

KREAL/VAL/01/005(2)/2016

23rdDecember, 2016

The Real Estate Services Manager,
Cytonn Real Estate,
P.O. Box 20695-00200,
NAIROBI-KENYA

Attn: Johnson Denge (Mr.)

Dear Sir,

**REPORT AND VALUATION
OF
LR. NO. 10051 I.R. NO. 16453/4- AMARA RIDGE
FOREST EDGE AND MURICHU ROADS INTERSECTION
KAREN, NAIROBI COUNTY
“I.N.O. CYTONN INVESTMENT PARTNERS THREE LLP”
ACC.CYTONN REAL ESTATE LIMITED**

Terms of Reference:

We refer to your instructions requesting us to inspect the above captioned properties with a view to advising on its market value for book purposes as at *31st December 2016*. Here below is our report and valuation:-

LIMITING CONDITIONS

The property Report and Valuation is subject to the following limiting conditions:-

1. Neither the whole or any part of this Report and Valuation or any reference to it may be included in any published document, circular to statement nor published in any way without the prior approval of the Company of the form and context in which it may appear.
2. Where it is stated in the report that information has been supplied to the Company by another party, this information is believed to be reliable but the Company can accept no responsibility if this should prove not be so. Where information is given without being attributed directly to another party, this information has been obtained by our own search of records and examination of documents or by enquiry from Government or other appropriate departments.
3. The responsibility of the Company in connection with this Report and Valuation is limited to the client to whom the report is addressed.
4. The values assessed in this Report are for the subject property and any allocation of values between parts of the property apply only in the terms of and for the purpose of this Report. The value assessed should not be used in conjunction with any other assessment as they may prove incorrect if so used.
5. While due care is taken to note significant building defects in the course of inspection this is a Report and Valuation and not a structural and no guarantee is given in respect or rot, termite and pest infestation or any other defects whether exposed or unexposed.
6. Where market values are assessed, they reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting a sale.
7. This valuation is invalid unless it is signed and bears our Official Company Seal.

Basis of Valuation:**a) Market Value:**

An opinion of the best price, at which the sale of an interest in property might be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming: -

- i) a willing seller;
- ii) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale.
- iii) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on date of valuation.
- iv) that no account is taken of any additional bid by a prospective purchaser with a special interest;
- v) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

b) Estimated Realisation Price:

An opinion as to the amount of cash consideration before deduction of costs of sale which the Valuer considers, on the date of valuation, can reasonably be expected to be obtained on future completion of an unconditional sale of the interest in the subject property assuming: -

- i) a willing seller;
- ii) that completion will take place on a future date specified by the valuer to allow reasonable period for proper marketing (having regard to the nature of the property and the state of the market);
- iii) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- iv) that both parties to the transaction will act knowledgeably, prudently and without compulsion.

Methods of Valuation:**a) Comparable Approach:**

This is also referred to as the **'Direct Capital Comparison Method'**. By this method, the valuer equates the value of the property under appraisal to the value of a known comparable property whereby the latter's value is taken to be the best price that can be obtained by the property being valued, with due allowance made for value affecting differences between the subject property and the comparable property such as condition, location, level and amount of services provided, accessibility, plot size, planning and zoning regulations, date of transaction, parties to the transaction, motive of sale and tenure and the unexpired term.

b) Investment Approach:

This is based upon a percentage yield. An investor will be expecting rates of return that will differ according to the type and quality of investment. Given a known or estimated stream of net rental income, the end value is thus driven by the yield that is expected. The choice of yields is made by comparison with such other investments as bear the nearest relationship in such matters as the physical characteristics, use and degree of risk and life of the investment.

c) Contractors' Approach:

The basic assumption is that cost of vacant land summed with the cost of erecting a building will yield the value of the developed property. This method is used to value properties that there is little general demand and which are rarely sold in the market e.g. public hospitals, schools, libraries, churches etc. Noteworthy to mention is that cost and value are hardly the same. In valuing old buildings allowance should be made for depreciation and obsolescence of the building.

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Date of Inspection: 21st December, 2016 by our valuer I.B.Oyuga.



SITUATION:

The property situated due south of the Forest Edge and Murichu roads intersection lies about 400 metres and 800 metres due north of the Bomas Access and Langata/Magadi roads interchange respectively within Karen estate, Nairobi County. A location sketch plan is here in attached.

