

NEWS BUSINESS

FRESH CAPITAL

**Britam shareholders approve sale of 10.37% stake to IFC for Sh3.55 billion**

**STAR CORRESPONDENT** / Shareholders of Britam Holdings on Friday approved the sale of 10.37 per cent stake to International Finance Corporation, the World Bank Group's private investment and lending arm, for Sh3.55 billion. The deal, first made public on January 2, was approved at an extraordinary general meeting. It will see the IFC buy 224,187,697 million ordinary shares of Britam at Sh15.85 per share. The transaction, which has been approved by the Capital Markets Authority and the Insurance Regulatory Authority, will be completed between April and June, Britam said. The deal is IFC's largest single investment in insurance sector in sub-Saharan Africa, underlining its confidence in Britam's long-term strategy. Group managing director Benson Wairegi said the investment makes IFC a strategic partner in Britam's business.

RENTAL INCOME

**Fahari I-REIT posts Sh106m net profit in 13 months following 2015 NSE listing**

**PAULETTE MBOGA** / Stanlib-owned Fahari I-Reit reported on Friday net profit for 13 months through December 2016 reached Sh106 million following its listing on the Nairobi Securities Exchange in November 2015. The Real estate investment trust is the first of its kind in East Africa. Revenue from rental and related income hit Sh248.5 million. The Reit has invested in three seed properties in Nairobi. They are Greenspan Mall, Bay Holdings and Signature International at a consolidated cost of Sh2.4 billion. Fahari I-Reit CEO Kenneth Masika said distributable earnings stood at Sh98 million. He said there were plans for greater engagement with stakeholders, investors and the general public to increase awareness on investing in the I-Reit. "We intend to undertake this predominantly through roadshows and various media activities," he told an investor briefing.



**EXPERT COMMENT**  
**ANDREA BOHNSTEDT**

*Parents should encourage the kids to read*

I'm petty, that's no secret, and particularly petty about spelling (petty, not infallible, in case you plan to send me a gloating email about the typo you will find in this column). Most of the Focus Group (aka Facebook friends) know better than to wholesale skip the use of vowels when they write on my page, and some have privately confessed of always being a little terrified when they do so.

So this is something I obviously feel strongly about, but it's not just because of the importance of Doing Things Properly. And this brings me smoothly to my annual column on this subject: good people, get your kids to read! You may or may not watch the 'xaxa' generation in horror (what do I know? Maybe you're a notorious vowel skipper yourself. I don't know your life). But if your kids don't read – and I mean read for fun – then you're doing them no favour.

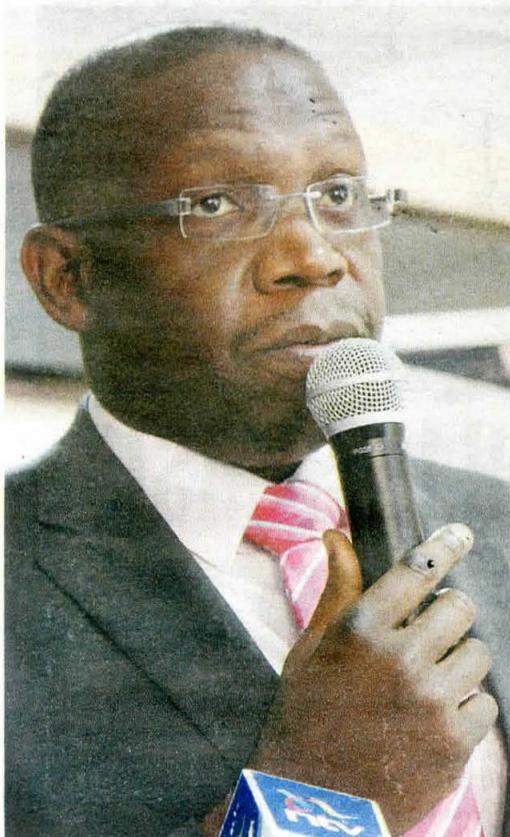
I've been supporting StoryMoja and their annual Litfest for a few years now. The idea behind the festival was to encourage people to read more beyond slogging through text books in school and some motivational triteness later. The Litfest has been running for a few years (and went to Ghana last year, in case you missed it). StoryMoja run another excellent initiative, the Start a Library programme. Under this, more than 100 libraries have been set up in schools to give kids access to books: reading material just for fun.

Many of these new libraries are in Nairobi and Mombasa, but the team works hard to move beyond the main cities. They have managed to engage a couple of counties, but progress is sluggish, and they found an odd obstacle: when talking to county executives, they were told that fiction reading wasn't really for poor kids. This was, they conveyed, very much seen as an activity for middle class kids – kids who 'eat ice cream'. A luxury, not part of what a child should have as part of its education.

