



# KenGen RIGHTS ISSUE 2016 ABRIDGED INFORMATION MEMORANDUM





**YOUR RIGHT  
TO GENERATE  
MORE RETURNS.  
TAKE UP YOUR  
KenGen RIGHTS.**



## KenGen RIGHTS ISSUE NOW OPEN.

Get two new ordinary shares for every one ordinary shares held.  
4,396,722,912 shares on offer.

The KenGen Rights Issue runs from **23rd May 2016** and closes on **10th June 2016**

**TRANSACTION ADVISORS :** Standard Investment Bank and Renaissance Capital are the Lead Transaction Adviser while Dyer & Blair Investment Bank and Faida Investment Bank are the Lead Sponsoring Stockbroker. Image Registrars will be the Receiving Agent and Data Processor while Co-operative Bank of Kenya will be the Receiving Bank for the Rights Issue

## IMPORTANT NOTICE

### THIS DOCUMENT AND ANY ENCLOSED DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

**Abridged Information Memorandum;** This document is an Abridged Information Memorandum (“the Abridged IM”) with respect of an invitation to the shareholders of KenGen and potential investors to subscribe for the New Shares (hereinafter defined) in KenGen under the terms outlined herein. Complete details of the Rights Issue are set out in the full Information Memorandum, which is available from KenGen’s website: [www.kengen.co.ke](http://www.kengen.co.ke) and the Sales Agents. This Abridged IM does not contain all the information generally required of a prospectus or form of application. In the case of any issues, disputes or inconsistencies, the terms and conditions of the full information memorandum shall apply.

**Eligible Shareholders;** You may have the right to; (i) take up the Entitlement in full and choose whether to apply for Additional Shares, (ii) renounce all or part of the Rights to a close relation (as defined in Section 10.7.1), (iii) sell all of the Entitlement on the Nairobi Securities Exchange (“NSE”), (iv) accept part of the Entitlement and sell the balance on the NSE, (v) accept part of the Entitlement and renounce the balance to a close relation, (vi) accept part of the Entitlement and allow the balance to lapse, (vii) trade in Rights at the NSE, (viii) purchase and take up the Rights on the NSE, (ix) purchase and take up the Rights on the NSE and apply for Additional Shares, (x) allow the entitlement to lapse by doing nothing, or (xi) acceptable combinations of the aforementioned options (i) to (xi).

**Potential Investors;** If you are not a KenGen shareholder, you can participate in this Rights Issue by; (i) trading in the Rights on the NSE, (ii) purchasing the Rights on the NSE and taking them up using the Form of Entitlement, (iii) purchasing and taking up Rights on the NSE and applying for Additional Shares using the Form of Entitlement, or (iv) applying for the New Shares under the Rump.

**Independent Advice to be Obtained;** This Abridged IM is for your information only. Nothing contained in this Abridged IM is intended either to constitute investment, legal, tax, accounting or other professional advice or to endorse or recommend a particular course of action. If you are in doubt as to the meaning of the contents of this Abridged IM or as to what action to take, please consult your stockbroker or other professional investment advisor for professional advice.

**Status of the New Shares;** The New Shares, when issued and fully paid, shall rank *pari passu* with the Existing Shares, including the right to receive dividends or distributions paid or declared after the date of this Information Memorandum.

**Trading of Rights;** The Rights have a value and are tradable on the NSE. If you have disposed of or transferred all of your KenGen shares, on or prior to 16th May 2016 (the “Record Date”) please forward this Abridged IM and the PAL to the purchaser or the stockbroker or Sales Agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee of the KenGen shares.

**Right to Subscribe for New Shares;** The right to subscribe for the New Shares under the Rights Issue is subject to the terms and conditions set out in this Abridged IM, the PAL, and the Memorandum and Articles of Association of KenGen.

**Applicable Capital Markets Legislation;** The Company has complied with the disclosure requirements under Capital Markets Legislation. If at any time during the offer period of the Rights Issue, there is a significant change affecting any matter contained in this Abridged IM the inclusion of which would reasonably be required by investors and their professional advisors and would reasonably be expected by them to be found in this Abridged IM for the purpose of making an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company, the Company shall prepare an amendment or supplement to this Abridged IM or publish a replacement Abridged IM for use in connection with the Rights Issue.

**Approval of Capital Markets Authority (CMA) and Nairobi Securities Exchange (NSE);** The Capital Markets Authority has granted approval for the Rights Issue. As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Abridged IM. Approval of the Rights Issue is not to be taken as an indication of the merits of KenGen or of the shares of KenGen. The NSE has granted permission for the listing of the New Shares.

**Information and Statements;** The delivery of this Abridged IM does not at any time imply that the information contained herein concerning the Company is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Rights Issue is correct as of any time subsequent to the date indicated on the document containing the same. No person has been authorised to give any information or to make any representations other than those contained in this Abridged IM and, if given or made, such information or representations shall not be relied upon as having been authorised. Some sections of this Abridged IM contain “forward-looking statements” relating to KenGen’s business. These statements reflect the current views of the Board with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of KenGen to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Abridged IM. KenGen and its advisors/agents do not intend, and do not assume any obligation to update any industry information or forward-looking statements set out in this Abridged IM. Some numerical figures included in this Abridged IM have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain figures may not be an arithmetic aggregation of the figures that precedes them.

**Directors Responsibility;** The individual members of the Board of Directors of KenGen (the “Directors”) being the persons named in Section 13 of this Abridged IM have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are true and accurate in all material respects, and there are no other material facts the omission of which would make any statement herein, whether of fact or opinion, misleading. All the Directors of KenGen accept responsibility accordingly. Lapsing of Rights

**Enquiries;** Enquiries concerning this Abridged IM and the Rights Issue Forms may be made to the Sales Agents whose contact details are set out in Appendix I of this Abridged IM.

**Date;** This Abridged IM is dated 18 May 2016

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## 1. DEFINITIONS AND ABBREVIATIONS

The definitions and abbreviations from the full Information Memorandum are referenced in this document. The following are repeated here:

Word/Term	Definition
<b>Additional Shares</b>	New Shares applied for by an Eligible Shareholder in excess of Entitlement.
<b>Authorised Custodian</b>	Authorised depositories by the CMA.
<b>Board</b>	The Board of Directors of KenGen.
<b>Business Day</b>	A day (other than a Saturday or Sunday or a gazetted public holiday) on which banks are open for business in the Republic of Kenya.
<b>Capital Markets Legislation</b>	The Capital Markets Act (Chapter 485A of the Laws of Kenya), and all subsidiary legislation enacted thereunder and any amendments or re-enactments thereto in force from time to time.
<b>CDA or Central Depository Agent</b>	Means the entity appointed as an agent of CDSC by the CDSC, to carry out one or more of the services provided by the CDSC and is authorized to do so as of the date of the Information Memorandum.
<b>CDS</b>	Means the central depository system operated by CDSC.
<b>CDS Account</b>	A securities account in the CDS held through a CDA for purposes of recording book entries and dealing of approved securities by the CDSC.
<b>CDS Form 1, 2, 5 or 7</b>	Forms issued by CDSC and can be obtained from the Sales Agents.
<b>CDSC</b>	Central Depository & Settlement Corporation Ltd of Nation Centre, 10th Floor, Kimathi Street, Nairobi.
<b>CDSC Fee</b>	Kshs 35.00 per CDS Account or Non Trading CDS Account payable with the RIF.
<b>CEO</b>	Chief Executive Officer.
<b>Closure Date</b>	The last date and time, being 5.00 pm Friday, 10 June 2016, for receipt of the relevant Rights Issue Form together with the RIF Money.
<b>Companies Act</b>	The Companies Act (Chapter 486 of the Laws of Kenya) or any amendment, replacement or re-enactment in force.
<b>Company or KenGen</b>	Kenya Electricity Generating Company Limited.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization.
<b>Eligible Shareholder</b>	A shareholder registered as holder of Existing Shares as of the record date.
<b>Entitlee</b>	A CDS Account holder who is at least 18 years of age as at the date of purchase of nil paid Rights.
<b>Entitlement</b>	The right of Eligible Shareholder to receive New Shares pursuant to the Rights Issue at the Entitlement Ratio and subject to the payment of the Rights Issue Price and fulfillment of conditions set out herein.
<b>Entitlement Ratio</b>	The entitlement to two New Share for every one share held as at the Record Date.
<b>Existing Shares</b>	Ordinary shares of par value Kshs 2.50 each of KenGen held by the shareholders in CDS Accounts or Non Trading CDS Accounts as of the Record Date.
<b>Financier</b>	A licensed financial institution or commercial bank.
<b>Form A or Form of Attorney</b>	Form to be completed by Eligible Shareholders wishing to appoint a third party as their lawful attorney or agent to act on their behalf in connection with the Rights Issue.
<b>Forward Date</b>	4:30 p.m. on 14 June 2016 - the final date and time the Sales Agent can deliver RIFs and RIF Money to the Receiving Agent.
<b>Form E or Form of Entitlement</b>	he Form of Entitlement for purchased rights to be used in case of Rights purchased on the NSE by any person and issued in favour of such person, who may optionally apply for Additional shares
<b>Form R or Form of Renunciation</b>	Form to be used by Eligible Shareholders, without CDSC account, who wish to Renounce or transfer their Rights by way of private transfer. The form is available from the Sales Agents.
<b>Funds Transfer</b>	Any of the following modes of transferring funds: <ul style="list-style-type: none"> <li>• Electronic Funds Transfer (EFT), a mode that operates on a deferred net settlement (DNS) basis which settles transactions in batches.</li> <li>• Real Time Gross Settlement (RTGS), by which transactions are processed continuously throughout the RTGS business hours as per CBK guidelines.</li> <li>• Internal transfers inside the Receiving Bank.</li> </ul>
<b>GOK</b>	Government of the Republic of Kenya.
<b>IBG</b>	Irrevocable Bank Guarantee as set out in the full Information Memorandum.
<b>ILU</b>	Irrevocable Letter of Undertaking as set out in the full Information Memorandum.
<b>Information Memorandum</b>	Document dated 18 May 2016 issued by KenGen to the Eligible Shareholder and the general public setting out the disclosure information required to be published by the CMA with respect to companies intending to list New Shares on the NSE.
<b>IPP</b>	Independent Power Producer.

