

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2022 (KShs)	2021 (KShs)
Revenue		336,820,221	265,670,496
Rental and related income		354,291,682	297,549,052
Straight-lining of lease income		(17,471,461)	(31,878,556)
Other income		31,021,470	33,972,521
Interest income		31,021,470	25,664,245
Sundry income		-	8,308,276
Operating expenses		(243,364,633)	(229,548,302)
Property expenses		(131,271,761)	(122,048,628)
Fund operating expenses		(112,092,872)	(107,499,674)
Decrease in fair value of investment property		(152,840,649)	(194,045,725)
Fair value adjustment to investment property		(170,312,110)	(225,924,281)
Straight-lining of lease income		17,471,461	31,878,556
Net loss for the year		(28,363,591)	(123,951,010)
Other comprehensive income		-	-
Total comprehensive income attributable to unit holders for the year		(28,363,591)	(123,951,010)
Basic earnings per unit (KShs)	1	(0.16)	(0.68)
Headline earnings per unit (KShs)	1	0.69	0.39
Supplementary information			
Distributable earnings per unit (KShs)	1	0.78	0.56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2022 (KShs)	2021 (KShs)
ASSETS		
Non-current assets		
Investment property	2,918,200,000	3,258,000,000
Fair value of investment property for accounting purposes	2,871,751,305	3,194,079,844
Straight-line lease adjustment	46,448,695	63,920,156
Property and equipment	34,620,979	13,272,024
	2,952,820,979	3,271,272,024
Current assets		
Investment property reclassified as held for sale	200,400,000	-
Investment securities	287,049,120	246,686,432
Trade and other receivables	85,385,530	74,273,158
Cash and cash equivalents	89,908,591	120,294,160
	662,743,241	441,253,750
Total assets	3,615,564,220	3,712,525,774
EQUITY & LIABILITIES		
Capital and reserves		
Trust capital	3,479,540,745	3,479,540,745
Fair value reserve	(255,818,907)	(85,506,797)
Retained earnings	200,632,768	149,170,399
	3,424,354,606	3,543,204,347
Current liabilities		
Trade and other payables	191,209,614	169,321,427
Total equity & liabilities	3,615,564,220	3,712,525,774
Net asset value per unit	18.92	19.58

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Trust capital (KShs)	Revaluation reserve (KShs)	Retained earnings (KShs)	Total (KShs)
2022				
Balance at 1 January 2022	3,479,540,745	(85,506,797)	149,170,399	3,543,204,347
Total comprehensive income				
Loss for the year	-	-	(28,363,591)	(28,363,591)
Transfer to non-distributable reserve	-	(170,312,110)	170,312,110	-
Transactions with owners of the REIT				
Distribution	-	-	(90,486,150)	(90,486,150)
Balance at 31 December 2022	3,479,540,745	(255,818,907)	200,632,768	3,424,354,606
2021				
Balance at 1 January 2021	3,479,540,745	140,417,484	155,780,508	3,775,738,737
Total comprehensive income				
Net profit for the year	-	-	(123,951,010)	(123,951,010)
Transfer to non-distributable reserve	-	(225,924,281)	225,924,281	-
Transactions with owners of the REIT				
Distribution	-	-	(108,583,380)	(108,583,380)
Balance at 31 December 2021	3,479,540,745	(85,506,797)	149,170,399	3,543,204,347

CONSOLIDATED STATEMENT OF CASH FLOWS

	2022 (KShs)	2021 (KShs)
Cash flows from operating activities		
Cash generated from operations	153,939,334	129,878,000
Net cash inflow from operating activities	153,939,334	129,878,000
Cash flows from investing activities		
Additions to investment property	(30,912,110)	(2,524,282)
Additions to property and equipment	(22,563,955)	-
Net increase in term deposits	(40,362,688)	(96,248,734)
Net cash used in investing activities	(93,838,753)	(98,773,016)
Cash flows from financing activities		
Distribution paid	(90,486,150)	(108,583,380)
Net cash outflow from financing activities	(90,486,150)	(108,583,380)
Net movement in cash and cash equivalents	(30,385,569)	(77,478,396)
Cash and cash equivalents at beginning of year	120,294,160	197,772,556
Cash and cash equivalents at end of year	89,908,591	120,294,160

NOTES

1 Basic and headline earnings

Basic earnings - comprehensive income attributable to unitholders for the period

Adjusted for:

Fair value adjustment to investment property (including straight-line lease accrual movement)

Headline earnings

Adjusted for:

Straight-line lease accrual movement

Distributable earnings

Distributable earnings per unit (KShs)

Basic earnings per unit (KShs)

Headline earnings per unit (KShs)

Weighted average units in issue (units)

Units in issue at the end of the period (units)

COMMENTARY

1. Basis for preparation

The audited condensed consolidated financial statements of ILAM Fahari I-REIT ("the REIT") for the year ended 31st December 2022 have been prepared in accordance with the requirements of International Financial Reporting Standard (IFRS), the Capital Markets (Real Estate Investment Trusts) (Collective Investment Schemes) Regulations, 2013. The consolidated financial statements for the year ended 31st December 2022 were audited by KPMG Kenya and received an unqualified audit opinion. These will be available on the REIT's website as detailed in Note 5 below.

