



INFRASTRUCTURE ASSET-BACKED SECURITY

OFFERING MEMORANDUM



OFFERING MEMORANDUM

FOR

KENYA SHILLINGS FORTY-FOUR BILLION, SEVEN
HUNDRED NINETY-ONE MILLION (KSH. 44,791,000,000)
SECURED MEDIUM TERM NOTES UNDER THE LINZI 003
INFRASTRUCTURE ASSET-BACKED SECURITIES
PROGRAMME.

This Offering Memorandum is issued in compliance with all applicable laws including the Capital Markets Act (CAP. 485A of the LAWS OF KENYA) and the Policy Guidance Note On Issue of Asset Backed Securities (2017). In making your investment decision to invest in the securities issued under this offering memorandum you should be aware that the Securities offered pursuant to this Offering Memorandum are limited recourse instruments and recourse is limited to the assets of the Trust. There is therefore very limited, if any, recourse to the assets of the Trust, the Fund or to those of the Trustee. Recourse and rights of action in most cases will be limited entirely to the assets of the Trust which may be insufficient to pay the claims of all, or any, investors

THIS OFFERING MEMORANDUM IS DATED 16th MAY 2025

IMPORTANT NOTICE

Important: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offering Memorandum (the "**OM**"), whether received by email, accessed from an internet page or otherwise received as a result of electronic communication, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the OM. In accessing the OM, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the OM is confidential and intended only for you and you agree you will not forward, reproduce or publish this electronic transmission or the OM to any other person.

YOU AGREE TO BE BOUND BY ITS TERMS AND ANY FUTURE MODIFICATIONS. THE MATERIALS IN THE OM ARE PROVIDED SOLELY FOR INFORMATIONAL PURPOSES REGARDING THE LINZI 003 INFRASTRUCTURE ASSET BACKED SECURITY PROGRAMME AND DO NOT CONSTITUTE AN OFFER OR SOLICITATION TO BUY OR SELL ANY SECURITY OR FINANCIAL PRODUCT. THIS TRANSMISSION IS CONFIDENTIAL AND INTENDED SOLELY FOR YOU. YOU AGREE NOT TO DISCLOSE, DISTRIBUTE, REPRODUCE, OR PUBLISH THIS TRANSMISSION OR THE OM TO ANY THIRD PARTY WITHOUT PRIOR WRITTEN CONSENT.

This Offering Memorandum pertains to the restricted offering of the Linzi 003 Infrastructure Asset Backed Notes. The Notes shall be issued by Linzi FinCo 003 Trust, an unincorporated common law trust established through a Trust Deed dated 16th May 2025, pursuant to the requirements of the Capital Markets Act, the Capital Markets (Asset Backed Securities) Regulations, 2007 (the "Regulations") as supplemented or modified by the Capital Markets Policy Guidance Notes on Asset Backed Securities, 2017. This offer constitutes a "**Restricted Public Offer**" under Section 30B of the Capital Markets Act Cap 485A (the "Act"). As such this offer will be made to Qualified Investors who sufficiently understand the risks of investment in the Issuance.

No party receiving this OM from Linzi FinCo LLP as the Sponsor or any of its advisors may disseminate it in any form to any other party whatsoever, other than that party's professional advisors, without the express prior written approval of the Sponsor or the Securitisation Arranger. No person has been authorized to give any information or make any representation other than that contained in this OM and if given or made, such information or representation should not be relied upon as having been authorized by or on behalf of the Sponsor or the Advisors. This OM has been approved by the Capital Markets Authority ("CMA") as a short form prospectus in line with the requirements of Section 30B of the Capital Markets Act (Cap 48A) as read together with the requirements of the Capital Markets (Asset Backed Securities) Regulations, 2007 as supplemented or modified by the Capital Markets Policy Guidance Notes on Asset Backed Securities, 2017.

As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of any statements or opinions made or reports contained in this prospectus or offering memorandums. Similarly, the Nairobi Securities Exchange assumes no responsibility for the correctness of any statements or opinions made or reports contained in this prospectus or offering memorandums. Approval of the issue or listing by the Authority is not to be taken as an indication of the merits of the Sponsor, the originator or the asset-backed securities. The Sponsor does not underwrite the issue of asset backed securities by the issuer and shall not make good any losses or otherwise guarantee the credit risk of investing in the Trust Assets.

The inclusion of a rating is not a recommendation to buy or sell the securities, ratings may be subject to revision or withdrawal at any time by the credit rating agency and securities may be subject to other risks not covered by the rating (including market and liquidity risks). Any prospective investor should make its own evaluation independent of the credit rating agency's report

The Securitisation Arranger (**Liaison Financial Services Ltd**), the Co-Securitization Arranger (**CPF Capital and Advisory Ltd**), the Legal Advisor (**KN Law LLP**), and the Model Auditor (**Ernst and Young LLP**), collectively referred to as the "**Advisors**", have relied on the information provided by the Sports, Arts and Development Fund or SASDF and its professional advisors. Accordingly, they do not vouch for the accuracy or completeness of the information contained in this OM and therefore do not accept any liability or responsibility in relation to information contained in this OM.

The Sponsor undertakes that, for as long as any Notes remain outstanding, it shall, in the event of any material adverse change in the financial condition of the Receivables backing the Notes that is not reflected in this Offering Memorandum (OM), prepare and furnish full details of such change to the Securitisation Trustee. The Securitisation Trustee shall, in turn, communicate this information to the Noteholders, Capital Markets Authority and all other relevant stakeholders.

Investors must provide necessary representations and warranties to confirm the accuracy of this information upon request from the Securitisation Trustee or its authorized representatives. If you are in any doubt about the contents of this document, you should consult a person licensed under the Act who specializes in advising on the acquisition of shares and other securities. If you are a U.S. tax issuer, you must disclose your tax status to the Securitisation Trustee as required by FATCA.

The Securitisation Arrangers, having conducted all reasonable inquiries, hereby affirm that this Offering Memorandum contains all material information and that it is true and accurate in all material respects. They further confirm that the memorandum is not misleading and that the opinions and intentions expressed herein are sincerely held.

By accessing this Offering Memorandum, you confirm that:

Liaison Financial Services Ltd as a Securitisation Arranger and CPF Capital & Advisory Ltd as a Co-Securitisation Arrangers and a Placement Agent, KN Law LLP as the Legal Advisor, Ernst & Young LLP as Reporting Accountant, Tax Advisor and Model Auditors, Global Credit Rating Company Limited as the Rating Agency, Ropat Trust Company Ltd as the Securitisation Trustee, KCB Investment Bank Ltd as a Placement Agent, KCB Bank Kenya Ltd as the Receiving & Custodian Bank, Image Registrars Limited as Paying, Registrar & Fiscal Agent, Rokim Note Trustees Limited as the Security Trustee and Liaison Capital Limited as the Securitisation Manager have consented in writing to act in the capacities stated and to have their names included in this OM, and have not withdrawn their consents prior to the publication of this OM.

Nothing in this electronic transmission constitutes an offer to sell or a solicitation of an offer to buy any security described herein in any jurisdiction where such offer or solicitation is not permitted by law. The securities have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. The securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.

This Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver the offering circular to any other person. You are not authorized to forward or distribute this document to any other person without the prior written consent of the issuer or its agents. Any unauthorized distribution, forwarding or reproduction of this document may result in a violation of the applicable laws. Documents transmitted electronically are subject to corruption or alteration during transmission. Neither the issuer nor its agents accept liability for any discrepancy between this electronic version and any hard copy version of the document.

Forward Looking Statements

Certain statements in this Memorandum are "forward-looking" statements, including those regarding the Issuer's performance and underlying assumptions. Terms such as "anticipate," "estimate," "believe," "intend," "plan," "may," "will," and similar expressions indicate forward-looking statements. These statements are based on the Issuer's current views on future events and financial performance. While reflecting the Issuer's best judgment, these statements involve uncertainties and specific risks that could lead to outcomes materially different from past performance or predictions. Therefore, prospective investors should exercise caution and not place undue reliance on these forward-looking statements, as various significant factors could

cause actual results to differ materially from the expressed Plans, Objectives, Expectations, Estimates, And Intentions.

Credit Ratings

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In addition, rating agencies may assign unsolicited ratings to the Notes. In such circumstances, there can be no assurance that the unsolicited rating(s) will not be lower than the comparable solicited ratings assigned to the Notes, which could adversely affect the market value and liquidity of the Notes.

Industry Economic and Other Market Data Information

While industry and governmental publications generally assert the reliability of their data, they explicitly disclaim any guarantees regarding the accuracy or completeness of such information. Although there is no reason to question the accuracy of the data presented, the Advisors has not independently verified information sourced from third parties or industry publications. Therefore, the Advisors disclaims any representation or warranty, whether express or implied, concerning the accuracy, completeness, or reliability of this information.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Memorandum (the "OM") shall be construed in conjunction with all supplements issued by the Sponsor as provided in the Trust Deed, each Applicable Pricing Supplement relating to any Tranche issued under this OM, and the Terms and Conditions of the Notes (the "Conditions"). The Sponsor shall provide copies of the referenced documents free of charge unless such documents have been modified or superseded. Requests for these documents shall be directed to the Sponsor's Specified Office as detailed herein. Any information not incorporated by reference shall not form part of this OM and is deemed irrelevant to investors or otherwise addressed in separate documentation.

Incorporated Documents

The following documents are hereby incorporated by reference and form an integral part of this OM, thereby modifying and superseding its contents where applicable:

1. All supplements to the OM circulated from time to time.
2. The Trust Deed establishing the Linzi IABS Note Programme.
3. The deed of assignment by way of outright transfer of receivables
4. The deed of Novation (the "Novation Agreement")
5. The Security Documents
6. Each Applicable Pricing Supplement relating to any Tranche issued under this OM.
7. The audited annual financial statements (and accompanying notes) of the Trust, together with any interim quarterly financial statements (whether audited or unaudited).
8. The Model Auditor's Opinion and Reporting Accountant's Report.
9. The Legal Opinion.
10. The Management Services Agreement.
11. The Agency Agreement.

Financial Documents

1. This OM further incorporates financial documentation critical to the evaluation of the Trust's financial position and the structure of the note issuance. These documents include, but are not limited to the financial model utilized in the determination of the financial parameters relevant to the issuance and;
2. Financial Information, including analysis, projections, and assumptions underlying the financial model.

Other Key Transaction Documents

In addition to the aforementioned documents, the OM incorporates further key documents essential for a comprehensive understanding of the transaction. These include:

1. The Reporting Accountant's and Model Auditor's Opinion, which provides a professional assessment of the Financial Model and the Trust's financial data.
2. The Legal Opinion from the appointed Legal Advisor which has been provided with written consent for inclusion in this OM.
3. Relevant regulatory filings, approvals, and other documents required under applicable Kenyan law.
4. Any additional transaction documents referenced in the Trust Deed or the Applicable Pricing Supplements that further detail the structuring, execution, or terms of the Note issuance.

Supplemental Offering Memorandum

The Sponsor may, at its discretion, undertake the issuance of similar notes and shall prepare a Supplementary Offering Memorandum (the "Supplementary OM") specific to each such issuance. Statements contained within any Supplementary OM regarding subsequent issuances shall not amend, vary, or supersede the terms or statements set forth in this OM. However, a Supplementary OM may be issued solely to rectify any errors, omissions, or inaccuracies identified in this OM.

Prior to issuing any Supplementary OM, the Sponsor shall obtain the prior written approval of the Capital Markets Authority ("CMA") and, where applicable, the Nairobi Securities Exchange Partnership ("NSE") in accordance with prevailing statutory and regulatory requirements. The Sponsor shall provide the requisite number of copies of the Supplementary OM or replacement OM as may be reasonably required by the CMA, the NSE, or as otherwise mandated under applicable law. In the event that amendments, modifications, or variations to the terms of the issuance render this OM, as supplemented, materially inaccurate or misleading, the Issuer shall prepare and submit a new OM for approval by the CMA and the NSE. The new OM shall supersede all prior versions and conform to all applicable legal, regulatory, and procedural requirements.

Reporting Accountant's & Model Auditor's Opinion;

The Offering Memorandum incorporates a report from Ernst & Young (EY) LLP acting as the Reporting Accountants and Model Auditors, wherein they express their professional opinion on the Financial Model and all other financial information pertaining to the Issuer. EY has provided their express written consent for the inclusion of their report within this Offering Memorandum.

Legal opinion

KN LAW LLP, the Legal Advisor, has provided their written consent for the inclusion of their Legal Opinion in this OM along with references to their names, as presented, and have authorized the contents of said Legal Opinion, which constitute part of the transaction documents available for inspection.

DECLARATIONS BY THE SPONSOR

The Partners of the Sponsor hereby declare that this Offering Memorandum (OM) is in full compliance with the provisions of the Capital Markets Act (CAP. 485A). The Sponsor has conducted thorough and reasonable inquiries to ensure the integrity of the information presented. They affirm, to the best of its knowledge and belief, that this OM does not contain any false or misleading statements or omissions of material facts that could render any statement therein deceptive or misleading.

The Partners, confirms that they have exercised due diligence in reviewing the contents of this OM. To the best of their knowledge and belief, they affirm that the OM has been prepared in compliance with applicable laws and regulations, and that it does not contain any misstatements or omissions that could materially affect the interests of investors. This declaration serves to uphold the highest standards of transparency and accountability in line with the regulatory framework governing capital markets.

Signed by the Managing Partner on behalf of the Sponsor:



Thomas K. Mulwa

Managing Partner

Linzi FinCo LLP

CORPORATE INFORMATION

The Trust

Linzi FinCo 003 Trust

Liaison House, State House Avenue,
P.O. Box 58013-00200, Nairobi, Kenya.

Contact: Tom Mulwa

Email: tmulwa@linzifinco.com

Telephone: +254 703 071 100/350

Securitisation Arranger

Liaison Financial Services Ltd

Liaison House, State House Avenue, P.O.
Box 58013-00200, Nairobi, Kenya.

Contact: Victor Chumo

Email: vchumo@liaisongroup.net

Telephone: +254 703 071 100/350

Sponsor

Linzi FinCo LLP

Liaison House, State House Avenue,
P.O. Box 58013-00200, Nairobi, Kenya.

Contact: Tom Mulwa

Email: tmulwa@linzifinco.com

Telephone: +254 703 071 100/350

Co-Securitisation Arranger and Placement Agent

CPF Capital and Advisory Ltd

CPF House, Haile Selassie Avenue, P.O.
Box, 28938-00200, Nairobi, Kenya.

Contact: Mercy Thuo

Email: mthuo@cpf.or.ke

Telephone: +254 111 114 000

Securitisation Trustee

Ropat Trust Company Limited

1st Floor, KAM Apartments, Chyulu
Road, Off Mara Road, P.O. Box 1243 –
00100, Nairobi, Kenya.

Contact: Robert Ndung'u

Email: rndungu@africaregistrars.co.ke

Telephone: +254 20 272 33 22

Placement Agent

KCB Investment Bank

Kencom House, Moi Avenue, P.O. Box 484
00100, Nairobi, Kenya.

Contact: Maurice Opiyo

Email: mopiyo@kcbgroup.com

Telephone: 0711 087 111

Legal and Regulatory Advisor

KN Law LLP

The Pavilion, Lower Kabete Road, P.O.
Box 27547-00100, Nairobi, Kenya.

Contact: Doreen Onwong'a

Email: Onwonga@kn.co.ke

Telephone: +254 729 891 421

Securitisation Manager

Liaison Capital Ltd

Liaison House, State House Avenue, P.O.
Box 58013-00200, Nairobi, Kenya.

Contact: Fred Micheke

Email: fmicheke@liaisongroup.net

Telephone: +254 703 071 100/350

Reporting Accountant, Model Auditor and Tax Advisor

Ernst & Young LLP

Kenya Re Towers, Off Ragati Road, P.O.
Box 44286-00200, Nairobi, Kenya.

Contact: David Kinyanjui

Email: david.kinyanjui@ke.ey.com

Telephone: +254 20 288 6000

Security Trustee

Rokim Note Trustees Limited

1st Floor, KAM Apartments, Chyulu Road,
Off Mara Road, P.O. Box 1243 – 00100,
Nairobi, Kenya.

Contact: Robert Ndung'u

Email: rndungu@africaregistrars.co.ke

Telephone: +254 20 272 33 22

Registrar, Fiscal and Paying Agent

Image Registrars Limited

Absa Towers, Loita Street, P.O. Box 9287-
00100, Nairobi, Kenya.

Contact: Abdul Haleem K Mohamed

Email: linzifinco003offer2025@image.co.ke

Telephone: 0709 170 000 / 0709 170 037

Credit Rating Agency

Global Credit Rating Company(GCR) Limited

Eden Square Complex, Chiromo Road, P.O.
Box 856 – 00606, Nairobi, Kenya.

Contact: Pauline Mugeru

Email: paulinem@GCRratings.com

Telephone: +254 703 041 066

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DEFINITIONS AND ABBREVIATIONS

Term	Definition
Accounts Bank	means the financial institution appointed by the Securitisation Trustee to hold and maintain all accounts of the Trust, including but not limited to the Receiving Account, Custody Account, Collections Account, and Operations Account, and to perform related banking services. The Receiving and Custodian Bank is KCB Bank PLC a public company limited by shares incorporated in the Republic of Kenya with its registered offices at KCB Towers and includes any successor to the Receiving and Custodian Bank appointed in accordance with the terms of the Trust Deed.
Affiliates	means, in relation to a corporate body, its subsidiary, its holding company, or any other subsidiary or holding company of its holding company; and Affiliate shall be construed accordingly.
Agency Agreement	means the agreement entered into between the Securitisation Trustee and the Paying and Fiscal Agent pursuant to which the Securitisation Trustee, as trustee for the benefit of the Noteholders, appoints the Paying and Fiscal Agent to perform specified payment services.
Applicable Law	means any law or regulation of any governmental or other regulatory authority which governs the Programme, the Conditions, and the Notes (in accordance with which they are to be construed) or any relevant person; and Applicable Laws shall be construed accordingly.
Applicable Pricing Supplement	means the pricing supplement issued in relation to each Tranche as a supplement to this Offering Memorandum ("OM"), giving details of that particular Tranche and the Conditions applicable to each Issuance in that Tranche insofar as such conditions are different from these Conditions.

Assignment Rights Agreement	means the deed of assignment by way of outright transfer of receivables to be entered between Sports Kenya, as seller/assignor, the Securitisation Trustee, as buyer/assignee and the Security Trustee under which Sports Kenya sells by way of assignment the SASDEF Receivables accruing for its benefit for the purpose of raising funds to finance the Project
Business Day	means any day, other than a Saturday, Sunday, or official public holiday in Kenya as defined in the Public Holidays Act (Chapter 110 of the Laws of Kenya), on which banks, the NSE, and the CMA are open for general business in Kenya.
CMA Act	means the Capital Markets Act (Cap. 485A of the Laws of Kenya) or any statutory modification or re-enactment thereof.
CMA Regulations	means the regulations made under the Capital Markets Act, the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 ,Capital Markets Act (Asset-Backed Securities) Regulations, 2007, as modified by the Capital Markets Policy Guidance Note on Asset Backed Securities,2017 or any statutory modification or re-enactment thereof.
Collections Account	means the Kenya Shillings-denominated account, through which the SASDF Receivables sold to the Trust and comprising Trust Assets shall be deposited by SASDF.
Conditions	means the Terms and Conditions of the Notes set out under Section 4 (" <i>Conditions</i> ") and in accordance with which the Notes shall be issued in terms of the Programme, which terms and conditions may be amended by an Applicable Pricing Supplement; and Condition shall be construed accordingly.

