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## **DEACONS (EAST AFRICA) PLC**

### **PROFIT WARNING**

This announcement is made by Deacons (East Africa) PLC, (the "Company") pursuant to Regulation G.05 (1) (f) & (2) of the Fifth Schedule to the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002.

The Board of Directors (the "Board") of the Company wishes to inform the shareholders of the Company and potential investors that based on preliminary assessment of the audited management accounts, the 2017 full year earnings of the Company are expected to decrease by more than 25% compared with the year ended 31 December 2016.

The expected decrease is mainly attributable to;

- 1) the uncertainties that were brought about by the presidential elections in Kenya during the second half period of 2017 which resulted to decreased consumer demand and spending;
- 2) the non-performance and closure of some branches of major anchor tenants in several shopping malls which reduced traffic into the shopping malls;
- 3) the prolonged drought that was experienced in the Country in 2017 which led to increased inflationary pressure and a reduction in disposable income, coupled with the lack of consumer credit from the banks, that had a direct impact on customer shopping trends; and
- 4) the increased availability of retail space which has cannibalized the market thus leading to a decrease in foot traffic into all malls.

This announcement is based solely on the Company's preliminary assessment of the expected financial results for the year 2017.

By Order of the Board

A handwritten signature in black ink, appearing to read "J L G Maonga", is written over a horizontal line.

J L G Maonga  
**COMPANY SECRETARY**

9 January 2018