



LUXURY OCEAN RESIDENCES
WATAMU • KENYA



INVESTMENT GUIDE

SEPTEMBER 2011

A UNIQUE INVESTMENT OPPORTUNITY

An exclusive collection of villas and penthouses with private access to a powder white beach.

The Medina Palms luxury ocean residences are located in Watamu, Kenya, on the shores of the Indian Ocean. Only an 8 hour flight from Europe with no jet lag, Kenya is famous for its natural beauty, incredible scenery and abundance of rare and amazing wildlife. Kenya has long been a favoured holiday destination and is ideal for both winter and summer sunshine. Comprising of the most diverse terrain, from snow-capped mountains and arid deserts, to the stunning Indian Ocean coastline, Medina Palms offers you access to a wealth of activities.

Medina Palms is around 2 hours by car from Tsavo National Park, Kenya's largest wildlife reserve... a magical location for your classic safari experience. The Masai Mara, one of the wonders of the natural world, is only 2 hours away by plane.

Kenya enjoys a wonderful tropical climate. The average annual temperatures in this region of the Indian Ocean are around 28°C. In general, weather at the coast is warm and tropical. The perfect alternative to cold European winters, since at this time, Watamu is sunny with warm coastal waters ideal for swimming, fishing, scuba, sailing, kitesurfing and a host of other water sports.



CONTEMPORARY SWAHILI

Inspired by the architecture of the ancient seafarers who visited this coastline in the 12th century, these stylish properties have been designed to maximise accommodation for owners with both wonderfully proportioned internal rooms and generous living areas.

The property floorplans show the generous living space, number of beds and location. Most of the properties have plunge pools on the roof to create your own personal space to relax and enjoy.

Please visit our Al Hamra website www.alhamrakenya.com to view a stylish private property which shares the design features, finish and atmosphere of Medina Palms.

The stylish interiors feature the essentials of modern living. High quality fixtures and fittings and distinctive Moorish features are tastefully coupled with the best of European chic. Attentive staff will complement your lifestyle.

Management Program

Buildings insurance and public liability insurance

Administrative arrangement for your payment of local taxes

24hr security

Community maintenance

Communications - WiFi

Property administration

Rental Program

Amenities

4 swimming pools

Roof top restaurant

Medina 'chill out' bar

Mini market



WHERE ELSE... CAN YOU ENJOY SUN, SEA, SAND AND SAFARI?

Medina Palms offers a wealth of activities on and off site, which are easily accessible and stimulate the most discerning visitor.

Watamu is a world renowned destination for watersports and also boasts some of the best sport fishing in the world, in particular from December to March and from July to August.

On Site Activities

Large swimming pools plus children's pool, and waterfalls

Roof top restaurant where you can dine under the stars

Medina 'chill out' bar, a cool place to relax with friends

Separate fitness trail with personal training centre

Luxury day spa to pamper body and soul

Children's play facility

Off Site Activities

Wildlife safaris (Tsavo and Masai Mara)

Deep sea sport fishing Marlin & Billfish

Water skiing on Mida inland waters

Mountain biking

Dhow cruises

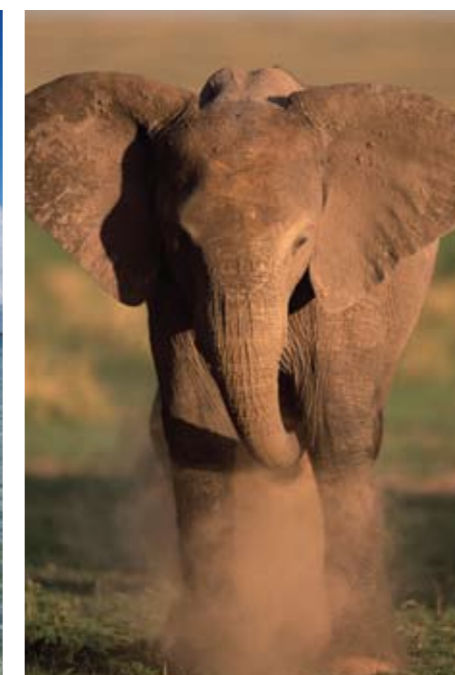
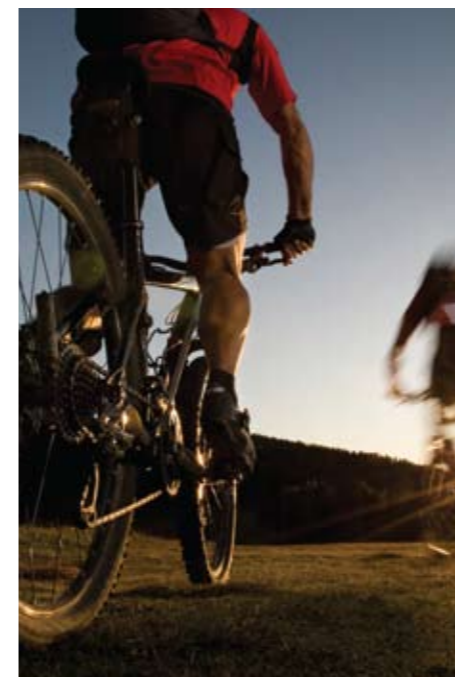
Horse riding

