

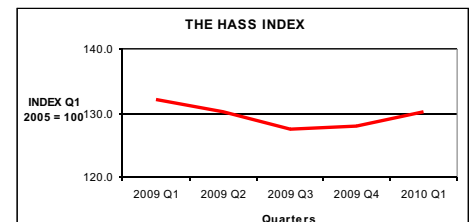
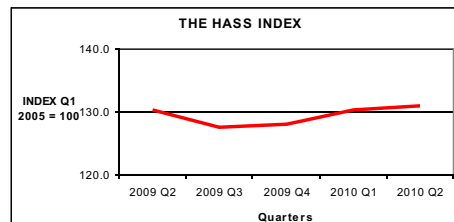
QUARTER TWO REPORT 2010

Selling prices creep upwards in solid housing market

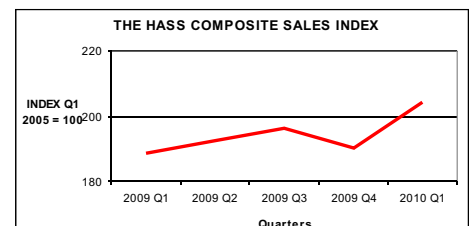
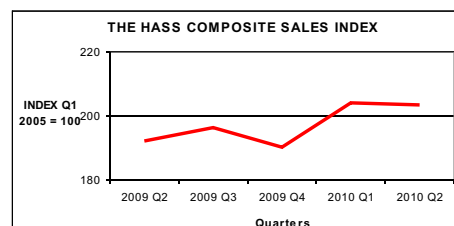
- A third consecutive quarter of selling price stability, in a market looking increasingly solid, after small dip in 2009
- Few gains from the 7.4% jump in asking prices in first quarter
- The gap between asking and selling prices narrowed in Q2: asking prices fell 0.5% as selling prices rose 0.4%
- The market is not responding to ambitious sales pricing, but instead creeping upwards only steadily
- However, the market's resilience is in sharp contrast to international property markets
- The Kenyan market has survived local and international recession unscathed
- Special Report: capitals gains from Kenyan properties far outstrip gains from US and UK properties
- Rents stay flat: returns for landlords unlikely to return to past levels

Key Points:

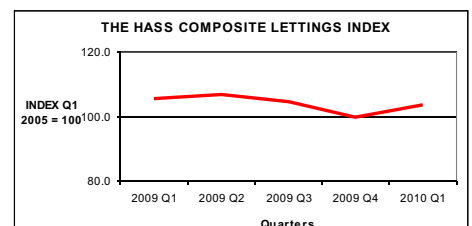
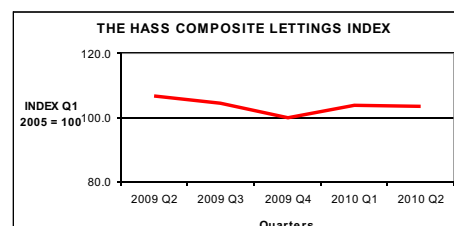
THE HASS PROPERTY INDEX YEAR TO Q2 & YEAR TO Q1



THE HASS COMPOSITE SALES INDEX YEAR TO Q2 & YEAR TO Q1



THE HASS COMPOSITE LETTINGS INDEX YEAR TO Q2 & YEAR TO Q1



HEADLINES - HASS PROPERTY INDEX	Q2 2010	Q1 2010
Average Price	Kshs. 20,536,327	Kshs. 20,433,762
Quarterly % Change	+0.5 %	+1.8 %

HEADLINES - HASS COMPOSITE SALES INDEX	Q2 2010	Q1 2010
Average Price	Kshs. 20,836,364	Kshs. 20,927,083
Quarterly % Change	-0.4 %	+7.4 %

HEADLINES - HASS COMPOSITE LETTINGS INDEX	Q2 2010	Q1 2010
Average Price	Kshs. 165,404	Kshs. 165,720
Quarterly % Change	-0.2 %	+3.8 %

Hass today unveils the second quarter results for housing prices and for rentals, as well as a special report on capital gains in the Kenyan residential property market, compared to the US and UK.