Constitution of Kenya 2010	means the Constitution of Kenya promulgated on 27th August 2010.
Contracting Authority	means the entity, mandated by Sports Kenya, to enter into a contractual agreement with the Contractor for the execution of the Project, oversee its implementation, compliance, and overall delivery. The mandated Contracting Authority for the Project is the Ministry of Defence, which shall act through its Principal Secretary.
Contractor Payments	means regular quarterly payments made to the EPC Contractor from the Trust Assets on accounts of works done on the Project
Contractor/EPC Contractor	means the entity engaged by the Contracting Authority to design, procure, build and transfer the Talanta Sports Complex in accordance with the agreed specifications and timelines under the EPC Contract. The procured EPC Contractor is the China Road and Bridges Corporation.
Coupon Amount	Means the amount of interest payable on a Coupon Payment Date, calculated by applying the Interest Rate to the outstanding principal amount .
Coupon Payment Date	Means the date specified in the Applicable Pricing Supplement, when coupon payments are remitted to Noteholders. If the Notes adopt an amortizing structure, such dates shall coincide with the Principal Repayment Dates
Currency	means Kenya Shillings (KSh.) or any foreign currency as may be specified in the Applicable Pricing Supplement. The primary currency of the issuance shall be KSh. The Issuer may, however, issue tranches denominated in any foreign currency subject to the receipt of all necessary

	regulatory approvals from the CMA and compliance with conditions under the foreign exchange laws of Kenya.
Custody Account	means the Kenya Shillings-denominated account for the purpose of holding funds not currently utilized by the Trust. The Securitisation Trustee may, at its discretion, reinvest any excess funds maintained in the account, subject to the provisions of the Trust Deed.
Encumbrance	means any mortgage, charge, lien, pledge, hypothecation, assignment by way of security, deposit by way of security, or any other agreement or arrangement (whether conditional or not and whether relating to existing or future assets), having the effect of providing a security interest to a creditor or any agreement or arrangement to give any form of a secured claim to a creditor, but excluding statutory preferences and any security interest arising by operation of law; and Encumber shall be construed accordingly.
EPC Contract	means the contract dated 26 August 2024 known as Contract No: DHQINFRAS/041/23-24 and entered between the Contracting Authority and the Contractor for the design, build and equip of the Talanta Sports Complex .
Final Principal Repayment	means the sum of the final principal and coupon repayment/payment of the Notes made on the Maturity Date.
Final Principal Repayment Amount	means the sum of the outstanding Principal and Coupon amount in respect of the Notes payable on the Maturity date

Financial Indebtedness	<p>means any obligation (whether incurred as principal or as surety) for the payment or repayment of money, from the Trust Assets, whether present or future, actual or contingent, for or in respect of:</p> <ol style="list-style-type: none"> Financial Indebtedness; or Notes, standby letters of credit, guarantees, or other similar instruments issued in connection with the performance of contracts.
Fund	<p>unless otherwise specified elsewhere, it shall refer to the Sports, Arts and Development Fund.</p>
IFRS	<p>means International Financial Reporting Standards.</p>
Income Tax Act	<p>means the Income Tax Act (Cap. 470 of the Laws of Kenya) or any statutory modification or re-enactment thereof.</p>
Issue Date/Issuance Date	<p>In relation to each Tranche or Series, means the date specified as such (as set forth in the Applicable Pricing Supplement).</p>
Issue Price	<p>means the price at which the Notes may be issued, either on a fully paid or partly paid basis (as specified in the Applicable Pricing Supplement). The price and amount to be issued under each Tranche will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.</p>
Kenya	<p>means the Republic of Kenya.</p>

KSh.		means Kenya Shillings, the official currency of Kenya, or any successor currency.
Legal Opinion		means the legal opinion report prepared and issued by KN Law in relation to compliance of the Programme with Kenyan law requirements, and which is set out under Appendix (Legal Opinion).
Linzi 003 IABS		means the Linzi 003 Infrastructure Asset Backed Security notes denominated in Kenya Shillings up to Kenya Shillings forty-four billion seven hundred and ninety-one million (KES 44,791,000,000).
Management Agreement	Services	means the agreement entered into between the Securitisation Trustee and the Securitisation Manager, pursuant to which the Securitisation Manager is authorized to perform all administrative functions on behalf of the Securitisation Trustee.
Maturity Date/Final Principal Repayment Date		means the Maturity Date, being the date on which the Notes issued under the Programme are to be fully repaid, and all amounts due thereunder settled by the Securitisation Trustee, as set forth in the Applicable Pricing Supplement.
Meeting		means a meeting of Noteholders convened and held physically or electronically; and Meetings shall be construed accordingly.
Noteholders		means all holders of the Notes under the Programme, from time to time, as recorded as such in the Register; and Noteholder shall be construed accordingly.
Novation		means the deed of novation to be entered into between the Contractor, the Government of Kenya acting through the Permanent Secretary Ministry of Defence and the Securitisation Trustee under which the Ministry of

	Defence(MoD) novates its obligation to make the Contractor Payments to the Securitisation Trustee.
Offering Memorandum (OM)	means this OM issued by the Sponsor on the date stated hereon (as amended, restated, and/or supplemented from time to time).
Operations Account	means the Kenya Shillings-denominated account into which a portion of the Trust's cash flows shall be transferred for the purpose of funding the Trust's operating expenses,.
Ordinary Resolution	means a resolution passed at a Meeting (duly convened and held in accordance with the Trust Deed) by the affirmative vote of at least 50%+1 of the Noteholders present at the Meeting and being eligible to vote..
Outstanding Principal Amount	means the balance of the Principal Amount on any given date.
Placement Agent	<p>means the entity appointed by the Securitisation Trustee to market and distribute the Notes to potential investors, facilitate the subscription process, and perform related functions, including but not limited to investor outreach, solicitation, and execution of placement activities, in accordance with the terms of the Note Application Form and regulatory requirements. The Placement Agents for this Transaction are:</p> <ul style="list-style-type: none"> • CPF Capital Ltd a private company limited by shares incorporated in the Republic of Kenya with it's registered offices at CPF House • KCB Investment Bank Ltd a private company limited by shares incorporated in the Republic of Kenya with it's registered offices at Kencom House

Principal	means, with respect to any Note, the nominal value that is to be repaid by the Trust upon the Maturity Date or, in the case of an amortization structure, the applicable portion thereof as determined in accordance with the prescribed amortization schedule set forth in the Applicable Pricing Supplement.
Principal Repayment	Shall means the discharge of the outstanding principal, either in full on the scheduled Maturity Date or a Principal Repayment Date
Principal Repayment Date	means each scheduled date, as specified in an Applicable Pricing Supplement, on which a Principal Repayment Amount, including the Final Principal Repayment Amount, for the redemption of the Principal Amount, either in whole or in part is payable from the Trust Assets. In the event that the Notes are structured on an amortizing basis, the Coupon Payment Date shall coincide with the relevant Principal Repayment Date. In such instances, the term "Principal Repayment Date" shall be deemed to refer to each such date on which both interest and principal payments are scheduled to occur.
Principal Repayment Amount	means the amount of Principal scheduled to be repaid on a Principal Repayment Date or Maturity Date. The schedule shall be reflected in applicable Pricing Supplement
Programme	means the Linzi 003 Infrastructure Backed Security Programme under which may be issued, from time to time, issue Notes denominated in Kenya Shillings and having such maturity as may be set forth in the applicable Pricing Supplement

Project

means design, construct, and fully equip the Talanta Sports Complex(also referred to as the "Talanta Sports City Stadium" or the "Talanta Stadium") in accordance with the specifications, technical requirements, and performance standards prescribed in the EPC Contract, including all associated civil works, mechanical and electrical installations, and commissioning activities, for eventual transfer to the Contracting Authority upon Completion

Qualifying Investor

means any natural person, legal entity, or group of persons that acquires, subscribes for, or holds an interest in the Notes or any related investment securities offered by the Securitisation Trustee, provided that such persons or entities qualify as 'Qualified Investors' under applicable securities laws and regulations, including but not limited to Regulation D and Regulation S under the U.S. Securities Act of 1933, as amended, or any other relevant jurisdictional requirements. For the purposes of this Memorandum, 'Qualifying Investors' shall include institutional investors, accredited investors, or any other persons meeting the eligibility criteria prescribed by applicable securities regulations, and shall encompass both prospective and actual purchasers of the Notes, as well as any subsequent holders or transferees, subject to applicable legal and regulatory restrictions.

Receiving Account

means the account held in the name of the Trust with the Receiving Bank, through which proceeds of the Issuance are received.

Register

means the register of the Noteholders maintained by the Registrar in electronic form.

Registrar, Paying & Fiscal Agent

means the entity responsible for maintaining the register of Noteholders, processing payments of principal and interest, and performing fiscal agency duties, including but not limited to coordinating corporate actions, facilitating communication between the Securitisation Trustee and Noteholders, and carrying out any other functions assigned under the Agency Agreement .The Registrar, Paying and Fiscal Agent is Image Registrars Ltd a private company limited by shares incorporated in the Republic of Kenya with its registered offices at Absa Towers and includes any successor to the Registrar, Paying and Fiscal Agent appointed in accordance with the terms of the Agency Agreement.

Regulator

means the Capital Markets Authority, the primary regulator overseeing asset-backed securities transactions pursuant to its mandate under the Capital Markets Act, Cap 485A.

Reporting Accountant

means the professional firm or entity appointed by the Sponsor to conduct an independent review and verification of the financial information related to the Issuance, including but not limited to the preparation of financial reports, issuance of comfort letters, and assurance on financial disclosures, in accordance with applicable accounting standards and regulatory requirements. The Reporting Accountant for this Issuance Ernst and Young LPP a limited liability partnership incorporated in the Republic of Kenya with its registered offices at Kenya Re Towers and includes any successor to the Reporting Accountant appointed in accordance with the terms of the Trust Deed.

SASDF Receivables

means the portion of the funds payable to SASDF pursuant to section 4(a) of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018, and accruing for the benefit of Sports Kenya that, following the execution of the Deed of

	Assignment Deed, are sold by way of assignment to the Trust and comprise the Trust Assets.
Securitisation and Note Trustee	means the entity appointed pursuant to the Trust Deed to act in a fiduciary capacity for and on behalf of the holders of the Asset-Backed Securities, with the responsibility to hold the Trust Assets in trust, enforce the rights of the Securities holders, and perform all duties specified under the Trust Deed and applicable law. In accordance with the Regulations, the Securitisation Trustee shall assume all the responsibilities ordinarily performed by a Note Trustee as per the Regulations. The Trustee of Linzi FinCo 003 Trust is Ropat Trust Company Ltd, a private entity limited by shares incorporated in Kenya with its registered offices at KAM Apartments
Securitisation Arranger and Co-Securitization Arranger (collectively referred to as the "Arrangers")	<p>means any entity appointed by the Sponsor to structure, conduct due diligence and undertake cash flow and financial modelling as well as any additional duties specified in the Act and the Trust Deed. The Arrangers for this Issuance are:</p> <ul style="list-style-type: none"> • Liaison Financial Services Ltd a private company limited by shares incorporated in the Republic of Kenya with its registered offices at Liaison House • CPF Capital Ltd a private company limited by shares incorporated in the Republic of Kenya with its registered offices at CPF House.
Securitisation Manager	means Liaison Capital Limited a private company limited by shares incorporated in the with its registered offices at Liaison House and includes any successor to the Securitisation Manager appointed in accordance with the terms of the Trust Deed.

Security Documents	<p>Refers contractual instruments executed to establish the security interests granted by the Trust to secure its obligations under the financing arrangement. They are:</p> <ul style="list-style-type: none"> • The deed of Assignment • The Fixed and Floating Charge.
Security Trustee	<p>means the entity appointed pursuant to the Trust Deed, mandated to oversee security interests in the Trust for the benefit of the Noteholders. The Security Trustee of Linzi FinCo 003 Trust is Rokim Note Trustee Ltd a private company limited by shares incorporated in the Republic of Kenya with its registered offices at KAM Apartments</p>
Special Resolution	<p>means a resolution passed at a Meeting (duly convened and held in accordance with the Trust Deed) by the affirmative vote of at least 75% of Noteholders present at the Meeting and being eligible to vote.</p>
Sponsor	<p>means Linzi FinCo LLP, a limited liability partnership registered in the Republic of Kenya with its registered offices at Liaison House</p>
Statutory Auditors	<p>means a certified public accountant licensed in Kenya and appointed by the Securitisation Trustee as the statutory auditors of the Trust .</p>
Step-in Rights Agreement	<p>Refers to the agreement entered between MoD as the Contracting Authority, the Contractor and the Securitisation Trustee granting the Securitisation Trustee rights to substitute the Contractor' under the EPC Contract should Contractor non-performance occur.</p>

Sub-Trust Accounts	means the relevant sub-accounts of the Trust Accounts; and Sub-Trust Account shall be construed accordingly.
Tax	Shall mean any tax, levy, impost, duty, charge, fee, deduction, or withholding of any nature, including any interest, penalty, surcharge, or addition thereto, imposed by any governmental, fiscal, municipal, or regulatory authority, whether domestic or foreign, in connection with any transaction, payment, or document related to the issue of the Notes
Transaction Documents	means this Agency Agreement, each Applicable Pricing Supplement, OM, Management Services Agreement, the Trust Deed, the Security Documents and any other document designated as such, and Transaction Document shall be construed accordingly
Transaction/Issuance	means the issue of the Notes or a tranche thereof
Trust	means Linzi FinCo 003 Trust an unincorporated common law trust established under the Trust Deed dated 16 th May 2025.
Trust Accounts	means the Receiving Account, Custody Account, Collections Account, and Operations Account, each held in the name of the Trust with the Receiving and Custodian Bank.
Trust Deed	means the trust deed signed on or about the date of this Offering Memorandum between the Securitisation Trustee, the Security Trustee and the Sponsor establishing the Trust.

Written Resolution

means a resolution in writing signed or otherwise confirmed in writing by or on behalf of Noteholders representing at least 75% of the outstanding Principal Amount of the Notes and entitled to vote, based on the aggregate Capital Amount of the Issuance.

Abbreviation	Term
CMA	Capital Markets Authority
CRBC	China Road and Bridge Corporation
EY	Ernst & Young Kenya LLP
IABS	Infrastructure Asset backed Security
IFRS	International Financial Reporting Standards
OM	Offering Memorandum
KSh.	Kenya Shillings
MOD	Ministry of Defence
SASDF	Sports, Arts and Development Fund
SPV	Special Purpose Vehicle

1. OVERVIEW OF THE PROGRAMME

Important Notice: This overview must be read as an introduction to this OM and any decision to invest in any Notes should be based on a consideration of this Offering Memorandum as a whole, including the Documents Incorporated by Reference herein;

Trust SPV	Linzi FinCo 003 Trust, a common law unincorporated trust established under the Trust Deed for the sole purposes of acquiring and holding the SASDF Receivables and issuing the Notes under the Programme.
Description of the Programme	Infrastructure Asset Backed Security(IABS) Programme
SASDF	The Sports, Arts and Development Fund established under the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018 for the purposes of providing funding to support the development and promotion of sports and arts, and the promotion of social development including universal health-care.
Credit Enhancements	<p>The Notes constitute secured debt obligations, collateralized by the assets held by the Issuer. Accordingly, the Notes shall be secured through</p> <ul style="list-style-type: none"> i. The assignment of the Receivables by way of security by the Trust to the Security Trustee by way of an assignment by way of security; ii. A DSRA which shall be funded with an amount sufficient to cover three months of the Securitisation Trustee's debt obligations under all Outstanding Notes from time to time. The funds held in the account shall be dedicated exclusively to satisfying the Securitisation Trustee's obligations should a shortfall in Receivables arise. iii. A fixed charge over the proceeds of the DSRA

Risk Factors	There are certain factors that may affect the adequacy of the Trust's Assets to meet obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks, project risks and credit risks associated with Notes issued under the Programme. These are set out under "Risk Factors" herein.
Securitisation Arrangers	Liaison Financial Services Ltd. CPF Capital & Advisory Ltd
Placement Agents	CPF Capital & Advisory, KCB Investment Bank Ltd and any other Placement Agents appointed in accordance with Note Application Form (as defined under " <i>Subscription and Sale</i> ")
Securitisation Trustee	Ropat Trust Company Ltd
Security Trustee	Rokim Note Trustees Ltd
Registrar, Fiscal and Paying Agent	Image Registrars Ltd
Certain Restrictions	Notes will be issued and sold in Kenya. Each issue of Notes in jurisdictions outside of Kenya will be denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription Information</i> ") including restrictions applicable at the date of this Offering Memorandum

Programme Size	Up to Kenya Shillings Forty-Four Billion, Seven Hundred and Ninety-One Million (KSh. 44,791,000,000 or its equivalent in other currencies), outstanding at any time. The Securitisation Trustee may increase this aggregate nominal amount of the Programme, subject to the approval of the CMA and any Applicable Laws and the relevant corporate approvals.
Tenor	Notes issued under the Programme shall have an indicative tenor of fifteen (15) years . Any modifications to the tenor shall be communicated in the applicable Pricing Supplement.
Return	The Notes will have a return of 15.04% per annum.
Distribution	Notes may be distributed by way of private placement and either on a syndicated or non-syndicated basis.
Currencies	Notes may be denominated in any agreed currency and as specified in the Applicable Pricing Supplement, subject to any applicable legal or regulatory restrictions and any requirements from the Capital Markets Authority (CMA).
Maturities	Notes will have such maturities, specified in the Applicable Pricing Supplement , as may be agreed upon, subject to such minimum or maximum maturities as may be allowed or required from time to time by the CMA or any other applicable legal or regulatory restrictions
Use of Proceeds	Unless otherwise specified in the applicable Pricing Supplement, the net proceeds from each issue of the Notes(after deduction of any expenses related to the Issuance see " <i>General Information- Issuance Expenses</i> ") shall be applied to settle the amounts due to the Contractor on account of Interim Payment Certificates issued under the EPC Contract

Issue Price	Notes will be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as indicated in the Applicable Pricing Supplement
Minimum Subscription Amounts	Minimum Subscription Amount for any Note offered within the Programme is Kenya Shilling One Million (KSh. 1,000,000).
Form of the Notes	The Notes will be issued in certificated form as described in <i>"Form of the Notes"</i>
Fixed Rate Notes	Notes will be issued under a fixed interest structure and will be payable in arrears on the date or dates each specified in the applicable Pricing Supplement
Amortization Notes	The Notes will be issued under an amortization payment structure. Amortization Notes are Fixed Rate Notes for which payments combining principal and interest are made in installments over the life of the Note. Payments with respect to Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof.
Other Notes	The Securitisation Trustee may issue Notes in a form or of a type not contemplated in this Offering Memorandum, in which event the relevant provisions will be included in the applicable Pricing Supplement or a Supplementary Offering Memorandum issued by the Securitisation Trustee.
Redemption	The applicable Pricing Supplement will indicate that the Notes cannot be redeemed prior to their stated Maturity Date (other than (i) in specified instalments where applicable, (ii) for taxation reasons wherein the Notes may be redeemed either in whole or in part at the option of the Issuer following changes in tax law which give rise to an obligation of the Issuer to pay additional amounts, (iii) in the case of an occurrence of an Event of Default (as set out in Condition 4.11).

Denomination of the Notes	<p>The Notes will be issued in such denominations as may be agreed between the Securitisation Trustee and the relevant Investors save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the CMA or any laws or regulations applicable to the relevant Specified Currency.</p>
Allotment policy	<p>The Securitisation Trustee reserves the right, whether the Offer is oversubscribed or not, to reject any application in line with the Allotment Policy set out below. As a result, applicants may be allotted less than the amount applied for.</p> <p>Allotments will be done on the following basis in order of priority:</p> <ul style="list-style-type: none"> • To encourage early commitment to the Offer, applicants who submit their subscription for the Notes within five (5) days of the Opening Date will be allotted at least 50% of their application amount, whether the issue is oversubscribed or not. The balance will be allotted on a pro-rata basis, alongside all applications received after the first five (5) days but before the Application Closing Date. • For example, if Investor A applied for KSh. 10 Million in the first week of the Offer Period, Investor A will be allotted KSh. 5 Million and the balance of KSh. 5 Million allotted on a pro-rata basis with all applications including those received after the first five (5) days but before the Application Closing Date. If the Offer is oversubscribed and the pro-rata percentage is set at 70% then Investor A who applied for KSh 10 Million, would receive KSh. 5 Million (Early Bird Preferential Allotment) plus 70% of the balance KSh. 5 Million or KSh. 3.5 Million, totaling KSh. 8.5 Million; • Investor B, on the other hand, who applies for KSh. 10 Million after the end of the first week of the Offer but by the Application Closing Date, will be allotted 70% of KSh. 10 Million i.e. KSh. 7 Million. <p>The Sponsor and the Advisors will determine the allotment of Notes at their sole discretion.</p>

	<p>If, the total number of Notes subscribed for by applicants is equal to or less than the Issue Amount, all subscriptions will be allocated in full as per the number of Notes applied for by applicants.</p> <p>Successful applicants will be notified through official email by the Placement Agent of the amount allotted to them no later than 5:00 pm Nairobi time on the Allotment Date.</p>
Status of the Notes	<p>Notes issued under this Programme will constitute senior secured obligations against the Trust Assets, therefore the Notes will be direct, unsubordinated and secured obligations against the Trust Assets and will rank <i>pari passu</i> with all other secured and unsubordinated obligations payable from the Trust Assets (other than any obligations preferred by applicable law).</p>
Rating	<p>Notes issued under the Programme will be rated by an established Credit Rating Agency and the relevant rating will be disclosed in the applicable Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency</p>
Listing and Trading	<p>An application will be submitted to the Nairobi Securities Exchange (NSE) for the admission of the Notes to the NSE Restricted Fixed Income Market Sub-Segment (RFISMS), a sub segment of the Fixed Income Securities Market Segment (FISMS). Accordingly, the trading of the Notes issued under the Programme shall be subject to the trading, clearing, settlement, and operational rules and procedures of the NSE.</p> <p>Notes shall become tradable at least Fifteen (15) days after the Issuance date.</p> <p>Notes shall trade in minimum multiples of KSh. 100,000 subject to the Investor holding at all times Notes with an aggregate value equivalent to the Minimum Investment Amount.</p>

Taxation	A brief overview of the Kenyan withholding tax treatment of payments on the Notes is set out in the " <i>Taxation</i> " section below. However, investors should obtain their own taxation advice regarding the taxation status of investing in any Notes.
Governing Law	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, Kenyan law
Limited Recourse	The Notes hold limited recourse to the Trust Assets, the Securitisation Trustee and the Security Trustee.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom), Australia, South Africa and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see " <i>Subscription Information</i> ")

2. FORM OF THE NOTES

The Notes will be sold to Qualifying Investors and will be in definitive form, registered in the name of the holder thereof. The Notes, upon the Trading Commencement Date, shall be tradable on the Nairobi Securities Exchange's Restricted Fixed Income Market Sub-Segment (RFISMS).

All Notes will be issued as dematerialized securities within the meaning of the Central Depositories Act (Act 4 of 2000). Consequently, all investors will be required to open and maintain CDS accounts prior to a purchase under this Programme, if they do not hold one already, to which all purchases will be credited upon allotment. All investors will be required to open and maintain CDS accounts prior to subscribing to Notes issued under this Programme, if they do not own one already, to which all purchases of Notes made will be reflected

Image Registrars in its capacity as the Registrar shall maintain a register of beneficiary holders of the Notes which at all times shall add up to the certificates held by the custodian. The Registrar shall serve as evidence of title to the Notes, and if the Note is transferred subsequent to issue, rights of ownership will be transferred via entries in the Register, per the transfer rules by the Registrar.

3. OFFER TIMETABLE

Table 1: Issuance Timetable

Events	Date
Application Lists Open (Opening Date)	0800HRS Kenya Time on day T+0
Closing Date	1700HRS Kenyan Time T+21
Date of Allotment	T+21
Results Announcement Date	T+22
Settlement Date	T+26
Issue Date	T+27
Listing date	T+27
Trading Commencement Date	10:00HRS Kenyan Time on T+30

These dates are subject to change and are indicative only. The Securitisation Trustee reserves the right to amend this indicative timetable, a supplementary timetable will be issued. The Securitisation Trustee reserves the right, to close the Offer early, to extend the Closing Date or to withdraw the Offer. Any extension of the Closing Date will have a consequential effect on the Issue Date.

4. TERMS AND CONDITIONS

The following are the Terms and Conditions, hereafter referred to as the *Conditions*, of The Issue of Kenya Shillings Forty-Four Billion Seven Hundred and Ninety-One Million (KES 44,791,000,000) Notes comprising Linzi 003 IABS was duly authorized pursuant to a resolution of the Partners of the Sponsor passed on 16th May 2025.

