





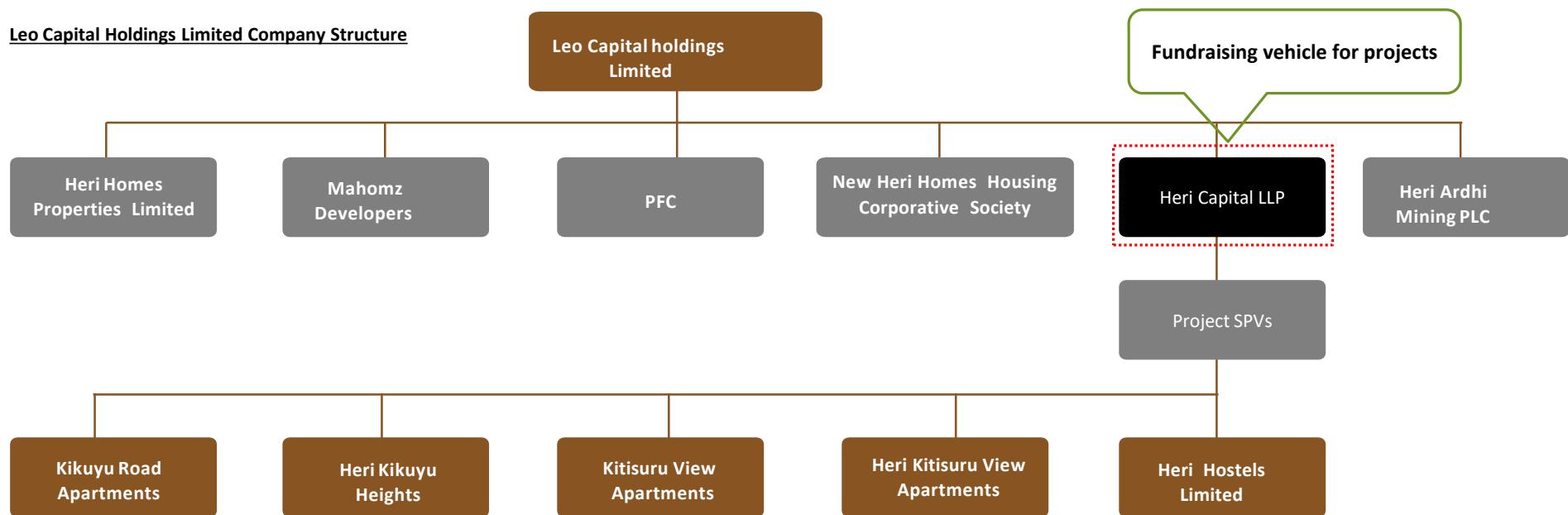
Executive Summary | Business Overview

Heri Capital LLP, is a subsidiary of Leo Capital Holdings Limited (LCHL), set up to specifically finance the development of Leo Capital Holdings Limited .

Business overview

- LCHL was initially established as a Land, Real Estate and Property Merchant Company in 2015. LCHL develops Apartments and Town Houses in areas where there are high rental yields
- LCHL is one of the leading Real Estate developers in Kenya. The company is run by a team of dynamic managers that have a combined experience of over 20 years of Real Estate Development in Kenya.
- The Company specifically develops low cost houses. Having identified that other developers are building high end homes for high income earners and that that has resulted in a huge housing deficit in the middle income earners, Leo Capital Holdings Ltd wants to close the housing gap.
- According to the latest National Housing Corporation Report, there is a deficit of approximately 1.9 million houses in Nairobi and 70 % of those looking to buy homes are in the middle income earning bracket. This need led to the creation of the brand Heri Homes.
- Heri Homes is a Real Estate Brand under Leo Capital Holdings Limited. The Company develops quality and affordable housing units to the discerning markets using an equity model. It has it's presence in several Counties such as Nairobi, Mombasa, Kiambu, Machakos, Kajiado, and Nakuru.

