

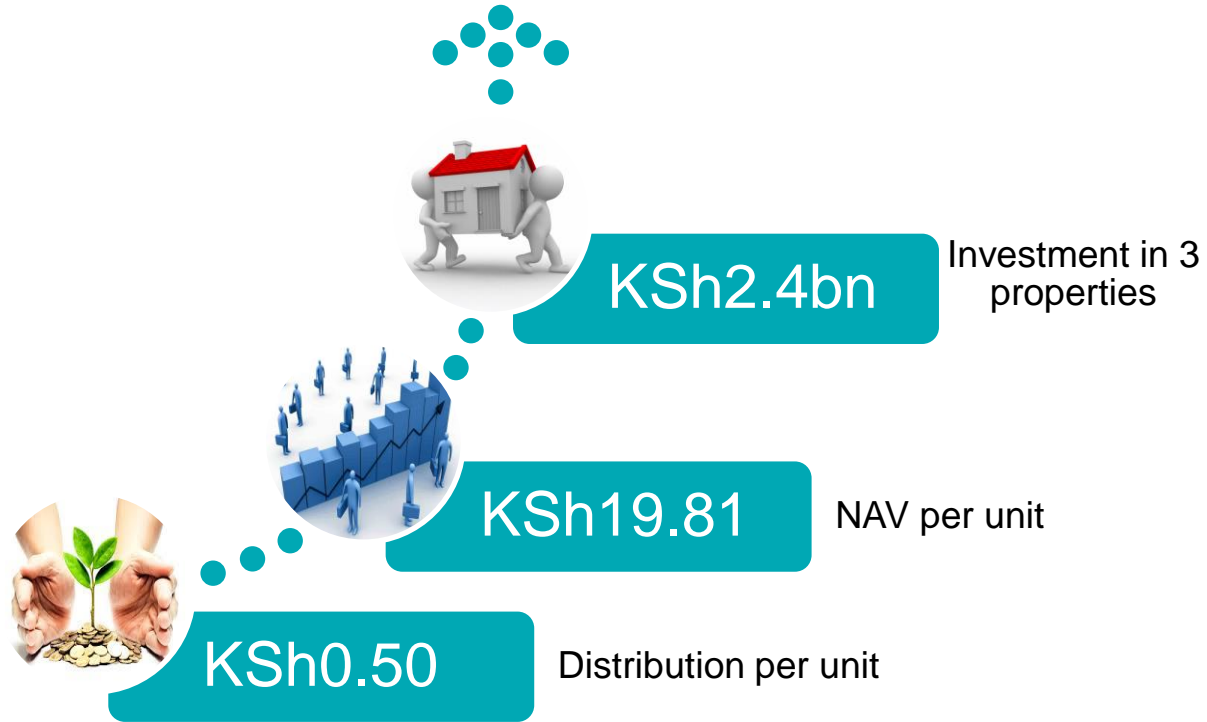
# STANLIB FAHARI I-REIT

Financial Results  
for the 13 months ended 31  
December 2016