The Notes are issued with the benefit of, and are subject to, the Agency Agreement, each Applicable Pricing Supplement, Management Services Agreement, the Trust Deed, the Security Documents, and Offering Memorandum (the **Transaction Documents**).

All capitalized terms and conditions that are not defined in these Conditions shall bear the meaning ascribed to them in the Trust Deed, the Offering Memorandum and in the relevant Pricing Supplement, unless the context otherwise requires. Copies of the Transaction Documents and the relevant Pricing Supplement are available for inspection at the specified office of the Trust SPV and the Issuing and Paying Agent. The Noteholders are deemed to have notice of, and are entitled to the benefit of, and are subject to, all the provisions of the Transaction Documents and the relevant Pricing Supplement.

4.1. Form, Denomination and Title

4.1.1. Form of Notes and Denominations. The Certificates are issued in dematerialized book entry, in denominations of Kenya Shillings one hundred thousand (KES 100,000) and in multiples in excess thereof. The Custodian will hold one Jumbo Certificate representing the Certificate registered by the Registrar.

4.1.2. Title. Title to the Certificate will be evidenced by book entry and shall pass upon the registration of the allotment in the Register in accordance with the provisions of the Agency Agreement. The Trust SPV, the Issuing and Paying Agent and the Registrar may (to the fullest extent permitted by applicable law) deem and treat the person in whose name such Note is registered as the absolute owner thereof, and neither the Securitisation Trustee, nor any agent of the Trust shall be affected by notice to the contrary.

4.1.3. Transfer. A Certificate holder may only transfer the Certificates on the Trading Commencement Date. Commencing the Trade Commencement Date, the Certificate may be transferred in whole or in part subject to stamp duty (if applicable) and any charges as may be levied by the Registrar, in the specified denomination of the Certificate and title to such Certificate shall pass upon the registration of book-entry transfers in accordance with the Nairobi Securities Exchange Trading Rules for Fixed Income Securities dated January 2024.

4.1.4. Closed periods. No Noteholder may require the transfer of interest on any Notes to be registered during the period of 15 days ending on the Redemption Date.

4.1.5. Future issues: Nothing contained in the Transaction Documents shall preclude the Sponsor or the Securitisation Manager from, at any time, issuing further Notes on these or similar terms and conditions.

4.2. Status

The Notes constitute senior secured unconditional, and unsubordinated obligations against the Trust Assets. The Notes will be secured obligations against the Trust Assets and will at all times rank *pari passu* in all respects (including in priority of payment) among themselves and with all other present and future direct, general, unconditional and unsubordinated obligations of the secured by the Trust Assets, except for any obligations that may be preferred by provisions of law that are both mandatory and of general application.

4.3. Interest

4.3.1. Interest: Unless otherwise specified in the relevant Pricing Supplement, interest will be paid semi-annually from the date of issuance together with the Principal at a return of 15.04% per annum.

Noteholders are entitled to receive the Principal Repayment Amounts, out of the amounts transferred to the Trust Account pursuant to the terms of the Agency Agreement and the other Transaction Documents, calculated on the basis specified in the relevant Pricing Supplement and payable on the Principal Repayment Date.

4.3.2. Certificates to be final: All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for purposes of the provisions of this Condition 4.3 shall (in the absence of willful deceit, bad faith or manifest error) be binding on the Securitisation Trustee, the Issuing and Paying Agent or, if applicable, the Calculation Agent, as the case may be, and on all Noteholders, and in the absence as aforesaid, no liability to the Trust SPV or the Noteholders shall attach to the Issuing and Paying or Calculation Agent (as the case may be) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.4. Payments

4.4.1. Payment of Principal and Interest on the Notes

Upon the purchase of the SASDF Receivables and commencing the first Principal Repayment Date, the Principal Repayment Date shall be distributed to the Noteholders by the Paying Agent on behalf of the Trustee, pro rata to their respective holdings, out

of the Receivables in the manner and at the times set out in the Conditions in the Specified Currency.

Payments will be made against the particulars recorded in the Register at 3.00 p.m. (Nairobi Time) on the relevant Principal Repayment Date.

4.4.2. Method of Payment

Payments will be made in Kenya Shilling, as applicable by EFT or RTGS to the bank account of the Noteholder on the Business Day not later than the relevant due date for payment unless prior to the relevant Record Date the Noteholder has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated Kenya Shilling account maintained by the payee with a bank in Nairobi in which case payment shall be made on the relevant due date for payment by transfer to such account.

4.4.3. Payments on Business Days and late payments

If any day for payment of any amount of Principal and Interest in respect of the Notes is not a Business Day, then the Noteholders shall not be entitled to payment until the next following Business Day nor be entitled to any Interest or other sums in respect of such postponed payment.

4.4.4. Currency of account and payment

The currency of account and for any sum due from the Trust SPV hereunder is the Kenya Shilling.

4.5. Redemption and purchase

4.5.1. Final redemption. Unless previously redeemed at the Trust SPV's option, or purchased and cancelled each Notes shall be redeemed by the Trust SPV at its Final Redemption Amount specified in, or determined in the manner specified in, the relevant Pricing Supplement (and which, unless otherwise provided in the relevant Pricing Supplement, is its nominal amount) on the Final Principal Maturity Repayment Date specified in the relevant Pricing Supplement.

4.5.2. Cancellation: All Notes repurchased may be surrendered for cancellation by surrendering the Note Certificate representing the Notes to the Registrar. Any Notes repurchased may not be reissued or resold and the obligations of the Trust SPV in respect of such Notes shall be wholly discharged.

4.5.3. General: References in these Conditions to (i) "Principal" shall refer to the aggregate nominal value of the Notes and (ii) "Interest" shall refer to shall mean any amount payable to the Noteholders in excess of the aggregate nominal value of the

Notes, including, without limitation, any additional cash flows or payments made by the Issuer over and above the principal amount thereof.

4.6. Limited Recourse

4.6.1. Proceeds of the Trust Assets are the sole source of payments on the Notes. The Notes do not represent an interest in or obligation of any other asset of the Securitisation Trustee, the Security Trustee, the Sponsor, Sports Kenya, the Notes Agents, or their respective affiliates. Accordingly, the Noteholders, by subscribing for or acquiring the Notes, acknowledge that they will have no recourse to any other assets other than the Trust Assets.

4.6.2. SASDF is obliged to make certain payments under the Transaction Documents to the Securitisation Trustee as trustee for the Trust SPV. The Security Trustee will have direct recourse against the Security to recover such payments. The net proceeds of realization of, or enforcement of, the Trust Assets may not be sufficient to make all payments due in respect of the Notes. If, following the distribution of such proceeds, there remains a shortfall in payments due under the Notes, subject to Condition 4.7, no Noteholder will have any claim against the Securitisation Trustee (to the extent that the Trust Assets have been exhausted); the Security Trustee, SASDF or Sports Kenya (to the extent that each fulfils all of its obligations under the Transaction Documents to which it is a party) or against any assets (other than the Trust Assets to the extent not exhausted) in respect of such shortfall, and any unsatisfied claims of the Noteholders shall be extinguished.

4.6.3. The Securitisation Trustee and the Noteholders shall only be entitled to deal with the Trust Assets as expressly permitted by the Transaction Documents and the Conditions.

4.7. Agreement of Noteholders

By purchasing the Note Certificates, each Noteholder is deemed to have agreed that notwithstanding anything to the contrary contained in the deed, the Conditions, or any Transaction Document that:

- a. no payment of any amount whatsoever shall be made by or due on the Note Certificates, except from the Trust Assets;
- b. all payments due under the Note Certificates shall be made by the Paying Agent, from the proceeds of the Trust Assets, in accordance with the Conditions;
- c. no recourse shall be had to the Securitisation Trustee for the payment of any amount owing hereunder or under any Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against any of the

Securitisation Trustee, the Sponsor, Sports Kenya or SASDF (to the extent that the Trust Assets have been exhausted following which all obligations of the Securitisation Trustee, the Sponsor, Sports Kenya and the SASDF shall be extinguished); and

- d. it will not institute, or join any other person in instituting, against the Trust SPV, the Securitisation Trustee or Sports Kenya, any bankruptcy, reorganization, arrangement or liquidation proceedings or other similar proceedings under any bankruptcy or similar law.

4.8. Rights of the Noteholders

4.8.1. No Note Certificate shall confer any interest or share in any particular part of the Trust Assets. No Noteholder shall have a right to call for any partition or division of any portion of the Trust Assets by virtue of the Noteholder holding a Certificate.

4.8.2. The Noteholders shall not have any right against the Security Trustee in respect of their investments except such rights as are expressly conferred upon them by the deed, the Conditions or by any law, subsidiary legislation, regulation or any order of court.

4.8.3. A Noteholder shall have the right to payment from the Trust Assets proportionate to the number of the Notes registered in its name.

4.8.4. Only persons who have been duly registered in the Register maintained by the Registrar as Noteholders shall have the right to be recognized as a Noteholder.

4.8.5. A Noteholder shall have the right to pledge, charge, mortgage, or otherwise offer their Note Certificate as security for a debt, a loan or an obligation and in any such case the Noteholder shall notify the Security Trustee and the Registrar in writing, of the pledge, charge, mortgage or obligation.

4.9. Taxation

4.9.1. All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by, or on behalf of, Kenya, or any political sub-division of, or any authority in, or of, Kenya having power to tax, unless such withholding or deduction is required by law.

4.9.2. Except where the Notes are tax exempt, the Securitization Trustee or its delegate will deduct withholding tax at the prescribed rate on all Interest payments to Noteholders other than any Noteholder who (i) is exempt from such deduction under the provisions of the Income Tax Act (chapter 470 of the Laws of Kenya) and (ii) has provided evidence of such exemption to the reasonable satisfaction of the Trust SPV and the Issuing and Paying Agent.

4.10. Prescription

The Notes will become void unless a claim of payment is made within a period of two years in the case of Principal and two years in the case of Interest after the Relevant Date. As used here, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly paid on or prior to such due date, it means the date on which notice to that effect is duly given to the Noteholders in accordance with Condition 4.13 (Notices). The amounts due under such void Note will be dealt with in accordance with the provisions of the Unclaimed Financial Assets Act, No. 40 of 2011.

4.11. Events of Default

If any one or more of the following "Events of Default" occurs (other than as a result of a Force Majeure Event as is more particularly defined in the Trust Deed) and is continuing, namely:

- a.** default is made in the payment of any amount when and as the same ought to be paid in accordance with these Conditions unless:
 - (i) the failure to pay is caused by administrative or technical error; or
 - (ii) payment is made within 3 Business Days of its due date; or
 - (iii) The amount in the Trust Accounts is sufficient to remedy the default.
- b.** Representation or warranty made or repeated by the Sponsor in any Transaction Document or in any document delivered by or on behalf of the Sponsor under any Transaction Document is incorrect or misleading in any material respect when made or deemed to be repeated and, if the circumstances giving rise to such breach of warranty are capable of remedy, such breach is not remedied within thirty (30) days of the earlier of the Securitisation Trustee giving notice to the Sponsor or the Sponsor becoming aware of such non-compliance; or
- c.** a distress, attachment, execution or other legal process is levied, enforced against all or a material part of the Trust Assets provided that any such proceedings shall not apply to any winding-up petition which is frivolous or vexatious and is discharged stayed or dismissed within thirty (30) days of commencement; or
- d.** any Encumbrance, present or future, created or assumed on or against the Trust Assets become enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager, administrator or other similar person); or
- e.** by or under the authority of any government the whole or any part of the Trust Assets are seized, nationalized, expropriated or compulsorily acquired which has or would reasonably be expected to have a Material Adverse Effect;

- f. any term of any Transaction Documents is not valid and enforceable in accordance with its terms or is alleged by the Sponsor, SASDF or the Seller not to be valid and enforceable in accordance with its terms for any reason; or
- g. any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents; or
- h. any event or series of events occurs or exists (whether taken individually or cumulatively) which the Securitisation Trustee reasonably believes has or is reasonably likely to have a Material Adverse Effect; or
- i. any Event of Default described as such in any of the Transaction Documents occurs and is outstanding, then the Securitisation Trustee on the Noteholders' behalf and pursuant to a Special Resolution, by written notice delivered to the Sponsor at the Specified Office of the Issuing and Paying Agent, effective upon receipt, declare the Notes and any amounts under the Transaction Documents to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Redemption Amount, together with accrued Interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind; or
- j. (i) the Project Agreement is terminated; (ii) any provision of the Project Agreements is or becomes, for any reason illegal, void, voidable, invalid or enforceable or if any law is brought into effect which purports to render illegal, ineffective, invalid or unenforceable any provisions of the Project Agreement.
- k. Sponsor default: Sports Kenya or SASDF breach any of their undertakings under the Assignment Agreement and such breach has not been cured for a period of 5 Business Days after receipt by them of written notice from the Securitisation Trustee

4.12. Agents

The names of the initial Paying Registrar and Fiscal Agent, Rating Agent and Registrar and their initial Specified Offices are set out below.

Paying Registrar and Fiscal Agent: Image Registrars Limited

Rating Agent: Global Credit Rating

Registrar: Image Registrars Limited

Fund Manager: CPF Asset Managers

The Securitisation Trustee is entitled to amend or terminate the appointment of any Notes Agent provided that it will at all times, while any Notes is Outstanding,

maintain an Issuing and Paying Agent, a Calculation Agent and a Registrar having a Specified Office in Nairobi.

Any variation, termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 days nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 4.13 (Notices).

In acting under the Transaction Documents and in connection with the Notes, each of the Notes Agents is acting solely as agent of the Securitisation Trustee and does not assume any obligation toward or relationship of agency or trust for or with any Noteholder or the owner of any interest in the Notes.

4.13. Notices

Notices to the Noteholders will be deemed to be validly given if made by email, delivered to them, or sent by registered mail or (if posted to an overseas address) by airmail to them, and:

- i. in the case of any communication made by email, will be deemed to have been validly given at the time of transmission; or
- ii. in any other case, will be deemed to have been validly given when such communication or document is left with or, as the case may be, 10 days after its being posted to the intended recipient at its address as recorded on the Register.

The Registrar shall, upon and in accordance with the instructions of the Trust SPV but not otherwise, arrange for any notice which is to be given to the Noteholders be given in accordance with this Condition.

Notices given by any Noteholder shall be in writing and given by lodging the same at the Specified Office of the Security Trustee.

4.14. Meetings of Noteholders, modifications, and waiver

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by a Special Resolution of a modification of the Notes or certain provisions of the Transaction Documents. Such a meeting may be convened by the Securitization Trustee or Noteholders holding not less than one-tenth in nominal amount of the Notes for the time being Outstanding. The quorum at any such meeting for passing a Special Resolution is one or more persons holding or representing more than one-half in nominal amount of the Notes for the time being Outstanding, or at any meeting adjourned for lack of quorum one or more persons being or representing Noteholders whatever the nominal amount of the Notes

so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the Internal Return Rate payable in respect of the Notes or altering the currency of payment of the Notes), the necessary quorum for passing a Special Resolution will be one or more persons holding not less than two-thirds in the nominal amount of Notes for the time being Outstanding or at any adjourned such meeting for lack of quorum, one-quarter, in nominal amount of the Notes for the time being Outstanding. A Special Resolution passed at any meeting of the Noteholders must be carried by a majority of not less than two-thirds of the votes cast and, if so carried, shall be binding on all the Noteholders, whether or not they are present at the meeting, and whether or not they vote in favor.

The Securitisation Trustee may agree, without the consent of the Noteholders, to:

- i. any modification (except as mentioned above) of the Transaction Documents which is not prejudicial to the interests of the Noteholders; or
- ii. any modification of the Notes or the other Transaction Documents which is of a formal, minor, or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Kenyan law.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 4.13 (Notices) as soon as practicable.

4.15. Law and submission to jurisdiction

4.15.1. The Transaction Documents and the Notes are governed by, and shall be construed in accordance, with Kenyan law.

4.15.2. The Securitisation Trustee hereby, for the benefit of the Noteholders, (i) agrees that any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Notes or the Transaction Documents may be brought before any competent court in Kenya and irrevocably submits to the jurisdiction of such court; (ii) waives any objection that it may now or hereafter have to the laying of venue of any such Proceedings in any such court in Kenya and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further agrees that a judgement in any such Proceedings brought in any such court shall be conclusive and binding upon it and may be enforced in the court of any other jurisdiction; (iii) agrees that nothing contained in this Condition shall limit the right of the Security Trustee, on the Noteholder's behalf, to take Proceedings against the Trust SPV in any other court of competent jurisdiction.

Service of any summons, plaint, judgement or other notice of legal process shall be received by the Trust SPV's office in Nairobi, presently a registered office located at 3rd Floor, Liaison House, State House Avenue, Post Office Box Number 58013 - 00200, Nairobi, Kenya, or, if different, such other address that the Trust SPV may advise.

5. USE OF PROCEEDS

The net proceeds derived from the issuance of the Notes shall be used for the financing of the Project by meeting the Contractor Payments and meeting the Transaction Costs as set out in the table below:

The table below describes the Use of Proceeds;

Table 2: Use of Proceeds Table

Term	Cost
Contractor Payments	KSh. 42,516,053,525.00
Associated Transaction & Project Costs	KSh. 1,208,285,312.00
Facility Management Fee	KSH. 420,000,000.00
Transaction Fees	KSh. 646,661,163.00
Total	KSh. 44,791,000,000.00

In the event that any specific issuance of the Notes is associated with an alternative, identified use of proceeds, such alternative use shall be expressly disclosed in the applicable Pricing Supplement.

6. RISK FACTORS

Investing in the securities offered in this Offering Memorandum (OM) entails substantial risks that prospective investors must meticulously evaluate prior to making an investment decision. The risks delineated herein are considered material by the Sponsor and could adversely affect the Trust Assets financial stability, thereby impairing their capacity to fulfill payment obligations on the Notes. It is imperative to acknowledge that this section of the OM is not exhaustive; additional risks may exist that are not currently identified or disclosed. Investors are strongly advised to conduct a comprehensive review of all pertinent information, including factors influencing market risks associated with the Notes and those affecting the ability of the Trust Assets to meet service obligations to Noteholders. Should any of the articulated risks materialize, they could have a significant and detrimental impact on the Trust Assets, potentially resulting in a decline in the trading price of the securities and causing investors to incur losses, which may encompass partial or total loss of their investment.

6.1. Performance Risk

The Contractor acknowledges that certain circumstances may impede the timely and successful completion of the project, potentially resulting in delays, suspension, or termination of project activities. Investors should be aware that the Notes issued under this Programme are principally intended to finance payments due to the Contractor. Accordingly, any material disruption to the project, including stalling or foreclosure, could result in delays in disbursing the amounts raised under the issuance. Such reputational impact may, by association, extend to Noteholders.

Mitigant;

The Contractor, the Securitisation Trustee, and the Contracting Authority shall enter into a Step-in Agreement. This agreement grants the Issuer the right to substitute the Contractor with another contractor should the current Contractor fail to perform their duties as outlined in the EPC Contract. The Step-in Agreement will specifically define the triggering events that would necessitate such a substitution, thereby providing a safeguard to the project's completion. Repayment of the Notes is also not contingent on contractor performance.

6.2. Credit Risk & Limited Recourse

The Sponsor acknowledges that SASDF may default on its obligations to remit the collections to the Collections Account in line with the financial model. Investors shall recognize that the Notes are limited recourse instruments and recourse is only available to the Trust Assets. Consequently, the absence of comprehensive recourse rights may materially limit investor recovery in the event of a default.

Mitigant:

To mitigate this credit risk, the Sponsor has engaged an independent credit rating agency to obtain an initial credit rating, which is subject to periodic evaluations to ensure that the risk profile accurately reflects prevailing market and issuer-specific conditions. Notwithstanding the impact of such ratings on the secondary market valuations of the Notes, the credit ratings do not constitute a guarantee of performance and may be revised or withdrawn based on changes in market conditions or note-specific factors. Furthermore, the Sponsor has procured the issue of various securities for the benefit of the Noteholder including the amounts due to the Trust being a first charge on the assets of the Fund. The Sponsor has further procured that the Fund makes direct remittances of the Collections to the Trust Accounts to avoid any intermediary or third party risk.

6.3. Interest Rate Risks

Fluctuations in prevailing interest rates may materially affect the performance and valuation of the asset-backed securities (ABS). Such fluctuations may result in significant revaluation losses for investors in the secondary market. The Issuer acknowledges that both realized and unrealized losses may arise as a consequence of interest rate volatility, thereby potentially impairing investor returns and marketability of the Notes.

Mitigant:

The nature of the offer as a restricted offer means the portfolio of investors will be sophisticated investors with knowledge of the financial markets who are able to mitigate this risk through maintenance of diversified portfolios and have capacity to hold the Notes to maturity.

6.4. Macroeconomic and Political Risks

Macroeconomic instability and adverse geopolitical developments, including, without limitation, inflationary pressures, declining gross domestic product, and fluctuating interest rates, may materially affect the sources of funds available to SASDF negatively impacting the proceeds received by the Fund capacity to perform its obligations under the Asset-Backed Security (ABS). Historical precedents, including the economic repercussions following the Russia-Ukraine conflict, as well as current geopolitical tensions in various jurisdictions, may result in increased operational costs and reduced profitability, thereby diminishing returns for Noteholders.

Mitigant:

To mitigate the foregoing risk, the Sponsor shall monitor the prevailing macroeconomic and geopolitical conditions and shall commit to providing comprehensive and timely financial disclosures to the Securitisation Trustee and Securitisation Manager, thereby

enabling informed assessment of the evolving risk environment. The Note amounts being a first priority charge to the Fund assets provides comfort in the event of a decline in the Fund's revenue driven by macro-economic and political environment. The Sponsor will monitor the Fund's annual plans also intends to procure an undertaking from the Fund to ensure any new financing obligations by the Fund are notified to the Sponsor and that the Fund pursues regulatory changes to limit the projects that it may finance to sports and arts

6.5. Political Regulatory Risk

Political and regulatory risks may materially impact the operations of the Trust. Changes in government regimes, legislative priorities, or regulatory policies may result in abrupt modifications to the legal and operational framework governing the Trust. Such changes may include, but are not limited to, alterations in fiscal policies, administrative mandates, or judicial interpretations of applicable law. The Terms and Conditions have been established in accordance with the relevant law in effect as of the issuance date of the Notes. No assurance is provided regarding the potential effects of subsequent judicial decisions, regulatory amendments, or statutory modifications on the operations of the Trust or the rights of Noteholders.

