

FOR SALE

EXCELLENT INVESTMENT & ASSET MANAGEMENT OPPORTUNITY Nairobi CBD



Summary

- A prime mixed use property located in an exceptional location within the heart of the Nairobi CBD fronting four major streets namely Mama Ngina Street, Watalii Lane, City Hall Way and Simba Street.
- The cylindrical tower has long been regarded as a landmark within the city and is well known as the former 'Hilton Hotel'.
- The total site is a rectangular shaped plot measuring approximately 1.125 acres (0.455 Ha), a unique substantial CBD landholding.
- The property comprises of circa 333,839 square feet built-up area, comprising of basement parking, retail shops on the ground floor and the mezzanine level, meeting/banquet facilities and a 20 storey hotel tower consisting of 287 hotel rooms.
- The property is held on a Leasehold title of 99 years from 1st November 1964 subject to payment of a revisable annual rent of a Kshs. 1,322,600.
- The retail section of the property measuring 28,458 sq. ft is 82% let to well-established retailers and produces in excess of Kshs. 91 Million per annum in rental income.
- Significant opportunities exist to asset manage the asset and create additional value by leasing the available space.
- Both shareholdings comprising the 100% share interest in International Hotels (Kenya) Limited are available subject to detailed RFP process.

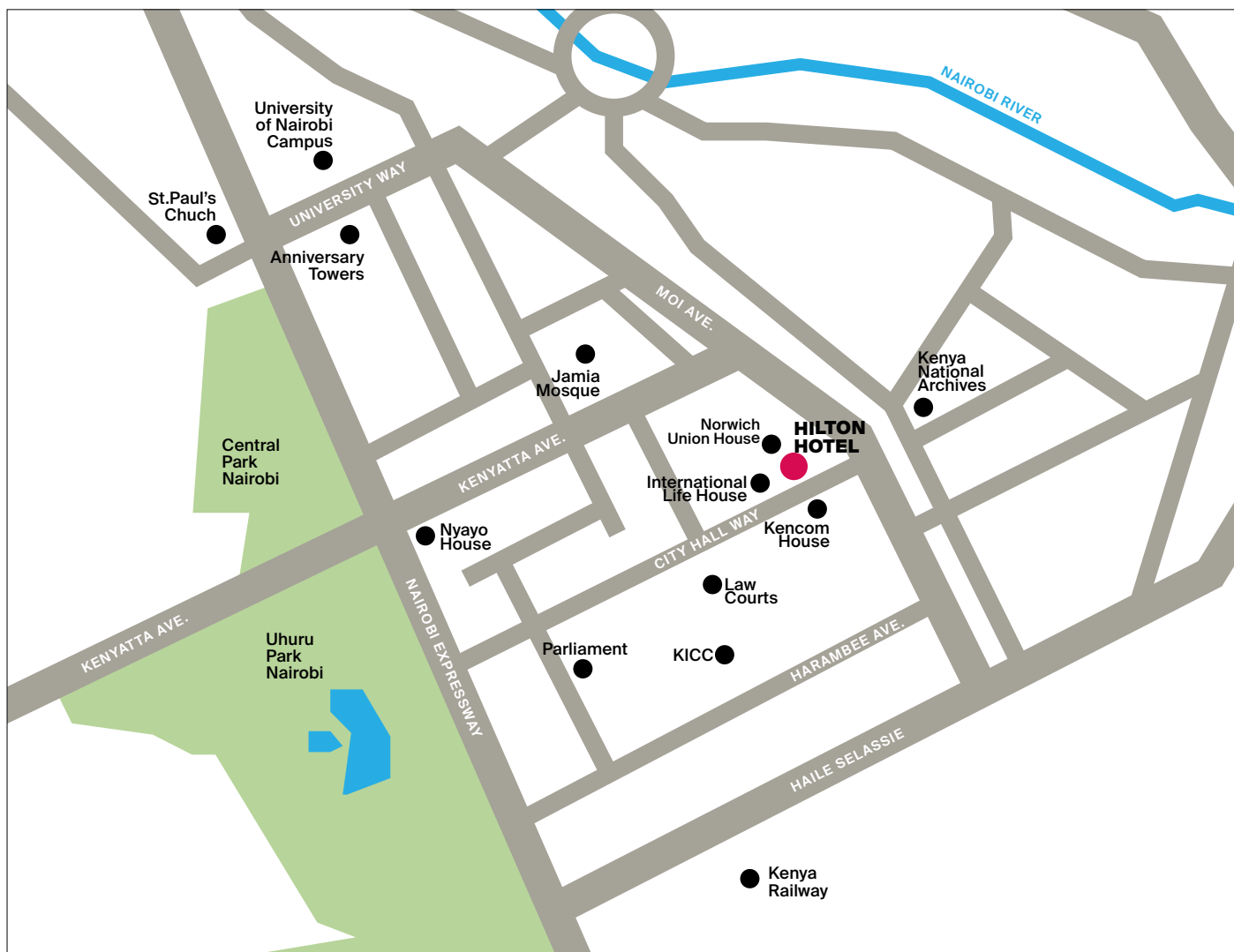
Location

The former Hilton Hotel is located within the heart of the renowned Nairobi CBD. Nairobi is the capital city of the Republic of Kenya. It is the largest city within the region and also boasts the biggest contribution to the country's GDP. The city and CBD specifically enjoy vibrant trade and it is home to the regional HQ's of many local and multinational businesses. The Nairobi CBD is defined as the area to the north of Haile Selassie Avenue, south of University Way, east of Uhuru Highway and north of Moi Avenue. It features commercial buildings, business/retail parades, government offices, parks, hotels, religious and educational institutions.

Situation

This is a unique site in a very prime location situated within the heart of the Nairobi CBD fronting four major streets namely Mama Ngina Street, Watalii Lane, City Hall Way and Simba Street providing significant street frontage. Notable developments in close proximity include Kencom House, International Life House, Kenya National Archives, Norwich Union as well as Corner House Building. Due to its strategic location, the property is exposed to high footfall traffic and excellent prominence.

In addition, the exceptional and central location offers easy access to most business districts of the City including close proximity to the Kenyatta International Convention (KICC), Law Courts as well as most of Nairobi's famous attractions, including the Nairobi National Park, Bomas of Kenya, Giraffe Centre, The National Museum and the Kenya National Archives which is approximately 100 metres away. In addition, the site is well positioned for good access to both Wilson Airport and Jomo Kenyatta International Airport (JKIA) via the Expressway.



