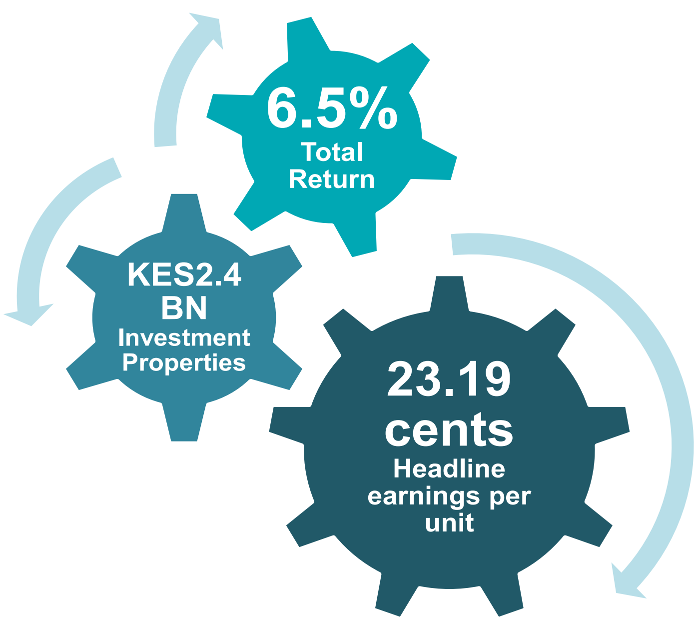
STANLIB Fahari Income REIT

SEMI-ANNUAL REPORT AND INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

1. INTRODUCTION AND EXECUTIVE SUMMARY

The board of directors ('the Board') of STANLIB Kenya Limited is pleased to present the condensed unaudited results of the Trust for the period ended 30 June 2016.



Highlights

- A Successful listing on the Nairobi Securities Exchange in November 2015
- KES 3.6 billion capital raised through unit placement on listing
- No gearing at present, therefore no interest rate risk
- Good trading results for the period since listing:
    - Substantially completed the acquisition of three assets since listing
    - Investment property valued at KES 2.4 billion
    - Diversified and stable tenant base
    - Total vacancies well managed at 5%
    - Total Return for the period (capital plus income) of 6.5%

STANLIB Fahari I-REIT was the first Income REIT to list on the NSE following its successful debut in November 2015. It is also on track to deliver the full year distribution at the end of the first year.

The current portfolio comprises three properties in Kenya with a total GLA of 19,381m^2. The Greenspan Mall has an occupancy rate of 94% and both of the other properties (Bay Holdings and Highway House) are fully let.

2. STANDARDS STATEMENT

This semi-annual report, together with the unaudited financial statements for the STANLIB Fahari Real Estate Investment Trust scheme, has been compiled in terms of Schedule 5 of Regulation 101 (3) of the REIT Regulations.

3. COMPLIANCE WITH ACCOUNTING STANDARDS

The unaudited interim and condensed financial statements (IAS34) have been prepared under and comply with the International Financial Reporting ("IFRS") or such other the accounting standards as are applicable in Kenya from time to time.

4. TABLE OF CONTENTS

4.1. Glossary of terms

Term or abbreviation	Meaning
“the Act”	means The Capital Markets Act, Chapter 485A of the Laws of Kenya, (Amended by Act No. 48 of 2013);
“AUM”	means assets under management;
“Applicable Law”	means any applicable laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority which may govern the Offer, the Units and the Scheme Documents;
“Business Day”	means any day other than a Saturday, Sunday or official public holiday in Kenya;
“CAGR”	means compound annual growth rate;
“CBD”	means central business district;
“CBK”	means the Central Bank of Kenya;
“CDSC”	means Central Depository and Settlement Corporation Limited;
“CED”	means Civil Engineering Design (K) Ltd;
“CMA” or “Capital Markets Authority” or “Authority”	means the Capital Markets Authority in Kenya established by statute (and includes any successor thereto (whether immediate or derivative));
“Co-op Bank”	means the Co-operative Bank of Kenya Limited;
“Distribution Date”	means date by which distributions to Unitholders are required to be made, being 30 April annually;
“Distribution Yield”	means the distribution available to a holder of a Unit in any consecutive 12-month period divided by the relevant market price of that security at the beginning of that 12-month period;

Term or abbreviation	Meaning
“EAC”	means the East African Community;
“EBITDA”	means Earnings Before Interest, Tax, Depreciation, and Amortization;
“Eligible Assets”	means the eligible real estate and/or eligible cash investments that the STANLIB Fahari Property Income Fund is permitted to invest in;
“Initial Estimated Expenses”	means all expenses including costs, fees and charges associated with the establishment of the REIT Scheme and the Offer;
“FDI”	means Foreign Direct Investment;
“GDP”	means Gross Domestic Product;
“GLA”	means gross lettable area, being the total area of a building that can be let to a tenant. GLA comprises primary GLA plus supplementary areas which include for example, storerooms, balconies, terraces, patios and signage/advertising areas dedicated for the use by the tenant and exclude basements and parking. Unless otherwise noted, any reference within the report to m^2 is based on GLA;
“GR”	means gross rental, being basic rental plus operational costs, excluding rates and taxes, measured in Kenya Shillings;
“IFRS”	means the International Financial Reporting Standards;
“IMF”	means International Monetary Fund;
“Auditor” or “KPMG”	means KPMG, a partnership formed in terms of the laws of Kenya, full details of which are set out in the “Corporate information” section;

Term or abbreviation	Meaning
“Independent Property Valuers” or “Valuer”	means the independent property valuers of the I-REIT, being Tysons Limited as at 30 June 2016;
“Internal Rate of Return”	means internal rate of return achieved on the STANLIB Fahari I-REIT;
“I-REIT”	means Income REIT;
“Issue price”	means the price at which the Units have been issued by the STANLIB Fahari Property Income Fund pursuant to the public offer, of KES 20.00 per Unit;
“KES”	means Kenyan Shilling;
“LDK”	means LDK Africa Limited;
“Legal Advisor”	means the legal advisor to the REIT, being Mboya Wangong’u and Waiyaki Advocates;
“Listing Rules”	means the NSE Listing Rules, as set out in the NSE Listing Manual and as may be modified from time to time;
“m^2” or “sqm”	means square metres;
“NAV”	means net asset value, being the value of all the STANLIB Fahari I-REIT’s assets after subtracting the value of all of its liabilities as determined in accordance with the consolidated financial statements of STANLIB Fahari Property Income Fund;
“NSE”	means Nairobi Securities Exchange Limited, approved as a securities exchange under the Act;
“p.a.”	means per annum;

Term or abbreviation	Meaning
“Registrar”	means the registrar of REIT securities in relation to the Fahari Property Income Fund, being CDSC Registrars Limited;
“REIT”	means Real Estate Investment Trust, an unincorporated common law trust that has been authorised as such by the CMA;
“REIT Manager”	means STANLIB Kenya;
“REIT Regulations”	means the Capital Markets (Real Estate Investment Trusts) (Collective Investment Schemes) Regulations, 2013 as may be amended or modified from time to time;
“REIT Trustee” or “Trustee”	means the Co-operative Bank or Co-op Bank of Kenya Limited;
“STANLIB”	means STANLIB Limited a company registered in South Africa (Reg No. 1997/014748/06) and its subsidiaries;
“STANLIB Fahari I-REIT” or “the REIT Scheme” or “the Scheme” or “the Trust”	means the STANLIB Fahari Property Income Fund;
“SFIRIC”	means STANLIB Fahari I-REIT Investment Committee;
“STANLIB East Africa”	means STANLIB entities in Kenya Uganda, Tanzania and South Sudan, and inclusive of STANLIB Kenya;
“STANLIB Kenya”	means STANLIB Kenya Limited, Certificate of Incorporation number C.9522;
“Subsidiary” or “Subsidiaries”	means a subsidiary or the subsidiaries of the STANLIB Fahari Property Income Fund, being an entity or entities owned more than 50% by the REIT Trustee on behalf of the REIT;

Term or abbreviation	Meaning
“Tangible NAV”	means NAV less intangible assets;
“TAV”	means total asset value, being the value of all the STANLIB Fahari Property Income Fund’s assets prior to any adjustments or deduction of liabilities;
“Technical Engineer”	means one or both of the technical engineers being, Civil Engineering Design (K) Ltd and/or LDK Africa Limited;
“Trust Deed”	means the trust deed between STANLIB Kenya and Co-operative Bank establishing the STANLIB Fahari Property Income Fund as an Income Real Estate Investment Trusts Scheme, 30 September 2015;
“UMIMS”	means the Unrestricted Main Investment Market Segment;
“Units”	means units of the STANLIB Fahari Property Income Fund;
“Unitholder(s)” or “REIT Unitholder(s)” or “Securities holder”	means any person including the Promoter, who has purchased or otherwise acquired (including through the exchange, or in consideration of any transfer, of Property) and holds any Units and is registered in the Register as evidence that he holds the Units;
“USD”	means United States Dollar;
“VAT”	means value-added tax as defined in the Value-Added Tax Act, 2013, as amended;
“World Bank”	means the World Bank which is a component of the World Bank Group, which is a member of the United Nations Development Group;
“ZAR”	means South African Rand.

5. GENERAL REAL ESTATE INVESTMENT TRUST SCHEME INFORMATION

5.1. Static information

5.1.1.	The name of this real estate investment trust scheme	STANLIB Fahari I-REIT (“SFIR”) trading as FAHR on the Nairobi Securities Exchange (“NSE”).
5.1.2.	The date of authorisation of the scheme, the duration of the real estate investment trust and the type of scheme	SFIR was authorised by the CMA on 30th September 2015, the duration of the real estate investment trust is maximum life of 80 years subject to the Trust Deed and the type of scheme is close-ended.
5.1.3.	a statement of any restriction on the transferability of units	The Units are freely transferable on the NSE, and the Trustee has not imposed any restriction on the transfer of Units.
5.1.4.	the scheme’s objectives (per Trust Deed) as at the balance date of the report and any changes since the date of the last report	The primary objective of the REIT Scheme is to provide Unit-holders with stable annual cash distributions from investment in a diversified portfolio of income generating real estate properties. Further objective are to improve and maximise unit value through the on-going management of the REIT Scheme’s assets, future acquisitions and the development of additional income producing real estate properties within regulatory limits. There have been no changes to this since listing date.
5.1.5.	Compliance with Regulation 66	The scheme has substantially completed three real estate asset acquisitions within six months.
5.1.6.	A brief statement of borrowings and financial arrangements	The scheme has not entered into any borrowings or financial arrangement in the period under review; and therefore all reference to borrowings in this report has been removed.

5.1.7.	Distributions made for the lesser of 5 years or since the establishment of the scheme	Not applicable, as these are the maiden results and will only be applicable at the end of the financial year as per the dividend distribution policy.

5.2. Summary description of the real estate assets

5.2.1. Greenspan Mall

Greenspan Mall is a modern decentralized mixed use development, situated on 3.8 hectares (9.5 acres), within the middle income area of Donholm approximately 12 km to the east of the Nairobi CBD. The development comprises a retail centre with a GLA of approximately 16,105 m^2 with 1,000 parking spaces.

