

KONZA
Technopolis

KONZA TECHNOPOLIS PARCEL LEASING POLICIES AND PROCEDURES



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ACRONYMS AND DEFINATIONS OF KEY TERMINOLOGY

Acronyms	
BD	Business Development
CBP	Competitive Bid Process
CEO	Chief Executive Officer of KoTDA
DAP	Directs Allocation Process
EC	Evaluation Committee
EOI	Expression of Interest
EPCF	Engineer, Procure, Construct, Finance
GoK	Government of Kenya
GRP	Gross Regional Product
IFU	Investor Facilitation Unit
KoTDA	Konza Technopolis Development Authority.
KT	Konza Technopolis
LDFM	Land Development Financial Model
LEED	Leadership in Energy and Environmental Design
MPIS	Master Pricing Information Sheet
OSS	One-Stop Shop
OEPA	Open EOI and Proposal Approach
SPV	Special Purpose Vehicle
JV	Joint Venture
PAW	Parcel Allocation Worksheet
PLUG	Parcel Land Use Group
REOI	Request for Expression of Interest
RFP	Request for Proposal
ROI	Return on Investment
SOP	Standard Operating Procedure

Definitions	
Board	Means the Board of Directors of KoTDA.
CEO	Means the Chief Executive Officer of KoTDA.
Department in Charge of Business Development	Means the department of KoTDA at any relevant time that shall be in charge of Business Development.
Physical planning Compliance & Environment Department	Means the department of KoTDA at any relevant time that shall be in charge of urban development.
Enterprise	Means an organization that proposes to undertake a Qualifying Activity in Konza Technopolis but does not intend to be allocated a Parcel in Konza Technopolis.
Developer	Means an organization that proposes to be allocated a Parcel in Konza Technopolis towards developing a facility in Konza Technopolis and intends to undertake a Qualifying Activity.
Evaluation Committee	Means the committee constituted by the CEO from the officials of KoTDA and co-opted with other persons with the relevant technical professional expertise required to carry out the function of evaluating Proposals to determine whether the economic value proposition proposed by the Investor or the proposed land use by the Investor of a Parcel in Konza Technopolis and project description aligns to Konza Technopolis development goals and objectives, Konza Technopolis Development Guidelines and Konza Technopolis Sustainability Framework.
Investor	Means any party desirous of acquiring a Parcel within Konza Technopolis for purposes of developing a project or undertaking a Qualifying Activity.
Investor Facilitation Unit	Means the division of KoTDA that provides investor facilitation & aftercare services.
Bulk Allocation of Parcels	Means the process of allocating large quantity/many parcels to an investor
Applicant	Means an individual/company/Special Purpose Vehicle who submits request for parcel allocation in Konza
Amalgamation	Means the process of combining/merging two or more parcels to form one block
KoTDA	Means the Konza Technopolis Development Authority.
Konza Technopolis Development Guidelines	Means the rules, regulations, conditions and restrictions which shall be applicable to the design and development of any facilities or project in Konza Technopolis.
Konza Technopolis Developer Proposal Evaluation Criteria	Means the document setting out the applicable criteria for the evaluation, and approval of a Developer's proposal to acquire a Parcel in Konza Technopolis and to undertake a Qualifying Activity.

Konza Technopolis Enterprise Proposal Evaluation Criteria	Means the document setting out the applicable criteria for the evaluation, scoring and approval of an Enterprise's Proposal to undertake a Qualifying Activity in Konza Technopolis.
Konza Technopolis Investor Proposal Submission and Evaluation Guidelines	Means the guidelines provided by the Department in Charge of Business Development to the Investor to assist with the preparation and submission of a Proposal.
Konza Technopolis Investor Verification and Due Diligence Checklist	Means the document providing a guideline to the officials of the Department in Charge of Business Development in verifying that the Investor has provided sufficient documentation and information required to effectively evaluate the Investor's Proposal and undertake a due diligence in relation to the Investor.
Konza Technopolis Pricing Policy	Means the policy prescribing the general principles that guide pricing for all Parcels Sub-leased off by KoTDA.
Konza Technopolis Qualifying Activities	Means the document outlining the economic segments and compatible activities applicable to proposed projects and developments that are to be carried out by Enterprises and Developers operating within Konza Technopolis and the term Konza Technopolis Qualifying Activity shall be construed accordingly.
Land Laws	Means, together, the Land Registration Act No. 3 of 2012, the Land Act No. 6 of 2012 and the National Land Commission Act 2012.
Laws	Means any statute, rules, regulations, statutory instruments, codes of practice, circulars, guidance notes, orders of the National Government, County Government, government ministries and other bodies having statutory or regulatory competence to promulgate rules and regulations having the force of law.
Sub-Lease	Means any sale or transfer of the leasehold interest in land, but does not include the granting of an easement or wayleave or any other right of way over land and the term " Sub-Lease " or " Sub-Leases " or " Sub-Leasing " shall be construed accordingly.
Long-term Sub- Lease	Means a Sub-lease hold interest in land for a term of twenty-one (21) years or more.
Master Plan	Means the plan which sets out the overall development concept and vision of Konza Technopolis which plan shall include present and future land use, urban design and landscaping, built form, infrastructure, circulation and service provision.
One Stop-Shop	Means the Division of KoTDA tasked in handling facilitation of the investment proposals and aftercare services of existing investments and enterprises.
Organization	Means a party who wishes to acquire a Parcel in Konza Technopolis and has submitted a Proposal to the Department in Charge of Business Development for evaluation, approval, and allocation of a Parcel in Konza Technopolis.
Parcel	Means a piece of land within Konza Technopolis, which, on its own, would be eligible for a building permit, or can be assembled or consolidated with other land to increase the development or redevelopment potential of the whole, and the term Parcels shall be construed accordingly.

