

MEDIA RELEASE

FUSION CAPITAL D-REIT OFFER OPENS AT SH23 A UNIT, SEEKS TO RAISE SH2.3 B

Minimum holding put at Sh5 million in funds drive for Meru property project

June 23, 2016...The public offer for the FRED- COMMERCIAL (Fusion Development Real Estate Investment Trust) opened today with some 100 million units going on sale at Sh23 each.

Investors in the Fusion Capital D-REIT, the first of its kind in the Kenyan market, will be required to invest in a minimum holding of five million shillings. This means that the offer is open to “professional investors” only.

The Sh2.3 billion offer opened at 08h00 this morning and will close at 17h00 on July 15th, 2016. Applications for subscription will then go through an allotment process with a subsequent listing of units on the Nairobi Securities Exchange (NSE) on July 28. The overall total project size is Sh 3.7 billion.

Cash raised through the offer will be used to develop Greenwood City, an upscale, high potential development in Meru, Meru County which comprises a shopping mall, an upscale office block and apartments. The project was conceptualized to provide first-class shopping and executive residential accommodation for a growing and vibrant middle class and Grade A office space for firms doing business in the region.

A D-REIT is a tax-efficient, listed collective investment instrument that allows investors to pull capital to develop large scale real estate units. Investors benefit from capital appreciation during the listing and construction window. The units in the REIT are traded on the NSE like any other listed security. Investors can also realize capital gains on exit through sale of the property. In the case of Greenwood City, the asset will be sold at a yield in September next year. The D-REIT is a closed-ended fund, which means investors can only exit through the secondary market at the NSE.

Commenting on the offer, Luke Kinoti, Fusion Capital Group CEO, said: “We are delighted to be the first to give other investors a chance to access development returns in Kenya by investing in property development through a D-REIT. We bring to the table the requisite experience in property development to deliver on this promise.”

FRED- COMMERCIAL would give investors a chance to invest in Kenya’s growing property market through a tax efficient, strictly regulated and listed asset class. Listing would help in price discovery and engender liquidity, while giving investors a window to exit and enter. The other advantage is that the project is already off the ground, with at least 38 per cent of the project (Sh868 million) pre-funded.

Commending Fusion Capital for the fete, NSE Chief Executive Mr. Geoffrey Odundo said, “This is another opportunity for our investors to diversify their portfolio, Coming barely six months after we launched the first REIT in the market, we are confident that the new instrument will go a long way in quenching the thirst for Real Estate Investment in this market.”

“Since devolution, the real estate industry has been steadily growing with continuous opportunities in new projects in various counties,” explained Mr Kinoti.

Buoyed by sustained demand for residential, commercial and other stock, Kenya's property market has been on an upward trajectory for over a decade now; a major driver of economic growth and contributor to the country's Gross Domestic Product (GDP). Data from the Central Bank of Kenya shows that the Construction sector has remained a major driver of real GDP growth. The Construction sector is credited with the highest growth rate during Q3 of 2015 at 14.1 per cent.

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NOTES TO EDITORS:

About Fusion Capital Limited

Fusion Capital Limited, a Kenyan private equity firm and real estate developer, is the promoter of Greenwood City, a high potential commercial and residential asset in Meru, Meru County. The decade-old firm has established its credentials and experience as a solid property developer, with an expansive and well capitalized asset portfolio of up to \$200 million which comprises 13 assets, 11 of which are fully funded. The firm is inviting individual and corporate investors to participate in its latest project, Greenwood City, through the issuance and eventual listing on the Nairobi Securities Exchange of Kenya's first D-REIT (Development Real Estate Investment Trust).

About the Nairobi Securities Exchange

The Nairobi Securities Exchange (NSE) is the principal securities exchange of Kenya. Besides equity securities, the NSE offers a platform for the issuance and trading of debt securities. The NSE is a member of the African Securities Exchanges Association (ASEA) and the East African Securities Exchanges Association (EASEA). It is an affiliate member of the World Federation of Exchanges (WFE), an associate member of the Association of Futures Markets (AFM) and a partner Exchange in the United Nations Sustainable Stock Exchanges Initiative (SSE).

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FOR MORE INFORMATION

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