

STAKEHOLDER STATEMENT ON CENTUM INVESTMENT COMPANY PLC ('CICP') INVESTMENT IN CENTUM REAL ESTATE LIMITED ('CENTUM RE')

Centum Real Estate Limited ("Centum RE" or the "Company") is the holding company of Vipingo Development Limited ('VDL'), Pearl Marina Estates Limited ('PMEL') in Entebbe, Uganda, Centum Development Kenya Limited ('CDKL') and Uhuru Heights Limited ('UHL'). VDL and PMEL are large mixed-use developments selling both development rights and residential infill developments on their land. CDKL and UHL are primarily homes developers in Nairobi.

The Company has an asset base of KES 40 billion and has a low gearing level, at 17% debt-to-assets ratio. Centum RE is currently constructing 2,061 homes across 11 projects in Kenya and Uganda, of which 67% with a total sales value of KES 12.1 billion have been pre-sold. Between October 2020 and July 2021, we have delivered three projects in Kenya and Uganda. We have also to date completed development rights sales worth KES 4.5 billion across our sites.

In 2020, Centum RE received an investment grade credit rating. It is the only real estate company in East Africa to have issued a listed bond at the Nairobi Securities Exchange. The Company is now self-financing and has demonstrated through this capital market transaction and other fundraising activities that it is able to raise financing on its own.

The consolidated business is governed by an independent Board of Directors and has its own management team. Centum Investment Company PLC (CICP) owns a 100% of Centum RE. CICP is however not involved in the day-to-day management of its portfolio companies and neither do they rely on CICP for funding. Centum RE is no exception to this operating model.

Centum RE is one of the more successful investments in CICP's portfolio. This success is reflected both in cumulative cash returns to CICP and growth in valuation. Owing to this value appreciation over the years, Centum RE's value on the balance sheet of CICP is disproportionate, as it accounts for 45% of CICP's asset base which is above the single asset limit exposure defined in CICP's asset allocation policy. In accordance with CICP Asset Allocation Policy, Centum may seek to reduce its interest in Centum RE over the next 3 years of the Centum 4.0 strategy period to rebalance its investment portfolio in compliance with its policy. CICP intends to do so by bringing on board a significant minority investor, who can add value to Centum RE. Bringing on board another investor is consistent with CICP's business model of building invest-grade assets that can attract third party capital. Indeed, Centum RE is the only significant portfolio company in CICP stable that it owns 100%. We do not anticipate this shareholder transaction, when and if it happens, to have any impact on the operations of Centum RE.

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Managing Director
September 2021
www.centumre.co.ke