



Presentation to CJW Clients

Introduction to Cytonn & Real Estate Investment Opportunities

June 2016



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I: Overview of the Firm

160 Members, 1 Agenda – The Client

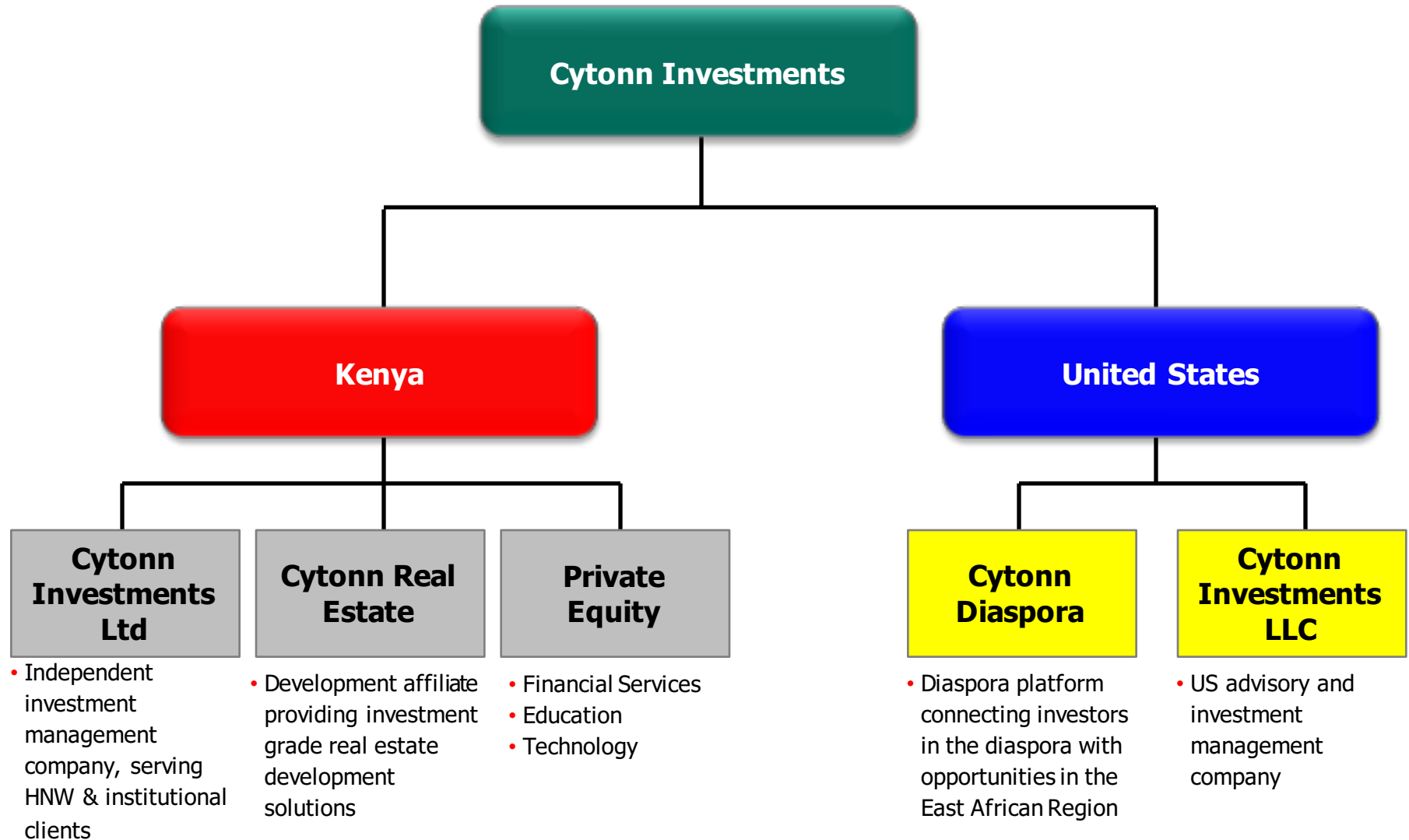


Introduction to Cytonn Investments

Cytonn Investments is an independent investments management company

- Our mission is that ***"we work to deliver innovative & differentiated financial solutions that speak to our clients needs"***
- Cytonn Investments is differentiated in several respects:
 - 1. Independence & Investor Focus:** Cytonn is solely focused on serving the interest of clients, which is best done on an independent investment management platform to minimize conflicts of interest
 - 2. Alternative Investments:** Specialized focus on alternative assets - real estate, private equity, and structured products
 - 3. Partnerships with Global Institutional Investors:** Such as Taaleri of Finland
 - 4. Strong Alignment:** Every staff member participates in ownership. When clients do well, the firm does well; and when the firm does well, staff do well

Cytonn's Corporate Structure – Kshs 73 bn Under Mandate



Board of Directors

The board is comprised of 10 members from diverse backgrounds, each bringing in unique skill-sets



Prof. Daniel Mugendi,
Chairman



Antti – Jussi Ahveninen,
Non-executive Director



Madhav Bhalla,
Non-executive Director



James Maina,
Non-executive Director



Nasser Olwero,
Non-executive Director



Kenneth Ndura
Non-executive Director



Mike Bristow,
Non-executive Director



Edwin H. Dande,
Managing Partner & CEO



Elizabeth N. Nkukuu,
Partner & CIO



Patricia N. Wanjama,
Partner & Head of Legal

The Management Team

