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REF. No. KET/ACCOM/12/58

30th August, 1990

Mr. G. Mbindyo
Permanent Secretary
Office of the Vice President &
Ministry of Finance
NAIROBI

Dear

RE: PURCHASE OF CHANCERY/RESIDENCE COMPLEX

The Chancery/Residence complex was constructed to our specifications with the understanding that we could purchase the property should the owner decide to sell.

Due to the ever increasing costs of real estate property in Japan (quarterly at the rate of about 3%), it would be in our favour if our Government purchased this property. Most embassies have at least one property including Tanzania, Zambia, Zaire, Egypt and Algeria from Africa. These embassies are no longer faced with the problem of using huge sums of their hard earned foreign exchange to pay for exorbitant rents. For some embassies their properties have turned out to be fruitful investments that generate income for their Governments. Canada is constructing a complex that will have recreation facilities that will be paid for by the users. Philippines already sold a portion of their property and generated funds for needy projects back home.

It is however the colossal amounts of money that our Government will save in the future that I strongly propose that the purchase of this property be given serious thought. The yearly rents of ¥ 51,600,000 which would otherwise go down the drain could be part of the purchase price.

The Property stands on an area of 500 tsubo or 1,653 sq.m and the purchase price is:

1 Tsubo (3.31 sq.m)	=	¥ 10,000,000
500 tsubo (1,653 sq.m)	=	¥ 5,000,000,000
Chancery/Residence buildings	=	¥ 500,000,000
Total purchase price	=	¥ 5,500,000,000
		KShs. 830,500,000

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This price as quoted by the landlord will be subject to the approval of the Japanese Government and the owners conditions as to the mode of payment are negotiable e.g. an over the period purchase plan. You may also wish to consider loan financing from any willing donors for the purchase in which case K 5,500,000,000 borrowed at 5% interest rate for the following periods will accumulate to:

10 years	-	K 8,965,000,000	=	KShs. 1,353,715,000
15 years	-	11,440,000,000	=	1,727,440,000
20 years	-	14,475,000,000	=	2,185,725,000

The repayment terms - grace period and amounts could be agreed upon to suit both parties.

In this connection, I attach herewith a copy of my self explanatory letter Ref. No. KET/ACCOM/12/VOL.I/(57) of 22nd June, 1990 on the subject hoping that necessity of purchasing this property at this particular time will be seen by your good self.

Yours

S. K. OLE LEKEN
AMBASSADOR

c.c. The Permanent Secretary
Ministry of Foreign Affairs &
International Cooperation
P.O. Box 30551
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