<b>KenGen</b>	Kenya Electricity Generating Company Ltd.
<b>Kshs</b>	Kenya Shillings, the lawful currency of the Republic of Kenya.
<b>Legal Advisor</b>	Walker Kontos Advocates.
<b>LSB or Lead Sponsoring Stockbroker</b>	Dyer and Blair Investment Bank Ltd and Faida Investment Bank Ltd.
<b>LTA or Lead Transaction Advisor</b>	Standard Investment Bank Ltd and Renaissance Capital (Kenya) Ltd.
<b>MW</b>	One million watts.
<b>New Shares</b>	4,396,722,912 new ordinary shares of par value Kshs 2.50 each in the capital of KenGen to be issued pursuant to the Rights Issue and ranking pari passu with the Existing Shares.
<b>NSE</b>	Nairobi Securities Exchange
<b>Non Trading CDS Account</b>	Non trading securities account with the CDSC, opened by the CDSC, to effect dematerialization and which cannot be viewed online by a CDA.
<b>PAL or Provisional Allotment Letter</b>	The Provisional Allotment Letter issued to Eligible Shareholders (see specimen in Appendix IV).
<b>Qualified Institutional Investor (QII)</b>	<ul style="list-style-type: none"> <li>• A corporate body including a financial institution, a collective investment scheme, a fund manager, a dealer or other entities whose ordinary business includes the management or investment of funds, whether as principal or on behalf of clients as approved by KenGen;</li> <li>• A local investor or foreign investor (as defined in Section 10.16) who shall use an Authorised Custodian for the purpose of the Rights Issue;</li> </ul>
<b>Receiving Agent, Registrar and Data Processing Agent</b>	Image Registrars Ltd.
<b>Receiving Bank</b>	Co-operative Bank of Kenya Ltd.
<b>Record Date</b>	16 May 2016, being the date for determining the entitlement of Eligible Shareholders to participate in the Rights Issue.
<b>Renounce</b>	The act by an Eligible Shareholder of formally declaring his/her intention to abandon or give up his/her Rights in favor of another CDS Account holder.
<b>Renounee</b>	A CDS Account holder who is at least 18 years of age as at the Renunciation Date in whose favour Rights have been renounced in accordance with this Abridged IM and the PAL.
<b>Renunciation Date</b>	Friday, 27 May 2016. The last date for Renounees to complete and submit the Renunciation and transfer form as provided for in Section 10.7.2 of this Abridged IM.
<b>RIF or Rights Issue Forms</b>	Where the context requires, the Provisional Allotment Letter, the Form of Renunciation, the Form of Entitlement or Rump Form.
<b>RIF Money</b>	The amount paid in Kenya shillings which is the Rights Issue Price multiplied by each New Share applied for in accordance with the relevant Rights Issue Form (refer to the definition of "RIF") plus the CDSC Fee.
<b>Rights</b>	The right to subscribe for New Shares under the terms of this Abridged IM and the PAL.
<b>Rights Issue</b>	The issue of New Shares by KenGen by way of Rights on the terms and subject to the conditions contained or referred to in the public Information Memorandum including the Rump and also where relevant, in the PAL and Rump Form.
<b>Rights Issue Price</b>	Kshs 6.55 per New Share
<b>Rights Trading Last Date</b>	Friday, 3 June 2016. The day, when nil paid Rights will stop trading on the NSE.
<b>Rump</b>	This mechanism can only be activated if there are Untaken Rights. Refer to Section 10.10-Rump Mechanism for more details.
<b>Rump Agent</b>	Lead Transaction Advisor and/or the Lead Sponsoring Stockbroker.
<b>Rump Closure Date</b>	The last date and time, being 5.00 pm Friday, 17 June 2016, for the receipt of the Rump Form together with the RIF Money.
<b>Rump Form</b>	The application form to be used by Rump Investors in the form or substantially in the form set out in Annexure H of the full Information Memorandum.
<b>Rump Investors</b>	Qualified Institutional Investors (QII), retail and high net worth investors who can apply for a minimum of 100,000 New Shares and QIIs.
<b>Rump Shares</b>	Rump shares are the pool of New Shares not subscribed as at the closure date and which all investors are free to apply for
<b>Sales Agent</b>	A specific party duly authorised by KenGen to receive fully executed RIFs as set out in Appendix I.
<b>Untaken Rights</b>	The aggregate of (i) New Shares provisionally allotted but not subscribed for by Eligible Shareholders, (ii) Any fractional entitlements of the Eligible Shareholders, (iii) Rights purchased but not taken-up, (iv) Rejected RIF as per the rejection policy in Section 10.8.
Except where the context otherwise requires (i) words denoting the singular include the plural and vice versa; (ii) words denoting any one gender include all genders; (iii) words denoting persons include firms and corporations and vice versa and (iv) capitalized terms used in the accompanying forms shall be construed and interpreted in accordance with this Abridged IM.	

## 2. TRANSACTION ADVISORS

LEAD TRANSACTION ADVISOR	
<b>Standard Investment Bank Ltd</b> ICEA Building, 16th Floor, Kenyatta Avenue P. O. Box 13714-00800 Nairobi, Kenya Tel: +254-20-2228963 Email: advisory@sib.co.ke	<b>Renaissance Capital (Kenya) Ltd</b> Purshottam Place, 6th Floor, Westlands Road P. O. Box 40560 – 00100 Nairobi, Kenya Tel: +254-20-3682300 Email: info@rencap.com
LEAD SPONSORING STOCK BROKERS	
<b>Dyer &amp; Blair Investment Bank Ltd</b> Pension Towers, 10th Floor, Loita Street P. O. Box 45396 - 00100 Nairobi, Kenya Tel: 0709 930 000 Email: shares@dyerandblair.com	<b>Faida Investment Bank Ltd</b> Crawford Business Park, Ground Flr, State House Rd P. O. Box 45236-00100 Nairobi, Kenya Tel: +254 -7606026-37 Email: info@fib.co.ke
LEGAL ADVISOR	REPORTING ACCOUNTANT
<b>Walker Kontos Advocates</b> Hakika House, Bishops Road P. O. Box 60680 – 00200 Nairobi, Kenya Tel: 2713023 Email: walkerkontos@walkerkontos.com	<b>Deloitte &amp; Touché</b> Deloitte Place, Waiyaki Way, Muthangari P. O. Box 40092 – 00100 Nairobi, Kenya Tel : +254 (20) 423 0000 Email: admin@deloitte.co.ke
REGISTRAR, RECEIVING AGENT AND DATA PROCESSING AGENT	RECEIVING BANK
<b>Image Registrars Ltd</b> Barclays Plaza, 5th Floor, Loita Street Telephone: 020-22212065/0707760514 P. O. Box 9287 - 00100 Nairobi, Kenya Tel: 020-2212065/0724 699 667 Email: kengenrightsissue@image.co.ke	<b>The Co-operative Bank of Kenya Limited</b> P. O. Box 48231-00100 Nairobi, Kenya Tel: 0703027000/02027760000 Email: gmcorporate@co-opbank.co.ke
ADVERTISING AGENCY	PUBLIC RELATIONS AGENCY
<b>J.Walter Thompson Kenya Ltd</b> Laiboni Centre, 4th Floor, Lenana Rd P. O. Box 6642-00300 Nairobi, Kenya Tel: 020 2799200 Email: info@jwtk.co.ke	<b>Corporate Talk Group</b> Langata Road, Wilson Business Park, Charlie Block, 2nd Floor P. O. Box 45392-00100, Nairobi, Kenya Tel: 0704-920383/0771-270529 Email: info@corporatetalk.co.ke

## 3. CORPORATE INFORMATION

Title	Commentary
Registration Number:	C.20/55
Date of Incorporation:	1 February 1954
Registered Office & Principal Place of Business:	Stima Plaza, Kolobot Road, Land Reference Number 209/16012 P.O. Box 47936, 00100 GPO, Nairobi – Kenya.
Status:	Public company with limited liability whose shares are listed on the NSE and 70% owned by Government of Kenya
Company Secretary:	Rebecca Miano, Certified Public Secretary (Kenya), Stima Plaza, Kolobot Road, P O Box 47936-00100 GPO, Nairobi – Kenya
Auditors:	Deloitte & Touché, Certified Public Accountants (Kenya), Deloitte Place, Waiyaki Way, Muthangari, P.O. Box 40092 – 00100, Nairobi - Kenya On behalf of the-, The Auditor-General, Anniversary Towers, PO Box 30084-00100, Nairobi-Kenya
Main Bankers:	Commercial Bank of Africa, Co-op Bank, StanChart, NIC Bank, KCB, CFC Stanbic, Citibank N.A and Barclays Bank.
PIN Number:	P000591581V
Nominal Share Capital:	Kshs 25,000,000,000 divided into 10,000,000,000 ordinary shares of Kshs 2.50 each
Issued Share Capital:	Kshs 5,495,903,640, divided into 2,198,361,456 ordinary shares of Kshs 2.50 each
Financial Year End	30 June

#### 4. STATEMENT BY THE NATIONAL TREASURY & THE MINISTRY OF ENERGY AND PETROLEUM



THE GOVERNMENT OF THE REPUBLIC OF KENYA



Mr. Henry K. Rotich



Hon. Charles Keter

**To: KenGen Shareholders and the Investing Community,**

**RE: KENYA ELECTRICITY GENERATING COMPANY LIMITED RIGHTS ISSUE 2016**

The Government of Kenya’s strategic direction in the Energy Sector is to expand electricity generation as a catalyst for the realization of the Vision 2030 development plan, which seeks to transform the Country into an industrial economy. KenGen seeks to work alongside Government on delivering new electricity generation infrastructure to eliminate the supply deficit and stabilise electricity tariffs while providing adequate power to support the Vision 2030 strategy.

This is to confirm that:

1. Consistent with the provisions of the Energy Act 2006, GOK wishes to record its policy to ensure power producers, including KenGen, are, through their tariffs, able to (a) maintain their financial integrity; (b) attract capital; (c) operate efficiently and (d) be fully compensated for the risks assumed.
2. GOK is keen on ensuring the continued development of renewable energy to support Kenya’s economic growth and expects that KenGen shall continue to play its anchor role in energy generation.
3. As a shareholder, GOK intends to take up all its Rights via the conversion of on-lent loans to KenGen, and to continue maintaining its 70% stake in the Company. GOK shall ensure that through its representation in the Board, the Company benefits from good corporate governance practices and oversight in the pursuit of strategic initiatives that maximize value for all shareholders. Further, the Company has adopted compliance with the Mwongozo Code of Governance that promotes efficient deployment and accountability in the management of public resources.
4. The GOK notes the deepening effect that this Rights Issue, the largest to-date in the history of the Kenyan capital markets, will have on the financial markets and encourages more firms to raise equity through Kenya’s vibrant capital markets.

GOK fully supports power generation capacity expansion that KenGen is undertaking with a view to securing the country’s energy supply.

We welcome you to partner with us in the financing of Kenya’s future power projects.

Thank You

**Mr. Henry K. Rotich**  
**Cabinet Secretary**  
**The National Treasury**

**Hon. Charles Keter**  
**Cabinet Secretary**  
**Ministry of Energy and Petroleum**

## 5. CHAIRMAN’S STATEMENT



**Dear Shareholders/Investors**

I am privileged to present to you this Abridged IM for the KenGen Rights Issue 2016.

This is the second public equity raising initiative being undertaken by KenGen, having closed a successful IPO in 2006. In 2009, KenGen tapped into the public capital markets through the first corporate infrastructure bond offer in Kenya, which raised over Kshs 25 billion.

From the onset, I wish to thank the Government of Kenya for its unwavering support for our capacity expansion strategy, which requires enormous resources.

KenGen has an impressive track record of raising and using capital on projects, which are delivered efficiently for the benefit of all stakeholders. This time is no different. The completion of the first phase of the “Good-to-Great” Transformation Strategy raised the Company’s installed geothermal capacity to 509MW as of 30 June 2015, thereby making geothermal the country’s base-load. KenGen is keen to deliver even more clean energy in the form of geothermal and wind to the national grid.

My Board is proud to affirm that we plan to continue increasing geothermal capacity as part of our expansion strategy, which continues to deliver impressive results.

The year ended 30 June 2015 was remarkable, with our turnover crossing the Kshs 25 billion mark and with profit after tax coming in at over Kshs 11 billion. We recognise that these results were warmly received by shareholders and investors. Furthermore, our interim business performance for six months up to 31 December 2015 shows continued growth with a total revenue of Kshs 18.52 billion and profit after tax of Kshs 5.668 billion.

The Board is committed to leading KenGen’s financial and operational transformation to improve profit margins and returns to all the shareholders.

I therefore encourage you to read this Abridged IM and other documents carefully so that you can make an informed investment decision.

Yours sincerely,



.....  
**Mr. Joshua Choge**  
Chairman, KenGen

## 6. DIRECTORS’ STATEMENT

The Board accepts responsibility for the information in this Abridged IM. We declare that to the best of our knowledge and belief, the Board has taken reasonable care to ensure that the information contained in this Abridged IM is in accordance with the facts and the information required to be included in this Abridged IM under the Capital Markets legislation and regulations and makes no omission likely to affect the import of such information.