The team brings in diverse global and local experience in investments, real estate, finance and brand



Edwin H. Dande,
Managing Partner & CEO



Elizabeth N. Nkukuu,
Partner & CIO



Patricia N. Wanjama,
Partner & Head of Legal



Maurice Oduor,
Investment Manager



Johnson Denge,
Real Estate Services Manager



Robert M Mwebi,
Project Manager



Kennon Mwiti,
Financial Controller



Shiv Arora,
Head of Private Equity
Real Estate



Gaurang Chavda,
Head of Private Wealth
Management



Winfred Ndung'u,
Brand & Business
Admin Manager



Martin Gitonga
Project Manager



Beverlyn Naliaka,
PR & Communication

Cytonn Investment Solutions

We offer differentiated investment solutions in four main areas

High Yield Solutions

- The Team's expertise and market knowledge enable us to offer investors higher yields than the market average
- Regular credit analysis, quick dealing capability and the large banking spread in the market allow the team to capitalize on investment opportunities

Real Estate Investment Solutions

- Our unique strategic partnerships with Cytonn Real Estate, our development affiliate, enables us to find, evaluate, structure and deliver world class real estate investment products for investors
- Our platform connects global capital seeking attractive return with institutional grade development opportunities in the East African region

Private Regular Investment Solutions

- We understand that investors have varying financial goals. Our highly customized and simple to understand investment products will enable you to achieve your investment objective
- We offer solutions to both local investors, and those in the diaspora interested in the investment opportunities back in Kenya and the region