Leo Capital Holdings Limited Company Structure



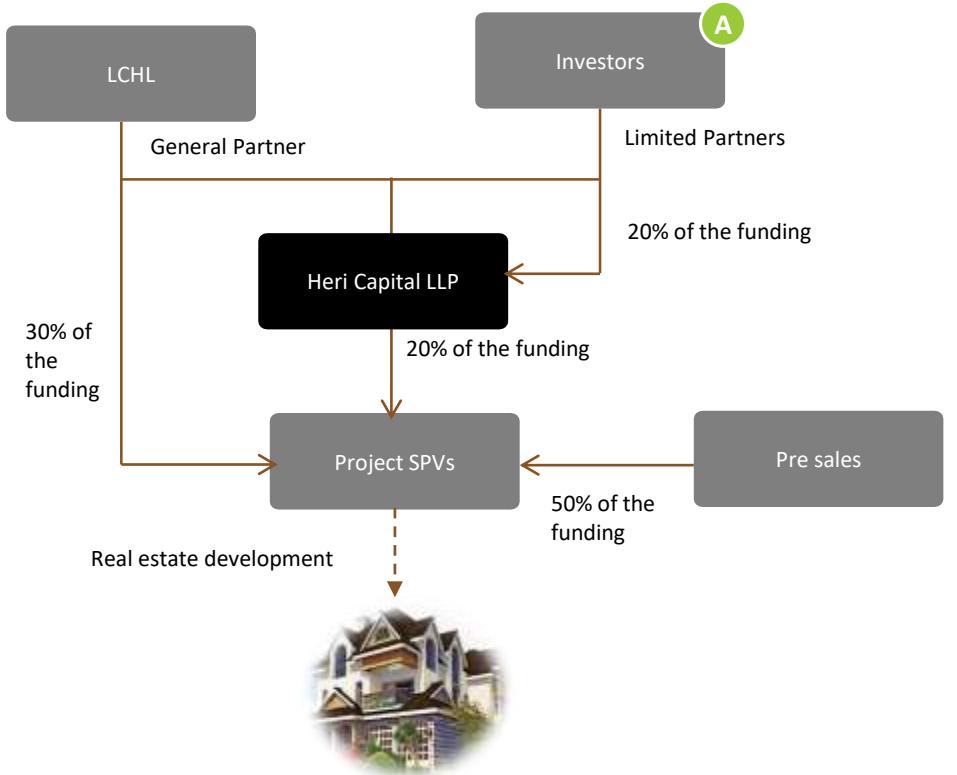
Executive Summary | Funding Request

Heri Capital LLP, is seeking KES 200m, with a greenshoe option of upto KES 100m, for the financing of its various real estate projects. The funding sought will be injected as debt into the Project SPVs and secured by assignment of receivables and a negative pledge on the fixed assets of the Project SPVs

Terms

Amount	<ul style="list-style-type: none">KES 200m (with a green shoe option of KES 100m)
Tenor	<ul style="list-style-type: none">1 years (with an extension option at the discretion of the investor)
Principal redemption	<ul style="list-style-type: none">Bullet at the end of 2 years
Interest rate	<ul style="list-style-type: none">16% payable annually on quarterly basis
Security	<ul style="list-style-type: none">Assignment of receivables from pre sales on completion of projectsNegative pledge on fixed assets of the Project SPVs