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# Highlights \

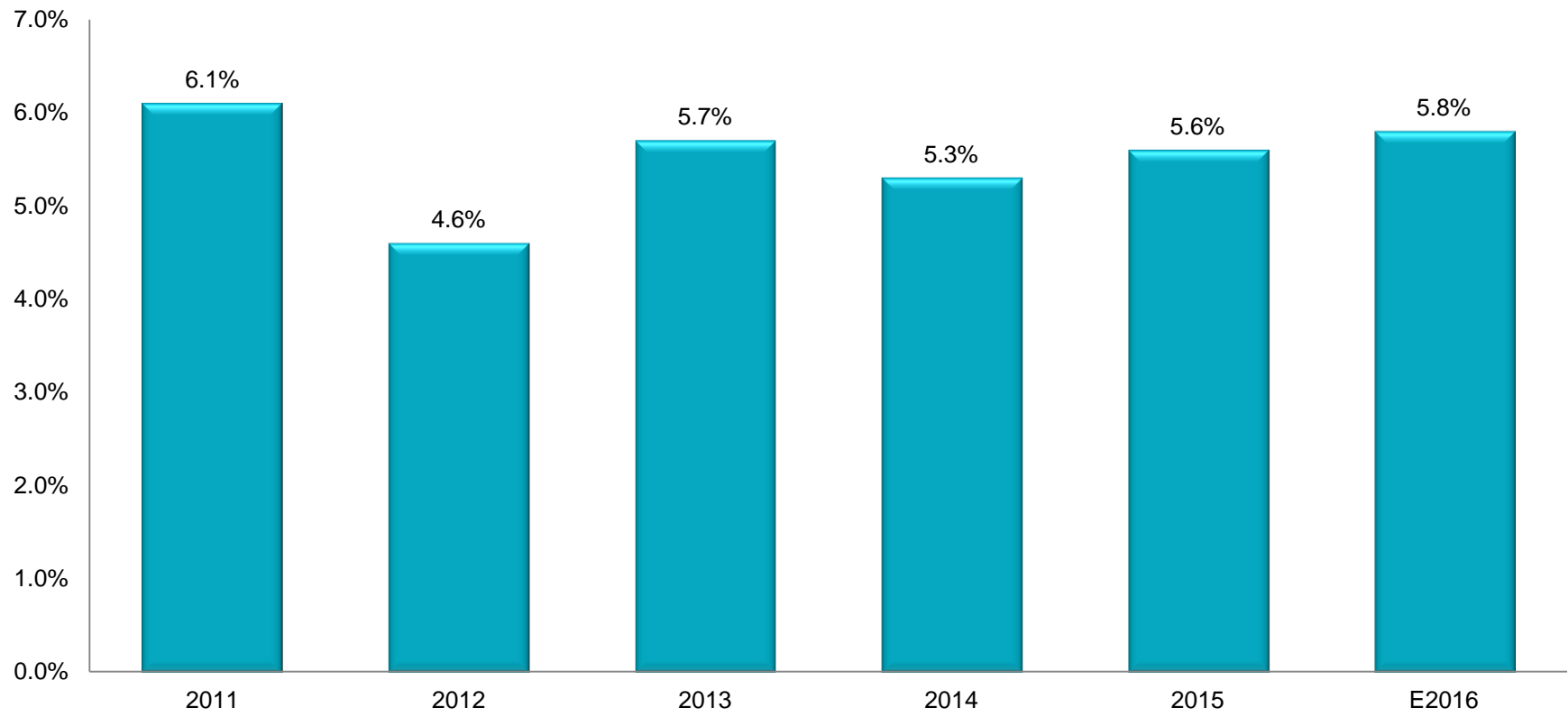


Macro Economic Outlook