The acquisition price (on 11 December 2015) was KES 2,086,398,510 and the Open Market Value as at 31 December 2015 equates to KES 2,100,000,000. No significant increase in income has been noted and the December valuation has been used for the interim results.

5.2.2. Signature International Limited

The property known as Highway House is a three storey commercial building located in a growing office node on Pokomo Road, off Mombasa Road. It is fully let to a leading cooling equipment manufacture and re-seller in the region. The GLA is approximately 710 m^2, with ample covered parking bays.

The property was transferred into the portfolio at a net acquisition price of KES 106,943,978 as at 30 May 2016. The net acquisition price has been utilized as an indication of open market value for the interim results.

5.2.3. Bay Holdings Limited

The property known as Bay Holdings is located at the junction of Enterprise Road and Bamburi Road within the main Industrial Area of Nairobi. The GLA is 2,566 m^2 with a covered area for parking and it is currently fully let to three tenants, two of which are in the supplies sector. The leases are all expiring in 2024.

The acquisition of Bay Holdings Limited was concluded 30 May 2016 for an amount of KES 210,811,573. The net acquisition price has been utilized as an indication of open market value for the interim results.

6. ONGOING REQUIREMENT FOR REIT AUTHORIZATION

In order to retain its authorization as an I-REIT, the REIT Scheme must comply with the requirements set out in the REIT Regulations, including:

- Investing only in eligible investments;
- Within two years of the date of its authorisation as a REIT, investing at least 75% of the total Net Asset Value in income producing real estate;
- In each financial year after the second anniversary of its authorisation, earn at least 70% of its income from rent, licence fees or access or usage rights or other income streams of a similar nature generated by eligible investments in income producing real estate; and
- Distributing, within four months of the end of each financial year, a minimum of 80% of the net after tax income of the Scheme, unless otherwise authorised by Unitholders. Failure to comply with this requirement to distribute at least 80% of the income annually would have tax implications for the REIT Scheme such that the income of the REIT Scheme may no longer be treated as tax exempt.

All these requirements have substantially been met by the REIT manager for the STANLIB Fahari I-REIT.

7. DETAILED SECURITY ISSUED AND HOLDINGS

STANLIB Fahari I-REIT is trading as FAHR on the NSE under the Unrestricted Main Investment Market Segment of the NSE and may be listed on such other securities exchanges as the Unit holders may resolve from time to time.

The units are registered for trading with ISIN code KE5000003656, are freely transferable on the NSE, and bear no restriction on the transfer of Units.

7.1. REIT securities holdings by class

Distribution of Shareholders as at 30 June 2016				
Range	**Shares**	**Share %**	**Shareholder**	**Shareholder %**
Less than 100	5	0	1	0.02
100-1000	2,168,095	1	2,279	39.91
1001-10000	11,459,300	6	2,976	52.12
10001-100000	10,752,949	6	389	6.81
100,001 to less than 5% of number of units on issue	55,668,651	31	60	1.05
Holding above 5% of number of units on issue	100,923,300	56	5	0.09
Total	**180,972,300**	**100**	**5,710**	**100.00**

7.2. SFIR Investor holdings

Top STANLIB Fahari I-REIT Shareholders as at 30 June 2016	Shares	Holding %
Standard Chartered nominees non-RESD A/C KE11752	33,900,000	18.7
Standard Chartered nominees RESD A/C KE11401	25,000,000	13.8
STANLIB Kenya Limited	18,384,300	10.2
Kenya Commercial Bank nominees Limited A/C 926A	13,750,000	7.6
Standard Chartered nominees RESD A/C KE11443	9,889,000	5.5
Liberty Group Limited	7,700,700	4.3
Standard Chartered nominees non-RESD A/C 9424	5,147,000	2.8
Total	**113,771,000**	**62.9**

7.3. Promoter's holdings

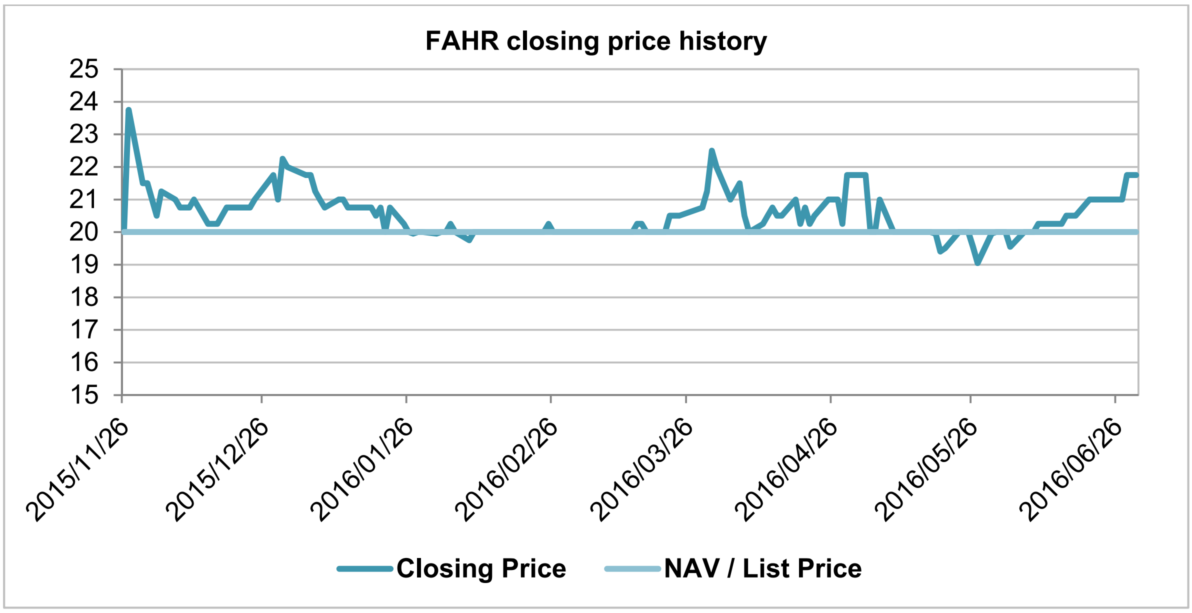
Promoter Holdings as at 30 June 2016	Shares	Holding %
STANLIB Kenya Limited	18,384,300	10.2
Liberty Group Limited	7,700,700	4.3
STANLIB Asset Management	3,350,000	1.9
Total	**29,435,000**	**16.4**

7.4. Free float as required by Regulation 27 and 29

Only the International Finance Corporation ("IFC") (held through Standard Chartered Nominees with 33.9 million shares) and the Liberty Group Limited that have a lock-in for a limited period would be considered restricted in terms of the free float calculation.

On this basis, the free float, as determined, is **65%.**

7.5. Closing price history



In November 2015 the STANLIB Fahari I-REIT listed on the NSE at KES 20.00 per unit and traded steadily until March 2016. In April 2016 the share price peaked at KES 22.50 per unit in line with market conditions. It briefly traded below the listing price in May of the same year.

This has been a settling period for the share price and as at 30 June 2016 it closed at KES 21.00 reflecting a **4.76%** gain.

8. REIT MANAGER'S REPORT

8.1. Responsibility Statement

Preparation of this report, plus the unaudited interim financial statements, is the REIT manager's responsibility.

The report, together with the unaudited financial statements, have been prepared in accordance with the accounting standards currently applying in Kenya and comply with the Act and Regulations of the listing exchange.

Signed:

Chair, STANLIB Kenya Limited	**Independent Director, STANLIB Kenya Limited**

8.2. REIT Manager's operational review and prospect statement

8.2.1. Operational Review

Over the first six months primary focus has been on the delivery of the REIT strategy and implementing key operating functions to ensure effective long term management of the REIT to deliver investor returns and comply with regulatory and legislative requirements.

The core focus areas of the REIT Manager have been as follows:

- Implementation of the portfolio strategy, which manages risk through portfolio diversification and seeks to deliver appropriately risk-adjusted returns through superior asset allocation and selection;
- Cash management (all cash collected from rentals is invested in a diversified portfolio of near-cash instruments, in line with a dedicated Investment Policy Statement ("IPS"), to ensure optimal returns with minimal exposure to financial-sector risk);
- Liquidity planning (once the cash is optimally invested, sufficient liquidity is available to make payments when due);
- Exploration of mechanisms to raise additional capital (such as raising debt, vendor placement, and general issuances of new capital);
- Efficient use of capital at the SPV level, through management of CAPEX spend to improve core asset value;
- Transaction management – identifying target assets for the portfolio, motivating acquisitions for the fund, and negotiating deal structures pursuant to acquisition;
- Deal management ensuring that risk in managed and obligations are met through to deal execution;
- Once the deal has been executed, on-boarding of the asset into the portfolio;
- Managing properties in accordance with their specific property strategies (which guide the composition of tenant mix and execution of leasing strategy) such that net income and capital growth at a property level is optimised, in a manner that is aligned to the fund strategy; and
- Management of service providers, such that their delivery is aligned to property-level as well as portfolio-level strategy.

The highlight of the Property Portfolio for the period under review was execution of the Greenspan Mall transaction (with effect from 11 December 2015). Although management moved onto site immediately, the implementation of new administrative processes took several months to bed down, but now all elements are fully functional. Focus here is now on implementation of the property level strategy for Greenspan Mall, which is addressed in later section of the report.

In May 2016 the REIT Management team moved to execution of the Bay Holdings and Signature International transactions. We are now in the process of implementing our take-on processes, and once that has been complete the focus will be on implementation of the property level strategies for each of Bay Holdings and Signature International.

8.2.2. Prospect Statement

The SFIR was the first REIT to list in Kenya, and is currently the only listed REIT on the NSE. This gives the SFIR strong exposure to deal flow and high levels of visibility. Having completed three transactions in six months, and having bedded down operational processes and procedures, we look forward to turning our attention to expansion of the portfolio. The income and capital appreciation outlook of these assets are in line with expectations.

All acquisitions will be in line with the portfolio strategy, and provide the key enhancements of diversification and income accretion.

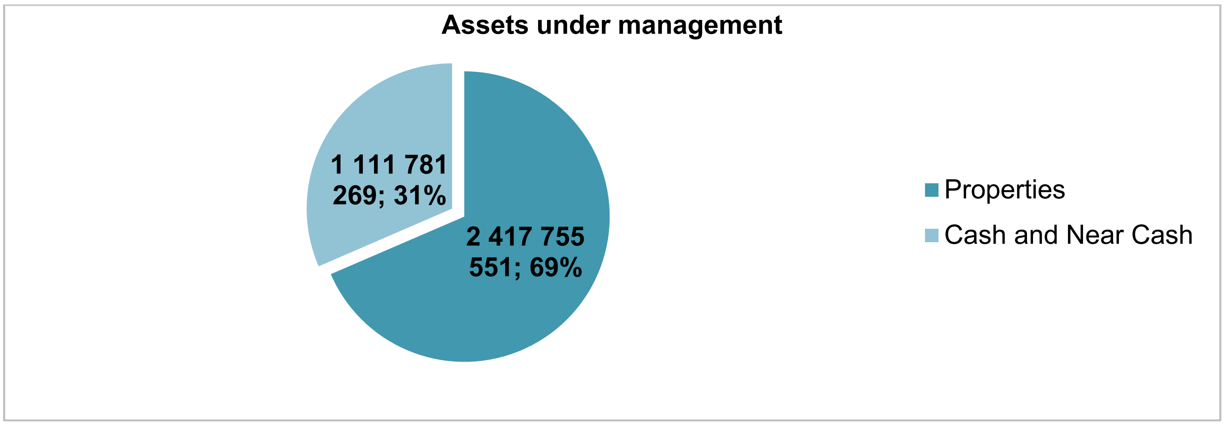
We are currently engaged in discussions with different vendors regarding four opportunities, as tabled below. Each opportunity is income accretive to the Fund. We have sufficient resources to settle the first opportunity in cash. Thereafter, we will commence a capital-raising program to fund additional opportunities.

