Information Memorandum

In respect of The issue of up to a maximum amount of
Kenya Shillings Five Billion (KES 5,000,000,000)
Senior and Subordinated Medium Term Note Programme

Responsible finance. Sustainable futures.

REAL PEOPLE™

REAL PEOPLE™

Real People Kenya Limited

Incorporated in Kenya under the Companies Act (Chapter 486, Laws of Kenya)
(Registration Number C3/2015)

Information Memorandum

25 June 2015

In respect of
The issue of up to a maximum amount of
Kenya Shillings Five Billion (KES 5,000,000,000)
Senior and Subordinated Medium Term Note Programme

This Information Memorandum is issued in compliance with the requirements of the Companies Act (Cap 486), the Capital Markets Act (Cap 485A) and the rules of the Nairobi Securities Exchange.

Mandated Lead Arranger and Placement Agent

NIC CAPITAL

Lead Sponsoring Broker

NIC SECURITIES

Reporting Accountants

PKF

Legal Advisors

CH Coulson Harney ADVOCATES

Member of Bowman Gilfillan Africa Group

Receiving Bank

NIC BANK

Registrar

NIC BANK

Note Trustee

MTC TRUST

THIS INFORMATION MEMORANDUM HAS BEEN APPROVED BY THE BOARD OF DIRECTORS OF REAL PEOPLE KENYA LIMITED AND HAS BEEN ISSUED IN COMPLIANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS ACT (CAP 485A), THE CAPITAL MARKETS (SECURITIES) (PUBLIC OFFERS, LISTING AND DISCLOSURES) REGULATIONS, 2002, THE RULES OF THE NAIROBI SECURITIES EXCHANGE LIMITED AND THE COMPANIES ACT (CAP 486).

Director

Director

1. PREFACE

Under this Medium Term Note Issuance Programme (the "Programme"), the Issuer may from time to time issue debt securities (the "Notes"), subject to the Conditions contained in or referred to in this Information Memorandum. Any other terms and conditions not contained in the Conditions which are applicable to any Notes will be set forth in a Pricing Supplement. The Notes may rank as senior unsecured or subordinated obligations of the Issuer. The aggregate principal amount of Notes outstanding will not at any time exceed Kenya Shillings Five Billion (KES 5, 000,000,000). It is proposed that the Issue will be in three tranches in the years 2015, 2016 and 2017. The Senior Notes and the Subordinated Notes shall rank as specified in the Summary of the Programme as well as under the Conditions.

The sale or transfer of Notes by Noteholders will be subject to the rules of the NSE, and where applicable, the CDSC Rules, the Conditions and the provisions of the Agency Agreement. The register for the Notes will be the record of depositors maintained by the CDSC in accordance with the Central Depositories Act. There are currently no other restrictions on the sale or transfer of Notes under Kenyan law. In particular, there are no restrictions on the sale or transfer of Notes by or to non-residents of Kenya.

A copy of this Information Memorandum, together with the documents required to be attached thereto pursuant to section 43(1) of the Companies Act, has been delivered to the Registrar of Companies in Nairobi.

Applications for participation shall be processed through the Issuing Agent, details of which are provided in this Information Memorandum (under the section headed "Subscription and Sale"). The Notes may not be offered or sold, directly or indirectly, and neither this document nor any other Information Memorandum, offering circular or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations of that country or jurisdiction.

2. DISCLAIMER AND STATEMENTS

1. The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains all information with respect to itself and the Notes to be issued by it which is material in the context of the Programme. The Issuer further confirms that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading, that the intentions and opinions expressed in this Information Memorandum are held, and that there are no other facts the omission of which would make any such information or the expression of any such opinions or intentions misleading in any material respect.

2. The Issuer hereby gives an undertaking to the Mandated Lead Arranger and the Placing Agent that if at any time during the duration of the Programme there is a significant new factor, relating to information contained in this Information Memorandum which is capable of affecting the accuracy or assessment of any Notes and whose inclusion in or removal from this Information Memorandum is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Information Memorandum or publish a replacement Information Memorandum for use in connection with any subsequent offering of the Notes and shall file such amendment, supplement or replacement Information Memorandum with the NSE and shall supply to each Placing Agent, the Trustee, CMA and the NSE such number of copies of such supplement hereto as such Placing Agent, the Trustee, CMA and the NSE may reasonably request.

3. Neither this Information Memorandum nor any other information supplied in connection with the Programme is intended to provide the complete basis of any credit or other evaluation, nor should it be considered as a recommendation by the Mandated Lead Arranger and Placing Agent that any recipient of this Information Memorandum or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer.

4. The Capital Markets Authority (the CMA) has approved the public offering and listing of the Notes on the Fixed Income Securities Market Segment **(FISMS)** of the NSE. As a matter of policy, the CMA does not assume responsibility for the accuracy of any of the statements made or opinions or reports expressed or referred to in this Information Memorandum. Approval by the CMA of the Programme and/or listing should not be taken as an indication of the merit of the Issuer or of the Notes.

5. The NSE has authorised the Issuer to list the Notes on the FISMS. Save as disclosed herein, the Notes have not been and will not be registered under any other securities legislation whether in Kenya or any other country. The NSE assumes no responsibility for the accuracy of the statements made or opinions or reports expressed or referred to in this Information Memorandum. Admission by the NSE of the Notes on the FISMS of the NSE should therefore not be taken as an indication of the merits of the Issuer or of the Notes.

6. The Placing Agent and Sponsoring Broker has relied on information provided by the Issuer and accordingly, does not provide assurance for the accuracy or completeness of the information contained in this Information Memorandum and therefore does not accept any liability or responsibility in relation to information contained in the Information Memorandum.

7. The delivery of this Information Memorandum does not, at any time, imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof, or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

8. No person has been authorised to give any information or make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation should not be relied upon as having been authorised by or on behalf of the Issuer.

The distribution of this Information Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons who are in possession of this Information Memorandum are cautioned to inform themselves and observe any such restriction.

3. CAUTION STATEMENT

The Directors of the Issuer, whose names appear on page 8 of this Information Memorandum, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.

Prospective investors should carefully consider the matters set forth under the Caption "Risk Factors" under section 17 of this document.

This Information Memorandum has been drawn up in compliance with the requirements of Kenyan law. This document is important and requires your immediate attention. If you are in any doubt as to the meaning of any information in this Information Memorandum or what action to take, please forthwith, consult your investment banker, stockbroker, advocate, accountant, licensed investment adviser or other professionals.

SELLING RESTRICTIONS

The Issuer considers that Notes issued under this Information Memorandum will constitute a domestic issue of the Notes within Kenya. The Arranger and the Placing Agent have represented, warranted and undertaken that they will (i) observe all applicable laws and regulations within Kenya; (ii) will not make any offer or sales of Notes under this Information Memorandum in any jurisdiction other than Kenya; (iii) will distribute the Information Memorandum and/ or any advertisement or offering material within Kenya only under circumstances that will result in compliance with all applicable laws and regulations; and (iv) will not distribute the Information Memorandum and/or any advertisement or offering material in any other jurisdiction.

The distribution of this Information Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Issuing Agent and the Mandated Lead Arranger to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). Notes may not be offered, sold or delivered within the United States or to US persons (as defined in Regulation S under the Securities Act). For a description of certain restrictions on offers and sales of Notes and on the distribution of this Information Memorandum, see "Subscription and Sale".

4. DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum should be read and construed in conjunction with:

1. all supplements to this Information Memorandum circulated by the Issuer from time to time in accordance with the undertakings given by the Issuer in the Trust Deed and as further described in the second paragraph in the section headed Disclaimers and Statements;
2. each Pricing Supplement relating to a Tranche of Notes issued under the Programme;
3. the audited annual financial statements, and notes thereto, of the Issuer for the five financial years ended 31 March as well as any audited interim financial statements published subsequent to such annual financial statements of the Issuer for the last five financial years prior to each issue of Notes under this Issue;
4. all information pertaining to the Issuer which is relevant to the Programme and/or this Information Memorandum which is electronically submitted to the CMA and NSE.

Save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will provide free of charge to each person to whom a copy of the Information Memorandum has been delivered, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents shall be directed to the Issuer at its registered office as set out in this Information Memorandum.

5. LIST OF CONTACTS

5.1 CORPORATE INFORMATION

Real People Kenya Limited International Life House Mama Ngina Street Nairobi, Kenya	
Daniel O. O. Ohonde Chief Executive Officer International Life House Mama Ngina Street Nairobi, Kenya E: dohonde@realpeople.co.ke	**Norman Ambunya** Chief Financial Officer International Life House Mama Ngina Street Nairobi, Kenya E: nambunya@realpeople.co.ke

5.2. CURRENT DIRECTORS OF THE COMPANY

Name	Position	Nationality	Address
Daniel O. O. Ohonde	Executive, Non-Independent Director/ Chief Executive Officer	Kenyan	P.O. Box 27153- 00100
Norman Ambunya	Executive, Non-Independent Director/ Chief Financial Officer	Kenyan	P.O. Box 27153- 00100
Yvonne Maria Godo	Executive, Non-Independent Director / Chief Operating Officer	Kenyan	P.O. Box 27153- 00100
Neil Grobbelaar	Non-Executive, Non Independent Director	South African	P.O. Box 27153- 00100
Bruce Aubrey Schenk	Alternate Director to Neil Grobbelaar	South African	P.O. Box 27153- 00100
Robert Arthur Arnold	Independent, Non-Executive Director	Dutch	P.O. Box 27153- 00100
Charl Hendrik Kocks	Independent, Non-Executive Director	South African	P.O. Box 27153- 00100
Nthenya Mule	Independent, Non-Executive Director	Kenyan	P.O. Box 27153- 00100

5.3. OTHER CORPORATE INFORMATION

Company Secretary	Equatorial Secretaries & Registrars Certified Public Secretaries P.O.Box 47323, 00100 Nairobi Kenya
Registered Office	International Life House Mama Ngina Street Nairobi Kenya
Financial Calendar	Financial Year – 31st March
Auditor	PKF Kenya Kalamu House, Grevillea Grove Off Brookside PO Box 14077-00800 Nairobi Kenya
Legal Advisors	Coulson Harney Advocates 5th Floor, ICEA Lion Centre, West Wing Riverside Park, Chiromo Road. PO Box 10643-00100 Nairobi

5.4. TRANSACTION ADVISORS

Mandated Lead Arranger and Placement Agent	
NIC Capital Limited NIC House Masaba Road P.O. Box 44599 – 00100 Nairobi Tel: +254 (20) 2888000 / 4948000 Fax: +254 (20) 2888505 Contact: Maurice Opiyo Email: maurice.opiyo@nic-capital.com	**NIC Securities Limited** NIC House Masaba Road P.O. Box 63046 – 00200 Nairobi Tel: +254 (20) 2888444 Fax: +254 (20) 2888505 Contact: Catherine Karita Email: catherine.karita@nic-securities.com
Bond Trustee	**Receiving Bank**
MTC Trust and Corporate Services Limited Delta Riverside, Block 4, Riverside Drive P.O Box 1071 – 00200 Nairobi Kenya Tel: +254 (20) 256 6667 Contact: Robert Turmel Email: bob.turmel@mtc-trust.com	**NIC Bank Limited** NIC House Masaba Road P.O. Box 44599 –00100 Nairobi, Kenya Tel: +254 (20) 2888000 Fax: +254 (20) 2888505 Contact: Peter Muthini Email: peter.muthini@nic-bank.com
Legal Advisor	**Reporting Accountant**
Coulson Harney Advocates 5th Floor, ICEA Lion Centre, West Wing, Riverside Park, Chiromo Road. PO Box 10643-00100, Nairobi, Kenya. Tel: +254 (20) 289 9000 Fax: +254 (20) 289 9100 Contact: Paras Shah Email: p.shah@coulsonharney.com	**PKF Kenya** Kalamu House, Grevillea Grove Off Brookside PO Box 14077-00800, Nairobi, Kenya. Tel: +254 20 42 70000 Fax: +254 (20) 444 7233 Contact: Asif Chaudhry Email: achaudhry@ke.pkfea.com
Registrar	
NIC Bank NIC House Masaba Road P.O. Box 44599-00100 Nairobi, Kenya Tel: +254 (20) 2888000 / 4948000 Fax: +254 (20) 2888505 Contact: Sandie Moturi Email: sandie.moturi@nic-bank.com	

6. TABLE OF CONTENTS

7. DEFINITIONS AND ABBREVIATIONS

Unless otherwise stated and as the context allows, the words in the first column have the meaning stated opposite them in the second column, throughout this Information Memorandum, its appendices and enclosures. Words in the singular include the plural and vice versa, words signifying one gender include the other gender and references to a person include references to juristic persons and associations of persons.

Agency Agreement	means the agreement between the Issuer, the Issuing and Paying Agent and the Trustee appointing NIC Bank Limited as the issuing and paying agent (the "**Issuing and Paying Agent**"), calculation agent (the "**Calculation Agent**") and registrar (the "**Registrar**") together with any agreement for the time being in force amending or modifying any such agreement;
Applicable Laws	means any laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority which may govern the Issue, the Conditions and the Notes;
Appointee	means any delegate or agent appointed pursuant to the provisions of the Trust Deed.
Business Day	means a day which is (i) a business day within the meaning of the NSE Listing Rules, and (ii) (for the purposes of payment or calculation of Interest) a date on which banks are open for general business in Kenya;
Capital Markets Authority or CMA	means the Capital Markets Authority set up pursuant to the provisions of Capital Markets Act (Chapter 485A of the Laws of Kenya);
CD Act	Central Depositories Act (Act 4 of 2000)
CDS	means the central depository system maintained by the CDSC
CDSC	means the Central Depository and Settlement Corporation Limited established under the CD Act
CDSC Account	means an account opened and maintained with a Central Depository in accordance with the CD Act and the rules and regulations issued thereunder;
CDSC Rules	means the operational and procedural rules issued or to be issued by the CDSC with respect to operation of CDS Accounts and trading in immobilised securities;
Companies Act	means the Companies Act (Chapter 486 of the Laws of Kenya);
Conditions	means the terms and Conditions of Notes as set out in Schedule 1 *(Terms and Conditions of the Notes)* of the Trust Deed and Section 10 of this Information Memorandum as the same may from time to time be modified and any reference to a numbered "Condition" is to a correspondingly numbered provision thereof;
Directors or Board of Directors	means the directors of the Issuer whose names are set out under the heading Board of Directors in Section 13.3 of this Information Memorandum;
Event of Default	means any one of the circumstances described in Condition 12 *(Events of Default);*
Extraordinary Resolution	has the meaning set out in Schedule 2 *(Regulations for Meetings of Noteholders)* of the Trust Deed;
Final Redemption Amount	means the amount, as specified in the applicable Pricing Supplement, due on final redemption of the Notes;
Fixed Rate Note	means a Note in respect of which interest is to be calculated and paid on a fixed rate basis as provided in Condition 7.4 and the relevant Pricing Supplement;
Floating Rate Note	means a Note in respect of which interest is to be calculated and paid on a floating rate basis as provided in Condition 7.3 and the relevant Pricing Supplement;
Group	RPIHL and its subsidiaries
Interest	means the amount of interest payable in respect of each Principal Amount of the Notes as determined in accordance with Condition 7 *(Interest);*
Interest Rate	means the rate of interest applicable to the Notes as specified in the applicable Pricing Supplement;

Issue	means the issue by the Issuer of Senior and subordinated Unsecured Floating Rate Notes and Fixed Rate Notes denominated in KES in an aggregate amount of up to Kenya Shillings Five billion (KES 5,000,000,000);
Issue Date	means the date upon which the relevant Tranche of the Notes is issued and as provided in the relevant Pricing Supplement;
Issue and Paying Agent	means the person at its Specified Office appointed or acting as Issue and Paying Agent pursuant to the Conditions and the Agency Agreement or, if applicable, any successor Issue and Paying Agent at its Specified Office;
Issue Price	means the price at which the Notes are issued by the Issuer (being, at the election of the Issuer, at par or at a discount to, or premium over their nominal amount as specified in the relevant Pricing Supplement);
Issuer	means Real People Kenya Limited or the Company or Real People;
Kenya	means the Republic of Kenya and "Kenyan" shall be construed accordingly;
KES	means Kenya Shillings.
Liabilities or Liability	means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;
Mandated Lead Arranger	means NIC Capital Limited;
Note Agent	means the Issue and Paying Agent, the Calculation Agent, the Registrar, or any of them and their respective successors from time to time;
Note Documents	means the Trust Deed and the Agency Agreement.
Noteholder	means a person in whose name a Note is registered in the CDSC Account or, in the case of joint holders, the first-named thereof;
Notes	means the medium term Floating Rate and Fixed Rate Notes in the aggregate principal amount of up to KES 5,000,000,000 to be issued by the Issuer pursuant to the Agency Agreement and subject to the provisions of the Trust Deed;
Note Trustee	means the Note Trustee appointed in terms of the Trust Deed from time to time, for the time being MTC Trust and Corporate Services Limited;
NSE	means Nairobi Securities Exchange;
Open Market Operations	means principal tools of monetary policy employed by the Central Bank of Kenya
Placing Agent	means NIC Capital Limited or such other agent that may be appointed as a placing agent;
Pricing Supplement	means a pricing supplement approved by the Issuer which is supplemental to the Information Memorandum containing the relevant details of individual Tranches of the Notes;
Principal Amount	means in relation to any Note, the total amount, excluding interest owing by the Issuer under the Note, as specified in the applicable Pricing Supplement;
RPIHL	means Real People Investment Holdings Limited;
Record Date	means the date specified in the applicable Pricing Supplement;
Register	means the official record of Noteholders in the CDS as maintained by the CDSC pursuant to section 25 of the CD Act;
Relevant Authorities	means the Capital Market Authority and Nairobi Securities Exchange;
ROA	means return on assets;
ROE	means return on equity;
Specified Office	means, in relation to any Note Agent, either the office identified with its name in the Conditions or any other office notified to any relevant parties pursuant to the Agency Agreement;
Senior Notes	means the Notes issued with the status and other conditions set out in Condition 5.1 and "Senior Note" shall be construed accordingly;

Series of Notes	means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
Sponsoring Broker	means NIC Securities Limited;
Subordinated Notes	means the notes issued with the status and other conditions set out in condition 5.2 and "Subordinated Note" shall be constituted accordingly.
Tranche	means a series of Notes comprising one or more series that (except in respect of the first Interest Payment Date and their Issue Price) have the identical terms of issue and are expressed to have the same Tranche number. Details applicable to each Tranche are to be specified in the relevant Pricing Supplement.

8. SUMMARY OF THE NOTES PROGRAMME

8.1. SUMMARY OF THE ISSUE

The following overview is qualified in its entirety by the remainder of this Information Memorandum. Capitalized expressions used below in this overview have the definitions ascribed to them in the Terms and Conditions of senior unsecured and Subordinated Notes unless otherwise defined in this Information Memorandum.

1.	**Issuer or Company:**	Real People Kenya Limited
2.	**Description:**	Medium Term Note ("**MTN**") Programme under which Senior Unsecured Fixed Rate and Floating Rate Notes and Subordinated Notes may be issued.
3.	**Programme Size:**	Up to **KES 5,000,000,000**, aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Placing Agreement.
4.	**Minimum Subscription Amount:**	As specified in the Relevant Pricing Supplement.
5.	**Currency:**	The Notes will be denominated in Kenya Shillings ("**KES**").
6.	**Mandated Lead Arranger:**	NIC Capital Limited
7.	**Lead Sponsoring Broker:**	NIC Securities Limited.
8.	**Issue and Paying Agent, Calculation Agent and Registrar:**	NIC Bank Custody.
9.	**Note Trustee:**	MTC Trust and Corporate Services Limited
10.	**Legal Counsel:**	Coulson Harney Advocates
11.	**Reporting Accountants/ Auditor:**	PKF Kenya
12.	**Method of Issue:**	The Notes will be placed on a syndicated or non-syndicated basis. The Notes will be issued in a Series, the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
13.	**Issue Price:**	Notes may be issued on a fully paid basis at their nominal amount or at a discount or premium to their nominal amount. Partly paid Notes may be issued, the issue price of which will be payable in instalments.
14.	**Form of the Notes:**	The Notes will be issued as in book entry form as a dematerialised security.
15.	**Delivery of the Notes:**	The Notes will be uploaded into the CDSC Accounts after the Issue Date.
16.	**Maturities:**	Any maturity subject to compliance with all relevant laws, regulations and directives. Unless otherwise permitted by the then current laws, regulations and directives, Subordinated Notes will have a maturity of not less than five years.
17.	**Specified Denomination:**	The Notes will be issued in book entry form as a dematerialised security in denominations of **KES 100,000** and integral multiples of **KES 100,000** in excess thereof, subject to a minimum subscription amount of **KES 100,000**.
18.	**Fixed Rate Notes:**	Fixed interest will be payable on the date or dates in each year specified in the relevant Pricing Supplement.

19.	**Floating Rate Notes:**	Floating Rate Notes will bear interest determined separately for each Series as follows: • by reference to 91-day, 182-day or 364-day Treasury Bill (or such other Benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or • In any other manner as may be specified in the relevant Pricing Supplement.
20.	**Other Notes:**	Terms applicable to any other type of Note that the Issuer and any Placing Agent(s) may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
21.	**Interest Periods and Interest Rates:**	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
22.	**Redemption:**	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.
23.	**Redemption by Instalments:**	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
24.	**Early Redemption:**	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and, if so, the terms applicable to such redemption.
25.	**Status of the Notes:**	The Senior Notes will constitute unsubordinated and unsecured obligations of the Issuer and Subordinated Notes will constitute subordinated obligations of the Issuer as further described in the Conditions.
26.	**Guarantee**	The Notes are not secured and no guarantee is provided. The repayment of the debt securities and the payment of interest will be funded from the general earnings of the Issuer.
27.	**Use of Proceeds:**	Generally the proceeds will be used for onward lending to clients.
28.	**Allotment Policy:**	The Issuer reserves the right, whether the Issue is oversubscribed or not to reject any application in line with the Allotment policy set in the relevant Pricing Supplement. Applicants as a result may be allotted less than the amount applied for. Allotment will be done on the pro rata basis on the amount applied. Successful applicants will be notified by the Placing Agent of the amount allotted to them no later than the date and time specified in the relevant Pricing Supplement.
29.	**Events of Default:**	The terms and conditions of the Notes will contain events of default provisions as set out in Conditions.
30.	**Cross Default:**	Applicable to Senior Notes Only (See Condition 12(f) of the Conditions).
31.	**Taxation:**	All payments in respect of the Notes will be made subject to withholding or deduction for or on account of any taxes imposed within the Republic of Kenya, where such taxes are applicable.
32.	**Listing:**	The Notes will be listed on the FISMS of the NSE.
33.	**Rating:**	Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Pricing Supplement. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency and will be disclosed in the relevant Pricing Supplement. A 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.
34.	**Governing Law:**	The Notes will be governed by, and construed in accordance with, Kenyan law

8.2. USE OF PROCEEDS

The proceeds will be used for purposes of lending funds to clients.

8.3. TIMETABLE

For each Tranche of Notes, the timetable will be specified in the relevant Pricing Supplement.
The dates will follow the sequence outlined below unless otherwise noted:

EVENT	DATE
1. Approvals from CMA	T
2. Application Lists Open	T+4
3. Application Lists Close	T+23
4. Date of Allocation	T+26
5. Announcement Date	T+26
6. Settlement Date	T+28
7. Issue Date	T+28
8. Crediting of CDS Accounts	T+28
9. Commencement of Trading	T+29

Source: NICC

8.4. FREQUENTLY ASKED QUESTIONS

What are "Medium-Term Note Programs"?
Medium-term note ("MTN") programs enable companies to offer debt securities on a regular and/or continuous basis. As compared to other forms of debt securities, MTNs tend to have their own type of settlement procedures and marketing methods, which are similar in some respects to those of commercial paper. Although Medium-Term Notes typically have maturities of between two to five years, they are not required to have medium terms. In fact, it is common for companies to issue both short-term and long-term securities under an MTN program.

Who develops MTN programs?
The MTN programs are developed by investment banks or such other agency licensed by the Capital Markets Authority.

Why would a company have a Medium-Term Note Program?
Like a shelf registration statement, an MTN program enables a company to sell a wide range of debt securities without having to complete the CMA's registration or review process for each issuance it might want to undertake. In addition, an MTN program uses a master set of disclosure documents, agreements with selling agents or dealers, and issuing and paying agency agreements to help minimize the new documentation that is needed for each offering.

What types of issuers establish MTN programs?
MTN programs typically are used by large companies that have an on-going need for capital. Several financial institutions and industrial companies have an MTN program.

What types of securities normally are sold through Medium-term Note Programs?
Historically, the most common type of security issued under an MTN program is a fixed-rate. However, MTN programs typically include other types of debt securities, including floating rate, zero coupon, amortizing, multi-currency, subordinated, or indexed securities. A common reference rate for floating rate securities issued under MTN programs is the Treasury Bill rate.

What types of offerings are completed using MTN programs?
In light of the convenience offered by shelf registration and MTN programs, issuers use MTN programs: to effect small and medium-sized offerings of debt securities to investors that seek specific terms (known as "reverse inquiry" trades); to effect large syndicated offerings of debt securities; to offer structured Notes, such as equity-linked, currency-linked, and commodity-linked securities among others.

What offering documents are used in an MTN program?
The issuer's registration statement for an MTN program typically consists of: a "universal" shelf registration statement for debt and other securities; or a shelf registration statement providing only for debt securities; or a prospectus pertaining to the MTN program itself.

What other offering documents may be used in an MTN offering?
In addition to the base information memorandum, supplements to the information memorandum, and pricing supplement, an issuer and the selling agent may use several other disclosure documents in the offering process. These may include but not limited to: preliminary and final pricing supplements, free writing information memorandum, product supplement and press releases.

Are Medium-Term Notes sold on a firm commitment basis or a best efforts basis?
It varies. The arranger's obligation is to sell the MTN securities on a "best efforts" basis. However, on occasion, competitive pressures result in arranger purchasing MTN securities as principal. In addition, large syndicated MTN offerings often are effected on a firm commitment basis. In both cases, the MTN arranger is usually regarded as an "underwriter."

What is the role of the arranger of an MTN program?
The arranger of an MTN program serves a variety of roles, including: serving as principal selling agent for the MTN securities; advising the issuer as to potential financing opportunities in the MTN market; communicating to the issuer any offers from potential investors to buy MTNs; advising the issuer as to the form and content of the offering documents, including the types of securities to be included; helping the issuer draft the offering documents and related program agreements; coordinating settlement of the MTN securities with the issuer, the trustee, and the paying agent; and making a market in the issued and outstanding securities issued under the program should there exist such a need.

What types of interest payments are available?
MTNs are issued with a variety of interest payment schedules that range from traditional semi-annual payments to custom-tailored frequencies such as monthly, semi-annually or compounded at maturity.

What is disclosed in a "pricing supplement" for a MTN offering?
For a simple debt security, very little information is required in the pricing supplement. The pricing supplement will include the final terms of the offering, such as: the title of the securities; the issue date; the maturity date; the interest rate; the redemption dates, if any; the underwriter or selling agent; and the selling agents' compensation for the offering.

What are the tax implications of investing in MTN's?
As with all fixed income securities, investors are responsible for declaring all interest payments received from an investment in MTN's.

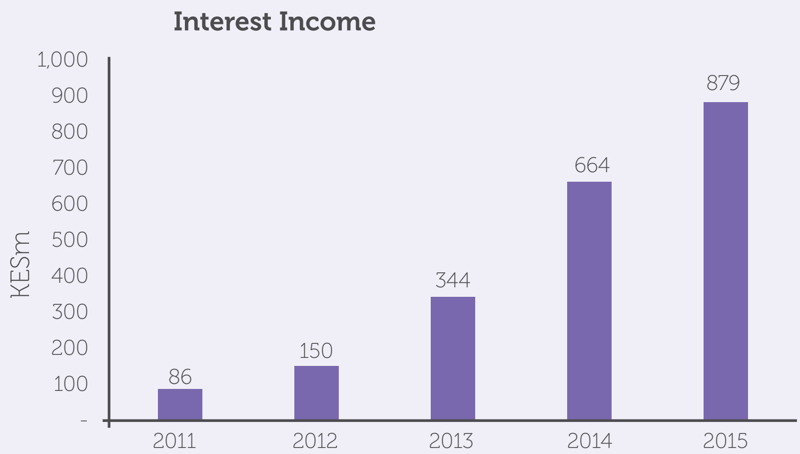
Can I obtain physical certificates for my MTN investment?
No. The MTN will be issued in a book entry (dematerialized) form as such there will be no physical Note Certificate

9. KEY INVESTMENT CONSIDERATIONS

Real People Kenya wishes to raise capital of KES 5.0 Billion through the Programme. The company has received approval from the relevant regulatory authorities for the Issue to proceed on terms set out in this Information Memorandum. The investment considerations in the following section do not constitute a guarantee neither are they indicative of future returns. Furthermore, they are not intended to be exhaustive and there may be other considerations, which should be taken into account in relation to an investment in the Notes. Potential investors are advised to consult with their investment, legal and tax advisors to determine the suitability of an investment in the corporate bond, and the appropriate amount, if any, of an investment of this nature.

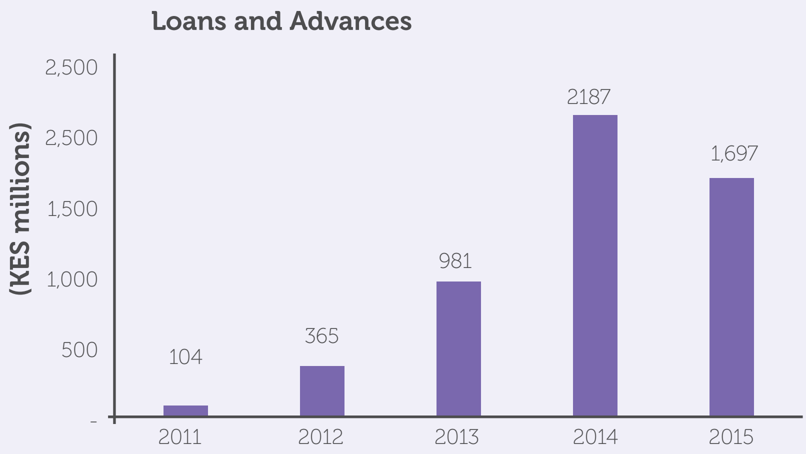
9.1. TRACK RECORD OF GROWTH

The company's success over the years can be seen in the rapid growth of the statement of comprehensive income and the statement of financial position. The company has recorded significant growth in interest income, profit before tax and loans and advances over the last five financial years, with each financial indicator growing at compounded annual growth rate of 78.7%, 167.5% (four years) and 100.8% respectively during the period 2011 to 2015.



Source: Real People

Source: Real People



Source: Real People

9.2. UNTAPPED MARKET POTENTIAL IN A WELL SEGMENTED MARKET

According to FinAccess 2013 survey, Kenya's financial inclusion landscape has experienced considerable expansion. The proportion of the adult population using different forms of formal financial services has grown to 66.7% in 2013 compared to 41.3% in 2009. Additionally, the proportion of the adult population totally excluded from financial services has shrunk to 25.4% in 2013 from 31.4% in 2009. These achievements have been on the back of policy strategies and reforms by government as well as financial sector players' initiatives and innovations. The proportion of people relying solely on informal types of financial services has been steadily decreasing from 27.2% in 2009 to 7.8% in 2013. More people are now accessing and using financial services and products by different providers. This space presents an opportunity for growth as the countries moves toward more financial inclusion. Real People with its distribution capabilities, systems and customer acquisition know-how, it is favourably positioned to capitalize on this untapped market for growth.

Real People operates in the large micro enterprise and lower SMEs market segment. The choice of this particular market segment is informed by (i) deep understanding of the segment supported by 5 years' experience enabling the Company to provide unique and tailor made products, (ii) limited access to credit in this segment due to 'perceived risks',(iii) most non-deposit taking MFIs are mostly focused on lower end 'informal' microenterprises using group lending model hence untapped potential in target segment, and (iv) few direct competitors in this niche segment.

The Company's unique advantage in serving the target segment lies in leveraging on technology to support the business model and building competitive, unique products that are responsive to customer needs. Moreover, the Company uses a standard matrix to better understand the performance dynamics of the different business sectors leading to better product offering and risk management.

9.3. SOLID AND ROBUST BOARD AND MANAGEMENT STRUCTURES

The Board is committed to ensuring that the business is run in a professional, transparent, just and equitable manner so as to protect and enhance shareholder value whilst satisfying the interests of all other stakeholders. The principles and standards established by the Board have been developed with close reference to guidelines on corporate governance issued by the Centre for Corporate Governance and other best practices. The Board members have a broad range of skills, expertise and experience and each brings independent judgment and valuable contribution to the business. The Directors' abridged biographies appear in Section 13.3 (*Directors*) of this Information Memorandum.

The Board's responsibilities are set out in the Board Charter. The Board Charter defines the governance parameters within which the Board exists and operates, sets out specific responsibilities to be discharged by the Board, its committees and directors collectively, as well as certain roles and responsibilities incumbent upon directors as individuals. The roles and responsibilities of the Chairman of the Board and the Chief Executive Officer remain distinct and separate. The Chairman provides overall leadership to the Board without limiting the principles of collective responsibility for Board decisions. The Chief Executive Officer is responsible to the Board and takes responsibility for the effective and efficient running of the company on a day to day basis.

A significant factor in the company's on-going success is the strength of the management team. Members of the management team bring together a vital combination of leadership skills and extensive industry and banking experience from both local and international exposure. To harness that strength, the Chief Executive Officer has established committees to assist in the management of the Company. These committees are chaired by the Chief Executive Officer and include the respective Heads of Department, with other senior managers being co-opted on a need basis. These committees include the Executive Enterprise Risk and Credit Risk Committees.

9.4. LIQUIDITY

Each Kenya Shillings denominated tranche of the Notes will be listed and quoted on the Nairobi Securities Exchange. Subsequently, there will be an established secondary market for the sale of each tranche of the Notes.

9.5. DIVERSIFICATION OF ASSET CLASSES

The Notes will give investors an opportunity to diversify their portfolio composition as well as overall risk reduction.

10. TERMS AND CONDITIONS OF THE NOTE

The following are the Terms and Conditions of the Notes.

The issue of the Notes was duly authorised pursuant to a resolution of the Board of Directors of the issuer passed on 5 November 2014. The Notes are issued with the benefit of, and are subject to, a Trust Deed dated 25 June 2015 (the "**Trust Deed**") between the Issuer and the Note Trustee and the Agency Agreement dated 25 June 2015 ("**the Agency Agreement**").

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and Agency Agreement. The Noteholders, and the Note Trustee on their behalf, are deemed to have notice of, are entitled to the benefit of, and are bound by all the provisions of the Trust Deed and the Agency Agreement, copies of which are available for inspection during normal business hours at the registered office of the Issuer and the Specified Offices of the Trustee, Issuing and Paying Agent and the Registrar in accordance with the provisions of the Trust Deed, Agency Agreement and the Information Memorandum. The expressions 'Note Trustee', 'Issuing and Paying Agent' and 'Registrar' shall include any successor note trustee, issuing and paying agent or registrar appointed pursuant to the Trust Deed and Agency Agreement.

