

KREAL/VAL/090/001(3)/2016

23rd December, 2016

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

Attn: Johnson Denge (Mr.)

Dear Sir,

**REPORT AND VALUATION
OF
L. R. NOS. 13208/2 (I.R NO.132563/1), 28055 (I.R NO.119954/1) AND 28056
(I.R NO.119953/1)
NEW TOWN-ADJACENT TO NGELANI CITY,
ALONG MUTUNGONI ROAD, MACHAKOS COUNTY
I.N.O. JAMES KASYULA MUTUA, RUTH KALEKYE MUTUA AND SEVEN (7) OTHERS
“ACC. CYTONN INVESTMENTS MANAGEMENT LIMITED”**

Terms of reference:

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

LIMITING CONDITIONS

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

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

Basis of Valuation:

Market Value:

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

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

Method of Valuation:

Comparable Approach:

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

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L.R. NOS. 13208/2 I.R NO.132563/1, 28055 (I.R NO.119954/1) AND 28056 (I.R NO.119953/1) ADJACENT TO NGELANI CITY, ALONG MUTUNGONI ROAD- MACHAKOS COUNTY

Date of Inspection: 22nd December 2016 by our valuer I.B. Oyuga.



SITUATION:

The parcel fronting Mutungoni road lies adjacent to Ngelani city, about 10.1 Kilometers to the South East of the Mutungoni and Mombasa roads intersection at KMC bus stage/terminus. This intersection lies about 50 meters, 120 meters and 1150 meters due South/South East of Athi River and Mombasa roads intersection, Engen Petrol Service Station and Namanga & Mombasa roads interchange respectively within Machakos County. A location sketch plan and a Google earth directional imagery are herein attached.

Survey Maps:

We have perused the relevant cadastral maps and in particular Ref Map/RIM:S.A.37/H/I/C.4 (149/3) registration section and confirm that the property described here in this report and valuation concurs with what we inspected on the ground.

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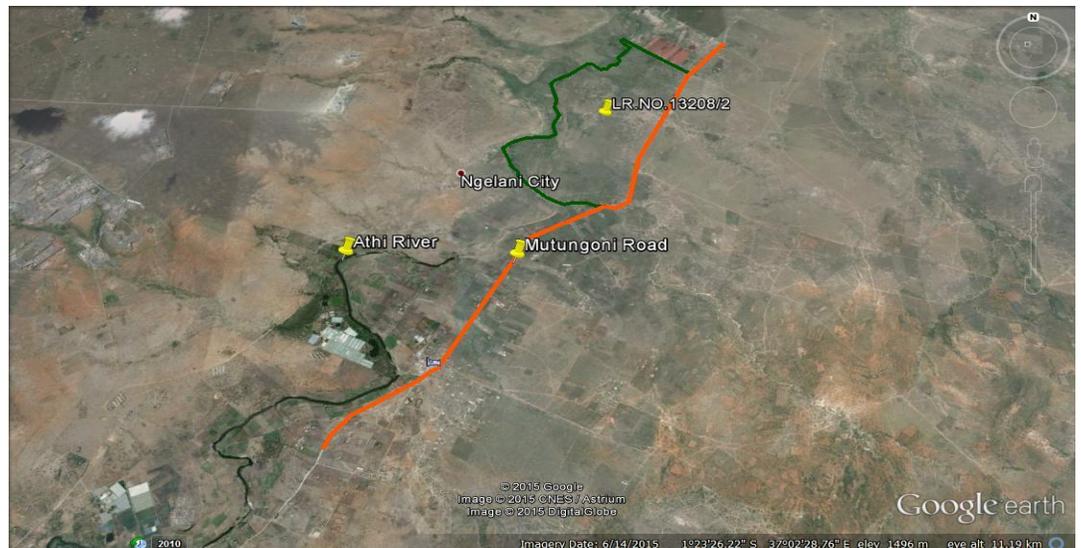
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**L.R. NOS. 13208/2 IR NO.132563, 28055 (IR NO.119954) AND 28056 (IR NO.119953)
ADJACENT TO NGELANI CITY, ALONG MUTUNGONI ROAD- MACHAKOS
COUNTY**

Google Earth Imagery:

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

Latitude	-1.3707623
Longitude	37.0477290



TENURE:

L.R. No	Tenure	Term (Years)	Effective Date	Ground Rent(Kshs.)	Years To Expiry
13208/2	Leasehold	99	1/08/2008	278,000.00	91
28055	Leasehold	99	1/08/2008	64,845.00	91
28056	Leasehold	99	1/08/2008	33,350.00	91

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Lessees:

All the three (3) titles are registered in the names of:-

James Kasyula Mutua, Ruth Kalekye Mutua, Sarah Nzembi Mutua, Anne Nduku Mutua, David Mutua Kasyula, John Kioko Mutua, Simeon Mutua, Moses Wambua and Peter Mweu (as tenants in common in equal shares)

Encumbrances:

Nil

Land Rent (As at 30th December 2016):

L.R. No	Outstanding Land Rent (Kshs.)
13208/2	2,485,320.00
28055	571,933.00
28056	294,147.00

Land Rates:

We have applied for the land rate statement for the parcels and will forward upon receipt.