The results give a clear picture of a market that has remained resilient throughout the double knock of both domestic and international recession.

The asking prices for townhouses and apartments in Nairobi fell very slightly in the second quarter, by 0.4 per cent, after a surge of 7.4 per cent in the first quarter.

However selling prices the price at which properties were actually sold - showed a third consecutive marginal gain, up 0.5 per cent, following a 1.8 per cent gain in the first quarter, and a 0.4 per cent gain in the final quarter of 2009.

The continuing nudge upwards of selling prices suggest the market is now unlikely to suffer any marked downturn in prices in the near future, with economic growth now picking up, buying activity improved, and some spots of competition for properties.

We also issue a special report, in association with property information specialists, PropertyLeo, showing the growth in house prices in each of Kenya, the UK and the US since 2005, including the impact of exchange rate movements.

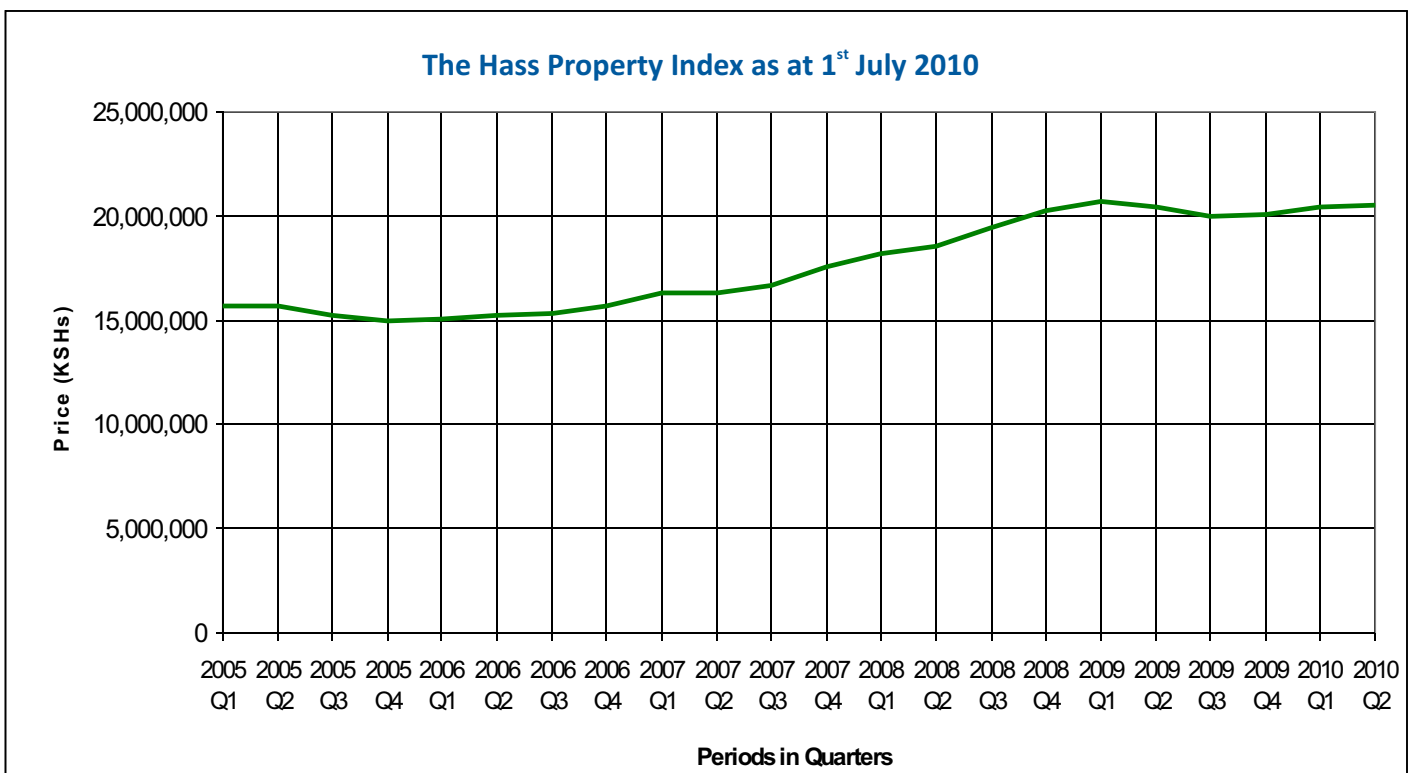
All international housing prices have now stabilised, suggesting a completion of the price adjustment cycle caused by over-indebtedness in the western markets. However, slower growth and the sharp price falls in both the US and UK, has seen Kenya emerge as a clear winner as an international property investment.