Words and expressions defined in the Trust Deed and the rules of interpretation specified therein shall have the same meanings or apply where used in the Conditions and the relevant Pricing Supplement, unless the context otherwise requires or unless otherwise stated.

In these Conditions, "**Issue Date", "Redemption Date" "Early Redemption Amount" and "Interest Determination Date"** shall have the meaning set out in the relevant Pricing Supplement.

These Conditions may be supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, which itself may specify other terms and conditions which shall, to the extent so specified or if inconsistent with these Conditions, replace or modify the Conditions set out herein for the purpose of that tranche of Notes. The Pricing Supplement may contain any other defined terms as are agreed by the Issuer and the Agent as being necessary with respect to any tranche of Notes issued under the Programme.

1. CONSTITUTION AND FORM

The Notes are issued in dematerialised book entry form and constitute registered debt obligations of the Issuer constituted by and owing under these Conditions and the Note Documents. The Notes will be registered in the CDSC Account of each Noteholder held with the CDSC in accordance with the CD Act. No physical notes will be issued.

Each entry in the CDSC Account of a Noteholder constitutes a separate and individual acknowledgement to the relevant Noteholder of the indebtedness of the Issuer to the relevant Noteholder.

2. CURRENCY

The Notes will be denominated in KES.

3. DENOMINATION

The Notes will be issued in the denomination of Kenya Shillings one hundred thousand (KES 100,000) or integral multiples of Kenya Shillings one hundred thousand (KES 100,000) in excess thereof ("Specified Denomination").

4. TITLE AND TRANSFER

4.1. Title

Book entries in the CDSC Account of a Noteholder will constitute conclusive evidence of title of the Notes, subject to rectification for fraud or error.

The Issuer, the Note Trustees, the Note Agents may (to the fullest extent permitted by applicable laws) deem and treat the registered owner of any Note as the absolute owner thereof (whether or not the Note shall be overdue and notwithstanding any notice of ownership or other interest therein) and neither the Issuer, nor any agent of the Issuer, shall be affected by notice to the contrary).

The Notes are freely transferable. A Note may be transferred in whole or in part provided the minimum face value of the Notes to be transferred and the residual value of the Notes which will continue to be held by the relevant transferor (if any) is in a Specified Denomination, and title to such Notes shall pass upon the registration of book-entry transfers in accordance with the CD Act. The transfers will be subject to such charges as may be levied by the CDSC, CMA, NSE, and any other regulatory authority or agency and market intermediary through whom the order is made.

4.2. Listing

The Notes will, upon their issue, be listed on the FISMS in the NSE. The Issuer will take reasonable effort to achieve and maintain such listing as long as the Notes are outstanding, however no longer than up to and including the last day on which trading can reasonably take place before the applicable Redemption Date.

5. STATUS OF THE NOTES

5.1. Senior Notes

Unless otherwise specified in the relevant Pricing Supplement or in these Terms and Conditions, the Senior Notes will constitute direct, unconditional, unsubordinated obligations of the Issuer and rank pari passu among themselves and (save for certain debts preferred by law) equally with all other unsecured obligations (other than subordinated obligations (if any)) of the Issuer from time to time outstanding;

5.2. Subordinated Notes

Unless otherwise specified in the relevant Pricing Supplement, the Subordinated Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer which (a) rank pari passu among themselves and (b) are subordinated to the claims of the Senior Creditors;

"Senior Creditors" means all such persons who are;

i. unsubordinated creditors of the Issuer; and
ii. Subordinated creditors of the Issuer other than those whose claims are expressed to rank and do rank, pari passu or junior to the claims of the Noteholders under the Notes.

The holder of a Subordinated Note may not exercise a claim or plead any right of set-off, counter claim or retention (whether before or after the winding up of the Issuer), in respect of any amount owed by it to the Issuer against any amount owing by the Issuer to it, arising under or in connection with the Subordinated Notes, and each such holder shall be deemed to have waived all such rights of set-off, counter claim or retention. If any of the rights and claims of such Noteholder are discharged by set-off, such Noteholder will immediately pay an amount equal to the amount of such discharge to the Issuer, or as applicable, the liquidator in winding up of the Issuer as the case may be, and until such time as payment is made, such Noteholder will hold a sum equal to such amount in trust for the Issuer, or if applicable, the liquidator in winding up of the Issuer. Accordingly, such discharge will deem not to have taken place.

5.3. Future issues

Nothing contained in the Agency Agreement or Trust Deed shall preclude the Issuer from, at any time, issuing further Notes on these or similar terms and conditions.

6. FINANCIAL COVENANTS OF THE ISSUER

6.1. The Issuer covenants to the Note Trustee and the Noteholders as follows:

(a) its fixed assets shall be maintained in good condition and insured with a reputable insurance company for the full book value at all times.

(b) it shall, as soon as the same become available, deliver to the Note Trustee a copy of its audited accounts.

(c) the gearing ratio of the total indebtedness to qualifying capital of the Issuer shall be maintained at a ratio of 4:1 during any financial year in which the Notes remain outstanding. For purposes of this Condition 6.1(c) **"qualifying capital"** means the ordinary shares, preference shares and subordinated debt issued by the Issuer;

(d) it will at all times while the Senior Notes are issued maintain its unencumbered assets at a level of 1.25 times of the value of the Senior Notes outstanding.

7. INTEREST

7.1. Payment of interest

From, but excluding, the Issue date to, and including the Redemption Date, the Notes bear interest at the Interest Rate (as determined below). Interest on each Note will be payable in arrears on the dates indicated in the relevant Pricing Supplement commencing on the Issue Date specified in such Pricing Supplement (each an **"Interest Payment Date"**) until the Principal Amount of each Note is repaid in full.

If any Interest Payment Date falls on a day which is not a Business Day, the next following Business Day shall be substituted for such day, unless such Business Day falls in the next calendar month, in which case the immediately preceding Business Day shall be substituted therefore.

The period beginning on and including the **"Issue Date"**, to but excluding, the first Interest Payment Date, and each successive interest period from and including an Interest Payment Date to but excluding the next Interest Payment Date is an **"Interest Period"**.

7.2. Interest Rate

The Notes will attract interest at a floating rate (**"Floating Rate Notes"**) or at a fixed rate (**"Fixed Rate Notes"**) as specified in the relevant Pricing Supplement.

7.3. Floating Rate Notes:

Each Floating Rate Note will bear interest on its Principal Amount from (and including) the relevant Issue Date at the rate of interest (expressed as a percentage per annum) (the **"Floating Rate Notes Rate of Interest"**) equal to the sum of the applicable Floating Rates Note Reference Rate (hereinafter defined) plus the Floating Rate Notes Margin (hereinafter defined) specified in the relevant Pricing Supplement, payable in arrears on the Interest Payment Date(s) specified in the relevant Pricing Supplement.

The Calculation Agent will on the first day of the Interest Period for which Floating Rate Notes Rate of Interest applies (the **"Interest Rate Fixing Date"**) apply the relevant benchmark or index (the **"Floating Rate Notes Reference Rate"**) plus the relevant margin (the **"Floating Rate Notes Margin"**) and aggregate them to form the applicable Interest Rate. The Floating Rate Notes Reference Rate and the Floating Rate Notes Margin will be specified in the relevant Pricing Supplement. The Floating Rate Notes Rate of Interest payable from time to time for each Interest Period in respect of the Floating Rate Notes will be determined by the Calculation Agent (unless otherwise specified in the relevant Pricing Supplement) two (2) Business Days before each Interest Payment Date and in the case of the first Interest Period, two (2) Business days prior to the relevant Issue Date.

Each Floating Rate Note shall cease to bear interest from the date of its redemption unless, upon due presentation thereof, payment of any Principal Amount due thereunder is improperly withheld or refused. In such event, interest will continue to accrue at the default rate (if any) as specified in the relevant Pricing Supplement.

7.4. Fixed Rate Notes:

Each Fixed Rate Note will bear interest on its Principal Amount from (and including) the relevant Issue Date at the rate of interest (expressed as a percentage per annum) (the **"Fixed Rate Notes Rate of Interest"**) equal to the rate of interest specified in the relevant Pricing Supplement, payable in arrears on the Interest Payment Dates specified in the relevant Pricing Supplement.

Each Fixed Rate Note shall cease to bear interest from the date of its redemption unless, upon due presentation thereof, payment of any Principal Amount due thereunder is improperly withheld or refused. In such event, interest will continue to accrue at the Fixed Rate Notes Default Rate as specified in the relevant Pricing Supplement.

7.5. Calculation of Interest

The Interest payable in respect of any Note for any Interest Period shall be calculated by multiplying the product of the Interest Rate and the outstanding Principal Amount of such Note by the Day Count Fraction, unless Interest (or a different formula for its calculation) is specified in the relevant Pricing Supplement in respect of such Interest Period, in which case the Interest payable in respect of such Note for such Interest Period shall be the amount specified in the relevant Pricing Supplement (or be calculated in accordance with such formula).

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition:
if **"Actual/364"** is specified in the relevant Pricing Supplement, the actual number of days in the Interest Period divided by 364 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 364);

if **"Actual/Actual"** is specified in the relevant Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

if "**Actual/364 (Fixed)"** is specified in the relevant Pricing Supplement, the actual number of days in the Interest Period divided by 364;

if **"Actual/360"** is specified in the relevant Pricing Supplement, the actual number of days in the Interest Period divided by 360;

if **"30/360", "360/360"** or "Bond Basis" is specified in the relevant Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (A) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

For the purpose of any calculation of Interest pursuant to these Conditions (unless otherwise specified in the Conditions or the relevant Pricing Supplement), (i) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (ii) all figures shall be rounded to seven significant figures (with halves being rounded up) and (iii) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes "unit" means the lowest amount of the currency.

7.6. Notification of Rate of Interest and Interest

As soon as practicable after an Interest Determination Date, the Calculation Agent will cause the Interest Rate, the Interest payable in respect of each Interest Period and the relevant Interest Payment Dates and, if required to be calculated, the Final Redemption Amount or Early Redemption Amount to be notified to the Note Trustee, the Issuer, the Noteholders, any other Note Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than the fourth Business Day after all such determinations are complete.

Where any Interest Payment Date or Interest Period is subject to adjustment pursuant to Condition.7.1, the Interest and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) and such amendment will be promptly notified to the Note Trustee and to the Noteholders in accordance with Condition 15 (*Notices*).

If the Notes become due and payable under an Event of Default, the accrued Interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated in accordance with this Condition but no publication of the Interest Rate or the interest so calculated need be made. The calculation and determination of the Interest Rate or the interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

7.7. Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7 (Interest), by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on all parties and (in the absence of the aforesaid) neither the Note Trustee nor the Calculation Agent shall be liable to the Issuer or the Noteholders in connection with the exercise or failure to exercise by the Note Trustee or the Calculation Agent any of their respective powers, duties and discretions pursuant to such provisions.

7.8. Accrual of Interest

Each Note will cease to accrue interest from the date of its redemption unless, upon due presentation thereof, payment of the Principal Amount is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

i. the date on which all amounts due in respect of such Note have been paid by the Issuer to the Noteholder (if no Issue and Paying Agent has been appointed under the Agency Agreement); and
ii. the date on which all amounts due in respect of such Note have been received by the Issue and Paying Agent and notice to that effect has been given in accordance with Condition 15 (Notices) or individually.

8. PAYMENTS

8.1. Method of Payment to Noteholders

8.1.1. The Final Redemption Amount will be paid by the Paying Agent to the Noteholders appearing on the Register on the applicable Redemption Date and in accordance with the Agency Agreement and subject to the provisions of the CD Act.

8.1.2. The Early Redemption Amounts will be paid to the Noteholders appearing on the Register on the applicable Redemption Date and in accordance with the terms of the relevant Pricing Supplement, the Agency Agreement and subject to the provisions of the CD Act.

8.1.3. Payment of instalments of principal (other than the Final Redemption Amount(s) and Early Redemption Amount(s)), interest and other amounts due in respect of the Notes will be paid to the Noteholders appearing on the Register as at the relevant Record Date.

8.1.4. Subject to Condition 8.2.1 payment of Interest and Principal Amounts in excess of Kenya Shillings one million (KES 1,000,000) shall be made by the Paying Agent via real time gross settlement (RTGS) to the account designated for such purpose by the Noteholder. Payment by RTGS shall be a valid discharge by the Issuer of its obligation to pay Interest and any Principal Amount. In the event that for any reason, payment by means of RTGS is not possible, payment will be made by electronic funds transfer (EFT) or cheque in the manner set out in the remainder of this Condition 8 (Payments).

8.1.5. Payment of Interest and Principal Amounts less than Kenya Shillings one million (KES 1,000,000) may at the election of the Noteholder be made by EFT, RTGS or cheque drawn on a bank in Kenya and posted to the address as recorded in the CDSC Account of the Noteholder thereof on the Business Day not later than the relevant due date. Payment by EFT, RTGS or cheques shall be a valid discharge by the Issuer of its obligation to pay interest or the redemption amount on redemption, as the case may be).

8.1.6. Neither the Issuer nor any of the Note Agents (if any Note Agent is different to the Issuer) or the Note Trustee will be responsible for any loss in transmission of any cheque posted by way of registered post and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques so posted.

8.1.7. All payments of Principal Amounts and Interest in respect of the Notes are subject in all cases to any applicable laws, fiscal or otherwise in the place of payment, but without prejudice to the provisions of Condition 10 *(Taxation)*.

If at any time a partial payment of any Principal Amount and/or Interest is made in respect of any Note, the Registrar shall indicate the amount and date of such payment in the Register.

8.2. Payments on Business Days and Late Payments

8.2.1. Where payment is to be made by RTGS or EFT to a Noteholder's account, payment instructions will be initiated on the due date for payment of Interest or the Principal Amount (in the event of a partial or full redemption) as applicable.

8.2.2. Where payment is to be made by cheque, the cheque will be posted by registered post (i) on the Business Day immediately preceding the due date for payment of Interest or the Principal Amount (in the event of a partial or full redemption) as applicable.

8.2.3. If any day for payment of any amount of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment until the next following Business Day and shall not be entitled to any interest or other sums in respect of such postponed payment.

8.2.4. If (otherwise than by reason of the application of Conditions 8.2.1 and 8.2.2) (a) payment of a Principal Amount is withheld or refused when due in respect of any Note, or (b) any Interest is not paid when due (the defaulted amounts mentioned in (a) and (b) above being referred to in this Condition as **"Defaulted Amounts"**) then interest shall accrue on each such Defaulted Amount at the Default Rate and shall be paid to the person who is shown as the Noteholder on the relevant Record Date. "Default Rate" means the Interest Rate plus a margin as specified in the relevant Pricing Supplement.

8.3. Interpretation of Principal Amount

Any reference in these Conditions to a Principal Amount in respect of the Notes shall be deemed to include as applicable:

8.3.1. The Final Redemption Amount(s) of the Notes;

8.3.2. The Early Redemption Amount(s) of Notes; and

8.3.3. Any premium and any other amount, excluding interest, which may be payable by the Issuer under or in respect of the Notes.

8.4. Currency of Accounts and Payments

The currency of account and for any sum due from the Issuer hereunder is the Kenya Shillings, or any successor currency.

9. REDEMPTION AND PURCHASE OF NOTES BY THE ISSUER

9.1. Final Redemption

Unless previously redeemed or purchased and deleted from the Register, each Note shall be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in the relevant Pricing Supplement.

9.2. Early Redemption

9.2.1. The Issuer may redeem all or part of the Principal Amount of the Notes earlier than in accordance with Condition 9.1 *(Final Redemption)* (together with interest accrued to the date of redemption) subject to the following conditions:

9.2.1.1. the Paying Agent has received from the Issuer not less than 15 and not more than 30 days prior written notice (or such other notice period, if any, as is indicated in the relevant Pricing Supplement) which such notice shall also have been given to the Noteholders in accordance with Condition 15 (Notices), specifying the date on which the Principal Amount is to be redeemed and the terms of the redemption, such date and terms to be specified in the relevant Pricing Supplement;

9.2.1.2. each partial redemption shall be of an aggregate Principal Amount of not less than Kenya Shillings fifty million (KES 50,000,000) and an integral multiple of Kenya Shillings ten million (KES 10,000,000); and

9.2.1.3. no early redemption may be made before the date stipulated in the applicable Pricing Supplement.

The amount of each early redemption shall be applied to the instalment amounts in inverse order of maturity (unless otherwise advised in writing by the Issuer), and pro-rated against the Issuer's obligations under the Notes.

9.3. Purchases

9.3.1. The Issuer may at any time purchase Notes at any price in the open market or otherwise. In the event of the Issuer purchasing Notes, such Notes may (subject to any approvals required from the NSE or the CMA or to any restrictions under any applicable laws) be held, resold or, at the discretion of the Issuer, cancelled.

9.3.2. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorum at meetings of the Noteholders or for the purposes of Condition 16 (*Meetings of Noteholders Modification and Waiver*).

9.4. Cancellation

All Notes purchased by or on behalf of the Issuer may be cancelled by or on behalf of the Issuer informing the Registrar, the Note Trustee and the CDSC of the intention to have such Notes cancelled. Notes cancelled as aforesaid may not be reissued or resold and the obligations of the Issuer in respect of such Notes shall be wholly discharged.

10. TAXATION

10.1. All payments in respect of the Notes will be made with deduction for, or on account of withholding taxes, other taxes, duties, assessments or governmental charges of whatever nature imposed or levied by, or on behalf of the national government of Kenya, or any political sub-division of, or any authority in Kenya having power to tax as required by the applicable law.

10.2. The Issuer (or the Issuing and Paying Agent, as the case may be) will deduct withholding tax at the prescribed rate on all interest payments to Noteholders other than any Noteholder who (a) is exempt from such deduction under the provisions of the Income Tax Act (Chapter 470 of the Laws of Kenya) and (b) has provided evidence of such exemption to the reasonable satisfaction of the Issuer.

11. UNCLAIMED ASSETS

The Notes will be presumed abandoned and the Issuer may take action accordingly after a period of three (3) years in the case of principal and three years in the case of Interest after the Relevant Date (as defined below) under the provisions of the Unclaimed Financial Assets Act (no. 40 of 2011) if:

i. for more than three years, a Noteholder has not claimed Interest or the Early Redemption Amount or the Final Redemption Amount as applicable, or any other sum payable on the Notes or the Noteholder has not communicated with the Issuer or the Note Trustee regarding the Interest or the Early Redemption Amount or the Final Redemption Amount as applicable, as evidenced by a memorandum or other record on file with the Issuer or the Note Trustee;

ii. the Issuer or the Note Trustee does not know the whereabouts of the Noteholder at the end of the three (3) year period.

As used herein, 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 received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15 (*Notices*).

12. EVENTS OF DEFAULT

If any one or more of the following events (each an "Event of Default") in respect of the Notes or any of them shall have occurred and be continuing:

(a) default is made in the payment of any amount in respect of the Notes when the same ought to be paid in accordance with these Conditions and such default continues for a period of seven (7) Business Days unless:
  (i) the failure to pay is caused by administrative or technical error; and
  (ii) the failure to pay is in order to comply with any applicable laws or order of any court of competent jurisdiction or in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or acceptability given at any time during such period by independent advisers acceptable to the Note Trustee; or

(b) the Issuer fails to perform or observe any obligation, condition or provision under the Notes (other than any obligation for the payment of any amount due in respect of any of the Notes) and, if capable of remedy, such default continues for a period of 30 days after written notice is given to the Issuing and Paying Agent by the Note Trustee or any Noteholder specifying such default and requiring it to be remedied; or

(c) the Issuer makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors, or a resolution is passed by the Issuer for its winding-up or dissolution except in connection with a merger or other reorganisation which has been previously approved by an Extraordinary Resolution of the Noteholders or, if not so approved, which proceeds on a basis judged acceptable to the Noteholders by a court of justice competent for the purpose; or

(d) any action or condition, including the obtaining of any material consent, licence approval or authorisation now or in future necessary to enable the Issuer to comply with its respective obligations under the Notes is not taken, fulfilled or done within a reasonable period, or any such material consent, licence, approval or authorisation is revoked, modified, withdrawn or withheld or ceases to be in full force and effect on account of the Issuer's default in taking any action required by law, and such revocation, modification, withdrawal, withholding or cessation results in the Issuer being unable to perform any of its payments or other obligations under the Notes; or

(e) the Issuer ceases to carry on the whole or a material part of its business , save –
  (i) for the purposes of merger, amalgamation, consolidation or reorganisation –
    a. of the Issuer; or
    b. on terms approved by an Extraordinary Resolution of the Noteholders before the date of such merger, amalgamation, consolidation or reorganisation, or
  (ii) as may be required by or in accordance with any legislation or governmental directive; or
  (iii) as in the opinion of the Board of Directors of the Issuer, is in the commercial interests of and of commercial benefit to the Issuer, and

  in the event that conditions (ii) or (iii) above apply, the Issuer may at its sole discretion redeem all or part of the Notes in accordance with condition 9.2,

(f) in respect of Senior Notes, any present or future financial indebtedness of the Issuer in connection with moneys borrowed or raised exceeding in aggregate, the higher of KES 80,000,000 (or its equivalent) or 2.5% of the Issuer's total assets:
   (i) which is not satisfied when due, or at the end of any originally applicable grace period; or
   (ii) becomes prematurely payable following delivery of an enforcement notice by the Noteholder to the Issuer, as the case may be, as a result of a default by the Issuer except to the extent in any instance that the existence or enforceability of the relevant obligation is being disputed in good faith by it by appropriate proceedings; or

(g) any encumbrance over any assets of the Issuer becomes enforceable.
   For the purposes of this provision, "financial indebtedness" means any liability (actual or contingent) for or in respect of:
   (a) moneys borrowed;
   (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
   (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
   (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
   (e) any amount raised pursuant to an arrangement whereby an asset sold or otherwise disposed of by the relevant person may be leased or re-acquired by that person or an affiliate of that person (whether following the exercise of an option or otherwise);
   (f) any counter-indemnity or reimbursement obligation in respect of any guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
   (g) any preference shares which are expressed to be redeemable during the currency of the Programme.
   then the Noteholders may, further to an Extraordinary Resolution, by written notice to the Issuer at the Specified Office of the Issuing Agent, effective upon the date of receipt, in relation to condition 12 (a) declare the Notes to be forthwith due and payable and in all other cases, declare the Notes to be due and payable within thirty (30) days of the date of the Extraordinary Resolution whereupon the outstanding Principal Amount of the Notes shall become payable together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

13. TRUST

Any amounts paid by or for the account of the Issuer or received or recovered by the Note Trustee or any Noteholder and any distributions of any kind or character in respect of the Notes received or recovered by the Note Trustee or any Noteholder otherwise than in accordance with the provisions of the Note Documents shall be held in trust by the Note Trustee, or any Noteholder to return the same to the Issuer, or where applicable, the liquidator or other similar such officer.

14. THE REGISTER, PAYING AGENTS AND SPECIFIED OFFICE

14.1. The Paying Agent shall procure from the CDSC on each Record Date (or at such intervals as may be required) an up-to-date copy of the Register for purposes of complying with its obligations to make payments under the provisions of the Agency Agreement and Condition 7 *(Interest)*.

14.2. The Paying Agent shall provide forthwith details of all the redeemed or cancelled Notes to the CDSC and ensure that the Register remains updated with respect to any redemptions of principal or cancellation of the Notes.

14.3. The Paying Agent shall not be bound to enter any trust into the Register or to take notice of any or to accede to any trust executed, whether expressly or implied, to which any Note may be subject.

14.4. The names of the Issuer and the initial Note Trustee, Issuing, Paying Agent, Calculation Agent and Registrar and their initial Specified Offices are set out below.

Issuer:	Real People Kenya Limited International Life House Mama Ngina Street Nairobi, Kenya Website: www.realpeople.co.ke

Issuing and Paying Agent, Calculating Agent, and Registrar:	NIC Bank Limited NIC Capital Limited NIC House, Masaba Road P.O. Box 44599 – 00100 Nairobi, Kenya Tel: +254 (20) 2888000 / 4948000 Fax: +254 (20) 2888505 Contact: Maurice Opiyo Email: maurice.opiyo@nic-capital.com
Note Trustee:	MTC Trust and Corporate Services Limited Delta Riverside, Block 4, Riverside Drive P.O Box 1071 – 00200 Nairobi Kenya Tel: 254 20 256 6667 Contact: Robert Turmel Email: bob.turmel@mtc-trust.com

The Issuer is entitled to appoint additional or other Note Agents or Note Trustees and/or approve any change in the Specified Office through which any Note Agent or the Note Trustee acts in accordance with the provisions of the Note Documents. Any variations to the Note Agents or the Note Trustee shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than thirty and not more than forty-five days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15 (*Notices*). A copy of the notice shall be sent to the CMA, the CDSC and the NSE.

15. NOTICES

15.1. 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:

15.1.1. in the case of delivery, the notice will be deemed to have been validly given when such communication or document is left with or delivered to the intended Noteholder at its address as recorded on the CDSC Account;

15.1.2. in case of electronic transmission via email, the notice will be deemed to have been validly given when such electronic communication is sent to the intended Noteholder; or

15.1.3. in any other case, will be deemed to have been validly given ten (10) calendar days after its being posted to the intended recipient at its address as recorded on the CDSC Account,

15.1.4. provided that a communication or document which is received after 5:00 p.m. on a Business Day, or on a day which is not a full Business Day in the place of receipt, shall be deemed to be delivered on the next full Business Day in that place.

15.2.The Issuer shall also ensure that notices regarding the Notes are duly published in a manner that complies with the regulations of the CMA and the rules of the CDSC and the NSE.

15.3. Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the Note Trustee.

16. MEETING OF NOTE HOLDERS, MODIFICATION AND WAIVER

16.1. The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including sanctioning by Extraordinary Resolution the modification of the Notes or certain provisions of the Trust Deed.

16.2.The Issuer and the Note Trustee may agree without the consent of the Noteholders, to:

(i) any modification of the Trust Deed which is not prejudicial to the interests of Noteholders; or

(ii) any modification of the Notes or the Trust Deed, which is of a formal, minor or technical nature or is made to correct a manifest error to comply with mandatory provisions of Kenyan law

16.3. Any other modification of the Trust Deed or the Notes shall be made in the manner set out in the Trust Deed.

17. GOVERNING LAW AND JURISDICTION

17.1. The Notes are governed by, and shall be construed in accordance with Kenyan law.

17.2. The Issuer agrees for the benefit of the Noteholders that the High Court of Kenya shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes shall be brought in that court.

11. ECONOMIC OVERVIEW

11.1. KENYA ECONOMY OUTLOOK

Country Overview		
	Population, 2013 (mn)	44.35
	Area (sq km)	580,367
	GDP, 2014 (US$ bn)	58.1
	GDP Growth, 2014	5.3 percent
	Inflation, May 2015	6.9 percent

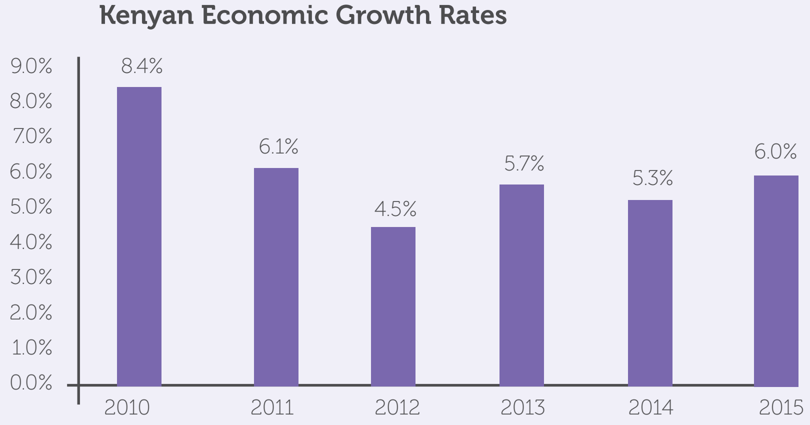
Source: CIA World Factbook, World Bank, Kenya National Bureau of Statistics

11.1.1. Kenya Economic Performance

Data from the Kenya National Bureau of Statistics (KNBS) indicates that Kenya's economy is estimated to have expanded by 5.3 percent in 2014 compared to 5.7 percent in 2013. The lower growth rate in 2014 is mainly attributable to decline in agricultural production and a deteriorating security situation within the country. Kenya was classified as a middle income country after statistical reassessment of its economy. The manufacturing sector grew at a slower rate of 3.4 percent compared to 5.6 percent in 2013. The agriculture, forestry and fishing sector recorded a decelerated growth of 3.5 percent in 2014 compared to 5.2 percent in 2013. Activities of growing of crops and animal production suffered from the impacts of poor long rains in some parts of the country, especially in the North Rift. Accommodation and food service activities recorded a second consecutive annual contraction of 17.2 percent in 2014 compared to a contraction of 4.6 percent in 2013. The contraction was attributed to both internal and external shocks specifically, insecurity concerns, negative travel advisories by some key tourist source countries and the perceived health risks in Kenya due to the country's geopolitical location and connectivity with West Africa. The transport and storage sector recorded an improved growth of 5.0 percent in 2014 compared to that of 1.2 percent in 2013. The financial intermediation sector recorded a growth of 8.3 percent in 2014 compared to 8.1 percent in 2013. The expansion of the financial services was driven by increased uptake of loans and advances, increased earnings from fees and commissions and government securities.

Merchandise trade deficit continued to widen due to a high import bill, mainly occasioned by the imports of the aircrafts and associated equipment, road motor vehicles, industrial machinery and petroleum products. Balance of trade deteriorated further from a deficit of KES 911.0 billion to a deficit of 1,081 billion in 2014, translating to an increase of 18.7 percent. Import bill increases by 14.5 percent in 2014 compared to a 7.0 percent increase in earnings from exports. Export-import ratio deteriorated from 35.5 percent in 2013 to 33.2 percent in 2014.

Private consumption is likely to improve as a result of the stable exchange rate environment. The stable economic performance experienced in 2014 and projected good performance in 2015 is expected to support increased demand for credit to support economic growth. Further, Kenya's economy is estimated to grow by 6.0 percent in 2015.



Source: World Bank, Kenya National Bureau of Statistics

11.1.2. Macro-Sector Overview

11.1.2.1. Financial Intermediation

There was strong expansion in the finance and insurance sector which grew by 8.3 percent in 2014 compared to 8.1 percent in 2013. The performance of this sector continued to be driven by financial innovation and financial inclusion. Domestic credit shrunk by 6.5 percent in 2014 compared to a growth of 13.5 percent in 2013. Net foreign assets held in the banking sector increased to KES 479.7 billion in December 2014, a growth of 23.2 percent compared to 18.7 percent recorded in December 2013. The number of credit reports requested by banks grew by 22.6 percent from 370,243 registered in the quarter ending June 2014 to 454,073 reports registered in the quarter ending September 2014.

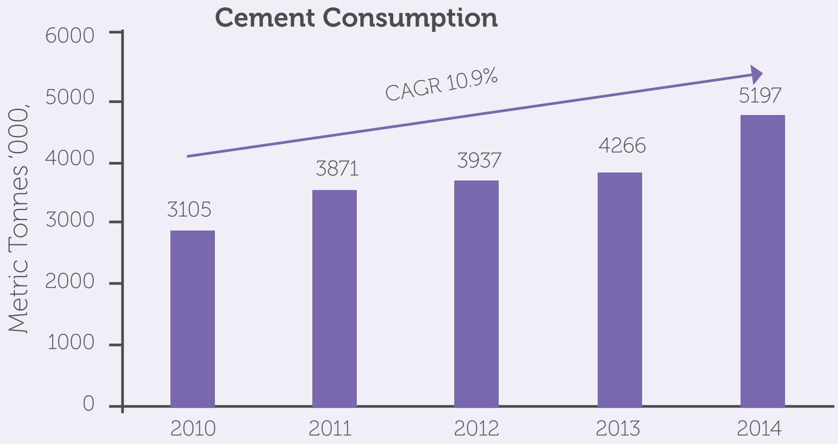
The Central Bank Rate (CBR) was increased to 10 percent from 8.5 percent during the Monetary Policy Committee (MPC) meeting held on 9th June 2015. The committee noted that despite the rise of inflation, it remained within the government's target range. Additionally, the Kenya Banks' Reference Rate (KBRR) was revised downwards from 9.13 percent to 8.54 percent. Lending rates are expected to decline further as banks convert the loans to the KBRR pricing framework allowing for more transparency on how financial institutions price their products.

Declining interest rates, increasing financial innovation and inclusion, and embracing credit information sharing in processing credit facilities through the credit reference bureaus by banks and microfinance banks is expected to spur growth of credit as well as afford customers credit on competitive terms.

11.1.2.2. Construction

In 2014, construction sector recorded a 13.1 percent growth compared to a growth of 5.8 percent in 2013. The sector's resilience has been on account of sustained development of the real estate by the private sector and infrastructure development by the public sector. The value of reported private building works completed in the Nairobi City County (NCC) increased by 13 percent from KES 52.3 billion in 2013 to KES 59.1 billion in 2014. Cement consumption increased by 21.8 percent in 2014, to 5,197 thousand tonnes compared to a 6.9 percent increase in 2013.

The resilient growth experienced in the construction sector provides opportunities for growth in construction financing as well as property improvement financing. This was evidenced by an increase in commercial bank lending to the sector which increases by 13.6 percent to KES 80.4 billion in 2014 from 70.8 billion in 2013.

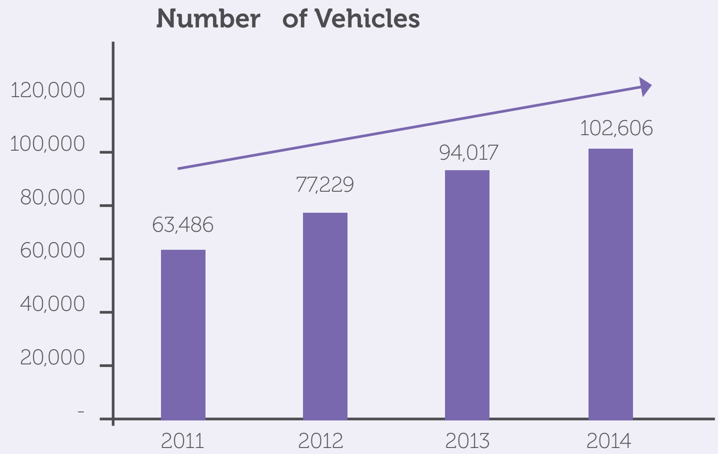


Source: Kenya National Bureau of Statistics

11.1.2.3. Automotive Industry

Based on data from the Kenya National Bureau of Statistics (KNBS), 102,606 new motor vehicle units were registered in 2014. This represents a 9.1 percent increase over the number of units registered in a similar period in 2013. Over the past 4 years the number of new motor vehicle units has been experienced a CAGR of 16.6 percent growing from 63,486 units in 2011 to 102,606 units in 2014. The growth in the number of new motor vehicle registration has been supported by a growing middle income population and growth in consumer credit to finance purchase of motor vehicles.

The vibrant growth experienced in the automotive sector provides opportunities for growth in asset financing for both businesses and households.