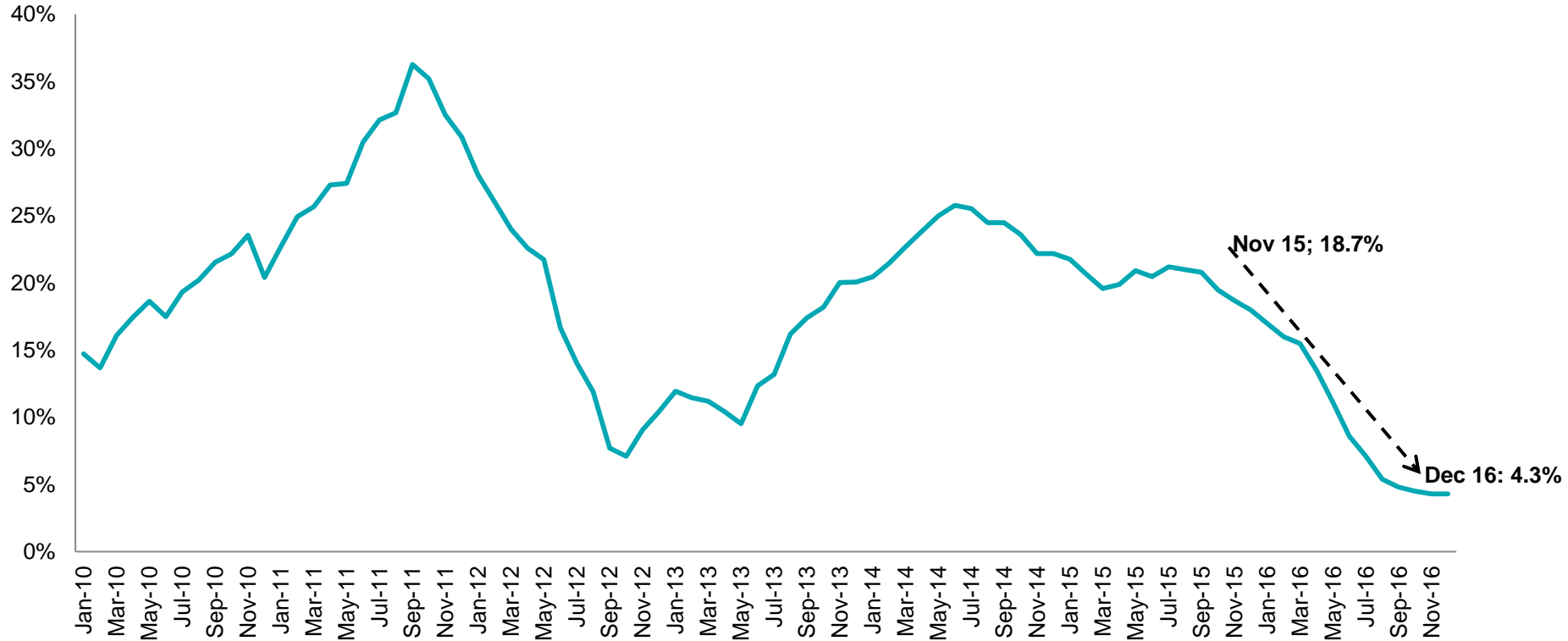


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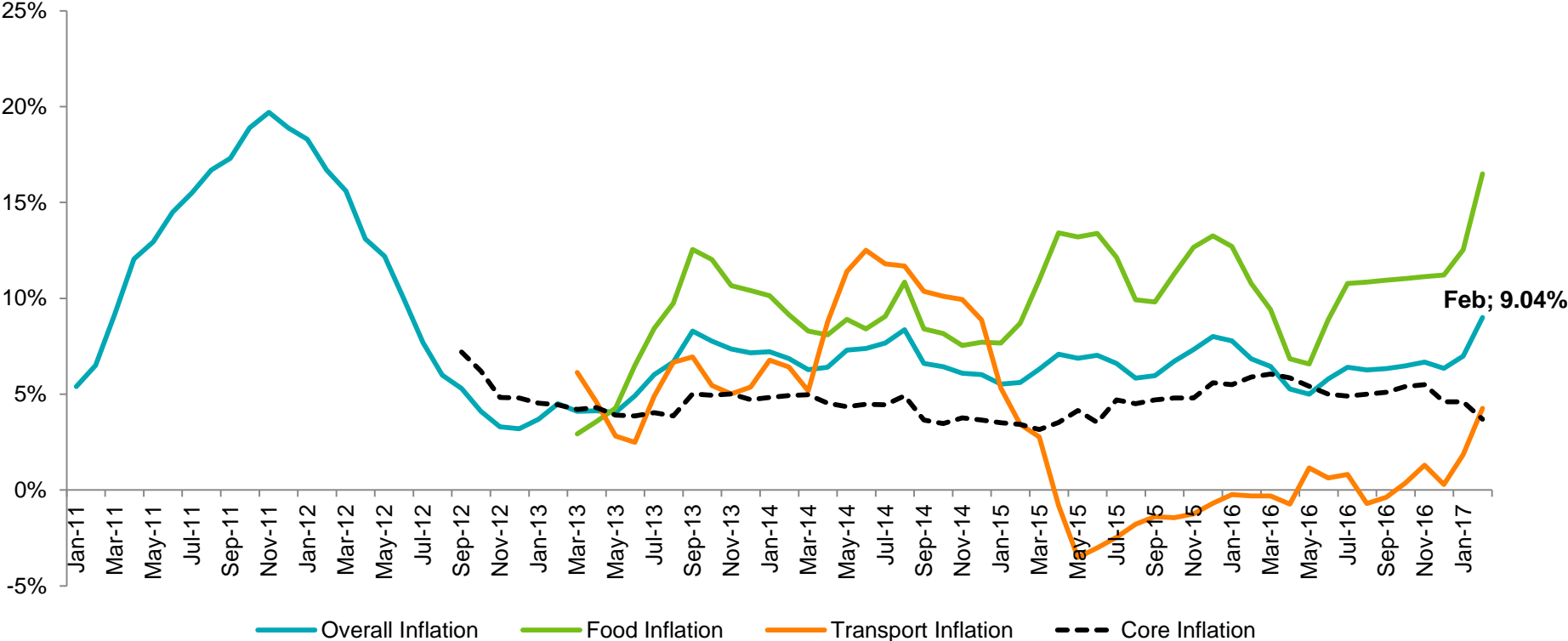
# Kenya - GDP \