.....  
**Mr. Joshua Choge**  
Chairman



.....  
**Eng. Albert Mugo**  
Managing Director and Chief Executive Officer

## 7. RIGHTS ISSUE TIMETABLE

Table 1: Rights Issue timetable of key events

ACTIVITY	TIME AND DATE
Record Date (share register closure date)	3.00 pm Monday, 16 May 2016
Distribution of Abridged IM and PALs to Eligible Shareholders	Friday, 20 May 2016
Upload of Entitlement into CDS accounts and non trading CDS Accounts	4.00 pm Friday, 20 May 2016
Rights Issue Opening Date – date the Offer opens and commencement of trading in rights at the Nairobi Securities Exchange	9.00 am Monday, 23 May 2016
Last date for immobilization of Rights	3.00 pm Friday, 27 May 2016
Last date for renunciation (by way of private transfer)/Last date for splitting	3.00 pm Friday, 27 May 2016
Last date for trading in nil paid Rights	3.00 pm Friday, 3 June 2016
Rights Issue Closes (Closure Date), last date and time for acceptance and payment for New Shares	5.00 pm Friday, 10 June 2016
Rump Closes (Rump Closure Date)	5.00 pm Friday, 17 June 2016
Allocation of New shares by the Board of KenGen	Monday, 27 June 2016
Announcement of the Rights Issue Results	Friday, 1 July 2016
Last date for payment of IBG and Letters of Undertaking	3.00 pm Tuesday, 5 July 2016
Electronic crediting of CDS Accounts and Non Trading CDS Accounts with fully paid New Shares and postage of allotment letters to Non Trading CDS Account holders and processing of refunds (if applicable)	5.00 pm Tuesday, 5 July 2016
Listing Date – date of commencement of trading of New Shares on the NSE	9.00 am Wednesday, 6 July 2016
All references to times are Kenyan local time. If any date falls on a Gazetted public holiday, the applicable date shall be the next working day. The dates may be changed at the discretion of the Board, subject to the approval of the Capital Markets Authority and Nairobi Securities Exchange. Any changes or amendments shall be announced/published in the public media.	

## 8. KEY FEATURES OF THE RIGHTS ISSUE

### 8.1. Terms of the Offer

KenGen is offering a total of 4,396,722,912 New Shares at Kshs 6.55 per Share to raise up to Kshs 28,798,535,074 (before expenses) in new equity capital under this Rights Issue on the basis of two New Ordinary Shares for every one Ordinary Share held on the Record Date being 16 May 2016. The number of New Shares that you are entitled to is shown on the PAL. Rights are renounceable, which means that Eligible Shareholders who do not wish to take up all or part of their New Shares may choose to abandon, sell, or transfer their Rights to a close relative.

The Government of Kenya intends to maintain its 70% shareholding in KenGen. The Government has indicated that It shall participate in the Rights Issue by converting into equity part of the loans on-lent by GOK to KenGen in the sum of up to approximately Kshs 20.2 billion. The Government shall use the Rights Issue Price for the conversion. The benefit of the GOK being a major shareholder is that KenGen continues to benefit from GOK support including concessionary loans for power plant development.

The Rights Issue seeks to raise cash proceeds of up to Kshs 8.6 billion from KenGen's existing shareholders that do not include the Government of Kenya. New investors (i.e. non-shareholders) can participate by purchasing Nil paid rights on the NSE or via the rump (subject to a minimum in Section 10.10: Rump Mechanism)

### 8.2. Minimum Subscription and the Intention of GoK

A minimum of 65% of the Rights Issue is required for the Rights Issue to be declared as successful. This implies that a minimum of 2,857,869,893 New Shares need to be taken up and fully paid for under this Rights Issue. GoK intends to take up and pay for its full Rights through the conversion of part of the on-lent loans to KenGen in the sum of up to approximately Kshs 20.2 billion.

### 8.3. Rights Issue Price

The Rights Issue Price has been determined from:

- KenGen' trading history on the NSE over the last 6 months between and including November 2015 and April 2016;
- NSE trading history over the last 6 months;
- KenGen's unique competitive strengths and focused strategic growth.

The Rights Issue Price of Kshs 6.55 represents a discount of 18.36% to the Volume Weighted Average Price of KenGen ordinary share on the NSE for the past 30 trading days up to and including 4 May 2016, being the date the Board approved the Rights Issue terms.

## 8.4. Investment Data

Using the Rights Issue Price, the investment data is as follows:

Table 2: Investment Data

ITEM	COMMENTARY
Par value (Kshs)	Kshs 2.50
Entitlement Ratio	Two for one
Rights Issue Price (Kshs)	6.55
Current Price Earnings Ratio (P/E) (i.e. KenGen share price at NSE on 9 May 2016 divided by Basic Earnings per share reported for the financial ended 30 June 2015)	1.53x
Number of issued and fully paid up shares before the Rights Issue	2,198,361,456
Issued and fully paid up share capital (Kshs)	5,495,903,640
Profit after tax for financial year ended 30 June 2015 (Kshs)	11,517,327,000
Earnings per share using profit after tax for financial year ended 30 June 2015 (Kshs)	5.24
Dividend per share for financial year ended 30 June 2015 (Kshs)	0.65
Dividend yield on Rights Issue Price	9.92%
Profit after tax for six months to 31 December 2015 (Kshs)	5,668,345,000
Earnings per share using profit after tax for six months to 31 December 2015 (Kshs)	2.58
NSE market price per KenGen ordinary share on 9 May 2016 (Kshs)	8.00
KenGen's Market capitalisation on 9 May 2016 (Kshs)	17,586,891,648
Number of New Shares on offer under the Rights Issue	4,396,722,912
Gross proceeds of Rights Issue assuming full subscription (Kshs)	28,798,535,074
Number of issued and fully paid up shares post-Rights Issue assuming full subscription	6,595,084,368

## 8.5. Use of Proceeds

The total proceeds raised shall be used to contribute toward the financing of new geothermal and wind power projects that will form part of the Company's 720MW development plan, scheduled to be complete by 2020. Proceeds raised shall also be used to re-structure KenGen's balance sheet to maintain leverage at the Company's targeted level, and thereby provide KenGen with sufficient headroom to secure long-term development financing at low interest rates. Further, savings from interest will enhance the Company's cash position. Costs associated with the Rights Issue shall be deducted from the gross proceeds.

# 9. KenGen OPERATIONAL AND FINANCIAL SUMMARY

## 9.1. Overview

KenGen is Kenya's largest generator of electricity and supplies power that drives Kenya's industries, homes and businesses. KenGen's corporate vision is to remain the market leader in the provision of reliable, quality, safe and competitively priced electricity. In 2014/2015, KenGen commissioned a total of 274MW boosting its installed capacity to 1,617MW (approximately 70% of the national installed capacity). KenGen is a global leader in geothermal power generation. At 609MW as at 30 June 2015, Kenya was ranked eighth globally in geothermal installed capacity and number one in Africa<sup>1</sup>. Of the 609MW, KenGen contributed 509MW, mostly from Olkaria. In 2015, KenGen unveiled an additional 280MW capacity at the Olkaria field (140MW at Olkaria IV and 140MW at Olkaria 1 unit 4 and 5), one of the single largest geothermal power projects in the world. Geothermal energy contributed significantly to both capacity and energy revenue growth in the financial year ended 30 June 2015, compared to the previous year.

## 9.2. Key Financial Statistics and Performance

The Company's earnings grew significantly in 2015, compared to 2014, largely due to a robust investment strategy and delivery of projects, including the 280MW of geothermal capacity at Olkaria. Further, total revenue rose by 44% from Kshs 18,491 million in 2013/14 to Kshs 26,586 million in 2014/15, of which capacity and electricity revenue accounted for Kshs 17,424 million and Kshs 26,602 million respectively. Other non-electricity income amounted to Kshs 984 million for the period ended 30 June 2015 compared to Kshs 1,067 million for the period ended 30 June 2014. The new installed capacity from geothermal has been the key driver of KenGen's strong revenue growth over the past financial year ended 30 June 2015 and the half year ended 31 December 2015.

Profit before tax rose from Kshs 4,158 million in June 2014 to Kshs 8,690 million in June 2015, an increase of 109% while profit after tax rose by 308% from Kshs 2,826 million to Kshs 11,517 million propelled by capacity growth, improved performance, and tax incentives granted to the Company through capital allowances on the commissioning of 280MW geothermal plants, wellheads and wind plants. Other comprehensive income increased from Kshs 1,244 million to Kshs 54,247 million due to a revaluation surplus from property, plant and equipment net of deferred tax. The following table shows electricity revenue, electricity revenue per MW and profit after tax from 2011-2015.

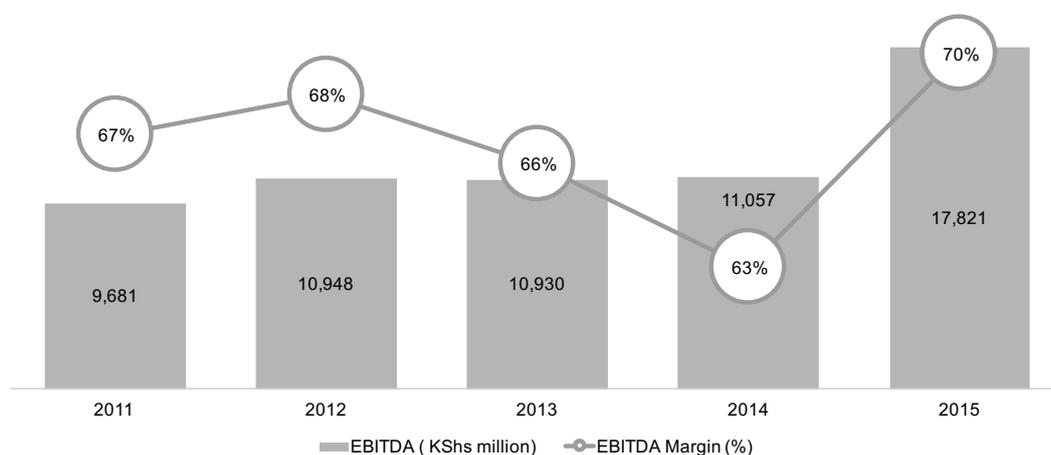
<sup>1</sup>KenGen, 2015 Annual U.S. & Global Geothermal Power Production Report

Table 3: KenGen's Key financial statistics and performance

Financial Year ending 30 June	2011	2012	2013	2014	2015
Electricity Revenue (Kshs Millions)	14,389	15,999	16,451	17,424	25,602
Electricity Revenue per MW (Kshs)	12.46	12.90	13.22	12.97	15.84
Profit After Tax (Kshs Millions)	2,080	2,823	5,225	2,826	11,517

Source: KenGen 2015 Annual Report and Accounts

Figure 1: EBITDA (Kshs millions) and EBITDA margin for years ended 30 June



Source: KenGen 2015 Annual Report and Accounts

Note: EBITDA margin based on revenue figures, excluding "other income" (which included a gain on disposal of property, plant, equipment, net fuel pass-through and net water charges pass through)

### 9.3. Dividend History

KenGen continues to provide benefits to shareholders in the form of dividends despite capital intensive investments in capacity expansion. The Company allocated Kshs 1.429 billion to dividends for shareholders in the financial year ended 30 June 2015, representing a 63% increase from 2014. The following figure shows the dividends paid from 2011 - 2015:

Table 4: Dividends paid to shareholders over the past five financial years (2011-2015)

Financial Year ending 30 June	2011	2012	2013	2014	2015
Dividend Per Share (Kshs)	0.50	0.60	0.60	0.40	0.65

Source: KenGen 2015 Annual Report and Accounts

### 9.4. Share Price Performance

The following is the performance of the Existing Shares of KenGen on the NSE, over the past six months:

Table 5: KenGen's six months share price performance

Trading Month	Low (Kshs)	High (Kshs)	Average VWAP (Kshs)
April, 2016	7.55	8.70	8.11
March, 2016	7.00	8.15	7.79
February, 2016	5.95	7.00	6.54
January, 2016	5.40	7.00	5.70
December, 2015	6.40	7.90	7.50
November, 2015	7.65	9.05	8.03
<b>Average</b>			<b>7.28</b>
Last day of trading before the announcement of the Rights Issue			
9 November 2015			9.05
Last day of trading before the date of the Information Memorandum			
9 May 2016			8.00