Source: Kenya National Bureau of Statistics, Central Bank of Kenya

11.1.2.4. Agriculture

The agriculture, forestry and fishing sector recorded a decelerated growth of 3.5 percent in 2014 compared to 5.2 percent in 2013. Activities of growing of crops and animal production suffered from the impacts of poor long rains in some parts of the country, especially in the North Rift. Maize production reduced in the year 2014 with 39 million bags produced compared to the 40.7 million bags produced in 2013 representing a 4.2 percent drop. Other declines were in sugarcane and pyrethrum. There was however an increase in production of products such as Irish potatoes, pulses, coffee, tea, cut flowers and fruits. The total marketed agricultural production increased to KES. 336.5 billion from KES. 334.8 billion in 2013.

Marketing of cash crops was adversely affected by low global demand and a glut in the supply of tea. Exports increased by 2.3 percent although prices were suppressed by the increase in supply. Foreign earning on tea reduced by 10.2 percent in 2014. Coffee exports value increased by 22.0 percent due to higher price as a result of the increased demand because of high quality beans and blending. Quantity and value of exports of horticultural products increased by 10.2 percent and 8.7 percent respectively.

Marketed production of livestock and livestock products increased due to increase in milk delivery to processing plants and delivery of sheep and goats to abattoirs. Number of cattle slaughtered declined during the year.

11.1.2.5. Manufacturing

The sector benefited from slightly cheaper and better supply of electricity, restrained inflation, and resilient domestic demand. Lower energy prices also contributed to lower input prices in the second half of the year. However, the sector recorder slower growth at 3.4 percent in 2014 compared to 5.6 percent in 2013. Non-food manufacturing grew by 3.1 percent mainly driven by increased production of cement, pharmaceutical, fabricated metal products, manufacture of furniture, processing of animal feed, tobacco, grain mill, animal and vegetable fat. Limitations were experienced in external demand for non-food industrial and processed fruit vegetable products. Beverage output, printing and production of recoded media declined due to lower demand, and sugar manufacturing declined because of reduced sugar delivery. Production of leather declined because of competition from imports.

11.1.2.6. Money, Banking and Finance

The Central Bank of Kenya (CBK) adopted monetary policy measures in 2014 that contributed to the easing of inflationary pressure. The CBK retained the Central Bank Rate (CBR) at 8.50 percent throughout 2014 in an effort to anchor inflationary expectations. Interest rates remained stable, with the 91-day Treasury bill rate settling at 8.58 percent in December 2014. The Central bank of Kenya introduced the Kenya Banks' Reference Rate (KBRR) as the new reference rate for banks to price their products. It is based on an average of the Central Bank Rate (CBR) and a 2-month moving average Broad money supply (M3) grew by 19.0 percent which was close to the policy target over the period. Commercial banks credit to the National Government declined with its share in total credit dropping from 22.7 percent in December 2013 to 9.7 percent in December 2014. The share of the commercial banks' credit going to private sector increased from 61.2 percent of total domestic credit to 69.6 percent.

11.1.2.7. Tourism

The number of international visitor arrivals contracted by 11.1 percent from 1.52 million in 2013 to 1.35 million in 2014. Tourism earnings declined by 7.3 percent from KES 94.0 billion to KES 87.1 billion over the same period. Factors that impacted negatively on the tourism sector include: security concerns, negative travel advisories and fear of spread of Ebola. The number of bed-nights occupied declined from 6.6 million in 2013 to 6.3 million in 2014. The number of international conferences decreased by 19.4 percent to 241 in 2014 from 299 in 2013 However, the number of local conferences held increased by 8.0 percent from 2,849 in 2013 to 3,077 in 2014.

11.1.2.8. Energy

International crude oil prices plummeted by more than 40 percent to 60.65 US Dollars per barrel in December 2014. This translated to reduced domestic petroleum pump prices. As at December, diesel prices declined from an average of KES 105.44 per litre in 2013 to KES 91.79 per litre in 2014. Total quantity of petroleum products imported increased by 11.7 percent to 4.5 million tonnes in 2014 from 4.0 million tonnes in 2013. The sector grew 6.8 percent in 2014 compared to 9.8 percent growth in 2013. This was due to suppressed rains that led to 19.5 percent in hydro generation. On the other hand geothermal generation grew by 63.8 percent due to expanded capacity. There was an increase of 8.2 percent in power generation compared to 7.6 percent in 2013. Total installed electricity generating capacity expanded from 1717.8 MW in 2013 to 1798.6 MW in 2014 representing a 4.7 percent increase. Installation of extra capacity led to lower prices though cost remained high compares to other economies. The sector maintained its power diversification strategy by increasing investment in wind and solar sources.

11.1.2.9. Transport and Storage

The Transport and Storage sector registered a growth of 5.0 percent in 2014 compared to a growth of 1.2 percent in 2013. Demand for light diesel a key input of the industry increased by 7.5 percent to

1721.4 thousand tonnes. Growth was attributed to the increased demand for transportation of cargo as trade activities increased and also increase in commuter service. The air transport subsector suffered setbacks because of Ebola epidemic in West Africa which resulted in travel advisories against affected countries. Kenya airways suspended flights to Sierra Leone, Guinea, and Liberia. Output value for the road transport sub-sector rose by 15.2 percent to KES 600.2 billion in 2014. Total freight traffic via rail expanded by 24.3 percent from 1.2 million tonnes in 2013 to 1.5 million tonnes in 2014. The Port of Mombasa recorded a growth of 11.7 percent in total cargo throughput handled from 22.3 million tonnes in 2013 to 24.9 million tonnes in 2014. Total cargo throughput at the port of Mombasa increased by 11.5 percent because of the improvement of facilities at the port. The volume of white petroleum products transported via pipeline expanded by 7.7 percent to 5.6 million cubic metres over the review period. Total air passenger and cargo traffic handled at the airports rose by 7.9 percent and 6.8 percent, respectively, in 2014. The total number of newly registered motor vehicles recorded a 9.1 percent increase from 94,017 units in 2013 to 102,606 units in 2014.

11.1.2.10. Information communication and Technology

The sector grew by 13.4 percent in 2014 compared to 12.3 percent in 2013. This is attributed to increased uptake of ICT services most notably usage of data, and stability in growth of voice services. Internet usage grew from lower prices of internet bundles and availability of cheap internet enabled phones. Number of internet users grew from 21.3 million in 2013 to 26.2 million in 2014, a 23 percent growth. Internet penetration stood at 38.3 percent in the year under review. Total domestic Short Messaging Services (SMS) sent increased by 38.5 percent to 27.5 billion SMS in 2014. The mobile money subscriptions reached at 26.0 million, representing a penetration rate of 60.6 percent to the total population and transfers grew by 21.6 percent in 2014. The cash deposits made via the mobile money agents reached KES 1,269 billion in 2014 up from KES 1,033 billion in 2013 while the total transfers increased by 24.7 percent to KES 2,372 billion up from KES 1,902 billion in 2013.

The broadcasting sub section, implemented the digital migration in the country, which added 36 digital Kenyan TV stations to the existing 14 analogue stations. The mobile industry invested KES 32.5 billion, recording, a 6.9 percent increase, while revenue registered a similar rise to reach KES 173.6 billion in 2014.

11.1.2.11. International Trade

The trade balance worsened by 18.7 percent from a deficit of KES 911.0 billion in 2013 to a deficit of KES 1,081.1 billion in 2014. Key indicators of international trade show that in 2014, Kenya's merchandise trade deficit continued to widen due to a high import bill. Imports rose by 14.5 percent in 2014 to KES 1,618.3 billion while total exports grew by 6.9 percent to KES 537.2 billion during the same period. Tea, horticulture, articles of apparels and clothing accessories; and coffee were the leading export earners in 2014 collectively accounting for 52.1 percent of the total export earnings. The current account deficit increased by 30.2 percent to KES 536.1 billion in 2014. The overall Balance of Payments position improved from a surplus of KES 31.8 billion in 2013 to a surplus of KES 126.1 billion in 2014.

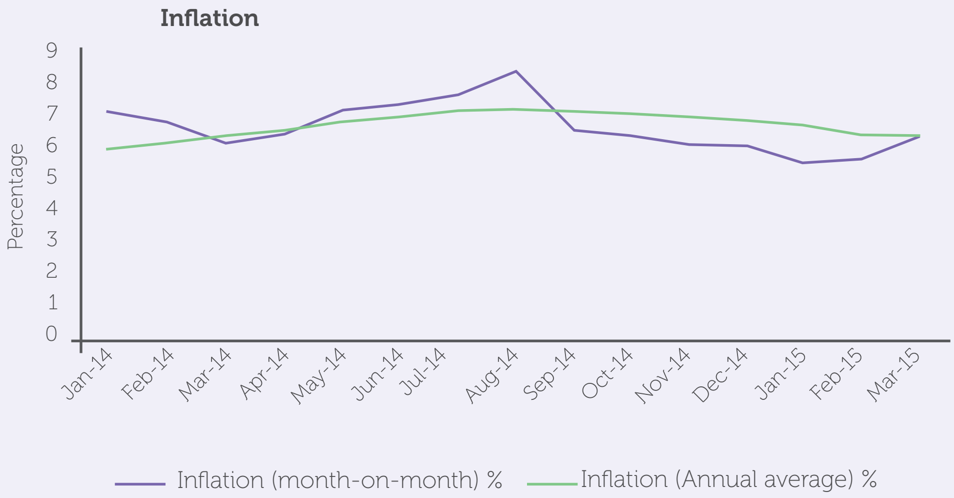
11.1.3. Macro-Economic Overview

11.1.3.1. Inflation

The overall inflation was stable in the first half of 2014 remaining within the CBK target rate of 2.5 percent - 7.5 percent on account of the monetary policy measures that were put in place by the CBK i.e. general stability in exchange rates. However the inflation deteriorated in Q3 2014 above the CBK target rate buoyed by increases in prices of food commodities and energy items. In Q4, the inflation rate was well within the CBK target rate averaging 6.4 percent in October and declining to 6.1 percent in November and 6.0 percent in December. In the month of January 2014 inflation stood at 7.2 percent declining to 6.3 percent in March before surging to 8.4 percent in August and declining to 6.6 percent in September. As at May 2015, inflation stood at 6.9%.

Though close of Q1 2015 witnessed inflation within the CBK target range, the increase in Q1 was attributed mainly to the increase in the cost of food coupled with slight rise in non-food non fuel inflation. Compared to close of Q1 2014, food prices increased by 11.0 percent, the strongest growth since October 2013.

Going forward, the inflation rate is expected to continue being within the CBK target as CBK seeks to anchor inflationary expectations through the monetary policy operations as well as lower electricity and fuels costs. The maintenance of low, stable, and predictable inflation is likely to provide a climate that is more favourable to sound, sustained economic growth and job creation. This is in turn expected to spur growth in credit expansion to fund this growth.



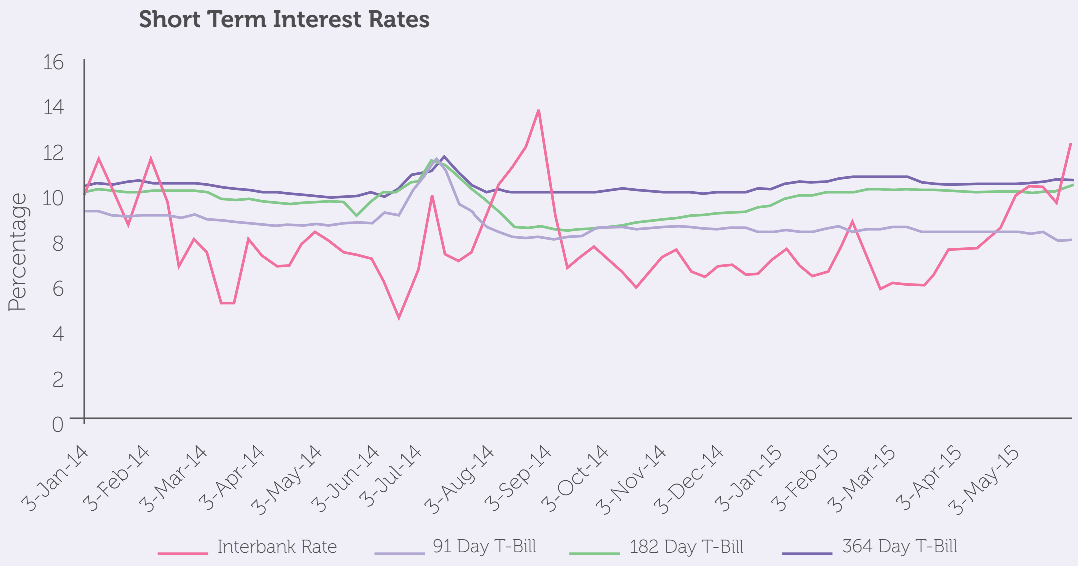
Source: Kenya National Bureau of Statistics

11.1.3.2. Short Term Interest Rates

The Short term interest rates exhibited general stability over the last three quarters of 2014. This was occasioned by decline in demand pressure since the government borrowing programme is on target. The interbank rate averaged at 8.0 percent for the year with a high of 13.8 percent and a low of 5.3 percent. The 91 T bill averaged at 9.0 percent with a high of 11.4 percent and a low of 8.2. The 182 T bill averaged at 9.8 percent with a high of 10.7 percent and a low of 8.6 percent. The 364 T bill averaged at 10.4 percent with a high of 11.8 percent and a low of 10.2 percent. The 91 day T-bill, 182 T-bill and 364 T-bill were at 8.5 percent, 10.1 percent and 10.7 percent respectively in the first week of January 2015. The 91 day and the 365 day rates decreased marginally at the end of Q1 to 8.4 percent, and 10.6 percent respectively while the 182 day increased to 10.3 percent. The rates reduced to 8.4 percent, 10.3 percent and 10.6 percent for the 91 day, 182 day and 365 day in the first week of May 2015.

The sustained Open Market Operations by the Central Bank of Kenya has ensured stability with the interbank around the CBR. The weighted average interbank rate on the first week of January 2015 was 7.01 percent increasing to 8.3 percent at the end of Q1. Generally low and stable rates are expected to continue owing to the improvement of liquidity in the market.

The successful issuance of the Sovereign Bond in June 2014 and subsequent reopening in December 2014 has dampened government pressure on both domestic borrowing and domestic interest rates as well as improved the foreign exchange reserves position during the 2014/15 fiscal year. Further, the issuance of the Sovereign Bond has enabled appropriate benchmarking of Kenya's sovereign risk.

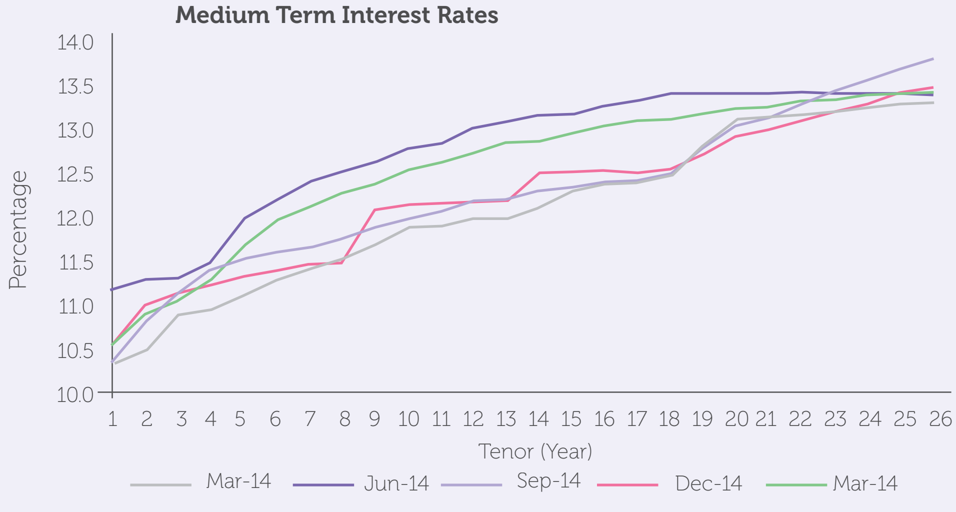


Source: Central Bank of Kenya

11.1.3.3. Medium and Long Term Rates

Since the beginning of the year 2014, the yield curve witnessed a general decline across all the tenors with significant declines observed in the short and long tenor bonds. The yield curve flattened with the yields on long tenor bonds declining the most. However the yield on medium tenor bonds remained relatively unchanged. The general flattening of the yield curve is on the back of reduced inflation pressures.

The short term bonds relative to January 2014, have declined in the range of 12bps, 9bps and 10bps for 2yr, 3yr and 4yr bonds to close Q4 ending 31 December 2014 at 11.0 percent, 11.1 percent and 11.2 percent respectively. The medium term rates have also declined in the range of 8bps and 2bps to close Q4 at 11.3 percent and 11.5 percent for a 5 year bond and 7 year bond respectively. However, the 10 year yields increased by 34bps to close Q4 at 12.1 percent. The long term rates also declined in the range of 27bps and 72bps to close Q4 at 12.5 percent and 12.9 percent for a 15 year bond and a 20 year bond respectively.



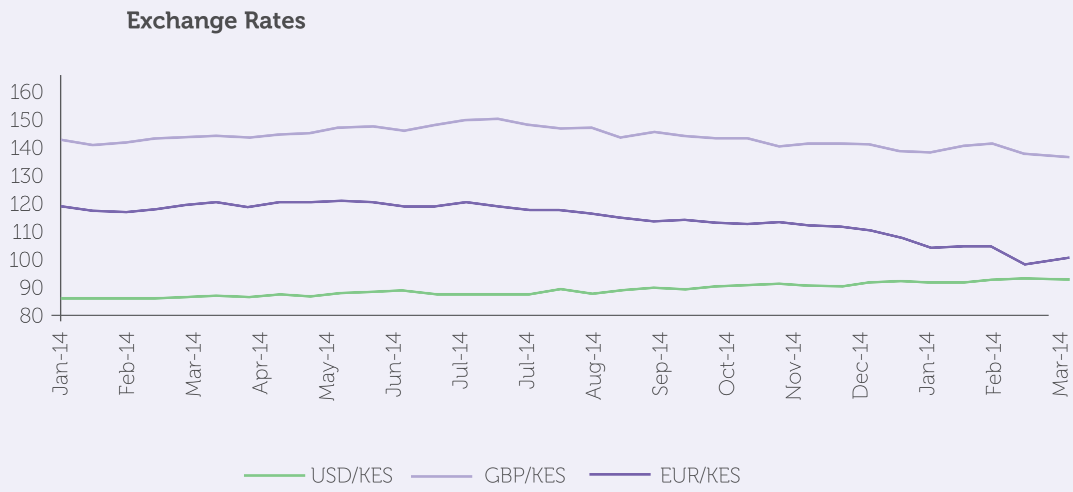
Source: NSE Yield Curve

11.1.3.4. Exchange Rates

The shilling remained stable during the first quarter of 2015, trading within the 90-92 range to the USD. During Q1 2015 the shilling weakened against the dollar to close the quarter at KES 92.33/USD. However the shilling gained ground against the GBP and the Euro in the period to close at 136.44 and 99.52 respectively.

The shilling has remained under pressure against the US Dollar owing to reduced inflows especially from the tourism sector, tea and horticultural exports as well as a strengthening US economy.

The Central Bank of Kenya increased its level of usable foreign exchange reserves from USD 6.2 billion, as at end of December 2013 to USD 7.5bn (4.90 months of import cover) as at end of December 2014. In the recent monetary policy meetings held in June 2015, the committee decided to tighten the monetary stance by raising the CBR by 150 basic points from 8.5% to 10% in response to the global macro environment. As at 18th June 2015, the import cover level was 4.29 which is higher than the target 4 months level and is therefore adequate to cushion the foreign exchange against temporary shocks.



Source: Central Bank of Kenya

11.1.4. Kenya Debt Analysis

Kenya's public debt as a percentage of rebased GDP increased by 224 basis points from December 2012 to December 2013, represented by an increase in debt to GDP ratio from 42.1 percent to 44.4 percent respectively. This growth has been ascribed to ballooning of domestic debt that has grown by about 22 percent to KES 1.2 trillion whereas external debt grew by about 12.0 percent to KES 0.9 trillion. As at December 2014, the level of domestic debt had increased by 10.0 percent and external debt by 26.9 percent to stand at KES 1.3 trillion and KES 1.2 trillion respectively. The rise in external debt is largely attributable to the foreign borrowing through Sovereign bond that was issued in June 2014 and reopened in December 2014. Fitch Ratings, placed Kenya's credit ratings at a stable B+ rating while Moody's gave Kenya a B1 rating with a stable outlook. Standard and Poor's rated Kenya B+ on both local currency and foreign currency.

Eurobond Issues Country	USD (millions)	Yield
Tanzania	600	6.28 percent
Rwanda	400	6.88 percent
Ghana	750	8.00 percent
Nigeria	500	6.63 percent

11.2. OVERVIEW OF THE MICRO FINANCE INDUSTRY[1]

11.2.1. Introduction

The Kenyan microfinance sector is one of the most vibrant in Sub-Saharan Africa. It includes a diversity of institutional forms such as deposit taking microfinance institutions, credit only micro-finance institutions as well as SACCOS, most of which have a fairly large branch network to serve the poor. Informal microfinance operators like money lenders, Rotating Savings and Credit Associations (ROSCAs) and Accumulating Savings & Credit Associations (ASCAs) are also part of the market.

For a long time, the micro finance activities have been unregulated. The absence of regulation allowed innovations to take place. For instance, institutions were set up easily without barriers such as minimum capital requirements. The microfinance industry thrived in this environment. However, as the market started shifting from donor funded poverty alleviation institutions to for-profit organizations, there was a clear recognition from the public and the Government that regulation of MFIs was necessary, especially for the credit-only institutions that wanted to convert into deposit taking microfinance institutions. This is because both financial institutions and depositors have to be protected. As such 2006, deposit taking microfinance institutions were added to the list of the regulated institutions. Credit –only microfinance institutions remain unregulated to date.

On the SACCO front, a new formal institutional type 'Deposit-taking SACCOs' has been added to the current list of regulated institutions as a result of the recently enacted deposit-taking SACCO Societies Act, a new formal institutional type 'Deposit-taking SACCOs' has been added to the current list of regulated institutions. The supportive regulations were effected in June 2010 and all the deposit-taking SACCOs were required to apply for licences by June 2011.

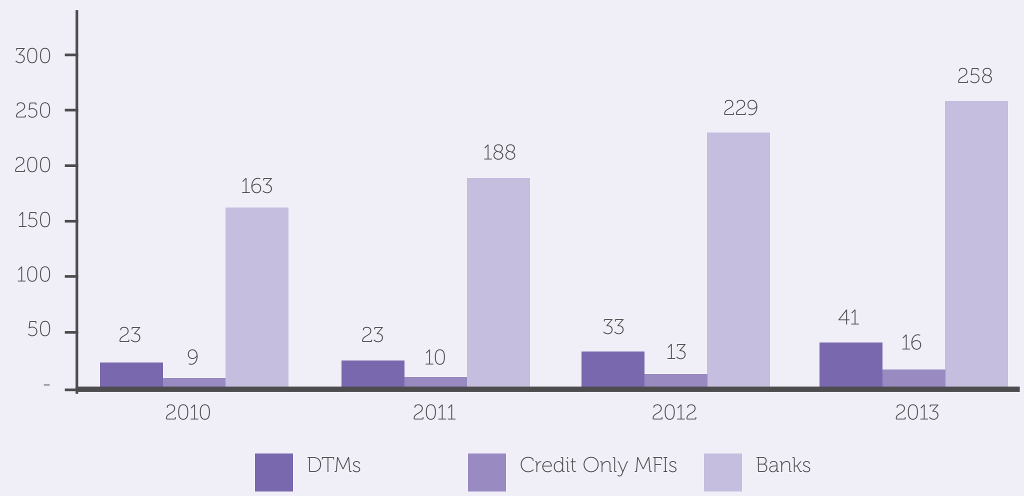
11.2.2. Sector Size and Outreach

Asset Size and Growth

Total assets of the sector registered a stable growth over the past 4 years growing at CAGR of 17.5% to KES 315.7bn as of December 2013. The sector remains dominated by the banks, in particular Equity Bank which represents 75% of the sector's total assets. The relative market share of the different segments remained stable since 2010, with the 3 Banks, 9 microfinance banks, and 23 Credit-only MFIs accounting for 82%, 13% and 5% of the sector's total assets respectively as at December 2013. Without the banks, total assets of the sector were KES 57.5bn as of December 2013 and reported a 21.7% compounded annual growth over the last 4 years.

In terms of relative growth in total assets compared to December 2012, Credit-only MFIs are leading in 2013 with 27.0%, followed by DTMs (26.3%) and Banks (12.8%).

Asset Size and Vehicles



Source: AMFI 2014 Report

[1] *Based on data from Association of Micro Finance Institutions (AMFI)*

- As of December 2013, the microfinance sector showed positive growth trend, reaching out to 808,399 active borrowers with a gross loan portfolio of KES 63.1bn, achieving 27.9% annual growth.
- Without banks, the sector reaches out to 670,557 active borrowers with a loan book amounting to KES 40.2bn; reporting a 35.2% annual growth.

Portfolio Size and Growth

MFBs achieved the strongest portfolio growth in 2013 followed by Credit-only MFIs and Banks, leading to an increase of their share in the sector's total portfolio in 2013 compared to banks. As of 2013, MFBs, banks, and credit-only MFIs account respectively for 44.7%, 36.3%, and 19.0% of the sector's loan book respectively.

The growth in the number of active borrowers is moderate and slower than the portfolio growth, indicating an increase of the average outstanding loan amount for all segments.

	2010		2011		2012		2013	
	KES bn	Growth %	KES bn	Growth %	KES bn	Growth %	KES bn	Growth %
Credit-Only MFIs	5.8	27.3	6.6	13.9	9.2	38.2	12.0	30.5
MFBs	15	2.2	16.5	10.2	20.6	24.9	28.2	37.3
Non- bank sector	20.8	4.6	23.1	11.2	29.8	28.7	40.2	35.2

Source: AMFI 2014 Report

11.2.3. Financial Structure, Solvency and Liquidity

The whole sector mostly funds itself with client deposits while the sector without banks mostly funds itself with borrowings at 63.9% and 50.9% of total assets in 2013 respectively.

- Total liabilities of the whole sector and the sector without banks amounted to KES 251.2bn and KES 47.8bn respectively as of December 2013.
- Clients deposits for MFBs grew at 64.0% while for banks grew at 11.2% in 2013.
- Total deposits of the whole sector amounted to KES 214.5bn in 2013, out of which 88.3% were held by banks.
- The capital adequacy ratio stood at 20.4% and 16.8% for the whole sector and for the sector without banks respectively, as of December 2013.
- As of December 2013, cash and banks over total assets ratio was 8.8% for the whole sector and 5.6% for the sector without banks.

11.2.4. Profitability and Sustainability

The sector's profitability and sustainability were high in 2013 with ROE, ROA and operational self-sufficiency (OSS) standing at 24.2%, 4.8% and 155.0% respectively.

The profitability and sustainability in 2013 for the sector without banks was however lower with ROE, ROA and OSS standing at 12.8%, 2.0% and 112.0% respectively.

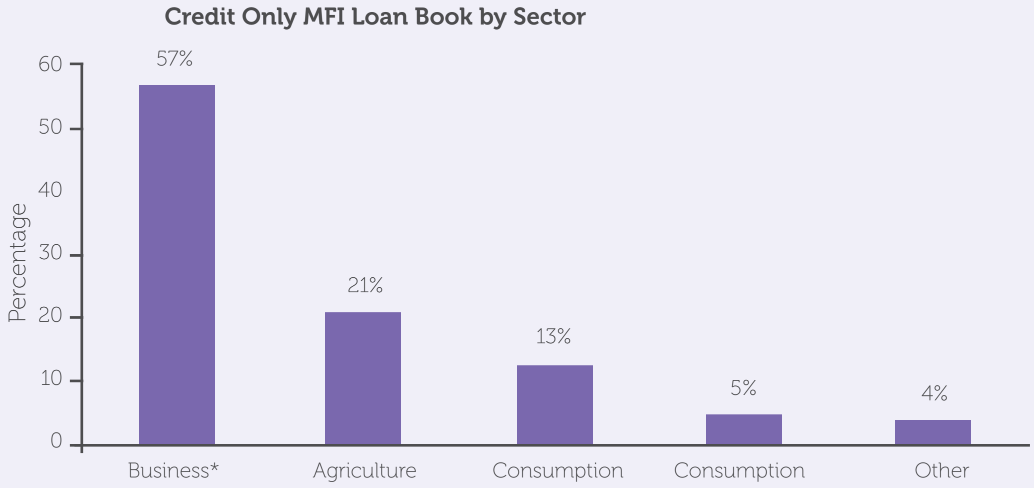
	ROE	ROA	OSS
Credit-only MFIs	14.5%	3.3%	119%
MFBs	11.6%	1.5%	109%
Banks	26.0%	5.4%	177%
Whole sector	24.2%	4.8%	155%
Sector without banks	12.8%	2.0%	112%

Source: AMFI 2014 Report

11.3. CREDIT ONLY MICROFINANCE INDUSTRY ANALYSIS

11.3.1. Sector Loan Book Distribution

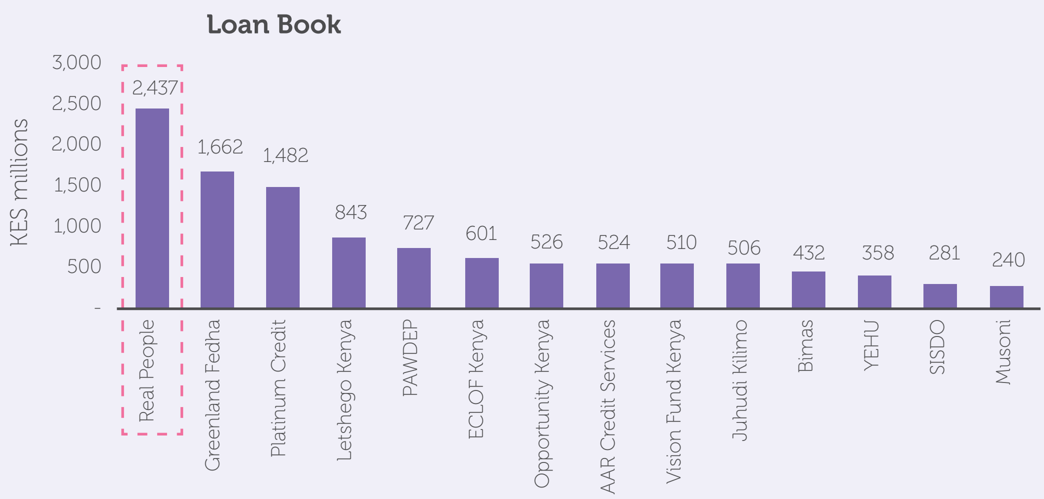
In 2013, most of the microfinance institutions (MFIs) lending was concentrated around business enterprise finance (57% of the loan book). Agriculture and consumption lending are the other major buckets at 21% and 13% respectively. Within business financing, medium, micro enterprises and SME's are the dominant MFI's niche segments. Participation by MFIs in other segments remains low and presents potential growth opportunities.



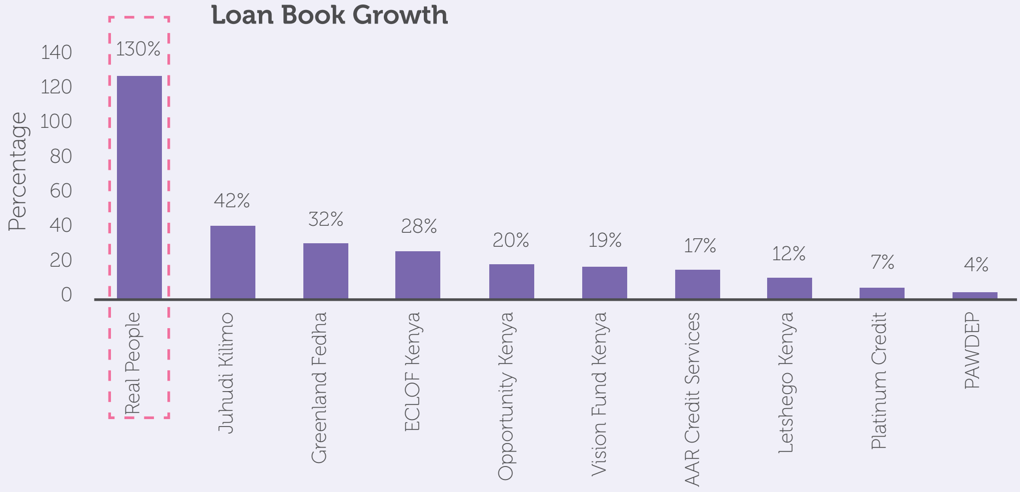
Source: AMFI 2014 Report
*Business enterprise financing

11.3.2. Top 10 Credit Only MFIs

The top 10 Credit Only microfinance institutions account for 82% of the sector loan book. The top 3 institutions are Real People, Platinum Credit and Greenland Fedha. All the top 10 Credit Only MFI's have posted positive growth in their loan book with Real People posting the greatest growth relative to 2012 at 130%.



Source: AMFI 2014 Report



Source: AMFI 2014 Report

11.3.3. Market Share and Competitive Assessment

Within the major counties in Kenya, Real People's loan book is mostly concentrated within Nairobi County. The market share distribution for the top 6 Credit Only MFIs in the major counties as at 31 December 2014 is as follows:.