Description

The former Hilton Hotel is a landmark property within the Nairobi CBD and has historically been regarded as one of the most significant hotels within the city. The property is substantial and comprises circa 333,839 square feet of built-up area, comprising of 40 parking spaces in the basement, retail shops on the ground floor and the mezzanine level, meeting/banquet facilities and a 20 storey hotel tower consisting of 287 hotel rooms.

The retail section of the property measuring circa 28,458 sq. ft is 82% let to various tenants in one of the CBD's most vibrant and high footfall pitches. The hotel section was operated under lease agreement by a joint venture company which expired on 31st December 2022 and has since been closed. However, the property is still well equipped with the hotel related amenities like the food and beverage facilities, meeting/banquet facilities, housekeeping sections, kitchen and bar/restaurant all remaining on site.

Mains water, electricity and sewer are connected to the property. These are supplemented by borehole water and standby power backup generator. Other amenities include CCTV surveillance, access control, passenger lifts and one service lift, fire detectors and boilers.

Tenancy and Income Overview

The tenants are well established national retailers such as Cooperative Bank of Kenya Ltd, Bata Shoe Company (K) Ltd, Lintons Place Ltd, City Walk Limited, G4S Limited, Healthy U, Baus Optical, Goodlife Pharmacy Ltd and other strong covenant tenants.

The current passing rents for the retail leases are paid quarterly in advance, and currently generates approximately KSHS. 91,980,914 per annum. Most leases are in the 2nd year of their lease term with a provision for rent review on the 2nd and the 4th year of the leases.

Equipment & Machinery

The property is supported and managed by excellent quality and high specification plant and machinery including but not limited to the following:-

- Mains power supply + supplemented by a 365 KVA Caterpillar generator and 1,360 KVA Cummins generator
- 4 Diesel storage tanks providing approximately 50,000L capacity for generator usage
- Connection to Mains Council treated water supplemented by a borehole and 500L storage
- A water distribution system including water purifier triple UV Davis Shirliff
- Water Heater Solar Panels
- Air compressor glow 200I and Air Compressor Machine Ingersoll Rand-UP5-11C-8/2010
- Compressed Air Receiver Tank 1000 Litres 6mm
- Godiva Fire Pump Machine, Water Pump Windsor 1 EFF2 and Spp Fire Pump Controller Big
- Laundry facilities include; Washer/Extractor Machine Milnor 400 pound- 60044WP2, Steam Pressing Machine Ajax Press 3DCB43, Dry Cleaning Machine Bowe P15, Dry Press Machine Unipress and Dryer Machine Unimac-UT120SRMM2S1N02

