**PRE-DEVELOPMENT REAL ESTATE INVESTMENT OPPORTUNITY**

<table>
<thead>
<tr>
<th>Sector:</th>
<th>Real Estate Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Model:</strong></td>
<td>Premium Master-Planned Gated Community</td>
</tr>
<tr>
<td><strong>Stage:</strong></td>
<td>Pre-development Stage (Q3: 2014)</td>
</tr>
<tr>
<td><strong>Type of Securities:</strong></td>
<td>Structured Term Notes</td>
</tr>
<tr>
<td><strong>Issuer:</strong></td>
<td>Siyara Properties LLP (A wholly owned Subsidiary of Acorn Group Limited)</td>
</tr>
</tbody>
</table>

**Investment Highlights:**
- Attractive Returns for a mid-term debt instrument, with substantial Equity upsides via the Real Estate conversion mechanisms;
- The ability to convert 8 Notes to a fully serviced plot
- Low risk investment product with good liquidity profile;
- Highly Reputable Developer with robust pipeline of projects;
- Improved road networks and critical infrastructure developments to sustain property prices in the Karen neighbourhood
- Low off-taking risk;
- Enhanced Real Estate Portfolio Diversification

**Introduction**

Sponsored by Acorn Group Ltd, the leading real estate development and management company in the Region. Currently managing over KES 40 Billion in Projects. Large scale projects managed include Deloitte Headquarters, Coca-Cola East Africa, Equity Centre, Britam Towers & Acorn House.

**Opportunity**

Karen Ololua Ridge will be a world-class gated community situated on a 29 acreage exclusive Karen estate.

Acorn Group seeks to raise KES 1.728Bn into the Karen Ololua Ridge Project SPV (“Siyara Properties LLP”) via the private placement of Structured Term Notes to selected East African High Net Worth Individuals and Family Offices in order to address the current Karen Ololua Ridge’s financing requirements:

(i) Land Acquisition  
(ii) Master Planning and Concept Proofing  
(iii) Infrastructure Development and Plots Servicing

**A World Wide Distinguished Property Hot Spot**

Kenya’s capital city, Nairobi, has grown through the years to become East and Central Africa’s business and financial centre. Houses for sale in this part of Kenya are highly sought after as it is a truly cosmopolitan city serving as the regional headquarters for some of the world’s largest corporations such as General Electric, Hewlett-Packard, Citi Bank and Coca Cola.

Encompassing a middle-class population of 44.9%, the Kenyan market is set for rapid urbanization with strong growth in consumption expenditure.

This growth in the middle class on the back of improved economic conditions has resulted in increased demand of residential housing that so far outstretches the current market supply.

Despite rising security threats, the residential property market in middle and upper income categories has seen a price surge resulting to the market outperforming most other asset classes in Kenya over the last 10 years.
Karen Ololua Ridge: The Ololua Development

Karen Ololua Ridge is a unique 29 acre master-planned gated community that offers residents world class infrastructure, a secure and peaceful environment and a host of on-site amenities and services devised to maximise the quality of community life. 46 fully serviced plots (average 0.5 acreage) will be offered to high net worth investors. Plot owners will be able to build their dream homes in one of the most beautiful, green and pleasant locations in Karen with amazing views of the Ngong Hills. It has great connectivity to Karen Dukas and 400 metres of River frontage. The development will also offer a convenience store, a club house with a lounge, kitchenette, gym, pool, changing rooms and an entertainment area. The street roads will be nicely landscaped with a well detailed main entrance to the scheme. A development control code will ensure that the whole estate remains aesthetically pleasing whilst allowing individual freedom in design. The code will allow buyers the flexibility to design and build their own dream homes exactly how they want but with the security of having high quality infrastructure.