	Real People		Greenland Fedha		Platinum Credit		Letshego Kenya		PAWDEP		ECLOF Kenya	
	Bran-ches	% Share	Bran-ches	% Share	Bran-ches	% Share	Bran-ches	% Share	Bran-ches	% Share	Bran-ches	% Share
Nai-robi	2	3	1	1	3	35	5	10	2	5	2	2
Nak-uru	1	-	-	-	2	2	2	35	1	4	1	13
Mom-basa	1	-	-	-	2	2	1	18	-	-	1	1
Meru	3	32	1	28	1	1	-	-	-	-	2	8
Kiam-bu	1	24	1	8	-	-	2	8	5	3	2	6
Uasin Ngishu	1	-	-	-	2	3	1	19	-	-	1	16
Mach-akos	-	-	-	-	2	3	2	5	-	-	-	-

Source: AMFI 2014 Report, NIC Capital Analysis

Company	Strength	Weakness
Real People Kenya Limited	• Convenient loan disbursement and repayment methods • Short time for average turnaround (TAT) in loan processing • Disbursement of the actual amount borrowed • Fewer application procedures and less paper work • Better loan affordability criteria using standard affordability matrix • Strategic branch network in major towns and cities • Leveraging technology for the credit origination, assessment and collections processes. • Use of analytics to better understand target segment customer profile and behaviour to better inform the customer value proposition. • Strong and committed teams.	• Shorter loan repayment period • Weak comparative brand visibility • Higher cost of funds relative to competition, particularly deposit taking competitors • Relatively high level of loan interest rates offered to customers

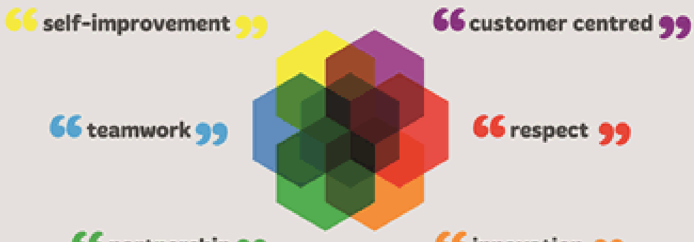
Source: Real People Analysis

12. REAL PEOPLE OVERVIEW

12.1. HISTORY OF REAL PEOPLE

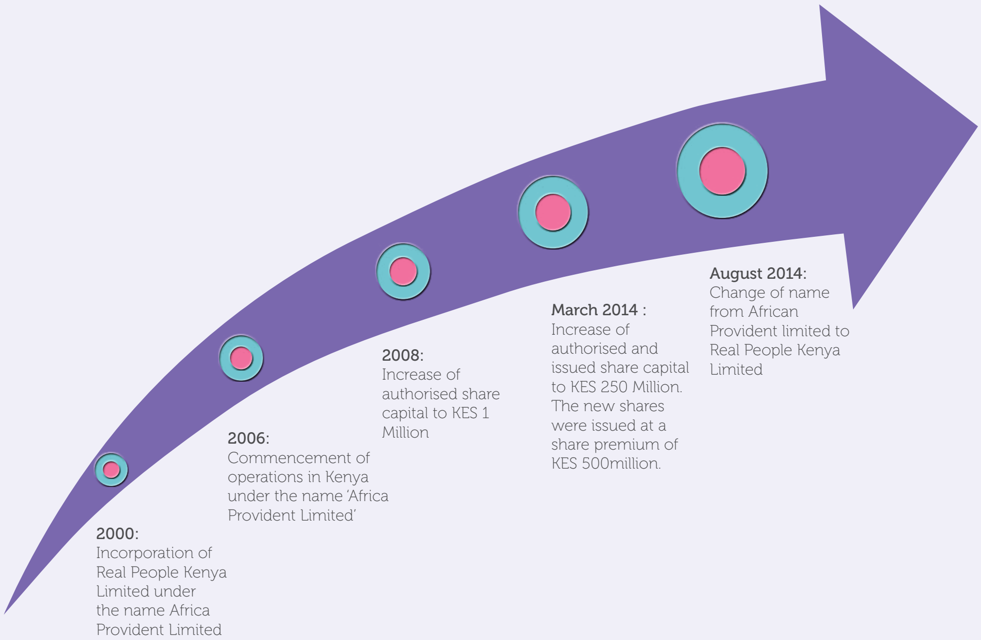
Real People Kenya Limited was incorporated in Kenya as a private company on 12th July 2000 under the name African Provident Limited. The Company was registered to conduct business under the business name Real People on 6th July 2006 and commenced operations in the same year. Between 2006 and 2009, the company focused on payroll lending. However, following the strategic repositioning, Real People has focused on business finance (lending to entrepreneurs) since 2009. On 15th August 2014, the Company changed its name to Real People Kenya Limited. The Company was converted to a public company on 8th April 2015. Currently, the majority shareholder of the Company is Real People Holdings International Limited, a company incorporated in Mauritius.

The Company focuses on providing responsible finance solutions to small enterprises and entrepreneurs. The business and asset finance loan products are geared towards the realization of the corporate vision of sustainably improving lives. In Kenya where home-grown businesses make up a large proportion of the economy, Real People is one of the few financial services players that provide finance to individual entrepreneurs. Understanding the complex dynamics of this key target market has enabled the Company to play an active role in building these businesses which form a crucial part of many African economies. The Company aims to be a financial partner to its customers in accordance with the group's vision of sustainably improving lives. To achieve its mission, the core values are aptly encapsulated in the acronym SCRIPT:



12.2. HISTORICAL MILESTONES

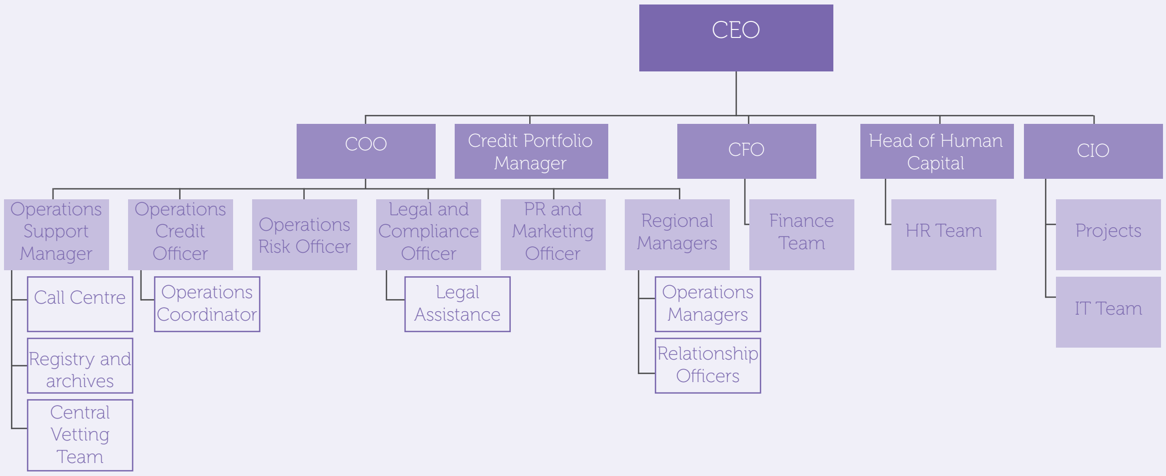
The following diagram shows the historical development of the Company since inception.



Source: Real People

12.3. ORGANISATIONAL STRUCTURE

The high level organisation of the Company is as follows:



Source: Real People

12.4. PRODUCT OVERVIEW

Real People Kenya offers business finance through various loan products designed to suit the needs of small enterprises and business entrepreneurs. The products are designed and tailored to offer a compelling customer value proposition resulting from an in-depth understanding of customer needs in the target market segment. The products primarily address the working capital, business expansion and productive asset financing needs of business entrepreneurs. A large proportion of Real People's target customer segments are business owners who run more than one business. The products and processes are thus positioned to provide value in a holistic way to owner's with one or more businesses. Under an on-going process, Real People follows an initial formal credit review with reviews of customer needs and expectations (on average every 6 months coinciding with drawdowns under the facility) and ensures that its products are continuously aligned to these needs. In addition, the Company's credit and business rules related to these products are designed to ensure that Real People lends responsibly and that the credit provided contributes significantly to improvements in the businesses and life of the borrower. The Company offers two principal products, a General Purpose Facility and a Productive Asset Loan.

The features of the loan products offered are as follows:

12.4.1. Real Flexi Loan (General Purpose Facility)

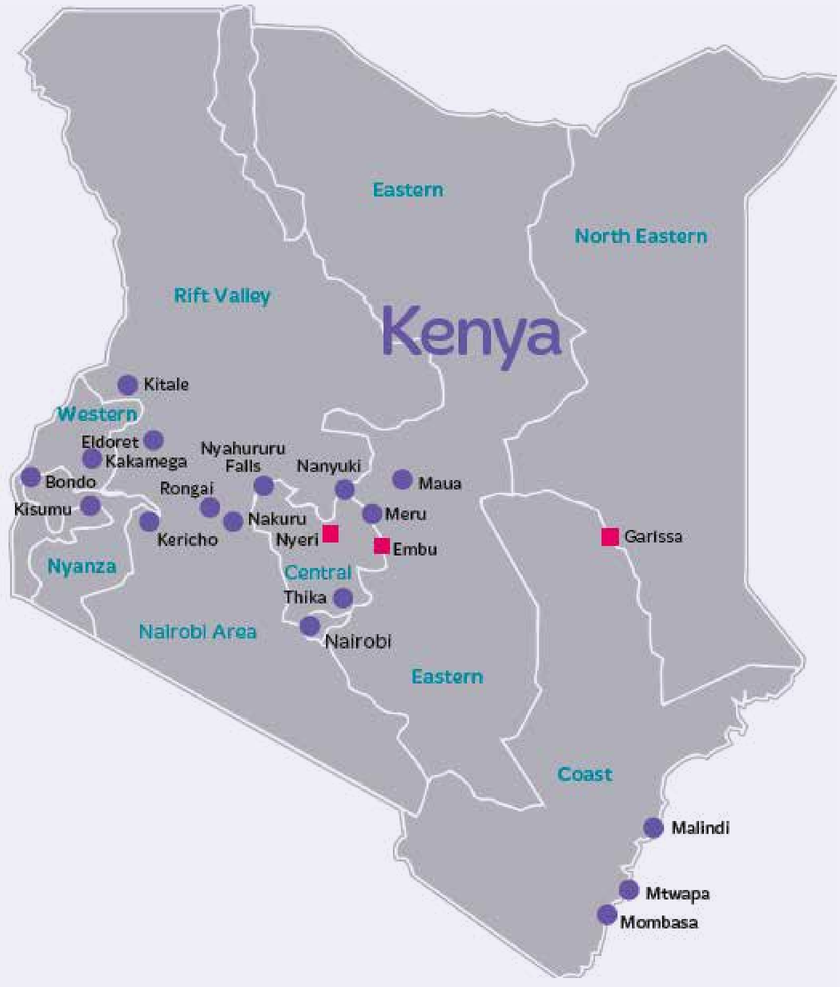
This product is innovative, unique and the only one of its kind in the Kenyan market offered by a credit only institution. It is a general purpose facility that finances general business expenditure, working capital and business expansion. This revolving access facility fulfils a gap in the target market providing a more suitable financing solution than a typical term loan facility. The product provides customers with the flexibility to access finance whenever required in accordance with the facility limit and repayment history offering customers a flexible and convenient draw down capability. Clients can continue to access the credit facility up to the individual facility limit without undergoing an additional credit appraisal process associated with advancing a completely new loan for as long as the instalments due under the facility are met. In this way, Real People addresses customer needs, creates customer loyalty and engenders a life-long customer relationship. Every twelve (12) months, a complete facility review is undertaken to ensure that the credit facility provided remains appropriate. The facility amount ranges from KES 100,000 to KES 5 million with a 12 month base tenor. Every time a customer draws down, the instalments are recalculated over the forthcoming 12-month period. For facility amounts above KES 400,000 up to KES 5 million, the product is secured by tangible collateral (land, motor vehicle log books, shares, debentures, etc.). For facilities under KES 400,000, Real People uses household and business chattels as collateral.

12.4.2. Real Asset Loan (Productive Asset Loan)

This productive asset loan is designed to offer entrepreneurs up to 100% finance for the purchase of an asset required for business purposes. These assets include movable capital assets such as equipment, machinery and motor vehicles among others. Under this facility, customers can access loans of between KES 200,000 to KES 5 million. The asset financed is used as security for the loan and must be insured. The tenor on this product ranges from 12 months to a maximum of 36 months. The financing provided under the Real Asset Loan is disbursed directly to the supplier of the asset rather than the purchaser themselves thereby mitigating misappropriation of funds including fraudulent usage.

12.5. GEOGRAPHIC SPREAD

The Company's is spread geographically across Kenya through its branch network as depicted below:



Source: Real People

12.6. EMPLOYEES

Real People Kenya Limited has a work force of 228 as at 31st March 2015.

12.7. SENIOR MANAGEMENT AND COMPANY SECRETARY

The summary profiles of the company's management are as follows:

Real People Kenya Management Team	
Daniel Ohonde Nationality: Kenyan Age: 47 Chief Executive Officer	Daniel is currently the CEO of Real People in East Africa (Kenya, Uganda and Tanzania). He holds an MSc in Finance from the University of London, an MBA in Strategic Management from the United States International University and a Bachelor of Science degree in Mechanical Engineering from the University of Nairobi. He is a Chartered Engineer with the Engineers Registration Board in Kenya. Daniel joined Real People in 2012. Daniel's experience includes senior leadership stints with the African Development Bank, African Management Services Company (AMSCO), USAID, ExxonMobil and the Coca-Cola Company.
Norman Ambunya Nationality: Kenyan Age: 39 Chief Financial Officer	Norman holds a Doctoral Degree in Finance from the Swiss Management Centre in Switzerland, in addition to a Master of Arts in Economics and a BA (Econ) both from the University of Nairobi. Norman is also a Certified Public Accountant (CPA), a Certified Information Systems Auditor (CISA) and a Certified Internal Auditor (CIA). Norman has extensive experience in the financial sector having held senior positions in Hill Economic Group, National Bank of Kenya, Bank of Africa and Kenya Commercial Bank. He joined Real People in 2014.
Yvonne Godo Nationality: Kenyan Age: 34 Chief Operating Officer	Yvonne is currently the COO of Real People in East Africa (She holds a Global executive MBA from USIU and a B. Com (Finance) degree from Kenyatta University. She also has a certification in IMIS and is a CPA (K). She joined Real People Kenya in September 2009 as the Regional Manager and was promoted to General Manager and Director in 2011.
James Mbui Nationality: Kenyan Age: 33 Chief Information Officer	James holds a BSc (Hons) in Information Technology from The University of Sunderland, a Graduate Diploma in Information Systems Management from Greenwich University as well as being certified Prince II Practitioner. He's currently pursuing an MSc in Project Management from Robert Gordon University. He is a seasoned ICT and Project Management professional with over 11 years of experience having previously worked with Temenos, Chase Bank (Kenya), Spasys, Faulu Kenya and Kencall.
Erick Ngala Nationality: Kenyan Age: 35 Head of Human Capital	Erick holds an MBA in Strategic Management and a BA (Economics) both from the University of Nairobi. He is also a Certified Professional Trainer from the Institute of Human Resource Management. Prior to joining Real People Erick worked at ABC Bank as Corporate Strategy & Performance Manager-Group. He has also worked at I&M Bank as Strategy and Corporate Performance officer and later as a Learning and Development expert. Erick also worked with K-Rep.
Elphas Rutto Nationality: Kenyan Age: 29 Credit Portfolio Manager	Elphas holds a Bachelor of Science degree in Actuarial Science from the Jomo Kenyatta University of Agriculture and Technology. He also has a certification in Statistical Analysis Software from SAS institute in Johannesburg South Africa. He has previously worked as a Risk and Portfolio analyst at Barclays Bank of Kenya, Emo Investment Company..
Company Secretary Equatorial Secretaries & Registrars Certified Public Secretaries P.O.Box 47323, 00100 Nairobi Kenya	Equatorial Secretaries and Registrars is a professional firm, which is part of PKF Kenya, a member firm of the PKF International network of member firms. The Firm is one of the oldest Secretarial firms and was established in 1991. The firm specialises in the provision of company secretarial services with offices in Kenya, Tanzania and Uganda. In Kenya, the Firm presently has four branches. Equatorial Secretaries and Registrars has a client base of approximately 1000 clients and endeavours to assist clients to comply with their annual statutory obligations and recognize improvement opportunities in their corporate governance procedures. The Legal and Compliance Officer at Real People Kenya works closely with Equatorial on company secretarial matters.

12.8. STRATEGY AND PROSPECTS

Real People Kenya Limited operates in the unregulated credit only spectrum of the microfinance industry and has the largest loan book among credit only providers in Kenya. The Company's growth strategy is designed to ensure sufficient focus in the chosen 'high value creation' areas of business finance, targeting the larger micro-enterprise and lower end SME businesses, a clearly underserved segment with regard to access to credit. This market segment is urban based and Real People has chosen to focus only on lending to entrepreneurs for business purposes and not consumer lending. The businesses are formal, established businesses and must, as a minimum, have been in operation for at least two years, reside in a permanent location and be up to date on all necessary payments to local authorities.

The micro and SME market is a significant contributor to GDP growth and employment creation and is projected to grow between 8-10% per annum in the medium term, as a result of rapid urbanisation leading to increased demand for goods and service from an expanded customer base. The segment is characterised by low access to finance due to perceived high risk. Over the past 6 years the Company has developed an in-depth understanding of the needs of this segment and developed ways and means to better assess and understand client affordability. This has resulted in better risk management practices and developed a focus in ensuring a positive customer experience by providing convenience and a compelling customer value proposition to serve this niche market segment.

Despite increasing competition in the provision of credit to this customer base, the Company has developed a growth strategy anchored and supported by the following initiatives and pillars:

12.8.1. Product Innovation & Focus / Specialisation

As part of the strategy to grow the business and enhance its competitive positioning, Real People Kenya has made a conscious decision to focus on providing credit for business purposes only, and only to the selected market segment. This focus and specialisation has enabled Real People to understand its customer needs in great depth, enabling the development of a compelling customer value proposition. Real People engages, conducts intensive research and surveys the client base, enabling valuable insights associated with a strong niche focus. With an enhanced understanding of the dynamics of the various sub-sectors in this customer segment and the regional nuances thereof, Real People is better able to tailor its products and services uniquely and competitively. Real People has engaged with this segment intimately for the last 5 years with the result being a few, flexible, unique and simple products making life easier for the customer.

Product innovation is an integral aspect of the Company's strategic positioning and a significant strength of the organisation as a whole. For example, the Real Flexi Loan Facility is the only one of its kind in the market and is a result of the in-depth knowledge and insights on the needs of the customer segment (in particular entrepreneurs with multiple businesses). The Company's two products are continuously assessed for opportunities for improvement aligned to emerging customer needs. Product innovation in terms of features and processes continue to provide a competitive edge for Real People.

12.8.2. Operational efficiency and Technology Leverage

Real People has and will continue to leverage technology to enhance its operational efficiency and strengthen its customer value proposition. The Company has in the last year fully automated its loan origination system and processes. The technology to support this automation has been developed in-house and is supported by a considerably experienced team. The officers in the field are able to originate loans at customers' premises with handheld tablets which are used to upload the required information and images to a central vetting team. The adoption of technology and elimination of unnecessary manual interaction has reduced the loan processing time from approximately 2 weeks to less than a day, resulting in substantial benefit to the customer. In addition, the technology platform enables and ensures the high quality and standard process across the organisation, resulting in significant operational efficiency gains. The Company will continue to actively leverage on emerging and innovative forms of technology to enhance its business proposition.

Real People provides great customer experience by ensuring that the customer service offered at all levels is consistent and exceptional. The regional officers in the field maintain personalised services with the client portfolio they manage and are able to offer not just credit but a level advisory services as well. As a result of relationship management efforts, a significant number of new clients are referred to Real People by existing clients, while more than 50% of customers provide repeat business.

12.8.3. Credit Processes and Analytics

Real People has developed in-depth understanding of the micro enterprise and lower end SME segment. The Company uses analytics to build a competitive edge by strengthening and automating credit risk assessment/pricing processes. This helps ensure understanding and mitigation of the risk inherent in lending to this market segment. To gain a competitive edge while mitigating credit risk, the Company has automated the credit risk assessment process, centralised its vetting system (unique in this market for credit only institutions) and has in place a quality assurance team to support a robust lending process. The Company uses information from the credit reference bureau in pricing products to help inform the lending decision making process. Some of the key elements and differentiators in the credit origination and assessment process include the following:

1. Relationship Officers (ROs) in the branch network originate loans through targeted marketing and referrals from existing customers. ROs first conduct pre-validation assessments at the client's business site (quick initial assessment to assess customer suitability and high level loan affordability);
2. If the pre-validation criteria are met, the RO conducts a client character assessment (information from referees, immediate community, close relatives etc. as well as information from documentation, for example bank statements and credit reference bureau reports);
3. For the Productive asset Loan a character assessment is also conducted on the supplier;
4. The RO then conducts a thorough affordability assessment to determine the loan facility size, using the business's financial and performance information;
5. The RO then uploads all relevant documentation and images onto the handheld tablet and sends the uploaded information to the Company's central credit vetting team;
6. The central vetting team (located at the Company's head office) is mandated to independently review all loans on an end-to-end basis. The vetting team reviews the documents, compliance to business rules, character, assesses the affordability data and accuracy of calculations, reviews the security and collateral documents and conducts referee and supplier vetting;
7. Real People has adopted a risk based approach for loan approvals, establishing various approval levels for vetting team, operations managers and a national approval committee in accordance with loan level criteria such as amount, industry etc.;
8. Once approved, loans are disbursed directly to the client or supplier account (in the case of Productive Asset Loans) via electronic funds transfer;
9. The above process, assuming all required documentation is in place can take as little as 6 hours.

The quick turnaround time is a critical success factor for Real People within the target market segment and has proven to be a significant differentiator, providing the Company with a strong competitive advantage over its peers.

Real People offers its clients convenient loan repayment channels primarily via direct debit transfers, mobile money (MPESA) transfers and bank deposits. The collections process is supported by a call centre and collections/ recovery officers who enforce any late stage collections. With a multipronged approach to collections, Real People has been able to maintain a quality of book in accordance with the priced expectation and in line with its direct competitors. As part of its ongoing strategy, the Company continuously evaluates and implements innovative approaches to its collections process. The company is in the process of enhancing its systems capability around collections to ensure an integrated collections effort that relies not on individual RO's but instead on innovative technology based initiatives.

The Company uses analytics to assess portfolio performance, predict future performance and understand customer profiles and risk. In addition, in-depth analytics are being used to develop solutions to emerging trends around credit risk. For example, based on historical client performance, the company is able to develop and accurately profile expected future performance around credit risk. This provides a significant edge over the competition and is a critical management decision-making and risk management tool.

12.8.4. Liquidity

Real People is vigilant in managing liquidity risk through strict adherence to its liquidity policy, which formulates the management of both the short- and long-term liquidity risks faced by the company.

12.8.4.1 Short-term liquidity risk management

In the short-term, the liquidity policy is designed to ensure that the company is able to meet all of its cash flow obligations over the forthcoming twelve months by ensuring that, for any rolling twelve month period, available cash and unutilised credit facilities must be sufficient to meet the net cash outflow of the company. Net cash outflow is defined as 90% of anticipated receipts less all debt repayments and operating expenses.

The above excludes any payments or cash flows relating to any non-recourse special purpose funding vehicles. Prospective loan disbursements may be adjusted where necessary in order to ensure compliance with this requirement. Table 1.1 below demonstrates the company's liquidity management as measured by its Liquidity Coverage Ratio ("LCR").

Liquidity Coverage Ratio – 31 March 2015

	Mar 2015 KESm	Mar 2015 Incl New Issuance KESm
90% of expected receipting on productive assets	1 344	1 443
All scheduled debt repayments	(349)	(599)
Committed operating expenses for following 12 months	(587)	(587)
Cumulative Net Cash Outflows	**408**	**257**
Available Cash balances	233	2 233
Total Liquid Assets	**641**	**2 490**

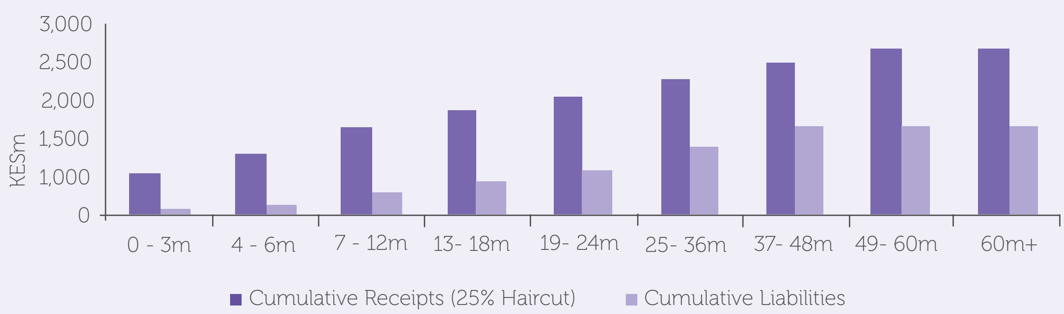
As at March 2015 the Company's available surplus in terms of the above coverage ratio amounted to KES 641 million. After including the proceeds of the proposed bond issuance for an issued amount of KES 2bn the March 2015 coverage ratio amounts to a surplus of KES 2.5 billion.

12.8.4.2 Long-term liquidity risk management

In the long term, the Company safeguards its debt obligations by ensuring that at any point on its funding profile the following limits are adhered to:

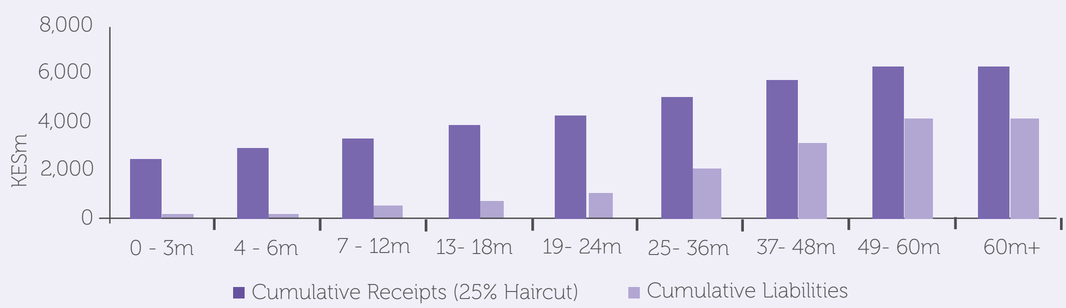
- **Cumulative mismatch limit:** 75% of expected cumulative receipting must at any point of the funding profile exceed the cumulative cash outflows relating to debt repayments (capital and interest). This is measured on a monthly basis and excludes cash flows relating to any non-recourse funding Special Purpose Vehicles ("**SPV**").

Long-term liquidity policy - 31 March 2015



Source: Real People

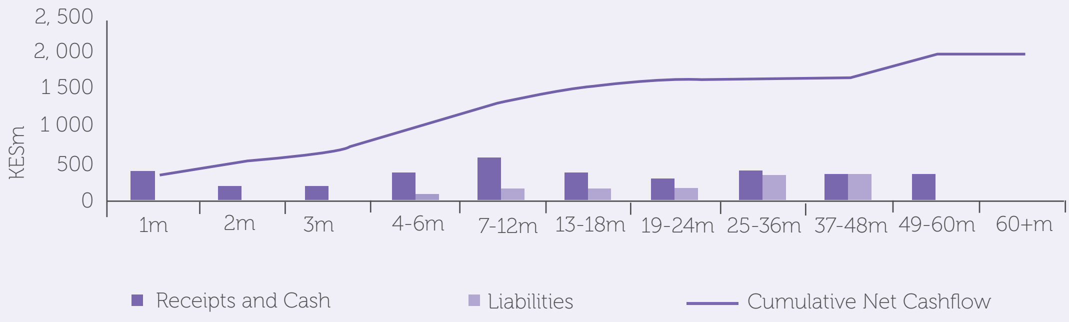
Long-term liquidity policy - 31 March 2015 (Including bond issuance)



Source: Real People

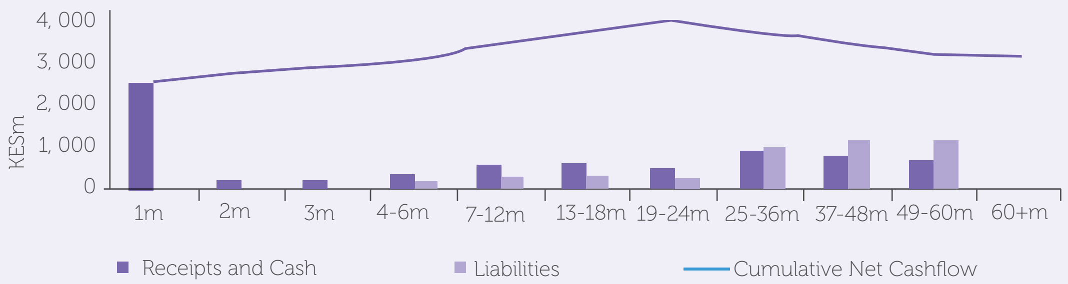
Strict adherence to the Company's liquidity policy results in a positive liquidity mismatch throughout all maturity buckets.

Positive liquidity mismatch – 31 March 2015



Source: Real People

Positive liquidity mismatch – 31 March 2015 (Including bond issuance)



Source: Real People

12.8.5. Capital management

In recognition of the pivotal role of capital adequacy in mitigating risk for stakeholders, the Company covenants to maintain a minimum level of 20% of Qualifying Capital to total assets where Qualifying Capital includes ordinary shareholders equity, subordinated debt and preference shares. The Company will thus always maintain a maximum gearing ratio of 4 times in relation to senior debt outstanding.

As at 31 December 2014 the Company's Qualifying Capital to total assets amounted to 42.7% with a gearing ratio of 1.2 times.

12.8.6. People

Real People has a local-in-country leadership team that is well versed with the dynamics of the local market. The leadership team has diverse experience in the microfinance industry and in financial services. As and when required, the Kenyan team is able to tap into Group expertise and resources to enable it stay ahead of the pack. The Company places great emphasis on attracting and retaining strong talent. The company has created a work environment conducive to productive and creative output with a transformative culture where the required skills development and growth elements for its staff are all in place. The organisational structure is designed to ensure a lean and efficient operation with significant growth opportunities for top-end performers.

12.8.7. Value added products & services

In order to enhance its competitive edge, Real People is currently focused on exploring value-adding non-margin products that would complement the existing products and enhance the customer value proposition. The company already ensures that credit life cover is provided to its customers and that fire/ burglary insurance protection is included. In addition, the Company is in discussions with partner organisations on support to its client base with regard to financial reporting and accounting, cross marketing opportunities and networking platforms for SME development. All of these initiatives are expected to further differentiate the Real People product offering from the current market offering and enhance its strategic competitive advantage.

13. SHAREHOLDING, CORPORATE GOVERNANCE

13.1. SHAREHOLDERS

As at March 2015, the shareholders of Real People Kenya are as shown by the following table:

Shareholders

Name of shareholder	No of shares	% stake
Real People Holdings International Limited	2,499,999	99.9%
Daniel Ohonde	1	0.1%
Total	2,500,000	100.0%

Source: Real People

13.2. CORPORATE GOVERNANCE

Governance is the means by which the affairs of an institution are directed and managed thereby promoting corporate accountability and business aptness, so as to achieve an optimal shareholder value whilst simultaneously taking into consideration the interests of other stakeholders. Corporate governance is premised on the principles of integrity, accountability, prudence and openness.

The Board of Directors of any institution are accountable for sound corporate governance vis-a-vis business strategy, practices and policies. The Company is committed to good corporate governance policies and the Board Charter of the Company contains all the guidelines stipulated by best practice.

The primary responsibility of the Board of Directors of the Issuer is to provide governance and stewardship to the Company in accordance with the laws and regulations. It is the duty of the Directors to exercise their business judgment in the best interest of the Company. The Company's business is conducted by employees, managers and corporate officers led by the Chief Executive Officer with oversight from the Board. The Company is compliant with the CMA Guidelines on Corporate Governance practices by public listed companies in Kenya and issuers of fixed income securities or debt instruments, as provided by CMA Act.

Section 13 of the Articles of Association of the Issuer provides for a minimum of 2 Directors and a maximum of 7 Directors comprising of Non-Executive and Executive Directors. Non-Executive Directors are independent of the management, and free from any business or other relationship which would interfere with the exercise of their ability to bring an independent judgment to bear on issues of strategy, performance, resources, key appointments and standards of conduct. Every Director has a duty to attend Board meetings regularly and to effectively participate in the conduct of the business of the Board. Further, every member of the Board must attend at least four of the Board meetings of the Company in any financial year.

13.3. DIRECTORS

The summary profiles of the Directors of the Board of the Company are as follows:

Real People Kenya Board of Directors	
Daniel Ohonde Nationality: Kenyan Chief Executive Officer/ Executive, Non-Independent Director Age: 47	See description under 12.7 Senior Management and Company Secretary above.
Norman Ambunya Nationality: Kenyan Chief Financial Officer/ Executive, Non-Independent Director Age: 39	See description under 12.7 Senior Management and Company Secretary above. Norman was appointed to the board on 4th March 2015

Yvonne Godo Nationality: Kenyan Chief Operating Officer/ Executive, Non-Independent Director Age: 34	See description under 12.7 Senior Management and Company Secretary above.
Neil Grobbelaar Nationality: South African Real People Group Non-Executive, Non Independent Director Age: 41	Neil is Chief executive Officer of the Real People Group. Prior to joining the Real People, Neil worked with Corporate Finance Boutique Bravura Equity where he was a deal maker specialising in financial services mergers and acquisitions. Neil joined Real People in 2005 and has been instrumental in formulating and executing group strategy as well as attracting new capital to fund the growth of the Group. Neil is also instrumental in facilitating various strategic partnerships for the Group. As CEO Neil is responsible for the strategic expansion strategy in East Africa. Neil holds a Bachelor of Commerce, Bachelor of Laws and a Higher Diploma in Tax.
Robert Arthur Arnold Nationality: Dutch Independent, Non-Executive Director Age: 69	Arthur is an Independent Director /Advisor on boards of Financial Institutions and Investment Funds in Africa, a role that he has served since 2009. Some of the boards he has served on include: Independent non-executive director of Real People Group; Chairman of the Board, Goodwell Microfinance Management II, Co, Amsterdam; Member of the Board and Investment Committee of FISEA, Paris; Member of the Advisory Board and Invesment Committee of P.A.I.P II, Africa; Member of the Board and Chairman of the Investment Committee of Vantage Capital Funds (Outside S.Africa), Botswana; Chairman of the Board of The Currency Exchange, Amsterdam, Chairman of the Board of SNV, The Hague, The Netherlands, and Member of the Board of ORA Bank Group, Lome, Togo and Member of the Advisory Board for African Development Corporation, Frankfurt. Prior to this, Arthur worked extensively with ABNAMRO Group for many years, ending his tenure there as the Executive Vice President of Global Corporate Finance, whereafter he moved to the Rabobank Group as the senior Executive Vice President and the Chairman of the Management Board of Rabobank International. In 2000, Arthur moved to the World Council of Credit Unions (WOCCU) where he was the president and the CEO, after which he moved to the International Development Bank of Netherlands where he retired at end of 2008 and took up the current role of Independent Advisor to the Board. Arthur was appointed to the board on 4th March 2015. Athur's qualifications and professional memberships include; Pre-BA Economics from Erasmus University, Rotterdam; International Management Certificate 'INSEAD' (Fontainebleau); International Finance, IMI (Geneva); and International Senior Management Program (Harvard Business School).
Charl Kocks Nationality: South African Independent, Non-Executive Director Age: 61	Charl is the Principal at Ratings Afrika, a corporate governance business. Charl began his career at Perskor Limited in 1971, after which he returned to the university and became a professional accountant and later a technical partner at Theron van der Poel (now part of PricewaterhouseCoopers). In 1987, he started CA-Tech, South Africa's first forensic accounting and corporate governance firm, and later added CA-Financial to CA-Tech. In 1993, he added CA-Ratings an entity whose business was to assign credit and corporate governance ratings. When the credit ratings business was sold to Moody's in 2007 he acquired the corporate governance business and developed it as Ratings Afrika where he is the Principal. Charl has a Honours degree in Accounting and is a Chartered Accountant (South Africa). Charl was appointed to the board on 4th March 2015.
Nthenya Mule Nationality: Kenyan Independent, Non-Executive Director Age: 43	Nthenya is currently the Chief Finance Officer of the Avenue Group, a diversified healthcare focused business with interests across the east Africa region. Nthenya has over 15 years' experience in the financial services sector in East Africa, including significant involvement with private equity funds (Fanisi Capital, Acumen Fund) supporting investments in SMEs. Nthenya has significant development and policy experience, having worked as a consultant with a number of development agencies in the financial services sector (including the IFC) in a number of sub-Saharan African countries. She has consulted extensively over the years for a significant number of international organizations including the World Bank. Nthenya has a Masters in International Economics and International Relations from Johns Hopkins University's School of International Studies in the USA, and a BA Economics from Grinnell College. Nthenya was appointed to the board on 4th March 2015.