Mitigant:

To mitigate the foregoing risks, the Sponsor shall institute a comprehensive monitoring program for political, regulatory, and legislative developments. The Sponsor shall secure contractual indemnification provisions from pertinent counterparties across relevant Document Incorporated by Reference, ensuring that any losses, claims, or liabilities arising from adverse changes in the political or regulatory environment are indemnified to the fullest extent permitted by applicable law. The Deed of Assignment further sets out an adverse change in the regulatory framework that has an impact on reducing the Fund's revenue sources as an Event of Default.

6.6. Operational Risk

Operational disruptions, including but not limited to system failures, breaches of internal controls, and incidents of external fraud, may materially impair the Issuer's capacity to sustain financial stability and preserve the liquidity of the Notes. Such disruptions may result in unanticipated costs, losses, or deficiencies in the performance of obligations under the applicable transaction documents.

Mitigant:

To mitigate operational risk, the Issuer has instituted a comprehensive risk management framework, incorporating systematic monitoring, robust internal control measures, and contingency planning protocols. The Issuer has designated an experienced Trustee to

oversee operational processes and employs personnel with specialized expertise in risk management and operational controls.

6.7. Liquidity Risk

Kenya's secondary bond market remains relatively illiquid, characterized by a limited volume of transactions. This illiquidity may materially impair the ability of Noteholders to divest their holdings.

Mitigant:

To mitigate the foregoing risk, the Notes shall be listed and traded on the NSE RFISMS segment, which has demonstrated significant trading activity. In addition, the attractive issuance terms, as compared to prevailing investment conditions, are expected to promote enhanced liquidity and positive secondary market activity.

6.8. Limited Life of the Fund

The Sports, Arts and Social Development Fund (the "Fund") is a public fund established pursuant to the provisions of the Public Finance Management Act (Cap. 412A) of the Laws of Kenya. In accordance with its enabling legal framework, the Fund is subject to a fixed operational tenure of ten (10) years, except where extended by an approval of the Cabinet Secretary Finance and Parliament. Having been established in the year 2018, the Fund, unless its tenor is extended, is subject to winding up in the year 2028 within the tenor of the Notes.

Mitigant:

To mitigate the risks, the failure to achieve an extension of the Fund before its tenor lapses has been identified as an Event of Default. A commencement of the winding up of the Fund will trigger an acceleration of the Notes so that all outstanding amounts are immediately due and payable from the Fund, this risk is further mitigated by the Notes being a first priority charge on the assets of the Fund

6.9. Legal Considerations to the Notes

Disclaimer: Investment in the Notes is subject to limitations arising from applicable legal and regulatory frameworks. Certain categories of investors may be restricted from investing in or holding the Notes by virtue of legal investment prohibitions, regulatory approvals, or compliance requirements. Prospective investors are strongly advised to seek independent legal advice to determine the lawfulness of their investment in the Notes, including any limitations on the use of the Notes as collateral and their transferability.

7. MACROECONOMIC OVERVIEW

7.1. Economic Growth

Real GDP growth rates experienced a slowdown in 2022 to 4.8% attributed to various climate shocks that impacted production the agriculture sector and global tailwinds that disrupted economic activity. Kenya has experienced a sharp rebound 2023 despite a hostile macroeconomic environment marked by rising global interest rates, with GDP growth accelerating to an estimated 5.6 percent in 2023. This growth was primary attributed to significant growth witnessed in the industrial sector in addition to the resilience of the services sector and the substantial bounce back within the agriculture sector.

Economic growth was hampered by several factors over the past year, including a weakened Kenyan Shilling due to foreign currency shortages, rising interest rates that increased production costs, a growing public debt burden from unsustainable spending, and a global economic slowdown. However, reforms implemented by the Central Bank of Kenya in the foreign exchange interbank market have improved efficiency, leading to better price discovery and a more stable Shilling

According to the World Bank's Kenya Economic Update, Kenya's fiscal year 2024 real GDP growth was initially forecast at 5.0%. This projection was based on the implementation of a tighter monetary policy framework and a fiscal consolidation program intended to mitigate inflationary pressures. Revised estimates now indicate a real GDP growth rate of 4.7% for FY2024, reflecting the effects of weather-related disruptions, sociopolitical events, and limitations in the execution of fiscal consolidation measures.

The Update further projects a real GDP growth rate of 5.1% in 2025. This projection is predicated on expectations of increased private sector activity and the influence of trade agreements, including the African Continental Free Trade Area. Structural reforms and robust policy measures remain necessary to ensure economic stability and maintain sustainable growth.

Table 3: Real GDP growth (%) in Kenya, 2018-2024

Indicator	2018	2019	2020	2021	2022	2023	2024f	2025f
Real GDP growth	6.3%	5.4%	-0.3%	7.5%	4.8%	5.6%	4.7%	5.1%

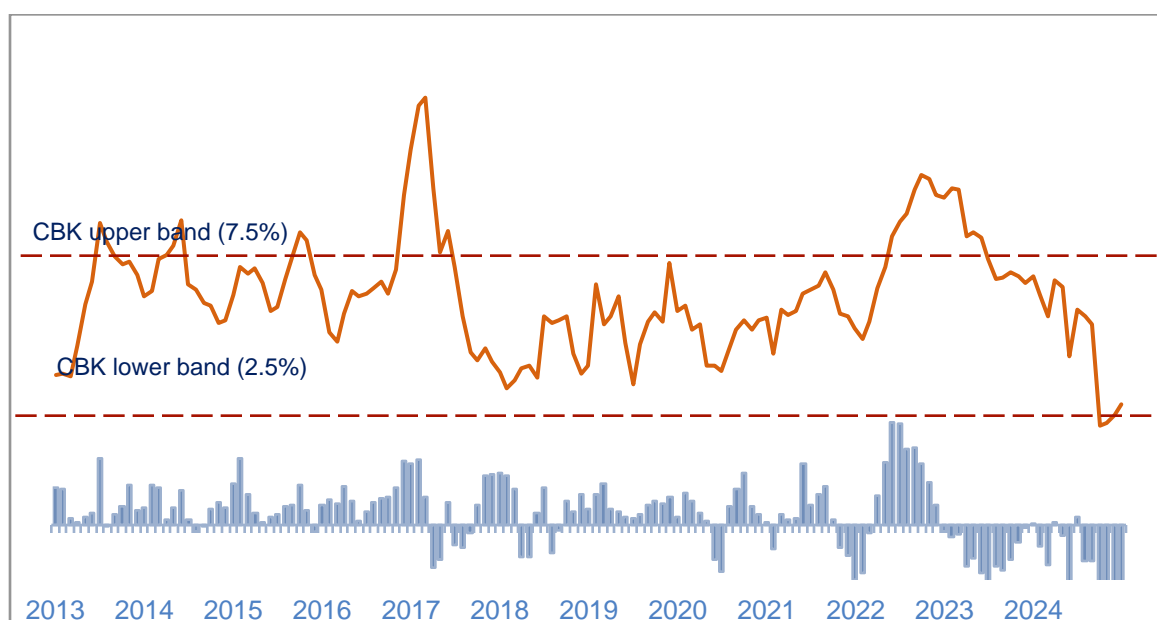
Source: World Bank Note; f – Forecasts

7.2. Inflation Rates

The efforts undertaken by the Central Bank of Kenya to mitigate the upswing in inflation witnessed in late 2022 and early 2023 have proven to be highly effective. The Central Bank's proactive measures, including monetary tightening and implementing stringent fiscal policies, have resulted in a significant decline in inflation rates. KNBS reports indicate that inflation rates have dropped to 4.6% as of June 2024, marking significant decrease from the 7.9% witnessed a year prior. The Central Bank of Kenya (CBK) has prudently monitored economic indicators and strategically adjusted monetary policies to effectively stabilize inflation within its target range of $5 \pm 2.50\%$. A series of aggressive interest rate hikes, culminating in a historical 200-basis-point increase in December 2023, have played a crucial role in this stabilization.

The diagram below illustrates Kenya inflation rates as at Q4 2024;

Figure 1: Kenya inflation rates (%) as at January, 2025



Source: Kenya National Bureau of Statistics

The cumulative impact of these policy adjustments has been substantial, amounting to a staggering 41.6% drop in overall inflation between June 2023 and June 2024. The CBK's efforts have been significantly complemented by favorable economic conditions. A bountiful agricultural harvest, fueled by adequate rainfall, has substantially alleviated food inflation. Consequently, the overall inflation rate has experienced a notable decline, with core inflation and prices for essential goods and services also exhibiting a downward trend. For instance, food inflation decreased from 10.1% in April 2023 to 5.6% in April 2024, while core inflation fell from 4.4% to 3.5% during the same period. Kenya's overall

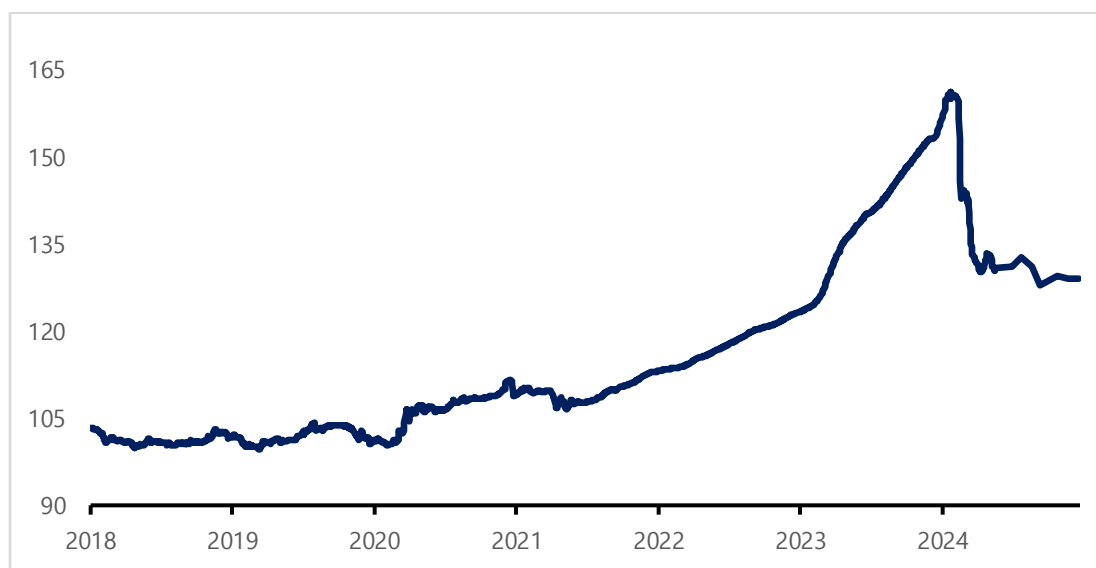
inflation stood at 3.3% in January 2025 compared to 3.0 percent in December 2024, and remained below the mid-point of the target range of 5 ± 2.5 percent. Core inflation declined to 2.0 percent in January from 2.2 percent in December. Non-core inflation rose to 7.1 percent in January from 5.2 percent in December, reflecting higher prices of food crops and related items, particularly vegetables, on account of seasonal factors.

Looking ahead, we anticipate a sustained period of relatively stabilized inflation in the medium term. This forecast is predicated on expected increase in price of non-core inflation items. However, the Monetary Policy Committee remains vigilant to volatile movements in inflationary pressures.

7.3. The Kenya Shilling and the Exchange Rate

The Kenyan Shilling (KES) experienced a dramatic decrease by over 20% in FY2023, primarily due to a severe foreign exchange liquidity crisis exacerbated by costly government-to-government crude oil imports. The KES plummeted to a historic low of 156 in Q4 2023. However, a timely successful Eurobond issuance in Q1 2024 significantly injected much-needed foreign currency liquidity into the market, causing the KES to rebound sharply to 130.88. Since Q2 2024, the KES has relatively stabilized near 130, suggesting it may have tentatively reached its equilibrium exchange rate under Kenya's floating exchange rate regime.

Figure 2: Monthly USD-KES exchange rate as of December 2024



Source: Central Bank of Kenya / Liaison Research

Despite a marginal decline in forex reserves from 4.0 to 3.9 months of import cover between Q3 and Q4 2023, the reserves remained near the required minimum of 4.0 months of import cover throughout FY 2023. This trend has persisted into 2024, with Q1 and Q2 forex reserves hovering at approximately 4.0 and 4.1 months of import cover,

respectively. However, the depressed shilling in FY 2023 negatively impacted exports due to weakened macroeconomic conditions and sluggish global demand. Nevertheless, the depreciated shilling significantly reduced import costs, narrowing the current account deficit. Despite these positive developments, foreign inflows and foreign direct investment (FDI) plunged during this period. Anticipating a more accommodative shift in monetary policy and a strengthening shilling, we forecasted increased FDI and foreign inflows. As the global economy recovered, we expected rising demand for Kenyan exports and a further reduction in the current account deficit in FY 2024. Reserves held by the central bank rose 8.6% as at November 2024, sufficient to cover for 4.8 months of imports due to the concerted effort by the Central Bank of Kenya to rebuild reserves.

7.4. Interest Rates

Elevated interest rates in advanced economies, such as the US, have had a significant spillover effect on Kenya's interest rate environment. This has led to substantially higher lending rates, which have negatively impacted private sector credit growth. The World Bank has noted a significant deceleration in commercial banks' lending to the private sector, with credit growth slowing to 12.3% in 2023 a drop from the 20.5% witnessed a year earlier due to reduced loan demand driven by these elevated rates. While credit demand has varied across sectors, certain sectors, such as agriculture, manufacturing, and MSMEs, have exhibited sustained demand, likely driven by the need for working capital to mitigate the impact of rising input costs associated with a weakening shilling. Despite the challenging interest rate environment, loan applications and approvals have remained relatively resilient, suggesting continued demand for credit.

In FY 2024, Kenya's weighted average lending rate for commercial banks varied between 15.88% in February and 17.22% in November, with a rate of 16.89% recorded in December. The observed decline in lending rates was associated with the Monetary Policy Committee's decision to reduce the Central Bank Rate, as documented in the World Bank's Kenya Economic Update.

7.5. Fiscal Policy

The Kenyan government reports the estimated current account deficit at 3.7% of GDP in 2024 compared to 4.0% of GDP in 2023, reflecting improved goods exports, strong diaspora remittance inflows, and lower oil imports. Goods exports increased by 15.4%, due to higher domestic exports, particularly agricultural commodities, and re-exports. Goods imports rose by 9.9%, reflecting increases in intermediate and capital goods imports. Diaspora remittances and tourist arrivals increased by 18.0% and 14.6%, respectively, in 2024.

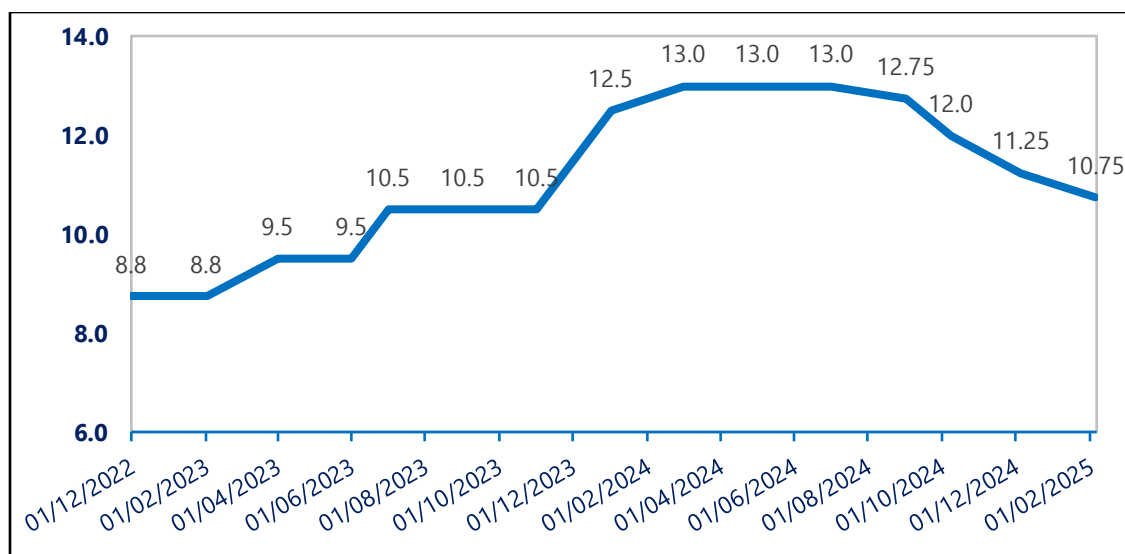
The current account deficit at 3.8% of gross domestic product (GDP) in 2025. This is anticipated to be achieved through strategic fiscal consolidation efforts, primarily focusing

on enhancing revenue collection and rationalizing expenditures through eliminating non-priority expenditures. The government's fiscal consolidation plan is underpinned by the revenue reforms introduced in the Finance Act 2023, which has been in effect since the fiscal year 2023/24. These reforms aim to optimize tax revenue by streamlining exemptions and zero-rated goods and services, reviewing the VAT rate and excise taxation of tobacco, alcoholic and non-alcoholic beverages, and introducing a carbon tax to promote the use of green energy.

7.6. Monetary Policy

The Monetary Policy Committee(MPC) reduced the Central Bank Rate by 25 basis points in August 2024, indicating a shift in monetary policy. Prior to this, the Committee had maintained the benchmark rate at a steady 13.0% for a substantial portion of 2024, citing the reassuring stabilization of inflation rates within their target range. Throughout the preceding two years, the Committee had increased the Central Bank Rate in response to economic disruptions, aiming to effectively mitigate the escalating inflationary pressures. A particularly noteworthy hike of 500 basis points was enacted in December 2023. The figure below illustrates changes in the Central Bank Rate.

Figure 3 : The Central Bank Rate of Kenya as at December 2024



Source: Central Bank of Kenya

The Monetary Policy Committee (MPC) of Kenya reduced the Central Bank Rate (CBR) to 12.75% in August 2024, citing the favorable stabilization of both overall inflation and the Kenyan shilling in foreign currency exchange rates. The Committee noted that its previous measures had effectively lowered overall inflation below the mid-point of the target range, stabilized the exchange rate, and anchored inflationary expectations. In light of these observations, the Committee concluded that there was room for a gradual easing of the monetary policy stance. Therefore, the Committee decided to lower the Central Bank Rate

(CBR) to 12.75 percent. The CBR was lowered further from 12.75% to 11.25% on December 5, 2024 and to 10.75% on January 5, 2025. This was a result of a series of rate cuts throughout the year a move aimed at stimulating credit to the private sector.

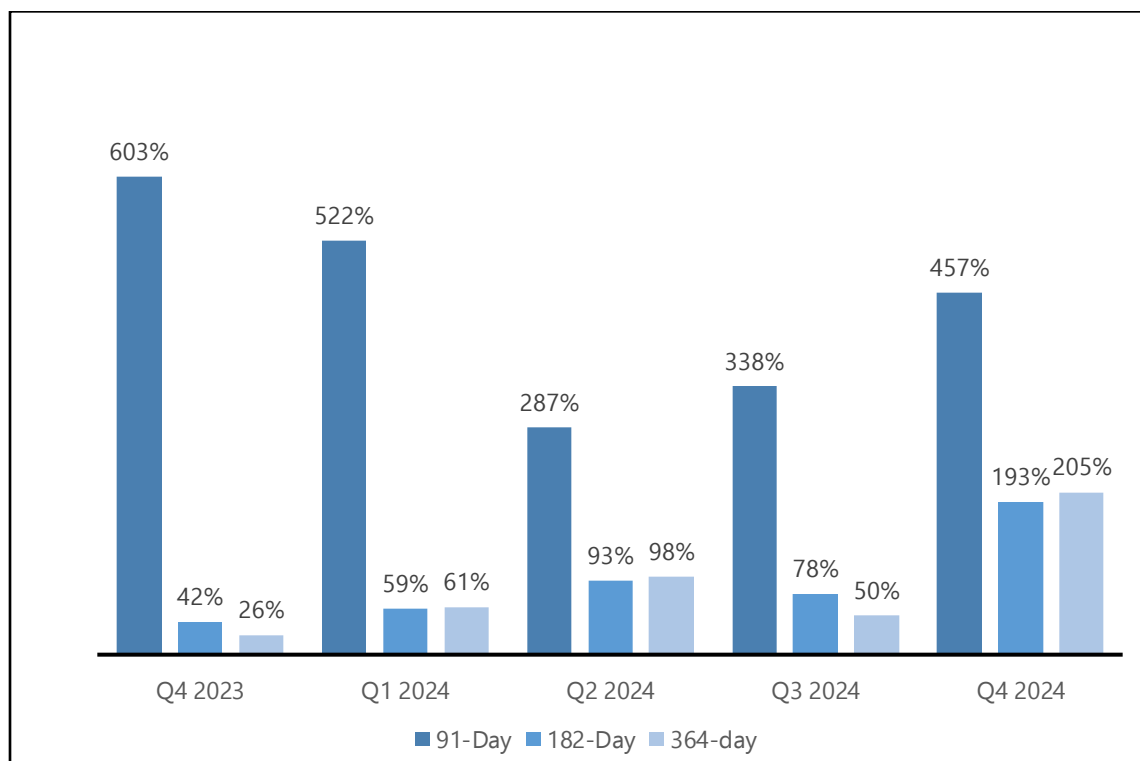
7.7. Treasury Bills

Short-term treasury papers maintained their recurring oversubscribed status in Q4 2024, albeit with a notable year-on-year decline in overall investor appetite. The primary catalyst for this reduction was the drop in interest rate in the second half of the year augmented by the prevailing uncertainty surrounding the 2023/2024 Finance Bill in the first half of the year. The rates for 91-day, 182-day, and 364-day bills were 16.11%, 16.14%, and 16.32% respectively in January 2024 compared to 9.12%, 9.52% and 10.76% respectively in January 2025.