Private Equity

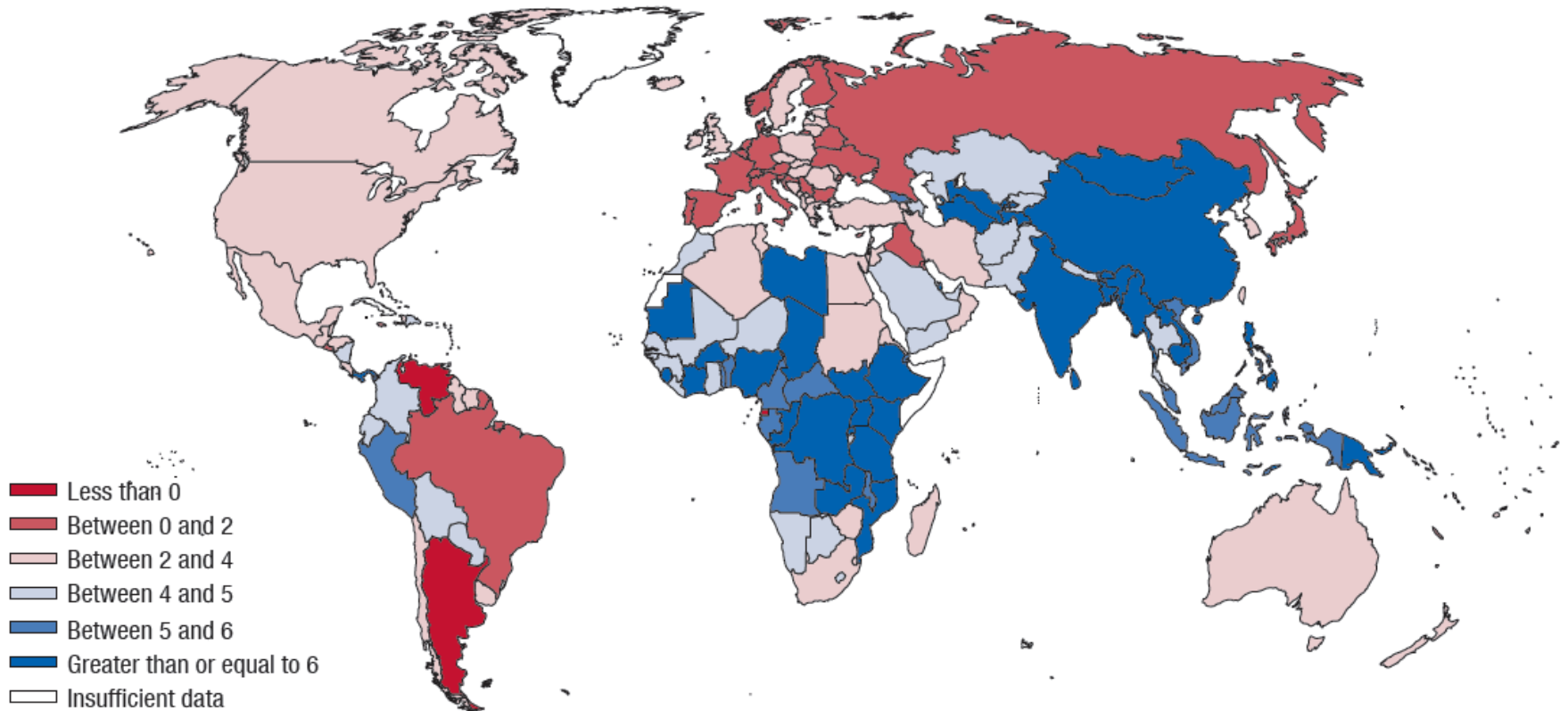
- Cytonn seeks to unearth value by identifying potential companies and growing them through capital provision and partnering with their management to drive strategy
- We primarily invest in the Financial Services, Education and Technology sectors