Bird watching

Wildlife walking safaris

Tennis

Golf -18 hole new championship course 45 mins by car

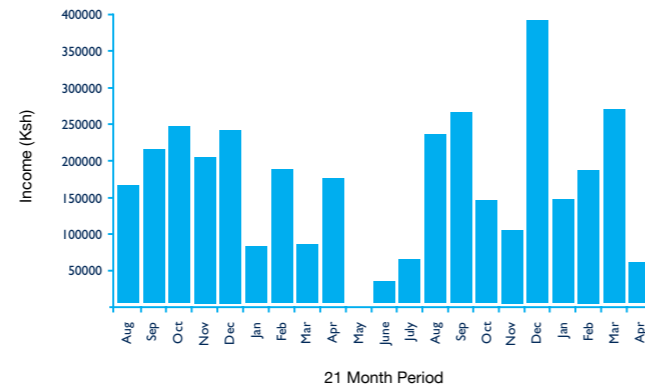


EXAMPLES OF EXISTING WATAMU RENTAL PROPERTIES TO SHOW SEASONAL UTILISATION

2 Bed House

Position - Beach front

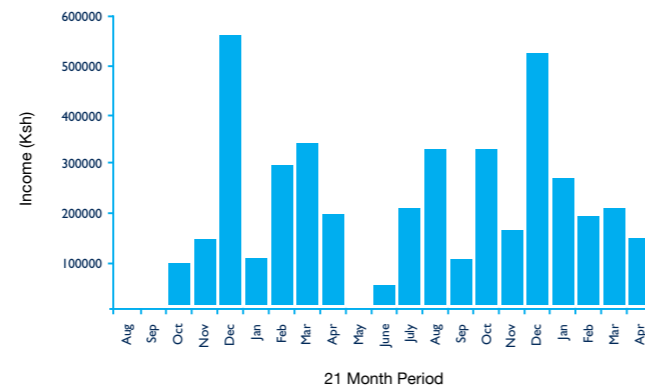
Occupancy: 54% (197 days per year)



4 Bed House

Position - Second row

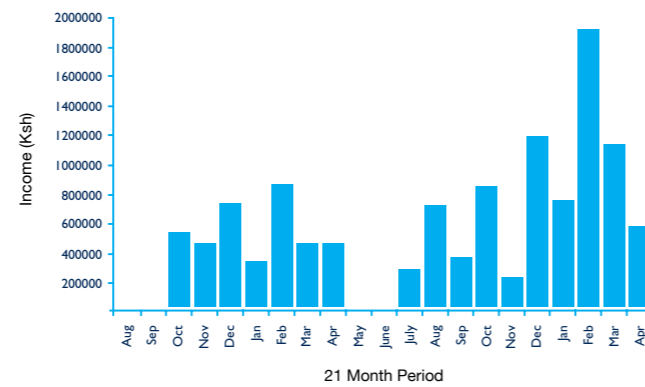
Occupancy: 43% (156 days per year)



5 Bed House

Position - Beach front

Occupancy: 42% (153 days per year)



COOL INVESTMENT

There has traditionally been an under supply of quality accommodation to buy or to rent on this famous Watamu beach. This is the fundamental investment reason underpinning this exciting project. Strong rental yields are anticipated together with capital growth.