Financing Strategy for Projects



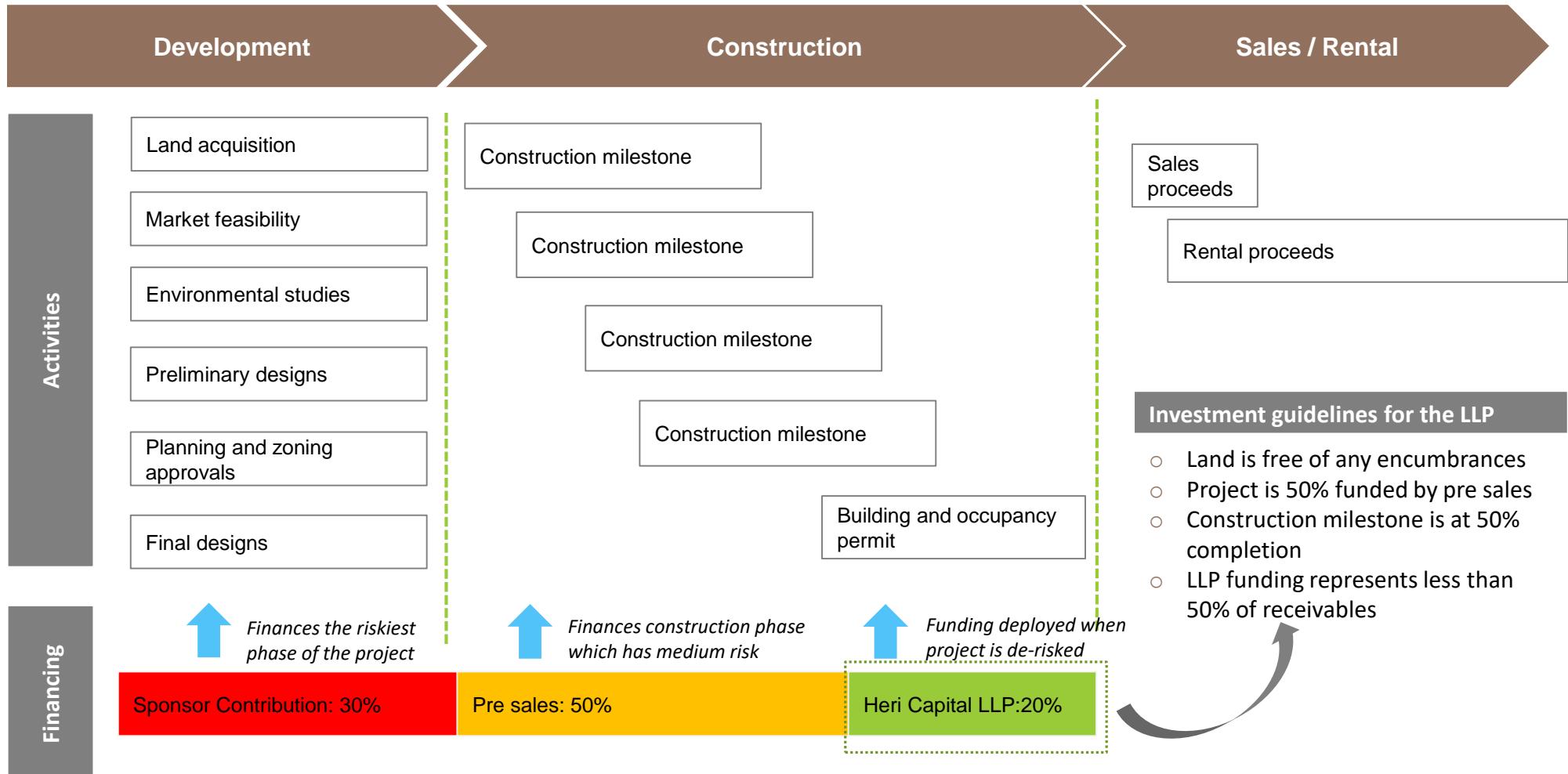
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Investment thesis

Investing in Heri Capital LLP provides investor with exposure to the real estate sector in a secured manner since investors will have preferential access to cash flows and assets of the projects.