Global view of economic growth determines regions of focus

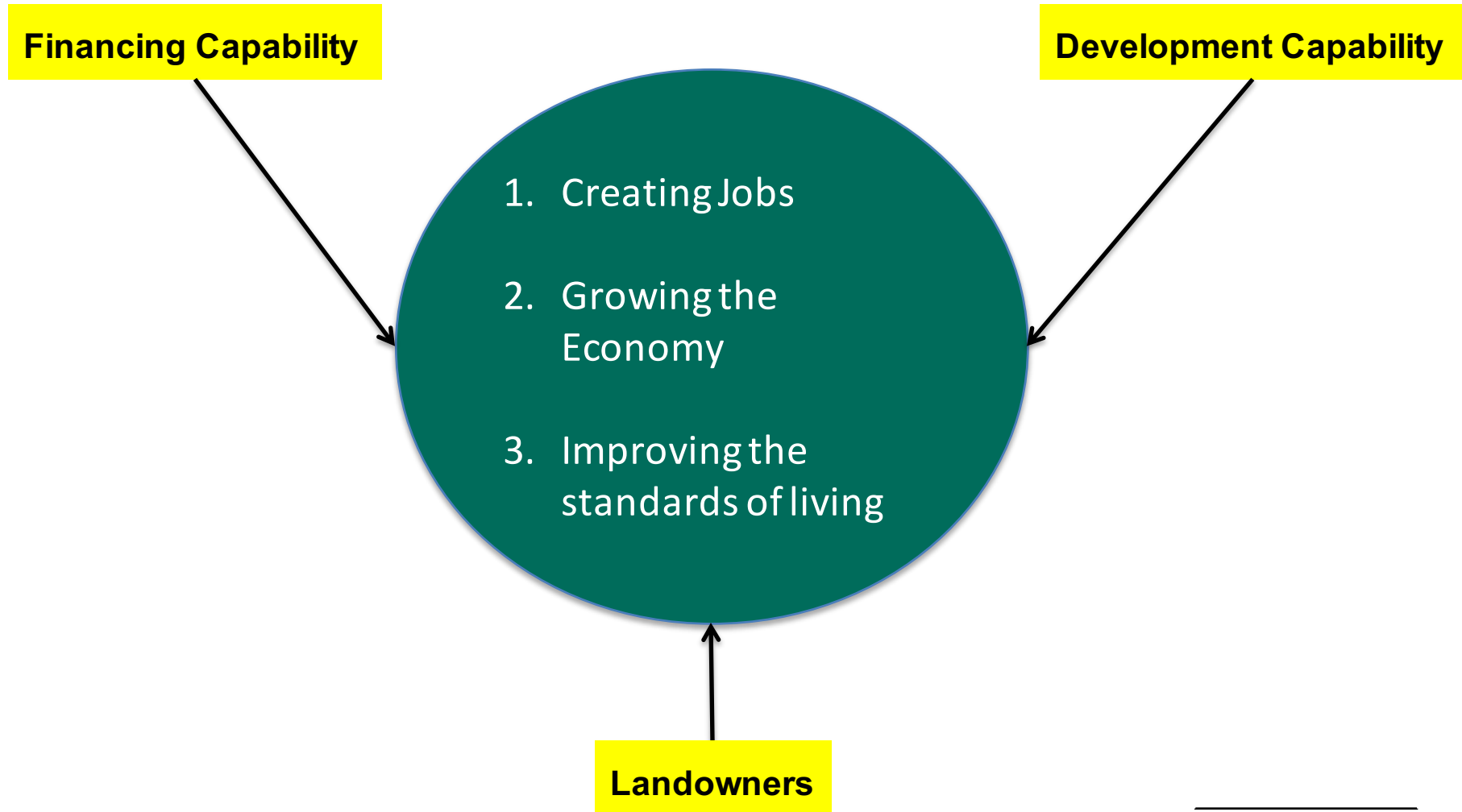
There is demand from global capital (light colors) looking for attractive returns (dark colors)

Figure 2.1. 2015 GDP Growth Forecasts and the Effects of a Plausible Downside Scenario

