

REPORT AND VALUATION
UPON
A RESIDENTIAL DEVELOPMENT PROJECT



L.R. NO. 1055/29; APPLEWOOD

MIOTONI ROAD, KAREN

NAIROBI COUNTY



Our Ref: RVI/V.O/2022/6495

Friday, December 31st 2021

Senior Finance Manager,
Cytonn Investments Management Plc,
6th Floor, The Chancery, Valley Road,
P.O Box 20695-00200,
Nairobi, Kenya.

Dear Sir,

RE: VALUATION OF L.R.NO. 1055/29 MIOTONI ROAD, NAIROBI COUNTY

Pursuant to your request and in accordance with an award of contract received dated **Thursday 21st April 2022**, we inspected the above captioned property on **Monday, 9th May 2022**, and we are pleased to submit the accompanying Report and Valuation.

The report, including exhibits, fully describes the approach to value and contains all pertinent data gathered in the investigation of the subject property.

The value opinion reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report; including the fact that it's a backdated valuation referring to **Friday 31st December, 2021**.

Respectfully submitted,

STEPHEN R. KIROTICH
B.A. LAND ECONOMICS (HONS), M.I.S.K (VS)
REGISTERED AND PRACTISING VALUER
DIRECTOR

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EXECUTIVE SUMMARY

This Executive Summary must be read in the context of and in conjunction with the full valuation report of which it forms a part of. All comments, terms and conditions contained in the full valuation report relate directly to this Executive Summary.

SUMMARY OF SALIENT FACTS

INSTRUCTING PARTY:	CYTONN INVESTMENTS MANAGEMENT PLC
PROPERTY ADDRESS:	L.R. NO. 1055/29; MIOTONI ROAD, KAREN, NAIROBI COUNTY
DATE OF INSPECTION:	MONDAY, 9TH MAY 2022
DATE OF VALUATION:	FRIDAY, 31ST DECEMBER 2021
REGISTERED PROPRIETOR:	EPAZEC COMPANY LIMITED
INTEREST APPRAISED:	FREEOLD TENURE
PURPOSE OF VALUATION:	BOOK PURPOSES
MAIN DEVELOPMENTS:	18 PROPOSED LUXURY TOWN HOUSES
LAND SIZE:	4.209 HECTARES OR 10.40 ACRES
LAND USE:	MULTI DWELLING RESIDENTIAL (TOWN HOUSES)

BRIEF PROPERTY AND NEIGHBOURHOOD DESCRIPTION

This is a residential redevelopment site situated along Miotoni road and about 200 metres from the junction of Ngong road and the Southern by-pass in Karen area of Nairobi. The parcel slopes gently northwards with a section on the northern boundary marked by the Miotoni River. The property is being provided as serviced plots for an exclusive gated residential development of 18 townhouses and a club house with a provision for 2 extra villas or cottages. It features classic or contemporary designed luxurious 5 bedroomed double storied houses set on half acre plots. Each unit will have a double servant's quarters and a swimming pool with infinity features. The show house is 60% done.

The neighbourhood is characterised by owner occupied or rented out maisonettes, townhouses or villas set on several acres of land as well as high end gated estates such as Deer Park, Amara Ridge, Cobble Gardens, Miotoni Woods, the Paddocks among others. The subject area also hosts the Bomas of Kenya, Galleria Mall, the Hub, several international schools and part of the Nairobi National Park.

This area of Karen is a controlled residential zone. That notwithstanding, there is evidence of commercial developments especially along the Langata, Ngong and Karen roads.

VALUATION SUMMARY

		Current Values (KES)	Values upon Completion (KES)
(i)	Fair Market Value	894,000,000.00	962,000,000.00
(ii)	Forced Sale Value	671,000,000.00	721,500,000.00

1. INTRODUCTION

1.1. DEFINITION OF VALUATION

A “**valuation**” refers to the act or process of determining an estimate of value of an asset or liability by applying **IVS** (International Valuation Standards). The process involves an individual, group of individuals or a firm referred as the ‘**valuer**’ who is qualified, registered and licenced to practise. The valuer is expected to be objective, unbiased and competent.

1.2. VALUATION APPROACHES/METHODS

There are many methods that can be employed in asset valuation. These can largely be classified into three: the Market Approach, the Cost Approach and the Income or Investment Approach. The approaches and accompanying methodologies are outlined by *The International Valuation Standards 2020*, under **IVS 105**. They are all based on the economic principles of price equilibrium, anticipation of benefits or substitution.

1.2.1 Sales Comparison/Market Approach

According to *IVS 105, Section 20*; the Sales Comparison/Market Approach of valuation provides an indication of value by comparing the subject assets with identical or similar assets for which price information is available. We have adopted this methodology in analysing the sampled comparable sales within the subject property’s neighbourhood.

1.2.2 Cost Approach

This is also sometime referred to as Contractors Approach. *IVS 105, Section 60*, defines the Cost Approach as one that provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved.

The most common valuation methods adopted in real estate valuations under this approach include; the *Replacement Cost Method*, *Reproduction Cost Method* and the *Summation Method*.

1.2.3 Income/ Investment Approach

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset (*IVS 105, Section 40*). The most common valuation methods adopted in real estate valuations under this approach include; the *Discounted Cash Flow (DCF) Method* and the *Income Capitalization Method*.

The DCF method is based upon an explicit forecast of the likely net income to be generated by the subject property over a defined forecast period. The Exit Value is then calculated applying an appropriate capitalisation rate to the forecasted net income for the year immediately following the end of the cash flow period.

The Capitalisation Method estimates the value of the property through the capitalisation of its income at a certain rate of return. This procedure assumes that there is equivalence between the market value of a property and the sum of its ordinary incomes discounted to the present. In the direct income capitalization method, the estimated income stream from the property has been capitalized using a market supported yield to arrive into a value indication for the property.

1.2.4 Residue Method

The Residual Method is a hybrid of the market approach, the income approach and the cost approach (*IVS 410, Sections 90*). This is based on the completed “gross development value” and the deduction of development costs and the developer’s return to arrive at the residual value of the development property.