Parcel Allocation Worksheet	Means the worksheet that details the description of a Parcel, the permissible development densities in relation to a Parcel, the targeted Sub-lease premium and connection fees to be applied in the Sub-Leasing of the relevant Parcel.
PAW Summary Sheet	Means the sheet comprising the key terms and conditions in respect of which A Parcel in Konza Technopolis shall be allocated and Sub - leased to an Investor formulated strictly in accordance with the approved PAW and containing information and data including the parcel number, use, minimum development density commitment, job creation data, connection fees, special terms and conditions of the Parcel.
Policy	Means this parcel leasing policy as may be amended from time to time by resolution of the Board.
Proposals	Means the documents and information submitted by an Investor for evaluation by KoTDA in respect of a Parcel.
Proposals Database	Means the tabulated record of all Proposals submitted to and received by the Department in Charge of Business Development of KoTDA in relation to a Parcel.
Scorecard	Means the card provided by the Department in Charge of Business Development of KoTDA that is attached to a Proposal upon submission by an Investor.
Short-term Sub-Lease	Means a Sub – lease hold interest in land for a term that is less than twenty-one (21) Years.
Strategic Partner	Strategic Partner shall be a Research and Development Partner (as prescribed in the Konza Technopolis Qualifying Activities) intending to carry out any of the following qualifying activities in Konza Technopolis: <ul style="list-style-type: none"> • Information and Technology • Life Sciences; and • Engineering. • Academia
Unique Proposal Number	Means a numerical reference generated and issued by the KT Online Portal upon submission of a Proposal by an Investor.

EXPLANATORY NOTES ON KONZA TECHNOPOLIS PARCEL LEASING POLICIES AND PROCEDURES

1. BACKGROUND OF THE KONZA TECHNOPOLIS PARCEL LEASING POLICIES AND PROCEDURES

1.1 The process of Sub-Leasing Parcels to Investors in Konza Technopolis is a multi-faceted process involving various steps from the allocation of Parcels to be made available to Investors, granting of Parcels to Investors and the issuance of licenses to operate within Konza Technopolis to suitable Investors.

1.2 The Konza Technopolis Parcel Leasing Policies and Procedures has been developed by the Konza Technopolis Development Authority (KoTDA) with the purpose of providing a comprehensive guide to the officials of KoTDA on the policies that such officials will be required to adhere to:

1.2.1 in undertaking any aspects relating to Parcel Sub-Leasing and related matters;

1.2.2 the standard operating procedures to be followed by the officials of KoTDA in:

1.2.2.1 evaluating proposals from potential investors desirous of Sub-Leasing Parcels of land within Konza Technopolis;

1.2.2.2 selecting suitable Investors in respect of whom KoTDA wishes to Sub-Lease Parcels of land within Konza Technopolis; and

1.2.2.3 granting Sub-Leases over Parcels of land within Konza Technopolis to Investors together with any ancillary legal documents necessary to regulate the Investors occupation and activities within Konza Technopolis.

1.3 The documents that constitute the Konza Technopolis Parcel Leasing Policies and Procedures deal with the following aspects of land administration within Konza Technopolis:

1.3.1 The establishment of the policy framework governing KoTDA's powers in relation to Sub-leasing of land within Konza Technopolis;

1.3.2 the overall strategy framework in relation to Sub-Leasing Parcels within Konza Technopolis targeted towards achieving the goals of Konza Technopolis; and

1.3.3 the processes and procedure to be complied with in evaluating proposals submitted by Investors with a view of identifying suitable Investors to undertake activities that are aligned to Konza Technopolis' goals and objectives.

1.4 These explanatory notes therefore provide a concise overview of the purpose and scope of the Konza Technopolis Parcel Leasing Policies and Procedures.

2. OVERVIEW OF THE KONZA TECHNOPOLIS PARCEL LEASING POLICIES AND PROCEDURES

2.1 The Konza Technopolis Parcel leasing Policies and Procedures comprise of the following:

- 2.1.1 The Konza Technopolis Parcel Leasing Policy;
- 2.1.2 The Konza Technopolis Parcel Leasing Strategy; and
- 2.1.3 The Konza Technopolis Parcel Leasing Standard Operating Procedures.

2.2 THE KONZA TECHNOPOLIS PARCEL LEASING POLICY

2.2.1 The Sub-Leasing of Parcels within Konza Technopolis is first and foremost governed by the Konza Technopolis Parcel Leasing Policy. The Konza Technopolis Parcel Leasing Policy provides the overall policy framework for the grant to any Investor of a Parcel within Konza. In order to ensure the establishment of Konza Technopolis as a sustainable technology hub within the region, the Konza Technopolis Parcel Leasing Policy is particularly geared towards achieving the following objectives:

- i. providing a legal basis to guide KoTDA in dispensing its mandate; and
- ii. ensuring the maintenance of a system of land administration and management that is transparent fair and in the best interests of Konza Technopolis.