# Kenya - Private sector credit growth \



# Inflation trends \



Financial Performance



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# Summary statement of profit or loss \

| STANLIB FAHARI I-REIT<br>CONSOLIDATED STATEMENT OF PROFIT OR LOSS<br>for the 13 month period ended 31 December 2016 |                    |
|---|--------------------|
|   | KShs               |
| Revenue   | 337 576 486        |
| Rental and related income   | 248 572 436        |
| Straight-lining of lease income   | 89 004 050         |
| Other income  | 137 856 149        |
| Interest income   | 111 209 231        |
| Bargain purchase gain on acquiring property subsidiaries  | 25 156 147         |
| Sundry income   | 1 490 771          |
| Operating expenses  | (265 053 969)      |
| Property expense  | (84 631 625)       |
| Fund operating expenses   | (180 422 344)      |
| Increase in fair value of investment property   | (81 004 050)       |
| Fair value adjustment to investment property  | 8 000 000          |
| Straight-lining of lease income   | (89 004 050)       |
| <b>Operating profit</b>   | <b>129 374 616</b> |
| Finance costs   | (23 374 328)       |
| <b>Net profit for the period</b>  | <b>106 000 288</b> |



# Summary statement of financial position \

| <b>STANLIB FAHARI I-REIT</b>                              |                      |
|---|----------------------|
| <b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>       |                      |
| <b>AS AT 31 DECEMBER 2016</b>                             |                      |
| <b>ASSETS</b>   | <b>KShs</b>          |
| <b>Non-current assets</b>                                 |                      |
| Investment property                                       | 2 435 000 000        |
| Fair value of investment property for accounting purposes | 2 345 995 950        |
| Straight-line lease adjustment                            | 89 004 050           |
| Property and equipment                                    | 4 729 976            |
|   | <b>2 439 729 976</b> |
| <b>Current assets</b>                                     |                      |
| Investment securities                                     | 733 035 734          |
| Trade and other receivables                               | 102 059 051          |
| Cash and cash equivalents                                 | 440 186 650          |
|   | <b>1 275 281 435</b> |
| <b>Total assets</b>                                       | <b>3 715 011 411</b> |
| <b>EQUITY &amp; LIABILITIES</b>                           |                      |
| <b>Capital and reserves</b>                               |                      |
| Trust capital   | 3 479 540 745        |
| Revaluation reserve                                       | 8 000 000            |
| Retained earnings   | 98 000 288           |
|   | <b>3 585 541 033</b> |
| <b>Current liabilities</b>                                |                      |
| Trade and other payables                                  | 124 435 476          |
| Tax payable   | 5 034 901            |
|   | <b>129 470 378</b>   |
| <b>Total equity &amp; liabilities</b>                     | <b>3 715 011 411</b> |