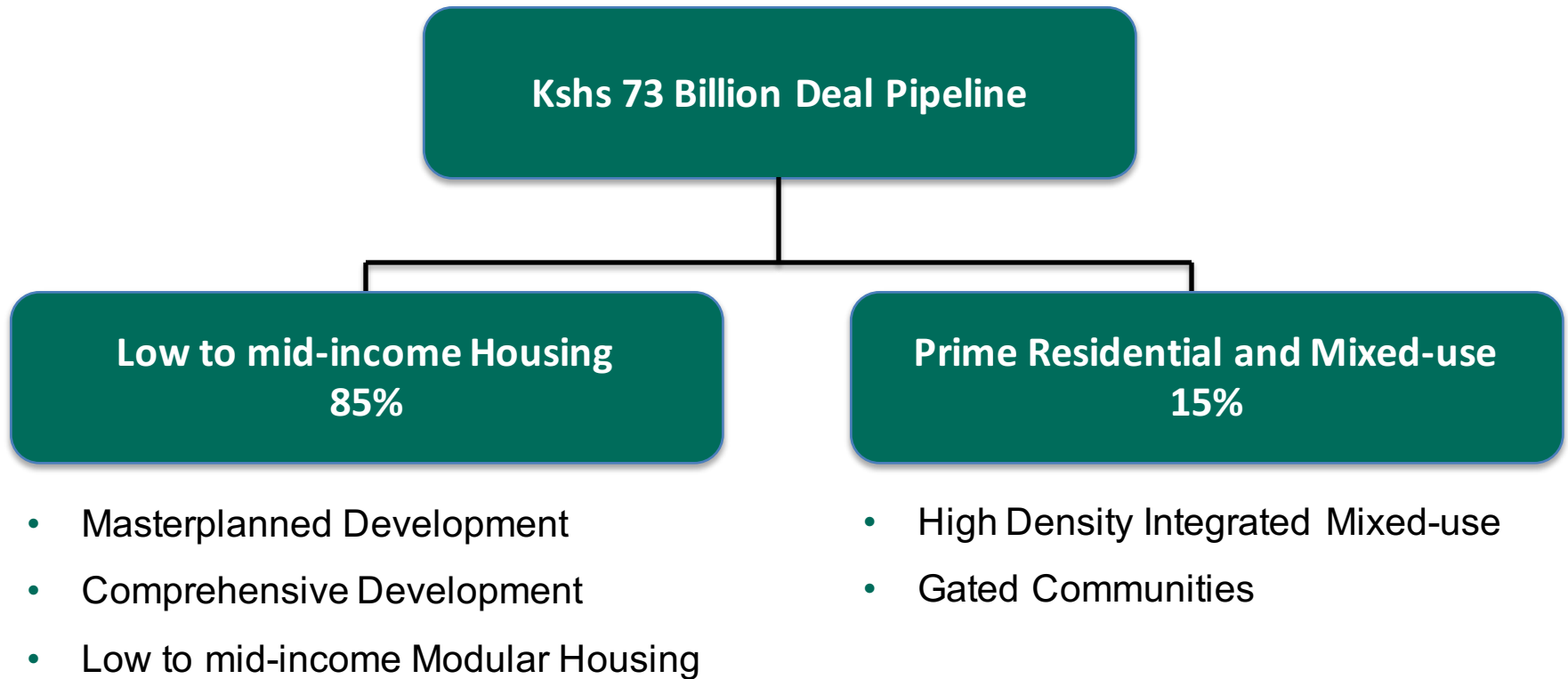
1. 2015 GDP Growth Forecasts¹
(percent)



Cytonn's strategy brings three key pillars together



Deal pipeline overview – 85% to low and mid-income housing



Summary of Projects – Kshs 73 bn Deal Pipeline Details

- **Set 1:** Projects are in the market, construction phase and being sold
- **Set 2:** Projects are in design stage
- **Set 3:** Projects are in acquisition stage

Projects	Concept	Project Size (Kshs mn)
SET 1		
1 Kanzi Plains	Site & Service Scheme	395.5
2 Athi Sharpland	Site & Service Scheme	644.7
3 Amara Ridge	Gated community	1,000.0
4 The Alma	Integrated lifestyle development	2,744.0
5 Situ Village	Gated masterplanned community	4,500.0
Sub - Total		9,284.2
SET 2		
6 The Annex	Integrated lifestyle development	522.9
7 Project Kitale	Masterplanned development	700.0
8 Rongai Sharpland III	Site & Service Scheme	937.4
9 Project Westlands	Serviced apartment concept	1,000.7
10 Ruaka III	Integrated lifestyle development	2,508.0
11 Project Ridgeways	High density mixed-use development	9,317.0
12 NewTown by Cytonn Real Estate	Low to mid income masterplanned city	22,500.0
Sub - Total		37,486.0
SET 3		
13 Project Kisumu	Mixed Used Office complex	500.0
14 Project Mombasa	High density mixed-use development	3,750.0
15 Project Hurlingham	Mixed Used Office complex	7,000.0
16 Project Upper Hill	Mixed used office complex	15,000.0
Sub - Total		26,250.0
GRAND TOTAL		73,020.2

