

Fahari real estate fund plans to raise Sh9bn in cash call

INVESTMENT Firm raised Sh3.6bn by selling shares, also known as units to investors in 2015, with eye on a piece of the property market

Victor Juma

vjuma@ke.nationmedia.com

Real estate fund Stanlib Fahari I-Reit plans to raise Sh9 billion later this year from current and new investors to fund the purchase of more properties.

Fahari in 2015 raised Sh3.6 billion by selling shares, also known as units, to investors seeking a slice of income and capital gains from the property market.

The fund used Sh2.4 billion of the cash to acquire three properties including the Greenspan Mall in Nairobi's Eastlands and Bay Holdings, an office building in the capital city's Industrial Area.

"Our initial target was Sh12.5 billion so we want to raise the balance possibly from September this year," Kenneth Masika, Fahari's chief executive told *Business Daily*.



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KENNETH MASIKA,

| FAHARI CEO

SH19.81

Net asset value per unit in the 13 months to December.

He said the fund needs to build its scale to boost returns to investors as the ratio of expenses to assets will come down.

Fahari has already identified

some properties it could buy in the short term. The fund's chief financial officer Nozipho Makhoba said Fahari intends to acquire an undisclosed property in September for Sh1.2 billion.

Fahari's net asset value per unit stood at Sh19.81 in the 13 months to December, falling below the offer price of Sh20 per unit. "The net asset value dropped marginally because of initial setup costs of Sh139.9 million," Ms Makhoba said.

The units traded at Sh10.5 on the Nairobi Securities Exchange on Friday, a 47 per cent discount to the book value. Fahari announced a distribution of Sh0.5 per unit, representing a 4.7 per cent yield on the current unit price. The payout will be made on April 30 to unitholders on record as of March 31.

Fahari made a net profit of Sh106 million in the 13 months ended December when its revenue stood at Sh337.5 million.

Insurance industry records 16.8pc net profit rise in 2016

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vjuma@ke.nationmedia.com

Kenya's insurance industry recorded a 16.8 per cent net profit growth to Sh11.1 billion in the year ended December, according to statistics from the Insurance Regulatory Authority (IRA).

The sector's net earnings stood at Sh9.5 billion the year before. The performance excludes results from operations outside Kenya and also leaves out reinsurers.

Some insurers including Liberty Kenya Holdings and CIC Insurance Group have reported their consolidated full year earnings, with each firm's respective performance influenced by its unique circumstances.

The sector's gross premiums rose 12.3 per cent to Sh194.7 billion, with claims or benefits jumping 17.1 per cent to Sh90.6

SH11.1

BILLION

profit growth in the year ended December



billion.

Commission expenses grew 11.3 per cent to Sh12.3 billion while administrative costs increased 6.7 per cent to Sh38.1 billion.

Shareholder funds in the industry expanded 9.8 per cent to Sh112.2 billion.

Insurers have been retaining the bulk of their profits to comply with new regulations requiring higher capital levels.

Life insurance, which has become more competitive in recent years, was the most lucrative for the industry. The net profit in this segment more than tripled to Sh5.8 billion in the review period.

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