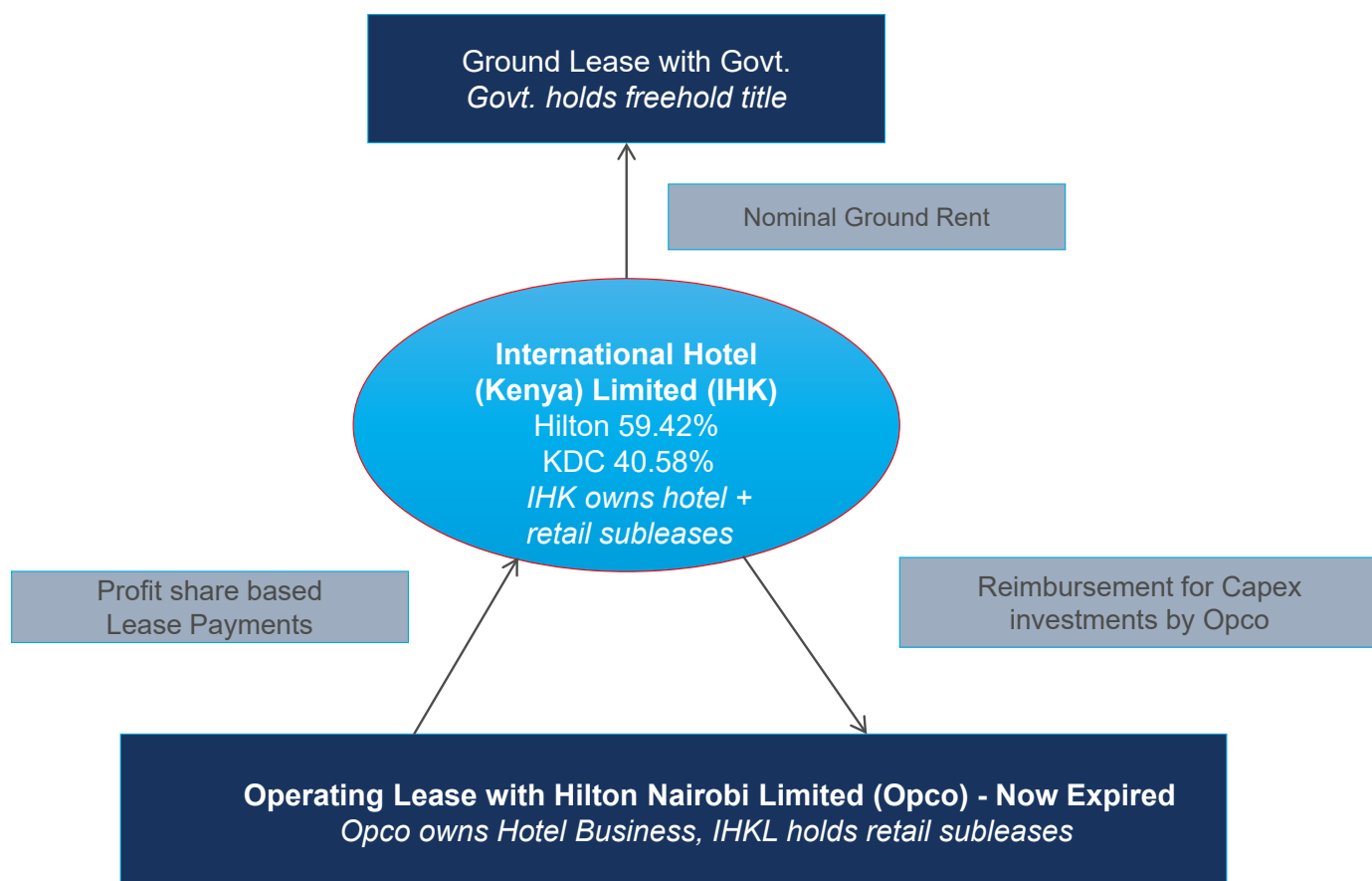
Since the property has formerly been trading as a hotel, a list of furniture, fixtures, and equipment (FFE) is included within the acquisition of the asset. The furniture, fixtures, and equipment (FFE), Computer & Accessories, Motor Vehicle, Plant & Machinery has been valued at approximately **KSHS. 200,279,600** as of November 2022. A comprehensive list will be available at the RFP stage.