Source: Real People

13.4. RESPONSIBILITIES OF THE BOARD

The Board's principal duty is to promote the long term success of the Company by creating and delivering sustainable shareholder value. The Board Charter defines the governance parameter, within which the Board exists and operates, sets out specific responsibilities to be discharged by the Board, its committees and Directors collectively, as well as certain roles and responsibilities incumbent upon the Directors as individuals. A summary of the Board's responsibilities are as follows:

- Providing entrepreneurial leadership to the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- Formulating strategy and ensuring that there are adequate policies, systems and structures to successfully implement the Company strategies;
- Monitoring the Company's performance against its strategic plans and objectives on an ongoing basis, as well as through meetings;
- Reviewing and approving the publication of financial statements;
- Selecting, appointing and appraising senior executive officers who are qualified and competent to manage the affairs of the Company effectively;
- Approving the risk management framework and ensuring that there are adequate structures and systems to identify, measure, control and monitor the key risks facing the Company, including compliance related risks;
- Reviewing the effectiveness of the systems for monitoring and ensuring compliance with relevant laws, regulations, industry rules and standards;
- Developing the terms of reference of all Board Committees and the reviewing of reports and minutes of those committee deliberations;
- Developing, reviewing and monitoring the Company's corporate governance policies and practices; and
- Reviewing the Company's capital levels to ensure that there is adequate capacity for the planned growth and expansion within the strategic cycle, and approving major capital expenditure, acquisitions and divestitures.

13.5. BOARD COMMITTEES

The Issuer has two Board sub-committees. The Board Committees assist the Board and its Directors in discharging their duties and responsibilities. The sub-committees formed are:

- Audit and Risk Committee
- Nominations Committee

The Audit and Risk as well as the Nomination committees were constituted in 2015 following a board resolution dated 4th March 2015. Prior to the constitution of these committees these functions were performed at Group level which incorporated and executed the Company's roles and responsibilities in this regard.

13.5.1. Audit and Risk Committee

The committee is composed of 3 independent non-executive directors and the CFO by invitation as follows:

- Charl Kocks (Chairman)
- Arthur Arnold
- Nthenya Mule
- Norman Ambunya (by invitation)

13.5.2. Nominations Committee

The committee is composed of 2 independent non-executive directors and one non-independent, non-executive director as follows:

- Nthenya Mule (Chairman)
- Arthur Arnold
- Neil Grobbelaar

13.6. BOARD MEETING ATTENDANCE

During the year 2014, the Board held four meetings excluding the working committee meetings. Members' attendances were as follows:

Board meeting attendance

Name of Director	Number of meetings attended
Neil Grobbelaar	4
Daniel Ohonde	4
Yvonne Godo	4
Norman Ambunya	N/A
Robert Arthur Arnold	N/A
Charl Kocks	N/A
Nthenya Mule	N/A

Source: Real People

13.7. DIRECTORS' REMUNERATION

The remuneration of all Directors of the Company is subject to shareholders' approval. Non-Executive Directors are paid a sitting allowance for every meeting attended. They are not eligible for pension scheme membership, and do not participate in any of the Company's remuneration or compensation schemes. Executive Directors are on a contract and their remuneration is recommended by the Board of Directors but approved by the shareholders.

13.8 SUITABILITY AND COMPETENCE OF DIRECTORS

As at the date of this Information Memorandum none of the Directors:

- has been nor is currently, the subject of a filing of a petition for bankruptcy, either in their own capacity or as an executive officer of any company;
- has been convicted of fraud or a criminal offence, nor is any Director the subject of current criminal proceedings or any other offence or action either within or outside Kenya; and
- has been the subject of a ruling in a court of competent jurisdiction, that permanently or temporarily prohibits such director from acting as an investment adviser or as a director or employee of a stockbroker, dealer or any financial institution or engaging in any type or business practice or activity in that jurisdiction.

13.9. DIRECTORS' INTEREST

As at the date of this Information Memorandum, the Directors, in aggregate, held 1 share or less than 1% of the Issuer's total issued shares. No Director holds, directly or indirectly, in excess of 3% of the shareholding of the Issuer.

There was no change in Directors' interests between the end of the Issuer's financial year and the date of publication of this Information Memorandum.

Except for employment contracts and loan agreements with executive Directors, there are no existing or proposed contracts between any of the Directors and the Issuer. No options to purchase any securities of the Issuer have been granted to or exercised by a Director of the Issuer within the year preceding the date of this Information Memorandum.

13.10. DIRECTORSHIPS

As at the date of this Information Memorandum no Director of the Issuer held more than five directorships in other companies listed on the NSE. In addition, as at the date of this Information Memorandum, the Chairman of the Board did not serve as chairman of more than two companies listed on the NSE.

14. INFORMATION RELATED TO THE HOLDING COMPANY

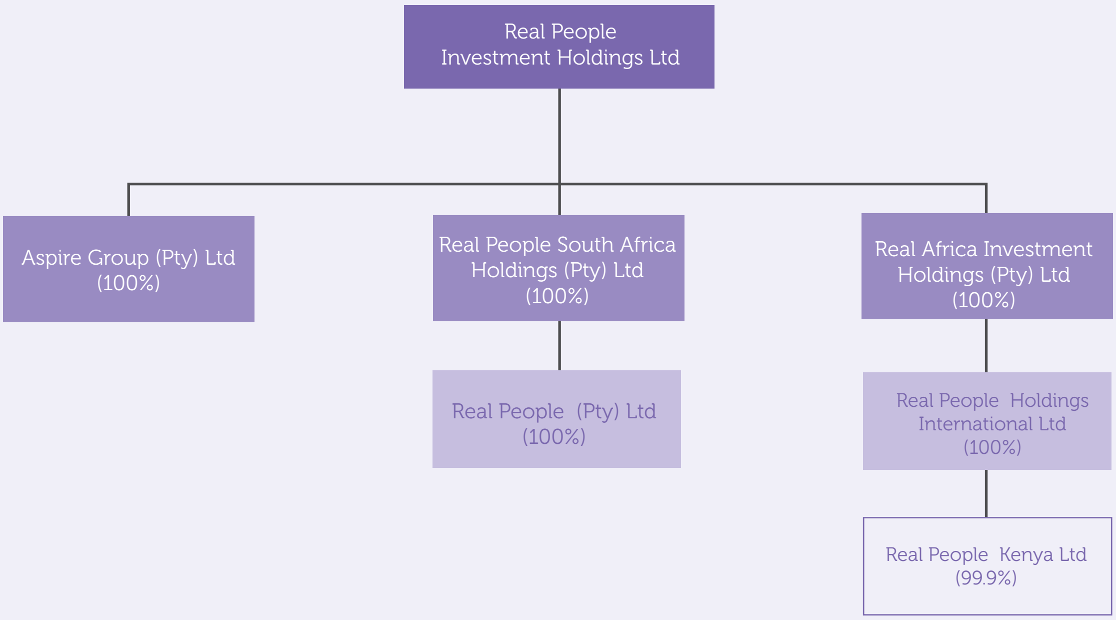
14.1. BACKGROUND

Real People Investment Holdings Limited, was originally incorporated as a limited liability company on 13 September 1999 in the Republic of South Africa with the aim of creating the operational capability to collect on non- and partially-performing consumer finance portfolios in South Africa. Initially this capability was used with great success in the acquisition and subsequent collection of unsecured credit portfolios from third parties. Over time, the Group has expanded into complementary areas of business and today employs over 1,700 employees and is a specialist provider of credit and debt collection services in the low and middle income mass market. With fifteen years of experience in the South African market, the Group has developed a robust capability for the collection of non-performing and partially-performing unsecured debts under the group brand name "Real People".

Over the past three years, the Group has evolved from a diversified portfolio of businesses, a function of it's entrepreneurial legacy, to a focused provider of products and services in markets where the businesses have a proven competitive advantage and that align closely to the Group's vision of "Sustainably Improving Lives". During financial year 2014, the business reached sufficient scale to allow it to take the decisive step of focusing its attention and resources on specific core businesses whilst disposing of other underperforming non-core businesses that do not fit into the Group's vision or strategic focus.

On 21 August 2013 the Company converted into a public limited liability company. However, the listing is a technical listing and the shares are not traded. The company's corporate registration number is 1999/020093/06 and its legal form is regulated by the South African Companies Act, No. 71 of 2008 (as amended). The head office of the Company is located at 160 Jan Smuts Ave, North Tower, Upper Ground, Rosebank, South Africa with telephone number +27 (0) 10 245 8001.

The Group operates in South Africa, Kenya, Uganda and Tanzania. The main subsidiaries of the Group as well as details of the percentage ownership in each company are as follows:

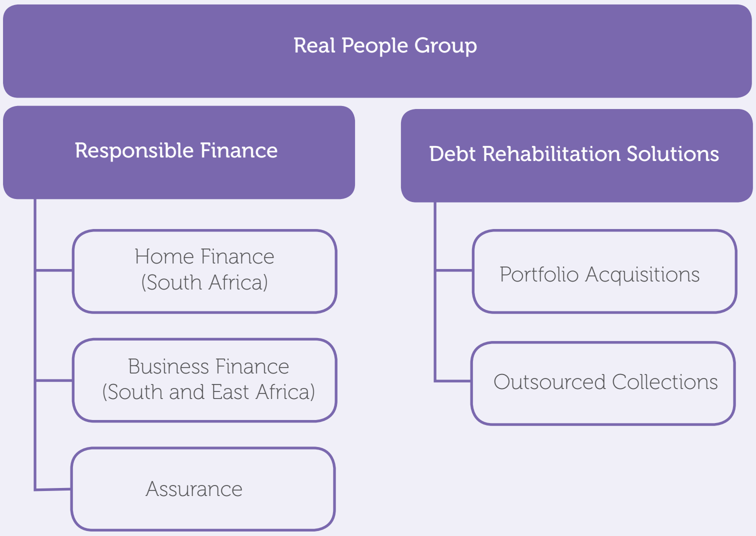


Source: Real People

14.2. BUSINESS AND OPERATIONS

The Group conducts business in South Africa through two divisions, Debt Rehabilitation Solutions (in particular Debt Portfolio Acquisitions and Outsourced Collections) and Responsible Finance under which its Home Finance business unit provides personal loans for incremental home improvement purposes. Business Finance, also part of Responsible Finance, provides loans for business purposes in East Africa, predominantly in Kenya but also in Uganda and Tanzania and also includes a much smaller South African unit. The Real People Group areas of business are as follows:

Areas of business



Source: Real People

14.2.1. Responsible Finance

This Division provides housing finance to customers acquiring building materials from building supply merchants in South Africa (home finance), education finance to customers of the Aspire Group and business finance to small enterprises in East Africa, predominantly in Kenya, as well as more recently in South Africa.

14.2.1.1. Home Finance

The Home Finance business focuses specifically on providing finance to customers of building supply merchants. The business has built up trusted partner relationships with over 1,400 merchants nationwide, from large national franchisees, corporate and independent merchants. The business provides term loans, typically targeting customers engaged in building projects to improve their homes, for example extending the number of rooms, building walls to improve security and general renovations. The average loan amount is currently South African Rand ("ZAR") 19,500 (approximately KES 148,000) and the average term 31 months. As one of the early movers into this market in 2007, the Group's Home Finance business is a specialist in the industry having built a good understanding of the nature of the market and established mutually beneficial relationships with the merchants themselves.

Loan applications are completed via a simple web-based application process and the process is managed by the merchant's staff. The approval time is fast, typically between 15 and 30 minutes, facilitated by an automated credit application and affordability process. This is a low cost distribution model which allows the company to pass on this benefit to customers in terms of a lower cost of credit offering.

14.2.1.2. Business Finance

In South Africa, the Group provides viable small and medium enterprises with comprehensive finance solutions especially those businesses which don't qualify for funding from commercial banks due to inadequate owners contribution or collateral. In East Africa and specifically in Kenya, Tanzania and Uganda, the Group provides finance to small enterprises that comprise a large proportion of the economy. The Group's understanding of this market segment is key to building these businesses that are a lifeline of the economies. In 2014, the Group acquired the small and micro enterprise lending business of Wizzit Group in order to broaden its business finance offering to include South Africa as well.

14.2.1.3. Assurance

The Group's assurance business originates predominantly from cancer and funeral policies sold into the Real People customer base as a supplementary and complementary product offering to the loans originated.

14.2.2. Debt Rehabilitation Solutions

This division remains the largest contributor to the Group as measured by earnings contribution. For over fifteen years, the division has specialised in the collection of late stage unsecured distressed debt in the South African market. The Group has significant experience operating in this evolving market and has developed several successful processes and technologies.

The division's two main business units, Debt Portfolio Acquisitions and Outsourced Collections, are enabled through the Group's collections platform. The Debt Portfolio Acquisitions unit purchases late stage distressed debt portfolios directly from banks and retailers via public bidding processes whereas the Outsourced Collections unit collects debt on behalf of banks and retailers on a contingency commission based basis Portfolio Acquisitions.

The Debt Portfolio Acquisition business acquires non-performing or semi-performing credit portfolios from original credit providers. The portfolios are predominantly acquired through an open market bidding process, as well as direct negotiations with sellers. Typically, the original debts are unsecured and the sellers are specialist credit providers, retailers or banks. Real People has developed a unique combination of call centre and visitation agent based processes supported by sophisticated analytical and statistically based inputs to prioritise work in this complex, high volume environment. The collections philosophy is based on assisting consumers to meet their financial obligations primarily through agreeing consensual, and debit order based arrangements.Outsourced Collections.

The Outsourced Collections business uses the Group's collection capabilities to provide specialised outsourced collection services to third party credit providers, retailers and banks. The business leverages off the Group's collections capability and provides a consistent revenue stream as long-term relationships are developed with corporate credit providers..

14.3. BUSINESS STRATEGY

The Group's strategy is to create value for shareholders by leveraging the credit risk pricing, collections and capitalisation capabilities of the group in specific niche markets, whilst remaining true to the vision of sustainably improving lives and the values of self-improvement, customer centricity, respect, innovation, partnership and teamwork. The cornerstone of the Group is its ability to create annuity cash flows from personal credit advanced or acquired in market segments traditionally viewed as high risk or challenging in which to operate. The Group has refined its strategy over time to deploy this core capability in market niches where it believes it can sustain competitive advantage, specifically:

- Investing in non-performing, delinquent consumer debt or providing collections services in respect of such debt; and
- Advancing housing and business loans to under-served market segments in South Africa and East Africa.

14.4. SHAREHOLDERS

Details of RPIHL's shareholders are as follows:

Shareholders

Name of Shareholder	Shareholding
Old Mutual	30.1%
Management Private Equity Consortium	29.1%
Norfund	15.7%
Private equity	13.2%
BBBEE consortium	3.9%
Private Individuals	8.0%
Total	**100.0%**

Source: Real People

14.5. BOARD OF DIRECTORS AND COMPANY SECRETARY

Details of RPIHL's Board of Directors and Company Secretary are as follows:

Board of Directors

Name of Director	Qualifications	Position
Peter de Beyer	BSc and FASSA	Independent Non-Executive Chairman
Bruce Schenk	CA (SA)	Executive Director
Neil Grobbelaar	BCom, LLB and HDip (Tax)	Group Chief Executive Officer
Arumugam Padachie	CA (SA)	Group Chief Financial Officer
Harry van Heerden	BCom and CA (SA)	Non-Executive Director
Arthur Arnold	BA (Econ)	Independent Non-Executive Director
Mark Barnes	BSc (Actuarial Science)	Non-Executive Director
Ron den Besten	BCom and CA (SA)	Non-Executive Director
Derrick Msibi	BSc and BCom, MCom and CA (SA)	Independent Non-Executive Director
Marius Bosman	BA and MCom	Group Company Secretary

Source: Real People

15. SUMMARY FINANCIAL INFORMATION

Real People Kenya Limited financial statements over the last six years are as outlined in the following sections.

15.1. Statement of comprehensive income for the years ended 31 March

KES	2009*	2011**	2012	2013	2014	2015
Interest Income	24,776,504	86,316,446	149,954,966	344,396,677	660,713,051	879,281,992
Interest and other direct expenses	(26,619,767)	(88,526,446)	(112,490,342)	(20,704,765)	(126,615,792)	(218,115,229)
Net Interest Income	**(1,843,263)**	**(2,210,000)**	**37,464,624**	**323,691,912**	**534,097,259**	**661,166,763**
Gain/(loss) on foreign exchange	(24,655,004)	(111,124,153)	68,716,780	171,008,239	179,345,387	81,060,593
Other operating income	3,407,718	36,517,496	73,877,216	60,721,170	99,176,268	82,146,777
Provision for loan impairment	(4,846,140)	(22,077,503)	(11,039,366)	(32,227,154)	(200,576,595)	(213,624,725)
Administrative expenses	(45,900,471)	(113,946,691)	(138,567,698)	(214,950,696)	(312,220,577)	(356,173,918)
Other operating expenses	(7,919,370)	(18,220,422)	(19,382,180)	(21,962,597)	(33,450,338)	(42,786,155)
Profit/(loss) before tax	**(81,756,530)**	**(231,061,273)**	**11,069,376**	**286,280,874**	**266,371,404**	**211,789,335**
Tax charge/credit	18,424,548	42,800,240	(37,262,764)	(86,427,505)	(80,617,882)	(65,223,912)
Profit/(loss) for the year	**(63,331,982)**	**(188,261,033)**	**(26,193,388)**	**199,853,369**	**185,753,522**	**146,565,423**

Source: Real People
*2009 financial results are for 12 months ended 31 December 2009
**2011 financial results are for 15 months ended 31 March 2011

15.2. Statement of financial position as at the years ended 31 March

KES	2009	2011*	2012	2013	2014	2015
Assets						
Cash and cash equivalents	74,654,226	45,198,868	170,314,819	290,313,601	173,039,998	230,025,791
Receivables	6,395,518	253,018,446	55,221,690	63,412,758	26,845,490	41,655,363
Loans and advances to customers	86,090,660	104,366,516	364,978,168	981,175,745	2,181,404,720	1,697,035,606
Tax recoverable	42,305	42,305	-	-	-	-
Equipment	12,003,204	18,485,438	20,282,486	27,055,877	65,050,845	129,148,843
Deferred tax	23,874,888	66,675,128	32,261,859	-	-	47,027,823
Total Assets	**203,060,801**	**487,786,701**	**643,059,022**	**1,361,957,981**	**2,446,341,053**	**2,144,893,426**
Liabilities						
Payables	3,050,003	20,360,232	57,686,398	70,163,945	81,270,382	24,154,895
Borrowings	276,197,897	731,874,601	873,206,956	1,332,032,368	1,476,382,503	1,068,940,274
Deferred tax	-	-	-	9,554,004	22,526,084	-
Current tax	-	-	2,807,188	40,995,815	21,296,713	60,367,463
Total Liabilities	**279,247,900**	**752,234,833**	**933,700,542**	**1,452,746,132**	**1,601,475,682**	**1,153,462,632**
Shareholders' Equity						
Share capital	100,000	100,000	100,000	100,000	250,000,000	250,000,000
Share premium	-	-	-	-	500,000,000	500,000,000
Retained earnings	(76,287,099)	(264,548,132)	(290,741,520)	(90,888,151)	94,865,371	241,430,794
Total Shareholders' Funds	**(76,187,099)**	**(264,448,132)**	**(290,641,520)**	**(90,788,151)**	**844,865,371**	**991,430,794**
Total Liabilities And Shareholders's Funds	**203,060,801**	**487,786,701**	**643,059,022**	**1,361,957,981**	**2,446,341,053**	**2,144,893,426**

Source: Real People
*2011 financial results are for 15 months ended 31 March 2011

15.3. Statement of Cash Flows for the years ended 31 March

KES	2009*	2011**	2012	2013	2014	2015
Cash flows (used in) operating activities						
Cash from/(used in) operations	(93,351,874)	(273,757,834)	28,286,002	(489,256,917)	(946,238,773)	763,472,524
Interest paid	(20,058,678)	(86,661,432)	(106,127,487)	(11,025)	(109,133,212)	(209,109,098)
Tax paid	-	-	-	(6,465,324)	(87,344,905)	(95,707,070)
Net cash (used in) operating activities	**(113,410,552)**	**(360,419,266)**	**(77,841,485)**	**(495,733,266)**	**(1,142,716,890)**	**458,656,356**
Cash flows from investing activities						
Cash paid for purchase of equipment	(13,274,185)	(13,588,683)	(8,482,994)	(14,169,173)	(50,531,485)	(78,398,717)
Proceeds from disposal of equipment	-	-	1,391,295	67,569	2,379,250	3,109,790
Net cash (used in) investing activities	**(13,274,185)**	**(13,588,683)**	**(7,091,699)**	**(14,101,604)**	**(48,152,235)**	**(75,288,927)**
Cash flows from financing activities						
Proceeds from loan related parties	243,517,126	471,341,521	432,883,473	1,051,835,271	1,420,404,460	1,332,828,290
Repayment of borrowings	(21,706,398)	(16,813,402)	(290,402,533)	(593,009,858)	(1,276,054,325)	(1,740,270,519)
Proceeds from finance lease	-	1,148,585	-	-	-	-
Proceed from issue of shares	-	-	(1,148,585)	-	749,900,000	-
Net cash from financing activities	**221,810,728**	**455,676,704**	**141,332,355**	**458,825,413**	**894,250,135**	**(407,442,229)**
Decrease in cash and cash equivalents	**95,125,991**	**81,668,755**	**56,399,171**	**(51,009,457)**	**(296,618,990)**	**(24,074,800)**
Movement in cash and cash equivalents						
At start of the year	4,183,239	74,654,266	45,198,868	170,314,819	290,313,601	173,039,998
Effect of exchange rate changes	(24,655,004)	(111,124,153)	68,716,780	171,008,239	179,345,387	81,060,593
(Decrease)/increase	95,125,991	81,668,755	56,399,171	(51,009,457)	(296,618,990)	(24,074,800)
At end of year	**74,654,226**	**45,198,868**	**170,314,819**	**290,313,601**	**173,039,998**	**230,025,791**

Source: Real People
*2009 financial results are for 12 months ended 31 December 2009
**2011 financial results are for 15 months ended 31 March 2011

16. PRO FORMA FINANCIAL STATEMENTS

16.1. Projected Statement of Comprehensive Income for the year

	Actual 2015 KES	Forecast 2016 KES
Interest income	879,281,992	1,204,690,411
Interest expense	(218,115,229)	(373,466,870)
Net Interest Income	**661,166,763**	**831,223,541**
Gains on foreign exchange	81,060,593	-
Other operating income	82,146,777	136,981,550
Provision for loan impairment	(213,624,725)	(255,528,263)
Administrative expenses	(356,173,918)	(425,890,850)
Other operating expenses	(42,786,155)	(59,183,534)
Profit Before Tax	**211,789,335**	**227,602,444**
Tax charge	(65,223,912)	(68,280,733)
Profit for the year	**146,565,423**	**159,321,712**
Earnings Per share basic and diluted	**58.63**	**63.73**

Source: Real People

16.2. Projected Statement of Financial Position

	Actual 2015 KES	Forecast 2016 KES
Assets		
Cash and cash equivalents	230,025,791	537,839,256
Loans and advances to customers and other receivables	1,738,690,969	3,627,380,699
Equipment	129,148,843	155,325,803
Deferred tax	45,027,823	79,223,396
Total Assets	**2,144,893,426**	**4,399,769,154**
LIABILITIES		
Payables	24,154,895	204,325,045
Borrowings	1,068,940,274	3,044,691,603
Current tax	60,367,463	-
Total liabilities	**1,153,462,632**	**3,249,016,648**
Shareholders' Equity		
Share capital	250,000,000	250,000,000
Share premium	500,000,000	500,000,000
Retained earnings	241,430,794	400,752,505
Total shareholders' funds	**991,430,794**	**1,150,752,505**
Total Liabilities and shareholders' funds	**2,144,893,426**	**4,399,769,154**

Source: Real People

16.3. Projected Statement of Cash Flows

	Actual 2015 KES	Forecast 2016 KES
Assets		
Cash flows (used in) operating activities		
Cash from/(used in) operations	763,472,524	(1,090,919,960)
Interest paid	(209,109,098)	(373,466,870)
Tax paid	(95,707,070)	(166,374,074)
Net cash (used in) operating activities	**458,656,356**	**(1,630,760,904)**
Cash flows from investing activities		
Cash paid for purchase of property and equipment	(78,398,717)	(37,176,960)
Proceeds from disposal of property and equipment	3,109,790	-
Net cash (used in) investing activities	**(75,288,927)**	**(37,176,960)**
Cash flows from financing activities		
Proceeds from loans	1,332,828,290	2,480,000,000
Repayment of borrowings	(1,740,270,519)	(504,248,671)
Net cash from financing activities	**(407,442,229)**	**1,975,751,329**
Increase in cash and cash equivalents	**(24,074,800)**	**307,813,465**
Movement in cash and cash equivalents		
At start of the year	173,039,998	230,025,791
Effect of exchange rate changes	81,060,593	-
(Decrease)/increase	(24,074,800)	307,813,465
At end of year	**230,025,791**	**537,839,256**

Source: Real People

17. RISK FACTORS

17.1. RISKS RELATING TO THE ISSUER

Factors which may be material for the purpose of assessing the risks associated with an investment in the Real People bond are described in the following section. Potential investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents available for inspection) and reach their own views prior to making any investment decision.

17.1.1. Credit risk

Credit risk is the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with Real People or if an obligor otherwise fails to perform as agreed. In general, the largest source of credit risk is loans. Given the significant size of the loan portfolio in the statement of financial position, credit risk remains the largest risk type in the local banking sector. The company mitigates this risk through the following measures:

- The company adheres to an approved credit policy which defines the nature of business undertaken and the minimum risk acceptance criteria.
- The company only deals with creditworthy counter parties and obtains appropriate collateral though ability to pay is the primary consideration.
- The company structures the level of credit risk it undertakes by placing limits on amounts of risk accepted in relation to one borrower or a group of borrowers;
- The company undertakes regular analysis of the ability of borrowers to meet interest and capital repayment obligations and proactively takes remedial action where appropriate; and
- The company has no significant concentration of credit risk in any one sector, or customers having similar characteristics because exposure is spread over diverse geographical and industrial sectors.

17.1.2. Liquidity risk

Liquidity risk is the current or prospective risk to earnings and capital arising from a company's inability to meet its liabilities when they fall due. Liquidity is often triggered by consequences of other financial risks such as credit risk and market risk and similarly, liquidity problems may have significant implications on the whole financial system. Liquidity risk for investors are mitigated through strict adherence by the Company to its Liquidity Policy as described under section 12.8.4 above.

17.1.3. Interest rate risk

The company is exposed to the volatility risk on the value of financial instruments that fluctuate due to changes in market interest rates. Interest rates on advances to customers and other risk assets are either pegged to the company's base lending rate or any other relevant and appropriate benchmark reference rate. These rates are adjusted from time to time to reflect the cost of funds. Interest rates are negotiated between the company and the customer with Real People retaining the discretion to adjust the rates in line with changes in market trends. The interest rates, therefore, fluctuate depending on the movement in the market interest rates. The company also invests in fixed interest rate instruments issued by the Government of Kenya through the CBK.

17.1.4. Operational risk

Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that technology failure, breaches in internal controls, fraud, unforeseen catastrophes or other operational problems may result in unexpected losses. Operational risk exists in all products and business activities. To mitigate this risk, the management of the company ensures that:

- An effective, integrated operational risk management framework that incorporates a clearly defined organizational structure is maintained;
- Each department has defined roles and responsibilities for all aspects of operational risk management;
- Appropriate tools that support the identification, assessment, control and reporting of key risks are used;
- All information technology services systems architecture are highly scalable and require minimal lead time to increase capacity to match growth in demand; and
- Operational risk systems are subjected to independent reviews including testing from external reputable firms.

17.1.5. Reputational risk

Reputational risk is the potential that negative stakeholder impressions or perceptions, whether true or not, regarding the company's business practices, actions or inactions, will or may cause a decline in its value, brand, liquidity or customer base. It is a resultant effect of all other risks highlighted in this Information Memorandum and therefore cannot be managed in isolation. Therefore, when all the other risks are managed well, this risk is substantially minimised. The company's reputation is an invaluable business asset essential for optimising shareholder value hence it is constantly under threat. The company's services and activities, including new ones, ensure that good reputation is always maintained or enhanced.

Ultimate responsibility for this risk rests with the Board of Directors and Senior Management who examine the company's reputational risk as part of their regular mandate. Their purpose is to ensure that all products, services, and activities meet the company's reputational risk objectives in line with the Board of Director's approved appetite. In addition, every employee and representative of the company has a responsibility to contribute positively to reputation. Senior Management and the Board of Directors receive periodic reports on the assessment of the company's reputational risk exposures that arise from its business (including sales and service) activities so as to form a view on associated risks and implement corrective actions.

Every employee and representative of the company has a responsibility to contribute in a positive way towards good reputation. This is done by ensuring ethical practices are always adhered to, interactions with all stakeholders are positive, and compliance with applicable policies, legislation, and regulations. Reputational risk is most effectively managed when every individual works continuously to protect and enhance the company's reputation.

17.1.6. Strategic risk

Strategic risk is the potential for loss arising from ineffective business strategies, improper implementation of strategies, sudden unexpected changes in the company's environment, or from lack of adequate responsiveness to changes in the business environment. The company faces several strategic risks from its environment which include:

- Macroeconomic changes;
- Competition from the financial industry and organisations providing similar services;
- Technological changes;
- Key legislative and regulatory changes;
- Major political events; and
- Human capital or social (demographic) trends and changes.

The Chief Executive Officer supported by Senior Management executes the approved strategic objectives on a day to day basis and actively monitors business performance against these objectives through periodic reviews. The business carries out business performance reviews periodically against pre-determined milestones and key performance indicators. The reviews are reported to the Board of Directors for information and advice, or action where significant deviations occur. These reports include identifying the key risks faced by the company and how they are being managed.

The Chief Executive Officer coordinates an annual strategic planning process for Senior Management intended to align individual business strategies to overall enterprise level strategies as approved by the Board of Directors. They include a comprehensive review and evaluation of the business strategies, competitive positioning, financial performance, execution of strategic initiatives, and key business risks. The frequency of strategic business reviews depends on the risk profile and size of the business function. Each business head unit is responsible for directing strategies in their respective units and ensure such strategies are aligned to the overall strategy of the company. They are also responsible for monitoring, managing and reporting on the effectiveness and risks of their business' strategic objectives, and the progress they have made towards achieving these. They oversee the direction and trends of significant current and emerging risks related to their business units and that mitigating actions are taken where appropriate. The company's financial and non-financial performance including its key risks, are reported to the Board of Directors for review and action, where necessary.

17.1.7. Regulatory risk

Regulatory risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practice, or ethical standards issued by the regulator from time to time. Regulatory risk also arises in situations where the laws or rules governing certain products or activities of the company's clients may be ambiguous or untested. The company has a Compliance Officer who is tasked with monitoring ongoing legislative compliance.

17.1.8. Political risk

Kenya, like the majority of developing countries, is subject to certain political, economic and social events that may individually or collectively, create risks for investors. These risks are more difficult to predict and measure than in developed countries.

17.2. RISKS RELATING TO THE NOTES GENERALLY

The Notes have features which entail particular risks for potential investors. Set out in the following section is a brief description of certain risks relating to the Notes generally:

17.2.1. Risks relating to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features. Prospective investors of Notes should be aware that the range of Notes that may be issued under the Programme is such that the following statements are not exhaustive with respect to the types of Notes that may be issued under the Programme and any particular Series of Notes may have additional risks associated with it that are not described below. Investment in the Notes may involve complex risks related to factors which include equity market risks and may include interest rate, foreign exchange and/or political risks.

17.2.2. The Notes may not be a suitable investment for all investors

Each potential investor must determine the suitability of investing in the Notes in light of its own circumstances. In particular each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any supplemental Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the Conditions and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some forms of notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in notes which are complex financial instruments without consulting a financial advisor who will evaluate how such notes will perform under changing conditions, the resulting effects on the value of such notes and the impact this investment will have on the potential investor's overall investment portfolio.

17.2.3. The market price of the Notes may be volatile

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes in the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes.

In particular the markets for emerging market securities, such as Kenya, may be volatile and are to varying degrees, influenced by economic securities' market conditions in other emerging market countries which may not be in the same geographic region as Kenya. Although economic conditions are different in each country, investor reactions to the developments in one country may affect securities of issuers in other countries, including Kenya. Accordingly the market price of the Notes may be subject to significant fluctuations, which may not necessarily be related to the financial performance of the Issuer.

17.2.4. Notes may be subject to optional redemption by the Issuer

An optional redemption feature in the Notes may negatively affect their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a lower rate.

17.2.5. The corporate bond secondary market in Kenya may not be very liquid

The Kenyan bond market is not very active with very few trades conducted on the market each day. Very few of the corporate bonds currently listed on the NSE have traded since they listed, making the actual pricing of bonds not as objective as it would be in an active developed market.

If the market does develop it will initially not be very liquid therefore investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of the Notes.

17.2.6. Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the 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 suspended, revised or withdrawn by the assigning rating agency at any time. Credit ratings assigned to Notes do not necessarily mean that the Notes are suitable investment. Similar ratings do not address the marketability of any Notes or any market price. Any change in the credit ratings of Notes, or the Issuer, could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

17.2.7. Change of law

The Terms and Conditions of the Notes are based on Kenyan law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to Kenyan law or administrative practice after the date of issue of the relevant Notes.

17.2.8. Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

18. TAX CONSIDERATIONS

18.1. TAX CONSIDERATIONS

The comments outlined in the following section are of a general nature based on taxation law and practice in Kenya as at the date of this Information Memorandum and are subject to any changes thereafter. They relate only to the position of persons who are the absolute beneficial owners of the Notes. The comments do not purport to be a complete analysis of all tax considerations relating to the Notes and so should be treated with appropriate caution.

18.2. INTEREST PAYMENTS

Payment of interest on the Bonds will be made by the Issue and Paying Agent and Registrar in Kenya. Withholding tax at the rate of 15% will be deducted from interest payments made to both resident and non-resident Noteholders in terms of prevailing legislation as set out in the Income Tax Act (Chapter 470 of the Laws of Kenya) which is subject to revision through changes in Government policy. The Issuer will not deduct withholding tax at the prescribed rate on interest payments to any Noteholder who (a) is exempt from such deduction under the provisions of the Income Tax Act and (b) has provided evidence of such exemption to the reasonable satisfaction of the Issuer and the Issue and Paying Agent. Non-residents may be entitled to a tax credit in their country of residence, either under domestic law or under the tax treaties referred to below.

18.3. CAPITAL GAINS

With effect from 1 January 2015 any capital gain which accrues on a disposal of the Notes will constitute a chargeable gain in accordance with the applicable requirements of the Eighth Schedule of the ITA and may be taxable accordingly.