The residual method of valuation could be expressed in the form of a simple equation where the value of a property is the residue (a sum left over) after deducting the cost of development from the value of development. It may also be considered as the amount that a developer would be prepared to pay for such a property in order to obtain the development potential.

1.3. BASIS OF VALUATION

According to the *International Valuation Standards (IVS) 2020* Bases of value (sometimes called standards of value) describe the fundamental premises on which the reported values are based. It is critical that the basis (or bases) of value be appropriate to the terms and purpose of the valuation assignment, as a basis of value may influence or dictate a valuer’s selection of methods, inputs and assumptions, and the ultimate opinion of value.

The basis of valuation can either be IVS defined or not. The choice made should then be expressly stated and the source indicated. According to *IVS 104*, the main bases of value are as follows:

- i. Market Value;
- ii. Market Rent;
- iii. Equitable Value;
- iv. Investment Value/Worth;
- v. Synergistic Value; and
- vi. Liquidation Value.

1.3.1 Market Value

According to *IVS 104 (Section 30)*, Market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

1.3.2 Market Rent

According to *IVS 104 (Section 40)*, Market Rent is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

1.3.3 Investment Value/Worth

According to *IVS 104 (Section 60)*, Investment Value is the value of an asset to a particular owner or prospective owner for individual investment or operational objectives. It is an entity-specific basis of value. Although the value of an asset to the owner may be the same as the amount that could be realised from its sale to another party, this basis of value reflects the benefits received by an entity from holding the asset and, therefore, does not involve a presumed exchange.

1.4. PREMISE OF VALUE

This is the actual, assumed or situational use of an asset or liability. It gives perspective to valuations in terms of applicable laws, prevailing market conditions, variations in investment decisions, etc. *IVS 104, Section 130* states that a Premise of Value or Assumed Use describes the circumstances of how an asset or liability is used.

Different bases of value may require a particular Premise of Value or allow the consideration of multiple Premises of Value. Some common Premises of Value include the following:

1.4.1 Existing/Present use

This is the current way an asset, liability, or a group of assets/liabilities is used. The current use may be the highest and best use of the property. At the time of inspection and valuation, the current use of the subject property was residential.

1.4.2 Highest and Best Use

This is the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported and financially feasible and that results in the highest value. If different from the current use, the cost to convert an asset to its highest and best use would impact the value.

The difference between the present use of a property and the highest and best use of the same property is referred to as its *Potential*.

1.4.3 Orderly Liquidation

An orderly liquidation describes the value of a group of assets that could be realised in a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis. The reasonable period of time to find a purchaser (or purchasers) may vary by asset type and market conditions.

1.4.4 Forced Sale

According to the *International Valuation Standards - IVS 104, Section 170*; Forced Sale is used where a seller is under compulsion to sell and that, as a consequence, a proper marketing period is not possible and buyers may not be able to undertake adequate due diligence. The price that could be obtained in these circumstances will depend upon the nature of the pressure on the seller and the reasons why proper marketing cannot be undertaken.

Forced Sale values are therefore not homogenous and would essentially vary depending on timing and how the limiting circumstances are interpreted/applied. We have however based our estimated forced sale value on 75% of the Current Market Value. This is as guided by the Land Act, 2012 section 97(1) which stipulates that a

chargee shall be in breach of duty, in exercising power of sale, if a property is disposed of at less than 75% of its Current Market Value.

1.5. VALUATION RATIONALE

The subject property consists of approximately 10.4 acres of prime redevelopment land fronting Miotoni road in Nairobi.

The site is being provided as serviced plots for an exclusive gated residential development of 18 townhouses and a club house with a provision for 2 extra villas or cottages. It features classic or contemporary designed luxurious 5 bedroomed double storied houses set on half acre plots. Each unit will have a double servant's quarters and a swimming pool with infinity features. The show house is 60% done. Other services shall include a club house, waste water treatment plant and other associated amenities. Our valuation is for the serviced plots with the minimal improvements on 'as is' basis; together with any accrued value derived from procurement of approvals for the master plan, organizing any financing and generally all necessary costs expended in developing and implementing of the whole concept. We have provided the Fair Market Value of the entire project *as is* and upon full completion.

Whereas work done is estimated at 17%, the project is currently inactive with the contractor having removed most of the materials and equipment from site. However, we understand that plans are underway to mobilize for resumption of construction work for the show house in the coming months.

We have consequently adopted the Contractors Method/Cost Approach and Sales Comparison/Market Approach as well as Residual Method to arrive at the opinion of Market Value.

1.6. VALUATION ASSUMPTIONS

Whenever one undertakes a valuation exercise, it would be expected that given assumptions are made. This is mainly because; the circumstances of each exercise are often different from what would otherwise be considered ideal. Whereas valuations are guided by the International Valuation Standards (IVS), and the Institution of Surveyors of Kenya guidelines; not everything can be so standardized or guided. We therefore made the following assumptions in our valuation: -

- i. That the valuation of the individual asset items summed up together forms the valuation of the property;
- ii. That the title is valued free of any encumbrances;

- iii. That construction for the show house shall resume soon and the pending works completed within the projected timelines;
- iv. That the project is being delivered as serviced residential plots with ready plans and show house;
- v. That this is a backdated valuation referring to **Friday 31st December, 2021** which is about half a year ago;
- vi. That any cost overruns due to delayed construction shall be structured; and
- vii. That whereas the ongoing Covid-19 pandemic has hit every sector hard the world over and generally slowed down the major forces driving the global economic growth, the national and global economies will experience a sense of rejuvenation once pandemic ceases, albeit slowly.

2. PROPERTY SETTING

2.1 LOCATION

The property is situated along Miotoni road, about 200 metres from the junction of Ngong road and the Southern by-pass in Karen area of Nairobi. It touches the Miotoni River to the north.

The geographical coordinates of the site's approximate centre are **1°18'37.10"S** and **36°43'17.22"E**.

