



**REQUEST FOR PROPOSAL (RFP)
FOR INVESTMENT BY CYTONN INVESTMENTS
IN AN
INSURANCE BROKERAGE FIRM,**

**CYTONN INVESTMENTS MANAGEMENT PLC
3RD FLOOR, LIAISON HOUSE, STATE HOUSE AVENUE,
P.O. BOX 20695 – 00200
NAIROBI – KENYA**

SECTION A: Introduction

Cytonn Investments Management Plc (Cytonn Investments) is an independent investment management firm, with offices in Nairobi - Kenya and Washington D.C. Metro - U.S. We are primarily focused on offering alternative investment solutions to global and local institutional investors, individual high net-worth investors, and diaspora investors interested in the East-African region. Our investments are in real estate and private equity.

Real estate investments are made through our development affiliate, Cytonn Real Estate, where we currently have over Kshs. 82 billion of projects under mandate across ten projects. In private equity, we invest in banking, insurance, hospitality, education and technology. Cytonn Education Services, Cytonn Residences and Cytonn Technologies are our affiliates for making investments into education, serviced apartments (hospitality) and technology. Our financial services investments are made through our Cytonn Quoted Private Equity arm, which focuses on investments across Sub-Saharan Africa.

In line with Cytonn's growth in the financial services sector, we are looking to venture into the insurance brokerage business given that insurance is one of the sectors we undertake deep research analysis on and we foresee immense growth opportunities in the sector. Cytonn Investments hereby, invite proposals from:

- (i) Eligible candidates for an investment in their firm, which is an already existing Insurance Brokerage that is looking for capital, or,
- (ii) Entrepreneurial Individuals or Teams with a strong track record looking to receive seed financing to start an insurance brokerage, which will be a greenfield investment.

Important to note is the value addition through our captive pool of businesses from the corporate business, and our ten real estate development projects.

Deadline for Submission of Proposals

The proposal documents should be submitted in soft copy through the email address pe@cytonn.com, no later than on **25th December, 2017** by 5:00 PM. The subject of the email should be written as follows:

“TENDER FOR INVESTMENT PROPOSAL”

Any additional information or clarification can be addressed to pe@cytonn.com or +254 709 101 000. Cytonn Investments is not bound to accept the lowest or any proposal.

SECTION B: Purpose

The purpose of this “Request for Proposal” (RFP) is to invite proposals from an Insurance Brokerage firm or a professionally qualified and experienced team in insurance brokerage (hereinafter called “Investee”) to submit a proposal for investment from Cytonn Investments Plc (the “Investor”). The proposal may also come from an experienced team with a track record in the Insurance Brokerage Business seeking for seed capital. The submitted proposal must be for an equity investment in the investee. The Investee will collaborate with the Investor on creating value and growing the business through the Investor's pool of captive business. The Investor will review the proposals based on an evaluation of the criteria outlined in this document.

Background

- Cytonn Investments seeks to invest in an Insurance Brokerage firm or business thereof for the following reasons: (i) to expand our investments in the financial services sector, which we believe has great growth potential, (ii) to provide value addition through our captive pool of business to a team or firm thereof that has ambitions and a track record to be market leaders in the industry, and,
- The firm, team, or business thereof shall work towards seeing the Investor realize a required return on investment (ROI) and ensure smooth running of all the business operations.

SECTION C: Required Documents for Insurance Brokerage Investment

In addition to the below, all submissions for the Insurance Brokerage Investment shall need to be supported by a Business Plan for investment.

Scope of the Screening Criteria for the Investee

The Investee firm or business thereof shall be based on the following screening criteria for consideration by the Investor. Where the opportunity is based on a Team looking for seed capital, the below Number 1. will not apply.

Please note that a detailed Request for Information (RFI) will be sent to the shortlisted firms, teams or individuals.

1. An Exemplary Track Record

The Investee team shall be required to portray a track record that demonstrates the business has been in operation undertaking the business of insurance brokerage. Key variables on demonstrating the track record shall be as follows but not limited to the list;

- i) Audited financial statements (if applicable);
- ii) Business plan towards growth;
- iii) A team and the qualifications per team member, or a plan to hire a Team.

