

STANLIB Fahari I-REIT

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the First Annual General Meeting of the unit holders of the STANLIB Fahari I-REIT ("the REIT") will be held at The Auditorium, All Saints Cathedral, Kenyatta Avenue, Nairobi, Kenya on Thursday, 13 April 2017, commencing at 09:00am for the purpose of transacting the following business:

- To table the proxies and note the presence of a quorum.
- To read the notice convening the meeting.
- To receive the Annual Report and the Audited Annual Financial Statements for the thirteen-month period ended 31 December 2016.
- To note the first and final distribution for the thirteen-month period ended 31 December 2016, of KShs. 90,486,150 (KShs. 0.50 per unit in issue) as recommended by the REIT Manager and approved by the Trustee, to be paid by 30 April 2017 to unit holders who are on the register of members by close of business 31 March 2017.
- To note that KPMG continue as Auditors for the REIT.
- To approve, as a special resolution, the amendment of the Trust Deed at Clause 35 thereof to read as hereunder to facilitate the distribution of the Annual Report and notices to unitholders by electronic means including the display thereof on the Website of the REIT:

"35.1 Any notice or document required to be served upon or delivered to a holder shall be deemed to have been duly served if it is displayed on the website of the REIT or sent by electronic means of communication or is sent by post to or left at holder's address appearing in the register.

35.2 Any notice required to be served or information to be supplied or given to any other person, including the Authority, shall be in writing or in such other form as enables the recipient to know or to record the date of receipt and to preserve a legible copy of the notice.

35.3 Any notice or document served or delivered by post shall be deemed to have been served on the fourth day following that on which the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted; and any notice or document left at a registered address or served or delivered other than by post shall be deemed to have been served on the day it was so left or delivered, or sent or displayed, as the case may be."

BY ORDER OF THE TRUSTEE



Amos Mwita
Trustee Compliance Officer
The Co-operative Bank of Kenya Limited
P.O. Box 48231 - 00100
Nairobi, Kenya
Date: 23 March 2017

NOTE:

In accordance with Clause 34 of the STANLIB Fahari I-REIT Trust Deed a unitholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his behalf. The proxy need not be a unitholder of the REIT.

The Form of Proxy is attached to this Notice and may also be downloaded from the REIT's website www.stanlibfahariireit.com.

The duly completed Form of Proxy should reach CDSC Registrars not later than 48 hours before the time set for the meeting.

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF STANLIB FAHARI I-REIT

Opinion

The summary financial statements which comprise the summary consolidated statement of financial position at 31 December 2016, the summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the thirteen month period then ended, are derived from the audited consolidated financial statements of STANLIB Fahari I-REIT for the thirteen month period ended 31 December 2016.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with International Financial Reporting Standards and the Capital Markets (Real Estate Investment Trusts) (Collective Investments Schemes) Regulations, 2013 ("the Regulations").

Summary financial statements

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards and in the manner required by the Regulations. Therefore, reading the summary financial statements and the auditors' report thereon, is not a substitute for reading the audited consolidated financial statements and the auditors' report thereon. The summary financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 23 March 2017. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

REIT Manager's responsibility for the summary financial statements

The REIT Manager is responsible for the preparation of the summary financial statements in accordance with the Regulations.

Auditors' responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

The Engagement Partner responsible for the audit resulting in the independent auditors' report is CPA Jacob Gathecha - P/1610.



Date: 30 March 2017
KPMG Kenya
8th Floor, ABC Towers
ABC Place, Waiyaki Way
P.O. Box 40612
00100 Nairobi GPO

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRTEEN MONTH PERIOD ENDED 31 DECEMBER 2016

	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 expenses	(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)
Operating profit	129,374,616
Finance costs	(23,374,328)
Net profit for the period	106,000,288
Other comprehensive income	-
Total comprehensive income attributable to unitholders for the period	106,000,288
Basic earnings per unit (KShs)	0.59
Headline earnings per unit (KShs)	0.89
Supplementary information:	
Distributable earnings per unit (KShs)	0.54
Distribution per unit (KShs)	0.50

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	2016 KShs
ASSETS	
Non current assets	
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
	2,439,729,976
Current assets	
Investment securities	733,035,734
Trade and other receivables	102,059,051
Cash and cash equivalents	440,186,650
	1,275,281,435
TOTAL ASSETS	3,715,011,411
EQUITY & LIABILITIES	
Capital and reserves	
Trust capital	3,479,540,745
Revaluation reserve	8,000,000
Retained earnings	98,000,288
	3,585,541,033
Current liabilities	
Trade and other payables	124,435,477
Tax payable	5,034,901
	129,470,378
TOTAL EQUITY & LIABILITIES	3,715,011,411
Net asset value per unit	19.81

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRTEEN MONTH PERIOD ENDED 31 DECEMBER 2016

	2016 KShs
Cash flows from operating activities	
Cash generated from operations	106,812,692
Interest paid	(23,374,328)
Net cash inflow from operations	83,438,364
Cash flows from investing activities	
Acquisition of subsidiaries	(2,418,416,927)
Increase in investment securities	(733,035,734)
Net cash outflow from investing activities	(3,151,452,661)
Cash flows from financing activities	
Proceeds from issue of new units	3,619,446,000
Transaction costs for issue of new units	(139,905,255)
Net cash inflow from financing activities	3,479,540,745
Net movement in cash and cash equivalents	411,526,448
Cash and cash equivalents at acquisition of subsidiaries	28,660,202
Cash and cash equivalents at end of period	440,186,650

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRTEEN-MONTH PERIOD ENDED 31 DECEMBER 2016

	Trust capital KShs	Revaluation reserve KShs	Retained earnings KShs	Total KShs
2016 Balance at 26 November 2015	-	-	106,000,288	106,000,288
Net profit for the period	-	-	106,000,288	-
Transfer to non-distributable reserve	-	8,000,000	(8,000,000)	-
Transactions with owners of the REIT				
Issue of units	3,619,446,000	-	-	3,619,446,000
Transaction costs for issue of new units	(139,905,255)	-	-	(139,905,255)
Total transactions with owners of the REIT	3,479,540,745	-	-	3,479,540,745
Balance at 31 December 2016	3,479,540,745	8,000,000	98,000,288	3,585,541,033