

**REPORT AND VALUATION
UPON
A RESIDENTIAL PROPERTY**



L.R. NO. 1870/IV/14 (I.R. 49550)

CHURCH ROAD

WESTLANDS AREA, NAIROBI COUNTY



Our Ref: RVI/V.O/2022/6496

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. 1870/IV/14 CYSUITES, CHURCH ROAD - WESTLANDS,
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 **Tuesday, 10th 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. 1870/IV/14 (I.R. 49550) CHURCH ROAD, WESTLANDS - NAIROBI COUNTY
DATE OF INSPECTION:	TUESDAY, 10TH MAY 2022
DATE OF VALUATION:	FRIDAY, 31ST DECEMBER 2021
REGISTERED PROPRIETOR:	CYTONN INVESTMENT PARTNERS TWENTY LLP
INTEREST APPRAISED:	LEASEHOLD TENURE
PURPOSE OF VALUATION:	BOOK PURPOSES
MAIN DEVELOPMENTS:	SIX (6NO.) BLOCKS OF SERVICED APARTMENTS
LAND SIZE:	0.4045 HECTARES OR 0.9996 ACRES
LAND USE:	RESIDENTIAL USE

BRIEF PROPERTY AND NEIGHBOURHOOD DESCRIPTION

This is a prime property of six multi-storied blocks of apartments comprising of a total of 40 serviced apartments (32No. 2 bedrooms, 6No. 1 bedroom and 2 penthouses), SQs, ground floor parking, a fitted gym with timbered sauna, ground floor bar & restaurant, property management office, communal pool; backup generator, among other amenities. The property popularly known as Cysuites - an apartment hotel, is well placed along Church road just about 200 meters off Waiyaki in Westlands.

The immediate neighbourhood is a mixed use zone is characterized by residential and commercial land use, being strewn by mostly apartment blocks and office blocks.

VALUATION SUMMARY

		Current Values (KES)
(i)	Fair Market Value	984,000,000.00
(ii)	Forced Sale Value	738,000,000.00

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 commercial.

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 is a 1-acre plot developed with furnished and serviced apartments.

The property is currently in operations, however not at 100% as some sections were recently renovated and redecorated are yet to be operational. The property's investment potential, just like the rest of hospitality industry real estate, was also affected by the Covid-19 Pandemic; although its slowly returning to normal.

We have consequently adopted the Contractors Method/Cost Approach and the Discounted Cash Flow (DCF) method checked against the direct income capitalisation method, and Sales Comparison/Market Approach 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 block recently renovation shall be available for use soon;
- iv. That this is a backdated valuation referring to **Friday 31st December, 2021** which is about a year ago;
- v. 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 located along Church road which branches off Waiyaki Way. It is situated about 250 meters from the Pakistan High Commission and 100 meters from St. Michaels – Church road junction in Westlands, Nairobi County.

The geographical coordinates of the property are **1°15'41.86"S** and **36°47'17.16"E**.

2.2 NEIGHBOURHOOD AND LOCAL DATA

The locale within which the property is situated is developed with commercial, residential and retail real estate as evidenced by the presence of Le'Mac Tower, Sakina Apartments just to name a few.

2.3 SERVICES AND AMENITIES

Mains water, electricity and sewer are connected to the property. Mains water and electricity are supplemented by the availability of an onsite borehole and a 110 KvA power generator respectively.

The premise is also provided with 24-hour security.

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 search from Nairobi Lands Registry revealed that the property is held as leasehold interest for a term of 99 years as from **1st September, 1984** at an annual ground rent of **Kes. 57,195.00 (Revisable)**.

It is registered in the name of **Cytonn Investment Partners Twenty LLP**. The unexpired term of lease to date is **64 years**.

3.2 PARCEL ACREAGE

According to the copy of title and map, the plot measures **0.4045 hectares** or **0.9996 acres** approximately.

3.3 ENCUMBRANCES

As per the copy of title, the following instruments are registered against it;

- i. A charge in favour of Kenya Commercial Bank Limited dated 18th December, 2014 to secure a sum of USD. 3,400,000.00
- ii. An additional charge dated 20th August, 2015 to secure a sum of USD. 200,000.00 (rank pari passu with charge entry no. i).