2.2 NEIGHBOURHOOD AND LOCAL DATA

The property is situated in Karen; an affluent leafy suburb of Nairobi in Kenya, lying south west of the Nairobi Central Business District. The subject is conveniently situated nearing a variety of popular shopping malls, restaurants, schools, recreational and medical facilities.

Notable land marks in the immediate vicinity include the Southern by-pass, Ngong Race Course, the Miotoni River, Deerpark Villas, Cobble Gardens, Karen Country Lodge, Karen Hospital, the Hub Mall, the Water Front Park and international schools such as Hillcrest, Banda, Brookhouse, Nairobi Waldorf School among others.

2.3 SERVICES AND AMENITIES

Mains water, electricity and sewer services are connected to the property. Immediate access roads are all tar surfaced.

3 PARCEL AND ASPECTS OF TITLE

3.1 TENURE AND PROPRIETORSHIP

An inspection of the copy of title and a certified copy of title from Nairobi Lands Registry revealed that the property is held as freehold interest registered in the names of **Epazec Company Limited**.

3.2 PARCEL ACREAGE

According to the copy of title and map, the plot measures **4.209 hectares** or **10.40 acres** approximately.

3.3 ENCUMBRANCES

Registered against the title is a caution dated 13th March 2020 by Pankaj Natwarial Nathwani, Mitaj Natwarial Nathwani and Sejal Manish Kanani claiming a lender's interest pursuant to a Deed of pledge dated 4th September 2018, Statutory Declaration dated 13th March 2020 and informal charge dated 1st September 2018.

A copy of the certificate of official title search is attached as **Appendix IV**.

3.4 LAND DESCRIPTION

3.4.1 Land Ownership in Kenya

In Kenya, there are three (3) different land classifications: private land, public land, and community land.

Private land is land owned by an individual under freehold or leasehold tenure.

Public land is vested in the government for the benefit of the people of Kenya. It includes roads, all water bodies, forests, national parks, and land that have minerals, among others.

Community land is held by and managed by communities. It includes land registered under group representatives, shrines, grazing areas and ancestral lands.

3.4.2 L.R. No. 1055/29, Applewood,

This property lies on a prime **10.4** acres parcel along Miotoni road, Nairobi County. The title is held on Leasehold Interest granted under Registration of Titles Act, (Cap 281) now repealed and replaced by The Land Registration Act No. 3 of 2012.

4 POTENTIAL, HIGHEST AND BEST USE ANALYSIS

The property is located in a popular residential estate in Nairobi County. This is formerly a single family compound with lots of open grounds dotted with about 500 mature indigenous trees; which is now being developed as a proposed gated estate of 18 luxury townhouses, a club house and an option for two more units or several cottages.

Given the nature of the neighbourhood and the proposed developments thereon, it's our opinion that the property shall indeed achieve its potential once the proposed project is implemented to completion.

5. IMPROVEMENTS/DEVELOPMENTS

5.1 General Description

The property comprises serviced plots within is a proposed gated residential development which shall, upon completion, comprise 18 townhouses and a club house with a provision for 2 extra villas or cottages. It features classic or contemporary designed luxurious 5 bedroomed double storied houses set on half acre plots. Each unit will be provided with a double servants quarters and a swimming pool with infinity features.

A general description of sample units based on the show house under construction, the approved plans as well as renders of the proposed units is provided below.

5.2 Description of Improvements

5.2.1 Five Bedroom Townhouse (Classic)

Construction Details:

The buildings will be constructed of stone block walls rendered and painted or stone cladded and having classic pillars and mouldings externally schemed and painted or stone cladded internally. Wall partitions include gypsum boards, grilled slats and stone walls. Roofs will be multi-pitched timber trusses overlaid with clay roofing tiles while the ceilings will be lined in false ceiling gypsum boards moulds or plastered and painted soffits gypsum board finished to the cornices.

Floors will be finished either in solid mahogany flooring or parquets to the main areas, ceramic tiles and marble to the wet areas or mazera composite decking on some terraces.

Doors will be the solid timber panelled type to the interior accesses or either glazed steel or solid timber casements to the main entries.

Windows will be either standard or full height glazed steel framed casements.

Fittings will include double drain sink units, fully fitted kitchen with oven, microwave, dishwasher, gas cooker and also provisions for refrigeration, drawers and overhead cabinets to the kitchen. The bedrooms shall be fitted with full height MDF wardrobes, shower cubicles, bathtubs, floating WCs and WHBs complete with marble worktops, cabinets and wall dressing mirrors.

Accommodation Details:

Ground floor:

- Double height *porte cochere* / veranda;
- Lobby;
- Study room;
- Passage;
- Lounge (sunken type) with access to rear terrace;
- Dining room;
- Entertainment room;
- 1 No. bedroom en-suite with WC, WHB and shower cubicle and fitted with inbuilt MDF wardrobes;
- Kitchen with access to Laundry area and DSQ
- Staircase to landing.

1st floor:

- Subterranean lounge with a dining recess fitted with MDF sink drain units and overhead cabinets and access to terrace;
- Passage;
- 3 No. bed rooms en-suite with WC, WHB and shower cubicle and fitted with inbuilt MDF wardrobes;
- Master bedroom with WC, WHB, bathtub and shower cubicle and fitted with inbuilt walk in MDF wardrobes;

Total Gross Floor Area:

Main House – 5,382 sq. feet or 500 sq. meters approximately

5.2.2 Five Bedroom Townhouse (Modern/Contemporary)

Construction Details:

The buildings will be constructed of stone block walls rendered and painted or stone cladded schemed and painted or stone cladded internally. Wall partitions will include gypsum boards, grilled slats and toughened glass screen. Roofs are RC Slabs while the

ceilings will be lined in false ceiling gypsum boards moulds or plastered and painted soffits gypsum board finished to the cornices.

Floors will be finished either in solid mahogany flooring or parquets to the main areas, ceramic tiles and marble to the wet areas or mazera composite decking on some terraces.

Doors will be the solid timber panelled type to the interior accesses or glazed aluminium casements to the main entries.

Windows will be either standard or full height glazed aluminium casements.

