rational embrace of the element of risk inherent in new, innovative or pioneering enterprises and supporting long-term investment. The government is committed to expanding opportunities for both investors and issuers in Kenya. We are motivated in this quest by a number of compelling reasons.

7. First of all, as I observed last week during the unveiling of the State Department of Investment Promotion and unveiling of the National Investment Council, there is urgent need to reverse our negative post-pandemic Foreign Direct Investment outlook, which has seen Kenya stand out as the only regional economy that is not experiencing significant growth in Foreign Direct Investment inflows. It is our firm agenda to turn the situation around and take aggressive measures to return our economy as a leading destination of international investments.

8. Secondly, I also indicated during my last visit to the Nairobi Securities Exchange for the launch of the Market Place, that it is imperative for our capital markets to devise appropriate mechanisms that leverage the savings component of the Hustler Fund, diaspora remittances, bank deposits, the capital markets, sacco, insurance plans, savings held in fintechs and other assets, to provide a sustainable critical mass of capital to finance the transformation of our country.

9. For sustainability, these mechanisms must be affordable to borrowers while giving an attractive return to savers. I am persuaded that our capital markets can offer reliable alternative funding for all categories and sizes of businesses, which is also responsive to their long-term strategic intentions. This is how, by saving, Kenyans at the bottom of the economic pyramid can become lenders and investors who finance national development and economic growth.

10. Thirdly, I have been to various parts of this country spreading the transformational footprint of our affordable housing programme. It is our intention to increase the availability of cheap, spacious and safe houses so as to plug the housing deficit. The execution will combine efficient building and construction, consumption of local material and locally manufactured accessories and fixtures and the employment of hundreds of thousands of both skilled and unskilled workers.

11. We look to the capital markets as the principal source of the funds for the affordable housing programme as well as other development pillars of our transformational agenda. In particular, the investors participating in the Public-Private Partnerships that will become the favoured delivery mechanisms will benefit tremendously from affordable capital sourced in a liquid and efficient capital market.

12. Further, beyond PPPs, the government is committed to the expeditious divestiture of government interest in various entities across several sectors, through privatization. We expect the capital markets to rise to the occasion and mobilise capital and give the taxpayer excellent value.

13. Additionally, it is of particular importance for me to emphasise our strong expectation that Kenya's capital markets can and must be revitalized by enlisting the participation of micro-, small and medium-sized enterprises (MSMEs) as well as the large multinational companies that have set up business operations in Kenya. Listing these vital actors will deepen and invigorate the capital markets considerably.

14. My second visit to the Securities Exchange today underscores the understanding that as a strategic actor in the economy, the capital markets fraternity is going to play a central role in supporting our economic recovery in the short term and national socioeconomic transformation in the longer term. With its impressively diversified product offering, I am confident that the NSE can facilitate investors to construct strong portfolios across a broad range of globally attractive investment products.

15. Like other developed markets, our capital market now offers quasi-as well as advanced products including real estate investment trusts, exchange traded funds and derivatives.

16. Besides, I am encouraged to note that the NSE has invested in world class infrastructures to enable it separate trading from post-trading activities. As a result, a platform for novel products like day trading activities has emerged. Additionally, this infrastructure provided much-needed resilience which enabled the NSE to weather the disruptions occasioned by the Covid-19 pandemic.

17. It is clear, therefore, that the NSE is the ideal institution to power our economic resurgence and finance our national socioeconomic transformation. It is also clear that the NSE has invested intentionally to position itself as the most attractive hub of highly attractive local, regional and international capital markets activity. It is ready, capable and aligned. Any entity wishing to list an offering will do well to make the NSE its first, best and only choice. This is what CPF Financial Services have done with this inaugural REIT and the reasons are abundantly clear.

18. I commend CPF Financial Services for developing a product that astutely aligns the interests of their investors with our transformational agenda in a highly rewarding sector. This kind of visionary problem-solving, strategic imagination is needed to usher our capital markets and economy back to its traditional pioneering places.

19. At this point, I wish to emphasise the government's commitment to a sound, consistent, stable and predictable investor protection mechanism, consisting of an impartial and transparent regulatory framework. We shall not compromise in our quest to establish and maintain a standard of leadership, governance and management in our capital markets that inspires the confidence of international capital markets actors and investors, in order to reverse our recent negative performance.

20. It is our intention to give comfort to local and international investors through credible and effective institutions and reactivate our dormant Central Depository investor accounts.

21. I also want to give my commitment that the business and investment environment in Kenya is secure and conducive on a sustainable basis. Through the rule of law, the government will take robust measures to honour and respect the rights of all and demonstrate that no one is above the law by decisively combating impunity, lawlessness and disorder.

22. We have a duty to ensure that every worker and hustler from the mama mboga, MSME to the global multinational corporation operating in Kenya enjoys a conducive environment to pursue their goals unhindered.

23. There is no reason whatsoever for anyone to stand in the way of free enterprise, disrupt business or sabotage economic activity for personal interest. Such impunity must be dealt with firmly and full accountability enforced to vindicate Kenya's commitments as a free market economy.

24. Once again, I congratulate Laptrust and CPF Financial Services for this outstanding achievement.

25. The Laptrust Imara I-REIT is officially listed by introduction on the Main Investment Market Segment of the Nairobi Securities Exchange.

God bless you.

God bless Kenya.