A copy of the title 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. 1870/IV/14 (I.R. 49550), CySuites

This property lies on a prime 1-acre plot along Church 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 development with serviced and furnished apartments operated as a hotel and is situated in Westlands in a neighbourhood that has other apartments that offer near similar services. The immediate vicinity is residential cum commercial zoned and is just a few meters off Uhuru highway and within close proximity to Nairobi Central Business District.

Given the nature of the neighbourhood and developments thereon, it's our opinion that the property has achieved its highest and best use. It has the potential to be developed with a high rise mixed use block.

5. IMPROVEMENTS/DEVELOPMENTS

5.1 General Description

The plot is developed with 6No. four storied blocks of apartments, a double storied staff quarters block and a sentry. Four of the six blocks are identical and comprise of two, two-bedroom units on each floor. The other two blocks each feature 1 bedroom units and a pent house on the top floor. One Block differs from the other, having a restaurant with a terrace, a gym, a sauna and a massage room at the half-basement level.

As at the date of inspection one of the four identical blocks designated '**Block C**' was on its final stages of structural renovation.

5.2 Construction Details

Walls are constructed of natural stones machine dressed colour-washed externally and plastered and painted internally beneath a timber truss roof overlaid with red clay tiles, finished with soffit and fascia boards. The roof is also provided with rain water gutters and down pipes.

The ceilings are painted reinforced concrete slabs.

The main external doors are either solid timber panel or solid metal plate types while internal doors are semi-solid timber panel type. Windows are glazed steel casements internally secured by metal grilles.

The floor is reinforced mass concrete, finished in ceramic tiles, laminate timber strips or terrazzo.

The kitchens are fitted with stainless steel sink units atop granite worktops, having low and high level cabinets while the bedrooms have inbuilt wardrobes.

Access to the upper floors is via reinforced concrete staircases finished in either ceramic tiles or red clay stones under steel balustrades and handrails.

5.3 Accommodation Details

This comprises of the following: -

Four Blocks (Blocks A, C, D & F):

These blocks are identical in every aspect; and comprise of two bedroom units, two on each floor. The accommodation details of a typical apartment are as follows: -

- Entrance;
- Lounge/Dining area;
- Kitchen with stainless steel sink unit atop a granite worktop, with low and eye-level kitchen cabinets;
- Two (2No.) bedrooms with built-in wardrobes;
- Bathroom with a Jacuzzi, shower cubicle having a cantilever wash hand basin, WC and bidet.

It is worthy of note that Block C was its final renovation as at the time of inspection.

Two Blocks (B & E):

These two blocks are mostly similar from the second and third floors but differ from the ground to the first floors. Below are the accommodation details of each;

Block B

- i. Ground floor:
 - Entrance to reception area;
 - Two (2No.) stores;
 - Two (2No.) offices.
- ii. 1st – 2nd floors:
 - Two (2No.) one bedroom units each having: -
 - Entrance into;
 - Lounge/dining area;
 - Bathroom with wash hand basin, WC, shower cubicle and bidet;
 - Bedroom with built-in wardrobe;
 - Kitchen with stainless steel sink unit atop a granite worktop and fitted with low and high level kitchen cabinets.
- iii. 3rd floor (Pent House):
 - The top floor features a pent house having the following accommodation details:-
 - Entrance into;

- Dining area;
- Lounge area;
- Open plan kitchen with stainless steel sink unit atop a granite worktop and fitted with low and eye level kitchen cabinets;
- Bathroom with wash hand basin, WC, shower cubicle and bidet;
- Bedroom with built-in wardrobes;
- Master bedroom ensuite with walk-in closet and a bathroom fitted WC, bidet, 2No. wash hand basins and a shower cubicle.