## 9.5. KenGen Strategy

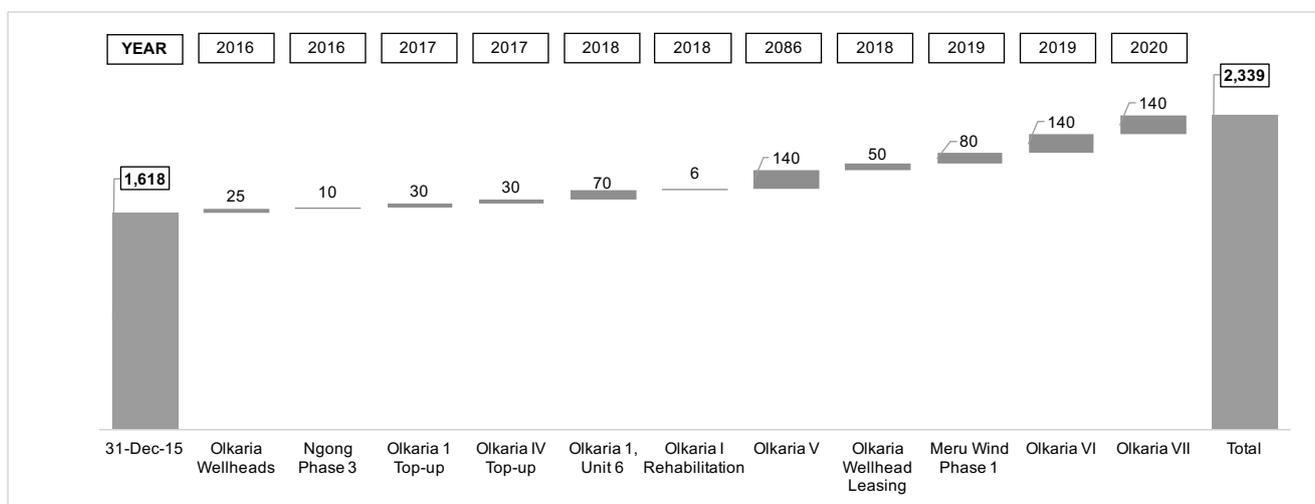
The Company's objective is to deliver affordable, reliable, competitively priced clean energy while making investments needed to ensure a sustainable future. KenGen's core business is to develop, manage and operate power generation plants to supply bulk electric energy.

The Company has developed a combination of operational performance and organisational health initiatives to respond to two key strategic objectives: (1) optimising existing assets and (2) delivering additional generation capacity. Towards this end, KenGen has identified three key focus areas:

- **Focus area A:** Optimize the performance of existing assets and deliver new ones;
- **Focus area B:** Growth in innovative ways of financing, generation and capacity expansion such as the Private Public Partnerships (PPPs);
- **Focus area C:** Diversify the portfolio to include non-electricity generation ventures (non-core business model).

As part of the KenGen's growth and expansion strategy, there are plans to scale up generation portfolio over the next 5 years by delivering an additional 720MW by 2020, mainly from geothermal and other renewable energy sources. A robust drilling program is on course to support the implementation of the planned geothermal projects. The following figure shows the projected expansion projects:

Figure 2: KenGen's Capacity Expansion Strategy to 2020 (MW)



Source: KenGen

Note: The planned capacity expansion may change depending on energy demand and availability of financing for capacity expansion projects. Any slight errors are due to rounding of numbers

## 9.6. Key Investment Highlights

### 9.6.1. Market leader with significant industry experience

KenGen produces approximately 70% of Kenya's electricity and is the leading power generation company in East Africa. The Company's market leadership is cemented by its diversified power generation mix, with a strategic focus and resulting competitive advantage in leading the generation of low cost, high yield geothermal power. With over 62 years of experience in power generation, KenGen is able to leverage its experience in pioneering innovative technologies to drive power generation growth. KenGen expects to remain the dominant player in the market owing to capacity increases and high barriers of entry within the energy sector. In addition, KenGen's ability to fund large projects with attractively priced debt financing will contribute substantially to the Company's ability to deliver new projects and maintain its market leadership in the region.

### 9.6.2. Delivering on mega capacity whilst returning value to shareholders

KenGen's investment programme to deliver 720MW by 2020 largely consists primarily of the construction of geothermal power plants. The Company successfully commissioned four units on time and within budget at Olkaria by December 2014, and plans to regularly commission new units going forward as highlighted in the Company's investment strategy to 2020. The programme includes the construction of three new geothermal units, with a capacity of 140MW each and Olkaria I Unit 6 with a capacity of 70MW. Whilst KenGen has been operating in a capital-intensive cycle, the Company has been committed to returning value to shareholders through consistent dividend payments to shareholders. Furthermore, the Company's strategy is geared towards enhancing return on invested capital and future potential pay out through further geothermal plants.

### 9.6.3. Large and diversified asset base

As the leading power generation company in East Africa, KenGen has a diversified generation portfolio that consists of hydropower, geothermal, thermal and wind plants. KenGen's solid asset base enables KenGen to deliver low cost and reliable energy to the Kenyan consumer. Combined with a focus on capital discipline and proven ability to efficiently execute large infrastructure projects, KenGen has been able to deliver strong capacity growth and a well-diversified energy generation mix, with 84% of energy sourced from renewables (geothermal, hydro and wind).

In 2015, KenGen completed the commissioning of one of the world's single largest geothermal power complexes at Olkaria IV and Olkaria I (units 4 and 5), with a total installed capacity of 280MW. The abundance of Kenya's geothermal resources, and the rapidly expanding infrastructure at Olkaria provides a solid platform from which to extract further value over both the short and long term.

#### 9.6.4. Emerging world geothermal leader

Kenya was the first African country to establish the utilisation of geothermal power 35 years ago, and is expected to remain the continental leader in capacity and technology. Geothermal power is also expected to remain a highly positive influencing factor in KenGen's operating and financial profile over the medium term, contributing 88% (630MW) of the additional expected 720MW of installed capacity in KenGen's pipeline, to 2020. Continued growth in KenGen's installed capacity supports both its core revenue (capacity revenue) and total revenue by availing additional capacity to support growth in energy sales. Kenya is already the eighth largest geothermal electricity producer in the world and is expected to rise up this ranking as more geothermal projects are brought on line.

After KenGen's commissioning of new geothermal projects in 2015, Kenya has become the operator of the world's 8th largest geothermal fleet. At 509MW as at 30 June 2015, KenGen ranks among the largest geothermal companies in the world<sup>2</sup>. Following KenGen's strategy to add approximately 630MW geothermal capacity by 2020, the Company is expected to become a global leader in geothermal power generation and capacity development.

This addition of substantial geothermal capacity is significant not only in terms of providing larger capacity from which to grow the Company's revenue, but also in terms of cost reduction as geothermal energy ranks as the lowest cost energy source on an ongoing operating basis. Increasing the development and dependence on geothermal energy is thereby expected to become increasingly advantageous to KenGen over the long term, both in terms of strong capacity and energy sales revenue growth, and in terms of profitability.

#### 9.6.5. Government support as major shareholder

The Government's shareholding of 70% remains a significant support to KenGen in terms of project development and engagement with other industry players and regulators. Furthermore, as a result of the Government's equity interest in KenGen, the Company benefits directly from the receipt of low cost (concessionary) project financing from various Development Finance Institutions (DFIs). These attractive lending rates allow for better long-term returns on KenGen's power plants while providing competitively priced power to the economy, and making KenGen the preferred energy supplier by the off-taker.

#### 9.6.6. Strong financial results

KenGen delivered strong financial results for the financial year ended 30 June 2015, and continued to drive strong performance for the half year ended 31 December 2015. Operating revenue was up 52% from Kshs 12,011 million to Kshs 18,234 million (excluding interest income) for the half year ended 31 December 2015 and was up 45% from Kshs 18,075 million to Kshs 26,227 million for the financial year ended 30 June 2015.

This strong growth was largely a result of new geothermal plants that were commissioned in 2015, and is reflected in increased profitability for the Company for both the financial year and half year periods. KenGen realized stronger growth and increased performance down the Income statement, with an increase in EBITDA of 76% for the half year ended 31 December 2015 (and 61% for the financial year ended 30 June 2015), and an increase in Profit After Tax of 15% for the Half Year ended 31 December 2015 (and an increase of 308% for the financial year ended 30 June 2015).

## 10. TERMS AND CONDITIONS

### 10.1. Delivery of Documents

- (i) KenGen shall post to Eligible Shareholders a package that shall contain the Abridged IM and a personalized PAL.
- (ii) Risks associated with posting of the documents rests with the Eligible Shareholder, and no late acceptances, whether resulting from postal delays, return to sender by the post office or otherwise, shall be permitted.
- (iii) Eligible Shareholders who do not receive the documents by post should contact the Registrar immediately in order to receive a replacement package.
- (iv) Eligible Shareholders can obtain a copy of the full Information Memorandum from a Sales Agent or can download from KenGen website: (download subject to Section 10.16 Foreign Investors) [www.kengen.co.ke](http://www.kengen.co.ke).
- (v) The Form A, Form R and Form E shall be available from a Sales Agent or [www.kengen.co.ke](http://www.kengen.co.ke).
- (vi) CDS Forms 1,2,5 and 7 shall be available from the Sales Agents.
- (vii) The Sales Agents shall deliver to QIIs a package that shall contain the Information Memorandum and Rump Form.
- (viii) The IBG and ILU sample formats are available in the annexures of the Information Memorandum and with the Sales Agents.
- (ix) The National Treasury and KenGen staff can submit their applications directly to the office of the Company Secretary, through the address below;

The Company Secretary/Legal Affairs Director  
KenGen Pension Plaza Building, 9th Floor  
Kolobot Rd, Parklands  
P.O. Box 47936-00100  
Nairobi.

<sup>2</sup>Source: <http://www.geothermal-energy.org>

## 10.2. Entitlement

- (i) The number of New Shares that an Eligible Shareholder is entitled to (i.e. your Entitlement or your number of Rights) is shown on the PAL.
- (ii) Eligible Shareholders are required to verify the correctness of the Entitlement.
- (iii) The number of New Shares offered to Eligible Shareholders has been calculated on the basis of the Entitlement Ratio and no restrictions are placed on the number of Existing Shares to be held before your Entitlement accrues. However, mathematically, this might result in fractional entitlements to New Shares and in such an event, fractions shall be rounded down. These fractions shall then form part of the Untaken Rights.

## 10.3. Additional Shares

- (i) Eligible Shareholders shall use the PAL to apply for Additional Shares provided they have accepted their Entitlement in full.
- (ii) Entitlees shall use the Form E to apply for Additional Shares provided they have accepted their entire purchase in full.
- (iii) Renouncees shall use the Form R to apply for Additional Shares provided they have accepted their entire renunciation in full.
- (iv) Applications for Additional Shares should be for a minimum of 100 and in multiples of 100 at the Rights Issue Price.
- (v) IBG and ILU can be used for payment of Additional Shares and is to be attached to the RIF.
- (vi) Acceptance of Additional Shares is subject to Section 10.8-Rejection Policy.

## 10.4. Acceptance

- (i) For the following Rights Issue Forms: PAL, Form R and Form E, acceptance may only be communicated by submitting to a Sales Agent, a correctly executed and binding RIF, together with RIF Money.
- (ii) RIF Money can be paid using one of the methods under Section 10.5-Modes of Payment.
- (iii) The Sales Agent shall receive the RIF and RIF Money by 5.00 p.m. on the Closure Date or Rump Closure Date. The acceptance of an RIF is subject to Section 10.8-Rejection Policy below.
- (iv) Once accepted, the RIF is irrevocable.

## 10.5. Modes of Payment (Application Money)

The following shows authorized ways of payment of the RIF Money as per the relevant sub-section.