# Summary statement of cash flows \

| <b>STANLIB FAHARI I-REIT</b>                             |                        |
|--|------------------------|
| <b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>              |                        |
| <b>FOR THE THIRTEEN MONTHS ENDED 31 DECEMBER 2016</b>    |                        |
|  | <b>KShs</b>            |
| <b>Cash flows from operating activities</b>              |                        |
| Cash generated from operations                           | 106 812 692            |
| Interest paid  | (23 374 328)           |
| <b>Net cash inflow from operations</b>                   | <b>83 438 364</b>      |
| <b>Cash flows from investing activities</b>              |                        |
| Investment in subsidiaries                               | (2 418 416 927)        |
| Increase in investment securities                        | (733 035 734)          |
| <b>Net cash outflow from investing activities</b>        | <b>(3 151 452 661)</b> |
| <b>Cash flows from financing activities</b>              |                        |
| Proceeds from issue of new units                         | 3 619 446 000          |
| Transaction costs for issue of new units                 | (139 905 255)          |
| <b>Net cash inflow from financing activities</b>         | <b>3 479 540 745</b>   |
| <b>Net movement in cash and cash equivalents</b>         | <b>411 562 488</b>     |
| Cash and cash equivalents at acquisition of subsidiaries | 28 660 202             |
| <b>Cash and cash equivalents at end of period</b>        | <b>440 186 650</b>     |

# Net asset value \

| <b>Net asset value</b>                                    | <b>KShs</b>   |
|---|---------------|
| <b>Net asset value prior to the distribution</b>          | 3,585,541,033 |
| <b>Net asset value post the distribution</b>              | 3,495,054,883 |
| <b>Net asset value per unit prior to the distribution</b> | 19.81         |
| <b>Net asset value per unit post the distribution</b>     | 19.31         |