2.2.2 As such the Konza Technopolis Parcel Leasing Policy is the primary legal document governing the Sub-Leasing of Parcels to Investors with the aim of providing a legal framework that ensures the Investors selected to operate within Konza Technopolis are selected through a fair and balanced process, based on specific criteria and are therefore best suited to assist Konza Technopolis achieve its goals and become a highly advanced “smart city”. In determining whether an Investor’s proposed activities are aligned with Konza Technopolis’s strategic objectives to become a sustainable world-class smart city for science and technology innovations and knowledge-based industries, KoTDA has developed the Konza Technopolis Qualifying Activities which will need to be referenced each time that the suitability of an Investor is under evaluation (**Annex 1**)

2.2.3 The Konza Technopolis Parcel Leasing Policy sets out guiding principles on the Sub-Leasing of Parcels within Konza Technopolis, creates a framework for the identification and evaluation of Investors and the ultimate grant of a Sub-lease over a Parcel(s) to an Investor. The detailed processes and procedures applicable to the identification and evaluation of Investors and the ultimate grant of a Sub-lease over a Parcel(s) to an Investor is set out in the Konza Technopolis Parcel Leasing Standard Operating Procedures (**Annex 2**)

2.2.4 To further guide in the implementation of an effective Sub-Leasing process that achieves Konza Technopolis’ vision, strategic objectives, and goals, KoTDA has developed the Konza Technopolis Parcel Leasing Strategy.

2.3 KONZA TECHNOPOLIS PARCEL LEASING STRATEGY

- 2.3.1 The Konza Technopolis Parcel Leasing Strategy supports the Konza Technopolis Parcel Leasing Policy by outlining the strategy governing the staging of Sub-Leasing activities to be undertaken by KoTDA in order to arrive at an optimal method of availing Parcels for Sub-Leasing by potential Investors and in so doing enhancing the attractiveness of Konza Technopolis to Investors and stimulating the growth of Konza Technopolis.
- 2.3.2 The Konza Technopolis Parcel Sub-Leasing Strategy recognizes that in order to maintain sustainable growth of Konza Technopolis there is need to create a balance between Konza Technopolis' objectives of attracting suitable Investors that promote the development of the Information, Communications and Technology, Life Sciences and Engineering sectors in Kenya by rewarding such Investors with incentives and ensuring the long-term sustainability of Konza Technopolis as world-class smart city. Accordingly, the Konza Technopolis Parcel Sub-Leasing Strategy provides a robust strategy to achieve the necessary balance.
- 2.3.3 The Konza Technopolis Parcel Leasing Strategy provides a framework for:
- 2.3.3.1 a staged approach to the Sub- Leasing of Parcels to potential Investors in Konza Technopolis aimed at gradually creating land value in relation to Parcels as the infrastructure within Konza Technopolis is developed and operations commence and are carried out within the City;
 - 2.3.3.2 a rigorous and controlled competitive approach to allocating Parcels to Investors to ensure that the Investors that are selected are best suited to foster positive growth of Konza Technopolis and the Technology Industry in Kenya;
 - 2.3.3.3 the alignment of the Parcel Sub-Leasing Strategy to the Konza Technopolis Pricing Strategy with a view of ensuring long-term sustainability of Konza Technopolis; and
 - 2.3.3.4 the creation of a symbiotic relationship between the prescribed land uses for each Parcel within Konza Technopolis and the corresponding economic activities to be carried out on the Parcel aimed at creating an independent world-class smart city.

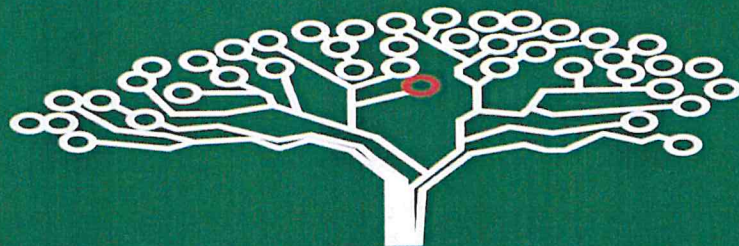
2.4 KONZA TECHNOPOLIS PARCEL LEASING STANDARD OPERATING PROCEDURES

- 2.4.1 The Konza Technopolis Parcel Leasing Standard Operating Procedures (SOP) sets out in detail:
- 2.4.1.1 the roles and responsibilities of the officials of KoTDA in the evaluation of Proposals received from Investors desirous of Leasing Parcels within Konza Technopolis and operate in Konza Technopolis;

- 2.4.1.2 the processes and procedures to be complied with in the Sub-Leasing of Parcels within Konza Technopolis to Investors;
- 2.4.1.3 the evaluation criteria in determining the suitability of an Investors to Sub-Lease a Parcel in Konza Technopolis; and
- 2.4.1.4 the approval process that would need to be complied with prior to Sub-Leasing a Parcel within Konza Technopolis to an Investor.

2.5 KONZA TECHNOPOLIS QUALIFYING ACTIVITIES

- 2.5.1 In order to ensure that Konza Technopolis' vision and goals of becoming a sustainable world-class smart city are achieved, KoTDA has developed a list of the economic segments and activities (hereinafter referred to as the Konza Technopolis Qualifying Activities) which are key to the sustainable development of KoTDA.
- 2.5.2 In evaluating the suitability of an Investor to Sub-lease a Parcel within Konza Technopolis and / or operate within Konza Technopolis such an Investor will have to demonstrate that their proposed economic activity falls within the prescribed Konza Technopolis Qualifying Activities.