- (i) All payments shall be made in Kenya Shillings.
- (ii) Any fees payable in securing any of the payments below shall be borne by the Eligible Shareholder, Entitlee or Renouncee and not KenGen or its advisors/agents.
- (iii) RIF Money paid to the Sales Agent requires that they forward the exact RIF Money (including CDSC Fee) to the Receiving Bank by the Forward Date or else the RIF shall be rejected.
- (iv) Any payments made to the Receiving Bank, shall upon receipt of the relevant amount in cleared funds, constitute acceptance of the Rights Issue on the terms and conditions set out in this Abridged IM and in the RIF, but subject to Section 10.8-Rejection Policy.
- (v) No interest shall be payable by KenGen nor its advisors/agents on any RIF Money received for the Rights Issue.
- (vi) If a Financier is involved where the New Shares are to be used as security, payment can be made by the Financier using Mode P2, P3 and P4 in Table 2: Payment Modes.
- (vii) RIF Money shall be accepted subject to compliance with AML Laws.

Table 6: Payment Modes

No.	Mode	Description
P1	Mobile Money	<ol style="list-style-type: none"> <li>1. This shall be less than Kshs70,000 and greater than Kshs10 in value.</li> <li>2. More than one payment for one RIF is disallowed.</li> <li>3. The Paybill Number is 400205;</li> <li>4. For account number is the PAL Number or the Form R Number or the Form E Number;</li> <li>5. Indicate the transaction reference number correctly on the RIF provided zero is denoted as a slashed 0 i.e."ø".</li> </ol>
P2	Banker's Cheque	<ol style="list-style-type: none"> <li>6. <b>It is preferred that this is paid directly into the Receiving Bank for the reference account of the Sales Agent (see Appendix III).</b></li> <li>7. This shall be less than Kshs 1,000,000/- (i.e. Kshs one million) in value.</li> <li>8. More than one payment for one RIF is disallowed.</li> <li>9. It should be drawn in favour of 'KenGen Rights Issue – Form No. XXXXXXX' and be crossed "A/C Payee Only".</li> <li>10. The form number refers to the RIF and shall be inserted.</li> <li>11. The Banker's Cheque shall be attached to the RIF and it shall be deposited immediately for collection.</li> </ol>

P3	Funds Transfer	<p>12. This is mandatory for amounts above Kshs 1,000,000/- (i.e. Kshs one million) in value.</p> <p><b>13. This Funds Transfer shall be transferred to the Receiving Bank directly provided it is into the correct Sales Agent reference account as per Appendix III: Sales Agents Rights Issue Bank Accounts</b></p> <p>14. This electronic transfer can be effected from the paying bank by visiting a branch or using on-line banking and it can also be done by the Sales Agent using funds held by them.</p> <p>15. These transfers shall include the name of the Eligible Shareholder and the RIF No. for immediate reference.</p> <p>16. More than one payment for one RIF is disallowed.</p> <p>17. Make a photocopy of the remittance advice.</p> <p>18. Attach the original remittance advice to the RIF and retain the photocopy.</p>
P4	IBG	<p>19. For Additional Shares or Rump.</p> <p>20. IBGs shall use the format provided in Annexure I in the Information Memorandum and should be authenticated by the guaranteeing bank via a SWIFT message forwarded to the Receiving Bank, on or before 5:00 p.m. on the Rights Issue Closing Date.</p> <p>21. The original IBG is to be attached to the RIF.</p> <p>22. The IBG shall be drawn down at the sole discretion of KenGen.</p>
P5	ILU	<p>23. For Additional Shares or Rump.</p> <p>24. The original ILU is to be attached to the RIF.</p> <p>25. The ILU shall be drawn down at the sole discretion of KenGen.</p>

## 10.6. Loans

A Financier can be approached for loan facilities to facilitate payment of the RIF Money. The extension of loan facilities using New Shares as part or full collateral is a decision of the Financier at its sole and absolute discretion and risk. The CDS Form 5 (available from a Sales Agent) must be properly completed for a pledge/lien to be effected through entries in the CDS maintained by the CDSC and a fee of Kshs 1,000/- is payable via a Banker's Cheque or a cheque issued by a Sales Agent, payable to CDSC. Cheques payable to CDSC must contain the serial number of the CDS Form 5. Further, the Financier shall send a letter to the CDSC stating that the New Shares will be pledged as security unless it instructs the CDSC in writing to lift the pledge. Section 10.12-Refunds require that the Financier provide appropriate bank account details in the RIF. Neither KenGen nor its advisors/agents will accept responsibility for pledges/lien not created by the Listing Date.

## 10.7. Renunciation of Rights

The Rights are renounceable in accordance with the procedures set out below:

### 10.7.1. Renunciation by Private Transfer

Eligible Shareholders wishing to transfer their nil paid Rights to a particular Renounee, may do so by way of private transfer, subject to (a) Section 31 of the Capital Markets Act; (b) Regulations 57 to 61 of the Capital Markets (Licensing Requirements) General (Amendment) Regulations 2002 and (c) Rule 31 of the Central Depository Rules, 2004. Regulation 57 allows a transfer, inter alia, of Rights by an Eligible Shareholder to a close relation in the form of a gift. In such a case, any Sales Agent is required to assess, endorse and submit to the NSE a written application with supporting documents stating the reason for the transfer. A close relation means a relationship supported by documentary evidence of a spouse, parent, sibling, child, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandchild or spouse of a grandchild.

In order to effect a private transfer, an Eligible Shareholder and Renounees are to complete the Form R and the CDS Form 7. If there is balance Rights to be taken-up, the Form E shall also be completed by the Eligible Shareholder. The completed: PAL, Form R, CDS Form 7 and Form E (where applicable) are to be submitted to the Sales Agent for processing. RIF Money shall be attached to the Form R and the Form E (where applicable).

Neither KenGen nor its advisors/agents take any responsibility for regulatory approvals that may not have been obtained by the Closure Date or Rump Closure Date.

### 10.7.2. Renunciation by Rights Trading

The nil paid Rights constitute a security in the form of an option and shall be tradable on the Main Investment Market Segment of the NSE. The price of nil paid Rights is determined by demand and supply and the trading price of the Existing Shares. Rights trading can only be effected via CDS Accounts and through a Sales Agent that is a licensee of the CMA that has rights of access to and use of trading facilities on the NSE. Non Trading CDS Account holders shall be required to first transfer nil paid Rights to a CDS Account and are urged to commence the process as soon as possible.

Nil paid Rights may be traded on the NSE from the date the Rights Issue opens to the Rights Trading Last Date. Rights trading on the NSE shall attract a brokerage commission plus other statutory trading costs payable by the vendor and purchaser of such Rights and therefore not payable by KenGen. The Sales Agent for further action issues purchasers of nil paid Rights with a completed Form E. This Entitlement can subsequently be sold, (partially or wholly) on the NSE or be accepted (partially or wholly) or, have a combination of sale and acceptance.

**10.7.3. Renunciation by Declining**

No action is required of Eligible Shareholders who wish to decline their nil paid Rights. The nil paid Rights not taken up by such Eligible Shareholders shall form part of the Untaken Rights.

**10.8. Rejection Policy**

An RIF shall be rejected for the following reasons:-

- (i) If found to be incomplete, inconsistent or inaccurate with the instructions as provided in the Information Memorandum or Abridged IM or an RIF;
- (ii) No signature as required or as per the signing mandate;
- (iii) Insufficient RIF Money paid to by the Receiving Bank;
- (iv) Inappropriate IBG or ILU;
- (v) Non receipt of CDSC Fee;
- (vi) RIF Money was correctly received but the RIF is incorrect or missing;
- (vii) Money for Additional Shares indicated in the RIF was not included;
- (viii) Any private transfer rejected or where regulatory approval is delayed beyond the Closure Date;
- (ix) Where a Form E is used, there are no Rights in the CDS Account;
- (x) Multiple Sales Agent stamps on the same RIF;
- (xi) Deliveries after the Forward Date by the Sales Agent to the Receiving Agent.
- (xii) RIF Money is deemed by KenGen to be non-compliant with provisions under AML Laws.
- (xiii) Insufficient Rump Shares.

Neither KenGen nor its advisors/agents shall be liable should any RIF be rejected as per this Rejection Policy.

**10.9. Untaken Rights**

Provisionally allotted New Shares not taken up shall form the Untaken Rights. Fractional shares resulting from the Entitlement Ratio shall form the Untaken Rights.

**10.10. Rump Mechanism**

This mechanism is designed to allow the sale of any New Shares not taken up as per the Entitlement and Additional Shares. It allows the new investors to subscribe for the New Shares that may have otherwise remained as Untaken Rights. These investors will be invited to submit their applications at the Rights Issue Price by completing and signing the Rump Form (refer to Annexure H of the full Information Memorandum') together with RIF Money (including option of IBG or ILU). The minimum application size is 100,000 New Shares. The size of allotment (including for the minimum application) is dependent on the number of Untaken Rights. KenGen accepts no responsibility for losses incurred as a result of the application. All Rump applications must be made exclusively through one of the appointed Rump Agents. Rump Forms can be collected from a Rump Agent and completed Rump Forms must be delivered to one of the Rump Agents. All the rump applications received will be disclosed to the CMA before the final allocation for the Rights Issue. The rump allotment results will be published in the allotment announcement. The Rump Shares will be offered at a fixed price, equal to the Rights Issue Price

**10.11. Allocation Policy**

Subject to the Section 10.8-Rejection Policy:

- 1) Eligible Shareholders who accept their Entitlement in full, or in part, accompanied by RIF Money including CDSC fee, shall receive the fully paid New Shares indicated in their PAL.
- 2) Renouncees who successfully accept their Entitlement in full or in part, accompanied by RIF Money (including CDSC Fee), shall receive the full number of fully paid New Shares indicated in their Form R.
- 3) Entitlees who successfully accept their Entitlement in full, or in part, accompanied by RIF Money (including CDSC Fee), shall receive the full number of fully paid New Shares indicated in their Form E.

The Untaken Rights shall then be available for allocation to the applicants for Additional Shares on a pro-rata basis. Any further Untaken Rights shall be available for allocation to the applicants for Rump Shares on a pro-rata basis. For the avoidable of doubt, allocation of shares will be in the following order:

- a) Allocation as per the provisional allotment to Eligible Shareholders;
- b) Allocation to Renouncees (Form R);
- c) Allocation to Entitlees (Form E);
- d) Allocation to Eligible Shareholders applying for Additional Shares;
- e) Pro-rata allocation to Rump applicants.

While applicants under category a), b) and c) will receive their full entitlement if they have satisfied the laid down criteria, applicants in category d) and e) will only be entitled to be allocated any shares in the event that there are still unallocated shares outstanding after satisfying the first three categories. Applicants under category e) will only be allocated any shares in the event that there are still unallocated shares after satisfying the first four categories.

Any further Untaken Rights shall then lapse.

Allocations for New Shares shall be undertaken at the time and date on which the Board of KenGen meets to determine the final allocations for the Rights Issue, which includes the issue of New Shares by KenGen by way of rights on the terms, and subject to the conditions contained in this Abridged IM, including the Rump Shares.

#### 10.12. Refunds

Where applicable, refunds shall be paid via Funds Transfer and a bank account is mandatory.

