

REITS ASSOCIATION OF KENYA (RAK)

(Under Formation)

The RAK
Quarterly
Newsletter

1st Edition, September 2017

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Message from the Chairman



Welcome to the inaugural edition of the quarterly REITS Association of Kenya Newsletter, which aims to update you on the new developments from the Association and REITS Industry.

After a period of market consultation and REITS regulations being published by CMA in 2013, the Real Estate Investment Trusts (REITS) was launched in October 2015. During the same ceremony, the Fahari I-REIT became the first REIT to be listed at the NSE.

REITS present themselves as the most efficient vehicles to invest in income earning property. From being liquid assets compared to direct property ownership, they are also tax efficient vehicles. REITS are exempted from the 30% Income tax, VAT on commercial property, stamp duty on transfer of property as well as Capital Gains Tax (CGT) on disposal of property.

Despite the massive potential that REITS have in the Kenyan Market, we still have one issuer listed to date. It is in realization of the various challenges facing REITS that the NSE came together with Kenya Property Developers Association (KPDA), Fund Managers Association (FMA) and other market players to form the REITS Association of Kenya (RAK). The main objectives of the Association include lobbying for policy incentives and market education among others. The Association currently has 13 members.

The Association is open for Corporates, Associations as well as individuals.

I invite all interested organizations to join this Association and together we will build the REITS industry in Kenya.

I would like to appreciate all our members and other stakeholders for their continued support.

We look forward to sharing our success, milestones and challenges in the REITS sector in the pages of the inaugural RAK Newsletter and subsequent quarterly issues.

Mr. Edward Kirathe
RAK Interim Chairman



Working with and for our members

“Promotion, branding and visibility for the REITS market”

REITs Association of Kenya is the voice of publicly traded Real Estate Investment Trusts and our mission is to promote, develop and represent the Kenya real estate sector.

We shall achieve this through the collective efforts of our members in various initiatives to grow and demystify the sector so as to attract more issuers and investors.

The tasks of RAK include (but are not limited to):

- Regular communication with all our stakeholders on the development in the REITS industry;
- Undertaking market development and research on REITS;
- Promoting Brand and visibility of the REITS Market;

- Organizing conferences that seek to address the various challenges faced by REITS and providing a networking platform for all stakeholders;
- To act as a common voice lobbying to the Government on behalf of all REITS stakeholders;
- Promotion of best practices, cohesion and strengthening of the industry;
- Improvement, growth and development of the general operating environment for REITS;
- Providing access to the best global resources and expertise for REITS; and
- Carrying out capacity development and conducting necessary trainings for the REITS market





Current Members of the Association include:

	Member	Membership category
1.	Fund Managers Association	Association
2.	Kenya Property Developers Association	Association
3.	MMC Africa	Corporate
4.	Viva Africa Consulting	Corporate
5.	Nairobi Securities Exchange	Corporate
6.	Cytonn Investments	Corporate
7.	Nabo Capital	Corporate
8.	Mboya Wangong'u & Waiyaki	Corporate
9.	Stanlib Kenya Limited	Corporate
10.	Acorn Holdings	Corporate
11.	Sterling Capital Limited	Corporate
12.	Kenya Association of Stockbrokers & Investment Banks	Association
13.	Novare Equity Partners	Corporate

Interim Officials Include:

1. Interim Chairman- Mr. Edward Kirathe, Acorn
2. Interim Vice Chairman- Mr. Kenneth Masika ,CEO Stanlib Fahari I-REIT
3. Interim Treasurer -Mr. Geoffrey Odundo, CEO NSE
4. Organizing Secretary-Ms. Lina Ng'inja, Ag. Business Development Director NSE



Update on registration

The Association has been registered under the name, REITS Association of Kenya. It is still under formation awaiting final clearance from some Government agencies.

Visit to Regulators

Over the months of June and July, RAK Committee paid courtesy visits to the following regulators: Capital Markets

Authority (CMA), Retirement Benefits Authority (RBA), Insurance Regulatory Authority (IRA) and Sacco Societies Regulatory Authority (SASRA).

All regulators pledged to support the Association

RAK Holds a REITS Consultative Breakfast



Stakeholders held a consultative breakfast event on 12th July, 2017 at the NSE trading floor. The event was a success, with over 40 participants from across the industry attending.

During the breakfast, Stanlib and Fusion shared the challenges they faced and the lessons learned as REITS Issuers. Some of these challenges will form a basis for the inaugural REITS Conference.

REITS Conference

The Association is planning to hold the inaugural conference in February 2018. The date was moved from this year to allow for sufficient time to source for speakers from other markets that have successfully developed the REITS Market. The 2 day conference will seek to address some of the key challenges facing REITS and educate the various stakeholders on REITS and how they worked in other jurisdictions.

Market Developments

Pension Assets can be invested in REITS.

In 2016, the Retirement Benefit Authority (RBA) amended the investment guidelines. The new investment guidelines provide for a 30% cap on REITS.

Indirect taxation of REITS and ABS

The Finance Act, 2017 which was assented into law on 21 June, 2017 clarified that assets transfers and other transactions related to the transfer of assets into Real Estates Investment Trusts ("REITs") and Asset Backed Securities ("ABS") are exempt from VAT. This is in line with the Government's policy to increase sources of financing for infrastructure projects by increasing the uptake of alternative infrastructure financing products. This exemption is meant to reduce the overall cost of setting up REITS and ABSs. The effective date is 3 April, 2017.

Contact us

Nairobi Securities Exchange (RAK Interim Secretariat)

commercial@nse.co.ke

Phone: +254 20 2831000