SFIR asset pipeline	Rent KES	Indicative price KES	Indicative Initial Yield %
1. Office Building	65,000,000	760,000,000	8.5
2. Office Park	140,000,000	1,760,000,000	8.0
3. Office Portfolio	260,000,000	3,240,000,000	8.0
4. Agri Industrial Portfolio	436,000,000	6,710,000,000	8.0

On-going asset optimization strategies are in place to ensure that SFIR delivers the expected annualized **total returns and the full year distribution** in line with the scheme documents.

8.3. Assets held under management

As at report date, assets totalling KES 3,529,536,820 were held by the fund. These are discussed hereunder.

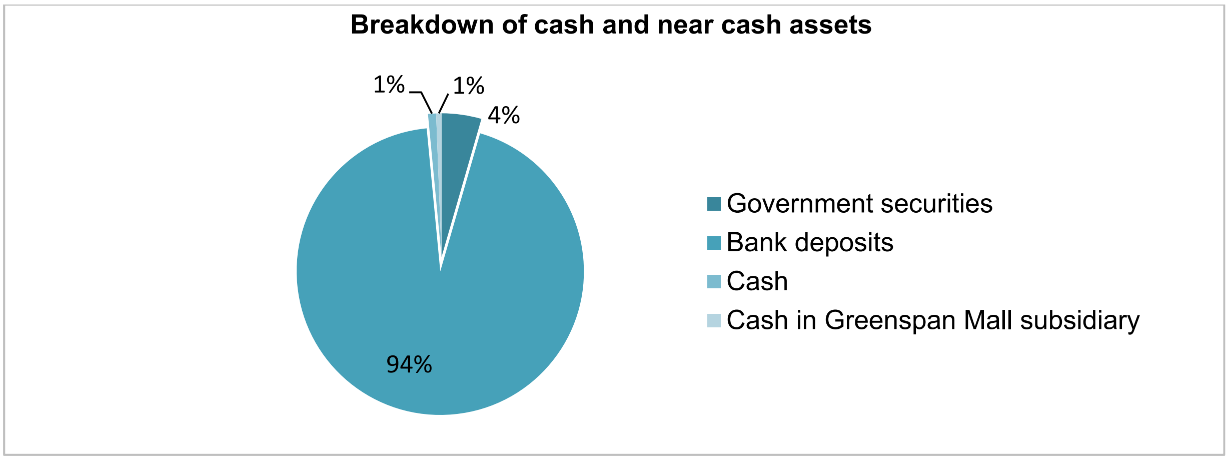


Assets under management	KES
Properties	2,417,755,551
Cash and near cash	1,111,781,269
Total	**3,529,536,820**

8.4. Cash and near cash assets

Breakdown of cash and near cash assets	KES
Cash and near cash instruments in SFIR	1,104,951,184
Cash in Greenspan Mall subsidiary	6,830,084
Total	**1,111,781,269**

The return for the period on cash and near cash instruments in SFIR was **6.05%.** This is included in the total return of SFIR for the period.



8.5. Property assets acquired

Properties held in SPV's	Open market values KES	Purchase price KES	Acquisition date
Greenspan Mall	2,100,000,000	2,086,398,511	11 December 2015
Bay Holdings	210,811,573	210,811,573	30 May 2016
Signature International	106,943,978	106,943,978	30 May 2016
Total	**2,417,755,551**	**2,404,154,062**	

8.5.1. Greenspan Mall

The Property is registered as L.R. No. Nairobi/Block 82/8759 (F1, F2, F3 & F5) measuring in approximately 38,493 m² in extent. It is held as leasehold interest for a term of 99 years less 7 days, with lease commencement date 1 September 2007 at peppercorn rent, if demanded. As at 30 June 2016, the property has an unexpired leasehold term of 90 years.

Greenspan is a decentralized mixed use development within the middle income area of Donholm, approximately 12 km to the east of the General Post office in city centre of Nairobi. The wider development comprises a retail centre with a GLA of approximately 16,105 m² with 1,000 parking spaces. The total built up area is 24,000 m².

The mall has a parking ratio in excess of 4 bays per 100 m² of GLA, has a captive middle market within the larger Greenspan estate and offers opportunity to develop an additional 2 acres of vacant land forming part of the acquisition.

The property presents an ideal location with potential to improve the returns through development of excess land and reconfiguration of the mall/ tenant mix. Anchored by Tusky's, it offers fast food restaurants and bars, as well as various service related tenants such as banks, wellness centres, salons and small non-branded fashion and apparel component. The anchor tenant occupies 45% of the GLA while the balance is occupied by services, food, clothing and apparel.

The egress is being expanded and being made a dual road, the major access road to the area connecting the Jomo Kenyatta International Airport and Thika Superhighway has begun and is expected to improve the accessibility to the neighbourhood. The area is densely populated with middle income residential owners / tenants. The mall is also well supported by local residents and workforce from businesses and offices.

Price

The Greenspan Mall was acquired on 11 December 2015 at a price of KES 2,086,398,511.

Valuation Summary

The valuation, completed by Tysons Limited, was conducted on an investment approach as at 31 December 2015, using the current rental agreement terms as the basis of the forecast value. The valuer applied an industry capitalization of 10% adjusted accordingly to arrive at market value. The investment approach forecasts the rentals for the remainder of the leases and takes into consideration the expected rent escalation of 7.5% to 10% annually on the majority of the lease. This results in a market valuation of KES 2,100,000,000 for an unencumbered and unexpired leasehold interest in the property. The valuer made adjustments to the capitalization rate to reflect term and reversion based on existing leases.

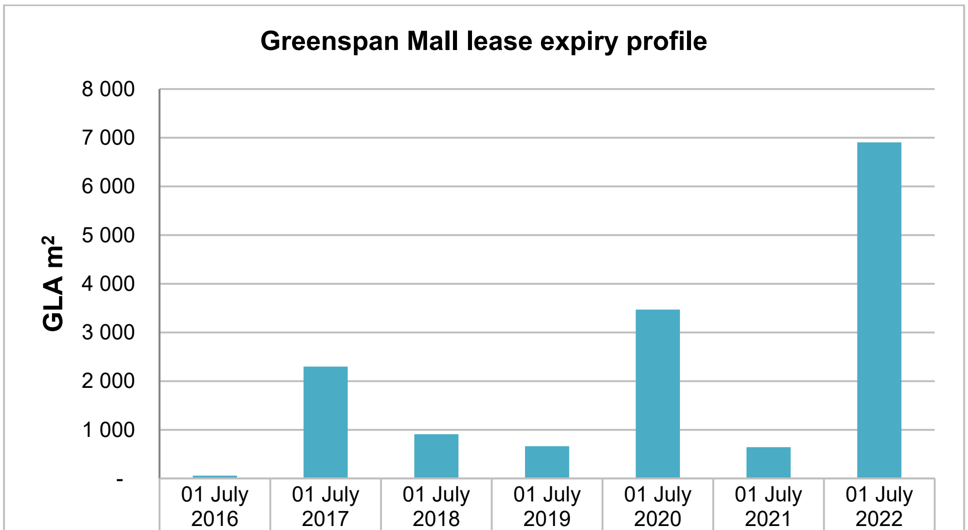
The valuer also made rental comparison with similar malls and concluded that Greenspan Mall rentals are within market norms. The valuation took into consideration the balanced tenant mix, the anchor tenant and the established food court and other non – GLA income. The report is available for inspection.

A town planning survey was conducted by Jooyato Surveyors. Nairobi County Planning department confirmed that the existing plans are approved and the surveyor confirmed the surveyed and computed acreage tallies with the certificate of leases.

Greenspan Mall has an attractive tenant mix with Tuskys as the anchor and other leading brands including banks (National Bank, Eco Bank, Standard Chartered Bank, Commercial Bank of Africa), food stores such as Java coffee House, Creamy Inn, Pizza Inn and health providers such as Aga Khan Hospital & Avenue Health Care and Bata Shoe Company among others.

The occupancy level is at 94.4%. The current vacancies comprises mainly of first floor units and two ground floor units, one of which a leading Telecommunications company is anticipated to take occupation on 1 September 2016. This will push occupancy level to approximately 96%.

Greenspan Mall has a well smoothed lease expiry profile making it easy to manage the tenant mix to optimize the rental income stream.



	01 July 2016	01 July 2017	01 July 2018	01 July 2019	01 July 2020	01 July 2021	01 July 2022
GLA m2	60	2 299	913	665	3 471	645	6 906

8.5.2. Signature International

Highway House is located on L.R. No. 37/157 (Original Number L.R. No. 37/54/18) measuring 0.1089 of an acre with a land-lease term of 99 years commencing 1 July 1956, and registered as Title Number I.R 22130. As at 30 June 2016, the property has an unexpired leasehold term of 39 years.

Located in a growing office node on Pokomo Road, off Mombasa Road, this three storey office building is fully let to a leading cooling equipment manufacturing and re-seller in the region. The GLA is approximately 710 m², with ample covered parking bays.

The town planning survey was conducted by Jooyato Surveyors. Nairobi County Planning department has confirmed that existing plans are approved and the surveyor has confirmed no encroachments per the plans. The property is located in an Industrial Area zone

Price

The Share Purchase Agreement ("SPA") with the vendor was executed on 8th April 2015. The Variation and Novation Agreement was executed between SFIR and the vendor on 30th May 2016 at a net acquisition price of KES 106,943,978.

Tenant Mix

This three storey office building is fully let to a single tenant, Cool Xtreme Limited a company that deals in the supply and fitting of air conditioning systems in and around Nairobi City which expires in 2018.

8.5.3. Bay Holdings Limited

L.R. No. 209/4125 measuring 0.665 of an acre for a term of 99 years from 1st January 1949 and registered as Title Number I.R 93022. The property has an unexpired leasehold term of 32 years as at 30 June 2016.

This property is located at the junction of Enterprise Road and Bamburi Road within the main Industrial Area of Nairobi. The GLA is 2,566 m² with a covered area for parking and it is currently fully let to a tier two Kenyan bank and two companies in the supplies sector.

A town planning survey was conducted by Jooyato Surveyors, a licensed surveyor. Nairobi County Planning department confirmed that the existing plans are approved and the surveyor confirmed that there are no encroachments per the plans. The property is located in an Industrial Area zone.

Price

The SPA with the vendor was executed on 7th April 2015. The Variation and Novation Agreement was executed between SFIR and the vendor on 30th May 2016 at a net acquisition price of KES 210,811,573.

Tenant Mix

The building is let to Imperial bank, Packard Limited and Architecture Supply Limited. There are currently no vacancies with all leases expiring in 2024.