Fittings shall include chandeliers, double drain sink units, fully fitted kitchen with oven, microwave, dishwasher, gas cookers and also provisions for refrigeration, drawers and overhead cabinets to the kitchen. The bedrooms shall be fitted with full height MDF wardrobes, shower cubicles, bathtubs, floating WCs and WHBs complete with marble worktops, cabinets and wall dressing mirrors.

Accommodation Details:

Ground floor:

- Double height *porte cochere* / veranda;
- Lobby;
- Study room;
- Passage;
- Lounge (sunken type) with access to rear terrace;
- Dining room;
- Entertainment room;
- 1 No. bedroom en-suite with WC, WHB and shower cubicle and fitted with inbuilt MDF wardrobes;
- Kitchen with a breakfast area and access to Laundry area and DSQ;
- Staircase to landing.

1st floor:

- Subterranean lounge with a dining recess fitted with MDF sink drain units and overhead cabinets and access to terrace;
- Passage;
- 3 No. bed rooms en-suite with WC, WHB and shower cubicle and fitted with inbuilt MDF wardrobes;
- Master bedroom with WC, WHB, bathtub and shower cubicle and fitted with inbuilt walk in MDF wardrobes;

Total Gross Floor Area: **6,458 sq. feet or 600 sq. meters approximately**

5.2.3 Servants Quarters

The two types of Villas will be provided with similarly constructed detached servant's quarters.

Construction Details:

The buildings will be constructed of stone block walls rendered and painted externally schemed and painted internally. Roofs will be Mono-pitched timber trusses overlaid with concrete roofing tiles while the ceilings will be lined in gypsum boards.

Floors will be finished either in non-slip ceramic tiles.

Doors will be the glazed steel casements while the windows will be glazed steel frames.

Fittings will include double drain sinks and MDF fitted wardrobes.

Accommodation Details:

- 2 No. single rooms with wardrobes;
- Kitchenette fitted with a single drain sink, MDF drawers and overhead cabinets;
- Washroom fitted with WC, WHB and overhead showerhead.

5.2 General State of Repair & Maintenance

We were not instructed to carry out structural surveys of the properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. In addition to this no specialist tests have been carried out on any of the building's service systems and for the purposes of our valuations we assumed that all are in good working order and in compliance with any relevant statute by-law or regulation. Our findings can be summarized in the table below as: -

	YES	NO
Is the subject property located in an area where adverse soil conditions exist?		NO
Are any structural cracks visible?		N/A
Would you recommend a Structural Engineer to inspect the property?		N/A

5.3 Environmental & Land Contamination Concerns

Although this is not an Environmental Impact Assessment, we can confirm that there was no evidence of pollution or land contamination on the subject property or on the adjoining site. Our physical inspection of the property and its neighbourhood can be summarized in the table below: -

	Property Observations	Motivation
1	Briefly describe the surrounding environment of the property (e.g. industrial, residential, rural or commercial)	Mix of commercial and residential
2	Is the property located close to a water source or a sensitive ecological area (e.g. river, protected area, nature reserve)? If yes, please elaborate.	Yes. It borders the Miotoni River to the north.
3	Do the operations/activities on the property involve the handling, storage, transportation or disposal of hazardous material (e.g. fuel, chemicals and fertilizer)? If yes, please elaborate.	No
4	In your opinion, are potential environmental and/or social risks satisfactorily managed on the property/site? (E.g. Yes, an Environmental Management System is in place)?	Yes

6 TENANCY/OCCUPANCY

6.1 Tenancy/Occupancy

The property is currently unoccupied.

7 SWOT ANALYSIS

We provide a SWOT analysis of the subject property as below:

Strengths:

- Prime location of the property;
- Frontage to a major road;

Weaknesses:

- Neighbouring a river;
- Presence of too many mature indigenous trees;

Opportunities:

- Located in a leafy, quiet & controlled residential district;

Threats:

- Volatility of the national and global economy is negatively impacting on the local property market;
- The ongoing Covid-19 pandemic which has hit economies across the world.

8. MARKET OVERVIEW

8.1 Market Commentary

This is a site situated along Miotoni road and about 200 metres from the junction of Ngong road and the Southern by-pass in Karen area of Nairobi. The parcel slopes gently northwards with a section on the northern boundary marked by the Miotoni River. The property popularly known as *Applewood* is being provided as serviced plots which shall be developed with an exclusive gated residential estate of 18 townhouses and a club house with a provision for 2 extra villas or cottages. It shall feature classic or contemporary designed luxurious 5 bedroomed double storied houses set on half acre plots. Each unit shall be provided with a double servants quarters and a swimming pool with infinity features.

Applewood is a proposed luxurious gated estate located in the heart of Karen in the exclusive Miotoni area. It is a premier planned development of luxury homes, designed to perfection with an appreciation of the natural environment. The houses are exquisitely designed on a 10.4 acre former natural forest covered with over 500 mature indigenous trees; which have been incorporated in the estate's landscape.

This proposed estate is idyllically located near a number of leisure and shopping facilities such as the Hub Mall, Crossroads and Karen Golf and Country Club. The Karen Hospital is within easy reach; same as various international schools such as the Banda School, Brookhouse School, Hillcrest Preparatory School, Hillcrest Secondary School, the Nairobi Waldorf School and Gems School.

Land values in Karen have nearly tripled in the last ten years from about Kes. 25 million per acre in 2011 to about Kes. 75 million by mid-2020. This growth is sharper in certain areas such as around the Bomas of Kenya and Miotoni area. The key factors fuelling this growth include the expanding road network, relaxation of zoning regulations, a quiet environment, availability of vital amenities such as international schools, high end malls, hospitals, recreational facilities, et cetera.

The Karen residential market has changed over the years with more gated communities being delivered to the market. In terms of land for development, Karen remains relatively affordable for developers in the high-end market, with the price per acre compared to similar neighbourhoods such as Runda, Kitisuru and Rosslyn in which an acre is currently going for up to a hundred and twenty million Kenya shillings. In terms of performance, four bedroom units and five bedroom units on ½ acre portions each with an average built up area of about 5,000 square feet are most attractive to potential home owners in the leafy neighbourhood.