While the overall subscription rate of treasury bills increased by approximately 27.4% from 223.4% in Q4 2023 to 284.8% in Q4 2024, there were discernible shifts in investor preferences for different maturities. Demand for shorter-term 91-day T-bills experienced a contraction of 24.3%, whereas appetite for longer-term 182-day and 364-day papers surged by a substantial 357.2% and 703.8% year-on-year respectively.

The graph below illustrates average T-bill subscription rates as at the fourth quarter of 2024:

Figure 4: T-bills subscription rates as at Q4 2024



Source: Central Bank of Kenya/ Liaison Capital Limited

7.8. Treasury Bonds

In Q1 2024, the government targeted to raise KSh. 165.0 billion through Treasury Bonds and received total bids amounting to KSh. 440.5 billion, reflecting a subscription rate of 275.3%. This marked a significant increase from the 121.5% subscription rate recorded in Q4 2023. The sharp rise was primarily driven by the issuance of the infrastructure bond, IFB1/2024/8.5, in February, which attracted bids totaling KSh. 288.7 billion against an offer of KSh. 70.0 billion, resulting in an oversubscription of 412.4%. The bond's attractiveness to investors was likely due to its tax-exempt status and medium-to-short tenor. In Q2, however, treasury bond subscription rates declined on a quarter-on-quarter basis by 57.5% to 117.1%, as investors shifted their preference towards shorter-term securities, particularly the 182-day and 364-day Treasury bills.

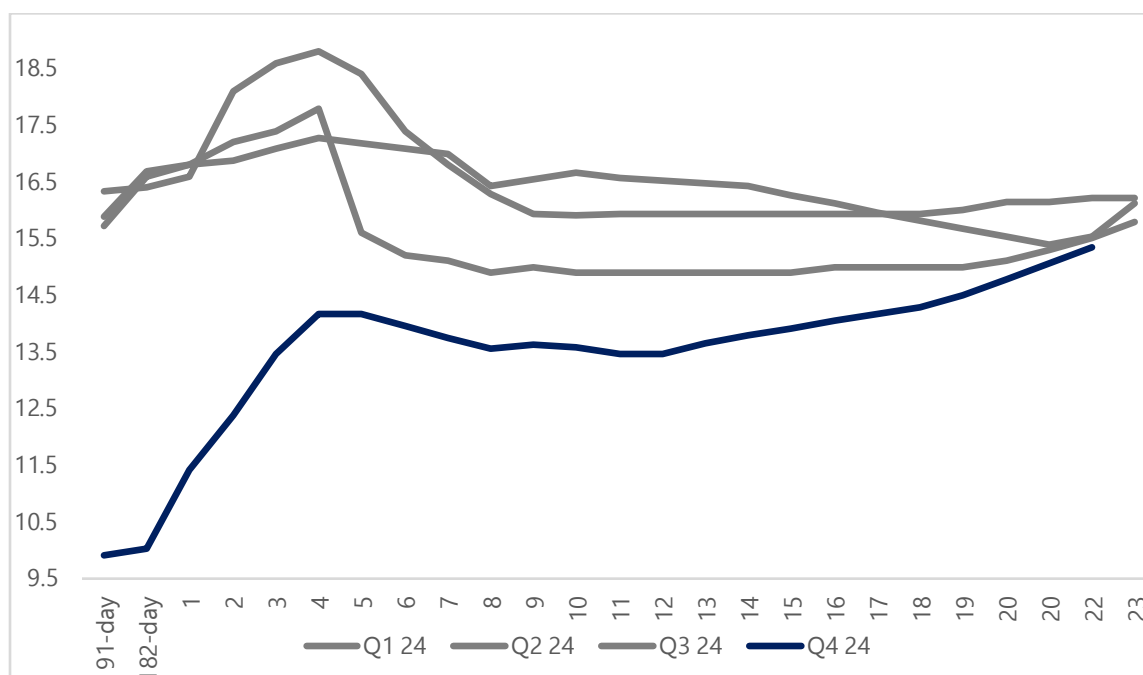
In Q4 2024, the government sought to raise KSh. 125 billion from the market. Bids valued at Ksh.245.47 billion were received, with the government only accepting bids worth Ksh.224.5 billion. There was a sharp rise in subscription rates for Treasury Bonds to 196% in Q4 2024 from 137% in Q3 2024 primarily due to a shift in investors preference away from shorter dated securities. We anticipate investor appetite for Treasury Bonds to remain relatively high.

7.9. Yield Curve

Government securities yields remained elevated as a consequence of a tightened monetary policy during the latter half of FY2023 and the first half of FY2024. Yields decreased between Q1 and Q2 of 2024, attributable to a moderated inflationary environment. Quarterly yield reductions across all tenors induced a downward shift in the yield curve. Notwithstanding, short-term securities continue to exhibit higher yields relative to longer-term securities, thereby resulting in an inverted yield curve due to prevailing interest rate conditions.

Yields on 5-year securities declined from 17.9% in Q1 to 15.7% in Q2 2024, representing a reduction of 225 basis points. Similarly, yields on 10-year government securities decreased by 152 basis points between Q3 and Q4 2023, falling from 16.5% to 15.0%. Yields on 15-year securities declined by 74 basis points from Q1 to Q2 2024, while yields on 20-year securities decreased by approximately 85 basis points. Overall, the data indicate consistent declines in yields across all tenors. The chart below illustrates the movement of the yield curve over this period.

Figure 5: The Yield Curve as at Q4 2024



Source: Nairobi Securities Exchange

In Q4 2024, significant yield adjustments were observed across several tenors. The yield on the 2-year security decreased from 16.9% in Q3 2024 to 12.4% in Q4 2024. Likewise, the yield on 10-year government securities decreased from 16.7% in Q3 2024 to 13.6% in Q4 2024, and yields on 15-year securities declined from 16.3% in Q3 2024 to 13.9% in Q4 2024.

The reduction in bond yields in Q4 2024 is primarily attributable to the implementation of the Kenyan government's fiscal consolidation policy, designed to curtail government borrowing, in conjunction with an expansionary monetary policy evidenced by the lowering of the central bank rate to 11.25% in Q4 2024. In the short- to medium-term, the yield trajectory is expected to continue in response to the declining interest rate environment. Over the long term, yields on government securities are anticipated to gradually decline in tandem with continued reductions in interest rates and further adjustments in governmental monetary policy.

7.10. Equity Markets

The Kenyan equity market experienced a significant uptick in trading activity during the second quarter of 2024. Equity turnover increased by a substantial 53.4% from KSh. 28.5Bn in Q1 to KSh. 28.5bn in Q2. This surge was mirrored in share volume traded, which rose by 28.9% from 1.1Bn shares to 1.4Bn shares. Several factors contributed to this heightened market activity. A strengthening shilling against foreign currencies, particularly

early in the year, attracted foreign capital inflows into the Kenyan capital markets. Moreover, the impressive performance of blue-chip equities, many of which posted positive returns and paid attractive dividends, further incentivized investors to allocate capital to the equity market.

The NSE 20, NASI, and NSE 25 indices demonstrated robust growth during the second quarter of 2024, outperforming the broader market. The NSE 20, a benchmark index representing Kenya's largest companies, achieved an average growth rate of 10.0%. However, the NASI, which focuses on non-bank financial institutions, and the NSE 25, a more diversified index, exhibited even more impressive gains, recording growth rates of 16.2% and 15.6%, respectively. These indices are predominantly composed of blue-chip stocks from large-cap companies, many of which are banks. The strong performance of these indices can be attributed in part to the positive growth in the bottom lines of these companies. This growth was primarily driven by increased interest income earned from government securities.

In Q4 2024, the major indices closed at the following levels: the NSE 20 at 2,010.65, the NSE 25 at 3,402.80, and the NASI at 123.48. These levels represent increases of 13.23%, 17.37%, and 15.32% respectively relative to Q3 2024. Trading volumes also experienced a marked increase, with the total number of shares traded rising from 1,020,645,757 in Q3 2024 to 1,679,170,442 in Q4 2024. The enhanced market performance observed in Q4 2024 is attributable to increased investor confidence and heightened market activity, underpinned by capital inflows from both foreign and domestic institutional investors, as well as the sustained performance of blue-chip equities. As the Kenyan equity market continues to mature, it is anticipated that demand for equities will remain robust, further reinforcing the upward trajectory of these key indices in the foreseeable future.

7.11. Kenya's Vision 2030 and the Medium Term Plans

Kenya Vision 2030 is the nation's long-term development blueprint, launched in 2008, aiming to transform Kenya into a newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030. This vision is structured around three primary pillars:

1. **Economic Pillar:** Aims to achieve an average economic growth rate of 10% per annum, focusing on sectors such as tourism, agriculture, manufacturing, wholesale and retail trade, business process outsourcing, and financial services.
2. **Social Pillar:** Seeks to build a just and cohesive society with social equity in a clean and secure environment, targeting improvements in education, healthcare, water and sanitation, the environment, housing, and urbanization.

3. **Political Pillar:** Aspires to realize a democratic political system that is issue-based, people-centered, result-oriented, and accountable to the public, emphasizing the rule of law, electoral and political reforms, and enhanced public service delivery.

The implementation of Vision 2030 is organized through successive five-year Medium-Term Plans (MTPs), each outlining specific policies, reforms, and flagship projects aligned with the vision's objectives. The First MTP (2008–2012) laid the foundation, followed by the Second MTP (2013–2017), the Third MTP (2018–2022), and the current Fourth MTP (2023–2027). These plans build upon the achievements of their predecessors, ensuring continuity and sustained progress toward the vision's goals.

7.11.1. The First Medium Term Plan (2008-2012)

Kenya's First Medium Term Plan (MTP) from 2008 to 2012 represented a critical period of reconstruction and recovery following the devastating post-election violence of 2007. This comprehensive framework prioritized reconciliation while simultaneously addressing urgent infrastructure needs and economic recovery. The government implemented targeted initiatives to repair damaged infrastructure networks, provide financial assistance to affected small-scale businesses, and coordinate the systematic resettlement of internally displaced persons.

By the conclusion of the plan in 2012, Kenya had achieved remarkable progress across multiple sectors. In education, early childhood enrollment increased by 40%, demonstrating significant improvements in educational access for Kenya's youngest citizens. The transition rate from primary to secondary education reached 77%, indicating strengthened educational continuity. Perhaps most impressively, university enrollment more than doubled with a 103% increase, significantly expanding higher education opportunities for Kenyan youth.

Infrastructure development also saw substantial advancement during this period. The construction of over 2,200 kilometers of roads enhanced connectivity throughout the nation, reducing transportation barriers for both people and goods. The completion of three undersea submarine fibre optic networks modernized Kenya's telecommunications infrastructure, positioning the country as an emerging digital economy in East Africa. Energy capacity expanded considerably with a 22% increase in total installed electricity generation, improving both residential access and industrial capabilities.

7.11.2. The Second Medium Term Plan (2013-2017)

Kenya's Second Medium Term Plan (2013-2017) marked a pivotal transition toward implementing the newly established devolved governance system while pursuing accelerated socio-economic development with an emphasis on equity and national cohesion. This comprehensive framework established a dual focus: strengthening county-level governance structures while driving economic transformation through targeted

infrastructure development across key sectors including tourism, agriculture, trade, manufacturing, financial services, information technology, and emerging industries in oil and mineral resources.

The plan articulated ambitious sectoral objectives designed to position Kenya as a competitive regional economic power, while simultaneously addressing social development through substantial investments in education, healthcare, youth employment, and housing. Tourism initiatives sought to establish Kenya as a premier global destination, while agricultural programs focused on improving productivity and food security. Manufacturing received particular attention with targeted initiatives to increase its GDP contribution, complemented by efforts to enhance educational quality, healthcare outcomes, and housing access across urban and rural communities.

By 2017, Kenya had achieved significant progress across multiple domains, with energy infrastructure expanding by 38% in electricity generation capacity and transportation networks transformed through landmark projects like the Standard Gauge Railway connecting Mombasa and Nairobi. Digital connectivity surged with a 125% increase in internet users, positioning Kenya as a regional technology hub, while healthcare indicators showed notable improvements in maternal and child mortality rates. These achievements reflected Kenya's systematic approach to addressing socioeconomic challenges while maintaining alignment with Vision 2030's long-term development objectives.

7.11.3. The Third Medium Term Plan (2018-2022)

Kenya's Third Medium Term Plan (2018-2022) represented a strategic continuation of Vision 2030 initiatives while incorporating international sustainable development commitments into the national development framework. This comprehensive plan was designed to complete programs initiated during the Second MTP while simultaneously addressing emerging priorities aligned with the Sustainable Development Goals that replaced the Millennium Development Goals in January 2016. The Third MTP maintained a dual focus on achieving inclusive economic growth and enhancing sectoral development across several key domains including natural resources, maritime development, agriculture, infrastructure, water access, and employment creation.

A central component of the Third MTP was the targeted development of high-potential economic sectors to drive sustainable growth. The plan prioritized establishing supportive infrastructure and regulatory frameworks for Kenya's emerging oil, gas, and mineral resources sectors through strategic investments in research, technology development, and local content policies. Maritime sector development received significant attention, encompassing technical cooperation initiatives, comprehensive maritime spatial planning, ecosystem protection measures, and infrastructure development for sustainable marine resource exploitation. Agricultural transformation continued as a priority, with ambitious

targets to expand irrigated land from 355,000 acres to 484,000 acres through flagship initiatives including the Galana-Kulalu Food Security Project, National Expanded Irrigation Program, and Community-Based Smallholder Irrigation Projects.

The Third MTP further emphasized strengthening domestic capacity through both physical and human capital developments. Infrastructure initiatives focused on building local engineering and construction capabilities through specialized training programs and strategic partnerships with leading international firms. Water and sanitation access received priority status with targets to develop approximately 200,000 additional water connections and 350,000 new sewer connections annually. Employment creation and skills development featured prominently, with specific emphasis on generating sustainable and green jobs, building an adaptive and skilled workforce, improving labor market efficiency, and expanding technical education through youth polytechnics and vocational training institutions. Underpinning these sectoral priorities was a cross-cutting commitment to good governance, including corruption prevention, public sector reforms, county government capacity strengthening, and enhanced coordination between national and county governance structures to ensure effective implementation of development initiatives.

7.11.4. The Fourth Medium Term Plan (2018-2022)

Kenya's Fourth Medium Term Plan (2023-2027) represents a strategic framework designed to operationalize the BETA agenda, with a deliberate focus on achieving economic turnaround and fostering inclusive growth through a comprehensive value chain approach. The plan addresses prevailing economic challenges through targeted interventions across key sectors, prioritizing productivity enhancement, infrastructure development, social welfare improvement, environmental sustainability, and governance strengthening. MTP IV emphasizes the critical importance of coordinated efforts and strategic investments to build a resilient national economy capable of withstanding both internal and external pressures while delivering tangible benefits to all Kenyans.

The macroeconomic framework underpinning MTP IV identifies three fundamental challenges confronting Kenya's economy: external shocks stemming from global geopolitical disruptions; fiscal distress attributable to high expenditure levels, suboptimal revenue collection mechanisms, inadequate export volumes, and substantial debt servicing costs; and structural deficiencies, particularly evident in the large portfolio of public investment projects characterized by cost escalations, implementation delays, and stagnation. In response to these challenges, MTP IV establishes clear priorities focused on reducing the cost of living, eradicating hunger through sustainable agricultural practices, generating meaningful employment opportunities, broadening the tax revenue base to enhance fiscal stability, improving foreign exchange balances through increased

exports and reduced imports, and fostering genuinely inclusive growth that benefits all segments of Kenyan society. This comprehensive approach sets the stage for the subsequent phase of Kenya's development strategy; the Bottom-up Economic Transformation Agenda (BETA).

7.11.5. The Bottom-up Economic Transformation Agenda

Kenya's BETA Agenda (Bottom-up Economic Transformation Agenda) represents a comprehensive economic blueprint designed to restructure Kenya's development approach through prioritizing grassroots economic empowerment and targeted sector investments. BETA builds upon the achievements of MTP IV by emphasizing grassroots economic empowerment and targeted sector investments. Furthermore, whilst the agenda encompasses multiple pillars addressing agricultural productivity, micro, small, and medium enterprise (MSME) growth, housing development, healthcare access, and digital innovation, there exists a particularly compelling case for enhanced investment in social infrastructure with sporting facilities emerging as a critical yet underappreciated component. The agenda recognizes that social infrastructure serves as the foundation for community cohesion, youth development, and economic diversification, positioning sporting facilities as catalysts for both social transformation and economic opportunity within Kenya's development framework.

Social infrastructure development, particularly through strategic investment in modern sporting facilities, addresses multiple BETA objectives simultaneously. These facilities create immediate employment during construction phases while establishing sustainable employment ecosystems through facility management, coaching, sports medicine, event management, and hospitality services. More importantly, they serve as crucial intervention points for youth engagement, providing structured developmental environments that combat societal challenges including drug abuse, crime, and unemployment. The economic multiplier effects extend beyond direct sport-related activities to include tourism promotion through sports events, enhanced real estate values in facility-adjacent areas, and opportunities for commercial expansion. Kenya's extraordinary sporting heritage in athletics, rugby, and emerging sports provides a natural competitive advantage that, with proper infrastructure investment, could position the country as Africa's premier sports tourism and training destination while simultaneously addressing critical social development needs outlined in the BETA framework.

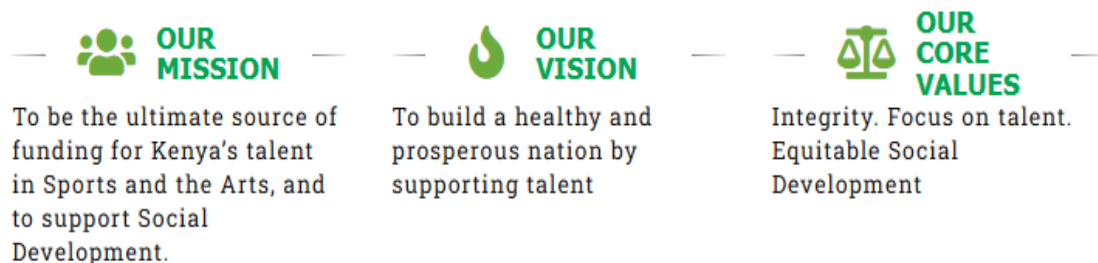
8. OVERVIEW OF THE FUND

8.1. Background Information

The Sports, Arts & Development Fund (SASDF) is a statutory state corporation in the Ministry of Youth Affairs, Creative Economy and Sports in October 2018 through the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018 with the primary objective of providing funding to support the development and promotion of sports and arts and the promotion of social development including universal health care. SASDF shall be designated as the Fund of this issuance, acting in its capacity as agent for and on behalf of Sports Kenya...SASDF is domiciled and operates within the republic of Kenya. The Fund is governed by an Oversight Board, which provides strategic direction and ensures compliance with its mandate. The day-to-day operations of the Fund are managed by a Chief Executive Officer, who is responsible for implementing the Board's policies and overseeing the Fund's activities.



Figure 6: SASDF Mission, Vision and Core Values



Source: SASDF

8.2. Objectives of the Fund

In summary, the Fund's objectives are:

- To promote social development and preserve cultural heritage by financing initiatives that enhance universal health care and support the acquisition, development, and preservation of heritage sites, cultural centers, and national monuments.
- To advance sports development by financing the construction and improvement of sports and recreational infrastructure (such as stadia, gymnasiums, and tracks), supporting sports persons and organizations in accessing funds for participation in events, and providing necessary equipment to enhance sporting facilities.

- To enhance the arts sector by fostering the identification, nurturing, and development of artistic talent; promoting artistic production by contemporary or cultural practitioners; and facilitating marketing, promotion, and market linkages both domestically and internationally.
- To build capacity and technical expertise by facilitating training programs and technical skill development for personnel involved in sports, recreation, creative arts, and cultural production, as well as supporting innovation, research, and documentation in these fields.

8.3. Distribution of the Fund

The proceeds held within the fund are apportioned as follows:

- a) An amount not exceeding sixty percent to social development including universal health care;
- b) An amount not exceeding thirty-five percent to the promotion and development of sports;
- c) An amount not exceeding twenty percent to the promotion and development of arts;
- d) An amount not exceeding five percent to government strategic interventions whose expenditure shall be subject to approval by Cabinet.

8.4. Funding Eligibility

An entity is eligible to apply for the fund if it is a;

Figure 7: Entities eligible to apply for the Fund



Source: SASDF

According to Section 14(3) of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018 and application of the fund in the case of a **sports organization** shall be accompanied by;

- i. the certificate of registration issued under the Sports Act, 2013 (No. 25 of 2013);
- ii. the minutes of a properly constituted meeting of the governing body of the organization containing the resolution to apply for funding from the Fund;
- iii. an annual work programme aligned to the strategic plan of the organizations and the medium term plan approved by the governing body of the sports organization;

- iv. the project designs, plans and bills of quantities, approved by the governing body and the requisite regulatory approvals from relevant government institutions, where applicable;
- v. a statutory declaration of programmes funded through other sources;
- vi. the details and signatories of the bank account in the name of the organization where the funds shall be channeled; and
- vii. any other information as may be required by the Oversight Board of the Fund.