C: Investment Asset Classes

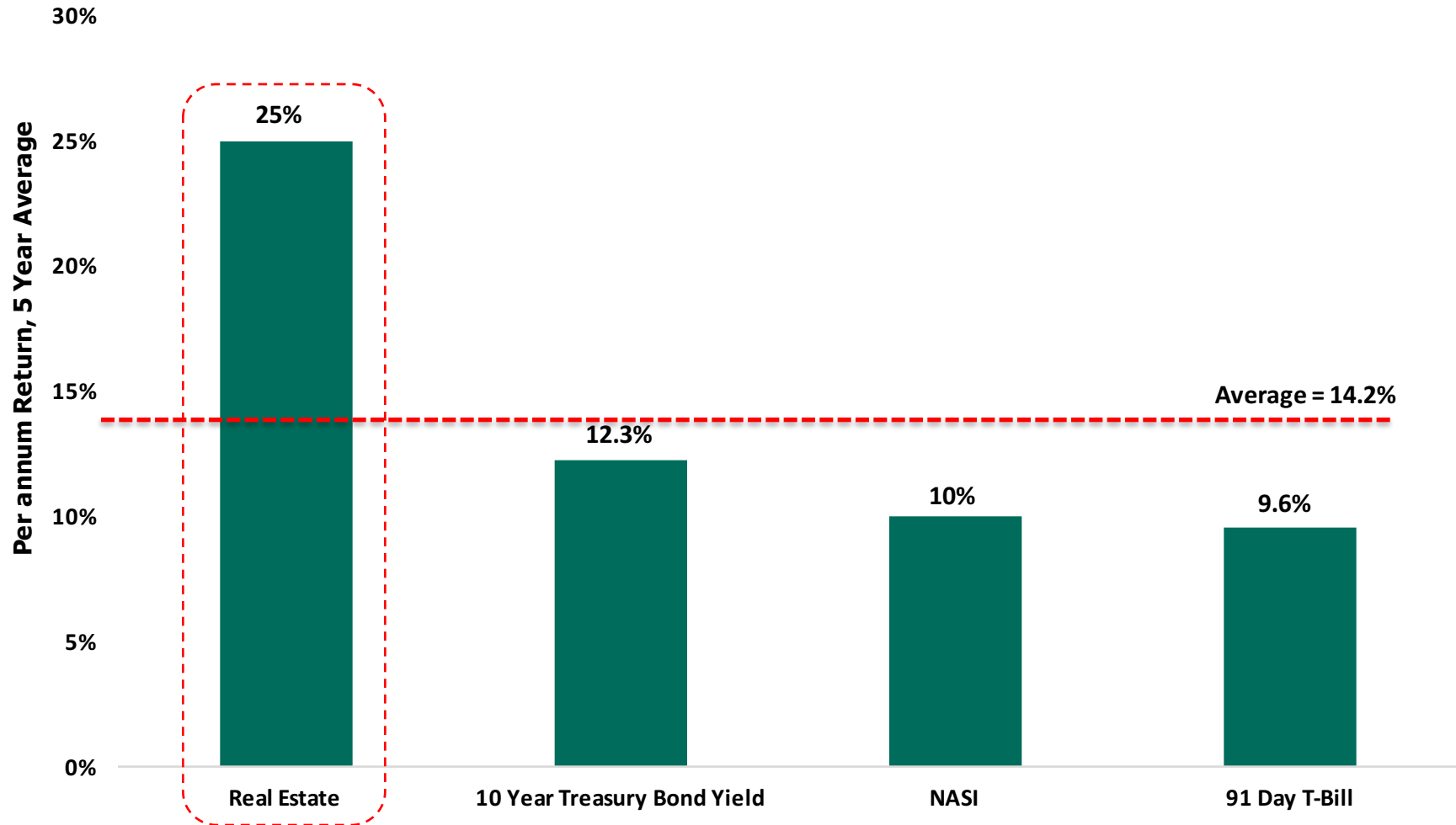
Broad Classifications of Investments

There are two main broad classifications of investments based on how accessible they are