The average price for similar four and five bedroom units on ½ acre parcels in Karen was between Kes. 180,000/- and Kes. 200,000/- per square metre depending on the exact neighbourhood and the unique amenities offered in a given gated estate.

Confirmations

According to title documents available to us, this is a private property and had not, previously been set aside or gazetted for public use. Further, there was no planning, highway and other statutory considerations or likelihood of change of user or other developments of the subject property or those in the neighbourhood which could materially affect the value of the subject property.

We have also perused the Ndung'u Land Report and the property does not appear to have been illegally allocated or acquired.

The property is also not mentioned in the National Land Commission Review of Grants and Disposition of Public Land Report of July 2017.

There is no evidence of pollution or contamination that would in our opinion impact negatively on the value of the subject property.

8.2 Market Analysis and Comparables

In considering the value of the property, we have analysed information relating to the **average** going prices for similar properties and projects within Karen, Miotoni road area.

KAREN HOUSE SALES COMPARABLES						
	LOCATION	DESCRIPTION	PLINTH AREA (SQ M)	SALE PRICE (KSHS)	PRICE PER SQ M (KSHS)	DATE
1	Deerpark Villas, Miotoni Area, Karen	5 Bedroom + DSQ on 0.5 Acre plot	500	120,000,000.00	240,000.00	Dec-19
2	Amara Ridge, Murihu rd, Karen	5 Bedroom + DSQ on 0.5 Acre plot	470	120,000,000.00	255,319.00	Dec-20
3	Karen, Miotoni west	4 Bedroom + DSQ on ¼ acre plot	250	65,000,000.00	260,000.00	Aug-18

8.3 Status of Approvals

All the necessary planning approvals for the proposed project from the relevant authorities have been obtained. The overall work done on the show house and overall servicing as at the date of this valuation can be estimated at 60% and 17% respectively. However, the project is currently inactive with the contractor having removed most of the materials and equipment from site. We have attached some of the development approvals as **Appendix V**.

9. VALUATION CERTIFICATE

We have analysed the information obtained from the physical inspection of the property, information pertaining the asking prices for similar parcels of land in the area, the proposed and approved project plans, current costs of construction as well as taken into account the economic conditions on the date of valuation to arrive at the opinion of value of the property as of **Friday, 31st December 2021** as follows:

	Value	Current Values (17% Complete) (KES)	Values upon Completion (100%) (KES)
(i)	Market Value	894,000,000.00	962,000,000.00
		Read: Kenya Shillings Eight Hundred Ninety Four Million only	Read: Kenya Shillings Two Billion, Five Hundred Seventy Five Million Only
(ii)	Forced Sale Value	671,000,000.00	722,000,000.00
		Read: Kenya Shillings Six Hundred Seventy One Million only	Read: Kenya Shillings Seven Hundred Twenty Two Million only

**FOR AND ON BEHALF OF
REGENT VALUERS INTERNATIONAL (K) LIMITED**

**VINCENT OGENDO NYABWARI
B.A. LAND ECONOMICS (HONS), M.I.S.K (VS)
VALUER**

**STEPHEN R. KIROTICH
B.A. LAND ECONOMICS (HONS), M.I.S.K (VS)
REGISTERED AND PRACTISING VALUER
DIRECTOR & HEAD OF VALUATION**

DATED: FRIDAY 31ST DECEMBER, 2021

APPENDIX I: PICTORIAL ILLUSTRATION OF THE PROPERTY



-Various view of the show house-



-Views of the initial works to other units -



-View of the access road & the rest of the compound-



-Sample renders of the proposed estate -

DISCLAIMER

We certify that the valuer has inspected the subject property on the date above and has assessed the market value on the date above. This valuation is made subject to the details, remarks and qualifications made in this final report and it is intended for the sole use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third parties in relation to this valuation and report. The valuer has neither a pecuniary interest in, nor with either party associated with the transaction that would conflict with the independent valuation of the property.

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 accepts no responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of records and examination of documents or by enquiry from government or other appropriate departments.

Where Market Value is assessed, it reflects the full contract value and no account is taken of any liability for taxation on sale or of the costs involved in effecting a sale.

The Valuation is not valid, unless it is duly signed by the Principal Valuer of this company and bears the Official Company Seal.

TERMS OF ENGAGEMENT

Neither the whole nor any part of this report or valuation, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way, nor disclosed to any third party without the prior written consent of the firm.

Neither all nor part of the contents of the report shall be reproduced for dissemination to the public through advertising media, public relations media, news media, sales media, social media or any other public means of communication without the prior consent and written approval of the appraisers.

This appraisal is based on the condition of the local and national economy, purchasing power of money and financing rates prevailing on the effective date of valuation.

SCOPE AND EXTENT OF INSPECTION

Our valuation report includes; the site together with its all supporting systems such as electrical and mechanical systems. The progress on the ongoing project has been inspected, and due consideration given in this report and valuation.

We have inspected the property as far as is reasonably necessary for valuation purposes. This has comprised a visual inspection of the exterior and interior of the property, such as could be undertaken from standing at ground level within the boundaries of the site and adjacent public/communal areas and as was readily accessible with safety and without undue difficulty including standing at the various floor levels.

We have not carried out a building survey of the buildings nor have we inspected woodwork, steelwork or other parts of the property which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the property are free from defect. Our report does not purport to express an opinion about or to advise upon the condition of uninspected parts. Neither have we carried out any tests of any kind on the electrical, plumbing or other services installed.