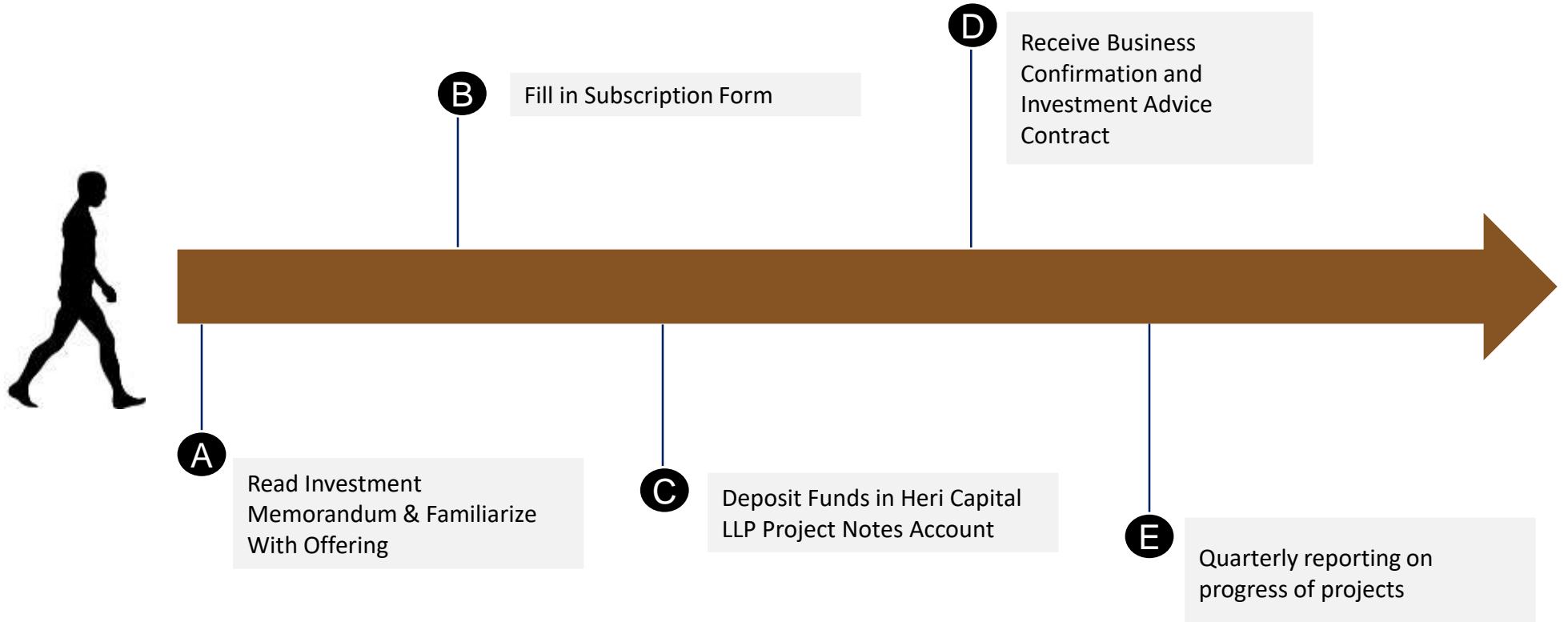
Executive Summary | LLP Investment Principle

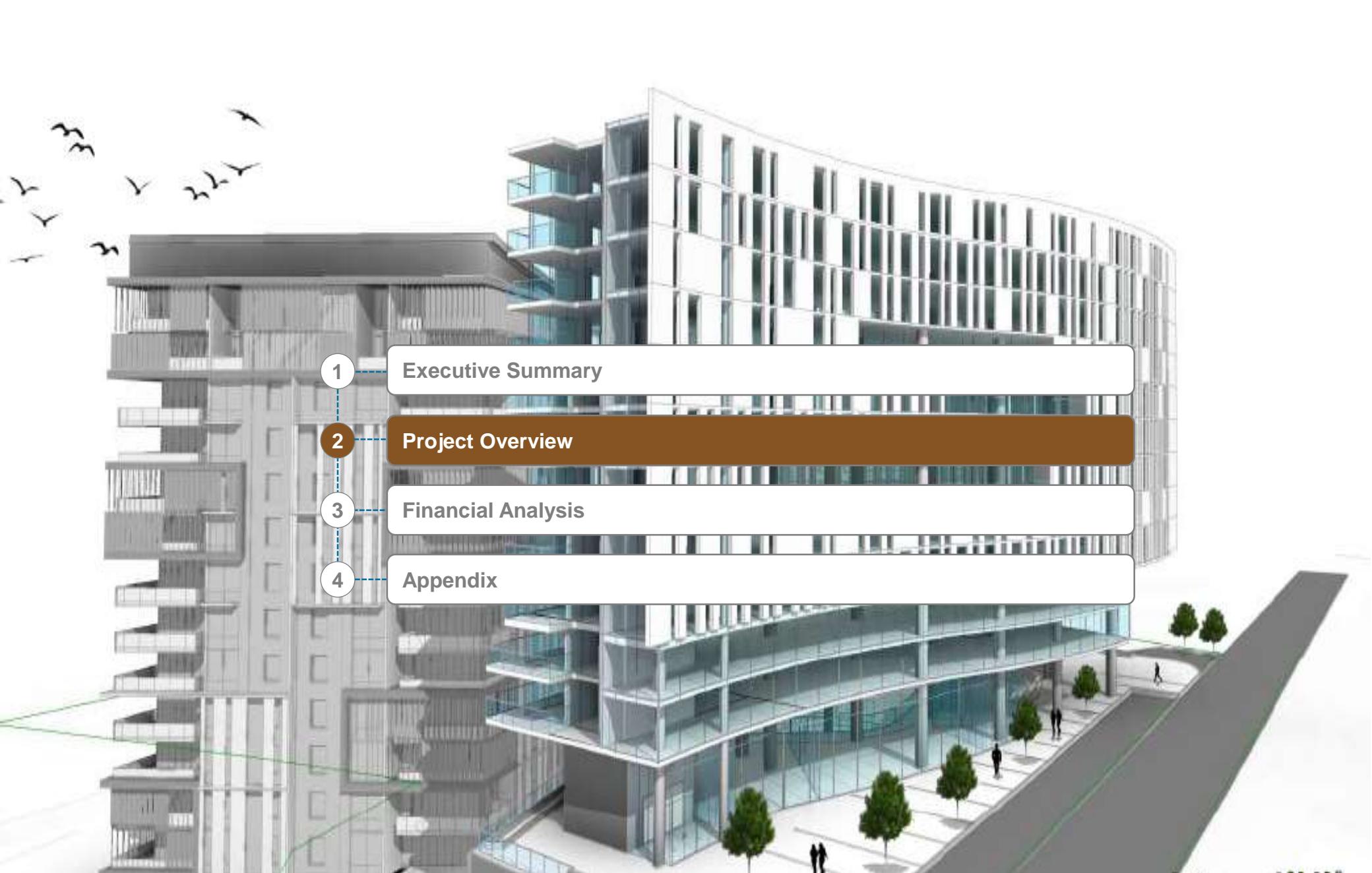
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Executive Summary | Next Steps