Commercial Structure and Company Overview

The asset is owned by International Hotels Kenya Limited (IHKL) which is a private limited liability Company incorporated in Kenya on July 08, 1966. IHKL is owned by Hilton International Limited, holding 59.42%, and Kenya Development Corporation (KDC), holding 40.58%, respectively, of its issued share capital. The Property had been previously leased out to Hilton Nairobi Limited (the Operator) operating the hotel, which ceased its operations on 31st December 2022, and the hotel section is currently closed.

IHKL Shareholding Structure

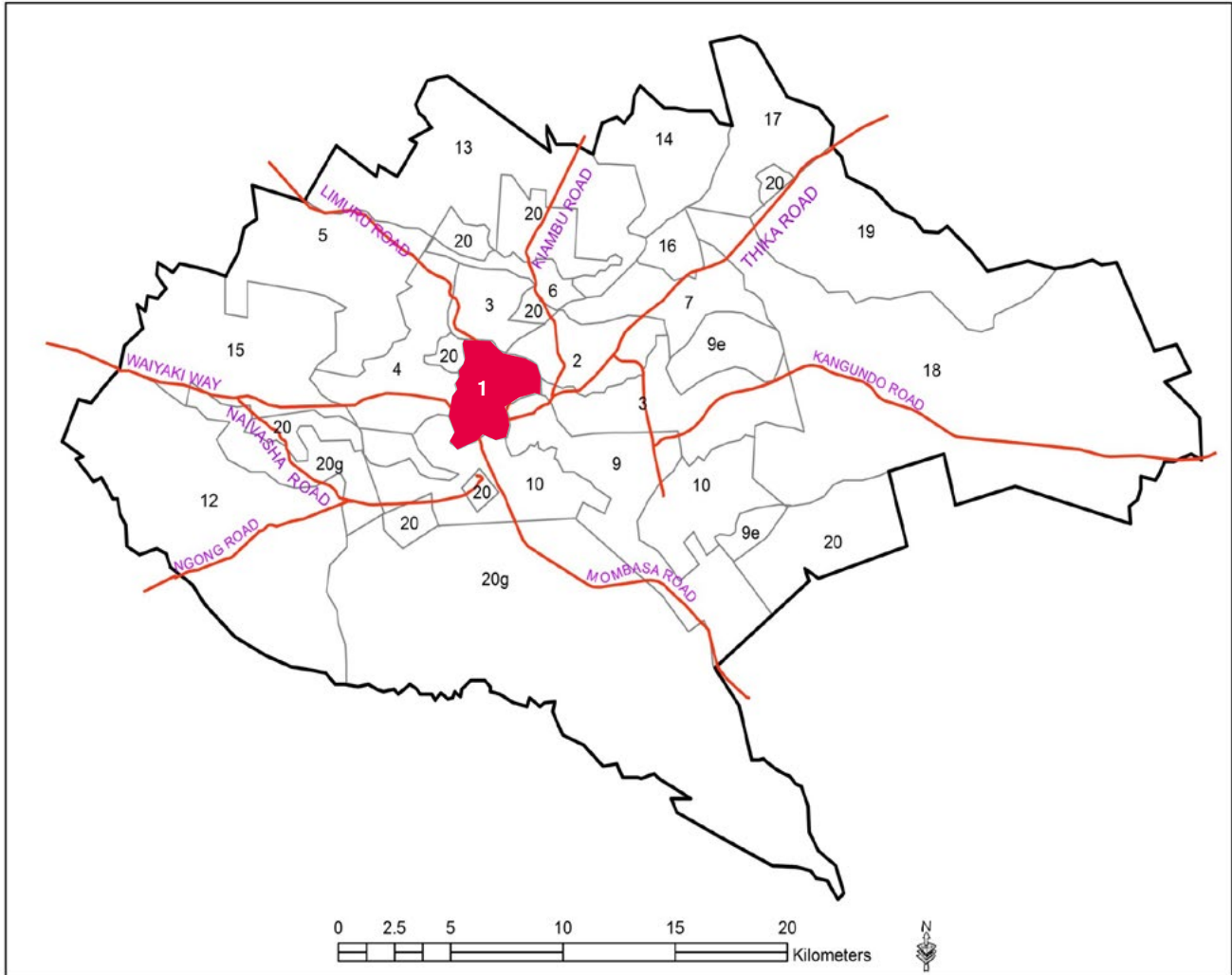
SHAREHOLDER	SHAREHOLDING	% Shareholding
Hilton International	2,527,150	59.42%
Kenya Development Corporation (KDC)	1,725,777	40.58%



