

**COMFORTABLE  
PAYMENT PERIOD,  
NO INTEREST  
THE MAIN  
ATTRACTIONS**

“THERE IS SOMETHING called *murabaha* in Islamic financing, whereby you pay for an item over a long period but you know the price from the beginning, and that price never changes,” says Rama Housing General Manager Hassan Abdi.

According to sources, *murabaha* is an Islamic term for the Islamic financing model, whereby one buys a property with a free and clear title. Under this model, customers are not charged interest on loans, since it is considered *riba* (or excess).

Given these relatively customer-friendly terms, how do their houses compare with others within the same location?

The real estate firm, which began operating in the country in January this year, has two ongoing projects: one in South C and the other in Parklands. A three-bedroom house in South C, which Mr Ngwili says sold out in a matter of days, costs Sh10 million, while a three-bedroom apartment was going for Sh8 million.

A spot check by **DN2** found out that the asking price for a three-bedroom house in the prime South C area costs about Sh14 million.

Residents who spoke to **DN2**, and who seemed familiar with the building trends in the area, said the 120 square-metre houses are no longer popular in the area, with developers preferring the 90 square-metre apartments which allow them to build more units.

Meanwhile, a four-bedroom apartment with a servant's quarters in their project on Second Parklands Avenue known as Jumeira Heights were selling for Sh17.5 million. Real estate insiders say similar properties in the area cost about Sh30 million.

in the number of Christians buying in our next two projects that are currently on sale. They are located in South C and Parklands, and will come with six-year and eight-year payment plans.”

Foreigners from the West have not been left behind and, according to Mr Hussein, “The interesting thing about them is that they are working in big real estate companies but are coming to invest with us.”

“We are trying to introduce low-cost housing in high-end areas,” asserts Mr Hussein, adding that his company is looking forward to introducing this model on the outskirts of Nairobi to provide affordable housing for low-income earners.

But for any firm to be able to successfully and effectively run such a housing model it is obvious it must have a solid financial basis, a factor that would render the model almost impossible for

many real estate companies operating in Kenya.

“We are a group of companies. We have stakes in the energy industry, spare parts and we are doing fairly well in the steel industry,” says Hussein.

To which Mr Ngwili adds, “The reason Hussein is mentioning all this is because people might be wondering where we get our funds from, or whether we will go down as fast as we have taken off.”

Seeing as this is a business like any other with profit margins to hit and goals to achieve, why are they offering such low terms?

Mr Hussein uses a phone on the table to illustrate his answer: “In Islam, if you bought this phone for, say Sh14,000, you cannot sell it for Sh50,000; that's unacceptable. You are not allowed to make a profit of more than 100 per cent in Islam. So the key thing is the profit margin and we believe other developers are looking for the highest profit margins.”

Mr Mwangi concurs, saying some houses in South C are about 70 square metres but their prices are prohibitive. “I would expect the cost of putting up such a unit to be about Sh2.7 million. So when the developer puts the house up for sale at Sh6 million, he is making more than 100 per cent profit. Unfortunately, by so doing they are locking out many people because not everyone can afford that,” he says.

Mr Ngwili notes that running two projects at the same time gives them an opportunity to take advantage of economies of scale in terms of seeking approvals, buying materials and covering running costs, which is more economical, compared with running one project at a time.

In the recent past, Kenyans have been swindled by real estate firms that promised to build



**According to our terms of engagement, if we haven't completed construction, the client has the right to stop making further payments until the construction is done, after which he or she can resume paying.”**

Mr Charles Ngwili, finance manager, Rama Homes

**BRIEFS WITH LYNETH IGADWAH**

**Bamburi Cement to expand Athi River grinding plant**

**BAMBURI CEMENT** is to start expanding its Athi River grinding plant at a cost of Sh4 billion next month, amid growing competition in the industry.

The country's largest cement maker by market share says it has completed pre-construction preparations for the project.

The company's Managing Director, Mr Bruno Pescheux, said civil works on the 18-month

project are underway while the structural work will begin next month.

The expansion of the plant is aimed at increasing Bamburi's annual production by 900,000 metric tonnes on completion mid next year.

This will increase the listed company's annual capacity at the Athi River and Mombasa plants to 3.2 million tonnes,

which is equivalent to 50.79 per cent of the country's cement consumption last year.

The Kenya National Bureau of Statistics put Kenya's cement consumption at 6.30 million tonnes in 2016, a 10.53 per cent growth over the previous year's 5.69 tonnes. This was against 6.71 million tonnes produced, which was 5.84 per cent higher than the 6.34 tonnes in 2015.



Bamburi MD Bruno Pescheux

**German solar company planning expansion with eye on rural markets**

**GERMAN OFF-GRID** solar firm Mobisol has secured 10 million euros (about Sh1.19 billion) from Finnfund to expand its operations in East Africa.

In March, the firm announced plans to open 20 more stores in Kenya, with a view to increasing its rural market share.

