



26 September 2017

STANLIB FAHARI I-REIT IS GRANTED EXTENSION TO INCREASE PROPERTY PORTFOLIO TO 75%

We hereby notify all STANLIB Fahari I-REIT unitholders that STANLIB Fahari I-REIT has been granted an extension by the Capital Markets Authority to comply with the requirements of Regulation 65(6) of the Capital Markets (Real Estate Investment Trusts) (Collective Investment Schemes) Regulations, 2013 ("the Regulations").

Regulation 65(6) requires a REIT to invest at least 75% of its total net asset value in income-producing real estate within two years of being authorised as a REIT scheme. Currently, STANLIB Fahari I-REIT's investment property, valued at KSh 2.435 billion, accounts for 68% of the fund's total net asset value, resulting in a shortfall of approximately KSh 245 million. In order to comply with Regulation 65(6), STANLIB Fahari I-REIT has to increase its property holding to 75% by 30 September 2017.

We remain committed to sourcing high quality property assets that will enhance STANLIB Fahari I-REIT's existing portfolio, contribute to sectoral and geographical diversification and also contribute positively to the property returns. Unfavourable pricing of property deals in the market has been the single most contributing factor to the inability to conclude a transaction in the best interest of the unitholders.

Given the status of current negotiations, the REIT Manager is confident that a suitable property transaction will be concluded in the forthcoming months, thus enabling STANLIB Fahari I-REIT to remedy the regulatory non-compliance within reasonable time.

We look forward to updating you on our return to a compliant state in the near future.

STANLIB Kenya Limited

REIT Manager