Investors interested in investing in Heri Capital LLP are on board using the following steps





Projects Overview

Leo Capital Holdings is an experienced developer. We have delivered multiple projects

Kikuyu Road Apartments



Heri Kikuyu Heights (Kikuyu 2)



A

Project details

Name of Project	Kikuyu Road Apartments Limited
Status	Complete
Value	KES 341m
Principal	Leo Capital Holdings Limited

B

Project details

Name of Project	Heri Kikuyu Heights Limited
Status	Completion in Feb 2019
Value	KES 270m
Principal	Leo Capital Holdings Limited

Projects Overview

Leo Capital Holdings is an experienced developer. We have delivered multiple projects

Heri Kitisuru View Apartments (Kitisuru 2)



Heri Kikuyu Heights (Kikuyu 3)



A

Project details

Name of Project	Heri Kitisuru View
Status	Completion in Feb 2019
Value	KES 375m
Principal	Leo Capital Holdings Limited

B

Project details

Name of Project	Heri Kikuyu Heights Limited
Status	Completion in June 2019
Value	KES 266m
Principal	Leo Capital Holdings Limited

Projects Overview

Leo Capital Holdings is an experienced developer. We have delivered multiple projects

Kitisuru Spur Apartments



Heri Kitisuru View Apartments (Kitisuru 3)



A

Project details

Name of Project	Kitisuru Spur Apartments
Status	Completion in May 2020
Value	KES 1b
Principal	Leo Capital Holdings Limited

B

Project details

Name of Project	Heri Kitisuru View Apartments
Status	Completion in March 2020
Value	KES 600m
Principal	Leo Capital Holdings Limited

Projects Overview

Leo Capital Holdings is an experienced developer. We have delivered multiple projects

Ruaka Apartments



Happy Valley Gardens (Thika Maisonettes)



A

Project details

Name of Project	Zipporah Heights
Status	Completion in November 2018
Value	KES 130m
Principal	Leo Capital Holdings Limited

B

Project details

Name of Project	Happy Valley Gardens
Status	Completion in September 2020
Value	KES 564m
Principal	Leo Capital Holdings Limited

Projects Overview

Leo Capital Holdings is an experienced developer. We have delivered multiple projects

Heri Kitisuru View Apartments



A

Project details

Name of Project	Kitisuru View
Status	Complete
Value	KES 652m
Principal	Leo Capital Holdings Limited

Key Features

- Back Up Generator
- Ample Parking
- Proximity to Town
- Borehole
- Perimeter Wall
- Master Bedroom Ensuite

Projects Overview

Leo Capital Holdings is an experienced developer. We have delivered multiple projects