- (i) If the first refund is unsuccessful, the Receiving Agent shall make the second attempt after re-checking the data provided on the RIF. The third attempt may be made after contact with the investor.
- (ii) If the Funds Transfer is still declared unsuccessful, a Banker's Cheque or bank draft may be issued.
- (iii) Where a Financier has advanced money to an investor to subscribe to New Shares, refunds shall be made to the details provided in the RIF. The Financier is responsible for ensuring bank details are correct.
- (iv) Refund cheques should be collected from the Sales Agent who received the payment. Proof of identity and other documentation must be provided.
- (v) Payment of refunds shall take into account the prevailing exchange rates. Exchange rate losses will be borne by the investor and not KenGen or its advisors/agents.
- (vi) Neither KenGen nor its agents or advisors shall be responsible or liable for refunds that are not received or delayed, once they have been made. Losses incurred on a refund are for the account of the investor and not KenGen or any of its appointed advisors/agents.
- (vii) Where refunds are sent to the incorrect bank account, or where the Receiving Bank clears cheques incorrectly, KenGen shall take responsibility and have the transfer or cheque rectified as required, provided there is a formal notification. The investor is required to write a letter to the Sales Agent or KenGen who within 10 Business Days of receipt shall investigate and give feedback to the investor. Rectification is expected to be made within another 10 Business Days.
- (viii) The Receiving Agent is expected to put in place measures to ensure safe custody and clearance of cheques. These include effective co-ordination of information with the Sales Agents, the use of special documentation, hierarchical administrative structures and dedicated personnel with specific responsibilities.
- (ix) Refunds shall be subject to compliance with AML Laws.

#### 10.13. Complaints/Comments

Any complaints or comments should be emailed to [kengenrightsissue@image.co.ke](mailto:kengenrightsissue@image.co.ke) for action. Please provide your name, CDS/Non Trading CDS account number and telephone contact.

#### 10.14. Governing Law

The Rights Issue documents and any contract resulting from the acceptance of an application to purchase the New Shares shall be governed by and construed in accordance with the Laws of Kenya and it shall be a term of each such contract that the parties thereto and all other interested parties submit to the exclusive jurisdiction of the Courts of Kenya.

#### 10.15. Selling and transfer restrictions

The distribution of this Abridged IM and the Rights Issue in certain jurisdictions may be restricted by law and therefore persons into whose possession this Abridged IM comes should inform themselves about and observe any such restrictions, including those that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken or will be taken by the Company or the Lead Transaction Advisor in any jurisdiction that would permit a public offering or sale of the New Shares, or possession or distribution of this Abridged IM (or any other offering or publicity material relating to the Rights Issue), in any country or jurisdiction (other than Kenya) where action for that purpose is required or doing so may be restricted by law.

None of the New Shares may be offered for subscription, sale or purchase or be delivered, and this Abridged IM and any other offering material in relation to the Rights Issue may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission or to make any application, filing or registration.

Persons into whose possession this Abridged IM comes should inform themselves about and observe any restrictions on the distribution of this Abridged IM and the Rights Issue contained in this Abridged IM. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction

#### 10.16. Foreign Investors

Foreign investors in (i) European Economic Area, (ii) United States, (iii) South Africa and (iv) United Kingdom should refer to Section 3.25.1 of the full Information Memorandum for Selling and transfer restrictions.

## 10.17. Expenses of the Rights Issue

Table 7: Indicative expenses of the Rights Issue

Expense Item	Kshs (Exclusive of Taxes)
Placing Commission for Sales Agents <sup>3</sup>	129,593,407.83
Transaction Advisors (Including Legal Advisor & Reporting Accountant)	72,002,081.60
Lead Sponsoring Stockbroker	0.05
Offer Processing Fees (Receiving Bank and Data Processor)	20,141,898.06
Advertising and Public Relations	84,702,938.48
CMA Approval Fees	30,000,000.00
NSE Listing and Admission Fees	500,000.00
Printing	30,183,631.52
Postage & Delivery	15,432,118.00
Contingencies	36,200,000.00
<b>Total</b>	<b>418,756,075.54</b>

## 11. SUMMARY OF HISTORICAL FINANCIAL PERFORMANCE

The tables below summarises KenGen's financial performance over the last five financial years, ended 30 June.

Table 8: Statement of Profit and Comprehensive income for financial years 2011 –2015

Financial Year ending 30 June	2011	2012	2013	2014	2015
	KShs '000'				
Electricity Revenue	14,389,027	15,999,078	16,451,195	17,423,771	25,602,038
Other income	284,094	484,632	594,888	650,896	624,585
	<b>14,673,121</b>	<b>16,483,710</b>	<b>17,046,083</b>	<b>18,074,667</b>	<b>26,226,623</b>
<b>Expenses</b>	<b>(4,992,499)</b>	<b>(5,535,596)</b>	<b>(6,115,738)</b>	<b>(7,017,417)</b>	<b>(8,406,089)</b>
Employee expenses	(2,890,984)	(2,169,802)	(3,248,141)	(3,491,942)	(4,162,284)
Operating expenses	(2,541,184)	(3,212,983)	(2,814,490)	(3,592,594)	(4,285,122)
Other gains/(losses)	439,669	(152,811)	(53,107)	67,119	41,317
<b>EBITDA</b>	<b>9,680,622</b>	<b>10,948,114</b>	<b>10,930,345</b>	<b>11,057,250</b>	<b>17,820,534</b>
Depreciation and amortisation	(4,581,339)	(4,883,237)	(4,578,728)	(4,727,937)	(6,478,945)
<b>EBIT</b>	<b>5,099,283</b>	<b>6,064,877</b>	<b>6,351,617</b>	<b>6,329,313</b>	<b>11,341,589</b>
Interest income	548,975	952,621	676,109	416,154	359,082
Finance costs	(1,996,951)	(2,972,308)	(3,000,802)	(2,587,519)	(3,010,659)
<b>PROFIT BEFORE TAXATION</b>	<b>3,651,307</b>	<b>4,045,190</b>	<b>4,026,924</b>	<b>4,157,948</b>	<b>8,690,012</b>
Taxation credit/(charge)	(1,571,186)	(1,222,590)	1,197,780	(1,331,625)	2,827,315
<b>PROFIT FOR THE YEAR</b>	<b>2,080,121</b>	<b>2,822,600</b>	<b>5,224,704</b>	<b>2,826,323</b>	<b>11,517,327</b>
Other comprehensive income	(94,848)	(1,736,685)	(16,722)	1,243,851	54,246,436
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,985,273</b>	<b>1,085,915</b>	<b>5,207,982</b>	<b>4,070,174</b>	<b>65,763,763</b>
EPS (Basic & Diluted) Kshs	0.94	1.28	2.38	1.29	5.24

Source: Reporting Accountants' Report in Annexure A of the full Information Memorandum

<sup>3</sup>Computed at 1.50% for NSE Trading participants and at 1.00% for other Sales Agents. No placement commission will be paid for the GoK PAL allotment arising from the conversion of loans on-lent by GOK to KenGen.

Table 9: Statement of Financial Position for financial years ended 30 June 2011 -2015

Financial Year ending 30 June	2011	2012	2013	2014	2015
	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
Total non-current assets	141,454,256	140,856,807	163,545,472	222,574,881	321,151,022
Total current assets	19,539,034	22,288,066	25,127,810	27,630,643	21,368,973
<b>TOTAL ASSETS</b>	<b>160,993,290</b>	<b>163,144,873</b>	<b>188,673,282</b>	<b>250,205,524</b>	<b>342,519,995</b>
Share capital	5,495,904	5,495,904	5,495,904	5,495,904	5,495,904
Share premium	5,039,818	5,039,818	5,039,818	5,039,818	5,039,818
Total reserves	59,547,095	59,533,829	63,422,794	66,173,951	131,058,369
<b>TOTAL EQUITY</b>	<b>70,082,817</b>	<b>70,069,551</b>	<b>73,958,516</b>	<b>76,709,673</b>	<b>141,594,091</b>
Borrowings	64,166,527	61,850,220	73,934,313	122,324,111	137,191,309
Other non-current liabilities	15,487,353	16,224,145	23,107,824	25,975,511	41,254,622
<b>Total non-current liabilities</b>	<b>79,653,880</b>	<b>78,074,365</b>	<b>97,042,137</b>	<b>148,299,622</b>	<b>178,445,931</b>
<b>Total current liabilities</b>	<b>11,256,593</b>	<b>15,000,957</b>	<b>17,672,629</b>	<b>25,196,229</b>	<b>22,479,973</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>160,993,290</b>	<b>163,144,873</b>	<b>188,673,282</b>	<b>250,205,524</b>	<b>342,519,995</b>

Source: Reporting Accountants' Report in Annexure A of the full Information Memorandum

## 12. MATERIAL RISKS

Risk is the potential for an adverse impact or the diminished opportunity for a positive impact caused by uncertain factors (events or outcomes) affecting the interests of the Company. The adverse impact can result into direct financial loss, earnings volatility or in an extreme scenario in financial distress. The impact may also take other non-financial forms, which adversely affect the future earnings of the Company. On the contrary a positive impact can result into gain. The assessment of risk is a function of the probability of adverse events of varying severity and the extent of KenGen's exposure and preparedness to manage such events. Risk management strategies and mitigation measures (controls) are in place to reduce the potential for loss and increase the opportunity for gain. The combined effects of the risk exposures, risk management strategies and mitigation measures determine the residual exposure to adverse events that may arise.

The Company generates returns for shareholders by taking calculated risks and managing them in line with its strategy. Risk management is the set of end-to-end activities through which the Company makes decisions on which risks to take to optimize its risk-return profile. The management of risk lies at the heart of KenGen and there are structures and measures to continuously identify and mitigate risks. This ensures continuous independent review of the effectiveness of internal controls, risk management and governance processes in line with best practice.

Eligible shareholders should consider carefully the risks and uncertainties described in the Abridged IM and in Section 9 of the full Information Memorandum, along with their personal circumstances, before making any investment decision. Some of the Risks highlighted in the full Information Memorandum include:

### 12.1. Risk Factors Relating to the Kenyan Electricity Sub- Sector

1. Regulation of activities in the electricity industry by GoK agencies could adversely affect the Company's business;
2. Single customer model and ability to roll out capacity expansion projects;
3. Competition arising from the liberalization of the sector could negatively affect the Company's market share;
4. Availability of land/site acquisition may delay the Company's expansion projects;
5. Changes in tax rates as well as impositions of new levies by county governments may affect the Company's profitability;
6. Non-compliance with legal and regulatory requirements may impact the operations of the Company
7. Delayed completion and commissioning of projects may result in cost overruns for the Company
8. Delayed payments for electricity dispatched for distribution by the sole of-taker, Kenya Power could result into liquidity risks for the Company

### 12.2. Risk Factors Relating to the Company

1. The Company's risk management techniques and internal controls may not adequately cover the company against unidentified or unanticipated risks;
2. The Company may encounter delays in achieving its major strategic objectives due to unfavourable market conditions, legal and regulatory impediments, financing and other factors beyond its control;
3. Disrupted plant availability due to machine down time could negatively affect KenGen's revenue;
4. Unfavorable hydrological conditions may adversely affect the generating capacity of the Company and its revenues;
5. Geothermal steam supply is prone to decline over time;
6. Legal disputes arising from contract/tender awards, defective transactions and title ownership may negatively affect KenGen's reputation and operations.

**12.3. Risks associated with the Kenyan securities market**

1. Frontier markets in which KenGen operates are subject to greater risks than those associated with the more developed markets;
2. Investors should be aware that it is possible for the GOK to introduce new taxes or levies on the equity security business, which may negatively affect liquidity or investment returns;
3. The market price of the nil paid Rights and/or the Existing Shares may encounter volatility due to a change in market sentiments regarding the Rights Issue;
4. KenGen's ability to pay dividends will be depended on its existing distributable reserve and future profitability. Payment of any dividends may be further affected by changes to regulation or the requirements and expectations of regulatory authorities;

**12.4. General risks**

1. Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels
2. The Company's value of the income or assets may adversely be affected by inflation;
3. KenGen's operations are labour intensive and any labour unrests may negatively affect the Company's operations;
4. Fluctuations in foreign exchange rates may adversely affect KenGen's future commercial transactions;
5. Power sector facilities are strategic government assets and hence prone to terrorist activities;
6. Loss of key executives and employees may disrupt the Company's operations.