8.6. Real estate assets contracted for purchase or sale

At time of report date, no real estate assets are contracted for purchase or sale.

8.7. Acquisitions during the period

Over the period under review, Greenspan Mall, Signature International and Bay Holdings were acquired. Their details are listed in sections 8.5.1, 8.5.2 and 8.5.3. There were no disposals made.

Acquisitions	Greenspan Mall	Bay Holdings	Signature International
Identity of the seller	Greenspan Mall Limited	Imaran Real Estate Limited	Epton Properties Limited
Connected party?	No	No	No

8.8. Transactions involving connected persons

Over the period under review, the scheme did not enter into any connected party transactions.

8.9. Construction and development activities

Over the period under review, the scheme did not enter into any construction and development activities.

8.10. Contractual arrangements to enter into construction and development activities in the next six months

The scheme has not entered into any contractual arrangements to commence construction and development activities in the next six months.

8.11. Investments in any wholly owned and controlled company carrying out real estate related activities

- The asset known as Greenspan Mall is held within the wholly-owned subsidiary Greenspan Mall Limited.
- The asset known as Highway House is held within the wholly-owned subsidiary Signature International Limited.
- The asset known as Bay Holdings is held within the wholly-owned subsidiary Bay Holdings Limited.

8.12. Other non-direct real estate assets

Other than the assets listed above, the Scheme does not hold any other non-direct real estate assets.

8.13. Valuation details

The full valuation reports for Greenspan Mall, Highway House and Bay are summarised above. Copies of such reports are available for inspection free of charge at the offices of the REIT manager, and may be inspected between the hours of 09h30 – 15h00, Monday to Friday (excluding public holidays).

8.14. Performance of scheme

8.14.1. Total Asset Value, Net Asset Value and Distributions

As at 30 June 2016	KES
Total asset value	3,689,666,182
Net asset value	3,531,975,591
Nil interim distribution. Final distribution will be considered at the end of the full financial period ending 31 December 2016 (and will include the interim retained earnings).	

8.14.2. Management Expense Ratio

As at 30 June 2016	%
Management Expense Ratio ("MER")	58%
There are no comparatives as this is the maiden results for SFIR.	

8.14.3. Average total return for the scheme

As at 30 June 2016	7 month return
Average Total Return	6.5%

8.14.4. Details of any material litigation and potential impact

As at date of reporting, the REIT Manager is unaware of any material litigation.

9. BORROWINGS

At the time of preparing this report, SFIR has no borrowings.

10. COMPLIANCE REPORT

The REIT manager Compliance Officer notes that;

There were no matters that arose during the financial period under review that should have been notified to the Authority save for the one raised here under, where both Bay holdings Limited and Signature international Limited are yet to vest full control and ownership in the SFIR.

That notwithstanding, it is noteworthy that the completion process is at an advanced stage as indicated below:

1. All documents enabling the change in control and ownership of the properties have been executed by the Vendors and availed to SFIR and in turn SFIR has paid the purchase price in full. The documents will ensure that the Directorship is updated at the relevant registries and confirm the ownership to SFIR; and
2. SFIR has paid the full agreed purchase price for the properties.

In light of the above, SFIR will request the Capital Markets Authority for an extension of the vesting period as provided by Regulation in order to allow the REIT time to complete the process and fully comply.

11. TRUSTEE'S REPORT

The Trustee's report is included as Annexure F.

12. AUDITOR'S REPORT

The financial statements are unaudited and as such no auditor's report is required.

13. MEETINGS OF REIT SECURITIES HOLDERS

No meetings of REIT securities holders have been called or held during the period under review.

14. FINANCIAL STATEMENTS

14.1. Statement of comprehensive income and retained earnings

STANLIB Fahari I-REIT Condensed unaudited results For the 7 months ended 30 June 2016 Statement of comprehensive income and retained earnings		
	Notes	**2016 Group KES**
Revenue		117,939,894
Contractual rental income		92,859,878
Recoveries and other income		25,080,016
Other income		77,882,552
Bargain purchase on investment property		11,041,079
Interest received		66,841,473
Operating expenses		(113,675,700)
Property expenses		(31,661,340)
Other expenses		(82,014,360)
Operating profit		**82,146,746**
Finance costs		(22,982,868)
Profit before taxation		**59,163,878**
Taxation		(6,154,039)
Total comprehensive profit for the period		**53,009,839**
Earnings per unit (cents)	**14.5.6**	**29.29**
Headline earnings per unit (cents)	**14.5.6**	**23.19**

14.2. Statement of financial position

STANLIB Fahari I-REIT Condensed unaudited results For the 7 months ended 30 June 2016 Statement of financial position		
	Notes	**Group** **KES**
Assets		
Non-current assets		**2,443,465,389**
Property, plant and equipment		25,709,838
Investment property	**14.5.3**	2,417,755,551
Current assets		**1,246,200,793**
Trade and other receivables		134,419,524
Cash and cash equivalents		1,111,781,269
Total assets		**3,689,666,182**
Equity and Liabilities		
Equity		**3,531,975,591**
Trust capital		3,478,965,752
Retained earnings		53,009,839
Non-current liabilities		**21,328,007**
Deferred tax liability		21,328,007
Current liabilities		**136,362,584**
Trade and other payables		136,362,584
Total liabilities		**157,690,591**
Total equity and liabilities		**3,689,666,182**

14.3. Statement of changes in equity

STANLIB Fahari I-REIT Condensed unaudited results For the 7 months ended 30 June 2016 Statement of changes in equity			
	Trust capital **KES**	**Retained earnings** **KES**	**Total** **KES**
Group			
At November 2015	**-**	**-**	**-**
Units issued	3,619,446,000	-	**3,619,446,000**
Unit issue costs	(140,480,248)	-	**(140,480,248)**
Total comprehensive profit for the period	-	53,009,839	**53,009,839**
At 30 June 2016	**3,478,965,752**	**53,009,839**	**3,531,975,591**

14.4. Statement of cash flows

STANLIB Fahari I-REIT Condensed unaudited results FOR THE 7 MONTHS ENDED 30 JUNE 2016 Statement of cash flows		
	Notes	**2016** **Group** **KES**
Cash flows from operating activities		
Cash generated from operations		73,553,936
Interest paid		(22,982,868)
Income tax paid		-
Net cash inflow from operating activities		**50,571,068**
Cash flows from investing activities		
Purchases of investments		(2,417,755,551)
Net cash outflow from investing activities		**(2,417,755,551)**
Cash flows from financing activities		
Proceeds from issuance of units		3,619,446,000
Unit issue costs		(140,480,248)
Net cash inflow from financing activities		**3,478,965,752**
Net increase in cash and cash equivalents		1,111,781,269
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		1,111,781,269

14.5. Notes to financial statements

14.5.1. Basis of preparation and accounting policies

These financial statements are unaudited and have been prepared by STANLIB Kenya Limited to give a true and fair view of the financial position, financial performance and cash flows and are prepared in accordance with the Act, the REIT Regulations, the law and accounting standards applicable in Kenya from time-to-time.

The unaudited condensed consolidated financial statements for the period ended 30 June 2016 have been prepared in accordance with the requirements of International Financial Reporting Standard (IFRS), IAS 34: Interim Reporting, the Nairobi Securities Exchange Limited and the requirements of the Companies Act of Kenya. IFRS and the Financial Pronouncements as issued by the Financial Reporting Standards Council require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements required by IAS 34 Interim Financial Reporting.

The directors are not aware of any matters or circumstances arising subsequent to 30 June 2016 that require any additional disclosure or adjustment of the financial statements.

The interim financial statements have not been audited by STANLIB Fahari I-REIT's independent external auditor.

Key judgements in applying assumptions on application of accounting policies
Interests in subsidiaries

The group owns 100% stakes in certain property companies and has the power over all the significant decisions around those companies and it has therefore classified these interests as subsidiaries. The group has assessed whether the Trust is an investment entity as defined in IFRS 10 – Consolidated Financial Statements. In terms of IFRS 10, an investment entity shall not consolidate its subsidiaries or apply IFRS 3 - Business Combinations, when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9 - Financial Instruments. Based on the assessment of the Trust's investment activities (i.e. long term income fund with no explicit exit strategy to dispose of any of its equity investments) and the fact that it does not fair value its subsidiaries, the Trust has not been classified as an investment entity, and consolidates its subsidiaries in line with IFRS 10.

Investment property

Investment properties are measured at fair value taking into account characteristics of the properties that market participants would take into account when pricing the property at measurement dates. These include various inputs relating to existing tenant terms, location, vacancy levels and restrictions, if any, on the sale or use of the asset. The Trust makes judgements regarding the unit of account, i.e. whether it should be valued as a standalone property or as a group of properties.

14.5.2. Basis of consolidation for consolidated subsidiaries

On acquisition date, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess of acquisition cost over fair value of the identifiable net assets acquired, is recognised as goodwill. Any shortfall in the acquisition cost below the fair value of the identifiable net assets acquired (i.e. discount), is credited to profit and loss in the period of acquisition.

The results of consolidated subsidiaries acquired or disposed of during the period are included in the statement of comprehensive income from their effective date of acquisition up to their effective date of disposal. Where necessary, adjustments are made to the financial statements of consolidated subsidiaries to align their policies with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

14.5.3. Fair value determination

The fair values of the assets and liabilities that are not traded in an active market are determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The fair value of the investment properties is based on a valuation performed by a suitably qualified and experienced independent valuer.

Investment property

On an annual basis, properties are valued by independent registered valuers.

At the annual reviews the properties are valued using either the discounted cash flow or capitalisation methods by the external valuers. The valuations are done on an open market basis with consideration given to the future earnings potential and applying an appropriate capitalisation rate to a property. The capitalisation rates used is the industry capitalisation rate of 10% adjusted accordingly. At interim reporting the REIT manager considers the fair values of the portfolio by assessing the performance of the properties against the earnings potential utilised at the annual review and adjust for any material changes.

Hierarchy levels

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. The level within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The different levels have been defined as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: Inputs for assets or liabilities that are not based on observable market data.

Investment properties have been categorised as Level 3. There has been no material change between levels during the period.

Valuation techniques used in determining the fair value of investment property classified within level 3:

Valuation basis/technique	Main Assumptions
DCF / Capitalisation method	Capitalisation and discount rates Price per square meter Long-term net operating income margin Vacancies Market rental trends Economic outlook Location

The fair value of prepayments, trade and other receivables, cash and cash equivalents and trade and other payables approximate their carrying value and are not included in the hierarchy table as their settlement terms are short-term and therefore from a materiality perspective fair values are not required to be modelled.

Fair value measurements for investment properties categorised as Level 3:	**Group KES**
Balance at the beginning of the period:	-
Acquisitions / additions	2,417,755,551
Investment properties at fair value	**2,417,755,551**
Property types:	
Shopping mall	2,100,000,000
Office buildings	106,943,978
Industrial buildings	210,811,573
Located in:	
Kenya	**2,417,755,551**

The table below indicates the sensitivity of the aggregate market values for a 0.5% change in the capitalisation rate.