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KONZA TECHNOPOLIS PARCEL LEASING POLICY



1. GENERAL INSTRUCTIONS

1.1 BACKGROUND

- 1.1.1 Konza Technopolis ("Konza") is envisioned to be a sustainable, world-class technology hub and a major economic driver for Kenya, with a vibrant mix of businesses, workers, residents, and urban amenities. Konza will create high value jobs; boost the country's GDP by focusing on Research, Development and Entrepreneurship in the Science Technology and Innovation (STI) sector. This will position Kenya as a global center for innovation and Africa's technology hub.
- 1.1.2 Konza aims to attract Research, Education and Commercial partners in Information Technology Enabled Services (ITES), Life Sciences and Engineering. Increased innovation will lead to an increase in patenting and increased quality will produce skilled workforce for industries. Konza will attract investors and build programs aimed at commercializing the products of research. It will provide a good innovation ecosystem to educate new and existing technology entrepreneurs and for multinational companies entering Africa to consider setting up their offices or branches.
- 1.1.3 Konza will be a 'smart city' with highly advanced overall infrastructure, sustainable developments, communication networks and market viability. Konza will feature world-class civic and commercial architecture and it will be a Regional Innovation Hub; Konza will also host a high-quality Technology University, Smart Schools, Research Labs, Recreational Facilities (Sports Stadium, Film and Media Centre), Hospitality (Hotels and Convention Centers), Smart City Solutions (Smart Traffic, Smart Parking and Smart Governance) and world-class infrastructure.

1.2 JUSTIFICATION

- 1.2.1 In the course of dispensing its mandate, KoTDA has recognised that:

- 1.2.1.1 The legal and regulatory framework currently in place is inadequate to cater to the needs of KoTDA with regard to Sub-leasing a Parcel, and to this end, KoTDA requires a policy framework that defines and delineates its responsibilities vis a vis the existing legal and regulatory framework;
- 1.2.1.2 KoTDA requires a policy framework that builds upon the provisions of the Master Plan and defines and delegates the roles and responsibilities required to be performed to achieve the objectives of the Master Plan;
- 1.2.1.3 The implementation of the Master Plan will require KoTDA and Investors to be bound to certain development timelines defined by the Board; and
- 1.2.1.4 In order to avoid acts amounting to speculation in relation to the Sub-Leasing of Parcels, KoTDA requires a policy framework to safeguard the value and utility of the Parcels and to protect the Master Plan.

1.3 OBJECTIVES AND PHILOSOPHY OF THIS POLICY

- 1.3.1 overall objective of this Policy is to facilitate the development and establishment of a sustainable technology hub and a robust knowledge economy in the region through the conduct of a policy of Sub-leasing that promotes the attraction of appropriate human skills and investment opportunities. Specifically, the policy shall offer a framework of processes and procedures designed to ensure the maintenance of a system of land administration and management that will:

- 1.3.1.1 Ensure the allocation and Sub-leasing of Parcels through an open and transparent process;
- 1.3.1.2 Ensure the consideration for all Sub-leasing is fair, reasonable and in the best interest of Konza Technopolis;
- 1.3.1.3 Establish a transparent, efficient and investor-responsive process of Sub-leasing land within Konza Technopolis;
- 1.3.1.4 Ensure that Parcels are Sub-leased of for the purpose of advancing Kenya's knowledge economy and related functions;
- 1.3.1.5 Enable KoTDA to Sub-lease a Parcel to potential investors in an equitable manner and in support of the overall goals of KoTDA in general; and
- 1.3.1.6 Prevent speculation and arbitrage on Sub-Leasing a Parcel within Konza Technopolis.

2. SCOPE

- 2.1 This Policy applies to the identification and specification of Parcels to be Sub-leased by KoTDA to Investors. It also covers the process through which potential Investors shall be allocated suitable Parcels and shall obtain the necessary approvals in relation to their respective developments. KoTDA shall Sub-Lease Parcels only in accordance with this Policy.

3. GUIDING PRINCIPLES OF SUB-LEASING OF PARCELS WITHIN KONZA TECHNOPOLOIS

- 3.1 All Sub-Leasing of Parcels undertaken by KoTDA, shall be governed by the general guidelines set forth in this Policy, and shall at all times be consistent with the provisions of all applicable Laws. In case of a conflict between the provisions of this Policy and the applicable Laws; the provisions of the applicable Law shall prevail.
- 3.2 This Policy is based on the following fundamental tenets:

- 3.2.1 The Parcels referred to under this Policy shall be transferred to Investors either by way of a Short-Term Sub-Lease or Long Term Sub-Lease issued by KoTDA to the Investors (Lessees). The Sub-leases granted by KoTDA shall be subject to user and development restrictions consistent with the overall concept and vision of Konza Technopolis as more particularly detailed in the Master Plan.
- 3.2.2 Sub-Leases shall be structured in a manner that permits KoTDA to enforce recorded covenants or conditions contained in the Sub-Leases pertaining to development and use of the Parcels for the duration of the term of the Sub-lease.
- 3.2.3 All Sub-Leases will be granted in a manner consistent with accepted conveyancing practices in Kenya, the Land Laws and in accordance with all applicable legislation and municipal by-laws and policies.
- 3.2.4 Sub-Leases shall be granted in a manner that supports the mission of KoTDA and is consistent with the comprehensive plans of Konza Technopolis.