18.4. STAMP DUTY

No stamp duty is payable in Kenya on the issue, transfer or redemption of the Notes so long as the Notes are listed and transacted on the NSE.

18.5. TAX TREATIES

As of the date of this Information Memorandum, Kenya has entered into double taxation treaties with Zambia, Norway, Denmark, Sweden, United Kingdom, Germany, Canada, France, India, Mauritius and Iran.

19. SUBSCRIPTIONS AND SALES

19.1. APPLICATION PROCEDURE

Application forms for issues of Notes may be obtained from the Mandated Lead Arranger or the Sponsoring Broker. Applications must be submitted directly to the Placing Agent by the date and time specified in this Information Memorandum. Successful applicants will be notified either by the Placing Agent on behalf of the Issuer and the Lead Arranger, or by the Lead Arranger on behalf of the Issuer, of the amount of Notes allotted to them immediately after the date of allotment specified in the relevant Pricing Supplement.

19.2. PAYMENT FOR NOTES AND DELIVERY

Payment for Notes is to be made in full to NIC Bank Limited, the designated Receiving Bank, in immediately available funds by the date and time specified in this Information Memorandum. The payments will be made via Real Time Gross Settlement (RTGS) system to the account and in the manner detailed in the relevant Pricing Supplement. The Notes will be delivered to investors not later than by the date specified in the relevant Pricing Supplement.

19.3. SELLING RESTRICTIONS

19.3.1. General:

The Placing Agent has acknowledged above that no action has been or (except to the extent indicated in paragraph 2 below) will be, taken in any jurisdiction by the Placing Agent or the Issuer that would permit a public offering of Notes, or possession or distribution of the Information Memorandum (in preliminary or final form) or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. The Placing Agent has undertaken that it will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes the Information Memorandum (in preliminary or final form) or any such other material, in all cases at its own expense. The Placing Agent has also undertaken to ensure that no obligations are imposed on the Issuer or the Placing Agent in any such jurisdiction as a result of any of the foregoing actions. The Issuer and the Placing Agent will have no responsibility for, and the Placing Agent will obtain, any consent, approval or permission required by it for, the acquisition, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which they are subject or in or from which it make any acquisition, offer, sale or delivery. The Placing Agent is not authorised to make any representation or use any information in connection with the issue, subscription and sale of Notes other than as contained in the Information Memorandum (in final form) or any amendment or supplement to it.

19.3.2. Republic of Kenya:

The approval of the CMA has been obtained for the offer of the Notes to the public in the Republic of Kenya. The sale or transfer of Notes by Subscribers will be subject to the rules of the NSE and the provisions of the Agency Agreement. There are no other restrictions on the sale or transfer of Notes under Kenyan law. In particular, there are no restrictions on the sale or transfer of Notes by or to non-residents of Kenya.

19.3.3. United States:

The Notes have not been and will not be registered under the U.S. Securities Act, 1933 as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("Regulation S") or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. The Placing Agents have represented and agreed that, except as permitted by the Placing Agreement, they have only offered and sold Notes, and will only offer and sell Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (as defined in the Placing Agreement), only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither they, their affiliates, nor any persons acting on their behalf has engaged or will engage in any directed selling efforts with respect to the Notes, and they have complied and will comply with the offering restrictions requirement of Regulation S. The Placing Agents agree that, at or prior to confirmation of sale of Notes, they will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from them during the restricted period a confirmation or notice to substantially the following effect:

"The Notes covered hereby have not been 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 Issue Date (as defined in the Placing Agreement), except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulations."

19.3.4. United Kingdom:

The Placing Agent has represented and agreed that:

a) it have 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; and
b) 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
c) 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.

19.3.5. South Africa:

The Placing Agent has represented, warranted and agreed that it (i) will not offer the Notes for subscription, (ii) will not solicit any offers for subscription for or sale of the Notes, and (iii) will itself not sell or offer the Notes in South Africa in contravention of the South African Companies Act, 2008, the South African Banks Act, 1990, the South African Exchange Control Regulations, 1961 and/or any other applicable laws and regulations in South Africa in force from time to time.

Prior to the issue of any Tranche of Notes, the Placing Agent who has agreed to place that Tranche of Notes will be required to represent and agree that it will not make an "Offer To The Public" (as such expression is defined in the South African Companies Act, 2008 and which expression includes any section of the public) of Notes (whether for subscription, purchase or sale) in South Africa.

20. GENERAL AND STATUTORY INFORMATION

20.1. APPROVALS

20.1.1. Board Authorisation

The establishment of the Programme and the issue of Notes hereunder have been duly authorised by a resolution of the Board of Directors of the Issuer dated 5 November 2014.

20.2. REAL PEOPLE CORPORATE INFORMATION

Incorporation	The Issuer was incorporated in Kenya as African Provident Limited on 12 July 2000 as a private limited liability company. It changed its name to Real People Kenya Limited and was issued with a certificate of change of name dated 15 August 2014. The Issuer was converted to a public limited liability company with company no C3/2015 on 28th April 2015.
Registered Office	LR No. 209/6871, International Life House, Mama Ngina Street, Nairobi
Activities of the Issuer	The Company is a non-deposit taking financial solutions provider for small business finance and housing finance (on pilot trial). The Company's target market is the micro and small business enterprises (SME's) across Kenya.
Principal Objects	The principle objects of the Company are contained in its Memorandum of Association and provide as follows: 3a To enter into arrangements with companies, firms and persons for promoting and financing in the educational fields, insurance premiums, medical bills, sales and purchase and expenses in every kind and description, either by buying, selling, letting on hire, hire purchase or easy payment systems, or by financing or assisting such other companies, firms or persons to do all or any of such last mentioned acts, transactions and things, and in such manner as may be necessary or expedient and in connection with or for any of these purposes, to purchase agreements, give guarantees or security or otherwise finance or assist all or such purposes on such terms and in such manner as may be desirable or expedient. 3b The Company may borrow or raise money whether or not for the purposes of the company (including by way of hire purchase, conditional sale, credit sale or any other such methods of financing) from banking and financial institutions or other money lending institutions or by other lawful means including by the issue of debentures, debenture stock (perpetual or terminable) or bonds and to secure or discharge any debt, liability or obligation of or binding on the company whether by way of guarantee or indemnity or otherwise (including, without limitation, pursuant to the borrowing or raising of money) by giving of mortgages , charges or other security founded, or based upon all or any of the property and rights of the Company, including its uncalled capital or without any such security and upon terms as to priority or otherwise as the Company shall think fit. 3c To invest and deal with moneys of the company not immediately required in any manner.

	3d To insure or guarantee the payment of advances, credits, bills of exchange and other commercial obligations or commitments of every description, as well as the fulfilment of contracts and other trading and commercial transactions of every description, whether at home or abroad, and to indemnify any person against the same, and to guarantee the payment of money secured by or payable under or in respect of any debentures, debenture stock, bond, mortgage, charge security, contract or obligation of any person, persons or corporations, or any authority, supreme, municipal, local or otherwise. 3e To guarantee the payment or performance of any debts, contracts or obligations or become security for any person, firm or company for any purpose whatsoever, and to act as agents for the collection, receipt or payment of money, and generally to aid as agents for and render services to customers and others and generally to give the guarantees and indemnities. 3f To act as share and stocks registrars, financial, business and economic advisers, promoters and liquidators and managers of companies and to advice on matters relating to taxation, company and personal investments, on trusts, trusteeship and executorships. 3g To carry on business as an investment company to buy and hold debenture and or ordinary stocks and shares and to acquire and own business concerns; to manage and run them and to do research work to establish and run these or other business concerns and to carry out studies for feasibility, improvement, establishment and operation, and to implement the results of such studies as the company may find profitable or fit and to carry on business as investors in property movable or immovable and to take on any property as lessees or buyers and to act as agents of buyers or sellers or lessees or other investors in property and act as managers or consultants of property buying, selling, leasing, renting, renovating, building or any matter whatsoever related to investors in property. 3h To do all such other things as may be deemed incidental or conducive to the attainment of the above objects or any of them.

20.3. PRIMARY REGULATORY ENVIRONMENT

Real People, as an issuer of debt securities will be subject to regulation by the Capital Markets Authority in accordance with the Capital Markets Act (Chapter 485A of the Laws of Kenya).

20.4. COMPLIANCE WITH CMA REGULATIONS

20.4.1. Share Capital and Net Assets

The authorised share capital of the Issuer is KES 250,000,000 divided into 2,500,000 ordinary shares of KES 100 each. There are no other classes of authorised shares in the Issuer.

The share capital and net assets of the Company over the past three years are as follows:

Share Capital	2015 KES 000	2014 KES 000	2013 KES 000	2012 KES 000
Authorised	250,000	250,000	1000	1000
Issued and fully paid	250,000	250,000	100	100
Net assets of the Company	991,431	844,865	(90,788)	(290,641)

20.4.2. Voting Rights and Control

All shareholders have equal voting rights and no preferential voting rights attach to any shares. As at the date of this Information Memorandum, there are no arrangements known to the Issuer the operation of which may result in change of control of the Issuer.

20.4.3. Financial Information

As at the date of this Information Memorandum the Company is not in breach of any of its loan covenants.

20.4.4. Borrowing powers and borrowings

The Directors have the power to exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue, debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

The Company's Articles expressly oust regulation 79 of Table 'A' contained in the First Schedule to the Companies Act from applying to the Company. This means that the Company can borrow more than its issued share capital.

The manner in which such borrowing powers are exercised has not been varied in any material respect and the borrowing powers have not been exceeded during the past three (3) years.

Moreover, no security has been furnished by Real People for the benefit of any director or manager or any associate of any director or manager.

As at 31 March 2015, the Issuer had borrowings outstanding of KES 1,068,940,639 in respect of a loan advanced by Real People International Finance Limited (a member of the Group). The loan has no fixed date of maturity. The loan is denominated in South African Rand (ZAR). The weighted average effective interest rates as at 31 March 2015 were 14.8%

20.4.5. Material commitments, and guarantees and contingent liabilities

- RPIHL has issued Swedish Kronor (SEK 260,000,000) and Norwegian Kronor (NOK 135,000,000) Senior Unsecured Floating Rate Bonds for a term of 5 years from 2013 to 2018. Real People (Proprietary) Limited has entered into a guarantee agreement under which each material subsidiary (a subsidiary which, at the time of relevant determination, represents more than ten (10) per cent of the total assets of the Group or accounts for more than ten (10) per cent of the Group's earnings before interest, tax depreciation and amortization) is required to become an 'upstream guarantor' to the bond and execute an accession agreement. The Issuer was not a material subsidiary of RPIHL of the time of the issuance of the bond however it subsequently became material subsidiary. It has not yet entered into an accession agreement.

- RPIHL issued a Programme Memorandum dated 23 February 2011 for a ZAR 5,000,000,000 Domestic Medium Term Note Programme. The programme is unconditionally and irrevocably guaranteed by the material subsidiaries of RPIHL. A material subsidiary is one which at the time of determination under the programme represents more than ten (10) per cent of the total assets of the Group or accounts for more than ten (10) per cent of the Group's earnings before interest, tax depreciation and amortization. The Issuer was not a material subsidiary RPIHL of at the time of the establishment of the programme however it subsequently became material subsidiary. It has entered into a guarantee dated 8th December 2014 to secure the repayment of the sums due under the programme. The current outstanding balance under the programme as at 31 March 2015 is R1,104,517,600. The total notes issued as at 31 March 2015 amount to ZAR 2,949,517,600.

20.4.6. Loans to Directors

There are currently no outstanding loans due from directors as at 31 March 2015.

20.4.7. Material Litigation

The Company is a defendant in various legal actions that arise in the normal course of business. In the opinion of the directors and after taking appropriate advice, the outcome of such actions will not give rise to any material liabilities.

20.4.8. Material Agreements (material contracts to which Real People is a party)

As stated in paragraph 20.4.5 above, the Issuer has issued a guarantee dated 8th December 2014 in favour of the noteholders described therein, in which it has irrevocably and unconditionally guaranteed the domestic medium term note programme amounting to ZAR 5,000,000,000 issued by RPIHL in South Africa.

20.4.9. Permits

The Issuer has in place, single business permits for all its branch offices for the year 2015.

20.5. GENERAL INFORMATION

20.5.1. Expenses

The expenses of the offer and the listing which will be for the account of the Issuer are estimated at KES 56,812,500

Professional fees and related costs	KES
Arrangement fees and Placement Commission	39,000,000
Registrar and Fiscal Agent Fees	462,500
Legal Fees	5,000,000
Reporting Accountant & Auditor's Fees	700,000
Note Trustee Fees	450,000
PR and marketing fees and miscellaneous fees	5,200,000
CMA	5,000,000
NSE	1,000,000
Total	**56,812,500**
Total issue costs as a percentage of total issue	**1.14%**

20.5.2. Directors declaration

The Directors of Real People Kenya Limited whose names appear on page 8 of this Information Memorandum accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.

20.5.3. Minimum Subscription

The Issuer seeks to raise a maximum of KES 5.0 billion under this Programme. The minimum subscription level shall be set out in the relevant Pricing Supplement.

20.5.4. Accounts and Auditors

The annual accounts of the Issuer for the last three financial years to 31 March 2014 have been audited. None of the audit reports have been refused by the Auditors or contain qualifications.

The auditor of the Issuer is currently PKF Kenya, who have audited the Issuer's financial statements, prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Boards, for each of the financial periods/ years ending on 31 December/ 31 March and issued an unqualified opinion thereon.

20.5.5. Significant or Material Changes

Save as disclosed in this Information Memorandum, there has been no significant change in the financial or trading position of the Company since the most recent financial statements presented in the Reporting Accountants Report.

20.5.6. Interruptions in Company's Business

There have been no interruptions in the Company's business, which may have or have had during the recent past (covering at least the previous four months) a significant effect on the Company's financial position.

20.5.7. Conflicts of Interest

At the date of this Information Memorandum, there are no potential conflicts of interest between any duties to the Issuer of the members of its administrative, management or supervisory bodies and their private interests or other duties. None of the experts named in the Information Memorandum owns an amount of shares in the Issuer or its subsidiaries that is material to that person. However, it cannot generally be ruled out that such persons have interests at the time of the offer or issue of Notes. Whether this is the case will depend upon the facts at the time of the offer or issue. A description of any potential conflicting interests that are of importance to an offer or issue of Notes will be included in the Pricing Supplement, specifying the persons involved and the types of interests.

20.5.8. Documents Available for Inspection

As long as any Note remains outstanding, copies of the following documents will, when published, be available for inspection at the Specified Offices of the Issuer in Nairobi, Kenya:

1. the Memorandum and Articles of Association of Real People;
2. the audited financial statements of Real People in respect of the 3 years financial years ended 31 March 2012,2013 and 2014;
3. the audited financial statements for the year ended 31 March 2015 once finalised and approved on 30 June 2015;
4. board resolution approving the Issue;
5. the Reporting Accountants' report as reproduced in this Information Memorandum and their written consent to the issue of this Information Memorandum with their report included herein in the form and context in which it is so included;
6. the legal opinion of Legal Counsel to the Noteholders as reproduced in this Information Memorandum and their written consent to the issue of this Information Memorandum with their opinion included herein in the form and context in which it is so included;
7. copy of the guarantee dated 8th December 2014 by the Issuer in favour of the Noteholders described therein for the obligations of RPIHL;
8. a copy of the Agency Agreement;
9. a copy of the Trust Deed;
10. a copy of the Placing Agreement;
11. a copy of this Information Memorandum;
12. a copy of the approval of the Capital Markets Authority in respect of this issue;
13. a copy of the approval of the Nairobi Securities Exchange;
14. terms and conditions with respect to the SEK 260,000,000/NOK 135,000,000 Senior Unsecured Floating Rate Bonds; and
15. Programme Memorandum dated 23 February 2011 with respect to the ZAR 5,000,000,000 Domestic Medium Term Note Programme.

20.5.9. Changes in Senior Management

There are no planned or expected changes in the Company's senior management during the twenty four months following this Issue.

20.5.10. Directors statement as to funding for payment obligations

The funding obligations will be met by cash flows and profitability from the operations of the Issuer's business.

20.5.11. Directors statement as to liquidity requirement

The Directors of the Issuer confirm that as at the date of this Information Memorandum, the Issuer is in compliance with the liquidity ratios required for the Company's current requirements as shown in section 12.8.4.

APPENDICES

20.6. APPENDIX A: REPORTING ACCOUNTANTS REPORT

The Board of Directors
Real People Kenya Limited
International House Mama Ngina Street
NAIROBI

25 June 2015

Reporting Accountant's Report – Real People Kenya Limited (Formerly African Provident Limited) Introduction We submit our Accountant's report in accordance with Section 19 of the Third Schedule of the Companies Act Cap 486 and Part C of the Third Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 (the "Regulations").

Responsibility of the directors

The directors of the Real People Kenya Limited (the "Company") are responsible for the preparation of the Information Memorandum and all the information contained therein and for the financial statements to which this Accountants' Report relates and from which it has been prepared.

Our responsibility and procedures applied

Our responsibility is to review the financial statements of the Company for the six financial periods/years ended 31 March 2015 (collectively referred to as the "Financial Information") based on the audited and unaudited financial statements for the respective periods under the requirements of International Standard on Review Engagements 2400 – Engagements to Review Financial Statements ("ISRE 2400"). The objective of the engagement was to enable us to state whether, on the basis of our review procedures which do not provide all the evidence that would be required in an audit, anything has come to our attention that causes us to believe that the financial statements were not prepared, in all material respects, in accordance with International Financial Reporting Standards.

The financial information set out in this report has been compiled in accordance with the International Standard on Related Services 4410 – Engagements to Compile Financial Statements ("ISRS 4410"). In meeting the requirements above, we:

- reviewed the audited financial statements of the company included in the Accountant's Report for each of the five years/periods ended 31 March 2014 for compliance with International Financial Reporting Standards (IFRS) and consistency of application of accounting policies;
- reviewed the unaudited financial information for year ended 31 March 2015 included in the Accountant's Report for compliance with International Financial Reporting Standards (IFRS) and consistency of application of accounting policies;
- made enquiries as required by ISRE 4410 of management about the operations of the Company, its accounting principles and practices and other significant matters relevant to the Financial Information and have applied that knowledge in compiling the financial statements. We have also applied knowledge obtained from carrying out review procedures on the financial statements;
- reviewed the rest of the Information Memorandum document for consistency with the Financial Information included in our Accountant's Report;
- reviewed the Directors' assumptions with regard to the prospective financial information included in the Accountants Report on pages 113 to 117 in accordance with International Standard on Assurance Engagements 3400 – The Examination of Prospective Financial Information ("ISAE 3400").

The objective of the examination of prospective financial information under ISAE 3400 is to enable us obtain sufficient appropriate evidence as to whether Director's assumptions on which the prospective financial information is based are not unreasonable and that the prospective financial information is properly prepared on the basis of the assumptions and are consistent with historical financial statements.

PKF Kenya was the auditor of the Company for the five years/periods ended 31 March 2014. For each of these years/periods, unqualified audit reports were issued.

PKF Kenya also conducted a review of the financial statements of the Company for the year ended 31 March 2015 under the requirements of ISRE 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. This review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we have not expressed an audit opinion on the financial statements for the year ended 31 March 2015.

The financial statements have been prepared on the basis of the accounting policies set out on pages 85 to 90 of the Accountant's Report. For all accounting periods dealt with in this report, the financial statements have, in all material respects, been prepared in accordance with International Financial Reporting Standards. There were no material adjustments necessary to periods prior to 31 March 2014 to reflect the accounting policies of the Company as will be applied in the next annual audited financial statements for the year to 31 March 2015.

Review Opinion

A review carried out in accordance with ISRE 2400 as well as a compilation under ISRS 4410 are substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. However, based on our review, nothing has come to our attention that causes us to believe that the accompanying audited financial statements of the company for each of the five years/periods and the unaudited financial statements of the Company for the year ended 31 March 2015 do not give a true and fair view, for the purposes of the Information Memorandum, in accordance with International Financial Reporting Standards.

In respect of the prospective financial information contained in the Accountant's Report on page 113 to 117, based on our examination and the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the prospective financial information. In our opinion, the prospective financial information is properly prepared on the basis of the assumptions. Actual results may be different from the prospective financial information since anticipated events may not occur as expected and the variation may be material.

We consent to the inclusion of this report in the Real People Kenya Limited Information Memorandum to be issued in the form and context in which it appears.

PKF Kenya.

Certified Public Accountants
NAIROBI

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	12 months to 31 March 2015 KES	2014 KES	2013 KES	2012 KES	15 months to 31 March 2011 KES	12 months to 31 December 2009 KES
Interest income	2	879,281,992	660,713,051	344,396,677	149,954,966	86,316,446	24,776,504
Interest and other direct expenses	3	(218,115,229)	(126,615,792)	(20,704,765)	(112,490,342)	(88,526,446)	(26,619,767)
Net interest income		**661,166,763**	**534,097,259**	**323,691,912**	**37,464,624**	**(2,210,000)**	**(1,843,263)**
Gain/(loss) on foreign exchange		81,060,593	179,345,387	171,008,239	68,716,780	(111,124,153)	(24,655,004)
Other operating income	4	82,146,777	99,176,268	60,721,170	73,877,216	36,517,496	3,407,718
Provision for impairment of loans and advances and bad debts written off	5	(213,624,725)	(200,576,595)	(32,227,154)	(11,039,366)	(22,077,503)	(4,846,140)
Administrative expenses		(356,173,918)	(312,220,577)	(214,950,696)	(138,567,698)	(113,946,691)	(45,900,471)
Other operating expenses		(42,786,155)	(33,450,338)	(21,962,597)	(19,382,180)	(18,220,422)	(7,919,370)
Profit /(loss) before tax	**6**	**211,789,335**	**266,371,404**	**286,280,874**	**11,069,376**	**(231,061,273)**	**(81,756,530)**
Tax charge	8	(65,223,912)	(80,617,882)	(86,427,505)	(37,262,764)	42,800,240	18,424,548
Profit /(loss) for the year		**146,565,423**	**185,753,522**	**199,853,369**	**(26,193,388)**	**(188,261,033)**	**(63,331,982)**
Total comprehensive income/(loss) for the year		**146,565,423**	**185,753,522**	**199,853,369**	**(26,193,388)**	**(188,261,033)**	**(63,331,982)**
Earnings/(loss) per share - basic and diluted	17	58.63	74.30	199,853	(26,193)	(188,261)	(63,332)

STATEMENT OF FINANCIAL POSITION

	Notes	12 months to 31 March 2015 KES	12 months to 31 March 2014 KES	12 months to 31 March 2013 KES	12 months to 31 March 2012 KES	15 months to 31 March 2011 KES	12 months to 31 December 2009 KES
ASSETS							
Cash and cash equivalents	9	230,025,791	173,039,998	290,313,601	170,314,819	45,198,868	74,654,226
Receivables	10	41,655,363	26,845,490	63,412,758	55,221,690	253,018,446	6,395,518
Loans and advances to customers	11	1,697,035,606	2,181,404,720	981,175,745	364,978,168	104,366,516	86,090,660
Tax recoverable		-	-	-	-	42,305	42,305
Equipment	12	129,148,843	65,050,844	27,055,877	20,282,486	18,485,438	12,003,204
Deferred tax	13	47,027,823	-	-	32,261,859	66,675,128	23,874,888
TOTAL ASSETS		**2,144,893,426**	**2,446,341,052**	**1,361,957,981**	**643,059,022**	**487,786,701**	**203,060,801**
LIABILITIES							
Payables	14	24,154,895	81,270,382	70,163,945	57,686,398	20,360,232	3,050,003
Borrowings	15	1,068,940,274	1,476,382,503	1,332,032,368	873,206,956	731,874,601	276,197,897
Deferred tax	13	-	22,526,084	9,554,004	-	-	-
Current tax		60,367,463	21,296,714	40,995,815	2,807,188	-	-
TOTAL LIABILITIES		**1,153,462,632**	**1,601,475,683**	**1,452,746,132**	**933,700,542**	**752,234,833**	**279,247,900**
SHAREHOLDERS' EQUITY							
Share capital	16	250,000,000	250,000,000	100,000	100,000	100,000	100,000
Share premium	16	500,000,000	500,000,000	-	-	-	-
Retained earnings		241,430,794	94,865,371	(90,888,151)	(290,741,520)	(264,548,132)	(76,287,099)
TOTAL SHAREHOLDERS' EQUITY		**991,430,794**	**844,865,371**	**(90,788,151)**	**(290,641,520)**	**(264,448,132)**	**(76,187,099)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,144,893,426**	**2,446,341,053**	**1,361,957,981**	**643,059,022**	**487,786,701**	**203,060,801**

STATEMENT OF CASH FLOWS

	Notes	12 months to 31 March 2015 KES	2014 KES	2013 KES	2012 KES	15 months to 31 March 2011 KES	12 months to 31 December 2009 KES
Cash flows from/(used in) operating activities							
Cash from/(used in) operations	18	763,472,524	(946,238,773)	(489,256,917)	28,286,002	(273,757,834)	(93,351,874)
Interest paid		(209,109,098)	(109,133,212)	(11,025)	(106,127,487)	(86,661,432)	(20,058,678)
Tax paid		(95,707,070)	(87,344,905)0	(6,465,324)	-	-	-
Net cash from/(used in) operating activities		**458,656,356**	**(1,142,716,890)**	**(495,733,266)**	**(77,841,485)**	**(360,419,266)**	**(113,410,552)**
Cash flows (used in) investing activities							
Cash paid for purchase of equipment	12	(78,398,717)	(50,531,485)	(14,169,173)	(8,482,994)	(13,588,683)	(13,274,185)
Proceeds from disposal of equipment		3,109,790	2,379,250	67,569	1,391,295	-	-
Net cash (used in) investing activities		**(75,288,927)**	**(48,152,235)**	**(14,101,604)**	**(7,091,699)**	**(13,588,683)**	**(13,274,185)**
Cash flows from/(used in) financing activities							
Proceeds from loan from related parties							
- loan from related parties		1,332,828,290	1,420,404,460	1,051,835,271	432,883,473	471,341,521	243,517,126
- finance lease	-	-	-	-	1,148,585	-	
Repayment of borrowings							
- loan from related parties		(1,740,270,519)	(1,276,054,325)	(593,009,858)	(290,402,533)	(16,813,402)	(21,706,398)
- finance lease	-	-	-	(1,148,585)	-	-	
Proceeds from issue of ordinary shares		-	749,900,000	-	-	-	-
Net cash (used in)/ from financing activities		**(407,442,229)**	**894,250,135**	**458,825,413**	**141,332,355**	**455,676,704**	**221,810,728**
Decrease/(increase) in cash and cash equivalents		**(24,074,800)**	**(296,618,990)**	**(51,009,457)**	**56,399,171**	**81,668,755**	**95,125,991**
Movement in cash and cash equivalents							
At start of period		173,039,998	290,313,601	170,314,819	45,198,868	74,654,266	4,183,239
Effect of exchange rate changes		81,060,593	179,345,387	171,008,239	68,716,780	(111,124,153)	(24,655,004)
(Decrease)/increase		(24,074,800)	(296,618,990)	(51,009,457)	56,399,171	81,668,755	95,125,991
At end of period	9	**230,025,791**	**173,039,998**	**290,313,601**	**170,314,819**	**45,198,868**	**74,654,226**

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital KES	Share premium KES	Retained earnings KES	Total KES
Year ended 31 December 2009					
At start of year	16	100,000	-	(12,955,117)	(12,855,117)
Total comprehensive loss for the year		-	-	(63,331,982)	(63,331,982)
At end of year		**100,000**	**-**	**(76,287,099)**	**(76,187,099)**
Period ended 31 March 2011					
At start of period	16	100,000	-	(76,287,099)	(76,187,099)
Total comprehensive loss for the year		-	-	(188,261,033)	(188,261,033)
At end of period		**100,000**	**-**	**(264,548,132)**	**(264,448,132)**
Year ended 31 March 2012					
At start of year	16	100,000	-	(264,548,132)	(264,448,132)
Total comprehensive loss for the year		-	-	(26,193,388)	(26,193,388)
At end of year		**100,000**	**-**	**(290,741,520)**	**(290,641,520)**
Year ended 31 March 2013					
At start of year	16	100,000	-	(290,741,520)	(290,641,522)
Total comprehensive income for the year		-	-	199,853,369	199,853,370
At end of year		**100,000**	**-**	**(90,888,151)**	**(90,788,152)**
Year ended 31 March 2014					
At start of year	16	100,000	-	(90,888,151)	(90,788,152)
Issue of ordinary share capital	16	249,900,000	500,000,000	-	749,900,000
Total comprehensive income for the year		-	-	185,753,522	185,753,522
At end of year		**250,000,000**	**500,000,000**	**94,865,371**	**844,865,370**
Year ended 31 March 2015					
At start of year	16	250,000,000	500,000,000	94,865,371	844,865,371
Total comprehensive income for the year		-	-	146,565,423	146,565,423
At end of year		**250,000,000**	**500,000,000**	**241,430,794**	**991,430,794**

NOTES

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation
The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern
The financial performance of the company is set out in the statement of profit or loss and other comprehensive income. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk management are set out in note 20.

The company is dependent on continued support of related parties in the form of availability of continued loan finance. The directors of the company have received confirmation from Real People Investment Holdings (Pty) Limited that they will continue to avail financial facilities to the company as required to meet its on going needs for a period of not less than 12 months from the date of issue of the investment memorandum.

Based on the, financial performance and position of the company and its risk management policies, and the confirmations received from the related parties, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

New and amended standards adopted by the group
The following new and revised Standards and Interpretations have been adopted in the current year. Unless otherwise disclosed, their adoption has had no material impact on the amounts reported in these financial statements:

- Amendments to IFRS 2 in respect of definitions.

- Amendments to IFRS 3 in respect of accounting for contingent consideration.

- Amendments to IFRS 10,12 and IAS 27 in respect of definition of Investment Entity and the requirements for an entity that meets this definition not to consolidate it's subsidiaries but instead measure them at fair value through prof8it or loss.

- Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities clarifying the meaning of current legal enforceable right of set off and simultaneous realisation and settlement.

- Amendments to IAS 36 in respect of recoverable amount disclosures for non financial assets.

- Amendments to IAS 39 in respect of Novation of Derivatives and Continuation of Hedge Accounting.

- IFRIC Interpretation 21 - Levies which deals with recognition of liability to pay imposed by a Government.

NOTES (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of preparation (continued)

New standards, amendments and interpretations issued but not effective
At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective for the years presented:

- IFRS 5 in respect of guidance on reclassifications which will be effective for the accounting periods beginning on or after 1 July 2016.

- IFRS 7 in respect of guidance on service contracts representing continuing involvement in a transferred asset which will be effective for the accounting periods beginning on or after 1 July 2016.

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.

- Amendments to IFRS 11 in respect of Accounting for Acquisitions of Interest in Joint Operations which will be effective for accounting periods beginning on or after 1 January 2016.

- IFRS 14 in respect of Regulatory Deferral Accounts which will be effective for accounting periods beginning on or after 1 January 2016.

- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2017.

- Amendments to IAS 16 and IAS 38 in respect of Clarification of Acceptable Methods of Depreciation and Amortisation which will be effective for accounting periods beginning on or after 1 January 2016.

- Amendments to IAS 16 and IAS 41 in respect of Bearer Plants which will be effective for accounting periods beginning on or after 1 January 2016.

- Amendments to IAS 19 in respect of Defined Benefit Plans: Employee Contributions which will be effective for accounting periods beginning on or after 1 July 2014.
- Annual improvements to IFRS's which will be effective for accounting periods beginning on or after 1 July 2014 as follows:
  - IFRS 2 - Definition of vesting conditions
  - IFRS 3 - accounting for contingent consideration in a business combination
  - IFRS 8 - Aggregation of operating segments and reconciliation of total reportable segment assets entity's assets
  - IFRS 13 - Carrying of short term receivables and payables at invoiced amounts
  - IAS 16 and IAS 38 - Proportionate restatement of depreciation/amortisation accumulated on revaluation
  - IAS 24 - Management fee paid to a management entity
  - IFRS 3 - Scope exclusions for joint ventures
  - IAS 40 - Application of IAS 40 vs. IFRS 3 on acquisition of investment property

  The directors expect that the future adoption of IFRS 9 and IFRS 15 may have a material impact on the amounts reported. However, it is not practicable to provide a reliable estimate of the effects of the above until a detailed review has been completed. The directors do not expect that adoption of the other Standards and Interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above from their effective dates noted above.

NOTES (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Critical estimates and judgement

In the application of the accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Impairment losses on loans and advances

The company reviews its loan portfolios to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a company, or national or local economic conditions that correlate with defaults on assets in the company. The directors use estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

c) Revenue recognition

Interest income

Interest income is recognised under the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest on loans and advances classified as non performing is not recognised as income until there is a substantive change in classification of the loan to the performing category.

Administration and Management fee

Fee income, including security registration fee, drawdown fee, service fee and management fee are recognised on an accrual basis when the service has been provided.

d) Equipment

All equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

NOTES (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Equipment (continued)

Depreciation is calculated on the straight line basis method to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	Useful life
Furniture and fittings	6 to 10 years
Motor vehicles	5 years
Leasehold improvements	5 years
Office equipment	5 years
Computer equipment	3 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit or loss.

e) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

f) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Management determines all classification of financial assets at initial recognition.

- **Financial assets**

assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such assets are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in profit or loss.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the society commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in the statement of profit or loss or other comprehensive income when there is objective evidence that the company will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

The amount of the impairment loss is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are recognised in profit or loss.

NOTES (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

Subsequent recoveries of amounts previously written off/impaired are credited to profit or loss and for available for sale assets in other comprehensive income in the year in which they occur.

Management classifies cash in hand and balances with financial institutions, loan and advances and other receivables as loans and receivables and are carried at amortised cost.

- Financial liabilities

The company's financial liabilities which include creditors and accruals and borrowings fall into the following categories:

Financial liabilities at amortised cost: These include trade payables and borrowings and are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs under the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs.

Fees associated with the acquisition of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the drawn down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortised over the period of the facility.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred. All financial liabilities are classified as current liabilities unless the society has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognised when, and only when, the society's obligations are discharged, cancelled or expired.

- Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

g) Taxation

The tax expense for the period comprise current and deferred tax.

Current tax
Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax
Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

NOTES (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

i) Share capital

Ordinary shares are classified as equity.

j) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

k) Retirement benefit obligations

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to the income statement in the year to which they relate. The company has no further payment obligations once the contributions have been paid.

l) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for future operating losses are not recognised. Provisions are measured at the present value of expenditures expected to be incurred to settle the obligation using a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the obligation.

m) Accounting for leases

The company as lessee

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

n) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES (CONTINUED)

1. SEGMENTAL REPORTING

The company is engaged in the business of financial services mainly lending money to small businesses and individuals.

In respect of the primary operations of lending activities, all activities of the company are carried out within a single economic area being Kenya and are therefore subject to common economic characteristics. The company's activities therefore comprise a single operating segment. The financial results for the operations of the company are presented to the board (which represents the Chief Operating Decision Maker) are the same as the measures of net interest income and profit before tax as presented in the statement of profit or loss and other comprehensive income. All the assets and liabilities of the company represent the single overall segment.