AREA:

L.R. Nos	Area (Ha)	Area (Acre)
13208/2	370.9	916.5
28055	8.093	20
28056	4.040	10
Total	383.033	946.5

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The Parcel:

These are gently sloping gradient agricultural and residential parcels of black cotton soils whose boundaries are marked with Mutungoni road and Athi River. Access into the properties is open.

IMPROVEMENTS: The properties had no structural development as at the time of our inspection.



SERVICES:

Mains water and electricity services are available in the neighbourhood for connection to the property. Foul drainage would be to a septic tank/ soak away pits. Mutungoni road is murrum surfaced.

REMARKS:

i). Title and Search:

In comparing the copies of the titles provided and the property searches undertaken, the registered owners, the title numbers, the parcel sizes, the tenure and encumbrances details are in harmony

ii). Search

Copies of the official searches are herein attached.

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COUNTY**

iii). Land Rent Payment Request

Copies of land rent payment request are herein attached.

iv). Neighbourhood:

The neighbourhood is witnessing recent subdivision of large parcels into smaller parcels due to the ever increasing demand for plot ownership. The neighborhood is sparsely populated. As at the time of our inspection, the parcel was undeveloped. Ngelani City that is adjacent to new town is presently selling un-serviced plots.

v). Infrastructure:

The access road is murrum surfaced. It was in a fair state of repair and decoration as at the time of our inspection.



v).The Parcel Highest and best use

The planned New Town will maximize the parcels user.

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We wish to confirm that after conducting the title searches at the Nairobi land Registry and upon perusal of the relevant documents (copy of title and map) and from our own physical inspection and information gathered on the ground has not revealed any past or present public user reservation in respect of the subject security property, neither does it lie on a road reserve

Comparable:

In arriving at the fair market value, we have taken cognizance of the location of the property, its general conditions, size and evidence of comparable of similar parcels within Athi river area. Some of the comparable are appended here below:-

Table showing sales comparable:

Title No.	Location	Date of sale	Sale/Valuation	Size (Acres)	Price (Kshs.)	Price Per Acre-Analysis(Kshs.)
NGELANI CITY	Kinanie	Ongoing	Sale	0.125	600,000.00	4,800,000.00
NGELANI CITY	Kinanie	Ongoing	Sale	0.25	1,200,000.00	4,800,000.00
NGELANI CITY	Kinanie	Ongoing	sale	0.5	2,000,000.00	4,000,000.00
MAVOKO TOWN BLOCK 2 /151	Katani	June 2014	Valuation /Sale	49.42	207,564,000.00	4,200,000.00
TITLE NO. MAVOKOTOWN BLOCK 3/41687:	Kinanie	March 2015	Sale	0.111	700,000.00	4,000,000.00
TITLE NO. MAVOKOTOWN BLOCK 3/41688:	Kinanie	March 2015	Sale	0.111	700,000.00	4,000,000.00
TITLE NO. MAVOKO TOWN BLOCK 3/41704	Kinanie	March 2015	Sale	0.111	700,000.00	4,000,000.00
TITLE NO. MAVOKOTOWN BLOCK 3/24467	Kinanie	March 2015	Sale	10	39,000,000.00	3,900,000.00
AVERAGE SALE PRICE PER ACRE						4,212,500.00

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VALUATION: In our opinion, the market value of the unencumbered leasehold interest in **L.R. NOS. 13208/2 IR NO.132563, 28055 (IR NO.119954) AND 28056 (IR NO.119953) NEW TOWN** for book purposes could be stated in the sum of **Kenya Shillings Three Billion Seven Hundred Eighteen Million Five Hundred Eighty Two Thousand Five Hundred Twenty Five – (Kshs. 3,718,582,525.00)** broken down as follows:-

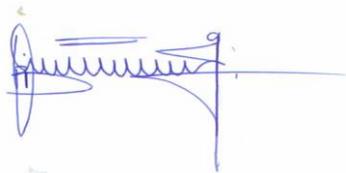
13208/2:	Kshs. 3, 574,350,000.00
28055:	Kshs. 78,000,000.00
28056:	Kshs. 39,000,000.00
Fees	Kshs. 27,232,525.00

Concluding Remarks:

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

Yours faithfully,

For: KENVAL REALTORS (EA) LIMITED



I. B. OYUGA:

B.A. LAND ECON (HONS) NBI

M.I.S.K. REGISTERED VALUER

23rd December 2016