**13. DIRECTORS, SENIOR MANAGEMENT & CORPORATE GOVERNANCE**

The Directors are obligated to fully disclose to the Board real or potential conflict of interest, which comes to his/her attention, whether directly or indirectly. The statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company has been observed by the Board. All business transactions with all parties, directors or their related parties are carried out at an arms' length. An acknowledgement that should it come to the attention of a director that a matter concerning the Company may result in a conflict of interest, obligates the Director to declare the same and exclude himself/herself from any discussion or decision over the matter in question. At every meeting of the Board, there is an agenda item, which requires members to make a declaration of any interest they may have in the business under discussion.

Currently, no Director of the Board of KenGen has declared a conflict of interest in relation to the proposed Rights Issue.

Table 10: Board of Directors

Directors	
Mr. Joshua Choge	Non-Executive and Independent Director and Chairman
Eng. Albert Mugo	Managing Director and Chief Executive Officer
Mr. Henry Rotich	Cabinet Secretary – The National Treasury
Dr. Eng. Joseph Njoroge	Principal Secretary – Ministry of Energy and Petroleum
Mrs. Dorcas Kombo	Non-Executive
Mrs. Zipporah Ndegwa	Non-Executive and Independent Director
Ms. Millicent Omanga	Non-Executive and Independent Director
Dr. Musa Arusei	Non-Executive and Independent Director
Mr. Kairu Bachia	Non-Executive Director
Mr. Joseph Sitati	Non-Executive and Independent Director
Mr. Maurice Nduranu	Non-Executive and Independent Director
Mr. Humphrey Muhu	Alternate to Cabinet Secretary – The National Treasury
Mr. Momata Gichana	Alternate to Principal Secretary – Ministry of Energy and Petroleum

**14. REPORTING ACCOUNTANT'S REPORT**

Deloitte & Touché, as the Reporting Accountants have prepared and produced a Reporting Accountant's Report, the full contents of which are included in the full Information Memorandum. The Reporting Accountant's Report has been submitted in accordance with Section 19 of the Third Schedule of the Companies Act 486, and the Fourth Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 (the "Regulations").

Deloitte & Touché have not expressed an audit opinion in the Reporting Accountant's Report. However, based on their review, Deloitte & Touché has confirmed that nothing has come to their attention that causes them to believe that the audited financial statements of KenGen for each of the five years ended 30 June 2015 do not give a true and fair view in accordance with International Financial Reporting Standards.

**APPENDIX I: LIST OF SALES AGENTS**

<b>Investment Banks</b>	
<b>Standard Investment Bank Ltd</b> ICEA Building, 16th Floor, Kenyatta Avenue P.O. Box 13714-00800, Nairobi, Kenya   Tel: 2228963, Email: advisory@sib.co.ke	<b>Dyer &amp; Blair Investment Bank Ltd</b> Nairobi Office, Pension Towers, 10th Floor, Loita Street P.O. Box 45396 - 00100, Nairobi, Kenya   Tel: 0709 930 000 Email: shares@dyerandblair.com
<b>Dyer &amp; Blair Investment Bank Ltd</b> Nairobi Office, Pension Towers, 10th Floor, Loita Street P.O. Box 45396 - 00100, Nairobi, Kenya   Tel: 0709 930 000 Email: shares@dyerandblair.com	<b>Faida Investment Bank Ltd</b> Crawford Business Park, Ground Floor, State House Road P.O. Box 45236-00100, Nairobi, Kenya   Tel: 7606026-37 Email: info@fib.co.ke
<b>African Alliance Kenya Investment Bank Limited</b> Trans-national Plaza, 1st Floor P.O. Box 27639 – 00506, Nairobi, Kenya   Tel: 2762000/2762557 Email: securities@africanalliance.co.ke	<b>CBA Capital Limited</b> Commercial Bank of Africa Limited, Mara & Ragati Roads, Upper Hill P.O. Box 30437 - 00100 Nairobi   Tel: 2884444 Email: contact@cbagroup.com
<b>Equity Investment Bank Limited</b> Equity Center, 6th Floor, Hospital Road, Upper Hill P.O. Box 75104 – 00200, Nairobi, Kenya   Tel: 0763 056 000 Email: info@equityinvestmentbank.co.ke	<b>KCB Capital Limited</b> Kencom House, 2nd Floor P.O. Box 48400 – 00100, Nairobi, Kenya   Tel: 3270000/2851000 Email: contactus@kcbbankgroup.com
<b>SBG Securities Limited</b> CFC Stanbic Centre, 58 Westlands Road, 2nd Floor P.O. Box 47198 - 00100, Nairobi, Kenya   Tel: 3638900 Email: sbgs@stanbic.com	<b>Kestrel Capital (East Africa) Limited</b> Orbit Place, Westlands Road, 2nd Floor, Westlands P.O. Box 40005 – 00100, Nairobi, Kenya   Tel: 2251758/2251893 Email: info@kestrelcapital.com
<b>Genghis Capital Limited</b> PwC Tower, Waiyaki Way/Chiromo Road, 4th Floor P.O. Box 9959 - 00100, Nairobi, Kenya   Tel: 2774750/1/2 Email: customerservice@genghis-capital.com	
<b>Stockbrokers</b>	
<b>Apex Africa Capital Limited (Part of AXYS Group (Mauritius))</b> Rehani House, 4th Floor, Koinange Street P.O. Box 43676 - 00100, Nairobi, Kenya   Tel: 2242170, 2228203 Email: invest@apexafrica.com	<b>ABC Capital Limited</b> IPS Building, 5th Floor, Kimathi Street P.O. Box 34137 - 00100, Nairobi, Kenya   Tel: 2246036/2245971 Email: headoffice@abccapital.co.ke
<b>AIB Capital Limited</b> Finance House, 9th Floor, Loita Street P.O. Box 11019 - 00100, Nairobi, Kenya   Tel: 2210178/2212989 Email: info@aibcapital	<b>Francis Drummond &amp; Company Limited</b> Hughes Building, 2nd Floor, Kenyatta Avenue, P.O. Box 45465 - 00100, Nairobi, Kenya   Tel: 318690/318689 Email: customerservice@drummond.co.ke
<b>Kingdom Securities Limited</b> (and branches of the Receiving Bank as shown in Appendix II) Co-operative House, 5th Floor, P.O. Box 48231 – 00100 Nairobi Kenya   Tel: 3276676 Email: info@kingdomsecurities.co.ke	<b>NIC Securities Limited</b> NIC House, Ground Floor, Masaba Road P.O. Box 44599-00100, Nairobi, Kenya   Tel: 2888444 Email: service@nic-securities.com
<b>Old Mutual Securities Limited</b> IPS Building, 6th Floor, Kimathi Street P.O. Box 30059 - 00100, Nairobi, Kenya   Tel: 2241379 Email: omsecurities@oldmutualkenya.com	<b>Sterling Capital Limited</b> Barclays Plaza, 11th Floor, Loita Street P.O. Box 45080 - 00100, Nairobi, Kenya   Tel: 2213914/315414 Email: info@sterlingib.com
<b>Suntra Investment Limited</b> Nation Center, 10th Floor, Kimathi Street P.O. Box 74016 - 00200, Nairobi   Tel: 2870000 info@suntra.co.ke	
<b>Custodians</b>	
<b>Prime Bank Limited</b> Riverside Drive, P. O. Box 43825-00100, Nairobi, Kenya   Tel: 4203116/4203148 Email: headoffice@primebank.co.ke	<b>I &amp; M Bank Limited</b> I & M Bank Tower, Kenyatta Avenue P. O. Box 30238-00100, Nairobi, Kenya   Tel: 3221200/246552 Email : invest@imbank.co.ke

## APPENDIX II: RECEIVING BANK BRANCHES

	COUNTY	BRANCH NAME		COUNTY	BRANCH NAME		COUNTY	BRANCH NAME		COUNTY	BRANCH NAME
1	Bomet	Bomet	14	Kirinyaga	Kerugoya			Eastleigh			Upperhill
2	Bungoma	Bungoma			Mwea			Karen			Wakulima Market
		Kimilili	15	Kisii	Kisii			Kayole			Westlands
		Webuye			Kisii East			Langata			Zimmerman
3	Busia	Busia	16	Kisumu	Kisumu			Aga Khan Walk			Thika Road Mall Branch
		Malaba			United Mall			City Hall			Green House Mall
5	Embu	Embu			Kisumu East			Co-op hse Branch	31	Nakuru	Gilgil
		Kutus	17	Kitui	Kitui Branch			Dagoretti Corner			Molo
		Siakago	18	Kwale	Mariakani			Dandora			Naivasha
4	Elgeyo Markwet	Iten			Ukunda			Donholm			Nakuru
6	Garissa	Garissa	19	Laikipia	Nanyuki			Embakasi			Nakuru East
7	Homa Bay	Homa-Bay	20	Lamu	Mpeketoni			Embakasi li	32	Nandi	Kapsabet
		Migori	21	Machakos	Athi River			Enterprise			Nandi Hills
		Mbita			Machakos			Gigiri Mall	33	Narok	Kilgoris
		Oyugis			Mlolongo			Githurai			Narok
8	Isiolo	Isiolo			Tala			Githurai Kimbo	34	Nyamira	Keroka
9	Kajiado	Kajiado	22	Makueni	Wote			Gikomba			Nyamira Branch
		Maasai Mall	23	Mandera	Co-op Agencies			Industrial Area	35	Nyandarua	Engineer
		Kitengela	24	Marsabit	Marsabit			Kangemi			Nyahuru
		Kiserian	25	Meru	Maua			Kawangware			Oi Kalau
		Ngong			Makutano			Kawangware 11	36	Nyeri	Karatina
		Rongai			Meru			Kibera -Ayany			Nyeri
10	Kakamega	Kakamega			Nkubu			Kimathi St.			Othaya
		Mumias	26	Migori	Ndhiwa			Lavington Mall	37	Samburu	Co-op Agencies
11	Kericho	Kericho			Rongo			Mombasa Rd	38	Siaya	Bondo
12	Kiambu	Gatundu	27	Mombasa	Changamwe			Moi Avenue			Siaya
		Githunguri			Digo Rd - Msa			N.B.C Ngong Rd			Yala
		Kiambu			Kenyatta Av. Mombasa			Nacico	39	Taita Taveta	Voi
		Kikuyu			Likoni			Parliament Rd	40	Tana River	Co-op Agencies
		Juja			Kongowea			River Road	41	Tharaka Nithi	Chogoria Mobile Unit
		Limuru			Nkrumah Rd			Ruaka			Chuka
		Ruiru			Nyali			Stima Plaza	42	Trans Nzoia	Kitale
		Thika	28	Murang'a	Murang'a			Tom Mboya	43	Turkana	Lodwar
13	Kilifi	Kilifi	29	Mwingi	Mwingi			Umoja	44	Uasin Gishu	Eldoret
		Malindi	30	Nairobi	Buruburu			U- Way			Eldoret West
		Mtwapa			Kariobangi			Ukulima	45	Vihiga	Mbale
									46	Wajir	Co-op Agencies
									47	West Pokot	Co-op Agencies

### APPENDIX III: SALES AGENTS RIGHTS ISSUE BANK ACCOUNTS

The **Co-operative Bank of Kenya Ltd** is the receiving bank. The SWIFT Code for the Receiving Bank is KCOOKENA (i.e. letter O not zero).