As its geographic operations are confined to a single country, no disclosures by geography are applicable. All revenue, costs, assets and liabilities arise and are held in Kenya.

During each of the periods presented, there was no lending that was made to a particular customer, or interest income there from exceeding 10% of the total revenue.

	12 months to 31 March				15 months to 31 March	12 months to 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
2. INCOME						
Interest income	879,281,992	660,713,051	344,396,677	149,954,966	86,316,446	24,776,504
3. INTEREST AND OTHER DIRECT EXPENSES						
Related party borrowings interest expense (Note 19 (iv))	209,109,098	109,133,212	11,025	106,127,487	86,661,432	20,058,678
Other direct expenses	9,006,131	17,482,580	20,693,740	6,362,855	1,865,014	6,561,089
	218,115,229	**126,615,792**	**20,704,765**	**112,490,342**	**88,526,446**	**26,619,767**
4. OTHER OPERATING INCOME						
Interest income from related parties (Note 19 (v))	-	-	-	-	26,987,516	-
Management fees (Note 19 (vii))	-	15,019,863	27,314,143	-	-	-
Administration fees on loans and advances	82,146,777	83,648,235	33,502,874	70,925,483	6,966,143	674,000
Gain on disposal of equipment	-	508,170	-	-	-	-
Other fees and income	-	-	(95,847)	2,951,733	2,563,837	2,733,718
	82,146,777	**99,176,268**	**60,721,170**	**73,877,216**	**36,517,496**	**3,407,718**

Management fee relates to charges made in managing related parties. Administration fee are charges related to processing and serving of loans and advances.

NOTES (CONTINUED)

	12 months to 31 March				15 months to 31 March	12 months to 31 December
	2015	2014	2013	2012	2011	2009
	KES	KES	KES	KES	KES	KES
5. PROVISION FOR IMPAIRMENT OF LOANS AND ADVANCES AND BAD DEBTS WRITTEN OFF						
Provision for impairment (Note 11)	184,546,155	191,803,343	22,970,645	23,045,136	30,726,720	10,662,360
Bad debts recoveries	-	-	-	(12,005,770)	(8,649,217)	(5,816,220)
Bad debts written off	29,078,570	8,773,252	9,256,509	-	-	-
	213,624,725	**200,576,595**	**32,227,154**	**11,039,366**	**22,077,503**	**4,846,140**

6. PROFIT/(LOSS)BEFORE TAX

The following items have been charged in arriving at profit/loss before tax:

	2015	2014	2013	2012	2011	2009
Depreciation on equipment (Note 12)	11,108,956	10,665,438	7,368,749	6,141,609	7,106,450	2,273,887
Directors remuneration	-	4,679,033	4,536,812	4,536,812	4,458,500	-
Auditors' remuneration:						
- current year	550,000	550,000	550,000	550,000	250,000	200,000
- under provision in prior years	-	307,138	238,500	228,328	(55,000)	476,723
Operating lease rentals	22,140,383	15,438,084	10,729,788	7,371,610	8,680,678	4,736,752
Staff costs (Note 7)	253,498,100	198,734,974	128,382,799	83,392,326	59,816,726	13,560,831

7. STAFF COSTS

	2015	2014	2013	2012	2011	2009
Salaries and wages						
- Staff salaries	218,397,649	171,573,037	109,152,757	72,954,336	55,192,559	10,666,784
- Other staff costs and leave accrual	34,413,423	26,744,537	18,834,842	10,181,790	4,424,367	2,855,447
- National Social Security Fund	687,028	417,400	395,200	256,200	199,800	38,600
	253,498,100	198,734,974	128,382,799	83,392,326	59,816,726	13,560,831

	12 months to 31 March 2015 KES	2014 KES	2013 KES	2012 KES	15 months to 31 March 2011 KES	12 months to 31 December 2009 KES
8. TAX						
Current tax	134,777,819	67,645,802	44,611,642	2,849,495	-	-
Deferred tax (credit)/charge (Note 13)	(69,553,907)	12,972,080	41,815,864	34,413,269	(42,800,240)	(18,424,548)
	65,223,912	**80,617,882**	**86,427,505**	**37,262,764**	**(42,800,240)**	**(18,424,548)**
The tax on the company's profit before tax differs from the theoretical amounts that would arise using the basic rates as follows:						
Profit before tax	211,789,335	266,371,404	286,280,874	11,069,376	(231,061,273)	(81,756,530)
Tax calculated at tax rate of 30% (2014: 30%)	63,536,801	79,911,421	85,884,262	3,320,813	(69,318,382)	(24,526,959)
Tax effect of:						
- expenses not deductible for tax purposes	1,687,111	706,461	543,243	33,941,951	26,371,059	6,437,863
- under/(over) provision in prior years	-	-	-	-	147,083	-335,452
Tax charge	**65,223,912**	**80,617,882**	**86,427,505**	**37,262,764**	**(42,800,240)**	**(18,424,548)**

9. CASH AND CASH EQUIVALENTS

	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Cash at bank and in hand	**230,025,791**	**173,039,998**	**290,313,601**	**170,314,819**	**45,198,868**	**74,654,226**

For the purpose of the statement of cash flows, the year end cash and cash equivalents are as above.

The company's cash and bank balances are held with major Kenyan financial institutions and in so far as the directors are able to measure any credit risk to these assets, it is deemed to be limited.

The carrying amounts of the company's cash and cash equivalents are denominated in the following currencies:

	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Kenya Shilling	229,374,235	172,067,214	289,747,358	170,159,230	45,013,259	74,654,226
US Dollar	481,286	521,374	13,010	15,886	24,905	-
SA Rand	170,270	451,410	553,233	139,703	160,704	-
	230,025,791	**173,039,998**	**290,313,601**	**170,314,819**	**45,198,868**	**74,654,226**

NOTES (CONTINUED)

10. RECEIVABLES

	12 months to 31 March				15 months to 31 March	12 months to 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Other receivables	13,232,257	12,289,786	7,171,031	4,835,448	2,003,355	515,178
Prepayments and deposits	28,423,106	7,855,704	5,326,358	4,806,726	3,183,795	2,180,340
Loan to related parties (Note 19 (ii))	-	6,700,000	43,772,952	43,872,945	247,831,296	3,700,000
Due from directors (Note 19 (iii))	-	-	7,142,417	1,706,571	-	-
	41,655,363	26,845,490	63,412,758	55,221,690	253,018,446	6,395,518

In the opinion of the directors the, carrying amounts of receivables approximate their fair value.
The company's credit risk arises primarily from prepayments. There is no concentration of credit risk and the directors are of the opinion that the company's exposure is limited because the debt is widely held.
The carrying amounts of the company's receivables are all denominated in Kenya Shillings.

11. LOANS AND ADVANCES TO CUSTOMERS

	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Performing advances	1,840,817,994	2,289,727,484	984,909,894	367,161,274	109,341,669	105,574,504
Non-performing advances	435,891,564	160,399,144	73,184,416	51,764,814	31,769,876	-
Less: impairment provisions	(579,673,952)	(268,721,908)	(76,918,565)	(53,947,920)	(36,745,029)	(19,483,844)
Net advances	**1,697,035,606**	**2,181,404,720**	**981,175,745**	**364,978,168**	**104,366,516**	**86,090,660**
Movement in impairment provisions						
At the start of the year	(268,721,908)	(76,918,565)	(53,947,920)	(36,745,029)	(16,716,098)	(14,637,704)
Additions	(184,546,155)	(191,803,343)	(22,970,645)	(23,045,136)	(30,726,720)	(10,662,360)
Provisions acquired	(126,405,889)					
Bad debts written off	-	-	-	19,360	-	-
Reversals	-	-	-	6,182,885	10,697,789	5,816,220
At end of the year	**(579,673,952)**	**(268,721,908)**	**(76,918,565)**	**(53,587,920)**	**(36,745,029)**	**(19,483,844)**

In the opinion of the directors, the carrying amounts of loans and advances approximate their fair value. The provisions acquired represent transfers of loans and advances that were provided for from Real People Services in March 2015. The provisions acquired relate to transfer of loans and advances from Real People Financial Services in March 2015.

NOTES (continued)

11. LOANS AND ADVANCES TO CUSTOMERS (continued)

The company's credit risk arises primarily from loans and advances. There is no concentration of credit risk and the directors are of the opinion that the company's exposure is limited because the debt is widely held.

The carrying amounts of the company's loans and advances are all denominated in Kenya Shillings.

The directors have made a provision for the portion of the loans and advances whose recovery is in doubt. Loan and advances that are less than two months past due are not considered impaired and no provisions are recognised. Loans that are over two months but less than three months past due are not considered to be individually impaired but a portfolio provision is recognised at 20%.

As of 31 March 2015, performing loans and advances amounting to KES. 550,192,587 (2014: KES. 247,348,526) were past due but not impaired. These relate to a number of independent clients for whom there is no recent history of default.

Refer to note 20 for further details on credit risk management.

12. EQUIPMENT

Year ended 31 March 2015

	Motor vehicles KES	Computers equipment and software KES	Furniture and fittings KES	Office equipment KES	Work in progress KES	Total KES
Cost						
At start of period	19,629,851	19,659,867	28,233,705	11,829,966	16,577,816	95,931,205
Additions	3,909,000	4,783,790	29,332,987	5,985,069	34,387,871	78,398,717
Disposals	(5,035,981)	-	-	-	-	(5,035,981)
At end of period	**18,502,870**	**24,443,657**	**57,566,692**	**17,815,035**	**50,965,687**	**169,293,941**
Depreciation						
At start of period	5,925,827	11,042,555	10,472,476	3,439,504	-	30,880,361
Charge for the period	1,455,538	3,193,050	4,373,405	2,086,963	-	11,108,956
Disposals	(1,844,219)	-	-	-	-	(1,844,219)
At end of year	**5,537,146**	**14,235,605**	**14,845,881**	**5,526,467**	**-**	**40,145,098**
Net book value	**12,965,724**	**10,208,052**	**42,720,811**	**12,288,568**	**50,965,687**	**129,148,843**

The work in progress relates to a project in which the company is putting up servers to facilitate their data capture and centralise their loan processing software.

Year ended 31 March 2014

	Motor vehicles KES	Computers equipment and software KES	Furniture and fittings KES	Office equipment KES	Work in progress KES	Total KES
Cost						
At start of year	13,133,073	11,133,747	18,834,360	5,771,762	-	48,872,942
Additions	9,970,000	8,526,120	9,399,345	6,058,204	16,577,816	50,531,485
Disposals	(3,473,222)	-	-	-	-	(3,473,222)
At end of year	**19,629,851**	**19,659,867**	**28,233,705**	**11,829,966**	**16,577,816**	**95,931,205**
Depreciation						
At start of period	4,327,250	8,374,433	7,128,756	1,986,626	-	21,817,065
Charge for the year	3,200,719	2,668,122	3,343,720	1,452,878	-	10,665,438
Disposals	(1,602,142)	-	-	-	-	(1,602,142)
At end of year	**5,925,827**	**11,042,555**	**10,472,476**	**3,439,504**	**-**	**30,880,361**
Net book value	**13,704,024**	**8,617,312**	**17,761,229**	**8,390,462**	**16,577,816**	**65,050,844**

NOTES (continued)

12. EQUIPMENT (continued)

Year ended 31 March 2013

	Motor vehicles KES	Computers equipment and software KES	Furniture and fittings KES	Office equipment KES	Total KES
Cost					
At start of year	9,528,240	8,693,997	15,488,166	1,308,083	35,018,486
Additions	3,604,833	2,581,992	3,346,194	4,636,154	14,169,173
Disposals	-	(142,242)	-	(172,475)	(314,717)
At end of year	**13,133,073**	**11,133,747**	**18,834,360**	**5,771,762**	**48,872,942**
Depreciation					
At start of period	2,150,482	6,342,417	4,964,686	1,278,413	14,735,998
Charge for the year	2,176,768	2,169,678	2,164,070	858,233	7,368,749
Disposal	-	(137,662)	-	(150,020)	(287,682)
At end of year	**4,327,250**	**8,374,433**	**7,128,756**	**1,986,626**	**21,817,065**
Net book value	**8,805,823**	**2,759,314**	**11,705,604**	**3,785,136**	**27,055,877**

Year ended 31 March 2012

	Motor vehicles KES	Computers equipment and software KES	Furniture and fittings KES	Office equipment KES	Total KES
Cost					
At start of year	5,917,440	8,034,515	13,452,653	1,308,083	28,712,691
Additions	5,788,000	659,482	2,035,512		8,482,994
Disposals	(2,177,200)	-	-	-	(2,177,200)
At end of year	**9,528,240**	**8,693,997**	**15,488,165**	**1,308,083**	**35,018,485**
Depreciation					
At start of period	1,505,243	3,791,612	4,313,601	616,797	10,227,253
Charge for the year	1,371,266	2,550,805	651,085	661,617	5,234,773
Disposal	(726,027)	-	-	-	(726,027)
At end of period	**2,150,482**	**6,342,417**	**4,964,686**	**1,278,414**	**14,735,999**
Net book value	**7,377,758**	**2,351,580**	**10,523,479**	**29,669**	**20,282,486**

Period ended 31 March 2011

	Motor vehicles KES	Computers equipment and software KES	Furniture and fittings KES	Office equipment KES	Total KES
Cost					
At start of period	1,000,000	5,398,547	7,417,378	1,308,083	15,124,008
Additions	4,917,440	2,635,968	6,035,275	-	13,588,683
At end of year	**5,917,440**	**8,034,515**	**8,967,259**	**1,308,083**	**28,712,691**
Depreciation					
At start of year	683,333	963,515	1,312,339	161,617	3,120,804
Charge for the period	821,910	2,828,097	3,001,262	455,180	7,106,449
At end of period	**1,505,243**	**3,791,612**	**4,313,601**	**616,797**	**10,227,253**
Net book value	**4,412,197**	**4,242,903**	**6,182,330**	**551,592**	**18,485,438**

NOTES (continued)

12. EQUIPMENT (continued)

Year ended 31 December 2009

	Motor vehicles KES	Computers equipment and software KES	Furniture and fittings KES	Office equipment KES	Total KES
Cost					
At start of year	1,000,000	520,268	329,555	-	1,849,823
Additions	-	4,878,279	7,087,823	1,308,083	13,274,185
At end of year	**1,000,000**	**5,398,547**	**7,417,378**	**1,308,083**	**15,124,008**
Depreciation					
At start of year	1,000,000	520,268	329,555	-	1,849,823
Charge for the year	200,000	633,065	1,279,205	161,617	2,273,887
At end of year	**683,333**	**963,515**	**1,312,339**	**161,617**	**3,120,804**
Net book value	**316,667**	**4,435,032**	**6,105,039**	**1,146,466**	**12,003,204**

NOTES (CONTINUED)

13. DEFERRED TAX

	12 months to 31 March				15 months to 31 March	12 months to 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
At start of year	22,526,084	9,554,004	(32,261,859)	(66,675,128)	(23,874,888)	(5,450,340)
(Credit)/charge to profit or loss (note 8)	(69,553,907)	12,972,080	41,815,863	34,413,269	(42,800,240)	(18,424,548)
At end of year	**(47,027,823)**	**22,526,084**	**9,554,004**	**(32,261,859)**	**(66,675,128)**	**(23,874,888)**

Deferred tax (assets)/liabilities and deferred tax (credit)/charge in the statement of profit or loss are attributable to the following items:

	At start of year KES	(Credit)/charge to profit or loss KES	At end of year KES
Year ended 31 March 2015			
Deferred tax liabilities/(assets)			
Property and equipment	508,797	1,515,514	2,024,311
Provision for impairment on loan and advances	(12,529,864)	(64,087,417)	(76,617,281)
Bonus provisions	(840,800)	316,344	(524,456)
Other temporary differences	(610,457)	-	(610,457)
Unrealised exchange differences	38,932,663	(7,872,747)	31,059,916
Provisions for leave	(2,934,255)	574,399	(2,359,856)
Net deferred tax liabilities/(assets)	**22,526,084**	**(69,553,907)**	**(47,027,823)**
Year ended 31 March 2014			
Deferred tax liabilities/(assets)			
Property and equipment	(255,994)	764,791	508,797
Provision for impairment on loan and advances	(19,139,699)	6,609,835	(12,529,864)
Bonus provisions	(1,822,481)	981,681	(840,800)
Other temporary differences	(610,457)	-	(610,457)
Unrealised exchange differences	33,667,816	5,264,847	38,932,663
Provisions for leave	(2,285,181)	(649,074)	(2,934,255)
Net deferred tax liabilities	**9,554,004**	**12,972,080**	**22,526,084**

NOTES (continued)

13. DEFERRED TAX (continued)

	At start of year KES	(Credit)/charge to profit or loss KES	At end of year KES
Year ended 31 March 2013			
Deferred tax liabilities /(assets)			
Property and equipment	(61,852)	(194,142)	(255,994)
Provision for impairment on loan and advances	(12,623,388)	(6,516,311)	(19,139,699)
Bonus provisions	(306,977)	(1,515,504)	(1,822,481)
Other temporary differences	(610,457)	-	(610,457)
Unrealised exchange differences	(17,634,656)	51,302,472	33,667,816
Provisions for leave	(1,024,529)	(1,260,652)	(2,285,181)
Net deferred tax (assets)/liabilities	**(32,261,859)**	**41,815,863**	**9,554,004**
Year ended 31 March 2012			
Deferred tax liabilities/(assets)			
Property and equipment	(199,192)	137,340	(61,852)
Provision for impairment on loan and advances	(7,456,713)	(5,166,675)	(12,623,388)
Bonus provisions	-	(306,977)	(306,977)
Other temporary differences	-	(610,457)	(610,457)
Tax losses carried forward	(20,249,753)	20,249,753	-
Unrealised exchange differences	(38,249,690)	20,615,034	(17,634,656)
Provisions for leave	(519,780)	(504,749)	(1,024,529)
Net deferred tax assets	**(66,675,128)**	**34,413,269**	**(32,261,859)**
Period ended 31 March 2011			
Deferred tax liabilities/(assets)			
Property and equipment	339,025	(538,217)	(199,192)
Provision for impairment on loan and advances	(1,453,842)	(6,002,871)	(7,456,713)
Tax losses carried forward	(16,478,422)	(3,771,331)	(20,249,753)
Unrealised exchange differences	(5,935,844)	(32,313,846)	(38,249,690)
Provisions for leave	(345,805)	(173,975)	(519,780)
Net deferred tax assets	**(23,874,888)**	**(42,800,240)**	**(66,675,128)**
Year ended 31 December 2009			
Deferred tax liabilities/(assets)			
Property and equipment	-	339,025	339,025
Provision for impairment on loan and advances	-	(1,453,842)	(1,453,842)
Tax losses carried forward	(7,198,605)	(9,279,817)	(16,478,422)
Unrealised exchange differences	1,895,347	(7,831,191)	(5,935,844)
Provisions for leave	(147,082)	(198,723)	(345,805)
Net deferred tax assets	**(5,450,340)**	**(18,424,548)**	**(23,874,888)**

NOTES (CONTINUED)

14. PAYABLES

	As at 31 March					As at 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Other payables	7,831,272	55,634,174	54,144,057	47,657,973	18,627,632	2,387,594
Accruals	16,323,623	25,636,208	16,019,888	10,028,425	1,732,600	662,409
	24,154,895	**81,270,382**	**70,163,945**	**57,686,398**	**20,360,232**	**3,050,003**

In the opinion of the directors, the carrying amounts of trade and other payables approximate their fair value.
The carrying amounts of the company's payables are denominated in Kenya Shilling.
All payables are due in three months.

15. BORROWINGS

	As at 31 March					As at 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
The borrowings are made up as follows:						
Loan from related parties (Note 19 (i))	1,068,940,274	1,476,382,503	1,332,032,368	873,206,956	730,726,016	276,197,897
Finance lease	-	-	-	-	1,148,585	-
Total borrowings	**1,068,940,274**	**1,476,382,503**	**1,332,032,368**	**873,206,956**	**731,874,601**	**276,197,897**

The loan from related parties is unsecured and has no specific dates of repayment. The loan is denominated in South African Rand (ZAR).
The weighted average effective interest rates at the year end were:

	As at 31 March					As at 31 December
	2015 %	2014 %	2013 %	2012 %	2011 %	2009 %
Loans from related parties	**14.75**	**12.6**	**0.001**	**13.20**	**17.20**	**17.00**

There were no undrawn facilities as at the reporting date.

16. SHARE CAPITAL

	As at 31 March					As at 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Authorised:						
2,500,000 (2009 - 2013: 10,000) ordinary shares of KES. 100 each	**250,000,000**	**250,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**

On 1 April 2013, KES.749,900,000 of the loan advanced to the company by related parties was resolved to be settled by conversion to ordinary share capital and premium.

The authorised share capital of the company was increased on 26 March 2014 from KES.1,000,000 representing 10,000 ordinary shares of KES.100 each to KES.250,000,000 representing 2,500,000 ordinary shares of KES.100 each.

	As at 31 March					As at 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Issued and fully paid:						
2,500,000 (2009 - 2013: 1,000) ordinary shares of KES. 100 each	**250,000,000**	**250,000,000**	**100,000**	**100,000**	**100,000**	**100,000**

The issued and paid up share capital of the company was increased on 26 March 2014 from KES.100,000 to KES.250,000,000 by the issuance of 2,499,000 ordinary shares of KES.100 each.

	As at 31 March					As at 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Issued and fully paid:						
2,500,0000 (2009 - 2013: Nil) ordinary shares at KES. 200	**500,000,000**	**500,000,000**	-	-	-	-

The issued and paid up ordinary shares were issued at a premium of KES.200.08 resulting in a share premium reserve of KES.500,000,000.

NOTES (CONTINUED)

17. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	12 months to 31 March				15 months to 31 March	12 months to 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Net profit/(loss) attributable to shareholders	146,565,423	185,753,522	199,853,369	(26,193,388)	(188,261,033)	(63,331,982)
Weighted average number of ordinary shares	2,500,000	2,500,000	1,000	1,000	1,000	1,000
Earnings/(loss) per share - basic and diluted	**58.63**	**74.30**	**199,853**	**-26,193**	**-188,261**	**-63,332**

The weighted average number of ordinary shares for the year 2014 represent the effect of the loans resolved to be converted to equity on 1 April 2013, subsequently issued as ordinary shares on 26 March 2014.

18. CASH GENERATED FROM/(USED IN) OPERATIONS

	12 months to 31 March				15 months to 31 March	12 months to 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Reconciliation of profit before tax to cash used in operations:						
Profit before tax	211,789,335	266,371,404	286,280,874	11,069,375	(231,061,273)	(81,756,532)
Adjustments for:						
Depreciation on property and equipment	11,108,956	10,665,438	7,368,749	5,234,773	7,106,450	2,273,887
(Gain)/loss on disposal of fixed assets	81,972	(508,170)	(64,659)	59,879	-	-
Interest expense	209,109,098	109,133,212	11,025	106,127,487	86,661,391	20,058,678
Net foreign exchange gain	(81,060,593)	(179,345,387)	(171,008,239)	(68,716,780)	111,124,153	24,655,004
Changes in working capital:						
- Receivables	(14,809,873)	36,567,268	(8,191,068)	197,796,756	(246,622,928)	-
- Loans and advances to customers	484,369,116	(1,200,228,975)	(616,197,577)	(260,611,654)	(18,275,856)	(60,611,750)
- Payables	(57,115,487)	11,106,437	12,543,978	37,326,166	17,310,229	2,028,839
Cash generated from/(used in) operations	**763,472,524**	**(946,238,773)**	**(489,256,917)**	**28,286,002**	**(273,757,834)**	**(93,351,874)**

NOTES (CONTINUED)

19. RELATED PARTY TRANSACTIONS

The immediate parent company is Real People Holdings International Limited which is incorporated in Mauritius, which owns 99.96 % of the ordinary share capital. Real People Investment Holdings (Pty) Limited incorporated in South Africa is the ultimate parent company.

		12 months to 31 March			15 months to 31 March	12 months to 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
i) Loan accounts - due to related parties (Note 15)						
Real People (Pty) Ltd	53,999,635	47,991,562	32,441,776	14,529,705	3,874,948	606,942
Real People International Finance (Pty) Ltd	1,014,940,639	1,428,390,941	1,299,590,592	858,677,251	726,851,068	275,590,955
	1,068,940,274	**1,476,382,503**	**1,332,032,368**	**873,206,956**	**730,726,016**	**276,197,897**
ii) Loans and advances to related parties (Note 10)						
Real People Housing Africa Consol	-	-	-	-	43,772,952	-
Real People Financial Services Kenya Ltd	-	6,700,000	-	-	204,058,344	3,700,000
Real People Investment Holdings Ltd	-	-	43,772,952	43,772,952	-	-
Real People Tanzania Ltd	-	-	-	99,993	-	-
	-	**6,700,000**	**43,772,952**	**43,872,945**	**247,831,296**	**3,700,000**
iii) Due from directors (Note 10)	**-**	**-**	**7,142,417**	**1,706,571**	**-**	**-**
iv) Interest paid to related party (Note 3)						
Real People International Finance (Pty) Ltd	**209,109,098**	**109,133,212**	**11,025**	**106,127,487**	**86,661,432**	**20,058,678**

The interest paid to related parties, who are the primary financiers of the business is disclosed in note 15 to the financial statements. The interest rates charged may not represent arms length rates.

	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
v) Interest received from related parties						
Real People Housing Africa Consol	-	-	-	-	4,446,482	-
Real People Financial Services Kenya Ltd	-	-	-	-	22,541,034	-
	-	**-**	**-**	**-**	**26,987,516**	**-**

NOTES (continued)

19. RELATED PARTY TRANSACTIONS (continued)

	12 months to 31 March				15 months to 31 March	12 months to 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
vi) Management fee paid to related parties	**-**	**23,091,683**	**26,771,431**	**15,810,421**	**811,881**	**1,304,192**
vii) Management fee received from related parties	**-**	**15,019,863**	**27,314,143**	**-**	**-**	**-**
viii) Expenses recharged to related party	**-**	**-**	**-**	**52,372,652**	**5,307,500**	**-**
ix) Key management compensation						
Salaries and wages (including directors remuneration)	**53,500,554**	**51,642,708**	**48,302,804**	**14,351,400**	**13,046,727**	**1,666,154**
x)I nter-company loan movement during the year						
Loans from related parties						
At the start of the year	1,476,382,503	1,332,032,368	873,206,956	730,726,016	276,197,897	54,366,556
Repayment of loans	(1,658,348,252)	(347,593,689)	(412,980,642)	(221,685,753)	(16,813,402)	(21,706,398)
Conversion of debt to equity	-	(749,900,000)	-	-	-	-
Advances of loans	1,114,007,560	1,288,190,590	1,025,063,840	326,755,986	276,967,269	205,373,556
Management fees payable	9,711,632	23,080,658	26,760,406	106,127,487	-	-
Interest	209,109,098	109,133,212	11,025	-	86,661,432	17,437,753
Exchange differences	(81,922,267)	(178,560,636)	(180,029,216)	(68,716,780)	107,712,820	20,726,430
At the end of year	**1,068,940,274**	**1,476,382,503**	**1,332,032,368**	**873,206,956**	**730,726,016**	**276,197,897**
Loan to related party						
At the start of the year	6,700,000	43,772,952	43,872,944	247,831,296	-	-
Debtor book sold	-	-	-	-	309,805,758	-
Advance of loan	-	6,700,000	-	99,992	44,234,156	3,700,000
Impairment	(6,700,000)	-	-			
Repayment	-	(43,772,952)	(99,992)	-	26,987,516	-
Interest	-	-	-	(204,058,344)	(133,196,134)	-
	-	**6,700,000**	**43,772,952**	**43,872,944**	**247,831,296**	**3,700,000**

NOTES (continued)

20. RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board of Real People Investment Holdings (Pty) limited, the ultimate holding company, has established the Risk Management Committee,
which is responsible for reviewing the adequacy and overall effectiveness of the company's risk management function and its implementation by management.

(a) Market Risk

- Foreign exchange risk
The company are exposed to foreign exchange risk arising from various currency exposures primarily with respect to the South African Rand The risk arises from future transactions, assets and liabilities in the statement of financial position date.

The table below summarises the effect on pre-tax profit and components of equity had the Kenya Shilling weakened by 10% against each currency, with all other variables held constant. If the Kenya shilling strengthened against each currency, the effect would have been the opposite.

	ZAR KES	US $ KES	Total KES
Year ended 31 March 2015			
Decrease/(increase) in profit	74,329,860	(33,690)	74,296,170
Year ended 31 March 2014			
Decrease/(increase) in profit	74,813,900	(36,496)	103,315,177
Year ended 31 March 2013			
Decrease/(increase) in profit	103,315,177	(911)	93,203,539
Year ended 31 March 2012			
Decrease in profit	93,232,487	(1,112)	61,124,487
Period ended 31 March 2011			
Decrease in profit	61,113,238	-	51,150,821
Year ended 31 December 2009			
Decrease in profit	51,150,821	-	19,333,853

NOTES (continued)

20. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market Risk (continued)

- *Interest rate risk*

As at 31 March 2015, if the weighted average interest rate for borrowings at that date had been 1% percent higher with all other variables held constant, pre-tax profit for the period would have been KES.7,772,087(2014: KES. 9,998,737, 2013: KES.9,097,057, 2012: KES. 6,112,449, 2011: KES. 5,123,122, 2009: KES. 1,933,385) lower arising mainly as a result of higher interest expense.

(b) Credit risk

Credit risk is the risk that the company's clients or counterparties will not be able or willing to pay interest, repay capital or otherwise to fulfil their contractual obligations under loan agreements or other credit facilities, and arise principally from the company's loan and advances. The company's Board of Directors has delegated responsibility for the management of credit risk to a Credit Committee. The credit committee is responsible for oversight of the company's credit risk, including;

i) Credit risk measurement

The company's grading systems is based basic principles of the company's credit policy. In addition to nominal aggregate exposure, expected loss is used in the assessment of individual exposures and for portfolio analysis.

The credit grades within the company are based on a probability of default and historic experience. The company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to the nature and type of loans. The company grades its loans into five categories on the basis of the following criteria:

1) Where the loan is performing according to the contractual obligation no provision is made
2) Where the loan is less than 2 months in arrears the loan is considered a performing loan and no provisions are made and are monitored closely;
3) Where the loan is greater than 2 and less than 3 months in arrears the loan is classified as performing loan and based on historic experience, a provision equal to 20% of this portfolio is recognised;
4) Where the loan is greater than 3 and less than 4 months in arrears the loan is classified as non performing loan and based on historic experience, a provision equal to 50% of this portfolio is recognised; and
5) Where the loan is greater than 4 months in arrears the loan is classified as non performing loan write off and 100% provision is made.

ii) Problem credit management and provisioning

Across all its loan portfolios, the company employs a disciplined approach to impairment allowances evaluation, with prompt identification of problem loans being a key risk management objective. The company maintains both collective and specific impairment allowances for credit losses, the sum of which is sufficient to reduce the book value of credit assets to their estimated realisable value.

A primary indicator of potential impairment is loans in arrears. However, not all loans in arrears (particularly those in the early stage of default) will be impaired. An account is considered to be in arrears when payment is not received on the due date. Accounts that are overdue by more than 2 months are considered to have defaulted . For arrears reporting purposes, the company follows company's policy, measuring default as of 2, 3, 4 and above 4 months past due. Accounts that are overdue by more than 2 months are closely monitored and subject to specific collection processes.

Specific impairment allowances reduce the aggregate carrying value of credit assets where there is specific evidence of deterioration in credit quality. In line with company policy, a collective allowance is maintained to cover potential impairment in the existing portfolio that cannot be associated with specific credit. These allowances are reviewed and updated on a regularly basis.

The process used for recognising the impairment provisions are generally raised as the difference between the outstanding amount of the loan and the present value of the estimated future cash flows which includes the realisation of collateral except where the collateral value is typically realised in less than 12 months then the loan impairment is calculated using the forced sale value of the collateral without further discounting. In certain cases involving bankruptcy, fraud and death, the loss recognition process is accelerated.

NOTES (continued)

20. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk (continued)

The company writes off loans and advances net of any related allowances for impairment losses when it determines that the loans are uncollectable and securities unrealisable. This determination is reached after accessing objective evidence or occurrence of significant changes in the borrower or issuer's financial position such that they are no longer able to repay the obligation, or that proceeds from the sale of collateral will not be sufficient to pay back the entire exposure. This is done after exhausting all other means including litigation.

- ***Loans and advances that are neither past due nor impaired***

The company classifies loans and advances under this category if they are up to date and in line with their contractual agreements such loans would have demonstrated the meeting of their financial and non-financial conditions and the borrowers would have proven capacity to repay the loans. These exposures will normally be maintained largely within approved facility programs and with no depiction of impairment or distress signs. These exposures are categorised as normal accounts (category 1) in line with internal guidelines and those issued by regulators where applicable.

- ***Past due but not impaired***

This category includes exposures that are less than 2 months past due and greater than 2 months to less than 3 months, where losses have been incurred but have not been identified. These exposures are graded as category 2 and 3 in line with the company's internal guidelines . A collective impairment allowance is made to cover losses which have been incurred but have not yet been identified as detailed above.

- ***Impaired loans and advances***

Impaired loans and advances are those which the company determines that it is probable that it will be unable to collect all principal and interest due according to the terms of the loan securities agreement(s). These loans are graded between categories contractual 4(greater than 3 Months to less than 4 Months) and 5 (greater than 4 Months) using the company's internal credit rating system. The Society establishes a specific allowance for impairment losses that represents the estimate of losses that will be incurred in its loan portfolio.

NOTES (CONTINUED)

20. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk (continued)

The maximum exposure to risk is analysed as follows:

			As at 31 March			As At December
	2015	2014	2013	2012	2011	2009
	KES	KES	KES	KES	KES	KES
Cash and cash equivalents	230,025,791	173,039,998	290,313,601	170,314,819	45,198,868	74,654,226
Receivables	41,655,363	26,845,490	63,412,758	55,221,690	253,018,446	6,395,518
Loans and advances to customers	1,697,035,606	2,181,404,720	981,175,745	364,978,168	104,366,516	86,090,660
Less collateral held as cash deposits	(7,831,272)	(55,855,958)	-	-	-	-
Tax recoverable	-	-	-	-	42,305	42,305
	1,960,885,488	**2,325,434,250**	**1,334,902,104**	**590,514,677**	**402,626,135**	**167,182,709**

- Collateral

The company holds collateral against loans and advances to members in the form of cash, residential, commercial and industrial property, other assets such motor vehicle, chattels and other members guarantees. The company has developed specific policies and guidelines for the acceptance of different classes of collateral.

Estimates of the collateral's fair values are based on the value of collateral independently and professionally assessed at the time of borrowing, and re-valued with a commensurate with nature and type of the collateral and credit advanced. Collateral structures frequency and covenants are subjected to regular review to ensure they continue to fulfil the intended purpose.

Other over sights the credit committee is responsible for :

- Approval of all credit risk assessment methodologies, including credit scoring models and credit vetting criteria and processes;
- Comparing the actual performance of credit granted versus the expected performance;
- Establishing and implementing pricing structures for new products;
- Reviewing and monitoring established pricing guidelines;
- Regularly reviewing portfolio stress testing; and
- Establishing and monitoring the adequacy of credit policies.