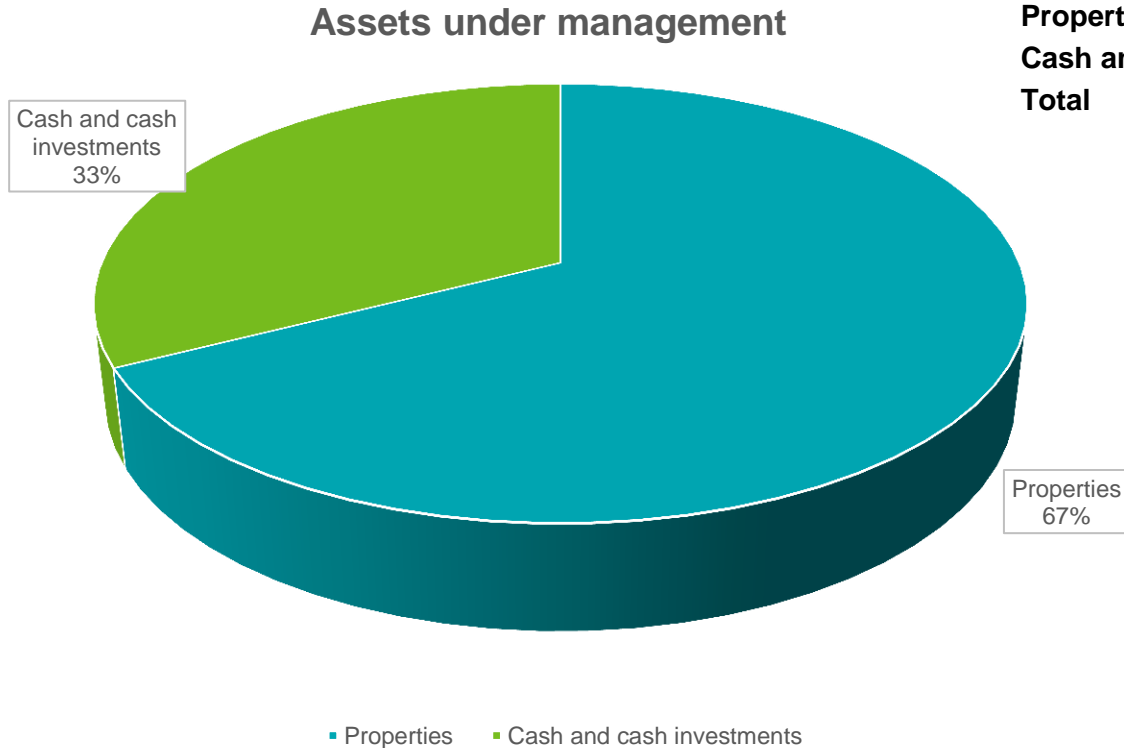
**Assets under  
management**

Creating value



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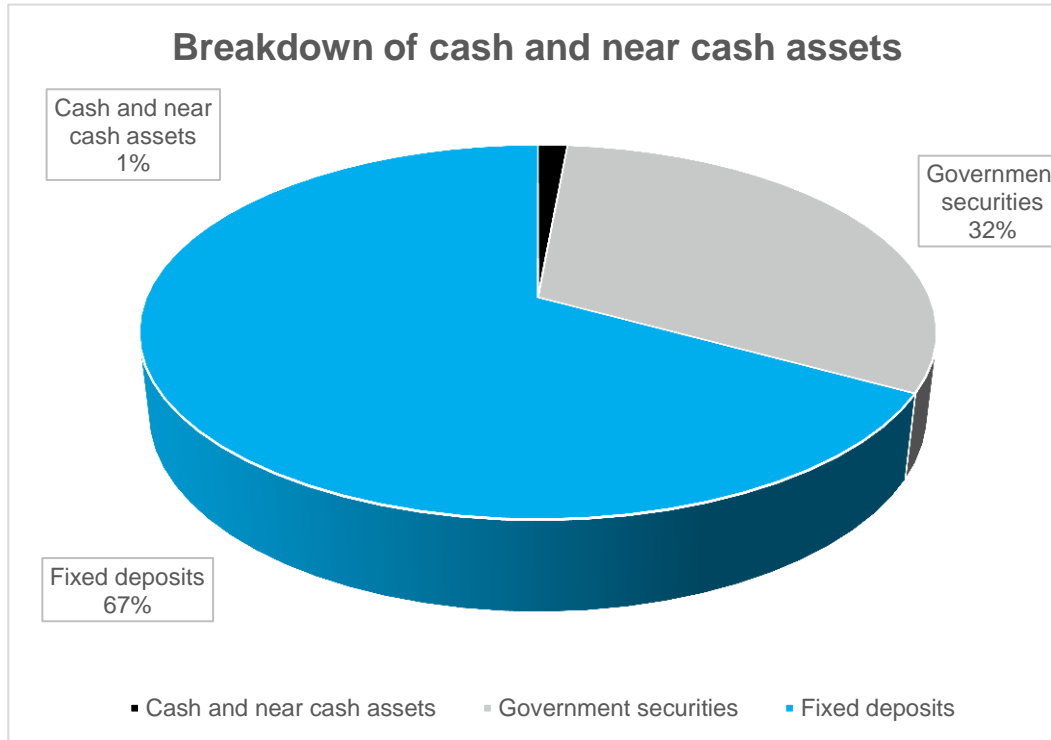
# Assets under management