4. OVERALL IMPLEMENTATION RESPONSIBILITY

- 4.1 KoTDA shall be ultimately responsible for the implementation of this Policy.
- 4.2 Subject to the approval of the Board, the terms of this Policy and any other regulatory approvals, KoTDA may convey a Parcel within Konza Technopolis to an Investor by way of grant of a Sub-Lease.

5. PARCEL REGISTER

- 5.1 KoTDA shall maintain and make available for public inspection a register of all Parcels available for Sub-Leasing at any time (Parcels Register). The Parcels Register shall include details of the phase of the Parcel, the permitted use and the survey/parcel number of each Parcel available for Sub-leasing by an Investor.

6. PARCEL ALLOCATION WORKSHEET

- 6.1 KoTDA shall formulate a Parcel Allocation Worksheet in respect of each Parcel that it wishes to Sub-Lease (Relevant Parcel) which worksheet shall establish the description of the Relevant Parcel, the permissible development densities in relation to the Relevant Parcel and the parameters along which the applicable parcel/Sub-lease valuation criteria in relation to the Relevant Parcel shall be determined (the Parcel Allocation Worksheet).
- 6.2 The parcel/Sub-lease valuation criteria in a Parcel Allocation Worksheet shall be based on a number of factors including direct and indirect economic value on offer by the Investor, as set out in the Konza Technopolis Pricing Policy.
- 6.3 The Parcel Allocation Worksheet shall provide a structured means of pre-approving the framework for the Sub-Leasing of a Parcel to Investors and analysing a proposal from an Investor against such framework through a preset formula. The Parcel Allocation Worksheet shall form the basis upon which KoTDA shall seek suitable Investors to acquire Parcels or undertake Qualifying Activities in Konza Technopolis and negotiate the terms of Sub-Lease with a Developer.
- 6.4 Each Parcel Allocation Worksheet formulated by KoTDA for a Parcel in Konza Technopolis that KoTDA is desirous of Sub-Leasing shall require approval of the Board before the relevant parcel can be made available for Sub-Lease. Upon the approval by the Board as aforesaid, KoTDA shall be authorized to commence all the steps necessary to market and Sub-Lease of the said Parcel(s).

7. APPLICATION FOR PARCEL AND PARCEL ALLOCATION

- 7.1 Before the Investor submits its application for parcel allocation to KoTDA, the Business Development and Innovation Department shall provide the pricing information of the parcel to the Investor in the initial documents being shared with the Investor to enable the Investor know the costs associated with the parcel before putting in their application.
- 7.2 Investors shall submit their application together with required documents for parcel allocation to KoTDA. Applications for Parcels will be accepted and reviewed by KoTDA on an ongoing basis.
- 7.3 The Investor will also execute an agreement called "Conditions of Engagement for Investor Facilitation, Evaluation and Conveyancing Relating to Parcel Allocation at Konza Technopolis" and submit the executed agreement accompanied by the payment of a non- refundable application fee prescribed by KoTDA of KES 15,000. The Conditions of Engagement shall contain the Non- Disclosure Agreement to facilitate protection of any confidential information that may be exchanged between the parties in the initial stages of discussion.
- 7.4 The allocation and Sub-Leasing of any Parcel to a Developer will, subject to the terms of this Policy, be undertaken either through a competitive application process or direct allocation or in such manner as may be determined by KoTDA. Any exception to competitive bidding should be justified by the CEO and approved by the Board.
- 7.5 If KoTDA only receives one qualified application for a Parcel, it may allocate or Sub-Lease the Parcel through the process of direct allocation subject to evaluation of the application by KoTDA and approval by the Board.
- 7.6 If KoTDA receives more than one qualified application for a Parcel, it may provide preference to the applicants on a competitive application and evaluation approach.
- 7.7 KoTDA reserves the right to approve or reject an application based on clear set out criteria.

8. INVESTOR PROPOSAL EVALUATION CRITERIA

- 8.1 KoTDA shall formulate evaluation criteria detailing the guidelines to be utilized by the Evaluation Committee in determining:

- 8.1.1 the suitability of a Developer to acquire Parcels in Konza Technopolis **(the Konza Technopolis Developer Proposal Evaluation Criteria)**;
- 8.1.2 the suitability of an Enterprise to undertake a Qualifying Activity in Konza Technopolis **(the Konza Technopolis Enterprise Proposal Evaluation Criteria)**; and
- 8.1.3 the suitability of a Strategic Partner to undertake a Qualifying Activity or acquire a Parcel in Konza Technopolis **(the Konza Technopolis Strategic Partner Proposal Evaluation Criteria together the Investor Proposal Evaluation Criteria)**
- 8.2 The Investor Proposal Evaluation Criteria formulated by KoTDA will be presented to the Board, through the Committee, for approval prior to its use by the Evaluation Committee.
- 8.3 The Evaluation Committee shall conduct the process of evaluating Investors for purposes of granting of a Sub-lease or permitting such Investor to undertake an economic activity within Konza Technopolis strictly in compliance with the applicable Investor Proposal Evaluation Criteria, the provisions of this Policy and such other legislation applicable to KoTDA.
- 8.4 The Evaluation Committee shall be obligated to evaluate Investors in a transparent manner.
- 8.5 Investors seeking to acquire Parcels from KoTDA, or to enter into agreements for Sub-Lease with KoTDA, will be required to provide such information as may be requested by KoTDA, including but not limited to information and documentation relating to the legal status of the Investor, its organizational and financial structure.
- 8.6 Parties that are not able to demonstrate sufficient capacity to perform in accordance with the requirements of the applicable Investor Proposal Evaluation Criteria shall be ineligible to acquire Parcels from KoTDA or enter into agreements for Sub-Lease with KoTDA.
- 8.7 KoTDA through the Evaluation Committee shall reserve the right to independently investigate and consider the Investor's experience and business activities, as well as to consider references, whether submitted to or solicited by KoTDA. All determinations of the eligibility or qualification of any Investor shall be strictly in accordance with the guidelines set out in the applicable Investor Proposal Evaluation Criteria.