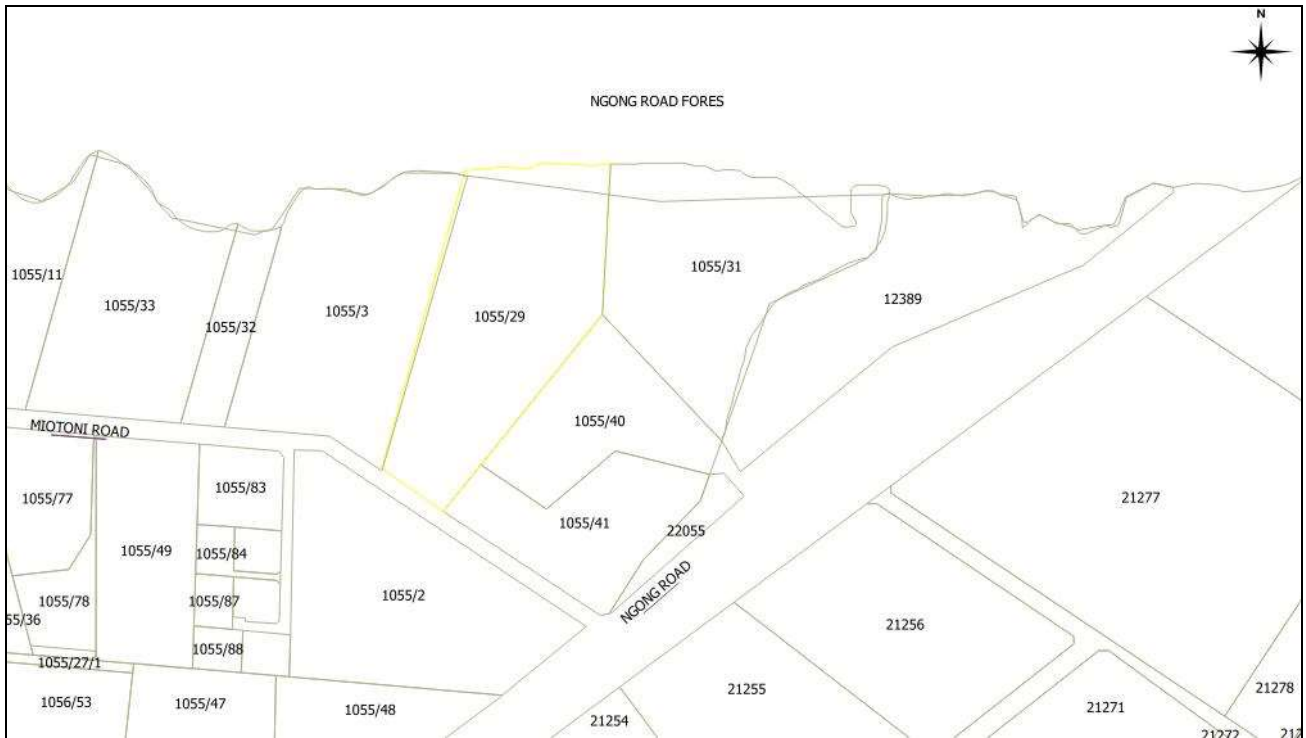
MARKET CHANGE DISCLAIMER

This valuation is current as of the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to this particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon a year from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

APPENDIX II: GOOGLE EARTH IMAGES OF THE PROPERTY



APPENDIX III: COPY OF THE SURVEY MAP EXTRACT



APPENDIX IV: COPY OF SEARCH CERTIFICATE

REPUBLIC OF KENYA
THE LAND ACT NO.6 OF 2012
THE LAND REGISTRATION ACT NO.3 OF 2012
GOVERNMENT LAND ACT CAP 280(REPEALED)
CERTIFICATE OF POSTAL SEARCH

AS ON: **18/11/2021**

L.R. NUMBER: **1055/29**

AREA..... **10.4 Acres**


REGISTER: **N 129 Folio 49 File 8751**
.....

TENURE **Fee Simple**

CURRENT REGISTERED PROPRIETOR: **EPAZEC COMPANY LLP.**

ENCUMBRANCES

-Caution dated 13th March 2020 by Pankaj Natwarial Nathwani, Mitaj Natwarial Nathwani and Sejal Manish Kanani claiming a lenders interest pursuant to a Deed of pledge dated 4th September 2018,statutory declaration dated 13th March 2020 and informal charge dated 1st September 2018 attached thereto absolutely.


Signed 

7. M. Mwangi *252
REGISTRAR OF GOVERNMENT LANDS



APPENDIX V: COPY OF RELEVANT DEVELOPMENT APPROVALS

NAIROBI CITY COUNTY



URBAN PLANNING DEPARTMENT

CITY HALL
P.O. BOX 30075
NAIROBI KENYA

FOR ENQUIRES ASK FOR:
TEL NO:
EXT:
AND QUOTE

REF: CPD/DC/L.R. NO. 1055/29/urh
DATE: 12/6/2018

TO: Spaxec Company Limited
G/O Aspera Limited(A365), P.O BOX 15877-00200 NAIROBI

Dear Sir/Madam,

COUNTY GOVERNMENT (ADOPTIVE BY-LAW) BUILDING ORDER 1968 L.N. 15/1969,
CITY OF NAIROBI (BUILDING) BY-LAW 1948 G.N. 313/1949.

Your plan Reg. No. CPF-AP 588 for the proposed **Domestic Building-Proposed 20m x (5.8 x 6 bedroom town houses with detached servants quarters, common gate house and refuse chambers)**
To be erected on L.R. NO. 1055/29

Is hereby approved pursuant with the provisions of the above mentioned By-laws subject to-


- (a) Submission of satisfactory structural details including Details and trusses
- (c) Submission of certificate as to workmanship.
- (d) Satisfactory ground soakage septic tank installation at owner's risk
- (h) All debris and excavated materials to be dumped on sites approved by the County
- (P) Occupation certificate being obtained before occupation
- (q) The plot not constituting part of any disputed private or public utility allocations
- (v) Install a project signboard as per M.C.W. standards, approved by Nairobi City County indicating names, addresses and telephone numbers of contractors project consultants e.t.c.
- (w) No trees shall be cut down and/or uprooted without written permission from Director of Environment Nairobi City County.

The passing of this plan operates as an approval thereof only for the purpose of requirements of the County Government (Adopt By-Laws) (Building) order 1968 L.N. 15/1969, the City of Nairobi (Building) By-Laws, 1948 G.N. 313/1949, the Public Health (Cap 242), the physical planning Act Sections 36, 41 and 52; and any rules made thereunder.