2. A Stake That Allows the Investor to add Value

Cytonn Investments is seeking either an aligned stake in an insurance brokerage firm or in a new venture by an entrepreneurial team with experience in insurance brokerage. However, in all the cases, the stake on offer should allow it to make an effective contribution to the business strategy, growth and governance. The Investee should therefore have a valuation for their business with capital required and stake on offer, which shall be disclosed to the Investor upon submission of the proposal or requirement.

3. A Competitive Edge

Cytonn Investments invests in businesses/ or a team starting a new venture with experience in the relevant field that portray a compelling competitive advantage, which is sustainable over time supported a favorable track record. For the Investee to be in a position of funding and value addition there should be a clear competitive advantage that will be the differentiating factor in the market to ensure competitiveness of the brand and consequently sustained growth. Failure to present a concise competitive advantage shall lead to automatic rejection of the proposal by the Investor given the

dynamic nature of the financial services sector.

4. Favorable Long-term Prospects

Cytonn Investments invests in businesses with long-term value creation potential and we avoid businesses whose primary value creation potential lies in financial engineering of the balance sheet. Through a comprehensive business plan, the Investee should be able to outline the strategies and targets to be achieved for sustainable growth and probably scale-up of the business. The Investor shall be looking at investment horizon of at least 5 years in the business, which is the Investor's preferred investment horizon.

5. Aligned Partnerships

Cytonn Investments invests alongside or with partners whose ethical and business values are aligned to its own. Cytonn also ensures that transaction terms and agreements are structured to ensure an alignment of interest among shareholders and between shareholders and management to the greatest extent possible. All partnerships with the Investee shall therefore be in line with our values and to the best interest of the business at whatsoever cost. All partners to the investment must also portray lack of conflict of interest with the interests of the business and hold themselves to the utmost degree of integrity and accountability.

6. Quality management

Cytonn Investments invests in enterprises whose managers' possess a demonstrated track record. Where management is not present, the ability to recruit suitable management is an investment prerequisite. In any investment, Cytonn ensures that it has the ability to influence the quality of management to ensure that the business strategy is executed in a proper and diligent manner. The Investee shall be required to demonstrate efforts to bring onboard a quality management if none exists upon consideration.

SECTION D: Submission Requirements

The Firm's/Consortiums Requirements (if available)

- a) A Certificate of Compliance from the Relevant Tax Authority;
- b) Proof of Physical address (a trade license);
- c) Taxpayers Registration Certificate of the firm;
- d) Audited financials for the last 3-years, if available;
- e) License / Compliance Certificate from the relevant regulatory authority;
- f) If available, a list of previous clients and their contacts as references.

The above documents must be submitted together with the proposal.

Technical Proposal

Firms are required to submit a proposal giving attention to the following:

- a) A brief description of the firm/business;
- b) An outline of recent performance and include a summary of the challenges experienced and how they are being resolved;
- c) A business plan outlining the strategy over the next five years and targets;

- d) The list of the current management staff by specialty or a proposed management team if none exists; and
- e) Business valuation, capital requirements and stake on offer.

SECTION E: Agreement

The Insurance Brokerage firm selected for the above-referenced investment will be expected to enter into a contract as denoted in Section G of this RFP.

SECTION F: Insurance

The Insurance Brokerage firm shall provide their Professional Indemnity.

SECTION G: Contract and Incurred Cost

Cytonn Investments will not be liable for any cost incurred by the Insurance Brokerage firm for any work performed through and including the execution of a contract for professional services, prior to the execution of a contract.

SECTION H: Completeness of the Submitted Proposal

The proposal shall address all items completely and thoroughly, and shall be signed by an officer of the firm authorized to bind the Insurance Brokerage firm to its provisions.

SECTION I: Scheduled Dates

The parties to the investment deal shall provide a proposed work-plan, with timelines towards completion of the investment.

SECTION J: Confidentiality

It is understood that you/your firm understand that the business discussions between yourself, ourselves and our Client may contain sensitive and proprietary information and which shall need to be kept confidential at all times, other than where; the information is or becomes public knowledge (without fault of the Party concerned); or if and to the extent that information is required to be disclosed by a Party to a regulatory or governmental authority or otherwise by law (in which case that Party shall keep the other Party informed of such disclosure). This obligation is not limited in time, and shall continue even after these business discussions cease to exist. In addition, each Party shall use all reasonable efforts to ensure that its employees, agents and representatives (and those of its Affiliates) comply with these confidentiality obligations.

Contact Details:

For any clarifications and questions, please reach out to the below:

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and/or

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