In the case of a **professional sportsperson** the application shall be accompanied by:

- i. a valid licence issued under the Sports Act, 2013;
- ii. proof that he or she has met the criteria for participation for competition in the respective sport, nationally, regionally and internationally;
- iii. a statutory declaration of his or her programmes funded through other sources;
- iv. a written confirmation from the accounting officer responsible for matters relating to sports that the professional sportsperson has met the criteria set under paragraph (ii); and
- v. the details and signatories of the bank account where the funds shall be channeled

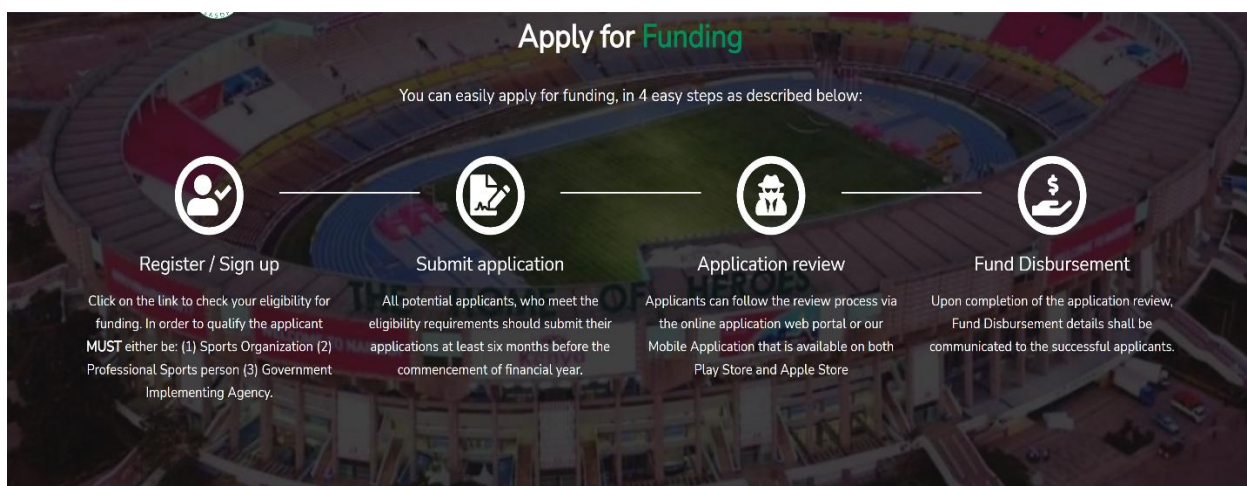
In the case of a **government implementing agency** the application shall be accompanied by:

- i. a copy of the legislation establishing the agency;
- ii. an annual work programme aligned to the strategic plan of the agency and the medium term plan approved by the governing body of the government implementing body;
- iii. the minutes of a properly constituted meeting of the governing body of the government implementing agency containing the resolution to apply for funding from the Fund;
- iv. the project designs, plans and bills of quantities, approved by the governing body and the requisite regulatory approvals from relevant government institutions, where applicable;
- v. a statutory declaration of programmes funded through other sources;
- vi. the details and signatories of the bank account in the name of the agency where the funds shall be channeled; and
- vii. any other information as may be required by the Board.

8.5. Funding Procedure

The figure below illustrates the procedure for applying for funding from the Fund

Figure 8: Funding Procedure for SASDF



Source: SASDF

8.6. Oversight Board of the Sports, Arts and Development Fund

According to Section 8(2) of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018, the Board shall consist of:

- the Principal Secretary for the time being responsible for matters relating to finance;
- the Principal Secretary for the time being responsible for matters relating to sports;
- the Principal Secretary for the time being responsible for matters relating to arts;
- the Principal Secretary for the time being responsible for matters relating to health;
- the Principal Secretary for the time being responsible for matters relating to education;
- one person not being a public officer nominated by the Cabinet Secretary responsible for sports with competence in matters relating to sports;
- one person not being a public officer nominated by the Cabinet Secretary responsible for health with competence in matters relating to health; and
- one person not being a public officer nominated by the Cabinet Secretary with competence in matters relating to finance.

The current Board is as follows:

Table 4: SASDF Oversight Board



Lt. Gen (Rtd) Jackson Tuwei, Chairperson of the Board

Lieutenant General (Rtd) Jackson Kiprono Tuwei served in the Kenya Defence Forces for 39 years, culminating in his appointment as Commander of the Kenya Army from December 5, 2008, to November 30, 2010. During his military tenure, he advanced his education at the Royal College of Defence in London. Post-retirement, Tuwei transitioned to sports administration, becoming President of Athletics Kenya in 2015.

Under his leadership, Athletics Kenya became the first national athletics federation to join the United Nations Framework Convention on Climate Change's Sports for Climate Action Framework in 2021. In 2023, he was elected Vice President of World Athletics, marking the first time a Kenyan held this position. Additionally, he has served as Senior Vice President of the Confederation of Africa Athletics and as President of the Eastern Africa Athletics Region.



Eng. Peter Tum, CBS, Board Member

Eng. Peter Kiplagat Tum, CBS, is a distinguished public servant with over 25 years of experience in government administration and management. He currently serves as the Principal Secretary for the State Department for Sports, where he leads national policy reforms to promote sports development and enhance Kenya's global standing in athletics and other disciplines. Prior to this role, Eng. Tum held the position of Principal Secretary in the Ministry of Labour, focusing on labor policy formulation and job creation strategies. He also served as Principal Secretary in the Ministry of Health, overseeing health systems strengthening and policy implementation. Earlier in his career, he

was the Chief Executive Officer of the Kenya Medical Training College. Eng. Tum holds a Master's Degree in Energy Management from the University of Nairobi, a Bachelor's Degree in Industrial Technology from Egerton University, and a Post-Graduate Diploma in Medical Electronics from the University of London.



Dr. Belio Kipsang, CBS,, Board Member

Dr. Richard Belio Kipsang, born in 1967 in Nandi County, Kenya, is a seasoned public servant with extensive experience in education administration. He holds a Ph.D. in Educational Administration and Planning from the Catholic University of Eastern Africa, a Master of Arts in Economics, and a Bachelor of Education (Business and Economics) from the University of Nairobi. Dr. Kipsang has served as Principal Secretary in various capacities, including the State Department for Basic Education and the State Department for Regional and Northern Corridor Development. Prior to these roles, he was the Managing Trustee and CEO of the Coffee Development Fund and Deputy CEO and Head of Operations at the Higher Education Loans Board. His contributions to the education sector include the establishment of the National Education Management Information System (NEMIS), which streamlined data management and funding processes in Kenyan schools.



Mr. Harry Kimtai, CBS, Board Member

Mr. Harry K. Kimtai, CBS, born on December 13, 1968, is a seasoned public administrator with extensive experience in Kenya's public service. He holds a Bachelor of Arts degree in Economics, a Master of Arts in Economics, and a Master of Philosophy. Mr. Kimtai has served as the Principal Secretary in various capacities, including the State Department for Livestock under the Ministry of Agriculture, Livestock, Fisheries, and Cooperatives, where he was responsible for overseeing the administration and implementation of policies to enhance livestock development in Kenya. He currently serves as the Principal Secretary for Medical Services in the Ministry of Health, focusing on improving healthcare delivery systems and policy implementation. Throughout his career, Mr. Kimtai has demonstrated a commitment to public service and has been instrumental in the development and execution of policies aimed at improving the livelihoods of Kenyans.



Mr. Simion Bor, Board Member

Mr. Simion Bor is a Kenyan athlete specializing in long-distance running, particularly the marathon. Born on February 13, 1969, he has achieved notable personal bests, including a marathon time of 2:07:56 on October 20, 2002, and a half marathon time of 1:00:39 on September 26, 1999. Throughout his career, Mr. Bor has secured top-eight finishes in major marathons, contributing to Kenya's esteemed reputation in long-distance running.



Mr. Guyo Boru , Board Member, alternate member to the Principal Secretary of the National Treasury

Mr. Guyo Boru serves as the Chief Executive Officer (CEO) and Secretary to the Equalization Fund Advisory Board in Kenya. In this capacity, he oversees the administration and management of the Equalization Fund, which aims to address regional disparities by financing services in marginalized areas. Prior to his current role, Mr. Boru was the Head of Equalization at the National Treasury and Planning from December 2020, where he played a pivotal role in operationalizing the Fund and establishing its Board. His career spans over 16 years, encompassing both corporate and public sectors, with a decade dedicated to public finance management. Mr. Boru began his career in 2006 as a graduate trainee at Barclays Bank (now Absa), focusing on operational process efficiency, process re-engineering, and risk management. He later joined the Co-operative Bank of Kenya in 2009 as a Relationship Manager, managing and expanding the corporate asset finance portfolio. In 2012, he transitioned to the Office of the Controller of Budget, overseeing and monitoring the utilization of public funds by county governments until 2020.

Mr. Boru has also served as an alternate member to the Principal Secretary at the Special Economic Zone Authority and the Arts, Sport, and Social Development Fund Oversight Board. He holds a Bachelor of Science (Hons) degree and an MBA in Finance from the University of Nairobi, is a Certified Public Accountant (CPA) finalist, and is currently pursuing a Master of Public Policy and Management at Strathmore University.

8.7. Financial information

The financial information contained herein constitutes a compilation of the publicly disclosed financial statements of the Fund for the preceding five (5) financial years and has been prepared solely for informational purposes. No independent audit, review, or verification of the underlying financial statements has been conducted by the Issuer, and no representations or warranties, express or implied, are made as to the accuracy, completeness, or reliability of the financial information presented. The compiler has relied exclusively on financial statements made publicly available by SASDF and shall not be held liable for any inconsistencies, omissions, misstatements, or misrepresentations contained in the original financial statements or arising from the use of this compilation. By accepting or reviewing this document, the recipient acknowledges and agrees that the Sponsor shall have no liability whatsoever and shall be fully indemnified and held harmless against any losses, claims, liabilities, damages, or expenses arising from the use of or reliance upon the contents of this information provided below.

8.7.1. Statement of Financial Performance for the Year ended 30th June.

[Figure 9: SASDF Statement of Financial Performance](#)

SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND

FINANCIAL STATEMENTS

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE

- In KShs. -

	2019	2020	2021	2022	2023
Revenue from Non-Exchange Transactions					
Government Grants	25,000,000.00	251,000,000.00	214,000,000.00	257,440,000.00	202,040,000.00
Betting & Lotteries Tax, Income Tax and Excise Duty Tax	8,109,586,819.00	9,499,845,499.00	6,793,907,917.00	13,454,888,486.00	10,427,518,883.00
Public Contributions and donations	-	17,500,000.00	-	15,422,865.00	-
Finance Income	-	-	2,920,274.00	16,501,735.00	21,953,027.00
Other Income	-	-	4,000.00	517,300.00	302,577,828.00
Total Revenue	8,134,586,819.00	9,768,345,499.00	7,010,832,191.00	13,744,770,386.00	10,954,089,738.00
Expenses					
Use of goods and services	-	1,079,928.00	2,918,096.00	4,080,503.00	125,779,382.00
General Administrative Expenses	5,846,400.00	57,996,735.00	100,904,963.00	120,733,096.00	-
Employee Costs	-	62,351,393.00	69,276,577.00	54,640,965.00	118,927,434.00
Remuneration Oversight Board	2,523,483.87	6,165,066.00	5,922,174.00	4,774,000.00	16,612,413.00
Depreciation and Amortization Expense	-	15,113,897.00	12,019,919.00	9,914,864.00	7,604,607.00
Repairs and Maintenance	-	2,601,234.00	6,579,305.00	4,516,079.00	8,980,545.00
Contracted Services	-	-	2,805,200.00	5,002,500.00	-
Transfers to Government Implementing Agencies and Sports Organizations	-	11,068,734,782.00	8,986,829,006.00	13,786,295,836.00	7,951,585,007.00
Total Expenses	8,369,883.87	11,214,043,035.00	9,187,255,240.00	13,989,957,843.00	8,229,489,388.00
Surplus/(Deficit) for the year (before tax)	8,126,216,935.13	(1,445,697,536.00)	(2,176,423,049.00)	(245,187,457.00)	2,724,600,350.00
Tax	-	-	-	-	-
Surplus/(Deficit) for the year (after tax)	8,126,216,935.13	(1,445,697,536.00)	(2,176,423,049.00)	(245,187,457.00)	2,724,600,350.00
Surplus/(deficit) attributable to minority interest	-	-	-	-	-
Surplus/(deficit) attributable to owners of the controlling Fund	8,126,216,935.13	(1,445,697,536.00)	(2,176,423,049.00)	(245,187,457.00)	2,724,600,350.00

8.7.2. Statement of Financial Position as at 30th June.

Figure 10: SASDF Statement of Financial Position

SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND

FINANCIAL STATEMENTS

Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE

- In KShs. -

	2019	2020	2021	2022	2023
Assets					
Current Assets					
Cash and Cash Equivalents	6,766,892,386.00	4,454,324,863.00	2,191,958,230.00	1,304,437,854.00	3,354,498,647.00
Receivables from Non Exchange Transactions	1,362,694,433.00	859,606,923.00	61,531,932.00	51,727,177.00	42,921,369.00
Receivables from Exchange Transactions	25,000,000.00	-	-	-	-
Total Current Assets	8,154,586,819.00	5,313,931,786.00	2,253,490,162.00	1,356,165,031.00	3,397,420,016.00
Non-Current Assets					
Property, Plant and Equipment	-	75,014,521.00	1,014,101,781.00	1,654,178,414.00	2,287,987,658.00
Total Non Current Assets	-	75,014,521.00	1,014,101,781.00	1,654,178,414.00	2,287,987,658.00
Total Assets	8,154,586,819.00	5,388,946,307.00	3,267,591,943.00	3,010,343,445.00	5,685,407,674.00
Liabilities					
Current Liabilities					
Trade and other Payables	5,846,400.00	52,121,341.00	107,190,026.00	95,128,985.00	45,592,864.00
Board Members Expense	2,523,483.87	-	-	-	-
Total Current Liabilities	8,369,883.87	52,121,341.00	107,190,026.00	95,128,985.00	45,592,864.00
Net Assets					
Reserves	8,126,216,935.13	(1,445,697,536.00)	(2,176,423,049.00)	(245,187,457.00)	2,724,600,350.00
Accumulated Surplus	-	6,763,522,502.00	5,316,824,966.00	3,140,401,917.00	2,895,214,460.00
Prior year Adjustments	-	(1,000,000.00)	-	-	-
Capital Fund	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00
Total Net Assets	8,146,216,935.13	5,336,824,966.00	3,160,401,917.00	2,915,214,460.00	5,639,814,810.00
Total Net Assets and Liabilities	8,146,216,935.13	5,336,824,966.00	3,160,401,917.00	3,010,343,445.00	5,639,814,810.00

8.7.3. Statement of Cash Flows for the Year ended 30th June.

Figure 11: SASDF Statement of Cash Flow

SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND

FINANCIAL STATEMENTS

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE

- In KShs. -

	2019	2020	2021	2022	2023
Cash flows from operating activities					
Receipts					
Government Grants	-	251,000,000.00	214,000,000.00	257,440,000.00	202,040,000.00
Betting & Lotteries Tax, Income Tax and Excise Duty Tax	8,109,586,819.00	9,499,845,499.00	6,793,907,917.00	13,454,888,486.00	10,427,518,883.00
Public Contributions and Donations	-	17,500,000.00	-	15,422,865.00	-
Finance Income	-	-	2,920,274.00	16,501,735.00	21,953,027.00
Other Income	-	-	4,000.00	517,300.00	302,577,828.00
Total Receipts	8,109,586,819.00	9,768,345,499.00	7,010,832,191.00	13,744,770,386.00	10,954,089,738.00
Payments					
Use of goods and services	-	59,076,663.00	103,823,059.00	124,813,599.00	125,779,382.00
Employee Costs	-	62,351,393.00	69,276,577.00	54,640,965.00	118,927,434.00
Remuneration to Oversight Board	-	6,165,066.00	5,922,174.00	4,774,000.00	16,612,413.00
Repairs and Maintenance	-	2,601,234.00	6,579,305.00	4,516,079.00	8,980,545.00
Contracted Services	-	-	2,805,200.00	5,002,500.00	-
Transfers to Government Implementing Agencies and Sports Organizations	1,362,694,433.00	11,068,734,782.00	8,986,829,006.00	13,786,295,836.00	7,951,585,007.00
Total Payments	1,362,694,433.00	11,198,929,138.00	9,175,235,321.00	13,980,042,979.00	8,221,884,781.00
Net cash flows from/(used in) operating activities	6,746,892,386.00	(1,430,583,639.00)	(2,164,403,130.00)	(235,272,593.00)	2,732,204,957.00
Cash flows from investing activities					
Purchase of property, plant, equipment and intangible assets	-	(90,128,418.00)	(951,107,179.00)	(649,991,496.00)	(641,413,852.00)
Decrease/(increase) in non-current receivables	-	(834,606,923.00)	798,074,991.00	9,804,755.00	8,805,808.00
Increase/(Decrease) in Payables	-	43,751,457.00	55,068,685.00	(12,061,042.00)	(49,536,121.00)
Decrease/(increase) in prior year adjustments	-	(1,000,000.00)	-	-	-
Net Cash Flows from Investing Activities	-	(881,983,884.00)	(97,963,503.00)	(652,247,783.00)	(682,144,165.00)
Cash flows from financing activities					
Increase in deposits- Capital Fund	20,000,000,000.00	-	-	-	-
Net Cash Flows from Financing Activities	20,000,000,000.00	-	-	-	-
Net Increase/(decrease) in cash and cash equivalents	6,766,892,836.00	(2,312,567,523.00)	(2,262,366,633.00)	(887,520,376.00)	2,050,060,792.00
Cash and cash equivalents at the start of the period	-	6,766,892,836.00	4,454,324,863.00	2,191,958,230.00	1,304,437,854.00
Cash and cash equivalents at the end of the period	6,766,892,836.00	4,454,324,863.00	2,191,958,230.00	1,304,437,854.00	3,354,498,646.00

9. DESCRIPTION OF THE TRUST

9.1. Corporate History of the Trust

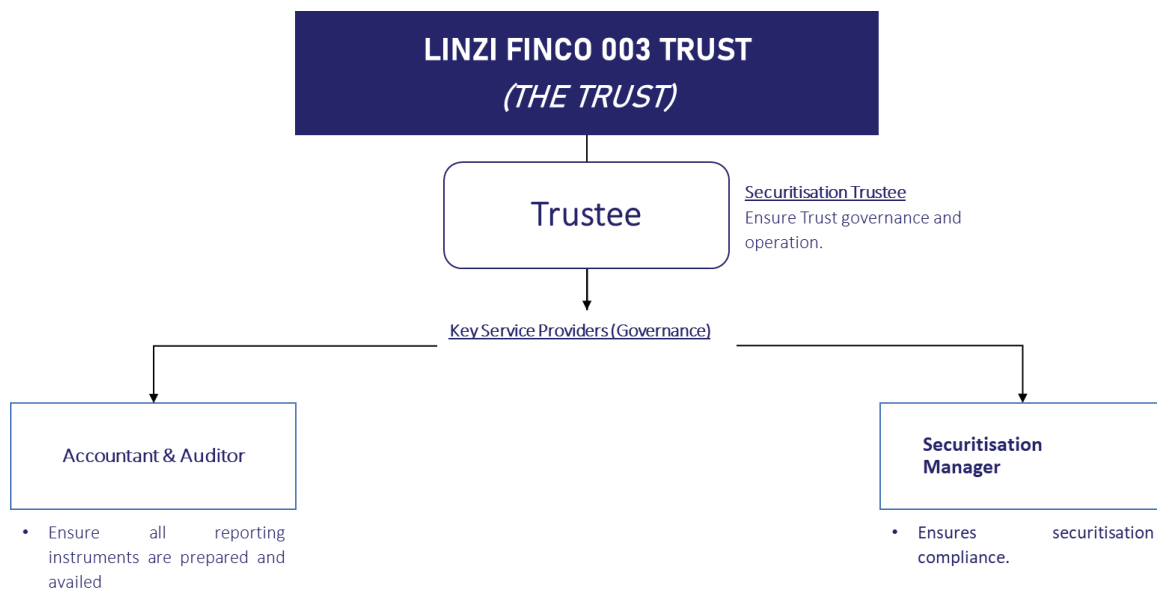
Linzi FinCo 003 Trust is an unincorporated common law trust, constituted pursuant to a Trust Deed dated 16th May 2025. The registered address and place of business of the Issuer is Liaison House, State House Avenue, P.O. Box 58013-00200, Nairobi, Kenya.

9.2. Overview of the Trust

The Trust has been established as a special purpose vehicle for, among other purposes, financing the construction of the Talanta Sports Complex and covering associated costs. The Fund procured the services of the Sponsor to raise funding for the Fund through the structuring asset-based securities in accordance with the Trust Deed. The Trust is structured as a special purpose entity undertaking no business activities other than financing the Project under the EPC Contract and acquiring right to the Receivables from the Seller pursuant to the Assignment Rights Agreement. The Trust is expected to hold no assets other than its ownership interests and certain related assets in the Trust Assets.

The diagram below illustrates the corporate structure of the Issuer

Figure 12: Linzi FinCo 003 Trust Structure



9.3. Material Interests in the Trust

The Sponsor holds no financial interest in the Trust or otherwise save for the initial amounts contributed for the setting up of the Trust. Governance Structure of the Issuer

9.4.1. Trustee

The Trustee oversees the administration and management of the Issuer. The Trustee's specific responsibilities are detailed in the Trust Deed.

9.4.2. Securitisation Manager

The Securitisation Manager will be appointed by the Securitisation Trustee under the Management Services Agreement and acts as a delegate of the Securitisation Trustee. The Securitisation Manager responsible for the day-to-day running of the affairs Trust, and ensuring the books are prepared and kept. The roles and duties are set out in the Management Services Agreement

9.4.3. Auditors

The Trust Auditor is appointed by the Securitisation Trustee for the benefit of the Noteholders and conducts an annual audit of the Trust books of accounts, ensuring compliance with statutory and regulatory requirements.

9.4.4. Corporate Governance

The Securitisation Manager oversees the implementation of comprehensive policies and procedures that promote responsible decision-making and foster a culture of integrity. In furtherance of these principles, the Issuer prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), thereby ensuring that all disclosures meet stringent international benchmarks for accuracy and reliability. Additionally, the Issuer employs rigorous internal control systems and best practices in risk management to safeguard the integrity of its financial operations and to ensure compliance with all applicable statutory and regulatory requirements.

9.4.5. Internal Control Systems

The Securitisation Manager is responsible for putting in place such internal controls as it determines are necessary to ensure:

- (a) efficiency and effectiveness of operations;
- (b) safeguarding of the Issuer's assets (including information);
- (c) compliance with applicable laws, regulations and supervisory requirements; and
- (d) reliability of reporting /behaving responsibly towards all stakeholders.

The Securitisation Manager has established an internal control system for identifying, managing and monitoring risks including controls related to financial, operational and reputational risks. These are designed to provide reasonable assurance that risks faced by the Issuer are reasonably controlled.

The Securitisation Manager annually reviews the effectiveness of internal controls, including a review of financial, operational, compliance and risk management controls. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The systems of internal control are implemented and monitored by appropriately trained personnel, with clearly defined duties and reporting lines.