Survey Maps:

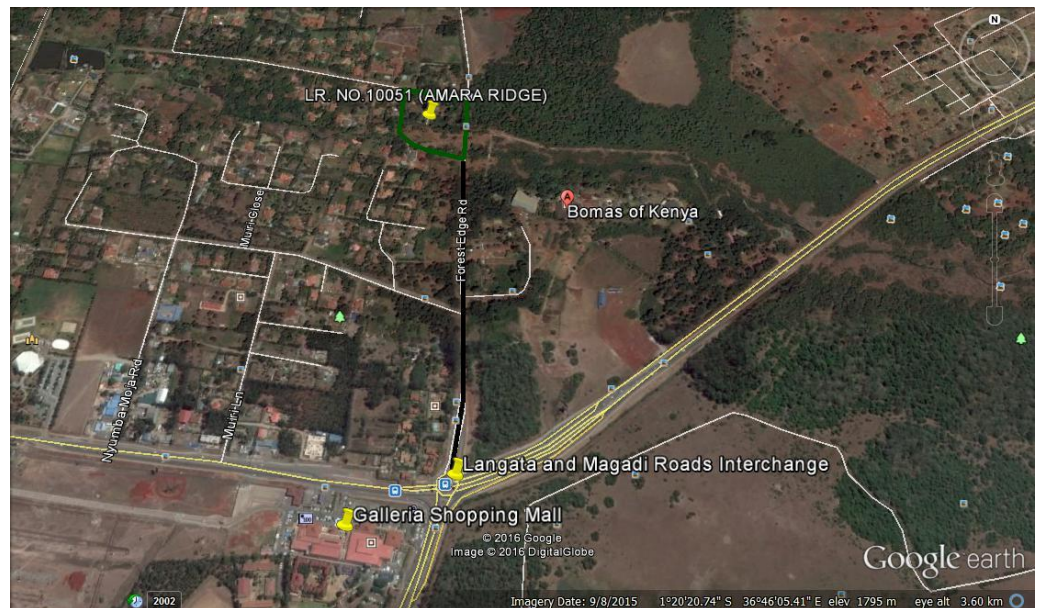
We have perused the relevant deed plans for LR No.10051 Plan No. 74000 registration section and confirm that the property described in this report and valuation concurs with what we inspected on the ground.

Google Earth Imagery:

We confirm the directional imagery for the Amara Ridge from Google earth and the accompanying coordinates concurs with what we inspected on the ground. The coordinates for the property identified are as follows:

Latitude	-1.3347235
Longitude	36.7661846

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TENURE: Leasehold interest for a residue term of 99 years with effect from 1st July 1959 at an annual revisable ground rent of Kshs.375. The parcel has 42 years to expiry.

Lessee:
Cytom Investment Partners Three LLP

Encumbrances:
Nil

AREA: The parcel measures approximately five decimal nought nought (5.00) acres

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The Plot:

This is a regular shaped southward gently sloping residential parcel of red loamy soils whose boundaries are marked with temporal galvanized corrugate iron sheets and neighbours chain-link on wooden posts/masonry wall to perimeter. Access into the property is via a double leaf GCI sheets gate. The compound is undone as construction is ongoing.

IMPROVEMENTS: Comprises five (5) classical villas and five (5) modern townhouses.

The units are at various stages of construction.

a). Classical Villas (1,2,3,4 and 5)



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The classical villas are at different stages of construction as follows:-

Stage of Construction:

Ministry of Works

Housing (with plumbing) revision (Scale 'A')