If the proposals shown thereon have not been commenced within twelve months of the date of this approval or are not completed within two years of such date, this approval will be null and void and the carrying out of any work thereunder after such lapse will constitute a contravention of the County Building By-Laws.

Stamped copies of your plan returned herewith.....acts

Yours truly, faithfully,



FOR: DIRECTOR OF URBAN PLANNING
ON BEHALF OF THE COUNTY SECRETARY

CC. i) Commissioner of Lands, P.O. Box 30089, Nairobi ii) Kenya Railways

www.nairobicity.go.ke



CITY COUNCIL OF NAIROBI
CITY ENGINEER'S DEPARTMENT
(Building Survey Section)
CERTIFICATE OF STRUCTURAL DESIGN

Plot Number 1055/29	Reg. Plan Number CPF - AP 588
Architect for the Project PAUL OBUKU	Title RESIDENTIAL HOUSES ON PLOT 1055/29

Structural Designer: Name FRANCIS MURIGI KIMANI
(BLOCK CAPITALS) Address 58624-00200 NAIROBI

TABLE NUMBER (1) DETAILS		Calculation Sheets Nos.
Drawing Numbers SEE ATTACHED		

The undersigned certifies that the structural design to which the attached drawings relate and as are listed in the subjoined Table No.1 is in accordance with the requirements of the City Council of Nairobi By-laws and any relevant clauses of Codes of Practice and British Standard Specifications.

The data on which the design is based is listed in the subjoined Table No.2 and has been used in the calculations submitted herewith.

TABLE NUMBER (2)					
ITEM	DETAILS	UNIT	ITEM NO.	DETAILS	UNIT
1	Superimposed loadings on: Roof 1.5 Floors, Domestic 1.5 Floors, Offices Floors, others	KN/m ² 1.5	4	Working stress in: Reinf. steel to BSS 4449 BSS 4461 Structural Steel to BSS Timber Other materials	N/mm ² ...140 ...230 ...NA... 0.69/cm ³
2	Partition loading on floors, distributed	KN/m ² 1	5	Safe pressure on ground foundations	KN/m ² 100
3	Working stress in concrete in bending	N/mm ² 7.3	6	Wind loading N/A	KN/m ²

Grade of Concrete: Mix CLASS 25
Test Cube strength at 7 days to be 17 N/mm² and at 28 days to be 25 N/mm²
The supervision of the work has been arranged as follows: -
Supervision by: FRAME CONSULTANTS LTD.

Arrangements will be made for concrete and steel tests to be taken at intervals throughout the period of construction, not less frequently than those requested by the Council's Building Surveyor and at which time an order for the tests will be made out on the M.O.W. form M.B. 180 by the* CONTRACTOR who will undertake to pay all the costs incurred. One certified copy of each test report will be sent to the office of the Building Surveyor in the City Engineer's Department.

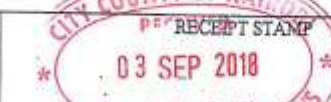
Insert*

- (1) Architect;
- (2) Structural Designer;
- (3) Contractor;

Signed: *Francis Murigi Kimani* Date: 06.08.18

NOTE: This certificate might be made out in duplicate and, together with each drawing must be signed by the designer

FOR OFFICIAL USE ONLY
Approved: *[Signature]* Date: 13 SEP 2018
Serial Number: 2959
Copy returned to designer
The receipt by the designer of one Certified copy of the Certificate will signify that the scheme has been approved and that the work may proceed.



Note: The approval of drawings does not relieve the Designer of full responsibility for errors of design which may subsequently be discovered



**NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY(NEMA)
THE ENVIRONMENTAL MANAGEMENT AND CO-ORDINATION ACT
ENVIRONMENTAL IMPACT ASSESSMENT LICENSE**

License No: **NEMA/EIA/PSL/6846**

Application Reference No: **NEMA/EIA/PSR/11249**

This is to certify that the Environmental Impact Assessment Project Report received from **Epazec Company Limited.**

P.O Box 5730-00300, Nairobi.

submitted to the National Environment Management Authority in accordance with the Environmental Impact Assessment & Audit Regulations, 2003 regarding the:

Proposed Town Houses Development.

whose objective is to carry on

Construction of 20No. Town houses, gazebo, waste water treatment plant, associated facilities and amenities.

located at

Plot L. R No. 1055/29 along Moitoni Road in Karen area, Langata Sub-County in Nairobi County.

has been reviewed and a license is hereby issued for the implementation of the project, subject to attached conditions.

Issue date : **25 October, 2018**

Signature

(seal)

Director-General
The National Environment
Management Authority.



1.0 General Conditions

- 1.1 This project is for the construction of a 20No. Town houses, Gazebo, waste water treatment plant, associated facilities and amenities on Plot L.R No. 1055/29 along Miotoni Road in Karen area, Lang'ata Sub-County, in Nairobi County.
- 1.2 The license shall be valid for 24 months (time within which the project shall commence from the date hereof).
- 1.3 The Director General shall be notified of any transfer, variation or surrender of this license.
- 1.4 Without prejudice to the other conditions of this license, the proponent shall implement and maintain an environmental management system, organizational structure and allocate resources that are sufficient to achieve compliance with the requirements and conditions of this license.
- 1.5 The Authority shall take appropriate action against the proponent in the event of breach of any of the conditions stated herein or any contravention to the Environmental Management and Coordination Act, Cap 387 and regulations therein.
- 1.6 This license shall not be taken as statutory defence against charges of pollution in respect of any manner of pollution not specified herein.
- 1.7 The proponent shall ensure that records on conditions of licenses/approval and project monitoring and evaluation shall be kept on the project site for inspection by NEMA's Environmental Inspectors.
- 1.8 The proponent shall submit an Environmental Audit report in the first year of occupation/operations/commissioning to confirm the efficacy and adequacy of the Environmental Management Plan.
- 1.9 The proponent shall provide the final project accounts (final project costs) on completion of construction phase. This should be done prior to project commissioning/operation/occupation.
- 1.10 The proponent shall comply with NEMA's improvement orders throughout the project cycle.