9. EVALUATION PROCEDURE

- 9.1 Proposals submitted by Investors shall undergo an evaluation process which shall comprise of the following three steps:

- 9.1.1 an initial verification of the proposal submitted by an Investor together with supporting documentation to determine the completeness of the Proposal for evaluation purposes;
 - 9.1.2 due diligence investigations of the Investor to confirm material facts in relation to the Investor and the authenticity of the documents and information submitted by the Investor; and
 - 9.1.3 an evaluation of the Investor's Proposal to determine the suitability of the Investor to Sub-lease a Parcel within Konza Technopolis and operate in Konza Technopolis.
- 9.2 The initial verification of the proposal submitted by an Investor and due diligence investigations in relation to an Investor referred to in paragraph 9.1.1. above shall be undertaken by the Investor Facilitation Unit of KoTDA (the IFU) within 7 days and submit to EC for due diligence and enhanced evaluation.
- 9.3 The IFU shall be responsible for:

- 9.3.1 Maintaining a database of available and Sub-leased out Parcels in Konza Technopolis;
- 9.3.2 Verifying that the Investor has submitted a complete proposal capable of evaluation by KoTDA;
- 9.3.3 Conducting preliminary due diligence on potential investors, including but not limited to:
 - 9.3.3.1 Credit testing of potential Investors;
 - 9.3.3.2 Reference checks of potential Investors; and
 - 9.3.3.3 Evaluating all sub-leasing and allocation proposals from Investors for purposes of submission to the EC.
- 9.4 All proposals that are found to be satisfactory by the IFU after undergoing the verification and preliminary due diligence process shall be submitted for evaluation to an ad hoc evaluation committee constituted by the CEO in accordance with the terms of this Policy.
- 9.5 The CEO shall from time to time constitute an ad hoc evaluation committee from amongst the officials of KoTDA with the relevant expertise to carry out the function of evaluating Investors and Investor's Proposals to determine whether the Investor is suitable to acquire a Parcel in Konza Technopolis and/or operate within Konza Technopolis (**the Evaluation Committee**).
- 9.6 The CEO may, upon the recommendation of the Department in charge Business Development, co-opt other persons with relevant expertise (not being officials of KoTDA) to be members of the Evaluation Committee for a specific investment proposal. Enhanced due diligence on the Investor and the proposal may be carried out, if necessary, on a case to case basis upon recommendation of the EC to the CEO.
- 9.7 The Evaluation Committee will be comprised of a minimum of five (5) persons and a maximum of eleven (11) persons.
- 9.8 All members of the Evaluation Committee appointed by the CEO shall be required prior to undertaking any evaluation of a Proposal to declare whether or not a conflict of interest may exist in relation to the Investor that has submitted the Proposal which the member is required to evaluate.

9.9 A member of the Evaluation Committee shall be deemed to have a conflict of interest if the member:

9.9.1 is or has been employed by the Investor whose proposal is under evaluation;

9.9.2 has any contractual links with the Investor or the proposed project under evaluation;

9.9.3 has been involved in any manner in the preparation of the Proposal;

9.9.4 has any relation or affiliation to the Investor; or

9.9.5 has any personal interest/ benefit in the proposed project under evaluation.

(EC members shall declare any conflict which shall be recorded in the minutes

9.10 A member of the Evaluation Committee who has a conflict of interest with respect to a particular Investor or Proposal submitted shall not:

9.10.1 take part in the evaluation process;

9.10.2 after an investor 's Proposal has been approved for Sub-Leasing take part in any decision relating to that Proposal.

9.11 The Chairman and Secretary of the EC shall be appointed by the CEO.

9.12 The Evaluation Committee shall be responsible for:

- 9.12.1 Evaluating Investors and Investor's Proposals to determine whether Investors wishing to operate within Konza Technopolis have the relevant and necessary experience and financial capacity to develop a facility and/or undertake an economic activity within Konza Technopolis;
 - 9.12.2 Determining whether an Investor's proposed project is aligned with and meets Konza Technopolis' development guidelines, sustainability framework and land use requirements; and
 - 9.12.3 Determining the suitability of an Investor to be allocated a Parcel or to undertake an activity within Konza.
 - 9.12.4 Undertaking due diligence on the Investor and the Investor's proposal including the Technical, Financial, Legal, within 7 days following recommendation by IFU, in which case each due diligence report shall be signed by the undertaker.
- 9.13 Following every evaluation meeting by the Evaluation Committee, the Secretary shall prepare and maintain a record of the following documents (EC Recommendation Report):