Block E

This is identical to **Block B** with the exception of the ground and first floors which have the following accommodation details;

- i. Semi - basement:
 - Gym;
 - Spa room;
 - Ladies' cloakroom having 2No. shower cubicles, 2No. toilet cubicles with WC and 2No. wash hand basins;
 - Gents' cloakroom having 2No. shower cubicles, 2No. urinal bowls, 1No. WC and 2No. wash hand basins;
 - Repair and maintenance room.
 - 2No. saunas;
 - 2No. massage rooms;
 - Staircase to upper floor.
- ii. Ground floor:
 - Kitchen;
 - Store;
 - Cold room;
 - Staff room;
 - Staircase to upper floor.
- iii. Terrace
 - Open span restaurant with staircase to;
- iv. 1st floor:
 - Landing to;
 - Reception area;
 - Ladies cloakrooms with WC and wash hand basin;
 - Gents' washroom with WC, wash hand basin and urinal bowl;
 - Conference room;
 - Staircase to upper floor.

v. 2nd – 3rd floors:

These floors are identical to **Block B** having two one bedroom units on the second floor and a pent house on the third floors.

Staff Quarters

Ground Floor

- Washroom with WC, wash hand basin and overhead shower;
- Washroom with wash hand basin with, squatting trough toilet;
- Staircase to upper floor.

Upper Floor:

- Single room ensuite with kitchenette and water closet having wash hand basin, flush toilet and overhead shower.

Generator House

This comprises an open span space for a power back-up generator.

Sentry

The sentry has the following accommodation details;

- One Room;
- Washroom with wash hand basin and WC.

Total Built-up Area: Approximately **56,540** square feet.

The floor area per unit is as follows;

Unit Type	Floor area per unit (ft ²)	Total no. of units
Pent House	1,776	2
2 bedroom	915	32
1 bedroom	840	6

5.4 General State of Repair & Maintenance

The developments were in a good state of repair having been renovated recently. The renovation exercise is however also its final stages of completion.

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?		NO
Would you recommend a Structural Engineer to inspect the property?		NO

5.5 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.	No
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

At the time of inspection, most of the units were available for letting however some were under renovation and thus could not be occupied.

Below is a table summary for the actual charges;

Apartment Type	Pent House	Standard 1 BR	Executive 2 BR
Daily Rates	Kes. 30,000.00	Kes. 10,000.00	Kes. 14,000.00
Monthly Rates	Kes. 250,000.00	Kes. 120,000.00	Kes. 150,000.00

7 SWOT ANALYSIS

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

Strengths:

- Prime location of the property;
- Close proximity to a major road – Waiyaki Way;
- Easily accessible from the Nairobi central business district;
- The neighbourhood is sufficiently planned.

Weaknesses:

- None noted;
- One block has been under renovation for far too long;
- Lack of proper conference facility.

Opportunities:

- Availability of trunk services and support infrastructure;
- Located in a busy and popular commercial district;

Threats:

- Volatility of the national and global economy has the potential to negatively impact the subject property and the general local property market;
- The ongoing Covid-19 pandemic which has hit economies across the world.

8. MARKET OVERVIEW

8.1 Market Commentary

Local

The subject property is a development comprising of furnished and serviced apartments and is situated in a residential cum commercial zoned neighbourhood where it is surrounded by other blocks of apartments that offer similar services.

The establishment is being operated as under the hospitality industry. The operations start off well however, the ongoing COVID-19 pandemic has adversely impacted the industry.

The Kenyan government has thus been keen to set up measures to curb the spread of the virus and subsequently cushion the industry which is one of the major sources of foreign exchange for the country through support of tourism.

In the last few months Kenya has ramped up its vaccination efforts in combating the pandemic by importing millions of doses of vaccines to date, through the Ministry of health. This is being implemented alongside the already existing measures which include the

mandatory wearing of approved face masks in public, washing of hands regularly and to adopt the use of hand sanitizers for disinfection.

Nevertheless, serviced apartments are still popular in Nairobi. Westlands claims the biggest share of all the units in Nairobi followed by Kilimani then trailed by Upperhill and the Nairobi central business district. This is attributable to Westland's status as a popular business and administrative hub that offers higher synergies for the local population.

A future outlook on the region shows a growing preference for extended stay options following the growth of corporate use of the extended facilities and increased demand for a more corporate centred offering.

We thus anticipate that the demand for serviced and furnished apartments will continue to grow progressively into the foreseeable future especially with the continued influx of regional and international business tourists who require a no frills extended stay for on the go residents.

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.

The property does not encroach onto a road reserve or riparian reserve neither is it close to a wetland.

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 rates for sale of plots and letting of similar properties in Westlands area of Nairobi. The following is a list of comparable properties obtained from reliable sources.