2. Construction Conditions

- 2.1 The proponent shall obtain the requisite approvals from the County Government of Nairobi, Water Resources Authority, Kenya Forest Service and all other relevant Authorities prior to commencement of works.
- 2.2 Since the project borders Miotoni Dam, the proponent, Pursuant to regulation 6 (c) of the Water Quality Regulations 2006, shall protect the riparian by ensuring that **NO** development activity is undertaken within the prescribed riparian reserve of 15metres from the chain link fence which is between the property and Miotoni Dam as contained in the pegging report by Water Resource Authority on 24th August 2018.
- 2.3 Notwithstanding 2.2 the proponent shall adhere to its commitment to preserve the riparian reserve and conserve the indigenous trees as indicated in its letter dated 8th October 2018.
- 2.4 The proponent shall ensure that the construction is done as per the approved drawings in adherence to the Building code 1968, and the provisions of the National Construction Act, 2011.

- 2.5 The proponent shall submit design drawings of the proposed Waste Water Treatment Plant to the Area water Resources Authority and the County Public Health Officer for approval prior to commencement of works.
- 2.6 The proponent shall liaise with Kenya Forest Service on Conservation of the indigenous trees.
- 2.7 The proponent shall design and implement a concise traffic management plan duly approved by the County Engineer and other relevant Authorities before commencement of works.
- 2.8 The proponent shall ensure that the storm drainage channels do not directly discharge off untreated waste water and any other debris into the nearby stream.
- 2.9 The proponent shall put up a project signboard as per the Ministry of Transport and Infrastructure Standards indicating the NEMA licence number among other information.
- 2.10 The proponent shall ensure air pollution control measures are put in place to mitigate against dust during the construction phase.
- 2.11 The proponent shall ensure that all excavated material and debris is collected, re-used and where need be disposed off as per the Environmental Management Coordination Management (Waste Management) Regulation 2006.
- 2.12 The proponent shall ensure strict adherence to the provisions of the Environmental Management and Coordination (Noise and Excessive Vibrations Pollution Control) Regulations of 2009.
- 2.13 The proponent shall ensure strict adherence to the Occupational Safety and Health Act (OSHA), 2007.
- 2.14 The proponent shall ensure that construction workers are provided with adequate personal protection equipment (PPE), sanitary facilities as well as adequate training.
- 2.15 The proponent shall ensure that construction activities are undertaken during the day (and not at night) between 0800 hours and 1800 hours and on Saturdays between 0800hours and 1300hours. No works shall be undertaken on Sundays and that transportation of construction materials to and from the site are undertaken during weekdays and Saturdays only during the hours specified herein.
- 2.16 The proponent shall ensure the project will not encroach on any way-leave and road reserves.
- 2.17 The proponent shall ensure that the cooling systems employed are suitable alternatives with zero ozone depleting potential as per Environmental Management and Coordination (Controlled Substances) Regulations, 2007.
- 2.18 The proponent shall ensure that the development adheres to zoning specification issued for the development of such a project within the jurisdiction of the Nairobi County Government with emphasis on the approved land use for the area.
- 2.19 The proponent shall ensure strict adherence to the Environmental Management Plan developed throughout the project cycle.

3. Operational Conditions

- 3.1 The proponent shall obtain authorization to drill any borehole from the Water Resource Authority before drilling and abstracting water.
- 3.2 The proponent shall in consultation with all the relevant authorities, periodically monitor the structural integrity of the dam
- 3.3 The proponent shall ensure that all waste water is disposed of as per the standards set out in the Environmental Management and Coordination (Water Quality) Regulations, 2006.
- 3.4 The proponent shall obtain an Effluent discharge license for the proposed waste water management system within one year of operation.
- 3.5 The proponent shall ensure that rain water harvesting facilities are provided to supplement surface and ground water.
- 3.6 The proponent shall ensure that all drainage facilities are fitted with adequate functional oil water separators and silt traps.
- 3.7 The proponent shall ensure that appropriate and functional efficient air pollution control mechanisms are installed in the facility to control all air emissions.
- 3.8 The proponent shall ensure compliance with the provisions of the Energy (Solar Water Heating) Regulations, 2012.
- 3.9 The proponent shall ensure that all equipments used are well maintained in accordance with the Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009.
- 3.10 The proponent shall ensure that all solid waste is handled in accordance with the Environmental Management and Coordination (Waste Management) Regulations, 2006.
- 3.11 The proponent shall comply with the relevant principal laws, by-laws and guidelines issued for development of such a project within the jurisdiction of the Nairobi County Government, Kenya Forest Services, Ministry of Lands, Housing and Urban Development, Ministry of Health, Kenya Urban Roads Authority, National Construction Authority, Directorate of Occupational Health and Safety Services, Water Resources Authority, Nairobi Water and Sewerage Company and other relevant Authorities.
- 3.12 The proponent shall ensure that environmental protection facilities or measures to prevent pollution and ecological deterioration such as functional landscaping and tree-planting, installation of water and energy-saving fixtures, emergency response plan, dust control measures, traffic management plan, functional storm drainage system, solid waste management plan, waste water management plan, security management plan, soil erosion control and noise abatement mechanisms are designed, constructed and employed simultaneously with the proposed project.

4. Notification Conditions

- 4.1 The proponent shall seek written approval from the Authority for any operational changes under this license.

- 4.2 The proponent shall ensure that the Authority is notified of any malfunction of any system within 12 hours on the NEMA hotline No. **0786101100** and mitigation measures put in place.
- 4.3 The proponent shall keep records of all pollution incidences and notify the Authority within 24 hours.
- 4.4 The proponent shall notify the Authority of its intent to decommission three months in advance in writing.

5. Decommissioning Conditions

- 5.1 The proponent shall ensure that a decommissioning plan is submitted to the Authority for approval at least three (3) months prior to decommissioning.
- 5.2 The proponent shall ensure that all pollutants and polluted material is contained and adequate mitigation measures provided during the phase.

The above conditions will ensure environmentally sustainable development and must be complied with.