		Stage of Construction					
Stage	Description	At 100%	At present stage (Unit No.)				
			1	2	3	4	5
1	Setting out	1	1	1	1	1	1
2	Excavation and earthwork	2	2	2	2	2	2
3	Concrete foundations	2	2	2	2	2	2
4	Walls to D.P.C	2	2	2	2	2	2
5	Hardcore infill	3	3	3	3	3	3
6	Concrete floor slab	5	5	5	5	5	5
7	Walling	12	12	12	12	12	12
8	Door frames and windows	14	8	8	5	0	0
9	Roof support	6	6	6	6	6	6
10	Roof coverings	10	10	10	10	10	10
11	Ceiling joists and brandering	2	2	2	2	2	2
12	Wardrobes and cupboards	5	0	0	0	0	0
13	Internal plumbing and drainage	10	4	4	4	4	4
14	Wall finishes	6	2	3	2	2	2
15	Ceiling boards	4	0	0	0	0	0
16	Window boards, picture rails, sundries in woodwork	1	0	0	0	0	0
17	Floor finishes	2	0	0	0	0	0
18	Doors complete	5	1	1	1	1	1
19	Glazing	2	0	0	0	0	0
20	Painting and decoration	6	2	2	2	2	2
	Total	100	62	63	59	54	54

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At the site, construction was ongoing as there were laborers and materials on the ground.



Sand



Machine Dressed Quarry Stones

Upon successful completion, we anticipate that the building will be as per the 3D designs below and have the following accommodation details:-



Accommodation:

Ground Floor:

- Car port;
- Porte Cochere;
- Entrance lobby;
- Guest Cloakroom;

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Ensuite guestroom;

Living room with a fireplace and door to rear yard;

Dining area;

Two (2) kitchen Stores;

Sturdy room;

Two (2) Staff quarters;

First Floor:

Staircase to landing;

Passages;

Three (3) ensuite bedrooms each with a terrace;

Ensuite master bedroom

***Built Up Area:** Each classical villa measure approximately 5,318 square feet*

b) Modern Villas



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The modern villas are at different stages of construction as shown below:-

		Stage of Construction					
Stage	Description	At 100%	At present stage (Unit No.)				
			6	7	8	9	10
1	Setting out	1	1	1	1	1	1
2	Excavation and earthwork	2	2	2	2	2	2
3	Concrete foundations	2	2	2	2	2	2
4	Walls to D.P.C	2	2	2	2	2	2
5	Hardcore infill	3	3	3	3	3	3
6	Concrete floor slab	5	5	5	5	5	5
7	Walling	12	12	12	12	12	12
8	Door frames and windows	14	10	5	5	5	2
9	Roof support	6	6	6	6	6	6
10	Roof coverings	10	10	10	10	10	10
11	Ceiling joists and brandering	2	2	1	1	1	2
12	Wardrobes and cupboards	5	0	0	0	0	0
13	Internal plumbing and drainage	10	4	4	4	4	4
14	Wall finishes	6	2	2	2	2	2
15	Ceiling boards	4	0	0	0	0	0
16	Window boards, picture rails, sundries in woodwork	1	0	0	0	0	0
17	Floor finishes	2	0	0	0	0	0
18	Doors complete	5	1	1	1	1	1
19	Glazing	2	0	0	0	0	0
20	Painting and decoration	6	2	2	2	2	2
	Total	100	64	58	58	58	56

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Upon successful completion, we anticipate that the building will be as per the 3D designs below and have the following accommodation details:-



Accommodation:

Ground Floor:

- Car port;
- Porte Cochere;
- Entrance lobby;
- Guest Cloakroom;
- Ensuite guestroom;
- Living room with a fireplace and door to rear yard;
- Dining area;;
- Two (2) kitchen Stores;
- Sturdy room;
- Two (2) Staff quarters;

First Floor:

- Staircase to landing;
- Passages;
- Three (3) ensuite bedrooms each with a balcony;
- Ensuite master bedroom;

Built Up Area: Each classical villa measure approximately 4,793 square feet

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SERVICES: Mains water, electricity and trunk sewer services are available in the neighbourhood for connection. Murichu and Forest edge roads are tarmac surfaced.

Condition survey:

The units were under construction at the time of our inspection.

Tenancy

The property is under construction for residential user.

REMARKS:

i). Title and Search:

In comparing the copy of the title provided and the property search undertaken, the registered owner, the title number, the parcel size, the tenure and encumbrances are in harmony. A copy of the official search is herein attached.

ii). Neighbourhood:

The immediate neighbourhood is mainly owner occupier residential developments.

iii). Present User

The Amara Ridge project is in the construction phase for sale. The classical and modern villas are in different stages of construction

iv). Valuation:

The valuation of the Amara Ridge project will take into cognisance the present stage of construction for each unit in arriving at the present values.