The following are the Sales Agents with the below assigned bank accounts at the Receiving Bank

	Sales Agent Account Name	Account No
	KenGen Rights issue Main A/c	01136532185000
1.	KenGen Rights Issue A/c Standard Investment Bank Ltd	01136532185020
2.	KenGen Rights Issue A/c Renaissance Capital (Kenya) Ltd	01136532185024
3.	KenGen Rights Issue A/c Dyer & Blair Investment Bank Ltd	01136532185002
4.	KenGen Rights Issue A/c Faida Investment Bank Ltd	01136532185017
5.	KenGen Rights Issue A/c African Alliance Kenya Investment Bank Ltd	01136532185023
6.	KenGen Rights Issue A/c CBA Capital Ltd	01136532185025
7.	KenGen Rights Issue A/c Equity Investment Bank Ltd	01136532185026
8.	KenGen Rights Issue A/c Genghis Capital Ltd	01136532185019
9.	KenGen Rights Issue A/c KCB Capital Ltd	01136532185003
10.	KenGen Rights Issue A/c Kestrel Capital (East Africa) Ltd	01136532185021
11.	KenGen Rights Issue A/c SBG Securities Ltd	01136532185009
12.	KenGen Rights Issue A/c ABC Capital Ltd	01136532185014
13.	KenGen Rights Issue A/c AIB Capital Ltd	01136532185012
14.	KenGen Rights Issue A/c Apex Africa Capital Ltd	01136532185016
15.	KenGen Rights Issue A/c Francis Drummond & Company Ltd	01136532185001
16.	KenGen Rights Issue A/c Kingdom Securities Ltd	01136532185011
17.	KenGen Rights Issue A/c NIC Securities Ltd	01136532185018
18.	KenGen Rights Issue A/c Old Mutual Securities Ltd	01136532185008
19.	KenGen Rights Issue A/c Sterling Capital Ltd	01136532185015
20.	KenGen Rights Issue A/c Suntra Investments Ltd	01136532185007
21.	KenGen Rights Issue A/c I & M Bank Ltd	01136532185005
22.	KenGen Rights Issue A/c Prime Bank Ltd	01136532185006

**APPENDIX IV: PROVISIONAL ALLOTMENT LETTER**



**PROVISIONAL ALLOTMENT LETTER (PAL)  
USE BLOCK LETTERS TO COMPLETE THE FORM**

THE PAL IS OF VALUE, NEGOTIABLE AND IS ISSUED PURSUANT TO AN INFORMATION MEMORANDUM DATED ..... PLEASE CONSULT YOUR ADVISOR. READ NOTES ON THE REVERSE OF THIS PAL. RIGHTS ISSUE OPENS AT 9.00 A.M. ON ..... 2016 AND CLOSES AT 4.00 P.M.ON ..... 2016.

**PAL No:**

**RIGHTS ISSUE 2016**

Sales Agent Stamp CDS A/C

OFFICIAL USE ONLY

Version 1.0-18 Apr 2016	<b>BOX 1</b> Existing Shares as of Record Date
	<b>BOX 2</b> New Shares provisionally allotted to you
	<b>BOX 3</b> Amount payable (Kshs) in full
Eligible Shareholders Name and Address	

OFFICIAL USE ONLY

**ATTORNEY** Eligible Shareholders who wish to appoint an attorney to deal with the Rights Issue may do so via Form A (Form of Appointment of Attorney) available from a Sales Agent or downloaded from [www.kengen.co.ke](http://www.kengen.co.ke).

<b>PART 1A</b>	<b>FULL ACCEPTANCE.</b> I/We hereby accept in full, subject to the terms of the Information Memorandum, this PAL and the Memorandum and Articles of Association of Kenya Electricity Generating Company Limited, the number of New Shares above in Box 2 for the value in Box 3 above	Tick (✓) <input type="checkbox"/>
<b>PART 1B</b>	<b>ADDITIONAL SHARES.</b> Having accepted all the New Shares in Part 1A above, I/we hereby apply for Additional Shares (in multiples of 100), subject to the terms of the Information Memorandum, this PAL and the Memorandum and Articles of Association of Kenya Electricity Generating Company Limited, the number of Additional Shares in Box 4 for the value in Box 5 herein.	<b>BOX 4</b> Number of Additional Shares (multiples of 100) <b>BOX 5</b> Amount payable (Kshs) (multiply figure in Box 4 by Kshs ...00)
<b>PART 1C</b>	<b>TOTAL SHARES.</b> Having accepted all the New Shares in Part 1A above and applied for Additional Shares in Part 1B above (where applicable), I/we hereby apply for the total New Shares in Box 6 for the value in Box 7 herein.	<b>BOX 6</b> Number of total New Shares (Box 2 + Box 4) <b>BOX 7</b> Amount payable (Kshs) (Box 3 + Box 5)
<b>PART 2</b>	<b>PARTIAL ACCEPTANCE IF PART 1 ABOVE IS NOT ACCEPTED.</b> I/We hereby accept in part, subject to the terms of the Information Memorandum, this PAL and the Memorandum and Articles of Association of Kenya Electricity Generating Company Limited the number of New Shares specified in Box 8 for the value set out in Box 9 herein.	<b>BOX 8</b> Number of New Shares accepted in part <b>BOX 9</b> Amount payable (Kshs) (multiply figure in Box 8 by Kshs ....00)

<b>PART 3 PAYMENT</b>	Tick (✓)	3.1 Direct Amount Payment	Ksh.	Chq/Transfer Ref No./ Deposit Ref No.	Bank Name & Branch
	Tick (✓)	3.2 Mobile Money	Ksh.	Mobile Money Ref No.	
	Tick (✓)	3.3 Agents Payment	Ksh.	<b>3.5 FINANCIER DETAILS</b>	
	Tick (✓)	3.4 Irrevocable: Bank Guarantee or Letter of Under taking for Additional Shares		CDS Form 5 Serial No	
				Institution & Branch	

<b>PART 4</b> *Mandatory	<b>REFUND</b>	Account Name (as per statement)	Bank Name	Branch Code
		Country & Swift if not Kenya	Account Number (full account No.)	

<b>PART 5</b>	SIGNATURE of ELIGIBLE SHAREHOLDER or AUTHORISED ATTORNEY
	Sign as necessary Date: .....

<b>PART 6</b>	Provide Email & Mobile No.:
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----- Tear off -----

KENYA ELECTRICITY GENERATING COMPANY LTD – RIGHTS ISSUE 2016-PAL RECEIPT	PAL No	Eligible Shareholder	Sales Agent
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**NOTES (PAL)**

If you wish to take action, please note the following:

**GENERAL INSTRUCTIONS.**

- Use **BLOCK** letters to complete the form
- A copy of the Information Memorandum or Abridged Information Memorandum to which this PAL is attached has been lodged with the Registrar of Companies.
- A copy of the information Memorandum or Abridged Information Memorandum may be obtained from the Sales Agents named below or [www.kengen.co.ke](http://www.kengen.co.ke).
- Persons into whose possession this PAL may come are required to observe the restrictions contained in the Information Memorandum or Abridged Information Memorandum.
- Terms defined in the Information Memorandum shall bear the same meaning herein unless otherwise indicated.
- For advice on the Rights Issue and completion of this form an Eligible Shareholder should consult their preferred professional advisor.
- A PAL shall be rejected as per the policy set out in the Information Memorandum or Abridged Information Memorandum.
- All alterations on the PAL, other than the deletion of alternatives, must be authenticated by the full signature of the Eligible Shareholder.
- Presentation of cheques for payment or receipt of funds transferred shall not amount to the acceptance of any application.
- A completed PAL must be physically returned to a Sales Agent. Once made, it is irrevocable and may not be withdrawn.
- The PAL and Application Money should be received by the Sales Agent or the Receiving Bank by 4.00 p.m. on .....2016 (Closure Date) and neither KenGen, nor any of the advisors nor any of the Sales Agents shall be under any liability whatsoever should a PAL not be received by this date.
- This PAL and the accompanying Information Memorandum or Abridged Information Memorandum shall be governed by and construed in accordance with the Laws of Kenya.

**PART 1 FULL ACCEPTANCE, ADDITIONAL SHARES, TOTAL SHARES**

- a. FULL. Tick PART 1A if accepting in full all New Shares as in Box 2.
- b. ADDITIONAL & TOTAL.
- i. Application for Additional Shares can only be made if all New Shares in Box 2 were accepted in full. To apply for Additional Shares (PART 1B): fill in Box 4 subject to multiples of 100 and fill in the amount due for these Additional Shares in Box 5 by multiplying the number in Box 4 by Kshs .... per New Share.
- ii. Complete total number of New Shares applied for in Box 6 in PART 1B, i.e. Box 6 = Box 2 + Box 4.
- iii. Complete the total value of New Shares applied for in Box 7, PART 1B, i.e. Box 7 = Box 3 + Box 5.
- c. Acceptance and Allocation is subject to terms and conditions in the Information Memorandum or the Abridged Information Memorandum.

**PART 2 PARTIAL ACCEPTANCE**

- a. Complete this part if you wish to accept a portion of the New Shares to which you are entitled. You must not have completed PART 1.
- b. Enter number of New Shares you would like to accept in Box 8. This number must be less than the number in Box 2.
- c. Enter the amount due for the New Shares in Box 9 by multiplying the number in Box 8 with Kshs .... per New Share.

**PART 3 PAYMENT**

- a. All payments are to be made in Kenya Shillings.
- b. Section 3.13 in the Information Memorandum and Section 10.5 in the Abridged Information Memorandum provides details on Modes of Payment. Please read carefully the instructions.
- c. Complete Section 3.1 with M-Pesa Funds Transfer Number or Banker's Cheque Number and name of remitting/paying bank
- d. Complete Section 3.2-Mobile Money Reference Number if this mode is used to make payment.
- e. If payment for Additional Shares is via Irrevocable Bank Guarantee or Irrevocable Letter of Undertaking, tick the box provided and attach the IBG/ILU to this PAL.
- f. If a Financier is involved, complete section labeled 'Financier Details' by providing the Loan Reference and the name of the Institution and Branch.
- g. All Application Money must be made in cleared funds on or before 4:00 pm on .....2016 (Closure Date).

**PART 4 REFUND**

- a. A bank account is mandatory for eligible investors.
- b. Please refer to Section 3.2 in the Information Memorandum and Section 10.12 in the Abridged Information Memorandum for details on Refunds.
- c. Please provide clearly the relevant details in the boxes provided.

**PART 5 SIGNATURE**

The PAL must be signed to ensure acceptance. For companies/institutions/organisations, signatures can be affixed as per the authorized mandate.

**PART 6 EMAIL &/or MOBILE No**

Space has been provided to insert this information so that contact can be established in case of need.

**SALES AGENTS.** Standard Investment Bank Limited, Renaissance Capital (Kenya) Limited, Dyer & Blair Investment Bank Limited, Faida Investment Bank Limited, ABC Capital Limited, African Alliance Kenya Investment Bank Limited, AIB Capital Limited, Apex Africa Capital Limited, CBA Capital Limited, Equity Investment Bank Limited, Genghis Capital Limited, Francis Drummond & Company Limited, KCB Capital Limited, Kestrel Capital (East Africa) Limited, Kingdom Securities Limited, NIC Securities Limited, Old Mutual Securities Limited, SBG Securities Limited, Sterling Capital Limited, Suntra Investments Limited, Prime Bank Ltd & I&M Bank Ltd.

or for assistance contact: [kengenrightsissue@image.co.ke](mailto:kengenrightsissue@image.co.ke) or [advisory@sib.co.ke](mailto:advisory@sib.co.ke)

*Tear off*

*Tear off*

**PAL RECEIPT.** Eligible Shareholder must ensure that this tear off is Stamped by the Sales Agent and returned to them for their safe custody together with the proof of payment.

The last date and time for acceptance and payment of the New Shares is on or before 4:00 p.m. on ..... 2016. If no action is taken on the Rights, they will lapse and be subject to Section..... (Untaken Rights) in the Information Memorandum and Section..... in the Abridged Information Memorandum.

.....2016

# GENERATING PROGRESS BY SUPPLYING ABOUT 80% OF KENYA'S ENERGY

KenGen. GENERATING MORE THAN ENERGY



Kenyans are known and respected worldwide for their ambition, ingenuity and hardwork. KenGen is proud to supply about 80% of the electrical energy that aids our Nations progress. Kenya is not going to slow down anytime soon and that means we need to generate more energy to fuel even more progress. Over the next two years, we plan to increase the amount of energy produced via clean cost effective and sustainable means at our Olkaria geothermal fields, from 509MW to 744MW which will fuel Kenya's dreams and hopes for generations.



Kenya Electricity Generating Company Limited  
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Nairobi – Kenya