Heri Hostels



A

Project details

Name of Project	Heri Hostels
Status	Completion in November 2018
Value	KES 720m
Principal	Leo Capital Holdings Limited

Key Features

- Swimming Pool
- Wifi
- Counselling Centre
- Gym
- Backup Generator
- Ample Parking
- Borehole

Projects Overview

Leo Capital Holdings is an experienced developer. We have delivered multiple projects

Daystar Commercial Complex



A

Project details

Name of Project	Daystar Commercial Complex
Status	Completion in March 2020
Value	KES 80m
Principal	Leo Capital Holdings Limited

Key Features

- Chemist
- Restaurant
- Supermarket
- Cyber
- Games Room



Funding Request

Heri Capital LLP will fund the following projects. The selected projects are almost complete

Funding Request per Project

- Leo Capital Holdings Ltd has 5 projects currently under construction as seen in the table below.

Project Name	Amount Sought	Trade and other receivables
Kitisuru View Apartments Ltd		
Heri Hostels Ltd		
Heri Kikuyu Heights (Kikuyu 2)		
Heri Kitisuru View (Kitisuru 2)		
Heri Kikuyu Heights (kikuyu 3)		
Total Funding Request	KES 229,000,000	KES 528,553,415 A

The funding amount sought will be subject to a green shoe option. Hence our funding request is of the range: KES 200m – KES 300m

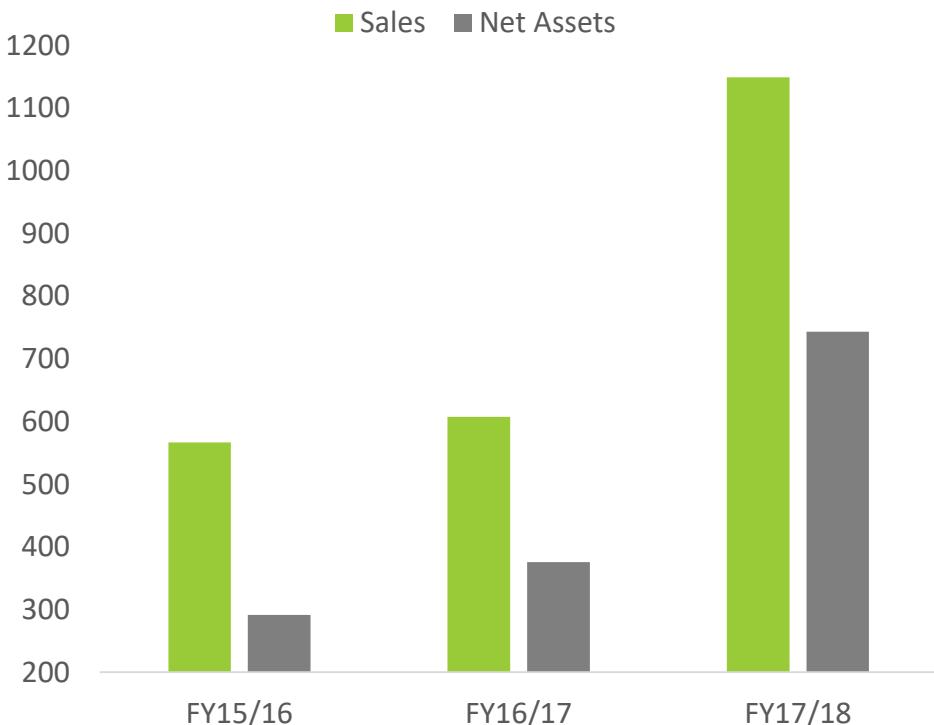
- Heri Capital LLP funding of the projects will be secured by receivables from the project (currently the security cover exceeds 2.3x).