There is nothing to compare with Medina Palms on this Indian Ocean Coast. There has already been strong demand from both domestic and international markets for our properties with over 50% sold to date.

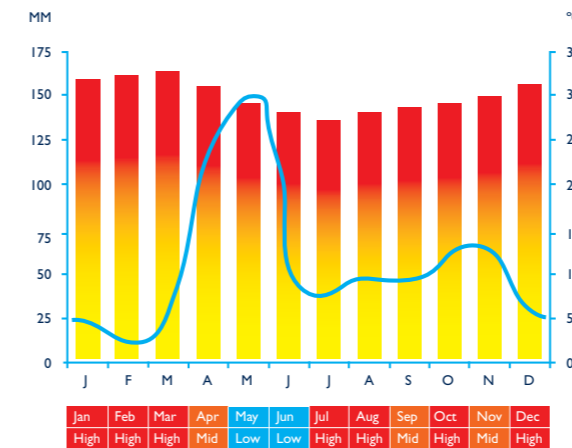
Watamu beach is an internationally recognised holiday destination. This landmark project in Kenya, should provide buyers with a strong investment, due to the recent and continued economic growth in this country: current rate is 4.5% per annum.

To optimise investment at times when you are not in residence, we have established a professional Rental Program to generate income.

Medina Palms was recently awarded the Best Development in Kenya at the African Residential Property Awards.



Average Temperatures



☂️ April, May and November

☀️ December - March

Notes:

The above information is based on existing Watamu properties with proven rental performance. Data courtesy of Watamu Property Services - locally based property specialists with over 8 years knowledge of the Watamu property market.

Star rating above relates to the general condition and facilities of a house, since some are older than others.

All properties in Medina Palms Rental Program will be finished to 5 Star rating.

MANAGEMENT PROGRAM

Management Philosophy

When complete, these luxury ocean residences will be operated by a specialist management company, who will provide hospitality and management services to owners and guests. Medina Palms will be run in a professional yet relaxed manner, focusing on detail that makes owning a property a simple pleasure. The aim will be to provide a secure, efficient and relaxed atmosphere, to give you a pleasurable home away from home and an optimised investment.

Management Service Costs

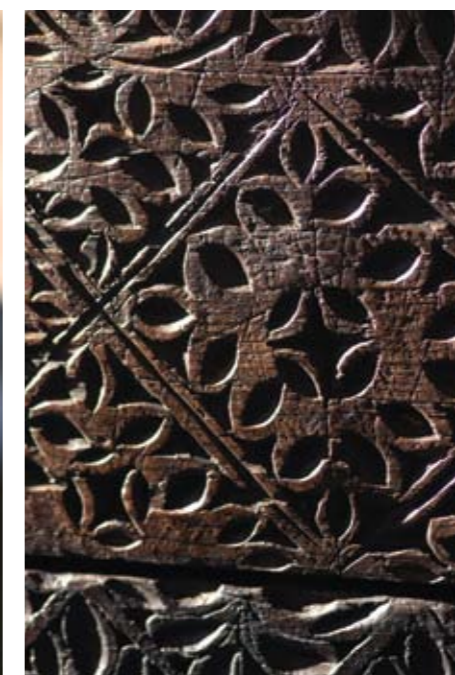
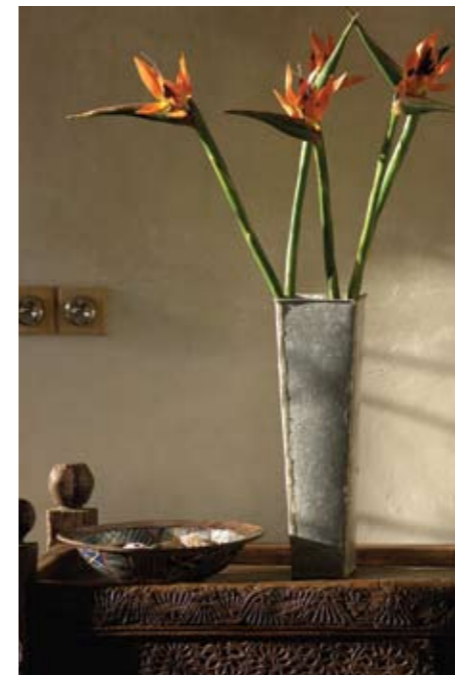
The community will be professionally managed to maintain properties, grounds and communal areas. If owners wish to rent out their properties at Medina Palms they will be required to join our holiday Rental Program. The property will then be marketed internationally to generate valuable income, and a contribution will be donated to local community based charities to support our policy of sustainable development.

