



NAIROBI
— PRIME STAY —

CONFIDENTIAL INVESTMENT MEMORANDUM

The Furnished *Income* Fund

A furniture-finance vehicle that converts Nairobi's furnished-rent premium into a tiered cash yield for investors — without buying a single apartment.

29.0%

TARGET NET
YIELD
TO INVESTORS¹

KES 1.0_M

PER UNIT ·
MINIMUM TICKET

15%

PREFERRED
RETURN
BEFORE ANY
CARRY

75 / 25

INVESTOR /
MANAGER
RESIDUAL SPLIT

EXECUTIVE SUMMARY

The opportunity, in one page

Nairobi rewards furnished apartments with a large rent premium, but most landlords never capture it — they lack the furniture, the systems and the appetite for short-let management. The Fund closes that gap. Investors finance the furniture; the manager leases unfurnished, furnishes, and operates the unit as a premium serviced apartment, sharing the uplift through a clear, investor-first waterfall.

<p>35.5%</p> <p>GROSS ROI PER UNIT (BASE CASE)</p>	<p>KES 29.6_k</p> <p>NET PROFIT / MONTH PER UNIT</p>	<p>33.8</p> <p>MONTH PAYBACK ON FURNITURE</p>
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What the investor owns

Each KES 1,000,000 ticket funds the furniture and fit-out of one apartment. That capital is the productive asset: it is what lifts an unfurnished lease into a furnished, income-generating serviced unit.

How returns are made

A furnished unit lets for roughly 90% more than the same unit unfurnished. After vacancy, operating costs and the landlord's rent, the surplus is the Fund's profit — distributed to investors and the manager through the waterfall.

What a \$100,000 stake earns

Base case, once stabilised. Every figure is simply a share of your \$100,000:

PER YEAR	USD
Profit your apartments generate	35,460
Your preferred return, paid first (15%)	15,000
Plus your 75% of the surplus	13,995
You receive — a 29.0% yield¹	28,995
Administration cost (1.8%)	1,800
Manager's 25% of the surplus	4,665

You are paid your 15% *before* the manager earns a single dollar of performance fee. At **\$28,995 a year** you recover the full \$100,000 in about **3.4 years**, then keep earning. (\$100,000 is roughly KES 13M — the furniture for about 13 apartments.)

One honest caveat — please read

These figures assume ~90% occupancy. At today's Nairobi market average of about 75%, the apartments only break even and your payout could fall toward **zero** — so 29.0% is a **target, not a promise** (Section 07 stress-tests it). Rents are earned in Kenyan shillings, so the USD/KES exchange rate also moves your dollar return.

¹ Base-case stabilised cash yield to investors after the distribution waterfall; not a guarantee — see Sensitivity (07) and Important Notice (09).

THE OPPORTUNITY

A deep, growing market — and a premium few capture

Nairobi is one of Africa's primary hubs for diplomats, executives, NGOs, remote workers and medical and education travellers. They arrive needing somewhere comfortable, serviced and ready to live in from day one — exactly the furnished segment the Fund targets.

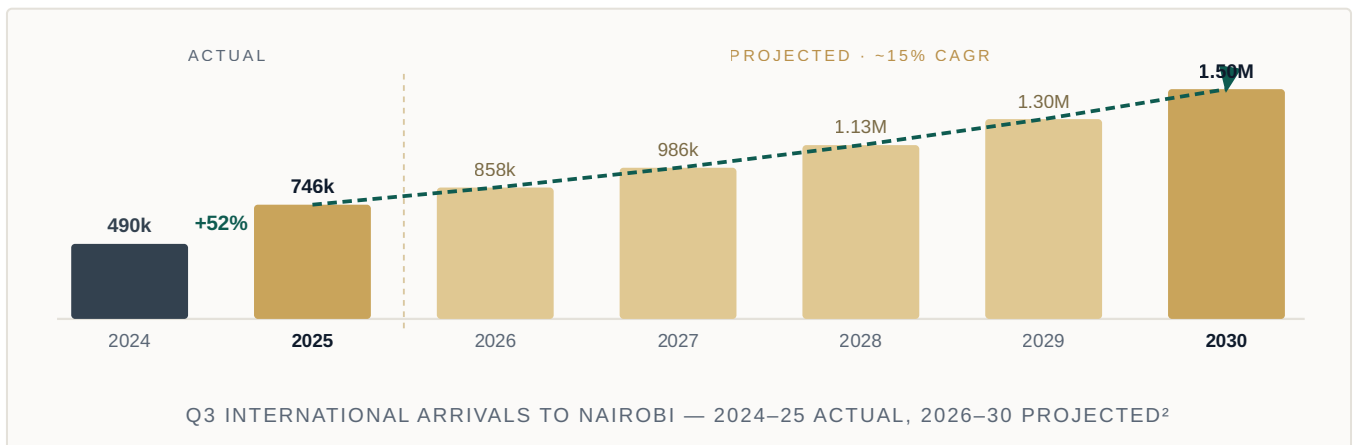
The furnished premium is real

In prime nodes — Westlands, Kilimani and the diplomatic Gigiri belt — furnished short-let units let for roughly **KES 180,000–240,000** a month against **KES 90,000–115,000** unfurnished.³ Serviced apartments command a **2–4 ppt** yield premium, and 8–12% gross yields when professionally run at high occupancy.³