	<u>Description</u>	<u>Characteristics</u>
Traditional Investments	i. Equities	<ul style="list-style-type: none">• Liquid• Price visible on stock exchange
	ii. Fixed Income	<ul style="list-style-type: none">• Liquid• Highly sensitive to interest rates• Returns made of both coupon and principal
Alternative Investments	i. Private Equity	<ul style="list-style-type: none">• Illiquid• Difficult to price• Lack of availability of transaction data
	ii. Real Estate	<ul style="list-style-type: none">• Illiquid• Provides inflation hedge• Low correlation with traditional investments• Lack of availability of transaction data

Real Estate - The Highest Returns in Kenya

Traditional investments returning 10% compared to 25% for real estate, & projected to continue



Suitable Investments for Each Investor

Lifecycle plays a key role in the investors risk profile and determines what the investor can invest in

Investors Age	Expected Risk Profile	Income Level	Skew investments towards	Reasoning
Below 25	High	Starting up so not high	Real Estate and Equities	Has a long investment horizon to withstand volatility and get enhanced returns
25- 35	High	Medium to high	Real Estate, Equities	Few cash flow requirements. Still has time to withstand volatility
35-45	Medium	Medium to high	Real Estate, Equities and FI	There are constant cash flow obligations. Still has time to withstand medium volatility
45-60	medium	Medium to high (Generating income from prior investments)	Real Estate, Equities and FI	There are constant cash flow obligations. Still has time to withstand medium volatility
Above 60	Low	low or non existent	REITS and Fixed Income	Stability of income is key

III: Joint Ventures

Cytonn Real Estate's Unrivalled & Unique Capabilities

Cytonn has all the necessary capabilities to deliver the very best real estate investment product

Fundraising

- The global market exposure combined with local experience networks have it easier to raise funds
- Our investors comprise of global and local institutions, local high-net-worth investors and Kenyans in the diaspora
- An experienced and passionate team to collect and manage funds, bringing about diverse investment portfolios with good returns

Market Research & Site Acquisition

- Research team is an essential part of any investment, helping identify the highest and best use and concept for the different land deals received and taken up by the company
- Cytonn has one of the best research teams in the region who carry out intensive market research for internal use and uses the data to release the data for guidance of external customers as well
- Our Site Acquisition team uses the market research to find the best sites for development given the opportunity in the economy

Concept Design

- Cytonn has unique concept designs that arise from partnerships with global institutions in countries like Dubai giving superior quality products to the market
- The internal concept team in collaboration with the project management function work tirelessly to deliver the products of the firm

Project Management

- The project management function is a vital part of real estate whose role is to ensure projects are delivered in the best quality, within scope and the most efficient resource use
- Cytonn boasts of a large PM team with diverse experience in the various aspects of project management to deliver world class real estate products

Sales and Marketing

- The marketing and brand team have enabled the brand reach great heights and visibility locally and globally by employing their experience, passion and innovation
- The firm has one of the best distribution teams that ensure our products reach far and wide. Their experience is backed by success stories of making sales of up to 45% even before start of construction developments

Execution Structure

Cytonn Real Estate seeks a 50-50 joint venture partnerships with land owners in our focus areas

1. Deal Origination & Site Acquisition

- We pattern with our various stakeholders to come up with the best land opportunities for development

2. Market Research and Due diligence

- Each and every development proposal is subject to a market research on the market trends and the subject area in order to determine the Highest and Best Use of the land
- The research process runs co-currently with due diligence in order to ascertain ownership of the land and could take up to one (1) month

3. Business Case & Financial Contribution

- A financial model is prepared using the findings from the market research in order to determine the financial feasibility of the project
- A business case is upon which a joint venture is made is then prepared
- In order to be equal partners in the partnership, Cytonn matches up the capital contribution of the land owner (land value) in terms of in cash
- The balance of the development costs is raised through the SPV

Execution Structure, continued...