Focus on Future Real Estate Value Drivers in the Karen neighborhood

- **On-going Infrastructure Development**: Southern Bypasses, Ngong Road Upgrades
- **Development of flagship Commercial & Retail Facilities**: The Hub and Karen Waterfront
- **Continued development control and preservation of Neighborhood Premium Status**
- **Leading Healthcare and Education facilities**
- **Rich cultural and historical background, as well as wildlife parks and green areas**

Legal Structure

The Property is to be owned by Siyara Properties LLP, a Limited Liability Partnership registered under the Laws of Kenya, and which is Acorn’s special purpose vehicle for Oluloa Ridge. Siyara Properties LLP is the issuer of the notes. The Notes will be issued via a private placement in accordance with the provisions of the Capital Markets (Securities, Public Offers, Listings Disclosures) regulations 2002. The offer has been structured under legal advice from Mboya Wangong’u and Waiyaki Advocates. Note holders will be entitled to documentation evidencing their ownership of the note/s subscribed. In addition, Note holders who exercise the option to acquire a serviced plot will be entitled to full documentation and titles evidencing such transaction.
Karen Ololua Ridge: The Ololua Development (Cont’d)
<table>
<thead>
<tr>
<th><strong>Type of Security</strong></th>
<th>Secured Structured Term Note</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
<td>Siyara Properties LLP</td>
</tr>
<tr>
<td><strong>Transaction Advisors</strong></td>
<td>Genghis Capital Limited, Cytonn Investments Management</td>
</tr>
<tr>
<td><strong>Legal Advisors</strong></td>
<td>Mboya Wangong’u &amp; Waiyaki Advocates</td>
</tr>
<tr>
<td><strong>Structured Notes Issue Amount</strong></td>
<td>KES 1,728,000,000/-</td>
</tr>
<tr>
<td><strong>Structured Notes currency</strong></td>
<td>Kenyan Shilling (KES)</td>
</tr>
<tr>
<td><strong>Yearly Coupon</strong></td>
<td>14%</td>
</tr>
<tr>
<td><strong>Structured Notes Denomination (lot size)</strong></td>
<td>KES 4,000,000/-</td>
</tr>
<tr>
<td><strong>Repayment</strong></td>
<td>Bullet at Maturity</td>
</tr>
<tr>
<td><strong>Call Option</strong></td>
<td>A combination of 8 notes held by the same investor will grant an option to acquire any of the available predefined introductory price until maturity of maximum of 10 call options can be triggered by note holders on a first come first serve basis.</td>
</tr>
<tr>
<td><strong>Interest Payment</strong></td>
<td>Option to opt for Quarterly / Annually / Maturity</td>
</tr>
<tr>
<td><strong>Early Redemption</strong></td>
<td>Option to trigger total pre-payment from 12th month subject to 3-month notice</td>
</tr>
<tr>
<td><strong>Security</strong></td>
<td>(i) First demand guarantee provided by Acorn Group Ltd.</td>
</tr>
<tr>
<td></td>
<td>(ii) Assignment of Cash Receivables and Sales Proceeds</td>
</tr>
</tbody>
</table>
Project Timelines

1. Financing
   Structuring of the Offering
   Issue of the Notes
   Amortization of the Notes

2. Designs
   Finalization of the Concept
   Master Planning
   Completion of Home Owners Manual

3. Approvals
   NCC Approvals
   NEMA
   Building Plans
   Sub-division Plan

4. Construction
   Ground Breaking
   Completion of Construction
   (Infrastructure)
   Project Closure

Key Milestones:

✔ Business Case Completed – October 2014
✔ Finalization of Scheme Design – November 2014
✔ Completion of Detailed Design – January 2015
✔ Building Plans/Sub-Division Plan/Change of User approval - February 2015
✔ Completion of Tender - February 2015
✔ Construction Contract Award - March 2015
✔ Completion of Construction - March 2016
✔ Project Closure - June 2016
1. **Progressive Appreciation of Executed Real Estate Projects**

Nairobi has recorded sustained growth in property prices over the past 5 years. More specifically, the recent flagship developments of gated communities in middle and upper income areas have demonstrated capacity to generate short term returns to early stage investors.