9.4. Risk Management Structure

The Securitisation Manager has established a risk management framework for the Trust and is responsible for monitoring compliance with the Issuer's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Trust Assets.

The Securitisation Manager gains assurance in relation to the effectiveness of internal control and risk management from summary information in relation to the management of identified risks and a detailed review of the effectiveness of management of selected key risks. This ensures that the Securitisation Manager understands the key risks and risk management capability, sets standards on governance and compliance and provides assurance over the quality of the Issuer's internal control and management of key risks.

The risk management policies are established to identify and analyses the risks faced by the Issuer, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the Issuer's environment.

The Securitisation Manager assists the Trustee in fulfilling its oversight responsibility relating to establishing policies, standards and guidelines for risk management and compliance with legal and regulatory requirements in the Issuer.

10. FINANCIAL INFORMATION

The financial information contained herein is solely for informational purposes. The Sponsor makes no representation or warranty, express or implied, as to the accuracy or completeness of such information. Each recipient acknowledges that any reliance on the financial information is at their own risk and hereby agrees to indemnify, defend, and hold harmless the Sponsor, officers, employees, and agents from and against any and all claims, liabilities, losses, damages, or expenses (including reasonable attorneys' fees) arising out of or in connection with any reliance on the financial information provided herein.

10.1. Pro-Forma Financial Information

Figure 13: Pro Forma Financial Model Information

Cash Flows		Return (Yield)		15.04%													
Principal (Billions)	KShs. 44.791	Weighted Average Time		7.0 Years													
Total Investor Payout (Billions)	c. KShs. 102.420																
Semi-Annual Coupon (Billions)	c. KShs. 3.414																
Repayment Structure	Amortize Principal with Interest	Capital Payment															
Tenor	15 Years	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	
		3%	6%	9%	13%	17%	22%	27%	33%	40%	47%	56%	65%	75%	87%	100%	

10.2. Projected Statement of Profit/Loss

Figure 14 : Income Statement

PROJECT TALANTA	Date (EoY)	30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29	30-Jun-30	30-Jun-31	30-Jun-32	30-Jun-33	30-Jun-34	30-Jun-35	30-Jun-36	30-Jun-37	30-Jun-38	30-Jun-39	30-Jun-40
Projected Income Statement	Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
- In Millions -	Year Count	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	Quarter	Quarter 4	Quarter 8	Quarter 12	Quarter 16	Quarter 20	Quarter 24	Quarter 28	Quarter 32	Quarter 36	Quarter 40	Quarter 44	Quarter 48	Quarter 52	Quarter 56	Quarter 60
	Month	Month 12	Month 24	Month 36	Month 48	Month 60	Month 72	Month 84	Month 96	Month 108	Month 120	Month 132	Month 144	Month 156	Month 168	Month 180
Statement of Comprehensive Income																
Finance Income		6,611	5,415	5,204	5,049	4,875	4,680	4,460	4,214	3,936	3,625	3,276	2,883	2,442	1,946	1,318
Finance Costs		(5,234)	(5,090)	(4,928)	(4,747)	(4,544)	(4,316)	(4,081)	(3,774)	(3,453)	(3,094)	(2,690)	(2,238)	(1,731)	(1,163)	(6,565)
Operating Expenses		(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)
Facility Management Fee		(647)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transaction Advisory Fee		(1,208)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Facility Drawdown Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) before tax		(508)	295	246	272	302	334	370	409	453	502	555	615	681	754	(5,278)
Tax		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) after tax		KSh. (508)	KSh. 295	KSh. 246	KSh. 272	KSh. 302	KSh. 334	KSh. 370	KSh. 409	KSh. 453	KSh. 502	KSh. 555	KSh. 615	KSh. 681	KSh. 754	KSh. (5,278)

10.3. Projected Statement of Financial Position

Figure 15: Balance Sheet

PROJECT TALANTA	Date (EoY)	30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29	30-Jun-30	30-Jun-31	30-Jun-32	30-Jun-33	30-Jun-34	30-Jun-35	30-Jun-36	30-Jun-37	30-Jun-38	30-Jun-39	30-Jun-40
Projected Balance Sheet	Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
- In Millions -	Year Count	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	Quarter	Quarter 4	Quarter 8	Quarter 12	Quarter 16	Quarter 20	Quarter 24	Quarter 28	Quarter 32	Quarter 36	Quarter 40	Quarter 44	Quarter 48	Quarter 52	Quarter 56	Quarter 60
	Month	Month 12	Month 24	Month 36	Month 48	Month 60	Month 72	Month 84	Month 96	Month 108	Month 120	Month 132	Month 144	Month 156	Month 168	Month 180
Statement of Financial Position																
Assets																
Non Current Assets																
Financial Assets(held at Amortised Cost)		36,937	40,125	38,707	37,117	35,335	33,335	31,093	28,578	25,758	22,596	19,049	15,072	10,612	5,610	0
Current Assets																
Cash & Cash Equivalents		6,154	1,926	2,093	2,277	2,479	2,703	2,951	3,223	3,524	3,857	4,224	4,628	5,075	5,568	0
Total Assets		43,092	42,051	40,800	39,394	37,814	36,039	34,044	31,802	29,283	26,453	23,273	19,700	15,687	11,178	0
Equity & Liabilities																
Non Current Liabilities																
Non Current Portion of Loan Payable (Bond)		37,175	35,639	34,342	32,664	30,783	28,673	26,309	23,658	20,686	17,354	13,619	9,432	4,737	-	-
Equity																
Retained Earnings		(508)	(214)	32	305	606	940	1,310	1,719	2,172	2,673	3,229	3,844	4,524	5,278	0
Current Liabilities																
Current Portion of Loan Payable(Bond)		1,335	1,497	1,678	1,881	2,109	2,365	2,651	2,972	3,332	3,735	4,187	4,694	5,263	5,900	-
Interest Payable		5,090	4,928	4,747	4,544	4,316	4,061	3,774	3,453	3,094	2,690	2,238	1,731	1,163	-	-
Total Equity & Liabilities		KSh. 43,092	KSh. 42,051	KSh. 40,800	KSh. 39,394	KSh. 37,814	KSh. 36,039	KSh. 34,044	KSh. 31,802	KSh. 29,283	KSh. 26,453	KSh. 23,273	KSh. 19,700	KSh. 15,687	KSh. 11,178	KSh. 0

10.4. Projected Statement of Cash flows

Figure 16: Cash flow Statement

PROJECT TALANTA	Date (EoY)	30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29	30-Jun-30	30-Jun-31	30-Jun-32	30-Jun-33	30-Jun-34	30-Jun-35	30-Jun-36	30-Jun-37	30-Jun-38	30-Jun-39	30-Jun-40
Projected Cashflow Statement	Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
- In Millions -	Year Count	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	Quarter	Quarter 4	Quarter 8	Quarter 12	Quarter 16	Quarter 20	Quarter 24	Quarter 28	Quarter 32	Quarter 36	Quarter 40	Quarter 44	Quarter 48	Quarter 52	Quarter 56	Quarter 60
	Month	Month 12	Month 24	Month 36	Month 48	Month 60	Month 72	Month 84	Month 96	Month 108	Month 120	Month 132	Month 144	Month 156	Month 168	Month 180
Statement of Cashflows																
Cash from Operating activities																
Net Income		(508)	295	246	272	302	334	370	409	453	502	555	615	681	754	(5,278)
Total Cashflows from Operating Activities		(508)	295	246	272	302	334	370	409	453	502	555	615	681	754	(5,278)
Cash from Investing Activities																
Project Finance Payments		(38,064)	(4,452)	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from partial redemption of Financial Assets		1,127	1,264	1,418	1,590	1,783	1,999	2,242	2,515	2,820	3,162	3,547	3,977	4,460	5,002	5,610
Total Cashflows from Investing Activities		(36,937)	(3,188)	1,418	1,590	1,783	1,999	2,242	2,515	2,820	3,162	3,547	3,977	4,460	5,002	5,610
Cash from Financing Activities																
Proceeds from Bond Issuance		44,791	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principle Repayment		(1,191)	(1,335)	(1,497)	(1,678)	(1,881)	(2,109)	(2,365)	(2,651)	(2,972)	(3,332)	(3,735)	(4,187)	(4,694)	(5,263)	(5,900)
Total Cashflows from Financing Activities		43,600	(1,335)	(1,497)	(1,678)	(1,881)	(2,109)	(2,365)	(2,651)	(2,972)	(3,332)	(3,735)	(4,187)	(4,694)	(5,263)	(5,900)
Net Movements in Cashflows																
Opening Balance		-	6,154	1,926	2,093	2,277	2,479	2,703	2,951	3,223	3,524	3,857	4,224	4,628	5,075	5,568
Closing Balance		6,154	1,926	2,093	2,277	2,479	2,703	2,951	3,223	3,524	3,857	4,224	4,628	5,075	5,568	0
Movement in Cashflows for the Period		KSh. 6,154	KSh. (4,228)	KSh. 167	KSh. 184	KSh. 203	KSh. 224	KSh. 247	KSh. 273	KSh. 301	KSh. 332	KSh. 367	KSh. 405	KSh. 447	KSh. 493	KSh. (5,568)

11. TALANTA SPORTS COMPLEX

11.1. Project Overview

11.1.1. Introduction

Situated within Nairobi's dynamic Jamhuri Grounds, a hub of cultural and economic activity along Ng'ong Road, the Talanta Sports Complex also known as the Talanta Sports City Stadium or the Talanta Stadium transcends traditional Complex design to symbolize Kenya's aspirations as a global sports and entertainment nexus. Strategically located just 10 kilometers from Nairobi's Central Business District, the complex bridges urban accessibility with a vision for international prestige, poised to host global events while elevating grassroots talent development. Below is a digital render of the Complex;

Figure 17: Talanta Sports Complex Digital Render



11.1.2. Architectural and Technological Excellence

The centerpiece of the complex is a football and rugby stadium with an estimated cost of US\$250 million and a seating capacity of 60,000. The design includes a FIFA-compliant natural grass pitch measuring 105 meters by 68 meters and incorporates modern technologies such as automated irrigation systems, energy-efficient LED floodlights, and real-time VAR technology. The stadium's elliptical roof design, which draws inspiration from Kenya's traditional shield motifs, is intended to optimize natural airflow and acoustics.

These technical and design parameters have been substantiated by official project descriptions and media reports.

11.1.3. Public-Private Synergy and Strategic Execution

Spearheaded by Kenya's Ministry of Sports and the China Road and Bridge Corporation (CRBC), the project leverages CRBC's expertise from transformative infrastructure like the Nairobi Expressway. The partnership prioritizes rapid delivery, with Kenya Defence Forces engineers overseeing construction to meet the ambitious deadline.

Concurrent infrastructure upgrades, including the Ngong Road flyover and expanded public transit routes, address Nairobi's traffic challenges, ensuring seamless access for regional fans.

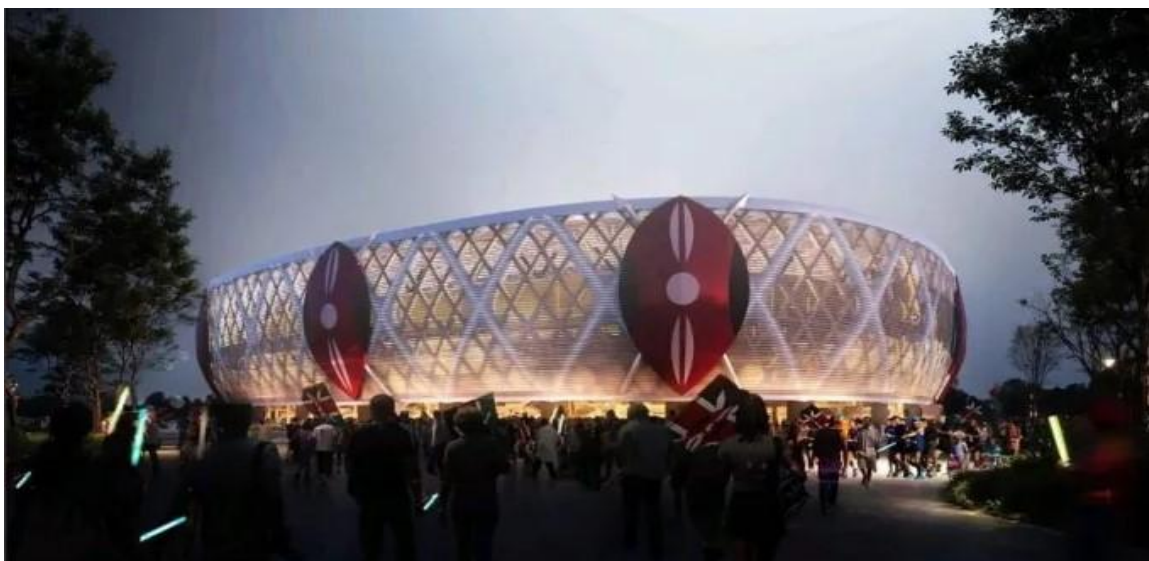
11.1.4. Sustainability as a Cornerstone

The complex incorporates sustainable design elements, including solar-paneled rooftops, rainwater harvesting systems, and the use of native landscaping that doubles as urban green corridors. Waste management protocols emphasize recycling, and a tree-planting initiative aims to introduce 50,000 indigenous trees by 2030. Such measures have been integrated into the project planning process to ensure that the complex adheres to modern environmental standards while reducing operational costs over time. These sustainable features have been referenced in various reports and government communications.

11.1.5. Beyond Sports: A Multidisciplinary Ecosystem

In addition to the stadium, the overall complex is envisaged to include complementary facilities designed to broaden its functional scope. Planned developments encompass an Elite Training Hub with four satellite pitches (including both natural grass and synthetic surfaces), an Indoor Arena with a capacity of 10,000 seats for multipurpose events such as basketball and e-sports tournaments, an Aquatic Center with Olympic-standard pools, and an Innovation Wing for sports science research and related training initiatives.

Figure 18: Talanta Sports Complex Night Render



While these features extend beyond the core stadium, they form part of the broader vision for a comprehensive sports complex. It should be noted that some of these additional elements remain subject to further verification through upcoming project updates.

11.1.6. Economic Catalyst and Social Transformation

Projected to create over 12,000 jobs during its construction phase, the Talanta Sports Complex is anticipated to have a significant economic impact. The establishment of a Sports Entrepreneurship Academy is expected to equip local communities with expertise in event management, sports marketing, and hospitality. Furthermore, officials have forecast a substantial annual increase in sports tourism revenue following the opening of the complex, with ancillary developments such as hotels and retail outlets emerging in the surrounding area. These projections are based on official estimates and reflect the government's strategic objectives for regional economic development.

11.2. Groundbreaking and Early Phases

The groundbreaking ceremony for the Talanta Sports Complex was officiated by H.E. President William Ruto in early 2024 at the Jamhuri Showground along Ngong Road. Official reports indicate that the ceremony marked the commencement of a project managed by the China Road and Bridge Corporation (CRBC), with oversight provided by the Kenya Defence Forces (KDF) to ensure adherence to quality standards and timely delivery.

11.3. Construction Progress

The images below illustrate that significant construction progress has been achieved;

Figure 19: Talanta Sports Complex Construction progress



Subsequent to the groundbreaking, the project maintained a steady pace. Within the first few months, critical milestones were achieved:

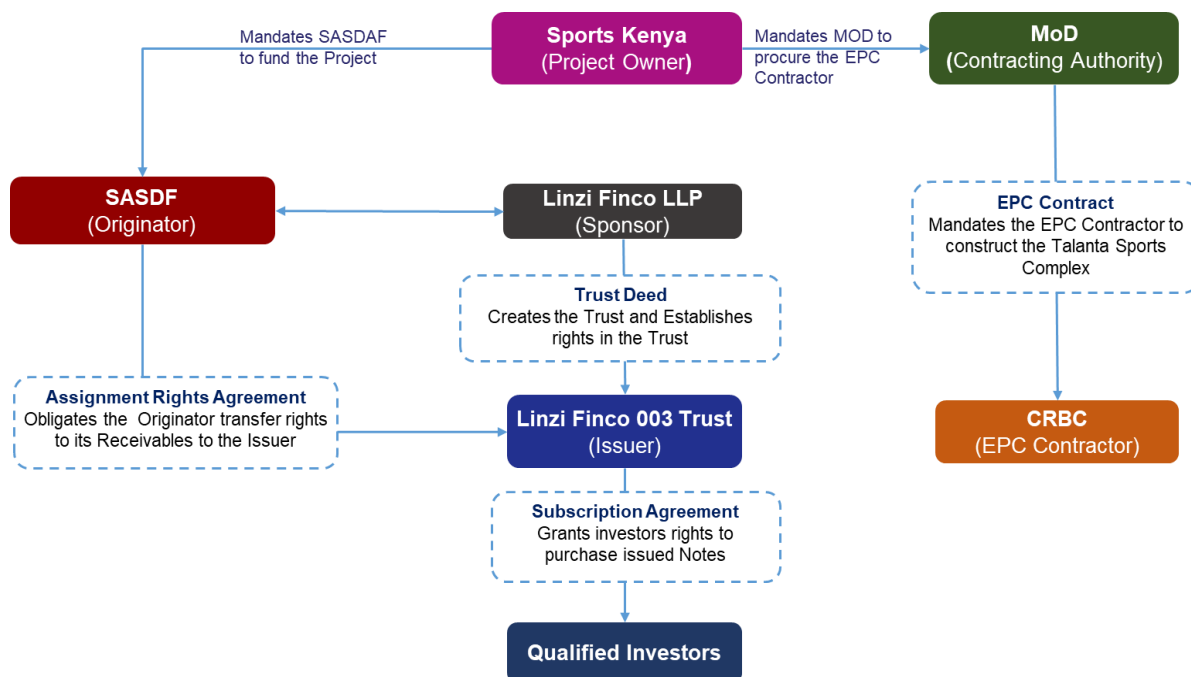
1. **Site Preparation and Foundation Work:** Excavation, leveling, and foundational installations were completed during the early phase of construction.
2. **Structural Framework:** Key structural components, such as the formation of the main stand, began to take shape in line with the final architectural design of the complex.
3. **Installation of Utilities:** Partial installation of essential utilities—including water, electricity, and drainage systems—has been executed to support ongoing construction activities.
4. **Material Sourcing and Assembly:** High-quality materials for seating, roofing, and interior finishes have been procured, and assembly work is underway. Recent visual updates and inspection videos (e.g., from February 2025) confirm that these activities are progressing as planned.

12. OFFER STRUCTURE

12.1. Project/Contractual Structure

The flow chart below illustrates the Project/Contractual Structure:

Figure 20: Project Structure



The project framework encompasses multiple contractual agreements, specifically:

- a) **The EPC Contract**, which sets out the terms and conditions under which the EPC Contractor is engaged to design, procure, and construct the Talanta Sports City Stadium. Upon completion of construction and satisfaction of the contractual requirements, the EPC Contractor shall transfer ownership of the completed Stadium to Sports Kenya in accordance with the terms of the agreement.
- b) **The Trust Deed**, which establishes the formation of the Trust and governs its operational framework, including the rights, obligations, and duties of key entities involved in the structure. These entities include the Securitisation Trustee, who acts in a fiduciary capacity for the benefit of Noteholders; the Securitisation Manager, overseeing the administrative functions of the Trust; and the Investors, who hold residual interests in the Trust and are entitled to distributions in accordance with the provisions of the Trust Deed and the Security Trustee who holds the benefit of the security interests created under the Security Deed for the benefit of the Noteholders. The Trust Deed also

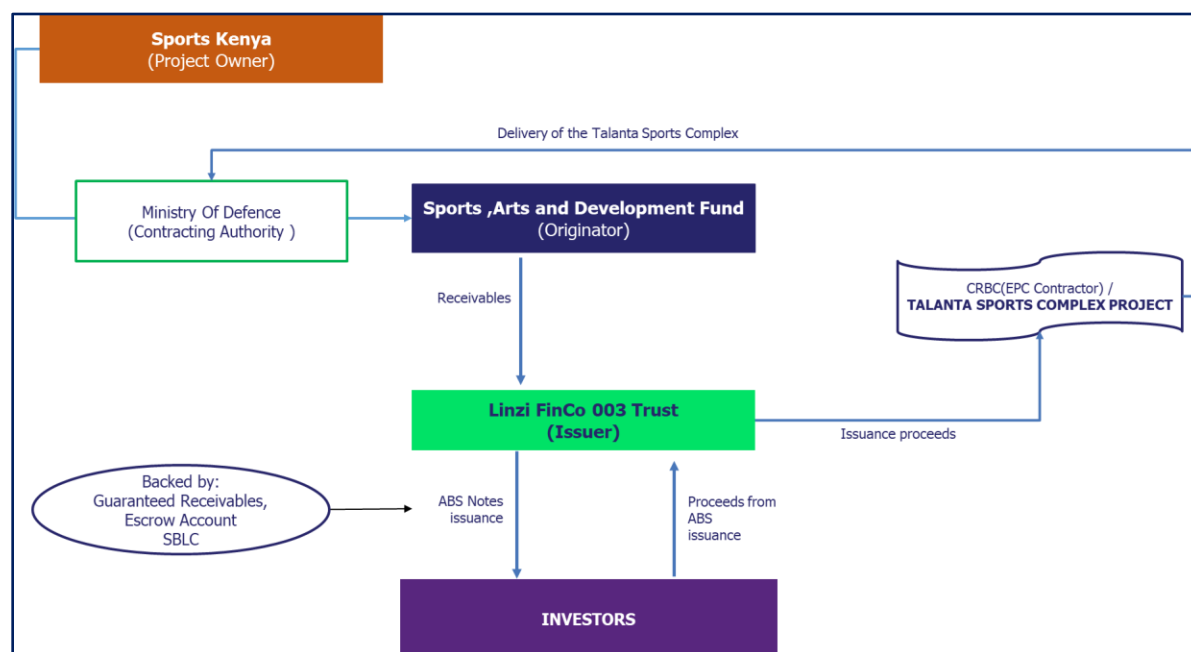
includes provisions for the appointment, powers, and duties of the Note Trustee, who is responsible for holding and enforcing security on behalf of Noteholders, ensuring compliance with the terms of the issuance, and exercising rights and remedies in the event of default.

