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EMBASSY OF THE REPUBLIC OF KENYA

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14th November, 2006

Mr Thuita Mwangi
Permanent Secretary
Ministry of Foreign Affairs
NAIROBI

Dear Broana P.S.,

RE: ACQUISITION OF CURRENT PREMISES AT US\$ 20 MILL

The property that the Mission is occupying comprises of a two :
Chancery block with a basement garage and a separate double story
residence with a two car covered parking bay on a 1,654.62 square meters
walled in plot with parking for 12 vehicles.

It was built by the landlord to our specification in 1989 and is therefore
ideally suited for our purposes. It is located in a prime residential cum
commercial area favoured by Embassies and is 35 minutes from the centre
of town, but close to international schools where officers' children attend.

Property prices in Japan are among the highest in the world and so are the
commensurate rents that we pay. Conversely, the cost of financing in Japan
is among the lowest.

In the past, the opportunity to borrow was not extended to non-Japanese
residents and organizations. However, such facilities have recently become
available and we have received several offers of assistance from financial
brokers, estate agents and most recently our bankers, the Tokyo Mitsubishi
UFJ Bank.

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Our landlord has agreed to sell us the premises at US\$ 20 million and the bank is willing to consider up to 90% financing subject to negotiation, agreement and independent valuation of the property. Ideally, we would like to arrange for the deposit and the period of finance to be such that the monthly rental is less than our current rent of Japanese Yen 4.7 million (US\$ 41,000) per month. In order to process our application, they have requested us to answer the following questions:

1. Details of our Landlord.
2. Do we plan to finance the acquisition entirely by bank borrowing or are we able to pay a deposit?
3. What will be our repayment source (e.g. remittances from Kenya)?
4. Would we consider replacing the existing buildings with a multi floor building (subject to building code restrictions), and rent out some of the floors to pay back the mortgage.
5. Will the Government of Kenya agree to give the land and buildings as collateral for the loan.
6. If yes, will the Government of Kenya issue a memorandum of exemption of Sovereignty?
7. Would the Government of Kenya agree to issue a stand by Letter of Credit from a US or European Bank as Collateral for the loan.
8. Does the Government of Kenya have examples of taking a loan to purchase embassy premises in other countries? If yes, how were the extra territorial rights handled?

Since we are already occupying the premises and both the seller and ourselves bank with Tokyo-Mitsubishi UFI Bank, it will be possible to conclude the agreement quickly (within this financial year) provided we answer the Bank's questions satisfactorily.

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Meanwhile, the landlord (seller) renovated the Chancery four years ago and the Residence this year, so the buildings are both in good condition and will not require further renovations for at least another five years.

We therefore seek your approval to proceed to the next stage and attach the following documents for your consideration:

1. Financial Schedule
2. Description of the Premises
3. Site Plan
4. Pictures

Yours *Sincerely*



Dennis N.O. Awori
AMBASSADOR

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FINANCIAL SCHEDULE FOR PURCHASE OF TOKYO CHANCERY

1. Purchase Price - US\$ 20 million (subject to Independent Valuation)
 2. Deposit - US\$ 2 million (subject to final offer from Tokyo Mitsubishi UFI Bank)
 3. Repayment - US\$ 40,000 per month (subject to final agreement as per No.2 above)
- Repayment period - To be confirmed subject to deposit amount and interest agreed.

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DESCRIPTION OF THE PREMISES

(A) Residence:

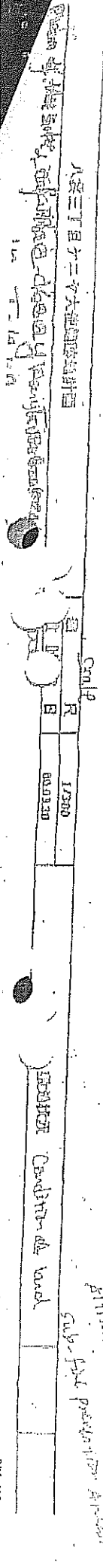
Two-storey steel framed wooden house having a total floor area of 436.85 square metres consisting of hall, living room, dining room, kitchen, family room, laundry (service room), stairs, master bedroom, four (4) bedrooms, study room, guest room, two (2) maid's rooms and four (4) and one-half bathrooms plus storage. Said house will be equipped and provided, among other things with central heating, air-conditioning, hot water boiler, refrigerator, dishwasher, clothes-washer and dryer, gas cooking stove, telephone and wall-to-wall carpeting throughout the house and parking space for two (2) cars.

(B) Chancery:

Two-storey steel framed ferro-concrete building having a total floor area of 695.13 square metres consisting of the Ambassador's room, Counsellor's room, Secretary's room, four (4) Officers room, VIP's Reception room, telex room, library, register room, strong room, kitchen and two (2) toilets on the second floor. Entrance hall, stairs, two (2) officer's room, office space for local employees, multipurpose room, receptionist room, banqueting hall, lunchroom, kitchen, guard box, driver's room, two (2) toilets and pantry on the ground floor. Said building will be equipped and provided, among other things with unit-typed heating and air-conditioning, hot water boiler, refrigerator, dishwasher, clothes washer and dryer, gas cooking stove, telephone and wall-to-wall carpeting throughout the building and parking space for ten (10) cars.

Ground area for the said residence and chancery shall be 1207.94 square metres including garden with fence and gate for privacy.

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