Financial Performance

Leo Capital Holdings Limited has grown by leaps and bounds: both sales and net assets have increased over the last three years

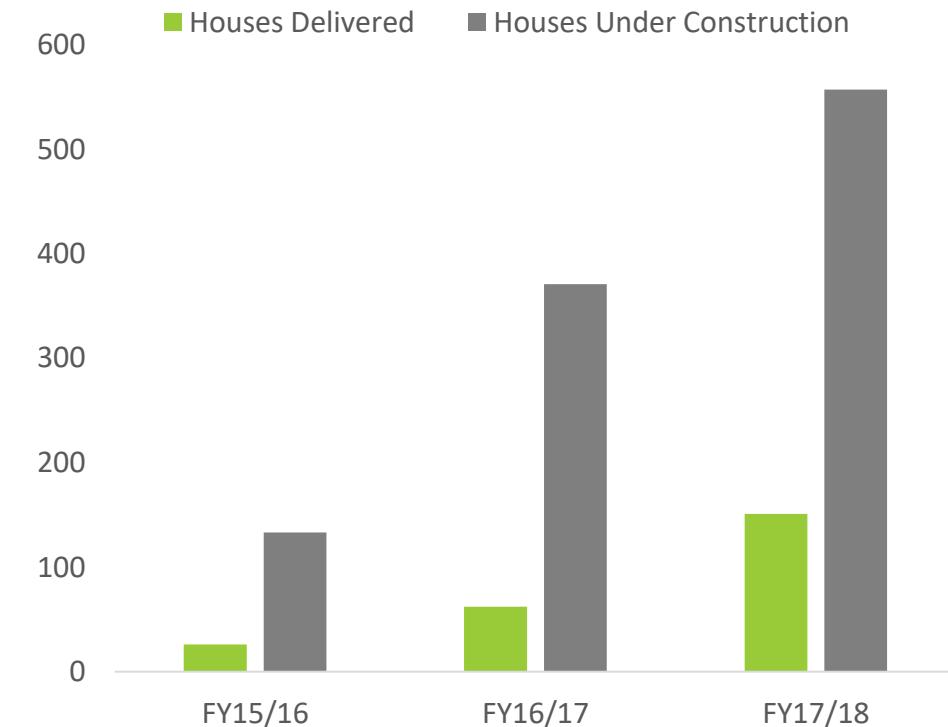
Sales versus net assets

Figures in KES Millions



Houses delivered versus under houses under construction

Number of units

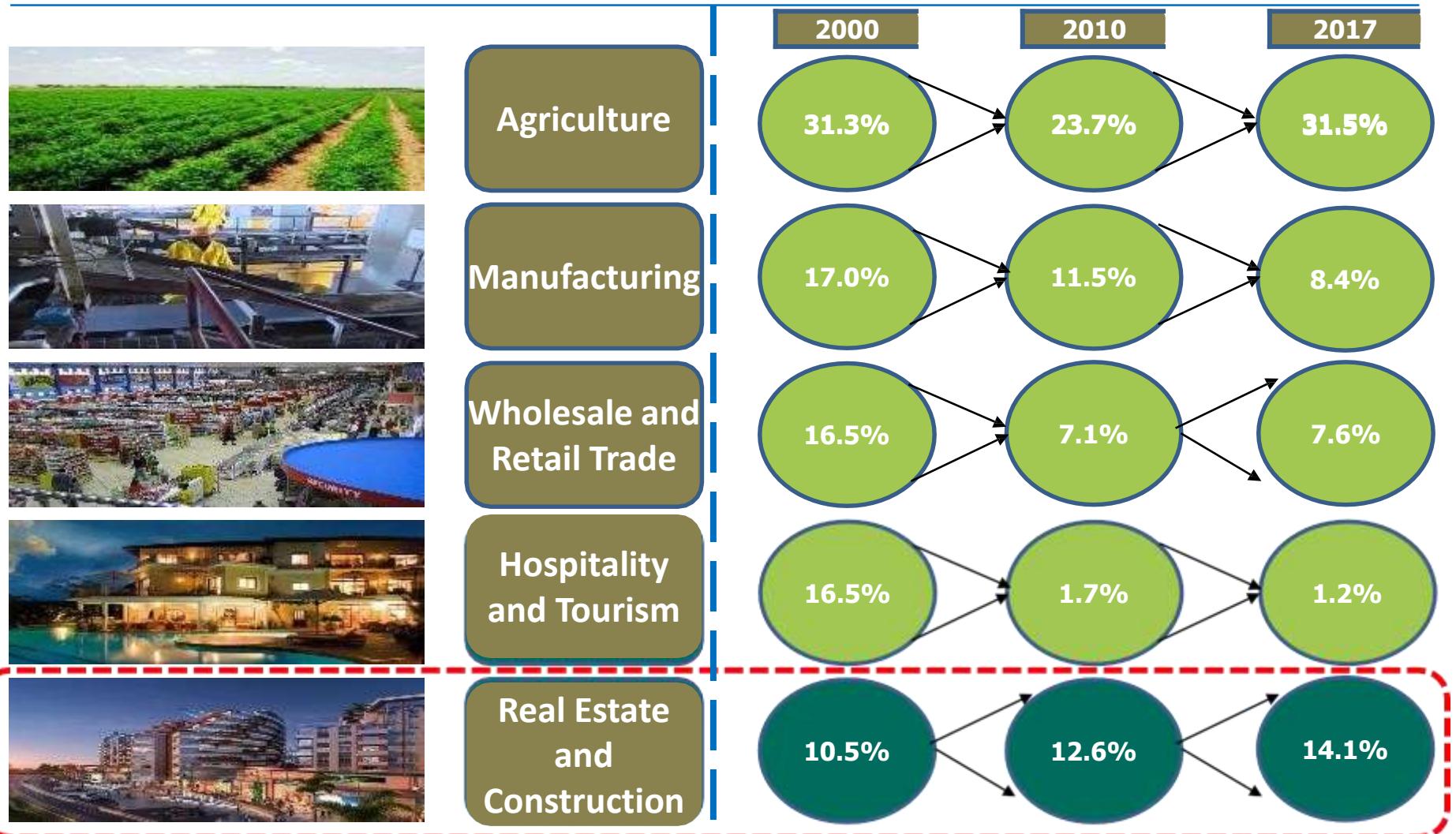




Appendix | Real Estate Overview

Kenya Real Estate Analysis| Contribution to GDP

Real Estate and construction sectors contribution to GDP has been on a rising trend from 10.5% in 2000 to 12.6% in 2010 to 14.1% as at 2017



Source: KNBS

Kenya Real Estate Analysis| Factors Driving Growth

Domestic tourism, recognition of Kenya as a regional hub and a better operating environment will also drive real estate performance in 2018

Demographic Trends

- High urbanization rates of 4.4% against global averages of 2.1%
- Expanding middle class with increased purchasing power due to higher disposable income, which increased to Kshs 6.6 tn in 2016 from Kshs 5.7 tn in 2015
- High population growth with a 5-year CAGR at 2.6%

Housing Deficit

- Kenya has a housing deficit of approximately 2.0mn units with an annual shortfall of 200,000 units
- We expect to witness increased development as a result of government incentives such as;
 - 15.0% corporate tax relief to developers who put up at least 100 low-cost residential houses annually,
 - Digitalization of lands ministry,
 - Scrapping of NEMA and NCA levy and
 - Inclusion in its 4 key strategic pillars of focus for the period 2017-2022, “Big Four” alongside food security, manufacturing and affordable healthcare

Sustained Infrastructural Development