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The valuation adopts the basis and methodology of valuation as per pages 3 & 4 above and the international valuation standards councils guidance note 17- valuation of investment property under construction.

Residual method of valuation has been adopted in this valuation

We confirm that after conducting a title search from the Nairobi Land registry and from the field inspection, ascertainment of the property from the Cadastral Map and from the information gathered on the ground it was revealed that no irregular allocation or past public user such as roads or bypass has been reserved/encroached.

The property is located in a residential area where there has not been Animal migration route / corridor, river riparian, wet lands, gazetted forest area or public utilities. It is not, neither has it been grabbed land or set aside as a road reserve now or in the past.

Comparable:

In arriving at the market value, we have taken cognizance of the location of the property, its general conditions, size, the stage of construction and evidence of comparable of similar parcels within Karen area some of which we have appended here below:-

**LR. NO. 10051 I.R NO16453/4- AMARA RIDGE- FOREST EDGE AND MURICHU
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LR. No.	Location	Date of sale	Sale/Valuation	Size (Acres)	Price (Kshs.)	Price Per Acre - Analysis(Kshs.)
2259/463	Off Marula Lane Near Karen Golf Club	2015	Sale	1.163	60,000,000.00	51,591,000.00
2259/680	Off Marula Lane Near Karen Golf Club	2015	Sale	0.9884	50,000,000.00	50,587,000.00
14926/5	Langata Road, Karen	July 2013	Sale	0.5	25,000,000.00	50,000,000.00
150/4	Forest Edge Road	November 2015	Sale	0.5681	40,000,000.00	70,410,000.00
12882/155	Karen Community Church	June, 2015	Sale	0.94	40,649,000.00	43,244,000.00
12882/156	Karen Community Church	June, 2015	Sale	0.91	39,351,000.00	43,243,000.00
12302/9	Ngong View Road	October 2015	Sale	1.0	44,000,000.00	44,000,000.00
7583/49	Mwitu Road	November 2015	Valuation	2.78	120,000,000.00	43,165,000.00
12882/156	Karen Community Church	June, 2015	Sale	0.91	59,000,000.00	64,835,000.00
9742/4	Along St Hellen Lane	March 2015	Valuation	0.4942	25,000,000.00	50,587,000.00
2259/783	La Nyavu Gardens	March 2015	Sale	0.3825	20,000,000.00	52,288,000.00
13544/99	Karen Road	August 2015	Sale	2.137	120,000,000.00	52,876,000.00
1008/40	Junction Miotoni and Warai South	March 2014	Sale	5.0	180,000,000.00	36,000,000.00
Average						50,469,000.00

From the comparable table above, the average price of 1 acre within the Karen neighbourhood amounts to Kshs. 50,469,000.00

With reference to the subject parcels, we will adopt Kshs.50,000,000.00 per acre reflective of the immediate neighbourhood price with similar characteristics

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VALUATION: In our opinion, the market value of the unencumbered leasehold interest in **LR. NO. 10051 I.R NO16453/4-AMARA RIDGE- FOREST EDGE AND MURICHU ROADS INTERSECTION-KAREN, NAIROBI COUNTY** as at *31st December 2016* for book purposes could be stated in the sum of *Kenya Shillings Five Hundred Seventy Three Million Four Hundred Eighty Two Thousand Nine Hundred Ten Only – (Kshs.573, 482,910.00)* broken down as follows:-

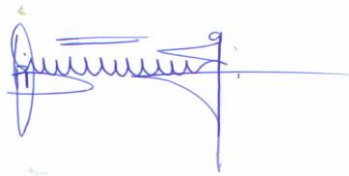
<i>Land:</i>	<i>Kshs.250, 000,000.00</i>
<i>Improvement (% of construction):</i>	<i>Kshs.162, 589,910.00</i>
<i>Fees:</i>	<i>Kshs.160, 893,000.00</i>

Concluding Remarks:

We confirm that neither Kenval Realtors (EA) Limited nor the valuer has any conflict of interest in providing this report and valuation and that we have no undisclosed relationship with the applicant(s).

Yours faithfully,

For: KENVAL REALTORS (EA) LIMITED



I. B. OYUGA

B.A. LAND ECON (HONS.) NBI

M.I.S.K. REGISTERED VALUER

23rd December 2016