The SPV is managed by a 5-member board of representatives

4. Governance

- Once Cytonn and the landowner agree on various terms and a project concept, the next step is the formation of a Special Purpose Vehicle (SPV)
- The aim of the special purpose vehicle formed is to develop the subject piece of land
- The SPV is governed by a Board of Representatives which shall constitute of five members at any given time with two being nominated by the land owners and two members being nominated by Cytonn Real Estate
- The 5th member is a neutral party who is nominated by the nominees as their chairman

5. Exit

The Parties shall collectively determine the Exit Plan which can be one of the following:

- By way of sale of all the units comprised in the Project; or
- By way of partly selling and partly letting out the units; or
- By way of wholly letting out the units; or
- Any other methodology that shall be agreed upon

Market Segments & Budgetary Allocation

We have a budgetary allocation of 85% for mid-end properties and we are keen on deals in the high mid-end segments

Market Segment	Proposed Budget Allocation	Existing Projects	Real Estate Themes	Other Locations that may be considered
High End (Ksh 50Mn& above)	15.00%	Amara Situ	Residential units (Stand-alone units)	Gigiri Rosslyn Runda Kitisuru
High Mid-End (Ksh 15-50Mn)	15.00%	Westlands	Residential units (Stand-alone units and high end apartments)	Riverside Garden Estate Spring Valley Parklands Redhill
Lower Mid-End (Ksh 15Mn & below)	70.00%	Alma Kanzi Plains Rongai 3 New Town Ruaka 3 Annex Ridgeways	Residential units and undeveloped land parcels	Ngong Kitengela Thindigua Karen-End Ruiru Athi River Kikuyu

IV. Real Estate Deal Showcases

Project Amara Ridge

Amara Ridge is a gated community on 5 acres located in Karen off Forest Edge Rd

- A breathtaking, distinct and luxurious landmark at the heart of Karen in Nairobi featuring two unique architectural designs
- Luxurious 5 bedroom Villas of 495 SQM each on a half-acre in an exclusive gated community of 10 Villas and a club house
- The property is located in the leafy suburbs of Karen at the junction of Forest Edge Road and Murishu Road opposite the proposed Bomas conference center
- This signature development consists of amenities such as a top of the world club house with meeting place and children play area, a common swimming pool and option for individual pool at your home, abundance of water, power backup, water recycling plant for irrigation, 24 hour security with CCTV and electric fencing, DSQ for two, paved roads and a leafy neighborhood



Amara Ridge Home Designs

The gated community consists of 5 Classical & 5 Contemporary Villas, each set on a half-acre



Amara Ridge - Classic

Amara Ridge - Contemporary



Project Situ Village

Project Situ Village is a 30 acre masterplanned community situated in the heart of Karen

Situ Village is set out to be a world-class gated community situated on a 30 acre exclusive Karen estate

We are looking to develop Situ Village to be a masterplanned gated community, strategically laid out to enhance space and maintain privacy. *A host of on-site amenities enhances the living experience:*

- ❖ 50 Villas
- ❖ 10 Cottages
- ❖ Convenience Store
- ❖ Gym & Swimming Pool
- ❖ Club House
- ❖ Playground
- ❖ Paved Roads & Street Lights
- ❖ Electricity
- ❖ Water
- ❖ Fibre Optic Cable
- ❖ Landscaping



Situ Village Location

The site is 4.5 km from the Karen shopping center and 2.5 km off Karen-Ngong Road



Proposed Situ Village Concept

The concept encompasses a fully sustainable masterplanned community



The Alma in Ruaka

Premium integrated mixed-use development in the heart of Ruaka

- The Alma is strategically located in the Nairobi metropolis region and neighbors Gigiri, Runda Roslyn and Tigoni
- 408 units spread across 1, 2 and 3-bedroom provide a premium product doubling as a home as well as a high rental yield investment
- It is in close proximity to the proposed Two Rivers mall, Village Market Mall and upcoming Rivera Rosslyn Mall. Also within the vicinity is Gertrude's hospital, Agha-Khan Hospital, Rosslyn Academy, German Academy
- The development speaks to a diverse group of people by The Alma has amazing amenities such as landscaped gardens, convenience stores, waste water recycling, paved roads, street lighting, ample parking, recreation area, ICT connectivity, rooftop terrace, an early education facility and security



The Alma Concept

A masterpiece created when space meets style and architectural finesse



Q&A

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