Why the premium goes uncaptured

Most landlords stay unfurnished — furnishing ties up capital, and running a serviced unit is an operating business (bookings, cleaning, guest care, 24/7 response), not a passive lease. The Fund's wedge: investors supply the *furniture capital*, Vitanova Land supplies the *operating capability* — neither has to buy property to earn the premium.

Demand is surging — up 52%, and projected to keep climbing to 2030²



OTHER DEMAND SIGNALS	2024	2025
Serviced-apt occupancy	72.2%	74.7%
Monthly charge / m ²	3,155	3,366
Average rental yield	7.3%	7.4%

Screaming demand
Arrivals, occupancy, rates and yields all rose together — while furnished, serviced supply lags. More people are arriving than the city can house to this standard, and the trend is set to widen the gap through 2030.

² Cytonn, Nairobi Metropolitan Area Serviced Apartments Report 2025; arrivals for 2026–30 are projected at ~15% CAGR — illustrative, broadly in line with the growth ambition of Kenya's National Tourism Strategy 2025–30, and not a forecast or guarantee. ³ West Kenya Real Estate; market listings, 2025. Figures describe the market, not Fund performance.

THE MODEL

How one unit makes money

The mechanism is simple and repeatable. The Fund secures an unfurnished apartment on a standard lease, furnishes it with investor capital, and operates it as a furnished serviced unit. The difference between furnished income and the unfurnished rent — net of vacancy and operating costs — is the profit.

The four steps

- 1 • Lease** an unfurnished unit at market rent (KES 150,000/mo).
- 2 • Furnish** it with KES 1,000,000 of investor capital.
- 3 • Operate** it furnished at a ~90% premium as a serviced apartment.
- 4 • Distribute** the surplus through the waterfall (Section 04).

On the ordering of costs

The 30% management & service fee is charged on *occupied* revenue — i.e. after the 10% vacancy deduction. You only pay to run nights that were actually sold. It is the conservative, realistic way to model the unit, and is how the table at right is built.

Unit economics — base case, per apartment, per month

LINE	BASIS	KES / MONTH
Unfurnished market rent	Landlord lease	150,000
Furnished rent	+90% furnished premium	285,000
Less: vacancy	10% of furnished rent	(28,500)
Occupied revenue	90% occupancy	256,500
Less: management & service	30% of occupied revenue	(76,950)
Net operating income	before landlord rent	179,550
Less: landlord rent	paid to property owner	(150,000)
Net profit to the Fund	per unit, per month	29,550
Annualised profit per unit	× 12 months	354,600

The payoff

On KES 1,000,000 of furniture, KES 354,600 a year is a **35.5% gross ROI** and a **33.8-month (~2.8-year) payback**. Figures are before the waterfall and before furniture depreciation (Section 07); the base case assumes 90% occupancy and a 90% furnished premium — the optimistic end of the market range (Section 02).

DISTRIBUTION STRUCTURE

The waterfall

Each unit's annual profit is distributed in a fixed order of priority. Investors are paid first, to a 15% preferred return, before the manager earns any performance share. The structure is deliberately investor-first.

TIER	MECHANISM	KES / UNIT / YR	TO
Distributable profit	From the unit economics	354,600	—
1 · Administration cost	1.8% of capital, off the top	18,000	Fund cost
2 · Preferred return	First 15% to the investor	150,000	● Investor
3 · Residual split — investor	75% of the remaining 186,600	139,950	● Investor
3 · Residual split — manager	25% of the remaining 186,600	46,650	● Manager
Investor receives	29.0% net yield on KES 1.0M	289,950	● Investor
Manager receives	25% carry — 13.2% of profit	46,650	● Manager

Where every shilling of profit goes



● Investor — 81.8% (KES 289,950) ● Manager's carry — 13.2% (KES 46,650) ● Administration — 5.1% (KES 18,000)

Reading the structure

The 1.8% is an administration cost charged on invested capital and taken before any profit is shared — it is not a manager fee. It funds the team that runs the Fund: administration, investor relations, interior design, apartment sourcing and negotiation, and legal due diligence. The 15% preferred return is the investor's first claim on the rest; only then does the manager earn its 25% performance share, with the other 75% going to the investor. If a unit underperforms, the investor's preferred return ranks ahead of the manager's share.