8.2.1 Rental Comparables

WESTLANDS APARTMENT SALES COMPARABLES						
	LOCATION	DESCRIPTION	PLINTH AREA (SQ FT)	SALE PRICE (KES)	PRICE PER SQ FT (KES)	DATE
1	Mwanzi road, Westlands	2 Bedroom furnished apt	1,550	25,000,000.00	16,129.00	2019
2	Rhapta Rd. Westlands	2 Bedroom furnished apt	1,850	25,000,000.00	13,508.25	2018
3	General Mathenge rd, Westlands	3 Bedroom luxury penthouse+ DSQ	2,690	43,000,000.00	15,985.00	2018
4	Pristine, Mpaka rd Westlands	2 Bedroom + DSQ	2,050	25,000,000.00	12,175.00	2017

8.2.2 Land Comparables

WESTLANDS LAND SALES COMPARABLES						
	LOCATION	DESCRIPTION	SIZE (ACRES)	SALE PRICE (KES)	PRICE PER ACRE (KES)	DATE
1	Junction of Rhapta rd – David Osieli	Redevelopment plot	1	400,000,000.00	400,000,000.00	2018
2	Rhapta Road, Westlands	Vacant plot	1.0	400,000,000.00	400,000,000.00	2019
3	Church Road, Westlands	Vacant plot	1.1	390,000,000.00	354,445,455.00	2018
4	Church Road, Westlands	Redevelopment plot	0.96	360,000,000.00	375,000,000.00	2019

8.3 Status of Approvals

All the necessary operating approvals for the hotel from the relevant authorities have been obtained.



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, 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:

- a) Fair Market Value: **Kes. 984,000,000.00 (Kenya Shillings Nine Hundred Eighty-Four Million only).**
- b) Forced Sale Value: **Kes. 738,000,000.00 (Kenya Shillings Seven Hundred Thirty-Eight 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)
SENIOR VALUER**

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

DATED: FRIDAY 31ST DECEMBER, 2021

APPENDIX I: PICTORIAL ILLUSTRATION OF THE PROPERTY







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 buildings together with all their supporting systems such as electrical and mechanical systems.

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 buildings, such as



could be undertaken from various levels 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.

