



MEDIA RELEASE

For release on 31 July 2017 and thereafter

STANLIB Fahari I-REIT records KShs 78.3 million half year earnings and maintains a net asset value of KShs 19.75 per unit

STANLIB Fahari I-REIT today announced its financial results for the first half year ended 30 June 2017, where the real estate fund posted a net profit of KShs 78.3 million compared to KShs 24.4 million in the restated comparative period. This translates to distributable earnings of KShs 0.43 per unit (June 2016: KShs 0.13 per unit). Rental income from the portfolio of 3 properties increased by 14% from KShs 120.9 million in the 7 months ended 30 June 2016 to KShs 138 million as at 30 June 2017.

Fahari I-REIT, which declared a dividend of KShs 0.50 per unit following its inaugural 13 months financial period ended 31 December 2016, is the only real estate investment trust in Kenya, having successfully listed on the Nairobi Securities Exchange in November 2015. The dividend was paid out at the end of April 2017.

The financial statements for the 7 months to 30 June 2016 have been restated to reflect additional information that came to light after the publishing of the results for that period and to ensure alignment with the audited results as at 31 December 2016.

Commenting on the results, Fahari I-REIT's chief executive, Kenneth Masika said: "This is a strong H1 2017 result for STANLIB Fahari I-REIT driven by growth in rental income and reduction in expenses. The prior period fund management expenses included one-

off listing and set up costs which could not be fully capitalized to equity in line with the requirements of International Financial Reporting Standards (“IFRS”). ”

According to the published results, fund management expenses reduced from KShs 118.3 million in June 2016 to KShs 70.5 million in June 2017. Property expenses marginally decreased from KShs 42.6 million in June 2016 to KShs 42.1 million in June 2017. The net asset value per unit has remained strong at KShs 19.75 compared to the listing price of KShs 20.00 per unit. This is despite listing costs of KShs 139.9 million capitalised to equity and a dividend payout of KSh 90.5 million since listing.

Fahari I-REIT is still currently invested in 3 seed properties, namely Greenspan Mall, Bay Holdings and Signature International, with a combined market value of KShs 2.4 billion per the independent valuations conducted at 31 December 2016. Regarding Fahari I-REIT’s growth plans, Masika indicated that the management team was on track to acquire a new property that will both bolster total returns to the fund and increase sectoral diversification. “We intend to build the REIT’s scale by assembling high quality properties that will also help drive down our property expense ratio and enable the fund to benefit from economies of scale. The expansion will be funded through debt and equity combination as appropriate from time to time”.

Also in the pipeline is greater engagement with stakeholders, investors and the general public to increase education and awareness on the benefits of investing in this innovative investment product. “My team and I continue to undertake investor roadshows, various media activities among other initiatives to further enlighten the market and particularly the retail investor and the general public,” said Masika.

Masika welcomed the recent announcement of enabling and attractive tax arrangements aimed at benefiting new capital market products such as REITs. These tax arrangements include the exemption from Value Added Tax, asset transfers and other transactions related to the transfer of assets into a REIT. Also, REIT related asset transfers are now exempt from stamp duty.

Ends.....

For information:

REIT Manager: STANLIB Kenya Limited

REIT Trustee: Co-operative Bank of Kenya Limited

Auditors: KPMG Kenya

Regulator: Capital Markets Authority

Regulator: Nairobi Securities Exchange

STANLIB Fahari I-REIT CEO: Kenneth Masika

STANLIB Fahari I-REIT CFO: Nozipho Makhoba