2016	**Change in capitalisation rate**		
	KES	**0.5% increase**	**0.5% decrease**
Properties at 10% capitalisation rate	2,417,755,551	2,302,624,334	2,545,005,843

14.5.4. Notes per REIT Regulation

14.5.4.1. Net Asset Value and units in issue

Net Asset Value and units in issue	KES
Net Asset Value	3,531,975,591
Number of units in issue	180,972,300
Net Asset Value per unit	**19.52**

14.5.4.2. Fees paid by the REIT

Fees paid by the REIT	KES
STANLIB Kenya Limited - REIT Manager	37,276,458
JHI Kenya Limited - Property Manager	3,105,501
The Co-operative Bank of Kenya Limited - Trustee	10,706,039
Lloyd Masika Limited - Valuer	1,800,000
Civil Engineering Design (K) Limited - Structural Engineer	3,669,867

14.5.4.3. Management Expense Ratio (“MER”)

As at 30 June 2016	%
Management Expense Ratio (“MER”)	58%

14.5.4.4. Sources and nature of income

Sources and nature income	%
Percentage of income from rent and similar income streams	60%

14.5.4.5. Units in issue

Units in issue	Number
Units issued	180,972,300
Units cancelled or redeemed	0
Units in issue at period end	180,972,300
Number of units held by:	
STANLIB Kenya Limited	18,384,300
Liberty Group Limited	7,700,700
	KES
Unit issue costs	140,480,248

14.5.5. Segment information

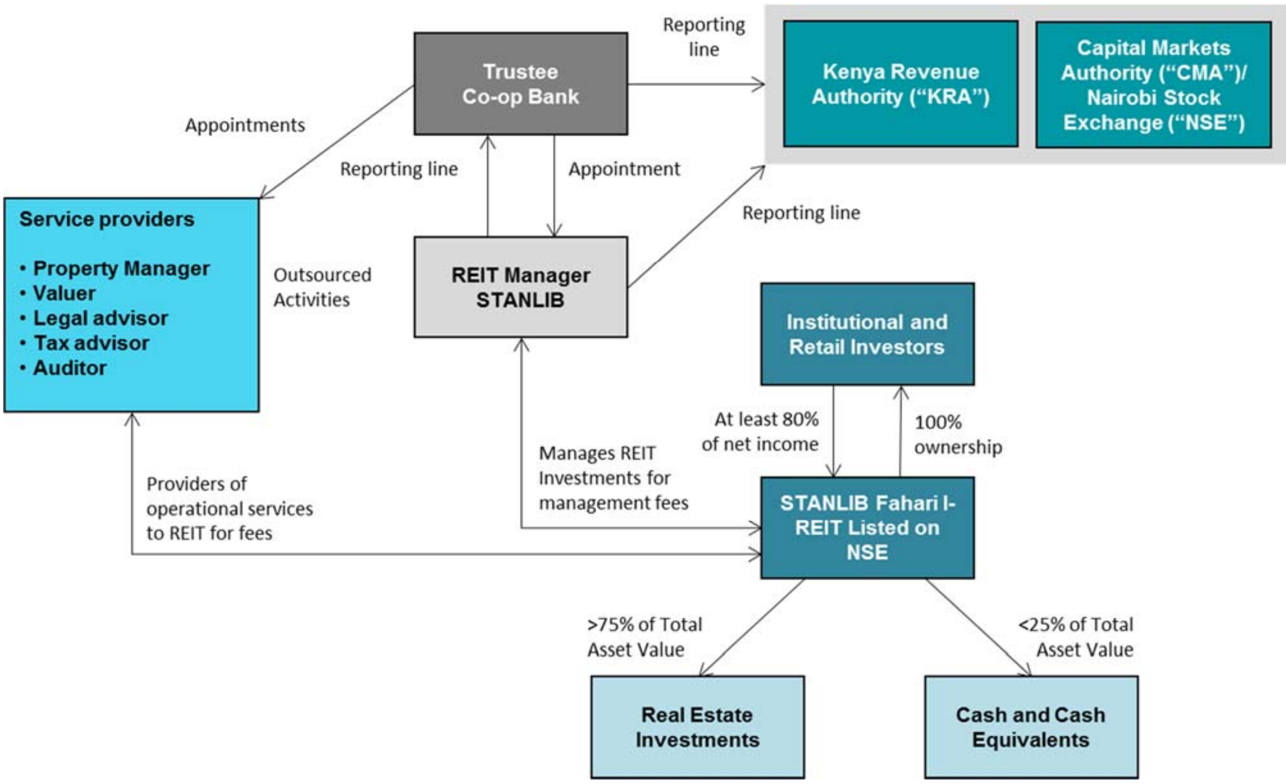
No segment information is presented as the Trust currently operates as a single segment.

14.5.6. Reconciliation between profit, headline earnings and distributable earnings

Reconciliation between profit, headline earnings and distributable earnings	**KES**
Total comprehensive profit for the period	53,009,839
Adjustment:	
Bargain purchase on investment property	(11,041,079)
Headline earnings	41,968,760
Distributable earnings	41,968,760
Number of units in issue	180,972,300
Earnings per unit (cents)	29.29
Headline earnings per unit (cents)	23.19

ANNEXURE A: DETAILS OF THE PARTIES

1. Organogram



2. Contact Details

REIT Manager	STANLIB Kenya Liberty House, 1st Floor Nyerere Road P.O. Box 30550 – 00100 Nairobi, Kenya Tel: +254 20 3268569 Email: customercare.kenya@stanlib.com
Board of Directors	Claire Mwangi (Independent Chair) Mike du Toit Seelan Gobalsamy Ben Kodisang[1] James Muratha[2] John Mackie Peter M. Waiyaki Patrick Mamathuba[3] Amelia Beattie (alternate to Seelan Gobalsamy)[3] *Notes:* *1. Resigned effective 31 December 2015* *2. Resigned effective 06 August 2016* 3. *Appointment effective 22 March 2016*
Investment Committee	Ken Masika (Independent Chair)[1] Patrick Mamathuba[3] Mike du Toit Amelia Beattie James Muratha[2] *Notes:* *1. Appointment effective 25 May 2016* 2. *Resignation effective 06 August 2016*

Key staff	**Anton Borkum, REIT CEO** Anton Borkum, 43 years of age has in excess of ten years real-estate finance and investment experience. He was appointed to this role in July 2015. His duties include overall accountability for the performance of the REIT (as REIT CEO). He holds an MBA from Bond University and an MSc from Pretoria University, and has played significant roles in the structuring, negotiation and execution of many property transactions. Prior to STANLIB, Anton worked at Liberty Holdings as the Head of Group Corporate Finance in Property.
	Ruth Okal, Property Asset Manager Ruth Okal, 37 years of age, is a Property Asset Manager at STANLIB Kenya. Ruth has 12 years industry experience and is responsible for optimizing STANLIB Kenya's real estate portfolio through market research, data analysis, revenue forecasting and industry reporting to inform business decisions. She holds MA – Property Management and Valuation and a BA – Land Economics both from University of Nairobi, and has been instrumental in the originating, negotiating and closing many property transactions. Ruth is both a registered Valuer and Registered Estate Agent. Ruth joined STANLIB Kenya in 2013 from Knight Frank Kenya Limited, where she gained experience within Commercial Agency, Property Management, Valuation, Market Research, Feasibility Studies and Development Advisory.

Key staff	**Hilda Njoroge, Property Analyst** Hilda Njoroge, 28 years of age, is a Property Analyst at STANLIB Kenya. Hilda has over 5 years industry experience and is responsible for research and analysis of properties under STANLIB Kenya's portfolio, provision of relevant information and recommendations regarding investment attractiveness of properties and property related investments. Hilda joined STANLIB Kenya in 2014 from Acorn Group Limited, where she gained experience in Real Estate Development, Feasibility Studies, Financial Modelling, Project Finance, Investment Analysis and Project Funding. She holds a B.Com Finance and Business Administration degree from Strathmore University, Nairobi and an MSc in Real Estate Investments and Finance from Heriot-Watt University Scotland, United Kingdom.
Compliance Officer	**Mary Mwangata** Mary Mwangata, 34 years of age, is the Risk and Compliance Officer at STANLIB Kenya. Mary has over 9 years of progressive, professional experience in the banking and financial sector across the East African Region. Mary has worked with STANLIB Kenya for 3 years. Prior to joining STANLIB Kenya, Mary worked at Equity Bank Group and Transnational Bank Limited in various capacities. STANLIB Kenya Limited 1st Floor, Liberty House, Nyerere Road P.O Box 30550 -00100, Nairobi Kenya Email : mwangatam@stanbic.com
Trustee	The Co-operative Bank of Kenya Limited Co-operative House Haile Selassie Avenue P.O. Box 48231 – 00100 Nairobi, Kenya Tel: +254 703 027 000 Email: customerservice@co-opbank.co.ke; custodial@co-opbank.co.ke

Registrar	CDSC Registrars Limited Nation Centre, 10th Floor Kimathi Street P O Box 3464 - 00100 Nairobi, Kenya Tel:+254 20 291 2000 Email: helpdesk@cdsckenya.com
Property manager	JHI Kenya Limited 3rd Floor, Grenadier Tower, 1 Woodvale Close, Westlands, P.O. Box 1620-00606 Nairobi, Kenya Tel: +27 11 911 8000 Email: Adriaan.Otto@jhi.co.za
Engineer – Structural	Civil Engineering Design (K) Ltd 1st floor Sri Sathya Sai Centre Musa Gitau Road P.O Box 54531 - 00200 City Square Nairobi, Kenya Tel: +254 20 8068141 Email: info@ced.co.ke
Engineer – Mechanical and Electrical	LDK Africa Limited 9th Floor, Purshottam Place Westlands Road P.O Box 60293 - 00200 Nairobi, Kenya Tel: +254 3743838 Email: ldkafrica@ldk.gr
Valuer	Tysons Limited 1st Floor, Jubilee Insurance House Wabera Street P.O. Box 40228 - 00100 Nairobi, Kenya Tel: +254 222 2011 Email: info@tysons.co.ke

Alternate Valuer[1]	Lloyd Masika Limited Norfolk Towers, Kijabe Street P.O. Box 45733 – 00100 Nairobi, Kenya Tel: +254 20 2215900 Email: info@lloydmasika.co.ke *Notes:* *1. As of date 25 May 2016, Ken Masika was appointed to the REIT Investment Committee, as independent chairman. Accordingly, as at 30 June 2016, Lloyd Masika is not contracted as a property valuer to SFIR*
Legal advisers	Mboya Wangong'u & Waiyaki Advocates Lex Chambers, Maji Mazuri Road Off James Gichuru Road P.O. Box 74041-00200 Lavington, Nairobi Tel: +254 20 2160 312 Email: gmboya@lexgroupafrica.com
Auditors	KPMG Kenya ABC Towers, 8th Floor ABC Place, Waiyaki Way P. O. Box 40612 - 00100 Nairobi, Kenya Tel: +254 20 2806000 Email: info@kpmg.co.ke
Tax advisors	Viva Africa Consulting LLP 3rd Floor, Kiganjo House Rose Avenue, Off Denis Pritt Road P.O. Box 75079-00200 Nairobi, Kenya Tel: +254 20 246 5567 Email: KThuo@vivaafricallp.com

No expert referenced above is or has been, engaged or interested or connected with the Trustee or the REIT Manager (except that CfC Stanbic Bank Limited and SBG Securities Limited are members of the Standard Bank Group of companies of which STANLIB Kenya is also a member). Lloyd Masika Limited has ceased to be an alternate REIT valuer from the date Ken Masika was appointed the SFIRIC chairman.