NOTES (continued)

20. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations from its financial liabilities. The company obtains funding from Real People International Finance Ltd and from fellow subsidiaries of Real People Investment Holdings (Pty) Ltd. The directors of the company have received confirmation from Real People Investment Holdings (Pty) Limited that they will continue to avail financial facilities to meet the company's working capital requirements for the foreseeable future.

The responsibility for managing liquidity risk of the company has been delegated to an Asset and Liability Committee (ALCO) at group level. The main responsibilities of the ALCO are:

- To set and review the company's funding and liquidity policy;
- Review the funding strategies for operations in all regions, taking the local market conditions into account;
- Maintain liquidity contingency plans;
- Manage the interest rate risk of the company; and
- Manage the company's funding covenants.

The table below disclose the undiscounted maturity profile of the financial liabilities:

	Interest rate %	Between 1 - 12 months KES	Total KES
Year ended 31 March 2015			
Interest bearing liabilities			
- Borrowings	14.75	1,164,644,383	1,164,644,383
Non-interest bearing liabilities			
- Trade and other payables		24,154,895	24,154,895
- Borrowings		53,999,635	53,999,635
- Current tax		60,367,463	60,367,463
		1,242,798,913	**1,242,798,913**
Year ended 31 March 2014			
Interest bearing liabilities			
- Borrowings	12.6	1,608,368,200	1,608,368,200
Non-interest bearing liabilities			
- Trade and other payables		81,270,382	81,270,382
- Borrowings		47,991,562	47,991,562
- Current tax		21,296,713	21,296,713
		1,737,630,144	**1,737,630,144**
Year ended 31 March 2013			
Interest bearing liabilities			
- Borrowings	0.001	1,300,890,183	1,300,890,183
Non-interest bearing liabilities			
- Trade and other payables		70,163,945	70,163,945
- Borrowings		32,441,776	32,441,776
- Current tax		40,995,815	40,995,815
		1,403,495,904	**1,403,495,904**

NOTES (continued)

20. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk (continued)

	Interest rate %	Between 1 - 12 months KES	Total KES
Year ended 31 March 2012			
Interest bearing liabilities			
- Borrowings	13.20	972,022,648	972,022,648
Non-interest bearing liabilities			
- Trade and other payables		57,686,398	57,686,398
- Borrowings		14,529,705	14,529,705
- Current tax		2,807,188	2,807,188
		1,044,238,751	**1,044,238,751**
Period ended 31 March 2011			
Interest bearing liabilities			
- Borrowings	17.20	851,869,452	851,869,452
Non-interest bearing liabilities			
- Trade and other payables		20,360,232	20,360,232
- Borrowings		3,874,948	3,874,948
		876,104,632	**876,104,632**
Period ended 31 December 2009			
Interest bearing liabilities			
- Borrowings	17.00	322,441,417	322,441,417
Non-interest bearing liabilities			
- Trade and other payables		3,050,003	3,050,003
- Borrowings		606,942	606,942
		326,098,362	**326,098,362**

21. CAPITAL MANAGEMENT

The company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.
- to maintain a strong asset base to support the development of business.
- to maintain an optimal capital structure to reduce the cost of capital.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistently with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt : capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital and retained earnings).

21. CAPITAL MANAGEMENT (continued)

			As at 31 March			As at 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Total borrowings (Note 15)	1,068,940,274	1,476,382,503	1,332,032,368	873,206,956	731,874,601	276,197,897
Less cash and cash equivalents (Note 9)	(230,025,791)	(173,039,998)	(290,313,601)	(170,314,819)	(45,198,868)	(74,654,226)
Net debt	**838,914,483**	**1,303,342,505**	**1,041,718,767**	**702,892,137**	**686,675,733**	**201,543,671**
Total equity	**991,430,794**	**844,865,371**	**(90,788,151)**	**(290,641,520)**	**(264,448,132)**	**(76,187,099)**
Gearing ratio	**0.84:1**	**1.54:1**	-	-	-	-

22. COMMITMENTS

Contractual commitments for the acquisition of property and equipment

At the reporting date these commitments were as follows:

			As at 31 March			As at 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Equipment	-	**77,900,911**	-	-	-	-

Capital commitments represent capital expenditure contracted for as at reporting date and not yet incurred.

NOTES (CONTINUED)

22. COMMITMENTS (continued)

Operating lease commitments - as a lessee

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	As at 31 March					As at 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Not later than 1 year	10,159,590	7,143,462	15,438,048	10,729,788	7,371,610	8,680,678
Later than 1 year and not later than 5 years	30,584,336	40,743,926	-	15,438,048	26,167,836	33,539,446
Later than 5 years	13,774,023	20,917,485	-	-	-	-
	54,517,950	**68,804,874**	**15,438,048**	**26,167,836**	**33,539,446**	**42,220,124**

The company leases various properties under non-cancellable operating lease agreements. The lease terms are between 1 July 2014 to 30 June 2020 years and these are generally renewable at the end of the tenure of the lease.

23. CONTINGENT LIABILITIES

The company is a defendant in various legal actions that arise in the normal course of business. In the opinion of the directors and after taking appropriate advice, the outcome of such actions will not give rise to any material liabilities.

24. INCORPORATION

Real People Kenya Limited (Formerly African Provident Limited) is incorporated in Kenya under the Companies Act as a private limited liability company and is domiciled in Kenya.

25. PRESENTATION CURRENCY

The financial statements are presented in Kenya Shilling (KES).

PROSPECTIVE FINANCIAL INFORMATION

SIGNIFICANT ASSUMPTIONS

1. The proposed bond issue will be fully subscribed and KES. 2 billion proceeds therefrom will be received in June 2015 and additional proceeds of KES 480M will be received in January 2016
2. Interest on the bond and bank borrowing will accrue at 14.5%
3. Borrowings from related parties will be and will accrue interest at 14.75%
4. The proceeds of the bond will be utilised in full to increase the loans and advances portfolio of the company which will increase gradually over the period to March 2016 following the bond issue. Surplus bond proceeds in the interim period will be invested in short term placements earning an interest of 7%
5. There will be no material changes in the weighted average interest rates on loans and advances and other financial assets and liabilities compared to 2015
6. The proportion of non-performing loans and advances to total loans and advances and therefore the provisions for impairment will track 2015
7. Overall operating expenditure is expected to increase in line with inflation at 7% other than employment costs which are expected to increase at a higher rate based on projected recruitment of additional employees to service the increased loans and advances portfolio
8. Capital expenditure will include completion of the work in progress and replacement asset procurement
9. Exchange rates will remain unchanged between March 2015 and March 2016
10. Tax has been calculated using an effective rate of 30% which tracks the Kenyan income tax rate for companies

FORECAST STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Forecast April 2015 to March 2016 KES	Actual April 2014 to March 2015 KES
Interest income	1,204,690,411	879,281,992
Interest expense and other direct cost	(373,466,870)	(218,115,229)
Net interest income	**831,223,541**	**661,166,763**
Gains/(loss) on foreign exchange	-	81,060,593
Other operating income	136,981,550	82,146,777
Provision for impairment of loans and advances and bad debts written off	(255,528,263)	(213,624,725)
Administrative expenses	(425,890,850)	(356,173,918)
Other operating expenses	(59,183,534)	(42,786,155)
Profit before tax	**227,602,445**	**211,789,335**
Tax charge	(68,280,733)	(65,223,912)
Profit for the year	**159,321,711**	**146,565,423**
Total comprehensive income for the year	**159,321,711**	**146,565,423**
Earnings per share - basic and diluted	**63.73**	**58.63**

FORECAST STATEMENT OF FINANCIAL POSITION

	Forecast March 2016 KES	Actual March 2015 KES
ASSETS		
Cash and cash equivalents	537,839,256	230,025,791
Loans and advances to customers and other receivables	3,627,380,699	1,738,690,969
Equipment	155,325,803	129,148,843
Deferred tax	79,223,396	47,027,823
TOTAL ASSETS	**4,399,769,154**	**2,144,893,426**
LIABILITIES		
Payables	204,325,045	24,154,895
Borrowings	3,044,691,603	1,068,940,274
Current tax	-	60,367,463
TOTAL LIABILITIES	**3,249,016,648**	**1,153,462,632**
SHAREHOLDERS' EQUITY		
Share capital	250,000,000	250,000,000
Share premium	500,000,000	500,000,000
Retained earnings	400,752,505	241,430,794
TOTAL SHAREHOLDERS' EQUITY	**1,150,752,505**	**991,430,794**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,399,769,154**	**2,144,893,426**

FORECAST STATEMENT OF CASH FLOWS

	Forecast April 2015 to March 2016 KES	Actual April 2014 to March 2015 KES
Cash flows (used in)/from operating activities		
Cash (used in)/from operations	(1,090,919,960)	763,472,524
Interest paid	(373,466,870)	(209,109,098)
Tax paid	(166,374,074)	(95,707,070)
Net cash (used in)/from operating activities	**(1,630,760,904)**	**458,656,356**
Cash flows (used in) investing activities		
Cash paid for purchase of equipment	(37,176,960)	(78,398,717)
Proceeds from disposal of equipment	-	3,109,790
Net cash (used in) investing activities	(37,176,960)	(75,288,927)
Cash flows from/(used in) financing activities		
Proceeds from borrowings		
- coporate bond	2,480,000,000	-
- loan from related parties	-	1,332,828,290
Repayment of borrowings		
- loan from related parties	(504,248,671)	(1,740,270,519)
Net cash from/(used in) financing activities	**1,975,751,329**	**(407,442,229)**
(Decrease) in cash and cash equivalents	307,813,465	(24,074,800)
Movement in cash and cash equivalents		
At start of period	230,025,791	173,039,998
Effect of exchange rate changes	-	81,060,593
Increase (decrease)	307,813,465	(24,074,800)
At end of period	**537,839,256**	**230, 025,791**

FINANCIAL RATIOS

	12 months to 31 March				15 months to 31 March	12 months to 31 December
	2015 KES	2014 KES	2013 KES	2012 KES	2011 KES	2009 KES
Earnings before interest and taxes interest cover (times)	2.01	3.44	25,968	1.10	-1.67	-3.08
Funds from operations to total debt (%)	43%	-77%	-37%	-9%	-49%	-41%
Free cash flow to total debt (%)	22%	12%	22%	20%	6%	27%
Total free cash flow to short term debt obligation (%)	22%	12%	22%	20%	6%	27%
Net profit margin (%)	17%	28%	58%	-17%	-218%	-256%
Post tax return (before financing) on capital employed (%)	36%	35%	-220%	-28%	38%	57%
Long term debt to capital employed (%)	0.52	0.64	1.07	1.50	1.57	1.38
Total debt to equity (%)	1.08	1.75	-14.67	-3.00	-2.77	-3.63

20.7. APPENDIX B: LEGAL OPINION

CH Coulson Harney
ADVOCATES
Member of Bowman Gilfillan Africa Group
5th Floor, West Wing, ICEA Lion Centre,
Riverside Park, Chiromo Road, Nairobi
PO Box 10643-00100, Nairobi, Kenya
Tel +254 20 289 9000 | +254 709 966 000
+254 20 444 8614 | +254 734 993 739
Email ch@coulsonharney.com
www.coulsonharney.com
DZ No. 148
PIN No. P051229962P | VAT No. 0191639L

Our Reference: PVS/jm/6133931

Your Reference:

Direct Line: +254 020 2899110

Date: 25 June 2015

E-mail Address: p.shah@coulsonharney.com
j.mbui@coulsonharney.com

The Directors
Real People Kenya Limited
International Life House
Mama Ngina Street
Nairobi, Kenya

Dear Sirs

Legal opinion in respect of the offer of medium term notes not exceeding five billion Kenya Shillings (KES 5,000,000,000) by Real People Kenya Limited

We are the advocates to Real People Kenya Limited (the "Company") in connection with the offer of medium term notes not exceeding five billion Kenya Shillings (KES 5,000,000,000 (the "Notes") of the Company. The terms and conditions of the offer to the public are contained in the information memorandum issued by the Company and dated on or about the date of this opinion (the "Information Memorandum"). The terms defined in the Information Memorandum have the same meaning where used in this opinion. The Information Memorandum includes particulars given in compliance with the requirements of the Companies Act (Chapter 486 of the Laws of Kenya), the requirements of the Capital Markets Act (Chapter 485A of the Laws of Kenya), as well as the applicable rules and regulations made thereunder including in particular the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations 2002.

1. DOCUMENTS

1.1. In arriving at the opinions expressed below, we have examined and relied on the agency agreement and the trust deed (the "Offer Documents").

1.2. We have also examined:

1.2.1. a final proof of the Information Memorandum; and

1.2.2. such other documents and made such investigation, as we have considered necessary for the purposes of giving this opinion.

2. ASSUMPTIONS

2.1. For the purpose of this opinion we have assumed:

2.1.1. the authenticity of documents submitted as originals, the conformity with the original of each document submitted as a copy and the authenticity of the original of such latter documents;

2.1.2. the genuineness of all signatures on all documents;

CH Coulson Harney
ADVOCATES

Member of Bowman Gilfillan Africa Group

2.1.3. that all information contained in the Information Memorandum and all information supplied to us by the Company, its officers and advisers is true, accurate and is up to date;

2.1.4. all factual statements including representations contained in the Offer Document are true and correct; and

2.1.5. there are no facts or circumstances in existence and no events have occurred which would render the Offer Documents void or voidable or capable of rescission for any reason.

2.2. This opinion is given on the basis of all documents provided to us by the Company and its subsidiaries.

3. OPINION

3.1. Based upon the information supplied to us and upon due enquiry, subject to the assumptions and qualifications set out herein, we are of the following opinion:

3.1.1. the Company is a non-private (public) limited company incorporated in Kenya under the Companies Act (Chapter 486 of the Laws of Kenya) with company number C3/2015. The Company's registered office is at International Life House, Mama Ngina Street, P. O. Box 27153 – 00100, Nairobi, Kenya;

3.1.2. the existing share capital of the Company is Kenya Shillings two hundred and fifty million (KES 250,000,000) divided into two million five hundred thousand (2,500,000) shares of Kenya Shillings one hundred (KES 100) each;

3.1.3. all material licenses and material consents required by the Company have been duly obtained and are in full force and effect;

3.1.4. the public offer of the Notes has been duly authorised by the board of directors of the Company;

3.1.5. the Information Memorandum and the public offer and listing of the Notes have been approved by the Capital Markets Authority through the issue of a letter of approval dated 25 June 2015;

3.1.6. that the listing of the Notes has been approved by the Nairobi Securities Exchange through the letter of approval dated 30 June 2015;

3.1.7. the Company owns or leases all of the material assets, land and property required for the purposes of its business and we are satisfied after such enquiry as we deemed necessary for the purposes of this opinion, that it has good and valid title or rights to or in such material assets, land and property;

3.1.8. the Offer Documents have been duly authorised, executed and delivered by the Company and are valid and legally binding upon the Company in accordance with their terms except as the same may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by general principles of equity;

3.1.9. the Notes and the Offer Documents are in proper legal form for enforcement against the Company and contain no provision which is contrary to law or public policy in Kenya or, which would not for any reason be upheld by the Kenyan courts;

3.1.10. the issue of the Notes has been duly authorised and when issued and registered in the CDSC Account of each Noteholder held with the Central Depository and Settlement Corporation Limited in accordance with the Central Depositories Act 2000, the Notes will constitute valid, legally binding, direct and unconditional obligations of the Company in accordance with their terms except as the same may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by general principles of equity;

3.1.11. neither the execution and delivery of the Offer Documents or the Notes nor the consummation of the transactions therein contemplated nor compliance with their terms and conditions will contravene any existing law, governmental rule, regulation or order of Kenya;

CH Coulson Harney
ADVOCATES

Member of Bowman Gilfillan Africa Group

3.1.12. interest (including any commission or discount) payable in respect of the Notes is subject to income tax in Kenya. Unless the payee enjoys specific exemption, payments of interest are subject to withholding tax at the rates from time to time in force. At present, the applicable rate is 15%. The rate of withholding tax may be limited by applicable double taxation treaties, which may also permit the payee to obtain relief outside Kenya. The Notes do not provide for interest to be grossed-up where withholding tax applies;

3.1.13. with effect from 1 January 2015, any capital gain which accrues on a disposal of the Notes will constitute a chargeable gain in accordance with the applicable requirements of the Eighth Schedule of the Income Tax Act (Chapter 470 of the Laws of Kenya) and may be taxable accordingly;

3.1.14. to the best of our knowledge, information and belief and after due enquiry, we can confirm that no bankruptcy, receivership or similar proceedings have been brought against the Company or any of its directors in Kenya in the preceding three years;

3.1.15. to the best of our knowledge, information and belief, and after due enquiry, there has been no material prosecution or other civil or criminal legal action outside the ordinary course of business in which the Issuer or any of its directors is involved;

3.1.16. except as noted below it is not necessary under Kenyan law (a) in order to enable any person to exercise or enforce its rights under any of the Offer Documents or the Notes or (b) by reason of any such person being or becoming the holder of any of the Notes or a party to the Offer Documents, or the performance by any such person of its obligations there under, that any such person should be licensed, qualified or otherwise entitled to carry on business in Kenya, nor will any such performance violate any law applicable in Kenya. Brokers, dealers and investment advisers carrying on business as such in Kenya require a license from the Capital Markets Authority; and

3.1.17. no holder of the Notes and none of the parties to the Offer Documents is or will be deemed to be resident, domiciled or carrying on business in Kenya by reason only of its execution, performance or enforcement of the Notes or the Offer Documents.

4. QUALIFICATIONS

4.1. The Offer Documents must be stamped in accordance with the Stamp Duty Act (Chapter 480 of the Laws of Kenya) within thirty (30) days of their execution in order to be admissible in evidence in a Kenyan court. We will attend to stamping within the prescribed period.

4.2. Any provision requiring any party to pay default interest may be unenforceable in the Kenyan courts on the grounds (i) that such default interest would constitute a penalty and (ii) that penalties are not generally enforceable under common law. We consider it likely that the Kenyan courts would now follow the decision by the High Court in England in Lordsvale Finance plc v. Issuer of Zambia [1996] Q.B. 752, permitting recovery by a creditor of default interest, such decision being of persuasive value in Kenya.

4.3. If any provisions of the Offer Documents are held to be illegal, invalid or unenforceable by the Kenyan courts, severance of such provision from the remaining provisions of the Offer Documents would be subject to the exercise of the discretion of the Kenyan courts.

4.4. Any provision to the effect that certain calculations or certificates will be conclusive and binding will not be effective if such calculations or certificates are fraudulent or erroneous on their face and will not prevent judicial enquiry by the Kenyan courts into the merits of any claim by an aggrieved party.

4.5. If any party is vested with any discretion or may determine a matter in its opinion, the Kenyan courts may require that such discretion be exercised reasonably or that such opinion be based on reasonable grounds.

4.6. A Kenyan court may refuse to give effect to a provision to pay the costs of another party in respect of any successful action brought against that party before a Kenyan court and the Kenyan court may not award by way of costs all of the expenditure incurred by a successful litigant in proceedings brought before that court.

4.7. Service of legal process on the Company by post in connection with any proceedings in the Kenyan courts would be effective only if made in accordance with the applicable court rules or with the leave of the court.

CH Coulson Harney
ADVOCATES

Member of Bowman Gilfillan Africa Group

4.8. Payments between residents and non-residents of Kenya must be made through authorised banks in Kenya in accordance with the provisions of the Central Bank of Kenya Act (Chapter 491 of the Laws of Kenya).

5. MISCELLANEOUS

5.1. As legal advisers to the Company, we have issued and have not withdrawn our consent to the inclusion in the Information Memorandum of this legal opinion in the form and context in which it appears.

5.2. This opinion relates to the laws of Kenya in force at the date hereof. No opinion is expressed as to the laws of any other jurisdiction.

5.3. This opinion is given as of the date hereof. No opinion is expressed in relation to facts or circumstances arising after the date hereof.

5.4. This opinion is addressed to, and may be relied upon for the purposes of the issue of the Notes, by (i) the Company and (ii) the initial subscribers for the Notes. It may not be relied upon by any other person or used for any other purpose.

Yours faithfully

COULSON HARNEY

20.8. APPENDIX C: FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated [●]
Real People Kenya Limited
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the KKES 5,000,000,000
Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated [●] June 2015. This document constitutes the Pricing Supplement relating to the issue of Notes described herein and must be read in conjunction with the Information Memorandum. Full information on the Issuer and the offer of Notes is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum. The Information Memorandum is available for viewing at [address] [and] [website] and copies may be obtained from [address].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

1.	Issuer:	Real People Kenya Limited
2.	(i) [Series Number:] (ii) [[Tranche Number:] (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	[•] [•]
3.	Aggregate Nominal Amount: [Series:] [Tranche:]	KKES [•] KKES [•] KKES [•]
4.	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] *(in the case of fungible issues only, if applicable)*]
5.	(i) Specified Denomination: (ii) Calculation Amount	KKES [●] KKES [●]
6.	(iii) Issue Date: (iv) Interest Commencement Date:	[•] [Specify/Issue Date/Not Applicable]
7.	Maturity Date:	*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
8.	Interest Basis:	[[•] per cent. Fixed Rate] [[specify reference rate] +/- [•] per cent. Floating Rate] [Zero Coupon] [Other *(specify)*] (further particulars specified below)
9.	Redemption/Payment Basis:	[Redemption at par] [Partly Paid] [Instalment] [Other (specify)]
10.	Change of Interest or Redemption/ Payment Basis:	[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
11.		[Issuer Call] [(further particulars specified below)]
12.	Status of the Notes:	[●]
13.	Method of distribution:	[Syndicated/Non-syndicated]
14.	Minimum Subscription Levels	[●]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE		
15	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	Rate[(s)] of Interest:	[•] per cent. per annum payable semi-annually in arrear
	(v) Interest Payment Dates(s):	[•] in each year [adjusted in accordance with [specify Business Day Convention]/not adjusted]
	(vi) Fixed coupon Amount[(s)]:	[•] per Calculation Amount
	(vii) Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•] [30/360/Actual/Actual/other]
	(viii) Day Count Fraction:	[●] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (I364))]
	(ix) [Determination Dates:	
	(x) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
16	**Floating Rate Note Provisions**	[Applicable/Not Applicable] (if not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) Interest Period(s):	[●]
	(ii) Specified Interest Payment Dates:	[●]
	(iii) First Interest Payment Date:	[●]
	(iv) Interest Period Date:	[●] (Not applicable unless different from Interest payment Date)
	(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Preceding Business Day Convention/other (give details)]
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Specify relevant Benchmark/other (give details)]
	(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
	(viii) Margin(s):	[+/-][●] per cent. per annum
	(ix) Minimum Rate of Interest:	[●] per cent. per annum
	(x) Maximum Rate of Interest:	[●] per cent. per annum
	(xi) Day Count Fraction:	[●]
	(xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
17.	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) Amortisation Yield:	[●] per cent. per annum
	(ii) Any other formula/basis of determining amount payable:	[●]

PROVISIONS RELATING TO REDEMPTION		
18	**Call Option** (i) Optional Redemption Date(s): (ii) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s): (iii) If redeemable in part: (a) Minimum Redemption Amount: (b) Maximum Redemption Amount: (iv) Notice period:	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph) [●] [●] per Calculation Amount [●] per Calculation Amount [●] per Calculation Amount [●]
19	**Final Redemption Amount of each Note**	[●] per Calculation Amount
20.	**Early Redemption Amount** Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or upon event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[●]
GENERAL PROVISIONS APPLICABLE TO THE NOTES		
21.	Form of Notes:	Registered Notes
22.	Financial Centre(s) or other special provisions relating to Payment Dates:	[Kenya][give details]
23.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Yes/No. If yes, give details]
24.	Details relating to Instalment Notes, amount of each instalment, date on which each payment is to be made:	[Not Applicable/give details]
25.	Other terms or special conditions:	[Not Applicable/give details]
DISTRIBUTION		
26.	If syndicated, names and addresses of Placing Agents:	[Not Applicable/give details]
27.	If non-syndicated, name and address of Placing Agent:	[Not Applicable/give details]
28.	Selling restrictions:	[Not Applicable/give details]

INDICATIVE TIMETABLE

The indicative dates for the offer will be as outlined below:

EVENT	DATE
1. Approvals from CMA	T
2. Application Lists Open	T+4
3. Application Lists Close	T+23
4. Date of Allocation	T+26
5. Announcement Date	T+26
6. Settlement Date	T+28
7. Issue Date	T+28
8. Crediting of CDS Accounts	T+28
10. Commencement of Trading	T+29

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement contains the details required for the issue and listing and admission to trading of the Notes described herein on the Fixed Income Securities Market Segment of the NSE (as defined below) pursuant to the KKES 5,000,000,000 Subordinated Medium Term Note Programme of Real People Kenya Limited.

[MATERIAL ADVERSE CHANGE STATEMENT]

[Except as disclosed in this document] there has been no material adverse change in the financial and trading position of the Issuer since [insert date of last audited accounts or interim accounts (if later)]. [If any change is disclosed in the Pricing Supplement, it will require approval by the Nairobi Stock Securities and the Capital Markets Authority. Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Information Memorandum rather than in a Pricing Supplement.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement, which, when read together with the Information Memorandum referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of Real People Kenya Limited:

By:…………………………………….

Duly authorised

PART B – OTHER INFORMATION

1.	**[LISTING** Listing: Admission to trading:	 Nairobi Securities Exchange ("NSE") Application has been made for the notes to be admitted to trading on the NSE with effect from [●].]
2.	**[RATINGS** Ratings:	 [Not Applicable / The Notes to be issued have been rated: [GCR: [•]] [[Other]: [•]] *[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]* *(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or where the issue has been specifically rated, that rating)]*
3.	**REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS** (i) Use of Proceeds: (ii) Net Proceeds: (iii) Estimated total expenses:	 [•] [●] (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.) [●] [Include breakdown of expenses]
4.	OPERATIONAL INFORMATION Clearing system(s): Settlement Procedures and Settlement Instructions including relevant identification numbers: NSE ISIN: Stock Code: Delivery: Receiving Bank: Names and addresses of additional Paying Agent(s) (if any):	[●] [●] [●] [●] [●] [●] [●]

20.8. APPENDIX D: FORM OF NOTE APPLICATION

REAL PEOPLE™

REAL PEOPLE KENYA LIMITED

Incorporated in Kenya under the Companies Act (Cap 486) Reg. No. C3/2015

OFFER APPLICATION FORM

In respect of an issue of Kenya Shillings 5,000,000,000 of Fixed and Floating Interest Rate Notes due to mature in 2020 (the "Notes") at par and listing of the Notes on the Fixed Income Securities Market Segment of the Nairobi Securities Exchange.

Offer opens at 9.00 am on the XXXX 2015 and
Closes at 5.00 pm on XXXX 2015

The Board of Directors shall reject any application in whole or in part if the instructions as set out in the Information Memorandum and the Application Form are not complied with.

APPLICANT'S STATEMENT

By signing the Application Form overleaf, I /We the applicant(s) herein state that:-

1. I/We have full legal capacity and having read the Information Memorandum and this Application Form including the notes at the back I/we hereby irrevocably apply for and request you to accept my/our application for the under mentioned value of Notes in Real People Kenya Limited, or any lesser value of Notes that may, in your sole and absolute discretion, be allotted to me/us subject to the Articles of Association of Real People Kenya Limited.
2. I/We authorize Real People Kenya Limited to enter my/our name in the register of Note holders of Real People Kenya Limited as holder(s) of Notes to me/us and to credit my/our CDS account for the value of Notes allocated to me/us and any refunds due to me/us via Electronic Funds Transfer in accordance with the terms and conditions in the Information Memorandum.
3. I/We agree that this application shall be irrevocable and shall constitute a contract which shall become binding upon receipt by Real People Kenya Limited, and shall be governed by the terms and conditions of the notes.
4. I/We acknowledge that Real People Kenya Limited reserves the right to reject any application found to be in contravention of above declarations.
5. I/We confirm that all information provided by me/us on the Application Form is true.

GENERAL INSTRUCTIONS ON COMPLETING THE APPLICATION FORM

6. Applications can only be made through NIC Securities Limited.
7. NIC Securities Limited will be pleased to assist in understanding the application process and subsequently filling in the Application Form.
8. Where necessary, applicants are requested to consult their financial advisor. The offer closes on XXXXX.
9. Use original Application Form only. Photocopies will not be accepted.
10. Use capital letters with only black/blue biro/ink, within the grid spaces provided. Alterations (other than deletion of alternatives) must be authenticated by the full signature of the applicant or preferably a new form used.
11. No individual or organization can make any promises contrary to the allocation criteria specified in the Information Memorandum.
12. Receiving Bank details: **NIC Bank Limited, Account Number [].**

REAL PEOPLE™

OFFER APPLICATION FORM

PRINT ONLY WITHIN BOXES

GOOD	BAD
S T F	S T F

Serial No.

PLEASE COMPLETE IN CAPITAL LETTERS USING BLUE/ BLACK INK

A. APPLICANT POOL: (Tick as applicable)

Applicant type: ☐ Retail/Individual ☐ Institutional

Residence : ☐ Resident ☐ Non Resident Citizenship: ☐ Kenyan ☐ East African ☐ Foreigner

B. (i) PRIMARY APPLICANT DETAILS : (Names as per National ID / Passport)

Surname (Last Name)

CDS A/C No.

First Name and Other Names

Passport Number /ID Number /Alien ID Number

Country of Issue

(ii) JOINT APPLICANT 1 DETAILS : (Names as per National ID / Passport)

Surname (Last Name)

First Name and Other Names

Passport Number /ID Number /Alien ID Number

Country of Issue

(iii) JOINT APPLICANT 2 DETAILS : (Names as per National ID / Passport)

Surname (Last Name)

First Name and Other Names

Passport Number /ID Number /Alien ID Number

Country of Issue

(iv) CORPORATE/ INSTITUTIONS : (Names as per Certificate of Registration/ Incorporation)

Name

Registration/ Incorporation No.

Country of Registration/ Incorporation

For Nominee Applicants Only:

Account Name/ Number

C. VALUE FOR NOTES APPLIED FOR:

Minimum amount of Kshs. 1,000,000; Additional Amount in Multiples of Kshs. 100, 000

FIXED INTEREST RATE NOTES

FLOATING INTEREST RATE NOTES

D. FULL MAILING ADDRESS AND CONTACT DETAILS FOR ALL APPLICANTS:

P.O.Box

Postal Code

Street

City/Town

Country

Telephone Number

Mobile Number

Email Address

Fax Number

REAL PEOPLE™

REFUND & INTEREST PROPOSAL DETAILS

Serial No.

E. REFUND/ INTEREST PAYMENT AND PRINCIPAL REPAYMENT)

Electronic Fund Transfer Only
Name of Bank

Bank Code

Name of Branch (e.g. MOI AVENUE)

Account Number

F. SIGNATURES

Signature 1

Signature 1

Company Seal

Date (DD /MM/ YYYY)

/ / 2 0 1 5

G. FOR OFFICIAL USE ONLY

Authorised Placement Agent Stamp

NOTES TO THE REAL PEOPLE KENYA LIMITED MTN APPLICATION FORM

1. Tick the appropriate investor pool whether retail /individual or Institutional. Tick appropriate residence and citizenship status.
2. Fill in the names as per the CDS Account since this will be a fully dematerialized Note Issue where no certificates wil be issued. Trusts that have not been incorporated, a partnership or a deceased's estate cannot be used. Trustees of unincorporated trusts, individual partners or executors may apply for Notes in their own name(s)
3. Fill in the value of Notes being applied for
4. Fill in your current contact details; your mailing address including the postal code, telephone number, mobile telephone number and email address
5. For refunds (if any), interest payment and principal repayments , fill in your bank details i.e name of bank, branch name, bank code(the five-digit code indicating bank & branch codes) and the correct account number. Refunds will be payable via Electronic Funds Transfer(EFT)
6. Institutional applications must be signed by Authorized Signatories and the company seal appended in the space provided. Applicants signing by thumbprint must have the thumbprint witnessed next to it, and the witness should provide his/her full names and identification number within the signature box
7. This section is reserved for the official use of the Placement Agent and the Receiving Agent

Please note that the application forms received by NIC Securities Limited after the closing date will be automatically rejected.

20.8. APPENDIX D: LETTER OF UNDERTAKING

ON LETTERHEAD OF BANK/CUSTODIAN/QUALIFIED INSTITUTIONAL INVESTOR (QII)

The Managing Director
Real People Kenya Limited
P O Box 27153- 00100
Nairobi, Kenya.

Date:

Dear Sirs

UNDERTAKING IN RESPECT OF PAYMENT ON ALLOCATION OF NOTES TO [name of QII]

WHEREAS [name of investor] ("the Investor") have applied for Senior and unsecured Fixed Rate Notes worth KKES [] in Real People Kenya Limited (the "Real People") being offered by you for subscription as set out in the Information Memorandum dated [] and Tranche I Pricing Supplement dated []. (Capitalised terms used in this letter of undertaking shall have the meaning and interpretation given to such terms in the Real People Information Memorandum and Tranche I Pricing Supplement).

NOW at the request of the Investor and in consideration of Real People allotting to the Investor on the terms set forth in the Tranche I Pricing Supplement AND in consideration of Real People allotting to the Investor Notes worth KKES XXXX that we have applied for or such lesser amount as you shall in your absolute discretion determine, we hereby undertake to pay you without delay or argument and without the need to prove, forthwith upon your first written notice specifying how much has been provisionally allotted to the Investor, such sum requested not exceeding KKES XXXX.

Should such payment not be made within two business days following the deemed service of such notice then Real People shall be entitled without further notice to either: treat the Investor's application as having been repudiated and cancel the provisional allotment to it and re-allocate the provisionally allotted Notes on such terms and conditions as it shall think fit without prejudice to any rights to damages for such repudiation or; to allow us further time for payment on such terms and conditions as it shall think fit in which event we shall pay default interest on all sums outstanding at the rate of 15% per annum calculated on daily balances and compounded monthly.

Any notice to be served on us shall be in writing and shall be deemed to have been properly served on us if delivered by hand or sent by fax or email to us at address specified in our Note Application Form.

Any notice shall be deemed to have been received, if delivered by hand, at the time of delivery or, if sent by fax, on the completion of transmission or if by email receipt of a confirmed delivery notice.

This undertaking shall be governed and construed in accordance with the laws of Kenya and we irrevocably submit to the non exclusive jurisdiction of the Courts of Kenya. If we are not a Kenyan Company and in addition to any other permitted means of service, we hereby irrevocably appoint the Authorised Selling Agent submitting our Application for the Offered Notes as our agent for the receipt of any legal process.

IN WITNESS WHEREOF THIS LETTER OF UNDERTAKING HAS BEEN EXECUTED BY US THIS ________________ DAY OF _______________ 2015.

Signed By:

1) Name ____ Signature________________________ Title _________________________

1) Name ____ Signature________________________ Title _________________________

Note: Qualified Institutional Investors are Fund Managers, Authorized Depositories and Investment Banks licensed under the Capital Markets Act and Insurance Companies who manage life funds and licensed by the Insurance Regulatory Authority.

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www.realpeople.co.ke