The below table highlights the market referenced pricing of units (either (i) houses or (ii) plots for site & service projects) over the first 18-month period of development *(all prices have been rebased to 100)*. The analysis underpins a 67% appreciation factor over the first 18 month period on average.

<table>
<thead>
<tr>
<th>Projects</th>
<th>Inception Date</th>
<th>Location</th>
<th>Description</th>
<th>Month 1 Value</th>
<th>Month 18 Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mbagathi Ridge</td>
<td>2012</td>
<td>Karen</td>
<td>Site &amp; Service (1 acre)</td>
<td>100</td>
<td>218.2</td>
</tr>
<tr>
<td>Karen Hills</td>
<td>2012</td>
<td>Karen</td>
<td>Site &amp; Service (1 acre)</td>
<td>100</td>
<td>178.6</td>
</tr>
</tbody>
</table>

**Sub-Average (Site and Service Projects)** 198.4

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<th>Month 18 Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miotoni Ridge</td>
<td>2011</td>
<td>Karen</td>
<td>5-bed Town Houses</td>
<td>100</td>
<td>152.5</td>
</tr>
<tr>
<td>Tiara Properties</td>
<td>2010</td>
<td>Lavington</td>
<td>4-bed Town Houses</td>
<td>100</td>
<td>157.1</td>
</tr>
<tr>
<td>Green Park (Phase 2)</td>
<td>2012</td>
<td>Athi River</td>
<td>3-bed Bungalow</td>
<td>100</td>
<td>166.7</td>
</tr>
<tr>
<td>Phenom Estate (Phase 3)</td>
<td>2011</td>
<td>Langata</td>
<td>4-bed maisonnette</td>
<td>100</td>
<td>130.8</td>
</tr>
</tbody>
</table>

**Sub-Average (Others)** 151.8

**Average (total)** 167.3

2. **Acorn Track Record in delivering timely Projects**

<table>
<thead>
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<tbody>
<tr>
<td><strong>Partner</strong></td>
</tr>
<tr>
<td>Forest Edge Gardens Ltd</td>
</tr>
<tr>
<td>Tiara Properties Ltd. Partner Crown Paints and Building Products</td>
</tr>
<tr>
<td>Gumba Investments Ltd (Magharibi Place)</td>
</tr>
<tr>
<td>Prism Properties Ltd</td>
</tr>
<tr>
<td>Stables Development Ltd. (Wholly owned by Acorn)</td>
</tr>
</tbody>
</table>

**Average** 37.5  
**Median** 36.4
3. **Attractive Fixed Income Yield**

![Graph showing Government Short and Mid-term Securities, Bank Term Deposits, Unit Trusts (EAR for Money Market funds), Commercial Papers with interest rates ranging from 4% to 18%]

4. **Target Equity Upsides**

Note holders will be entitled to exercise up to 10 options to acquire any of the available serviced plots until maturity of the note at a call option price of KES 37,500,000 for a 0.5 acre plot.

The current market price in the Ololua area for a 0.5 acre plot is around KES 35m. However, Acorn intends to offer the Ololua’s serviced plots at an initial retail price of KES 39,000,000 from July 2015, in view of the superior project’s component and value proposition.

We therefore assumed 3 different scenarios in terms of retail pricing inflation over the 18 month development period:

(i) **Base Case**: 39m Introductory Price and 18% appreciation every 6 months
(ii) **Worst Case**: 35m Introductory Price and 10% appreciation every 6 months
(iii) **Best Case**: 43.75m Introductory Price and 25% appreciation every 6 months

The below chart indicates the target returns to be expected, depending on the timing of the exercising of the call option, with the base case generating IRRs of between 23% and 45%.

![Bar chart showing returns for Call on Month 6, Call on Month 12, Call on Month 18, and Buy and Hold (no call) for Best Case, Base Case, and Worst Case]

Additionally, note holders will take advantage of an enhanced liquidity profile via an Over the Counter platform to be managed by Genghis Capital.
Should this opportunity be of interest to you, kindly send your expression of interest to the Transaction Advisors.

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