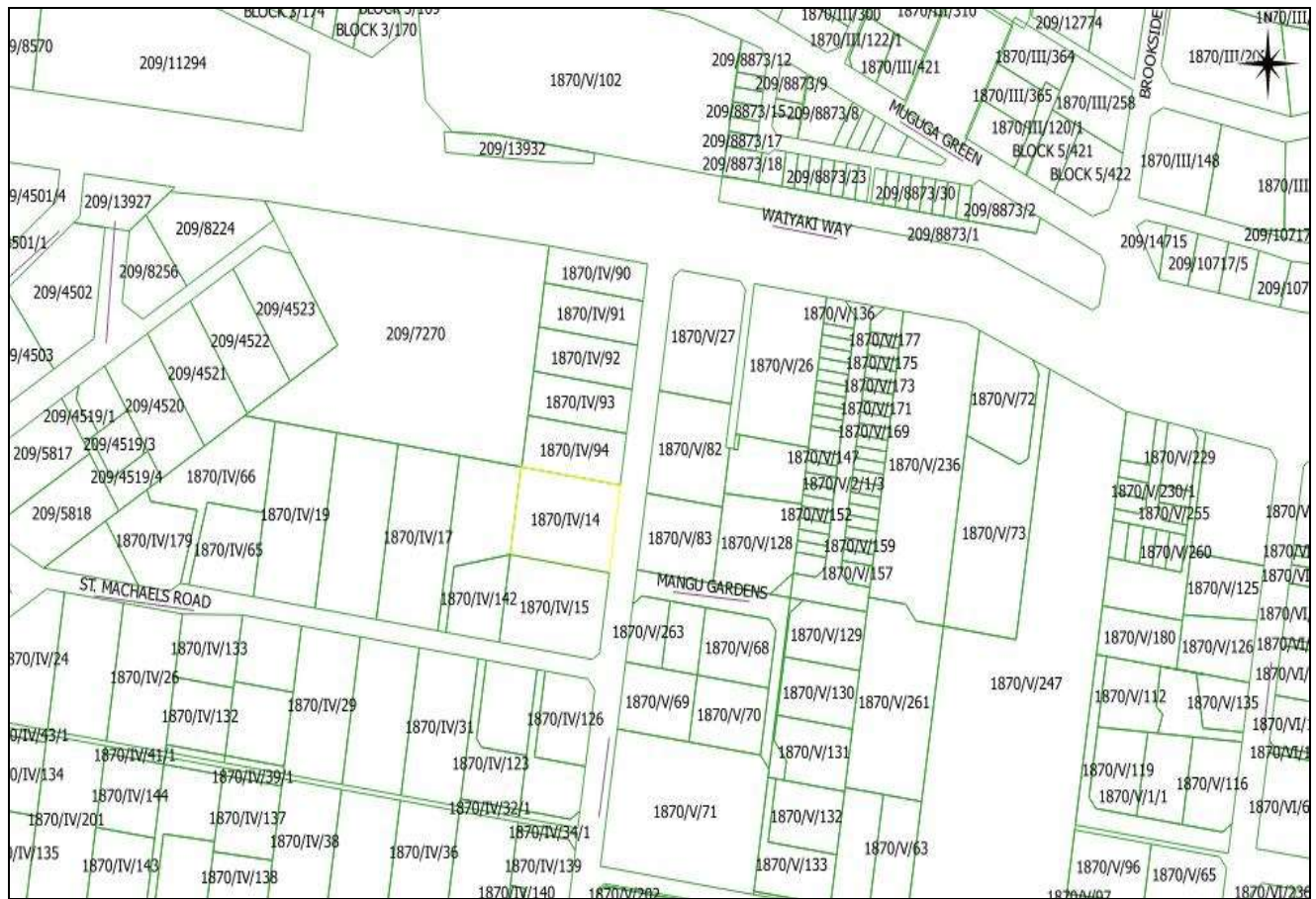
MARKET CHANGE DISCLAIMER

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.