On Wednesday last week, it said the Finnfund (Finnish Fund for Industrial Cooperation Ltd) cash would support its expansion in Tanzania, Rwanda and Kenya, where it has installed nearly 10 megawatts for households and small businesses.

The firm's Chief Executive Officer, Mr Thomas Gottschalk, said the funds would allow the company to plug in the



Some of the items in a Mobisol kit.

world and connect more people to a reliable source of energy.

Finnfund Chief Executive Jaakko Kangasniemi said the financial assistance would also help in attaining a sustainable future.

Mobisol, which retails directly to customers, recently opened its

flagship store in Kisumu.

The company's large solar home systems come with several LED light sets, a portable lantern, mobile phone charger kit, flat-screen LED TVs of upto 32 inches, portable radio and other balance-of-system components including wiring and switches.

**KEBS in legal battle with Epco Builders over cancelled tender**

**CONSTRUCTION FIRM** Epco Builders has sued the Kenya Bureau of Standards (Kebs) seeking Sh379 million compensation over a botched tender for the construction of regional laboratories and offices in Mombasa.

Epco Builders says it lost the money in payment of site staff, mobilisation, office overhead costs, idle equipment, obtaining a performance bond and expected profit from the cancelled project.

In July, Kebs contracted Epco Builders following a public procurement process for the Sh1.3 billion project

but called the tender off a month later.

Epco Builders successfully applied to have the ensuing dispute with Kebs referred for arbitration and arbiter Anthony Frederick Gross ordered the State agency to pay the contractor Sh4.5 million.

The contractor now says the award was too conservative and wants the High Court to order a fresh arbitration with a new mediator.

Kebs has challenged the move, insisting that the Sh4.5 million award was fair.



them homes, only to disappear after getting their money. So how can Kenyans tell that this is not going to be another scam?

“First, the fact that the lands' title deeds are in our name is reassuring because if you own a piece of land that is valued at Sh200 million and you are collecting about Sh150 million from the public, it means the piece of land itself is enough to recover people's money in case something bad happens tomorrow,” says Mr Hussein.

Mr Ngwili adds: “By virtue of having well-established affiliate companies, we are stable enough to finance our projects within the two years. Also, the fact that our first project under construction has reached the first floor barely a year after we began operations tells a lot.”

Mr Hussein and Mr Ngwili further note that the fact that the client pay for the house in instalments means they can refuse to pay if the developer does not meet their side of the bargain.

“According to our terms of engagement, if we haven't completed construction, the client can stop making further payments until the construction is done, after which he or she can resume paying,” says Mr Ngwili.

Meanwhile, the deposit and capital appreciation cushion the developer in case the client defaults. “If a client defaults or is unable to pay, we sell the unit at higher price because, since construction has been ongoing, the unit say, one year down the line, has appreciated. But the client gets back the money contributed up to the time of default,” says Mr Hussein.

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**PRIME BEACH PROPERTIES FOR SALE - MOMBASA**

On behalf of our reputable client we are offering various 'first and second row' beach properties for sale. They are situated in Mombasa's North Coast, within Bamburi Area and specifically along Baobab Road near City Mall. The properties are contiguous and thus available singly or together.

SITUATION	ACREAGE	PROPERTY DESCRIPTION
First Row Sandy Beach Property	2.0	A large double storey house having 4 bedrooms, 2 bathrooms and 1 showerroom. A garage, sq, changing room, pump room, pool and gate house are also provided. (Plinth Area - 5,547 sq.ft)
First Row	1.2	A part single, part double house having 3 bedrooms, 2 bathrooms and 2 showerrooms. (Plinth Area - 3,515 sq.ft)
2 <sup>nd</sup> Row	2.3	A part single, part double house having 4 bedrooms, 2 bathrooms and 2 showerrooms (Plinth Area - 4,465 sq.ft)
First Row	1.3	A bungalow having 3 bedrooms, 2 bathrooms with access to garage. SQ Block and gate house are also provided. (Plinth Area - 2,529 sq.ft)
First Row	0.8	A bungalow having 4 bedrooms, 1 bathroom and two 2 showerrooms. A swimming pool, SQ Block and gate house are also provided. (Plinth Area - 3,231 sq.ft)
First Row	0.8	A bungalow having 3 bedrooms and 2 bathrooms. SQ Block, garage and a gate house are also provided. (Plinth Area - 3,237 sq.ft)
2 <sup>nd</sup> Row	0.8	A bungalow having 3 bedrooms, 2 bathrooms with access to garage. Gate house is provided. (Plinth Area - 2,318 sq.ft)
2 <sup>nd</sup> Row	0.7	A bungalow having 3 bedrooms and 1 bathroom. A gate house is also provided. (Plinth Area - 2,018 sq.ft)

**OFFER INVITED**

Viewing is strictly by appointment through the office. For more information contact:

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