This was a little baffling for the StoryMoja team, and they now plan to do an impact study to show that children who read for fun regularly will do better in school. Of course this isn't exactly news: there are lots of studies from around the world that will show you just this. But in the meantime their vocabulary, abstract thinking skills, empathy, and yes, their school performance, will benefit from this. If you're a CEO and going nuts over what your young recruits produce in writing, find StoryMoja and offer to sponsor a library. This is actually an education and economy issue!

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BEAR MARKET



NSE CEO Geoffrey Odundo at the end year press briefing in Nairobi on November 23, 2016 / ENOS TECHE

Today's Market Watch

| Quantity | Bid Price | Ask Quantity | Ask Price | Previous Closing | Trade Price | Net Change |
|----------|-----------|--------------|-----------|------------------|-------------|------------|
| 0        | 0.00      |              | 0.00      | 29.75            | 30.00       | -0.25      |
| 9400     | 3.55      |              | 0.00      | 3.60             | 3.90        | 0.30       |
| 900      | 10.00     |              | 10.50     | 11.00            | 10.10       | -0.90      |
| 0        | 0.00      |              | 0.00      | 6.10             | 6.25        | 0.15       |
| 200      | 350.00    |              | 0.00      | 352.00           | 369.00      | 17.00      |
| 200      | 736.00    |              | 800.00    | 780.00           | 710.00      | -70.00     |
| 0        | 0.00      |              | 0.00      | 4.10             | 4.40        | 0.30       |
| 0        | 0.00      |              | 0.00      | 32.00            | 27.50       | -4.50      |
| 0        | 0.00      |              | 18.95     | 18.95            | 18.35       | -0.60      |
| 28000    | 61.00     | 1            | 66.00     | 61.00            | 61.50       | 0.50       |

An investor follows shares transactions at the Nairobi Securities Exchange's trading floor in Nairobi on January 13, 2016 / FILE

# Dip in trade on Nairobi bourse hurts returns for shareholders

NSE's profit after tax for 12 months through December 2016, audited financial performance statement shows, fell to Sh183.96 million from Sh305.69 million in 2015

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Self-listed Nairobi Securities Exchange has proposed to cut dividend payout as much as 44.90 per cent after full-year profit for 2016 dropped by 39.82 per cent.

Shareholders on NSE books by May 26 will as a result get Sh0.27 dividend per unit in July from Sh0.49 a year earlier subject to approval at an annual general meeting set for May 26.

NSE profit after taxation for 12 months through December 2016, audited financial performance statement showed late Thursday, fell to Sh183.96 million from Sh305.69 million in 2015.

"The above results not withstand-

ing, the directors recommend to increase the dividend payout ratio by 8.5 per cent to 40 per cent [compared with 31.5 per cent] and hence the payment of a first and final dividend for the year 2016 of Sh0.27 per ordinary share [compared with Sh 0.49 per ordinary share," NSE said in a statement.

The drop in net earnings was expected following a dip in trading activities on the bourse which account for about 53 per cent of revenue streams on the Nairobi bourse. NSE had issued a profit warning on November 23, blaming "challenging operating environment both locally and internationally". Local challenges included erosion of share values at the NSE due to sell-off, which was exacerbated by interest rate cap law in September which saw investors exit banking

stocks because of expected reduction in profit margins, NSE CEO Geoffrey Odundo said on November 23. Before the rate cap, banks accounted for 42 of market value of the NSE.

Investor sentiment in 2016 was also hit by the June 23 successful referendum vote by Britain to exit the 28-member European Union block, and the shock election of billionaire businessman Donald Trump as US president earlier on November 8.

NSE said its revenue in 2016 fell by 20.60 per cent to Sh527.16 million for the period ended December 31 from Sh663.90 million it posted 12 months earlier. The company attributed the decline to a 15 per cent reduction in equity trading volumes, which contracted to Sh5.8 billion from Sh6.8 billion the year before.

"The company remains committed to ensuring shareholder value through continuous product innovation and technology enhancements," the company said in its outlook for 2017. "In the course of the year, we will broaden our product offerings through introduction of products geared towards matching the needs of our investors such as Exchange Traded Funds, derivatives contracts and global depository receipts."

The NSE said it was banking on "enhanced legislative environment geared towards increasing liquidity which has seen the introduction of a market making framework and securities lending and borrowing regulations". The regulations are expected to be effected in the course of the year.