Despite the double impact of a domestic recession brought on by post-election violence and food shortages, as well as the world financial crisis, the Kenyan market remained absolutely robust, never faltering, and now showing all signs of a return to some measured price growth.

In a now solid and stable Kenyan market, the balance continues to shift away from cash-financed property purchasing, significantly by landlords for rental, towards mortgage-financed purchasing by professional classes moving from rented accommodation to home ownership.

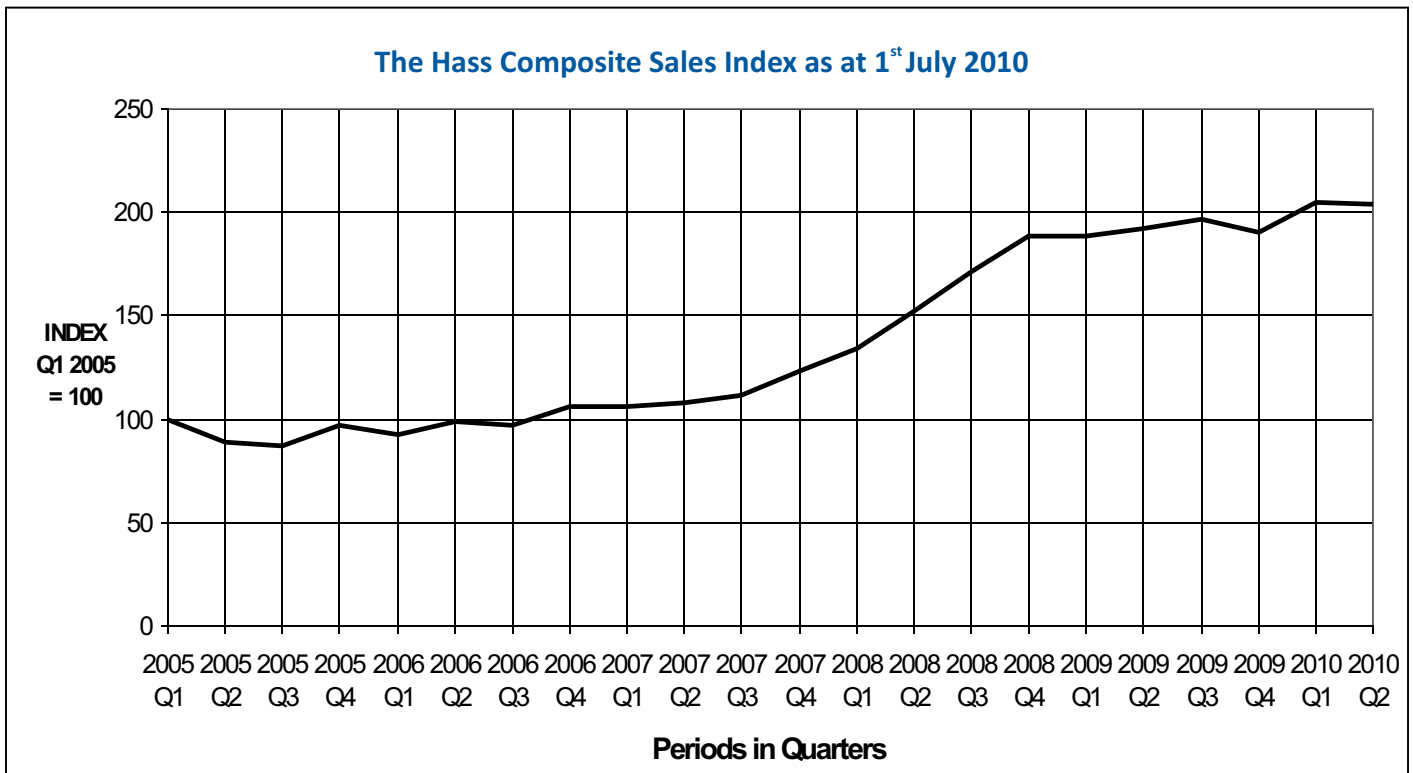
The impact of new partnerships in housing finance and more innovative mortgage offerings continues to be felt at the sales desk.