The management company will be owned by the owners of the properties. The Monthly Management Service Charge is calculated and apportioned based upon the area of each individual unit, as defined on the property plan at the time of purchase.

As a guide, the management charge is defined as the cost of running Medina Palms +20% to cover the administration of all these activities. This figure is then apportioned between each property according to unit size.

The yearly management accounts will be audited and verified externally and the monthly management charge may be adjusted accordingly in future years.

The management team will ensure that residents and guests are treated to a high level of service. The objective is to have a consistent quality for all properties, by standardising furniture, electrical goods, linen, crockery and glassware to provide harmonised facilities which can then be more readily marketed internationally.





RENTAL PROGRAM

Rental Marketing

Currently, Medina Palms are working with a specialist Marketing and PR Agency based in the UK, promoting luxury tourism in Kenya.

Additional Facilities at Additional Cost

Airport transfers, babysitting/nanny service, private cooks, clothing laundry service, room service, laundry and maid service.

Private Chef Service

There will be a roof terrace restaurant for all guests to enjoy. In addition, to make your stay as relaxing as possible, there will be a pool of chefs who can be hired for an extra charge. These chefs will be charged at a daily rate to your bill and are subject to availability. Booking in advance is advisable; details can be supplied upon request.

For comprehensive details of how the Rental Program will work please contact your agent or refer to our latest Buyer's Guide.

Rental Service

Property prepared for occupation

Concierge service centre

Linen service

Occupied property cleaned daily

Beds turned down daily

Fresh flowers and fruit on arrival

Advance delivery of groceries
(if required - 48 hours notice)

Collection of rental income
and payments made to local
bank account

Initial fees 26%+VAT (16%) +Taxes

A contribution of around 1%
will be collected from the rental
income for the benefit of local
community based projects,
to support our philosophy of
sustainable development.



RENTAL YIELD ANALYSIS FEBRUARY 2011

Kenyan Shillings Ksh - All figures are an estimate for guidance only.

Property	Purchase price	Monthly Medina community charge	Annual Medina community charge	No Beds ****	Gross daily rental income *	Owners daily rental income ***	Annual est. nett income 50% occupancy 182 days/yr	Nett Yield % **	Annual est. nett income 65% occupancy 237 days/yr	Nett Yield % **
Beach Villa Sea View	66,250,000	81,250	975,000	4	43,750	23,187	3,245,125	4.9	4,520,375	6.8
Beach Villa	57,500,000	81,250	975,000	4	35,000	18,550	2,401,125	4.2	3,421,375	5.1
Apartment Sea View	30,687,500	26,250	315,000	2	22,500	11,925	1,855,375	6.1	2,511,250	8.2
Apartment	26,687,500	26,250	315,000	2	17,500	9,275	1,373,000	5.1	1,883,125	7.1
Penthouse Sea View	36,687,500	52,500	630,000	2	26,250	13,912	1,902,125	5.2	2,667,250	7.3
Penthouse	35,450,000	52,500	630,000	2	21,250	11,262	1,419,750	4.0	2,039,750	5.8

Pounds Sterling GBP

Property	Purchase price	Monthly Medina community charge	Annual Medina community charge	No Beds ****	Gross daily rental income *	Owners daily rental income ***	Annual est. nett income 50% occupancy 182 days/yr	Nett Yield % **	Annual est. nett income 65% occupancy 237 days/yr	Nett Yield % **
Beach Villa Sea View	530,000	650	7,800	4	350.00	185.50	25,961	4.9	36,163	6.8
Beach Villa	460,000	650	7,800	4	280.00	148.40	19,209	4.2	27,371	5.1
Apartment Sea View	245,500	210	2,520	2	180.00	95.40	14,843	6.1	20,090	8.2
Apartment	213,500	210	2,250	2	140.00	74.20	10,984	5.1	15,065	7.1
Penthouse Sea View	293,500	420	5,040	2	210.00	111.30	15,217	5.2	21,338	7.3
Penthouse	283,600	420	5,040	2	170.00	90.10	11,358	4.0	16,318	5.8