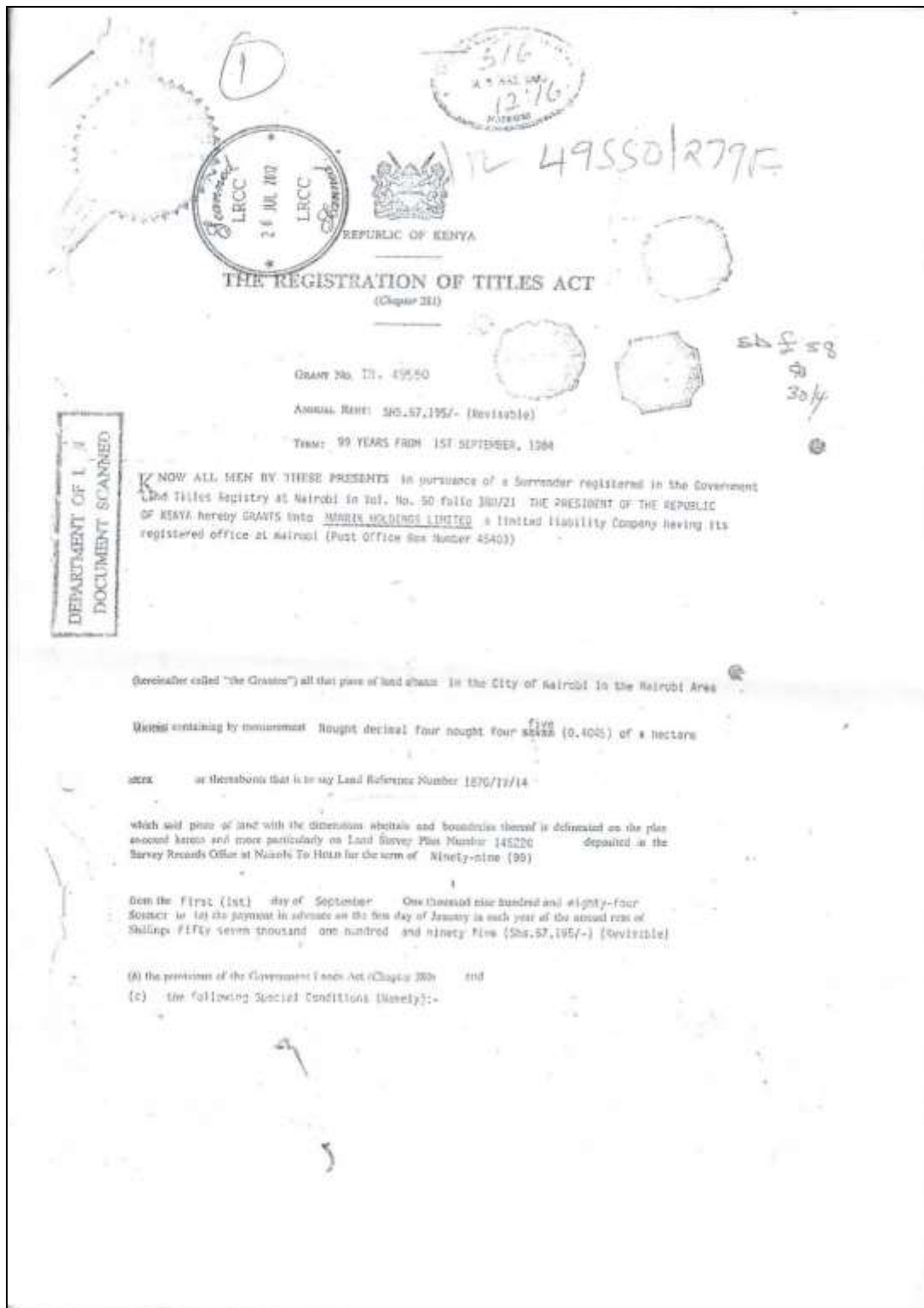
APPENDIX II: GOOGLE EARTH IMAGES OF THE PROPERTY