3. The REIT Manager

The REIT Manager is STANLIB Kenya Limited ("STANLIB Kenya"). The shareholders of STANLIB Kenya are Liberty Holdings Limited and STANLIB Wealth Management Limited ("STANLIB"). STANLIB is a Pan-African multi-specialist investment company, active in ten African countries across East, West and Southern Africa. STANLIB manages USD40 billion assets under management and administration (as at June 2016) and has over 500,000 retail and institutional customers across Africa. STANLIB has a proud heritage and more than a 1200 years collective experience in the investment team.

STANLIB is fully owned by Liberty Holdings Limited and is a subsidiary of the Standard Bank Group. STANLIB was founded in May 2002 through a merger of Liberty Asset Management and Standard Corporate and Merchant Bank Asset Management. LIBAM was founded in 1969 and SCMB Asset Management in 1974. In 2007, Liberty Holdings Limited shareholders voted in favour of a scheme of arrangement whereby Liberty Holdings Limited would purchase the complete shareholding of Standard Bank and Quantum Leap Investments in STANLIB, resulting in STANLIB becoming 100% owned by Liberty Holdings Limited. When STANLIB was established in 2002, the focus was mainly on in-house active investing. Since then, and in line with STANLIB's core belief of providing diverse solutions in response to the needs of unique clients, STANLIB has diversified focus to other investment capabilities including passive portfolios, multi-manager and alternatives. STANLIB's business model of specialist investment team allows the investment professionals to focus on what their core expertise it. The small focussed teams are responsible for setting their investment philosophies and processes, whilst enjoying the support of a robust business framework. In line with the principle of focused expertise, STANLIB has partnered with several global companies to manage the ex-Africa portfolios: Fidelity, who manage cash and multi-asset funds; Brandywine, who manage bonds; and Columbia Threadneedle, who manage equities and multi-asset funds.

STANLIB Kenya Limited has been fully operational since 1998 (as Stanbic Investment Management Services (EA) Ltd) and is licensed by the Capital Markets Authority in Kenya and Uganda as well as registered with the Retirement Benefits Authority in Kenya to provide investment advisory and Fund Management Services. STANLIB Kenya officially launched in October 2013, after rebranding from Stanbic Investment Management Services (SIMS). STANLIB Kenya is a leading Fund Manager in the region and has an un-paralleled track record in terms of services and performance over the years. STANLIB Kenya manages asset worth over KES 142 Billion (as at 30 June 2016).

4. The REIT Manager's duties and obligations

The REIT Manager's duties and obligations are as follows:

- Carry out the administrative action of the REIT Assets including the management of the portfolio of investments in accordance with the provisions of this Trust Deed and the Act;
- Advise the Trustee on the asset classes which are available for investment;
- Formulate a prudent investment policy;
- Invest the REIT Fund in accordance with the investment policy of the REIT Scheme;
- Reinvest any income of the Fahari REIT which is not required for immediate payments;
- Ensure that the units in the REIT are priced in accordance with the provisions of the Trust Deed, the Regulations and the Act;
- Not issue any units otherwise than on the terms and at a price calculated in accordance with the provisions of this Trust Deed, the Regulations and the Act;
- Rectify any breach of matters relating to incorrect pricing of units or to the late payment in respect of the issue or redemption of units;
- Prepare and dispatch in a timely manner all cheques, warrants, notices, accounts, summaries, declarations, offers and statements under the provisions of this Trust Deed and the Act;
- Make available for inspection to the Trustee or any auditor appointed by the Trustee, the records and the books of accounts of the REIT Manager, giving either oral or written information as required with respect to all matters relating to the REIT Manager, its properties and its affairs;
- Be fair and equitable in the event of any conflict of interest;
- Credit to the REIT all monetary benefits or commissions arising out of managing the Fund, other than the REIT Manager's fees;
- Account to the Trustee within thirty days after receipt by the REIT Manager any monies payable to the Trustee;
- Keep and maintain records of the REIT at all times;
- Not engage or contract any advisory or management services on behalf of the Fahari REIT without prior written approval of the Trustee;

- Provide instructions to the Trustee to implement the objectives of the REIT and, in consultation with the Trustee, appoint a property manager or other person as its agent to assist it in undertaking its functions as REIT Manager; and
- Be liable for any acts or omissions of its agents.

5. The REIT Trustee

The REIT Trustee is Co-op Bank, which is incorporated in Kenya under The Companies Act and is also licensed to do the business of banking under the Banking Act. Co-op Bank listed on the Nairobi Securities Exchange on December 22, 2008. Shares previously held by the 3,805 Cooperative societies and unions were ring-fenced under Co-op Holdings Co-operative Society Limited which became the strategic investor in the Bank with a 64.56% stake.

Co-op Bank is the third largest Kenyan bank with a total asset base of KES 285 billion as at 31 December 2014. Co-op Bank has a 137 countrywide branch network, 7,400 Co-op “Kwa Jirani” agents and linkages with the co-operative societies movement which gives it a large presence across Kenya. As at 31 March 2015, Co-op Bank had a market capitalisation of KES 103 billion.

In addition to its banking operations, Co-op Bank runs three subsidiary companies, namely:

- Kingdom Securities Limited, a stockbroking firm, in which Co-op Bank holds a controlling 60 per cent stake;
- Co-op Trust Investment Services Limited, a fund management subsidiary wholly-owned by Co-op Bank; and
- Co-op Consultancy and Insurance Agency Limited (CCIA), a corporate finance, financial advisory and capacity-building subsidiary wholly-owned by Co-op Bank.

6. The REIT Trustee’s powers and obligations

The REIT Trustee’s powers and obligations are as follows:

- To appoint valuers, lawyers, accountants and other professionals for the purpose of permitting it to carry out its duties and perform obligations;
- To initiate or defend legal proceedings which concern the REIT Scheme;
- To protect the interests of the Unitholders;
- To maintain custody, hold and protect all the assets of the real estate investment trust;
- To protect the interests of the real estate investment trust in any asset;
- To enter into borrowing arrangements on behalf of the REIT, subject to compliance with regulatory limits;

- To act as a REIT Manager on a temporary basis in any period where there is no other REIT Manager until a new REIT Manager is appointed;
- To supervise the activities of the REIT Manager to ensure that they comply with the terms of the Scheme Documents, the Act and REIT Regulations , not that the Trustee shall not delegate to the REIT Manager any function involving the supervision of the REIT Manager or the custody or control of the assets of the Scheme;
- To act in the best interests of the beneficiaries and if there is a conflict between the interests of the Trustee and those of the beneficiary, then the Trustee shall give priority and preference to the interest of the beneficiary;
- To not make use of confidential information acquired when acting as the Trustee to gain improper benefit for self or cause detriment to a beneficiary; and
- To act in accordance with the instructions of the REIT Manager provided that the instructions are in accordance with the terms of the Trust Deed and Prospectus; the provision of the Act or REIT Regulations; and be in the best interests of the REIT Unitholders.

ANNEXURE B: INVESTMENT GUIDELINES

1. Investment Targets

The REIT Scheme will act in best endeavour to achieve the following investment performance metrics after being fully invested subject to changing market conditions at any time:

- The targeted Internal Rate of Return at property level and before REIT expenses is 14 per cent per annum.
- Distributions to Unitholders will be after deduction of REIT expenses and thus the IRR earned by investors may be lower than the Target IRR at a property level.

2. Investment Limits and Guidelines

The Eligible Assets comprise eligible real estate or eligible cash investments. At least 75%of the REIT Scheme's Total Asset Value ("TAV") may be invested in eligible real estate, while a maximum of 25 per cent of the REIT Scheme's TAV may be invested in eligible cash investments.

Eligible real estate includes, but is not limited to, strategic real estate in Kenya, via the following investment instruments:

- Land Title (direct ownership of the property asset), including leases with minimum 25 years remaining;
- 100% ownership of any Company that owns the property asset; with the property asset being transferred directly into the REIT Scheme if deemed necessary by the REIT Manager and Trustee in order to access fiscal benefit; and
- 100% beneficial interest in an Investee Trust.

Eligible real estate for the STANLIB Fahari I-REIT shall be:

- Real estate in Kenya, unless the REIT Regulations otherwise allow;
- Owned directly; or through investee companies owned 100% by the Trust; or investee trusts of which the Trust is 100 per cent beneficiary;

Further,

- The REIT Scheme will not co-own eligible real estate with any other person;
- The REIT Scheme may hold units in listed property companies or real estate investment trust with similar objectives listed on a securities exchange in Kenya, in which event the REIT Scheme need not own 100% of such company or real estate investment trust,

subject to the REIT Scheme not investing more than 10 per cent of its assets by TAV in such listed securities

The sector allocation for the 75% to 100% of eligible real estate is as follows:

Sector	Lower Limit	Upper Limit
Retail	30% of TAV	75% of TAV
Office	30% of TAV	75% of TAV
Industrial	0% of TAV	15% of TAV
Hospitality	0% of TAV	15% of TAV

Eligible cash investments include cash, deposits, bonds, securities and money market instruments.

A material change to the Eligible Assets of the REIT Scheme may only be made if authorised by the Act and the REIT Regulations and approved by the REIT Scheme Unitholders.

The investments of the STANLIB Fahari I-REIT will be in accordance with the asset class allocation, in the property sectors and subject to the sector allocations as set out earlier in this section.

3. Operating Policies

The operations and affairs of the Trust shall be conducted in accordance with the following operating policies:

- To the extent the Trustee determines to be practicable and consistent with its fiduciary duty to act in the best interests of the Trust and the Unitholders, any written instrument which in the sole judgment of the Trustee creates a material obligation of the Trust must contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort will not be had to, nor will recourse or satisfaction be sought from the private property of the Trustee, Unitholders or beneficiaries under a plan of which a Unitholder acts as a Trustee or officer, employees or agents of the Trust, but that only property of the Trust or a specific portion thereof will be bound;
- The Trust shall only guarantee the obligations of its wholly-owned Subsidiaries (other than any wholly-owned Subsidiaries that are general partners in partnerships that are not wholly-owned by the Trust), provided that the Trust may guarantee the obligations of wholly-owned Subsidiaries of the Trust that are general partners in partnerships that are