Notes

Capital appreciation : in addition to the above rental yields property prices in watamu have been increasing over recent years by typically 15-20 % per annum
 * These figures are the estimated income into rental company after travel agents fees (typically 30%).
 ** The nett yield % is calculated after deduction of total community management charge for the year and rental fees on any rentals achieved.
 ***Owners daily rental income is nett of rental charges (rental charge 26% / vat 16% / staff surcharge 5%).
 ****All rooms are double or twin bed rooms.
 The yields are suppressed due to property prices being inclusive of furnishing packs.
 All figures are an estimated average and will fluctuate seasonally.
 All figures are estimates, not guaranteed, not contractually binding and for guidance only - past performance is not necessarily an indication of future performance.
 The purchase property prices are typical and will vary depending on the precise location of the property.



WHAT AM I BUYING?

Medina Residence Limited is the current owner of a Beach Front Plot known as Land Reference Number 8572 which has a lease term of 99 years from 01.09.2007.

The Developer, Medina Residences Limited, is constructing Medina Palms Luxury Ocean Resort on the property and is selling each unit by way of "sell off", so that each buyer has a title and owns a share in the site, as per the terms of the staged payments indicated below. This effectively gives control of the site to the buyers.

A professional management company will take care of the facilities on site, to give you peace of mind. The company will be implementing an international marketing strategy to promote the destination and increase rental yields. All transactions will be in Kenyan Shillings only.

Purchase Procedure and Costs

How to Buy

1. Choose your apartment, penthouse or villa from the site plan
2. Pay 5% deposit, refundable within 28 days. Thereafter staged payments to match construction

Property Purchase Procedure

1. Confirming an offer
2. The drafting of contracts
3. The exchanging of contracts
4. Completion of the sale
5. Payment of stamp duty
6. Registration of ownership

Purchase Costs

Advocates fees are regulated by statute. The approximate legal fees payable are between 0.6 and 1 percent of the purchase price exclusive of VAT and disbursement.

A discount of 15% of the fees is allowed in law where the same lawyer acts for both the vendor and the purchaser.

Stamp duty is payable by the buyer at the rate of 4% of the value of the property.

Kenya's property boom on a roll as sector draws in foreigners

"Kenyans have got property buying fever in a big way and with more gains predicted, foreign money is also boosting the country's hottest investment sector. Country's position as a regional business hub, improving governance, high population growth and a rising middle class are among the main causes."

Kenya Business Daily October 8, 2010

Can Kenya make its new deal work?

"Kenya has recovered its breath, endorsed a new political system, and is now poised to forge ahead as the region's undisputed economic motor and diplomatic nerve-centre."