Planning

Nairobi's Central Business District falls under Zone 1A of the Nairobi City Council planning regulations that allows for mixed use development of commercial offices, hotels, serviced apartments and institutions. The regulations generally provide for a ground coverage of 80% and a plot ratio of 600%. The permitted densities however, are approved on a case-by-case basis which depends on the exact location of the property within the CBD. Investors therefore, have option to either continue with the current user or convert the property to another commercial use and maximize the permissible density.

NAIROBI LAND USE ZONES AND SELECTED ROADS





Tenure

The total site comprises of a substantial rectangular shaped island plot held under one title measuring approximately 1.125 acres (0.455 Ha). LR NO 209/6527. The leasehold LR209/6527 is presently owned by IHKL and was granted on 15th September 1964 for a period of 99 years subject to payment of a revisable annual rent of Kshs. 1,200,000/-. The ground lease has 41 years to lease expiry.



Investment Considerations

The key investment characteristics that highlight the capital value of the property and the asset management opportunity presented by the former Hilton Hotel are:

- Excellent location within Nairobi CBD in a prime strategic situation.
- 82% let to retail tenants that are reputable and have been established in Kenya for a while and trading well.
- Large prime CBD site with 4 road frontages in an excellent pitch with high footfall.
- Mixed use building with flexibility to alter the uses to suit market conditions and occupational demand.
- Opportunity to reconfigure the retail space to provide more floor area for additional retailers.
- Opportunity to asset manage the former hotel areas into alternative uses such as student, affordable living or flexible offices.
- Potential investor could choose to operate the entire hotel component as a 3 star hotel. We anticipate that the demand for hotel accommodation will continue as Nairobi CBD still enjoys vibrant trade.

Transaction Overview

Both of the IHKL shareholders are looking to dispose of their shares. Stage 1 of the process is the submission of a detailed expression of Interest (EOI) as follows:-

Interested Bidders may include persons (natural or legal) and or/ Consortium(s). Bidders must be willing to acquire the entire GOK shareholding.

Interested Bidders must provide information that meets the following eligibility criteria:

- a. Evidence that the Bidder or, in the case of a Consortium, the Consortium Leader, is legally registered or incorporated. For a Consortium, include a Memorandum of Agreement to bid as a Consortium. In the case of individuals, copies of certified national identification cards or passports for international bidders.
- b. A copy of a valid tax compliance certificate for local bidders and proof of tax remittance certification for international bidders.
- c. Demonstrate their financial capacity to acquire 40.58% of equity in International Hotels Kenya Limited.
- d. Provide a bid security of Kenya Shillings ten million (or US dollar equivalent at the CBK prevailing exchange rate on the date of EOI Advertisement) issued by a bank recognised by the Central Bank of Kenya or an equivalent and valid for 180 days from the tender opening date.
- e. Provide a reference letter from a bank recognised by the Central Bank of Kenya or an equivalent in the country of origin.

The Privatisation Authority will shortlist Bidders from the investors who submit EOIs in accordance with the criteria set out in this advertisement.

Information to Bidders

Additional information on the privatisation process and the company being privatised can be obtained from the address indicated below or from the Authority's website (<https://privatisation.go.ke/transaction-teaser/>).

Submission Details

Interested Bidders should submit the Expressions of Interest in a sealed envelope to the address provided below, clearly marked "Expression of Interest – For the Acquisition of GOK shareholding in – International Hotels (Kenya) Limited."

The EOIs must be addressed to and delivered or deposited in the tender box at the address below not later than 1100hrs East Africa Time on 7th May 2024.

The Managing Director
Privatisation Authority
Social Security House – Annex, 10th Floor
Bishops Road, Community
P.O. Box 34542 – 00100
NAIROBI, KENYA
transactions@privatisation.go.ke

The EOIs will be opened immediately after the closing time at the Privatisation Authority's offices in the presence of Bidders (or their representatives) who choose to attend.

An EOI should not be construed as an offer. The Request for Proposals will be issued to shortlisted bidders only.

In the case of bids submitted through email, the original bid security must be submitted through a registered mail.