MURIVEST REALTY LTD.

THE CONCIERGE OF CAPITAL

The Nairobi Yield Report

Q4 2025

An Institutional Review of Prime Income-Producing Assets

Our Mandate: Enduring Yields Across Cycles.

The bedrock of great wealth is not speculative growth, but stabilized income. In the dynamic Nairobi Metropolitan Area (NMA), we see two distinct markets: one focused on transient capital gains, and one focused on capital preservation through de-risked assets. The Murivest Realty Quarterly Yield Report is dedicated to informing the latter, providing institutional insights into the stability, predictability, and long-term security of income-producing real estate.

Executive Summary

The Q4 2025 Thesis: Defensive Positioning

The fourth quarter of 2025 reinforced the necessity of a defensive capital strategy. While macro-economic indicators (GDP growth projected at 4.5% to 5.3% for 2026) remain positive, the structural oversupply in the NMA office market persists.

This disconnect between macroeconomic optimism and sector-specific reality demands selectivity. Our analysis shows that the spread in yield between Grade A assets and lower-tier stock has never been wider, rewarding the disciplined investor who prioritizes covenant strength and location over marginal, speculative discounts.

Yield Stability

Core assets in Upper Hill and Westlands continue to demonstrate resilience, buffering institutional portfolios from the 20% average vacancy rate seen in the broader market.

Rental Growth

Rental rates remain flat in real terms, making lease renewal rates and tenant stickiness the primary driver of total returns, not aggressive rent escalations.

THE MURIVEST VIEW

We maintain a strong conviction that the CBD fringe (Upper Hill/CBD) offers the most compelling balance of location premium and long-term institutional tenant demand.

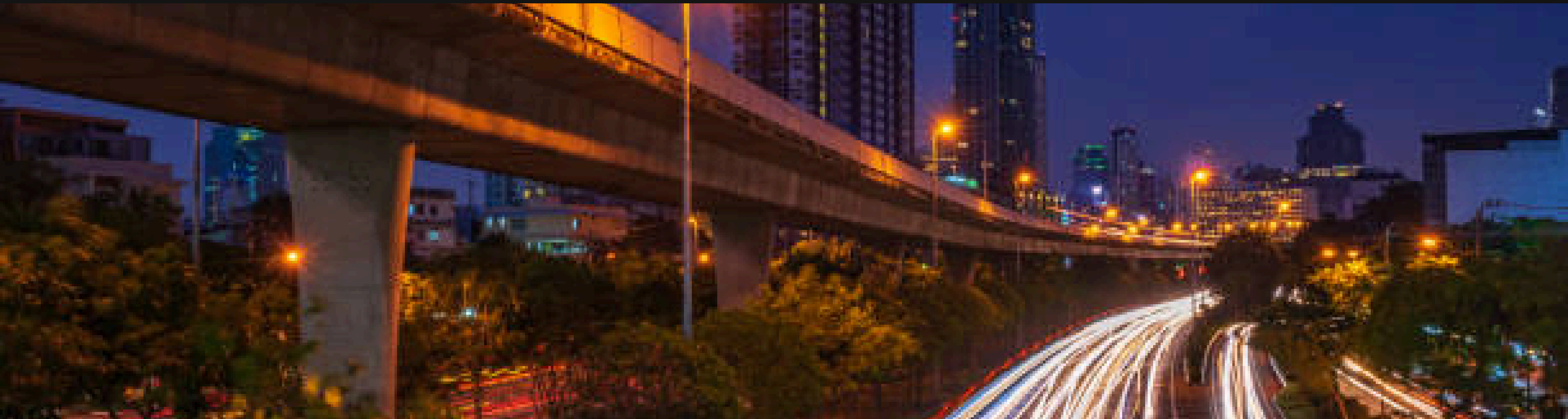
Performance by Prime Node

Nairobi's office market is not monolithic; it is a tale of three distinct micro-economies.

The prudent investor must understand the subtle differences in risk profile, tenant mix, and yield trajectory across the three institutional nodes: CBD Fringe (Upper Hill), Westlands, and the Core CBD.

Yields and Risk Profile (Q4 2025 Average)

NODE	AVERAGE PRIME GROSS YIELD	AVERAGE VACANCY RATE (Q4)	PRIMARY RISK PROFILE
Upper Hill (CBD Fringe)	8.5% - 9.0%	~18.0%	Income Fluctuation (New supply absorption)
Westlands	7.8% - 8.5%	~19.5%	Competition (High concentration of new builds/Grade A stock)
Core CBD	7.0% - 7.5%	~22.0%	Obsolescence (Grade B stock quality and tenant attrition)



Node Deep Dive

Upper Hill: Remains the institutional heart of Nairobi. Yields here are robust, driven by the presence of embassies, NGOs, and global headquarters. While yields may be slightly higher than Westlands, the vacancy risk is concentrated in older, non-Grade A stock. The premium is justified by the covenant quality.

Westlands: Characterized by a high concentration of recently completed Grade A stock and tech tenants. While it offers excellent amenities, the sheer volume of supply continues to suppress rental growth and puts pressure on yields, which are slightly tighter than Upper Hill due to perceived modernity.

Core CBD: The market here is bifurcated. True Grade A assets, like the exceptional Absa Towers (which trades above the market average yield at 9%), are rare. The vast majority of stock faces obsolescence and declining tenant quality. We advise extreme selectivity.

Transactional Trends and Rental Dynamics

Institutional Transactions: A Flight to Quality

The transactional volume in Q4 has been constrained, a typical indicator of owners holding highly-performing assets and institutional capital maintaining patience.

The few Institutional Transactions observed were characterized by:

De-Risked Tenancy

Acquisitions were almost exclusively focused on assets with average lease terms remaining of 5 years or greater and single-tenant, blue-chip covenants.

Price Premium for Occupancy

Buyers demonstrated a willingness to pay a premium for 95%+ occupancy, preferring a tighter initial yield over the high costs associated with vacancy, lease-up, and agency fees.

THE NEW CAP RATE FLOOR

The average institutional cap rate for stabilized Grade A assets appears to have settled in the 8.0% to 9.5% range, confirming the market's premium valuation for secure, in-place cash flow.

Murivest Realty Outlook & Conclusion

Securing the Next Cycle

Our focus remains unwavering: we look for assets that possess structural resilience to withstand future market shifts. We see two primary opportunities for capital deployment in H1 2026:

Sale-and-Leaseback Opportunities

Targeting high-quality corporate tenants who are monetizing their owned assets. This provides instant, long-term, and fully-covenanted income streams.

Distressed Portfolio Restructuring

Selective acquisition of high-quality, under-managed Grade A assets whose occupancy rates are lagging due to poor management, not poor location.

This strategic approach allows our clients to acquire assets at favorable entry points, ensuring their enduring yields across cycles. We do not simply transact property; we manage the inter-generational wealth held within it.

Invitation to Principal Review

The Nairobi market is complex, but its core opportunities are clear. We invite you to schedule a confidential discussion with our principals to review assets that align with your firm's specific mandate for long-term capital preservation.