**Assets under management**  
**Properties**  
**Cash and cash investments**  
**Total**

**KShs**  
2,435,000,000  
1,173,222,384  
**3,608,222,384**

# Cash and near cash assets



**Breakdown**  
**Cash and near cash assets**  
**Cash investments**  
**Total**

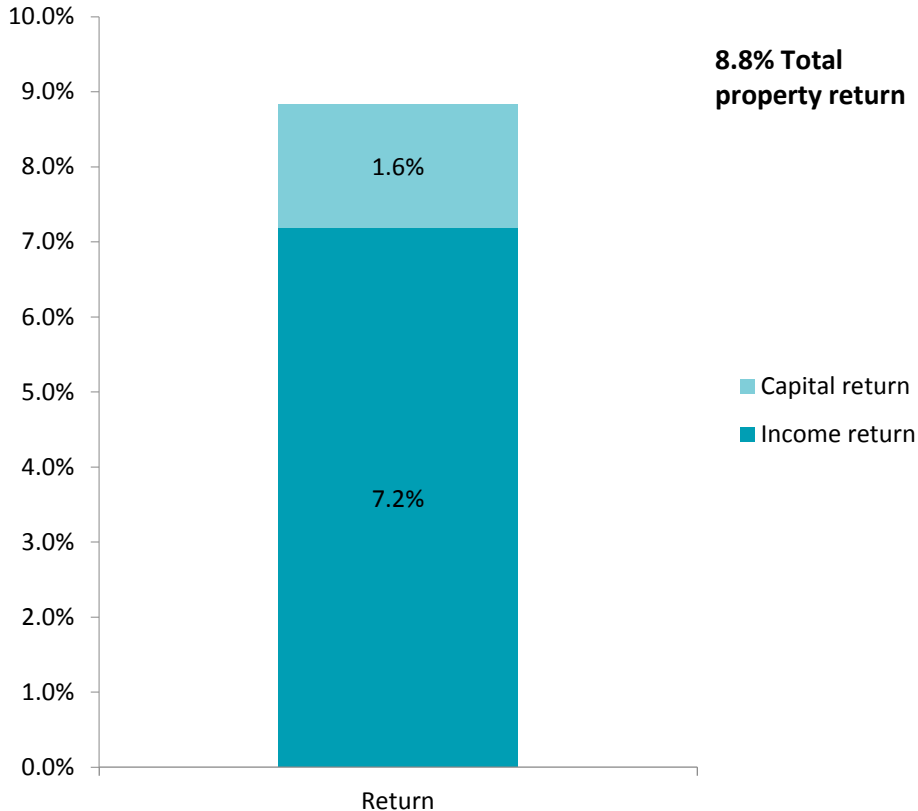
|                           | <b>KShs</b>          |
|---------------------------|----------------------|
| Cash and near cash assets | 440,186,650          |
| Cash investments          | 733,035,734          |
| <b>Total</b>              | <b>1,173,222,384</b> |

Performance Metrics



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# Property returns



## Capital return

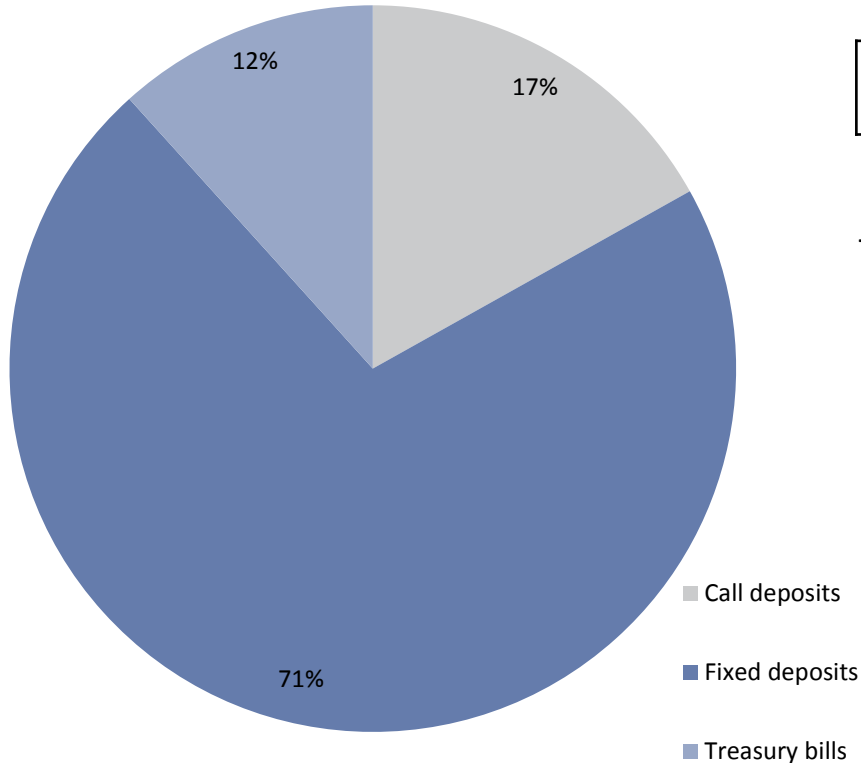
- Lower than expected capital appreciation due to
  - higher vacancies
  - conservative assumptions around renewals