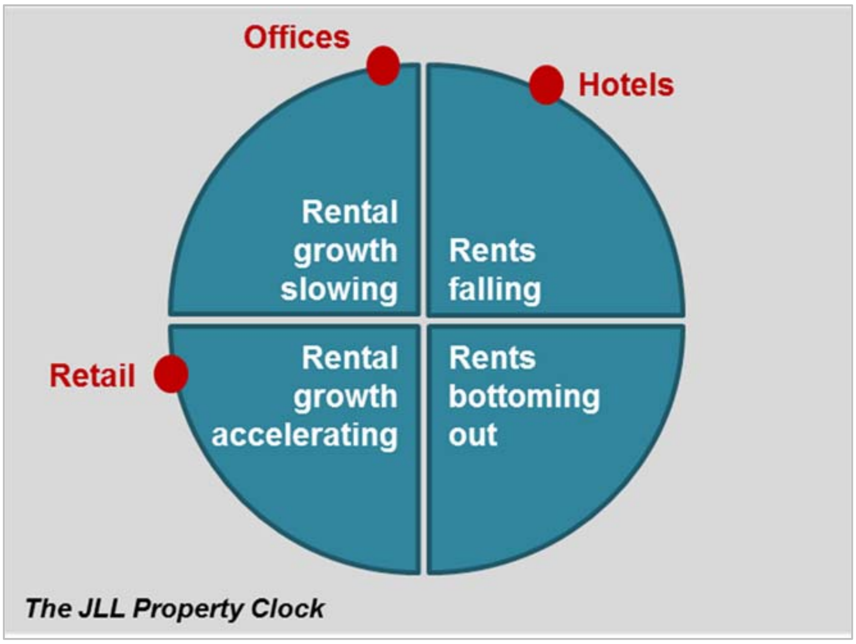
not wholly-owned by the Trust if the Trust has received an unqualified legal opinion that the guarantee by the Trust of the obligations of wholly-owned Subsidiaries of the Trust that are general partners in partnerships that are not wholly-owned by the Trust will not cause the Trust to cease to qualify as an approved I-REIT Scheme;

- Subsidiaries of the Trust shall not enter into any transaction involving the purchase of lands or land with improvements thereon and the leasing thereof back to the vendor for less than the fair market value of the property;
- Title to real estate shall be held by and registered in the name of the Trustee, its subsidiary or nominee, an Investee Company or the Trustee of an Investee Trust and, if required, in the name of a secondary disposition Trustee;
- The Trustee and each Investee Trust or Investee Company or other Subsidiaries of the Trust will have conducted such diligence as is commercially reasonable in the circumstance on real estate the Trust intends to acquire;
- The Trust will obtain and maintain at all times insurance coverage in respect of potential liabilities of the Trust and the accidental loss of value of the assets of Subsidiaries of the Trust from risks, in amounts, with such insurers, and on such terms as the Trustee considers appropriate, taking into account all relevant factors including the practices of owners of comparable properties, provided that it shall remain the obligation of the REIT Manager to obtain quotations and make recommendations to the Trustee;
- Amendments to Investment Guidelines and Operating Policies shall be subject to the terms set out in the Trust Deed;
- Regulatory Matters: If at any time a government or regulatory authority having jurisdiction over the REIT Scheme or any REIT assets shall enact any law, regulation or requirement which is in conflict with any investment guideline of the Trust then in force, such restriction in conflict shall, if the Trustee on the advice of legal counsel to the Trust so resolves, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary herein contained, any such resolution of the Trustee shall not require the prior approval of the Unitholders; and
- Operating Plan: The REIT Manager shall, at least on an annual basis, prepare an investment and operating plan for the ensuing period for approval by the Trustee.

ANNEXURE C: PROPERTY MARKET UPDATE

The Kenyan real estate market has experienced sustained growth since year 2002. Kenya now boasts of having a functional stock exchange, including listed property, which is the fourth largest and second oldest in the continent. There has also been a growing demand from multinationals and local and international investors for real estate assets in the stable and well-connected commercial hub. This demand has driven an unprecedented development boom in Kenya, specifically Nairobi, across all its commercial sectors. The resilience in the property market, thus far, has been underpinned by strong economic growth, stable inflation and the country's aspiration of becoming a majority middle-income market by year 2030.

The Jones Lang LaSalle ("JLL") research mapped the Kenyan real estate market highlighting the rental growth rates in the retail, office and hotel categories.:



The market is expected to rebalance in the medium term despite the looming oversupply in several real estate sub-sectors and excepting any external shocks or instability in the financial sector.

Going forward, we expect that only investors who embrace research led strategies when making real estate investment decisions and create products that respond to occupiers' growing needs for functionality, quality and location will be able to generate healthy and sustainable returns.

Retail

The 2015 Nielsen report has ranked Kenya as Africa's second biggest formalized retail economy after South Africa with a penetration of 30% to 40%. With the expected GDP growth of 5.4% in FY 2016, demand for retail space is expected to be stable driven by increasing spending power of Kenyan consumers and rising demand for international brands.

Nairobi has the biggest development pipeline with the new projects, exhibiting clear trend towards mixed use rather than pure retail. Increasingly office, residential and leisure facilities are being incorporated.

The sector remains dominated by local retailers albeit growing interest from international chains; largely due to the strength of local competition. The most prominent international retailer who recently entered the market is French giant supermarket chain Carrefour which has signed up at the Two Rivers and the Hub Karen malls. Turkish clothing company, LC Waikiki, will also be opening a store at the Two Rivers mall.

Several factors such as difficulty in finding local partners with expertise, currency volatility and security concerns are cited as the major hindrances for international retailers who have put their market entry decisions on hold.

Retail yields are between 8% to 10% with vacancies remaining low at 5% (or less) for the current malls. However, the absorption levels in malls is expected to slow down in 2016 due to increased competition from the new Nairobi malls. The marked increase in retail space supply and competition in 2016 has pushed the more established retail centres such as Sarit Center and Village Market to expand and refurbish in order to retain their market share.

Office

On the office front, there is risk of short – medium term pressure on rental as a result of the excessive supply. Landlords may be faced with need to compete for tenants by offering additional incentives such as rent-free periods and tenant installation allowances in order to maintain high and good quality occupancies.

According to JLL research published in April 2016, future growth opportunities exist in bespoke office solutions. These solutions offer occupiers the ability to meet their requirements in a number of ways, ranging from consolidation of their office needs, to fully serviced office suites that provide companies with the advantage of operating a satellite office or entering the market without the burden of office capital fit-out costs or the onerous lease commitments. An example is Tiara Business Park in Lavington which has recently been occupied by Chinese networking and telecommunications company, Huawei. Mashiara Park along Waiyaki way also provides these solutions.

Office yields are between 7 - 9% as absorption levels dip while tenants continue to enjoy a variety of options due to the current oversupply in the market. Newly completed developments for FY2016 are mainly concentrated in the Upper Hill district. These are mainly corporate headquarters such as Britam Tower, UAP Tower and 4th Ngong Avenue towers.

Hotel

Nairobi is a semi-mature hotel market which ranks as the third largest hotel market in Sub-Saharan Africa. Nairobi is estimated to have more than 170 hotels with a total of c.10,000 rooms. The trend of global hotel chains entering the market has continued with their rooms accounting for an increasing proportion of the total rooms. Global hotel brands such as Crowne Plaza, Radisson Blu, Kempinski Villa Rosa and Best Western Premier have entered the Kenyan market.

The sector continues to flourish and attract new local and foreign investors. With the saturation of the 4 star (3,993 keys) - and 5-star (1,340 keys), developers are looking to the budget and serviced apartment segments in Nairobi and into the provinces for new hotel opportunities. There is a risk of short-term oversupply in the market, with an increase in room supply and a heavy reliance on slowing regional economic growth to drive demand. In 2015 Nairobi hotels achieved occupancy of rates of 53.8%, reducing 1.1% on 2014 levels and an average daily rate of USD 143. Notable upcoming developments due in 2016 include:

- Hilton Garden Inn JKIA - 171 rooms
- Tune Hotel Nairobi - 280 rooms
- Golden Tulip Grand Sapphire - 196 rooms
- Pullman Nairobi Westlands -320 rooms

Looking forward, a major factor that are likely to affect the sector is the lifting of the travel bans which would have a significant positive impact on demand for hotels in Nairobi as well as boosting investor sentiment in the city. However, the upcoming general election and potential security concerns may lead to a slowdown from the latter part of 2016 through to the 2017 elections.

ANNEXURE D: KEY RISKS

Industry specific risks

While analyses of the Kenyan property market show positive growth trends in terms of rental incomes and property values over the past few years, there can be no guarantee that the current trends will continue unabated into the future. Any changes in property industry dynamics may impact growth trends. However, experience in other markets suggests that I-REITS that invest in portfolios of high-quality investment properties provide sustained returns and operating performance even in a less favourable market environment of slower growth in rental incomes and property values for the industry as a whole. Weaknesses in land title and rental lease registration can adversely impact the operations of REIT Schemes.

All I-REIT Schemes are dependent on the certainty of the title to the properties and enforceability of rental lease agreements. Uncertainty of title presents the risk of (i) delays in completion of the purchase of properties until titles and leases are regularised, and (ii) delays in enforcement of lease contractual arrangements both of which could have adverse impacts on the business, financial condition and results of operations of I-REITs.

As a mitigating factor, the STANLIB Fahari I-REIT's policy is to conduct a thorough due diligence on properties to be purchased and to require the current owners to regularise titles and leases before the purchases are completed.

The underlying asset portfolio of REIT Schemes comprise primarily of real estate property. REIT Regulations require that an I-REIT must invest at least 75 percent of its total NAV in income producing real estate, after an initial two-year grace period. The nature of real estate property investments means that it is difficult to find buyers for property assets quickly, particularly for the larger, iconic, REIT-quality properties. As a result, it may be difficult for REITs to re-balance their investment portfolio or sell their assets on short notice should there be adverse economic conditions or exceptional circumstances.

Risks common to traded REIT securities

REIT units traded on the Nairobi Securities Exchange and the prices will be subject to securities market volatility, reflecting demand and supply conditions, just like other listed securities. The price obtainable on sale of a REIT unit on a public exchange can go up or down and may differ from the reported NAV per REIT unit. The price of the REIT Scheme Units will generally reflect prospective investors' confidence in Kenya's economy, the property market and its returns, the REIT Scheme management and interest rates.

Risks associated with the STANLIB Fahari I-REIT structure

Market Risk

The underlying asset value of STANLIB Fahari I-REIT's properties may be impacted by fluctuations in supply and demand for the type rental properties that the Scheme intends to invest in. Furthermore, current properties (seed and other) may be impacted by these market forces. STANLIB Fahari I-REIT's reported financial results may be affected by losses recognised on the revaluation of investment properties being charged to the profit and loss statement. Fahari I-REIT intends to prepare its financial statements in accordance with International Financial Reporting Standards ("IFRS"). As currently permitted by IFRS investment properties held to earn rentals and for capital appreciation are stated at annual valuation performed by independent professional valuers on an open market value for existing use basis. Any revaluation surpluses or deficits arising from the revaluation of investment properties will be reflected in the profit and loss statement.

The REIT Manager intends to mitigate the impact of these risks on STANLIB Fahari I-REIT's underlying asset values and operating performance by applying a careful investment evaluation process to help ensure that the seed properties selected and new Eligible Assets that the STANLIB Fahari I-REIT may invest in the future are in line with the Scheme's stated investment philosophy and objectives and meet the minimum investment return criteria.

Income Risk

Rental income earned from, and the value of, STANLIB Fahari I-REIT's investment properties may be adversely affected by a number of factors and distributions may not be made if the REIT Scheme reports an operating loss. Reduction in reported rental income and operating profits may arise, for example, if tenancy agreements of the underlying properties are renewed at a lower rental rate than the previous agreement or if the occupancy rate falls. This in turn, reduces property income and STANLIB Fahari I-REIT's ability to recover certain operating costs such as service charges. Other factors could include changes in the Scheme's ability to collect rent from tenants on a timely basis or at all; changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in the management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the building standards laws or the city planning laws, or the enactment of new laws related to construction and redevelopment.