INVESTOR RETURNS

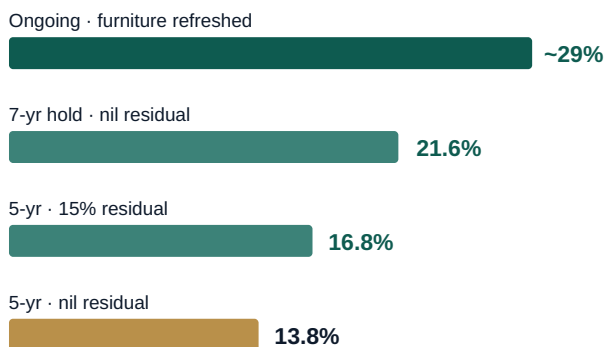
From one unit to a fund

The unit is the building block. The Fund simply replicates it. Returns scale linearly with the number of units financed, so an investor can size exposure in KES 1.0M increments.

Illustrative fund — annual, stabilised (base case)

FUND SIZE	UNITS	CAPITAL RAISED	TO INVESTORS	MANAGER CARRY	ADMINISTRATION
Starter	25	25,000,000	7,248,750	1,166,250	450,000
Core (illustrative)	50	50,000,000	14,497,500	2,332,500	900,000
Scaled	100	100,000,000	28,995,000	4,665,000	1,800,000

Investor IRR — by holding assumption



Lifetime IRR rises the longer the unit operates and the more furniture value remains at exit.

Cash yield vs IRR

The 29.0% headline is an annual *cash* yield. Because furniture depreciates, the lifetime *IRR* depends on how long the unit runs and whether furniture is refreshed from operating cash. The honest range is roughly 14–29%, strongest when the unit keeps operating beyond the payback period.

All figures base case, before tax and FX effects, and before any fund formation costs. Illustrative only.

HOW THIS COMPARES

Not a hedge fund — a different engine

A hedge fund sells liquid market *alpha*; this Fund sells an *operating spread* on a real asset. Markets price the two very differently — which is why the Fund can place a 15% preferred return ahead of the manager, where the private-fund norm is about 8%.

	CLASSIC HEDGE / PE FUND (2 & 20)	NPSS FURNISHED INCOME FUND
Return engine	Trading liquid public markets (alpha)	Operating spread on furnished serviced apartments
Fixed annual charge	~2% management fee	1.8% administration cost
Preferred return (hurdle)	~8% typical	15% to investors
Performance share above hurdle	20% carry to manager	25% manager / 75% investor
Return to the investor	~6–10% net, long-run*	~29% target · base case (35% gross)
Liquidity	Liquid / periodic redemption	Illiquid — capital committed
Diversification	Broad, many positions	Concentrated — few units, one city

Why a 15% preferred is affordable

The return isn't alpha — it is the gross margin of a small operating business, earned on a *small* base. Investors fund only the ~KES 1M of furniture; the apartment is leased, not bought, so operating profit is a large percentage of that base. Operating businesses routinely run 20–40% margins, and the spread is recurring rent — so even after paying 15% clean, a residual remains to split for the manager.

The honest trade-off

This is not free outperformance. The hedge-fund 6–10% is *net, realised, diversified and liquid*; the Fund's 20–30% is a *gross target* before vacancy, depreciation and FX, and assumes above-market occupancy (break-even ~75%, Section 07). The higher target is the price paid for illiquidity, concentration, currency and execution risk — a different point on the risk–return line, not a better version of the same thing.

The honest one-liner

We don't beat hedge funds at their own game. We sell a concentrated, illiquid, real-asset yield — and the higher target return *is* the compensation for that risk.

* Hedge-fund net returns averaged ~5% a year over 2011–2020, higher recently (~11–12% in 2024–25). "2-and-20" with an ~8% hurdle is the classic private-fund structure. Industry figures, not this Fund.

SENSITIVITY & RISK

What has to go right

The return is attractive but not bullet-proof. One variable dominates — occupancy. The table below varies only how full the unit is.

Investor net yield by occupancy

OCCUPANCY	VACANCY	NET PROFIT / MO	GROSS ROI	INVESTOR NET YIELD
95%	5%	39,525	47.4%	38.0%
90% — base case	10%	29,550	35.5%	29.0%
85%	15%	19,575	23.5%	20.0%
80%	20%	9,600	11.5%	9.7%
~75% — break-even	~25%	~0	~0%	~0%
70%	30%	(10,350)	(12.4%)	0% ⁵

The number that matters most

The unit breaks even near **75% occupancy** — almost exactly the 2025 Nairobi market average of 74.7%. The base case assumes the unit beats that average: achievable in prime nodes with professional management, but the assumption the whole return rests on. Below ~75%, the investor's preferred return is at risk.