Meanwhile, rental prices remained flat again in the second quarter, with the arrival of ample new supply, and some tenants converting to home ownership. We anticipate some subdued rent price rises ahead, but almost certainly at permanently reduced rental yields.



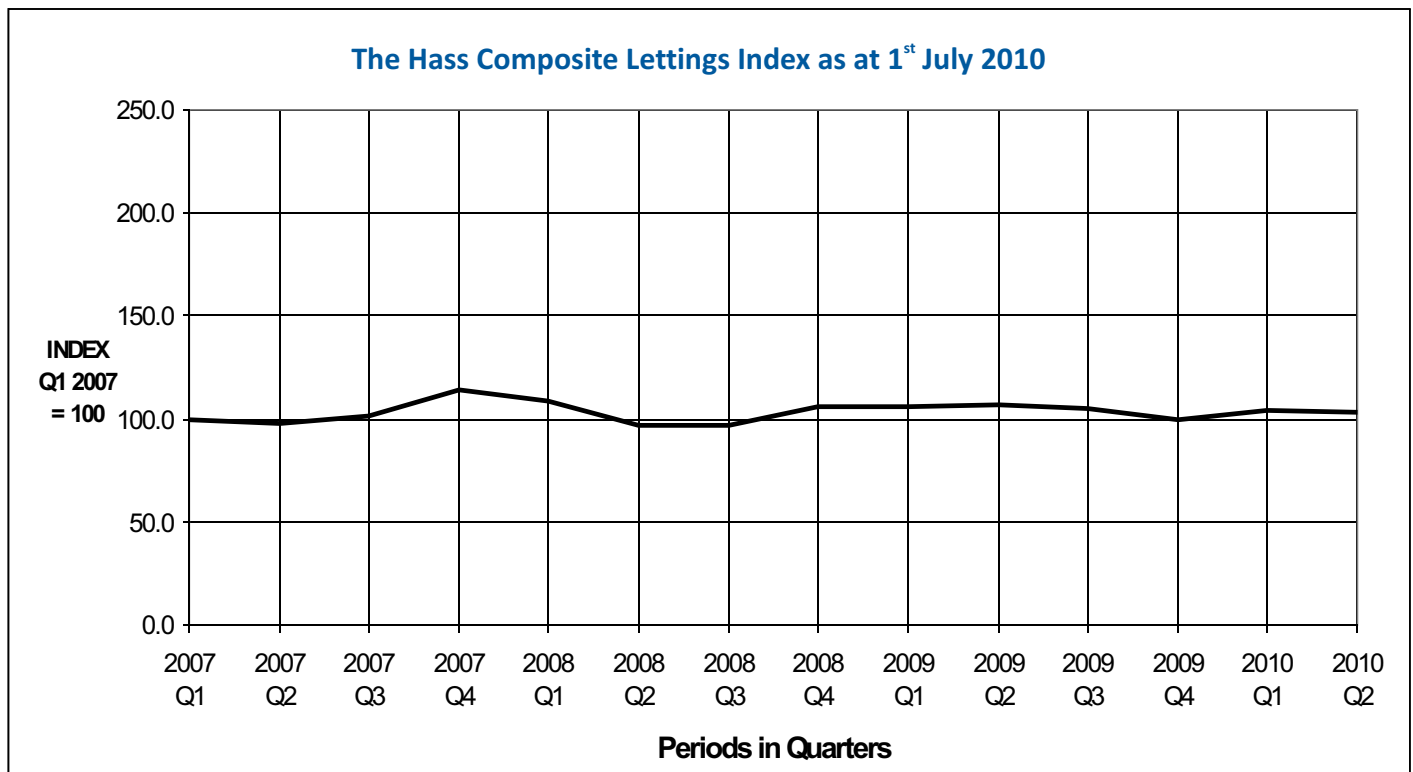
Figures represent middle and upper sector of the Kenyan Real Estate market only

Note: Index represents pure prices changes for an average middle/upper income Kenyan house, which does not actually exist.