The Economist October 28, 2010

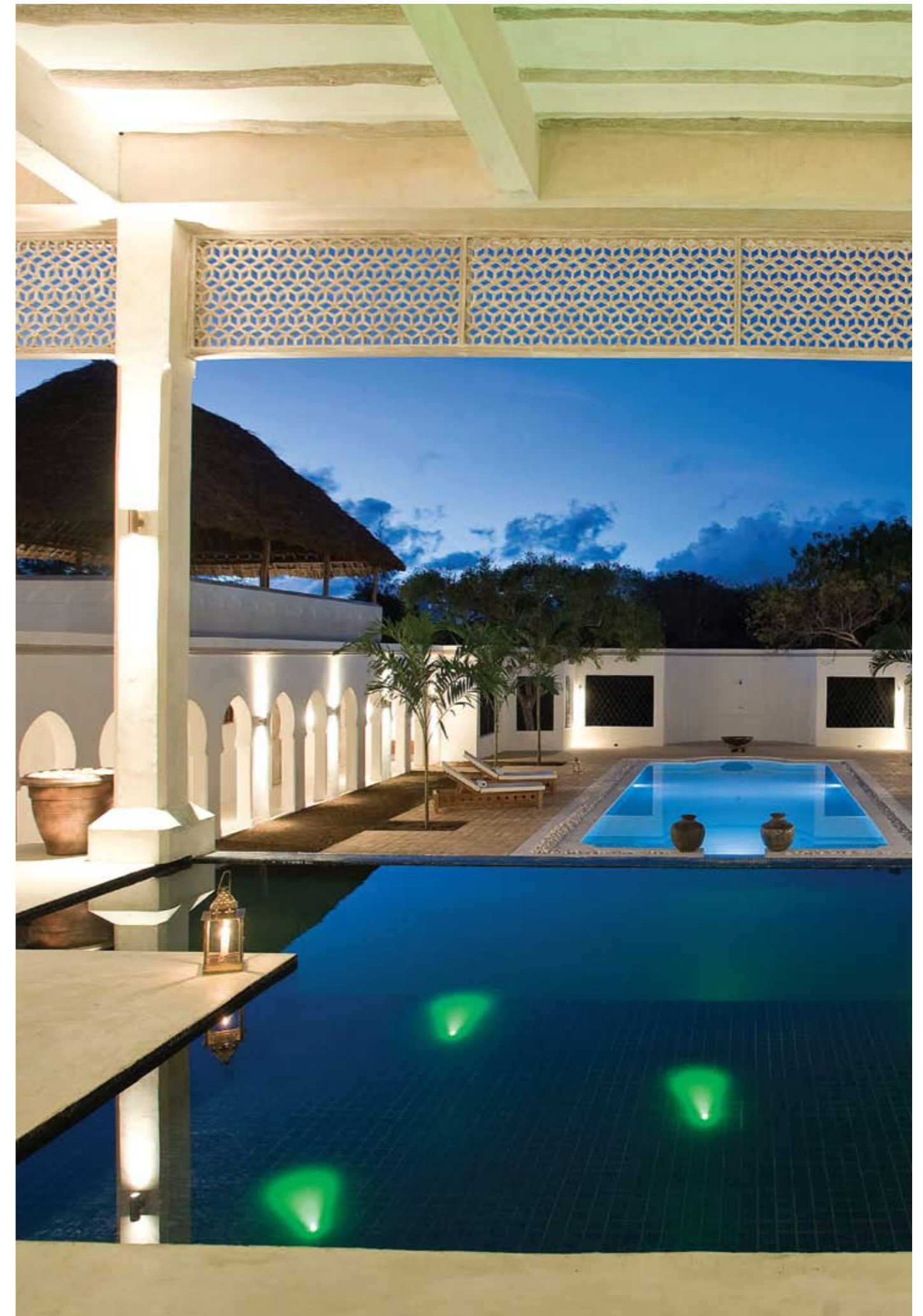
Boom-time for Kenya's property market

"A rising demand for housing across Kenya has turned construction into the economy's fastest growing sector and news of a multi-billion pound property development on the outskirts of Nairobi looks set to push the country into property boom-time... East Africa's biggest economy, Kenya, has been enticing both local and foreign investors to its property sector with impressive returns that have far outperformed stocks over the last decade."

themovechannel.com October 01, 2010

KEY PROJECT FACTS

Location	Watamu, Kenya. 20 miles south of Malindi Airport
Property	6 acres, beachfront Indian Ocean-White Sand
Developer	Medina Residences Limited, Nairobi
Planning	Malindi County Council
Project managers	Knight Frank Kenya, Nairobi
Structural engineers	Manor Consultants, Mombasa
Supervising architect	Mi Casa Design, Nairobi
Quantity surveyors	Armstrong & Duncan, Mombasa
Environmental consultants	
Health & Safety consultants	GIBB Africa, Nairobi
Sales agents	Knight Frank International - Kenya and UK Watamu Property Services - Kenya
EIA licence No	0006062
Planning dept	P54/2007 – Land Ref No 8572
Planning No	12/10
NEMA REG. No	6062
Lease 99 years from	1.07.2007
Units	50 units: Villas, Beach Houses, Penthouses and Apartments
Retail space	Approximately 768 Square Metres (minimarket/interiors shop/watersports/Spa/Fitness)
Services	Approximately 400 Square Metres (restaurant/bar)
Car parking	Approximately 70 spaces
Population on site	120 Average per day
Total project value	12 Million GBP
Total project build time	22 months
Construction start	November 2010





AFRICAN RESIDENTIAL PROPERTY AWARDS

in association with

Bloomberg

TELEVISION

HIGHLY COMMEDED

BEST DEVELOPMENT
KENYA

Medina Palms
by Medina Residences Ltd

2010

KOHLER



www.medinapalms.com

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