- 9.13.1 the minutes of the Evaluation Committee meeting.
- 9.13.2 the detailed ranking of all the Proposals that were evaluated by the Evaluation Committee where applicable; and
- 9.13.3 Where two or more investments proposals/applications are received for the same parcel, the EC shall evaluate the proposals simultaneously with a view to recommend the most suitable to undertake the investment to the CEO.
- 9.14 The adopted EC report shall be signed by the EC chairperson, Chief Manager BD & I and the Secretary to the EC.
- 9.15 Upon receipt by the CEO of the Evaluation Reports as aforesaid, the CEO shall submit the Evaluation Reports to the Board for their scrutiny that the Konza Technopolis Parcel Leasing Policy and the Konza Technopolis Parcel Leasing Standard Operating Procedures (the **Konza Technopolis Policies and Procedures**) were adhered to by the officials of KoTDA in their evaluation of the Proposals that are the subject matter of the Evaluation Reports.
- 9.16 If the Board is satisfied that the evaluation of the Proposals was undertaken in accordance with the Konza Technopolis Policies and Procedures, the Board will authorise the CEO to proceed to notify the Investor that they were the successful applicant Investor and to commence Sub- leasing negotiations with the successful Investor on the terms set out in the Parcel Allocation Worksheet approved by the Board. The unsuccessful applicants should also be notified of their unsuccessful applications.
- 9.17 Unless there is more than one Investor interested in a Parcel, such an Investor shall not be subjected to a competitive evaluation process as outlined above however, the allocation of the Parcel to such an Investor shall be justified by the CEO and approved by the Board However, in order for the Investor to be deemed suitable to Sub-lease a Parcel in Konza Technopolis they will need to meet the minimum criteria specified in the Konza Technopolis Investor Proposal Evaluation Criteria. If there are two Investors, they shall undergo a competitive evaluation process to determine the most suitable Investor for Konza Technopolis.

- 9.18 Where the Board is not satisfied with an Investor due to the fact that the due diligence process is incomplete, or the investor has not provided all the information required, the Board may approve a conditional letter of offer to be given to the Investor with clear terms and conditions to be met before execution of an Offer to Sub-lease.

10. PARCEL SUB-LEASING NEGOTIATION

- 10.1 The CEO upon receipt of authorization from the Board as aforesaid, shall notify the officials in the Department in Charge of Business Development and the Legal Department of KoTDA of the determination of the Evaluation Committee to proceed to initiate Sub-leasing negotiations with the successful Investor on the terms set out in the Parcel Allocation Worksheet approved by the Board.
- 10.2 KoTDA will notify the Investor of the successful selection through a notification letter and require that the Investor signals acceptance by executing and sending to KoTDA a letter of intent within thirty (30) days from the date of issuance of the notification letter.
- 10.3 Upon the acceptance of the letter of intent by KoTDA, the officials in the Department in Charge of Business Development and the Legal Department shall, subject to the parameters set out in the PAW approved by the Board, commence negotiations with the Investor and agree on, prepare and issue an Offer to Sub-Lease to the Investor (Offer to Sub-Lease) provided that if the terms negotiated between the Investor and KoTDA vary from the Sub-leasing terms that were set out in the PAW approved by the Board, the Department in charge of Business Development and Legal Department will, through the CEO, seek prior approval of the Board in respect of the varied terms prior to issuing the Offer to Sub-Lease to the Investor.
- 10.4 The Offer to Sub-Lease shall be executed by the Investor within Sixty (60) days from the issuance date of the Offer to Sub-Lease. Simultaneously with the acceptance of Offer to Sub-Lease, the Investor shall pay a deposit equivalent to ten percent (10%) of the stand premium and balance to be paid within 45 calendar days from the date of the acceptance of the Offer to Sub-Lease. The Offer to Sub-Lease contains the key commercial and legal conditions that shall be applicable to the acquisition of the Parcel by the Investor. If the investor fails to adhere to the terms and conditions set out in the Offer to Sub-Lease, the Offer to Sub-Lease may be revoked and the Parcel allocated to another Investor.
- 10.5 Following the issuance and execution of an Offer to Sub-Lease between the Investor and KoTDA, the Legal Department shall prepare, where applicable, the following

contractual agreements based on the terms specified in the Offer to Sub-lease for execution by KoTDA and the Investor;

10.5.1 the Agreement to Sub-Lease; and

10.5.2 the sub-Lease.

KoTDA will formulate standard form templates for the Agreement to Sub-Lease and the Sub-Lease. The standard form templates shall be approved by the Board and submitted to the Office of the Attorney General for approval. The Legal Department shall prepare the aforesaid contractual agreements using the approved standard form templates and where necessary amend the standard form template to suit the particular conditions.

11. BULK ALLOCATION OF PARCELS

- 11.1 KoTDA may consider bulk allocation of parcels to investors who demonstrate the need and capability to develop and operate the proposed project.
- 11.2 Amalgamation and further subdivision of parcels shall be considered upon request by the investor in which case the investor shall bear all related costs.

12. DISCOUNTED SUB-LEASING

- 12.1 KoTDA may elect to support certain projects that serve a public purpose, or which are of strategic importance to Konza Technopolis by Sub-Leasing a Parcel at a discounted charge, fee or levy.
- 12.2 If a proposed development meets the applicable Investor Proposal Evaluation Criteria, the IFU and the EC may evaluate the proposal and Parcel request provided by the Investor to determine whether the proposed development provides significant, visible community benefits or is of strategic importance to Konza Technopolis and qualifies for support in the form of the reduction in charge, fee or levy.
- 12.3 The following programs will qualify for consideration for discounting:

12.3.1 Affordable Housing

Developments that provide affordable housing may acquire Parcels at a discount.