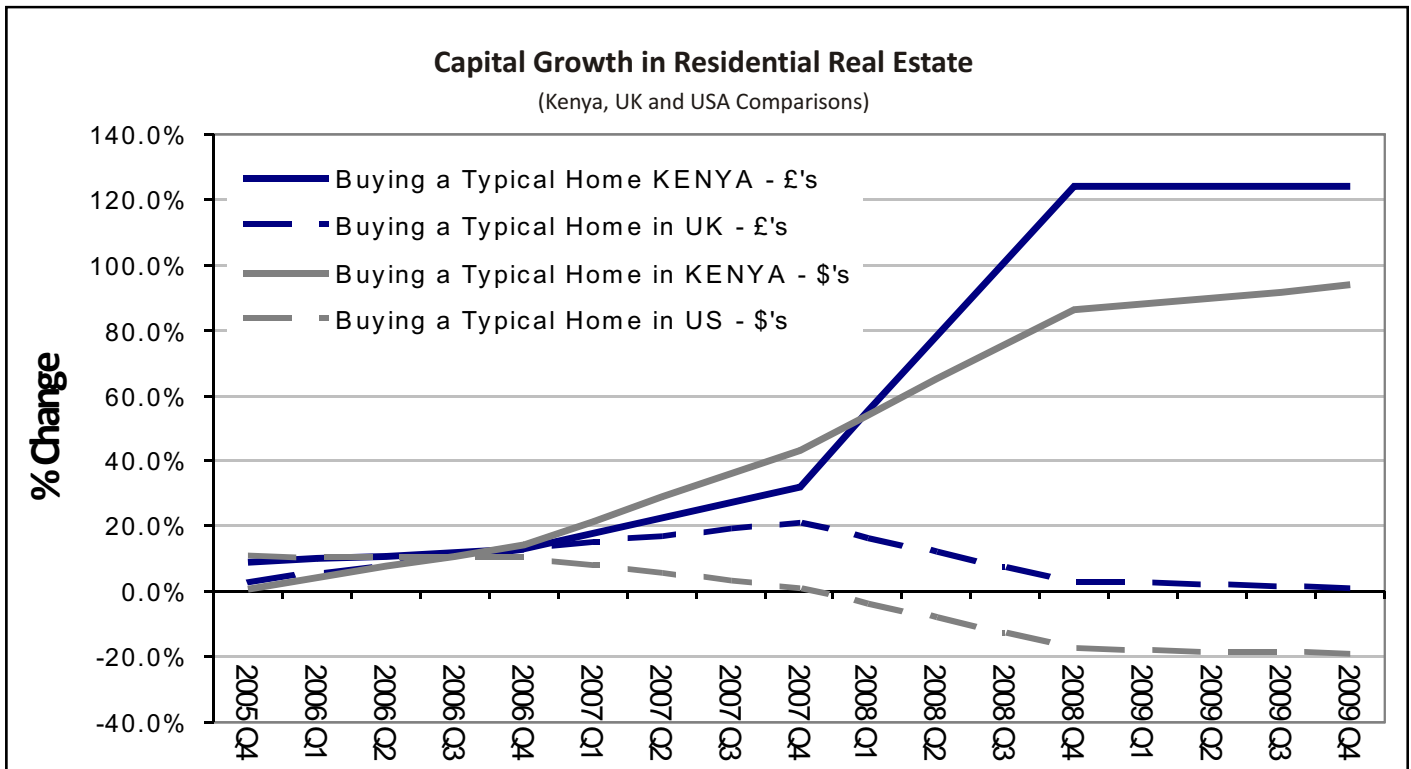
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Note: Comparative house price growth adjusted for inflation and exchange rate movements.