- c) **The Assignment of Rights Agreement**, which facilitates the transfer of the legal and beneficial rights to Receivables from Sports Kenya, as seller, to the Securitisation Trustee, for the benefit of the Noteholders. This agreement defines the nature of the Receivables assigned, the obligations of the Fund in respect of such Receivables, and the terms under which the Issuer assumes rights and entitlements over the assigned Receivables, including the mechanisms for collection and enforcement.
- d) **The Deed of Novation**, under which the MoD novates its obligations under the EPC Contract to make the Contractor Payments to the Issuer.
- e) **The Step-in Rights Agreement**, which grants the Securitisation Trustee rights to step in and perform the EPC Contractor's obligations if a Contractor event of default occurs as provided for under the EPC Contract.

12.2. Transaction Structure

The flow chart below illustrates the Transaction Structure:

Figure 21: Transaction Structure



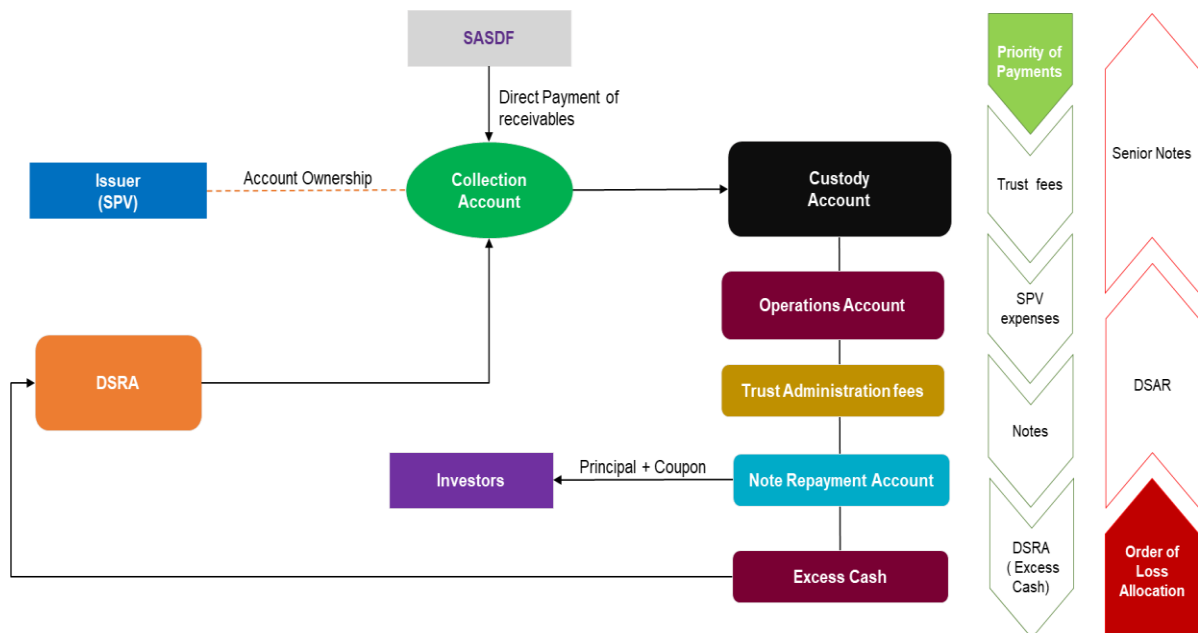
The procedural framework for the Issuance is explicated as follows:

- a) the Sports, Arts and Development Fund (SASDF) approved the financing the Project from the SASDF Receivables. Concurrently Sports Kenya mandates the Ministry of Defence of the Republic of Kenya to procure an EPC Contractor.
- b) The Ministry of Defence, acting in its role as the Contracting Authority, procures China Road and Bridge Corporation as the EPC Contractor to undertake the Project.
- c) To unlock cash flows given the immediate Project funding needs and the scale of the Project, SASDF procures Linzi FinCo LLP as Securitisation Arrangers to procure funding for the Project in consideration for the sale of the SASDF Receivables.
- d) The Sponsor establishes a common law unincorporated trust; Linzi FinCo 003 Trust, to raise funds by way of secured Asset Backed Notes. Notes are offered exclusively to Qualified Investors in accordance with the terms set forth in this OM and in compliance with relevant capital markets regulations. The Securitisation Trustee shall oversee the Trust.
- e) Net Proceeds from the ABS Issuance are subsequently remitted to the Contractor to finance all EPC Costs associated with the Project.
- f) On completing construction of the complex the Contractor transfers the facility to the Contracting Authority.

12.3. Cash flow Structure

The figure below illustrates the movement of cash flows held by the Issuer

Figure 22: Cash Flow Structure.



The flow of funds is as follows:

- a) Receipt of Cash Flows:** Pursuant to the Assignment of Rights Agreement, SASDF will deposit funds from the SASDF Receivables into the Collection Account in the frequency set out in the Financial Model. These funds are subsequently transferred to the Custody Account for further management and allocation.
- b) Allocation of Funds Based on Obligations:** During periods in which the Trust has pending obligations, funds from the Custody Account shall be transferred to the Operations Account to settle such obligations. Sub-Issuer Accounts shall be established under the Operations Accounts, each of which shall be designated to settle specific obligations to the Issuer. If the Issuer has no expenses or obligations in a given period, the funds shall be transferred directly from the Custody Account to the Debt Service Reserve Account (DSRA) for future debt servicing.
- c) Settlement of Issuer's Expenses and Note Repayments:** In periods where the Trust has expenses, the flow of funds shall proceed as follows:
 - 1. The funds from the Operations Account shall first be applied to settle the Trust's operating and administrative expenses.
 - 2. After settling expenses, the remaining amounts shall be transferred to the Note Repayment Account, a sub-account under the Operations Account, designated for the payment of principal and interest to Noteholders.
- d) Treatment of Residual Cash Flows:** Any remaining funds, after the full repayment of principal and interest due on the Notes, shall be classified as Excess Cash Flows. These Excess Cash Flows shall be transferred to the DSRA to strengthen debt service reserves and ensure liquidity for future obligations.
- e) Reinvestment and Utilization of DSRA:** Funds held in the DSRA shall be regularly reinvested, and any profits earned from such reinvestments shall be transferred to the Collection Account for future allocations. In the event of default, the principal amounts deposited in the DSRA shall be utilized to cover the Issuer's outstanding cash shortfalls before any impairment the Notes is effected.

12.4. Credit Enhancements

The Notes enjoy credit enhancement through:

- a) Securing the sale of the SASDF Receivables by way of a true sale.
- b) Establishing a DSRA Account that shall be funded to cover a minimum of Three (3) Months of the Fund's Obligations.
- c) A Standby Letter of Credit issued by a reputable licensed Bank covering three (3) Months of payment obligations

13. TAXATION

This section provides a summary of the principal Kenyan taxation consequences arising from the acquisition, holding, and disposal of Notes by Noteholders who maintain such Notes on capital account for Kenyan income tax purposes. The summary is predicated upon the tax law and practice in force as of the date of this Offering Memorandum, unless otherwise specified. It is presented for general informational purposes only and is neither exhaustive nor definitive, nor does it purport to constitute a complete analysis of all tax considerations relating to the Notes. It is not intended to constitute advice and should not be relied upon as such. Prospective holders of Notes are advised to obtain independent taxation advice in light of their specific circumstances prior to making any investment decision.

13.1. Withholding Tax

Interest income accruing to Noteholders from the Notes issued under this programme shall be exempt from withholding tax pursuant to Paragraph 51 of the First Part of the First Schedule to the Income Tax Act. Paragraph 51 exempts from income tax "interest income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure and other social services, provided that such bonds, notes or securities shall have a maturity of at least three years." The Notes issued pursuant to this programme comply with the requirements of Paragraph 51, as they are issued for the purpose of financing an infrastructure project and have a maturity period of fifteen (15) years.

13.2. Capital Gains Tax

Noteholder shall be exempt from any liability for capital gains tax arising from the transfer of the Notes, whether such transfer is effected by the Noteholder or any other party.

13.3. Stamp Duty

There shall be no stamp duty payable in Kenya on the issuance or redemption of Notes issued under this Programme.

13.4. Tax Treaties

The Republic of Kenya has entered into double taxation treaties with Canada, Denmark, Germany, India, Norway, Sweden, the United Kingdom, France, South Korea, the United Arab Emirates, Qatar, South Africa, Iran, and Zambia. The provisions of these treaties provide for preferential withholding tax rates with respect to profit income.

14. SUBSCRIPTION AND SALE

14.1. General Information

The Investors have, in a Note Application Form (such Note Application Form as amended and/or supplemented and/or restated from time to time, the "*Note Application Form*"), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes.

Any such agreement will extend to those matters stated under "*Terms and Conditions of the Notes*". If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Investor for that Tranche to be issued by the Issuer and subscribed by that Investor, the method of distribution will be described in the relevant Pricing Supplement as "Non-Syndicated" and the name of that Investor and any other interest of that Investor which is material to the issue of that Tranche beyond the fact of the appointment of that Investor will be set out in the relevant Pricing Supplement.

If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Investor for that Tranche to be issued by the Issuer and subscribed by those Investors, the method of distribution will be described in the relevant Pricing Supplement as "Syndicated", the obligations of those Investors to subscribe the relevant Notes will be joint and several and the names and addresses of those Investors and any other interests of any of those Investors which is material to the issue of that Tranche beyond the fact of the appointment of those Investors will be set out in the relevant Pricing Supplement.

For any tranche of notes, the Issuer may, at its sole discretion, engage placement agents to facilitate the uptake of the issuance. The Issuer reserves the right to appoint and replace such placement agents at any time, with any changes communicated through applicable Pricing Supplements. The holders of the notes shall indemnify, defend, and hold harmless the Issuer, its affiliates, and their respective officers, directors, employees, and agents from and against any claims, liabilities, losses, damages, costs, or expenses (including reasonable attorneys' fees) arising out of or in connection with the appointment, replacement, or conduct of the placement agents, except where such claims, liabilities, losses, damages, costs, or expenses result from the gross negligence or willful misconduct of the Issuer.

14.2. Selling Restrictions

Except as expressly indicated above, neither the Sponsor, Placement Agent, nor the Advisors have initiated or will initiate any action in any jurisdiction that would authorize a public offering of the Note, or the possession, distribution, or dissemination of the OM (in draft or final form) or any other materials related to the Notes, in any country or

jurisdiction where such action is mandated. The Sponsor and Placement Agent undertake to adhere to all applicable laws and regulations in each jurisdiction where they acquire, offer, sell, deliver the Notes, or possess or distribute the OM (in draft or final form) or any such related material, at their own cost. They further commit to ensuring that no legal obligations are imposed on the Issuer or the Placement Agent in any such jurisdiction due to the aforementioned actions. The Sponsor, Advisors and Placement Agent disclaim any responsibility for, and the Placement Agent or Issuer shall secure, any necessary consent, approval, or permission required for the acquisition, offer, sale, or delivery of the Note under the prevailing laws and regulations in any jurisdiction to which they are subject or in or from which they conduct any acquisition, offer, sale, or delivery.

Neither the Placement Agent nor the Issuer is authorized to make any representations or employ any information in connection with the issuance, subscription, and sale of the Notes, other than as contained in the OM (in final form) or any subsequent amendment or supplement. The Trust may have reporting obligations under local and international laws, including the Proceeds of Crime and Anti-Money Laundering Act (No. 9 of 2009, Laws of Kenya), the U.S. Foreign Account Tax Compliance Act (FATCA), and the OECD Common Reporting Standard (CRS). Applicants must disclose their identity, beneficial ownership (if applicable), source of funds, citizenship, tax residency, and tax classification before subscribing to the Issue and on an ongoing basis.

14.3. Singapore Restrictions

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and the Notes are offered by the Issuer pursuant to the exemptions invoked under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

14.4. Australian Restrictions

Neither this OM or any Transaction Document referred under "Documents Incorporated by Reference" in relation to the offer of the Notes has been, or will be, lodged with the Australian Securities and Investments Commission ("ASIC"). Notes may not be offered for sale or purchase, nor may applications for the sale or purchase of any Note be invited, in

Australia (including an offer or invitation which is received by a person in Australia), and neither this OM nor any advertisement or other offering material relating to the Notes may be distributed or received in Australia.

14.5. United States of America (USA) Restrictions

The Offer consists of an offering outside the United States of America, its territories and possessions, any state of the United States, and the District of Columbia (the "United States") of Notes pursuant to Regulation S ("Regulation S") under the US Securities Act 1933, as amended (the "Securities Act"). The Notes have not been and will not be registered under the Securities Act or under the securities laws of any state of the United States. Accordingly, subject to certain exceptions, the Notes may not be, directly or indirectly, offered, sold, pledged, taken up, delivered, or otherwise transferred in or into or within the United States absent registration or an exemption from registration under the Securities Act. The Bond is not registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and their offering or sale within the United States, or to, or for the account or benefit of, U.S. persons, is prohibited, unless done in compliance with the provisions of Regulations under the Securities Act or pursuant to an exemption from the Securities Act's registration requirements. The terms employed in this provision bear the meanings ascribed to them by Regulations. The Issuer, the Advisors, and the Placement Agent affirm that they have exclusively offered and will continue to exclusively offer and sell the Notes: (i) as part of their distribution at any time and (ii) until 40 days after the later of the offering's commencement and the Closing Date, solely in accordance with Rule 903 of Regulations. Consequently, neither the Issuer, its Affiliates, nor any individuals acting on their behalf have undertaken or will undertake any directed selling efforts in connection with the Notes.

The Issuer, Advisors Group, and Placement Agent agrees that, prior to or at the confirmation of the sale of the Notes, they will dispatch to each distributor, Placement Agent, or recipient of a selling concession, fee, or other remuneration, that acquires Notes during the restricted period, a confirmation or notice substantially stating:

"The Notes covered hereby are not registered under the U.S. Securities Act of 1933 (the 'Securities Act') and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Rule 903 of Regulations under the Securities Act. Terms used above have the meanings given to them by Regulations."

This Offering Memorandum must not be acted on or relied on (i) in the United Kingdom, by persons who are not qualified investors ("Qualified Investors") within the meaning of Article 2(e) of Regulation (EU) No. 2017/1129 on the prospectus to be published when

securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation") and (ii) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investor.

14.6. European Economic Area Restrictions

This OM is only addressed to and directed at persons in member states of the European Economic Area (the "EEA") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC as amended, including by Directive 2010/73/EC) and related implementation measures ("Qualified Investors"). Any investment or investment activity to which this OM relates is available only to Relevant Persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom and will be engaged in only with such persons.

14.7. United Kingdom Restrictions

This Offer does not constitute a public offer or the solicitation of a public offer in the United Kingdom to subscribe for or purchase any Notes nor a marketing in the United Kingdom or the EU under the Alternative Investment Fund Managers (the "AIFM Directive") or under the applicable implementing legislation (if any) of the United Kingdom or any EEA member state. To the extent that any Notes are made available for purchase to persons in the United Kingdom, they shall only be made available to Qualified Investors (i) who are persons who have professional experience in matters relating to investments falling within the definition of "investment professionals" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "FPO"); (ii) who are high net worth bodies corporate, unincorporated associations and partnerships or the trustees of high value trusts falling within article 49(2)(a) to (d) of the FPO, or (iii) who are other persons to whom it may otherwise lawfully be communicated ("Relevant Persons")

The Issuer, the Advisors and Placement Agent has represented and agreed and any further Placement Agent appointed under the Issuance will be required to represent and agree that: (i) It has not offered or sold and will not offer or sell any Notes, prior to the expiry of six months from the Issue Date in respect of such Notes, to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of Public Offers of Securities Regulations 1995; (ii) It has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom, and; (iii) It has only communicated or caused to be communicated and will only communicate or cause

to be communicated any invitations or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

14.8. South Africa Restrictions

The Offer does not constitute an “offer to the public” (as such expression is defined in the South African Companies Act and this Offering Memorandum does not, nor is it intended to, constitute a “registered prospectus” (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act. Accordingly, to the extent that the Notes are offered for subscription or sale in South Africa, such Offer is made: (i) only to selected persons falling within one of the specified categories listed in Section 96(1)(a) of the South African Companies Act; and/or (ii) selected persons, acting as principal, acquiring Offer Shares for a total acquisition cost of ZAR1,000,000 or more, as contemplated in terms of Section 96(1)(b) of the South African Companies Act, and to whom the Offer will specifically be addressed, and only by whom the Offer will be capable of acceptance (“Appropriate Persons”).

15. GENERAL AND STATUTORY INFORMATION

15.1. Corporate Information

Linzi FinCo (003) Trust is a common law unincorporated trust established under a trust deed dated 16th May 2025. The Trust is structured as a special purpose entity with no business activities beyond issuing the Notes and acquiring the SASDF Receivables Authorization

The establishment and maintenance of the Programme and the issue of Notes hereunder have been duly authorized. Each issue of Notes will be duly authorized by a resolution of the Sponsor on the date set out in the applicable Pricing Supplement for any Tranche of Notes.

15.2. Listing of Notes

Application will be made for the Notes issued under the Programme to be admitted to the Nairobi Securities Exchange (NSE) under the Restricted Fixed Income Market Sub-Segment (RFISMS), a sub segment of the Fixed Income Market Securities Market Segment (FISMS)

15.3. Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer the time of issue in accordance with prevailing market conditions.

15.4. Application Procedure

Note Application forms for issues of Note may be obtained from the Securitisation Arrangers or Paying, Registrar & Fiscal Agent. Applications must be submitted directly to the Placement Agent by the date and time specified in this Offering Memorandum. Successful applicants will be notified either by the Placement Agent on behalf of the Issuer or by the Arrangers on behalf of the Issuer, of the amount of Note allotted to them immediately after the date of allotment.

15.5. Payment for Note Subscription and Delivery

Payment for Note subscriptions are to be made in full to KCB Bank Kenya PLC, the designated Receiving and Custodian Bank, in immediately available funds by the date and time specified in this OM. The payments will be made via the Real Time Gross Settlement (RTGS) system to the account and in the manner detailed in the relevant Pricing Supplement. The Note will be delivered to Investors not later than by the date specified in the relevant Pricing Supplement.

15.6. Secondary Market Trading of the Notes

The transfer of a Note from a seller to a purchaser will be carried out in accordance with the transfer regulations set out in the Agency Agreement and subject to the NSE RFISMS operational guidelines.

15.7. Immovable Property

The Trust Assets do not comprise possess any immovable property.

15.8. Material Litigation

The Sponsor or the Trust Assets are not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which they are aware), during the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or Group's financial position or profitability.

15.9. Borrowings

As of the date of this OM, there are no outstanding debt obligations payable against the Trust Assets. Capital Markets Authority (CMA) Approval

- a) A copy of this OM has been submitted to the CMA, which has granted approval for a restricted public offer of the Bond for subscription and sale in Kenya. A copy was also lodged with the NSE for the purposes of approving the listing of the Issuance the NSE RFISMS.
- b) As a matter of policy, the CMA assumes no responsibility for the accuracy of statements, opinions, or reports contained in this OM. CMA's approval of the issuance and listing is not an endorsement of the merits of the Issuance or the Issuer.
- c) The NSE likewise assumes no responsibility for the correctness of statements, opinions, or reports contained in this OM. Admission to the NSE RFISMS is not to be construed as a representation of the merits of the Bond or the Issuer.

15.10. Conflicts of Interests

Except as otherwise disclosed herein, there are no potential conflicts of interest between the duties of the Securitisation Trustee and their private interests and/or other duties.

At the date of this OM, there are no potential conflicts of interest between any duties to the Trust of the members of the Securitisation Manager, any of the experts named in this OM and their private interests or other duties. None of the experts named in the OM holds any financial interest or holds any interest in the Trust which is material to that person.

15.11. Document Available for Inspection

For as long as Notes are outstanding, copies of the following documents will, when published, be available for inspection, electronically, from the registered office of the Issuer and from the specified office of the Paying Agent (see "Corporate Information" for specifics):

- a) the Assignment Rights Agreement, Step-in Rights Agreement, the Novation Agreement, the Trust Deed, the Agency Agreement, the Notes in definitive form
- b) Approvals from the Cabinet Secretary of Ministry of Sports, the Cabinet Secretary of the National Treasury and Economic Planning, CMA and the NSE
- c) a copy of this Offering Memorandum;
- d) a copy of the Credit Rating Report in definitive form
- e) a definitive copy of the Legal Opinion and a definitive copy of the Model Auditor's Opinion
- f) any future prospectuses, information memoranda, supplements and Pricing Supplement to this Offering Memorandum and any other documents incorporated herein or therein by reference.

15.12. Model Auditing

The financial models and projections related to the securitized assets have been audited by EY in accordance with International Standards on Assurance Engagements (ISAE) 3400 and International Standards on Review Engagements (ISRE) 2400 (Revised). EY's review ensures the accuracy of the financial data presented.

15.13. Transaction Expenses

The Issuer shall bear the following expenses arising from and associated with the issuance:

Table 5 : Issuance Expenses Table

Item	% of Issuance	Amount
Legal Advisors	0.17%	KSh. 77,936,340.00
Credit Rating	0.01%	KSh. 4,842,783.00
Model Auditor & Tax Advisor	0.01%	KSh. 4,524,000.00

Securitisation Trustee Fees	<i>0.12%</i>	KSh. 51,957,560.00
Custodian & Receiving Bank	<i>0.02%</i>	KSh. 10,000,000.00
Issuing ,Paying & Fiscal Agent	<i>0.11%</i>	KSh. 50,000,000.00
Security Trustee	<i>0.06%</i>	KSh. 25,978,780.00
NSE	<i>0.00%</i>	KSh. 1,740,000.00
CMA	<i>0.07%</i>	KSh. 30,000,000.00
Placement Agents	<i>0.29%</i>	KSh. 129,893,900.00
Arrangers	<i>0.58%</i>	KSh. 259,787,800.00
Grand Total	1.44%	KSh. 646,661,163.00

16. APPENDIX

16.1. APPENDIX A: CREDIT RATING REPORT

16.2. APPENDIX B: LEGAL OPINION

16.3. APPENDIX C: MODEL ADUITOR'S REPORT

16.4. APPENDIX D: NOTE APPLICATION FORM



www.linzi.liaisongroup.net

t: (254)703 071 000 | (254)730 488 100