12.3.2 Economic Development Projects

These are developments that advance Konza Technopolis' economic development goals or supporting the Government of Kenya's strategic development Agenda. The Board to consider on a case-by-case basis incentives, waivers and discounts for private investment proposals justified by the economic value on offer by the Investor.

12.3.3 Community Development Projects

These are developments that propose significant community benefits.

12.3.4 Anchor Investments and Key Government of Kenya Initiatives: Accord up to 100% waiver on stand premium

12.3.5 First mover advantage/Early off takers: the Board shall determine and approve incentives, discounts and waivers to first movers and early off takers of the project.

12.3.6 KoTDA owned projects: Accord up to 100% waiver on stand premium and Annual Ground Rent.

12.3.7 KoTDA Joint Ventures: Accord up to 100% waiver on stand premium.

12.3.8 Investments based on international treaties: To attract investments related to treaties entered by the Govts such as SDGs, Africa Development Agenda 2063, the Authority to accord up to 100% waiver on stand premium.

12.3.9 Buy Kenya Build Kenya initiatives: to support the growth of Kenyan owned enterprises, the Authority to grant up to 100% rent waiver for a period of up to 12 months or as will be determined by the Board, to Support SMEs, start-ups and Accelerator programs on uptake of KoTDA premises on rental/leases.

12.4 Any specific incentives, waivers and discounts to an Investor(s) – public or private shall be subject to approval by the Board.

13. STAND PREMIUM PAYMENT PLAN

- 13.1 The KoTDA Board shall consider and approve proposals for staggered and/or deferred payments from investors on a case-by-case basis.
- 13.2 The Board may approve requests for development of infrastructure by investors in lieu of Stand Premium payment.

14. SUB-LEASE TERMS

KoTDA shall give Sub-Leases to Investors for the Sub-lease term as follows:

- 14.1 Short Term Sub-Leases: Sub-leases of up-to Twenty-One (21) years; and

- 14.1.1 KoTDA to consider and operationalize shorter Sub-lease terms e.g. below six (6) years that may not require registration, in support of temporary establishments to open up Konza Technopolis for business.
- 14.2 Long Terms Sub-Lease: Sub-leases of Ninety (90) years.
- 14.3 Sub-Leases shall be renewable subject to the Board approval, in which case the sub-lessee shall be required to submit a renewal request to the Board for consideration.
- 14.4 The Investor shall not sub-lease, charge, mortgage or otherwise transfer the their rights under the Sub-Lease to any third party or to legally deal with the Parcel in any way without the prior express written consent and authorization of KoTDA.
- 14.5 For avoidance of doubt, any request for a consent to sub-lease, charge, mortgage or otherwise transfer their rights under the Sub-Lease, shall be presented to the Board for approval if the investor has fulfilled the following conditions:
- a) The proceeds of the Charge or Mortgage shall, solely, be for developing the allocated Parcel;
 - b) The Construction Permit has been issued to the investor for the development of the Parcel;
 - c) The Charged amount shall not exceed the value of the Parcel
 - d) The Charge document must clearly indicate that incase the investor defaults to repay the loan under the Charge and the Bank exercises its statutory power of sale, the subsequent buyer of the Parcel must meet all conditions for Parcel allocation in Konza Technopolis and the Permitted Use of the Parcel as specified in the Sub Lease with the investor shall remain as is and the buyer shall the take over the Sub Lease, on the same terms and conditions.
- 14.6 Special Purpose Vehicle (SPV) or Joint Venture (JV) may be formed by the investor in which case approvals for registration or transfer of the Sub-Lease in favor of the SPV or JV shall be obtained from the Board.
- 14.7 Registration of sub-leases shall be in the name of the applicant. The applicant may request registration of the Sub-lease in the name of a subsidiary company, Special Purpose Vehicle or any other entity in which case the applicant shall be the majority shareholder of the entity.

15. SITE POSSESSION

- 15.1 The authority will grant site possession to the investor upon registration and issuance of a construction permit.
- 15.2 The Authority may grant site access to investors who have not completed payment of stand premium and those who have completed payment of the Stand premium but have not registered their sub-lease subject to approval by the Board.

16. DEVELOPMENT TIMELINES

KoTDA shall give the sub-lessee up to eighteen (18) months for development submission, approval of designs and issuance of construction permit following the successful registration of a Sub-lease.

Following the issuance of a construction permit, KoTDA shall give the sub-lessee up to eighteen (18) months to mobilize and start construction.


17. POLICY REVIEW

- 17.1 This Policy shall be reviewed every three years or when necessary and subject to the approval of the Board.

18. EFFECTIVE DATE

The policy comes into effect on the date of approval by the board of directors.

Signed:

 Date 1-7-2024

JOHN PAUL OKWIRI, OGW

CEO – Konza Technopolis Development Authority

ANNEXES

Appendix 1: KONZA TECHNOPOLIS QUALIFYING ACTIVITIES

Appendix 2: KONZA TECHNOPOLIS PARCEL LEASING STANDARD OPERATING PROCEDURES (SOP)