## Income return

- Slightly lower than the expected income return due to unfavourable economic climate affecting mostly our retail tenants
  - Opportunity to re-jig the tenant mix in line with our property strategy by introducing stronger brands complementing existing businesses and improving foot traffic into our

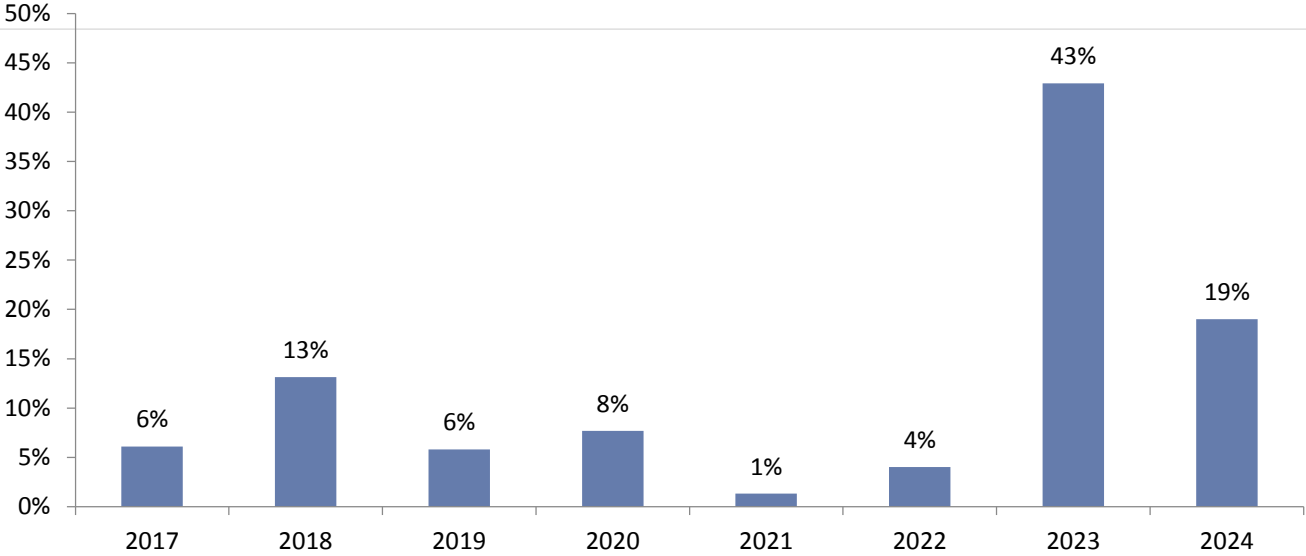


# Investment income return



| Investment income       |                    | Average interest rate |
|-------------------------|--------------------|-----------------------|
|                         | KShs               | %                     |
| Fixed and call deposits | 98 210 336         | 9.3%                  |
| Treasury bills          | 12 998 895         | 9.3%                  |
|                         | <b>111 209 231</b> | <b>9.2%</b>           |

# Lease expiry profile



Well spread lease expiry profile, with 62% only expiring 6 to 7 years from now

Looking ahead



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# Looking ahead

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- Managing vacancies
- Managing expenses
- Energy and water saving initiatives
- Managing rental debt to income ratios
- Lease audits
- Tenant deposits
- Regulatory engagements (tax)
- Building up scale

# Questions & Answers

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