Principal risks

Occupancy & pricing

HIGH

The dominant driver. Occupancy below ~75%, or a softer furnished premium, erodes the return. **Mitigation:** prime-node selection, professional revenue management, and corporate/diplomatic contracts for base-load demand.

Furniture depreciation & refresh

MEDIUM

Furniture wears out; sustaining income beyond ~5 years needs refresh capital. **Mitigation:** a refresh reserve funded from the operating fee; IRR scenarios in Section 05 show the effect of residual value.

Currency (KES)

MEDIUM

Returns are earned and reported in Kenyan shillings; foreign investors carry FX risk on conversion. **Mitigation:** investors may evaluate returns net of expected currency movement.

Lease & regulatory

MEDIUM

Head-lease terms, short-let regulation and licensing can change. **Mitigation:** vetted leases, compliance built into the operating platform.

Liquidity & concentration

LOWER

Committed capital is not readily redeemable, and a small fund concentrates exposure. **Mitigation:** diversify across units, buildings and tenant types as the Fund scales.

⁵ Losses are borne at Fund level; the investor's downside is the deployed furniture capital. Illustrative, not a forecast.

INDICATIVE TERMS

Terms & use of funds

The terms below are indicative and for discussion. Final terms will be set out in the Fund's constitutive and subscription documents.

Indicative terms

TERM	INDICATIVE BASIS
Vehicle	Furniture-finance fund
Manager	Vitanova Land (NPSS)
Unit / ticket	KES 1,000,000 = 1 apartment
Illustrative size	KES 50M · 50 units
Administration cost	1.8% of capital p.a.
Preferred return	15% to investors first
Carry split	75% investor / 25% manager
Distributions	From operating cash, periodic
Term	5-yr initial; refresh thereafter
Reporting	Occupancy & cash, each period

Use of one KES 1.0M ticket

ITEM	KES
Living, dining & bedroom furniture	430,000
Kitchen, appliances & white goods	210,000
Soft furnishing, décor & styling	150,000
Electronics, Wi-Fi & smart locks	110,000
Installation, photography & launch	60,000
Contingency / refresh reserve	40,000
Furniture & fit-out per unit	1,000,000

Aligned incentives

The manager earns its performance share only after investors receive their 15% preferred return — so the manager is paid to keep units full, not merely to deploy capital. The allocation above is indicative and will vary by unit size and finish.

IMPORTANT NOTICE

Before you decide

We lead with the answer and never oversell. This document is an honest model, not a promise of returns — please read it in that spirit and take your own advice.

This memorandum is provided by Vitanova Land for information and discussion only. It is not an offer to sell, or a solicitation of an offer to buy, any security or interest, and it does not constitute investment, legal, tax or financial advice. Nothing here is a recommendation to invest.

All figures are illustrative and based on stated assumptions — principally a 90% furnished premium and 90% occupancy — which are at the optimistic end of the current Nairobi market range and may not be achieved. Actual results will differ, potentially materially. As shown in Section 07, the model is highly sensitive to occupancy and breaks even at roughly 75% occupancy, close to the prevailing market average. Projected yields and IRRs are targets, not guarantees. Returns are not assured, distributions may be lower than modelled or nil, and investors may lose some or all of the capital deployed.

Returns are earned in Kenyan shillings and are subject to currency, market, operational, lease, regulatory, taxation and liquidity risks. Invested capital is committed and illiquid. Past performance and market data are not indicative of future results. Market statistics are drawn from third-party sources believed reliable but not independently verified by Vitanova Land. Any investment would be made solely on the basis of the Fund's final constitutive and subscription documents, which would prevail over this summary. Prospective investors should consult their own independent legal, tax and financial advisers and satisfy themselves as to all matters before committing capital.

Sources

Cytonn — Nairobi Metropolitan Area (NMA) Serviced Apartments Report 2025 — cytonn.com/topicals/nairobi-metropolitan-area-33

West Kenya Real Estate — How to Maximize Rental Income from Apartments in Nairobi (2025 Guide) — westkenyarealestate.com/apartments-in-nairobi-2025-guide

Sarabi Realty / RootsAfrica — Nairobi rental-yield guides, 2025.

AEI — S&P 500 vs hedge-fund returns, 2011–2020; Canoe — 2025 Hedge Fund Report (returns by strategy).

Carta & Moonfare — "2-and-20" management fee, carried interest and the 8% preferred-return hurdle.