The REIT Manager intends to mitigate the impact of such factors by implementing Portfolio Specific Strategy and Operational Strategic Initiatives as described in earlier in the report. These include activities such as: income flow management; lease audit and data integrity review; vacancy management and leasing strategy; review of lease structures; and cost optimisation management. In particular, the leasing strategy includes procuring of payment upfront and contractual lock-ins of rental rates and other clauses in tenancy agreements.

Securities Liquidity Risk

The STANLIB Fahari I-REIT is the first I-REIT to have its units listed on the Nairobi Securities Exchange. As with other listed securities listing and quotation does not guarantee that a highly-liquid trading market for the Units will remain strong.

Regulatory Risk

Changes to the regulatory framework applicable to a REIT could impact the Scheme's financial performance and after-tax returns to Unit holders. The STANLIB Fahari I-REIT is subject to the REIT regulations and the regime governing I-REITS in Kenya remains relatively new. Future changes may occur in laws and regulations that impact the REIT Scheme. Alternatively, there may be changes to enforcement or regulatory interpretation of laws leading to changes in the legal requirements affecting the REIT Scheme.

The REIT Manager intends to mitigate this regulatory risk by participating actively in industry forums to discuss and debate potential regulatory changes and their potential impact.

Tax Risks

Changes to Tax Statutes applicable to REIT securities or interpretation of such statues could impact returns to Unit holders. The REIT Scheme is subject to the current tax laws administered by Kenyan Revenue Authority (KRA) and will seek registration as a real estate investment trust scheme under the provisions of the Income Tax Act that would entitle the Scheme to certain tax exemptions in respect of the income it earns and the distributions it makes. Further, as allowed by Regulation 65(1)(b) of the REIT Regulations, the Scheme intends to invest in eligible real estate assets through investment in the shares of investee companies incorporated in Kenya that directly own the eligible real estate and which are wholly beneficially owned and controlled by the Trustee in its capacity as the trustee of the I-REIT. STANLIB's Fahari I-REIT intends to register these investee companies with KRA as an integral element of a real estate investment trust scheme and, consequently, expects the income earned by these wholly owned companies to also be eligible for tax exemptions in respect of the income they earn. Failure to obtain and retain registration of the Trust and its investee companies with KRA, failure of the REIT to distribute at least 80 percent of its net after tax income to Unitholders, changes to the interpretation of current tax laws and any new laws and regulations that may be introduced in the future could adversely impact the tax liability of the REIT Scheme. Such changes may reduce income, distributions and Unitholder returns.

The Kenyan Parliament re-introduced Capital Gains Tax at a rate of 5% effective 1 January 2015. The Kenya Revenue Authority has confirmed that organizations that are exempted from Income tax, such as registered REIT schemes, will not be subjected to Capital Gains Tax. Consequently, the re-introduction of Capital gains Tax is not expected to negatively impact the return and distribution of any capital gains achieved on the underlying properties acquired by the REIT Scheme, should it divest its interest in these properties and realise a capital gain.

The REIT Manager and Trustee intend to mitigate these tax risks by, firstly, monitoring and taking proactive action to help ensure that the Scheme remains compliant with tax registration requirements, secondly, ensuring that at least 80 per cent of the net after tax income of the REIT is distributed to Unitholders and, thirdly, by participating actively in industry forums to discuss and debate proposed changes to the tax legislation.

Redemption Risk

The STANLIB Fahari I-REIT may complete a partial redemption of Units if it has excess funds that it is unable to deploy in purchasing real estate properties. The Fahari I-REIT initial offer is structured to allow the Scheme to raise funds in excess of those required to purchase the Seed Properties. However, should it prove unable to deploy all its excess funds, the Scheme may choose to apply its right, but not the obligation, to implement a partial redemption of Units sufficient to reduce its cash balances to ensure compliance with REIT Regulations that require it to have invested at least 75 percent of its asset value in real estate by the end of two years from the initial offer date and thereafter.

The REIT Manager intends to mitigate the risk of such an early redemption by focusing on the investment process to identify potential Eligible Assets and to conclude such purchases within the two year period. Further, the REIT Manager intends to manage the investment of the cash balances it retains in that period actively so as to optimise investment returns on these funds for Unitholders.

Risks Associated with the Scheme’s Proposed Investment Portfolio

Risks arising from acquisition of Special Purpose Vehicles

STANLIB Fahari I-REIT has contracted to purchase shares in companies that own some of the underlying Seed Property assets with contractual provisions to protect the Scheme against losses relating to pre-acquisition liabilities and claims. The acquisition of some Seed Properties and other Eligible Assets involves the purchase of shares in limited liability companies (special purpose vehicles) that own underlying real estate properties rather than purchasing the underlying property asset directly. As is common with acquisitions of this type, the Scheme's policy is to complete due diligence on any such company it wishes to purchase. Further, the Scheme's policy is to enter into contractual arrangements that include obligations for the vendor to identify and settle liabilities of the company prior to the sale and to provide certain, limited, ability for the Scheme and the company to make claims against the vendors in the event that they suffer losses relating to pre-acquisition liabilities and claims that may only come to light and crystallise after the acquisition.

However, there remains a residual risk that the Scheme may not be able to claim full reimbursement for the losses that it might suffer in respect of such pre-acquisition liabilities and claims that are identified and crystallise after the acquisition because of contractual limitations and because the Scheme may be unable to collect claim reimbursements on a timely basis or at all.

The REIT Manager intends to mitigate this risk by ensuring that it monitors liabilities and claims against the companies that the Scheme purchases carefully and puts in place appropriate processes to identify potential claims, to submit claims and to follow up and collect such claims.

ANNEXURE E: ASSET HOLDINGS VERSUS PRESCRIBED LIMITS

The table below highlights the asset holdings versus the subscribed limits in the investment mandate.

I-REIT Eligible Investments (Assets) Regulation 65	Regulation and maximum limit %	Regulation and minimum limit %	Limit in scheme document %	% as at the reporting date	Highest % level during reporting period	Date of most recent valuation/s and ref. to report detailing valuation
If the REIT is an Islamic REIT percentage of Shariah compliant total. If not 100% then for each category set out below specify % that is Shariah compliant	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
All direct eligible real estate:						
a) Freehold	**None**	**None**	**None**	**None**	**None**	**None**
b) Leasehold	**None**	**None**	**None**	**Refer to financials**	**Refer to financials**	

I-REIT Eligible Investments (Assets) Regulation 65	Regulation and maximum limit %	Regulation and minimum limit %	Limit in scheme document %	% as at the reporting date	Highest % level during reporting period	Date of most recent valuation/s and ref. to report detailing valuation
All indirect eligible real estate:						
a) Freehold held through investee companies or investee trusts	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
b) Leasehold held through investee companies or investee trusts	**None**	**None**	**None**	**None**	**None**	**3 August 2015**
Income producing real estate Regulation 65 (5) Minimum of 75% of TAV within 2 years of authorisation	**N/A - SFIR is not yet 2yrs**	**N/A - SFIR is not yet 2yrs**	**N/A - SFIR is not yet 2yrs**	**N/A - SFIR is not yet 2yrs**	**N/A - SFIR is not yet 2yrs**	**N/A - SFIR is not yet 2yrs**
Land and cost of construction Regulation 70 Maximum 15% TAV	**None**	**None**	**None**	**None**	**None**	**None**
Cash, Deposits, bonds and money market instruments Regulation 65 (9) Maximum 5% to single issuer, institution, or members of group wholly owned and controlled company which conducts real estate activities Regulation 65 (10) Maximum 10% TAV with REIT securities holder consent	**25%**	**0%**	**25%**	**In line**	**In line**	**30 June 2016**

I-REIT Eligible Investments (Assets) Regulation 65	Regulation and maximum limit %	Regulation and minimum limit %	Limit in scheme document %	% as at the reporting date	Highest % level during reporting period	Date of most recent valuation/s and ref. to report detailing valuation
Income producing assets including listed shares in Kenyan property companies and units in Kenyan IREITs. Regulation 68 (2) Maximum 10% of value of investment and TAV at time of acquisition	**10%**	**0%**	**10%**	**0%**	**0%**	**None**
For an IREIT that has converted from a DREIT Mortgages or other secured loans etc.; authorised under Regulation 12 provided to purchasers of real estate developed or constructed Regulation 12	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Other assets (eligible) include description	**None**	**None**	**None**	**None**	**None**	**None**
Other assets (not eligible) include description	**None**	**None**	**None**	**None**	**None**	**None**

ANNEXURE F: TRUSTEE's REPORT

The Trustee's report

The Trustee's report is prepared in accordance with regulation 101 and the fifth Schedule of the REIT regulations.

1. Confirmation of all matters relating to the title particulars of real estate properties and other assets of the fund

   We confirm the below titles particulars for the real estate properties:
   - Nairobi Block 82/8759 (No.s F1,F2,F3,F4 & F5)- Property known as Greenspan Mall under the SPV Greenspan Mall Ltd.
   - L.R. No 37/157 registered as Title No.I.R. 22130 – Property known as Highway House under the SPV Signature International Ltd
   - L.R No. 209/4125 registered as Title No.I.R. 93022 – Property under the SPV Bay Holdings Ltd

   We confirm that the other assets of the fund are as detailed in the accounts.

Details of other matters:

Requirement under the Fifth Schedule	Trustee's report
a) Any appointment of a secondary disposition trustee together with details of purpose of the appointment and of any documents executed by the secondary disposition trustee.	There was no appointment to this effect.
b) Any matter arising during the period which has been, or should have been, notified to the Authority pursuant to the Regulations;	The REIT Manager sought exemption from publishing the 2015 audited accounts with the fund having been operation for a very short period 27 Nov 2015 To 31 Dec 2015 (35 days) and this request was granted by the Authority via letter dated 16 Mar 2016. The REIT Manager sought an extension for filing the unaudited accounts which were due by 31 July. The Authority granted the exemption up to 16 August 2016.
c) Any failures by the trustee to comply with the provisions of the scheme documents, the Act or the	There were no failures to this effect

Regulations and action taken to remedy the failure;	
d) Any failures by the REIT manager or any other person to comply with the provisions of the scheme documents, the Act or the Regulations and action taken to remedy the failure;	There were no failures.
e) Any action taken by the trustee during the period to protect assets of the trust or the interests of REIT securities holders	The assets were safe and there was no threat requiring the Trustee to take action.
f) Meetings of REIT securities holders convened by the trustee, resolutions put and the outcome of voting.	There were no meetings of REIT securities holders

2. A summary of the meetings of REIT securities holders called or held during the period, a summary of the purpose of the meeting, resolutions put to the REIT securities holders and of attendees and votes cast.

   There were no meetings of REIT securities holders called or held in the period

3. Trustee's opinion on whether the REIT manager has managed the scheme in accordance with the provisions of the scheme documents, the act and REIT regulations.

   In the Trustee's opinion the REIT Manager has managed the scheme in accordance with the provisions of the scheme documents, the Act and the REIT regulations.

4. Comments by the trustee on REIT manager's report performance of the REIT manager or of any other person or other material matter.

   No material matters have come to the attention of the Trustee requiring comment.

Signed by
The Compliance officer

The REIT Trustee
The Co-operative Bank of Kenya Limited