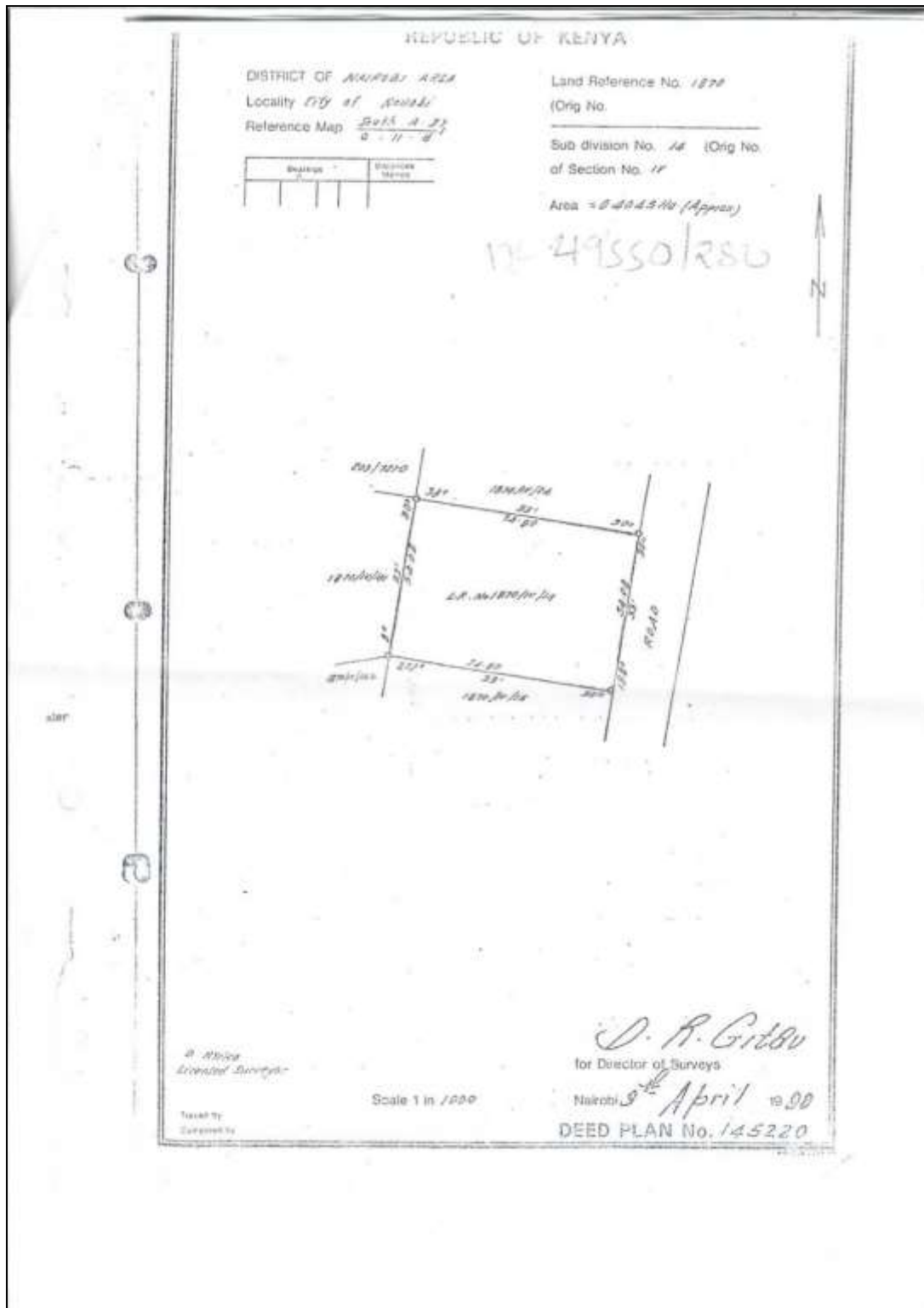


APPENDIX III: COPY OF THE SURVEY MAP EXTRACT



APPENDIX IV: COPY OF TITLE





SPECIAL CONDITIONS

1. No further buildings shall be erected on the land nor shall additions or external alterations be made in any buildings otherwise than in conformity with the Plans and specifications previously approved in writing by the Commissioner of Lands and Local Authority. The Commissioner of Lands shall not give his approval unless he is satisfied that the proposals are such as to develop the land adequately and satisfactorily.
2. The Grantee shall maintain in good and substantial repair and condition all buildings at any time erected on the land.
3. The land and buildings shall only be used for Flats/maisonettes
4. The buildings shall not cover a greater area of the land than may be prescribed by the Local Authority.
5. The Grantee shall not subdivide the land without the prior written Consent of the Commissioner of Lands.
6. The Grantee shall not sell, transfer, sublet, charge or part with the possession of the land or any part thereof without the prior written Consent of the Commissioner of Lands.
7. The grantee shall pay such rates, taxes, charges, duties assessments or outgoings of whatever description as may be imposed charged or assessed by any Government or Local Authority upon the land or the buildings erected thereon, including any contributions or other sum paid by the Commissioner of Lands in lieu thereof.
8. The Commissioner of Lands or such person or authority as may be appointed for the purpose shall have the right to enter upon the land and lay and have access to water mains, service pipes and drains, telephone or telegraph wires and electric mains of all descriptions, whether overhead or underground and the grantee shall not erect any buildings in such a way as to cover or interfere with any existing alignments of main or service pipes or telegraph or telephone wires and electric mains.
9. The Commissioner of Lands reserves the right to revise the annual ground rent payable hereunder on the 1st January, 1989 and thereafter at the expiration of every ten years of the term. Such rental shall be at a rate to be determined by the Commissioner of Lands of the unimproved freehold value of the land as at 31st December, 1988 as assessed by the Commissioner of Lands or at the rate in force on the 31st December, 1988 whichever is the greater.

12-49550/281

IN WITNESS WHEREOF I, WILSON GACANA)
 the Commissioner of Lands have by)
 Order of the President hereunto set)
 my hand this ~~12th~~ ^{16th} day of ~~April~~ ^{May})
 One thousand nine hundred and Ninety)
 in the presence of:)

[Signature]

[Signature]
 REGISTRAR OF TITLES

16th May 1990
 12-49550/281

2) Change to National Bank of Kenya Limited for K.Shs 15,000,000/-
 95 5-6-90 *[Signature]*

Discharge of No. 2 above
 49550/282
 3 915 22.4.91 *[Signature]*

Change to Middle East Bank Kenya Limited for K.Shs 12,000,000/-
 4 1263 30.5.1992 *[Signature]*