- Government initiative to build 10,000kms of road network in the next 5years which will increase traction in different areas, so far tenders have been awarded for Ngong Road Phase II & III and Ruaka to Ruiru Bypass
- In addition, areas such as Ruiru and Kitengela are mapped for connection to the main sewer which will allow for higher density developments and boost real estate prices

Kenya Real Estate Analysis| Challenges

Access to funds, increased supply and competition are some of the challenges that will constrain the real estate sector's performance in 2018

Inadequate and High cost of Funds

- Banks have reduced credit advancement to small and medium sized companies as a result of the interest rates cap that stands at 14.0%
- Mortgages also reduced as a result of the interest capping with the number of active mortgage accounts dropping by 1.5% at the end of 2016, to 24,085 from 24,458 in 2015
- Despite the capping of interest rates, the actual cost of credit is still high averaging at 19.0% thus increasing the development costs

Increased Supply and Competition

- The commercial office segment is likely to experience lower returns as a result of the oversupply in the sector which is expected to be 3.9 mn SQFT in 2018
- With the entry of international retailers, we expect high competition in the retail sector which is likely to constrain the performance of small operators

Lack of Affordable Development Class Land

- There is inadequate development land supply at effective prices thus increasing the costs of development and consequently end user prices
- On average, land prices have grown with a 6- year CAGR of 17.4%



Interested, please contact:

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