Discharge of charge No. 4 above.
 669 6765 6/93
 669 15-6-93 *[Signature]*

Transfer to Church Road Development Company limited for Kshs. 20,250,000/-
 670 15-6-93 *[Signature]*

Convert under section 65(1) A) of R.T.A. in respect of Stamp Duty of unspecified amount
 7 15-6-93 *[Signature]*

Withdrawal of Consent No. 7 above.
 8 16.7.93 *[Signature]*

743 10/94

charge to Giro Bank limited
for Kshs 10,000,000/-

⑨
49550/283
No. 748 Date of Registration 19-10-94
THE FOLLOWING INSTRUMENT HAS BEEN REGISTERED
Further charge to Giro Bank limited
for Kshs. 15,000,000/-
subject to No. 9 above.

1063
11/95
Presentation No. 1062 Date of Registration 17-11-95

190-1
10/95
Discharge of charge Nos 9 & 10 above.

190
3-10-96
⑫
Charge to Barclays Bank of Kenya Limited
for Kshs. 80,000,000/-

191
3-10-96
THE FOLLOWING INSTRUMENT HAS BEEN REGISTERED AGAINST THE TITLE
Further charge to Barclays Bank of Kenya Limited
for Kshs 15,000,000/-
subject to No 12 above

1011
10/2001
⑬
Presentation No. 1011 Date of Registration 24-10-2001

1025
8/04
⑭
Caveat by Frakinga Enterprises Limited
claiming charge's interest in pursuant to
a letter of offer dated 17/7/98 Annexed to the
Caveat. Absolutely limited, the transaction be expected to be
subject to the claim of the caveator.

1025 Date of Registration 19-8-2004
G. G. Gachiki 018

16. Further charge to Savings and Loan Kenya Limited For Kshs 100,000,000/=

Registration No. 1726 Date of Registration: 17-6-2009 Registrar

49550/286

15. THE FOLLOWING INSTRUMENT HAS BEEN REGISTERED AGAINST THE TITLE Transfer to Wasini Resorts Limited Freed and Discharged from No 12 and 13 above

Registration No. 135 Date of Registration: 5-12-2008 Registrar

16. CHARGE INSTRUMENT HAS BEEN REGISTERED AGAINST THE TITLE Charge to Savings and Loan Kenya Limited

Registration No. 136 Date of Registration: 5-12-2008 Registrar

17. CHARGE INSTRUMENT HAS BEEN REGISTERED AGAINST THE TITLE Further charge to Savings and Loan Kenya Limited For Kshs 100,000,000/= Subject to No 16 above

Registration No. 1726 Date of Registration: 17-6-2009 Registrar

18. THE FOLLOWING INSTRUMENT HAS BEEN REGISTERED AGAINST THE TITLE Discharge of charges no 16 & 17 above

Registration No. 1353 Date of Registration: 18-05-2011 Registrar W. M. Muigai 255

19. THE FOLLOWING INSTRUMENT HAS BEEN REGISTERED AGAINST THE TITLE Charge to Equity Bank Limited for Kshs 370,000,000/=

Registration No. 1394 Date of Registration: 18-05-2011 Registrar W. M. Muigai 255

20. THE FOLLOWING INSTRUMENT HAS BEEN REGISTERED AGAINST THE TITLE Discharge of Charge NO. 19 above

Registration No. 2384 Date of Registration: 18-12-2011 Registrar N. N. Kitanyi 215

58-54
5/11

By virtue of the above mentioned instruments, the title of the property is now free from all charges and encumbrances.

THE FOLLOWING INSTRUMENT HAS BEEN REGISTERED AGAINST THE TITLE
Charge to Kenya Commercial Bank Limited.
For ~~USD~~ ^{USD} 3,400,000 - 21
Presentation No. 238 Date of Registration: 18-12-2014
*149550/28 SL C. N. Kitanyi *215*

THE FOLLOWING INSTRUMENT HAS BEEN REGISTERED AGAINST THE TITLE
Bank limited
For ~~USD~~ ^{USD} 200,000
Bank pari passu with no 21 above
Presentation No. 2164 Date of Registration: 20-8-2017
15th September 2017
*B. F. Kiene *208*