2. Business review

Net earnings improved significantly to a loss of KShs 28.4 mln in 2022 (2021: Loss of KShs 124.0 mln). The improved performance was mainly attributable to the increase in rental income resulting from the contribution of the anchor tenant at Greenspan Mall for the full year under review. Distributable earnings increased by 39% to KShs. 141.9 million compared to KShs. 102.0 million in the comparative period. This was mainly due to the aforementioned contribution from the anchor tenant at Greenspan Mall for the full year under review compared to five months in the comparative period.

-Rental income increased by 19% mainly for the reason mentioned above. The growth is also attributable to rent escalations in line with lease agreements.

-Property expenses increased by 8% mainly due to the cost of major refurbishment works undertaken at Greenspan Mall.

-Fund operation expenses increased by 4% mainly due to the expenses incurred towards the implementation of the new strategy.

3. Distribution

The REIT Manager has recommended and the Trustee has approved a first and final distribution of KShs. 117,631,995 in relation to the year ended 31st December 2022 (2021: KShs. 90,486,150) subject to unitholder approval at the annual general meeting scheduled for 24th April 2023. The distribution amounts to 65 cents per unit (2021: 50 cents per unit) and is payable by no later than 30th April 2023 to the unitholders on the register of members by close of business 6th April 2023.

4. Update on the strategic review and the Annual General Meeting (AGM)

On 24th March 2022, the Board of the REIT Manager together with the REIT Trustee issued a cautionary statement regarding a strategic review undertaken which, if approved and implemented, may involve an operational restructuring of the REIT. The process is subject to, inter alia, regulatory and unitholders' approvals. The Capital Markets Authority (CMA) has been engaged on the process. A detailed announcement including all the relevant information on the proposed process will be made available on the REIT's website, www.ilamfahariireit.com once approval is received from the CMA. Due to the aforementioned, the AGM for the financial year ended December 2021 was not held in April 2022, and is expected to take place in April 2023 together with the AGM for the financial year ended December 2022.

5. Disposal of non-core assets

In line with the strategic initiative mentioned above, the REIT Manager, with the approval of the Trustee, is in the process of disposing non-core assets within the property portfolio. More details on the disposal will be provided during the Seventh Annual General Meeting scheduled for 24th April 2023.

6. Website information

The REIT Manager's annual report and audited financial statements will be available on the ILAM Fahari I-REIT website at www.ilamfahariireit.com from 31st March 2023.

Approval of the financial statements

The financial statements were approved for issue by the Trustee and the Board of the REIT Manager on 28th March 2023 and signed on their behalf by:

Andrew Ndegwa: Chairman, ICEA LION Asset Management Limited.

Einstein Kihanda: Chief Executive Officer, ICEA LION Asset Management Limited.

Henry Karanja: Trustee Compliance Officer, The Co-operative Bank of Kenya Limited.

Notice is hereby given that the Sixth Annual General Meeting (AGM) of the unitholders of the ILAM Fahari I-REIT ("REIT") will be held virtually on Monday, 24th April 2023, commencing at 10:00 am for the purpose of transacting the business as set out below:

AGENDA:

1. To read the notice convening the meeting and determine if a quorum is present.
2. To receive the Annual Report and the Audited Annual Financial Statements for the year ended 31st December 2021.
3. To note and ratify the first and final distribution for the year ended 31st December 2021, of KShs. 90,486,150 (50 cents per unit in issue) as recommended by the REIT Manager and approved by the Trustee. The distribution was paid to unitholders by 30th April 2022 in line with the REITs regulations.
4. To note that KPMG continue as Auditors for the REIT.
5. To transact any other business which may be properly transacted at an Annual General Meeting of the REIT unitholders.

BY ORDER OF THE TRUSTEE

Lucy Muthama
For Trustee Company Secretary
The Co-operative Bank of Kenya Limited
P.O. Box 48231 – 00100
Nairobi, Kenya

Date: 28th March 2023

NOTE:

1. The Form of Proxy will be available on the ILAM Fahari I-REIT website at www.ilamfahariireit.com from 31st March 2023.
2. The duly completed Form of Proxy should reach the REIT Manager no later than 48 hours before the time set for the meeting.
3. Any unitholder wishing to participate in the meeting should register using either of the following:
 - **Through the web portal** - By logging onto <https://escrowagm.com/ilam2021/login.aspx> and filling in the registration form. In order to complete the registration process, the unitholder will need to have their ID/Passport Numbers that were used to purchase their units and/or their CDSC or Share Account Number at hand.
 - **Unstructured Supplementary Service Data (USSD)** - By dialing *483*560# and following the prompts. In order to complete the registration process, unitholders will need to have their ID/Passport Numbers that were used to purchase their units and/or their CDSC or Share Account Number at hand.
4. For assistance unitholders should dial the following helpline number: (+254) 710 888 000 or send an email to ilamreit@icealion.com between 9:00 a.m. to 4:00 p.m. from Monday to Friday.

Notice is hereby given that the Seventh Annual General Meeting (AGM) of the unitholders of the ILAM Fahari I-REIT ("REIT") will be held virtually on Monday, 24th April 2023, commencing at 1:00pm for the purpose of transacting the business as set out below:

AGENDA:

1. To read the notice convening the meeting and determine if a quorum is present.
2. To receive, consider and if thought fit, adopt the Annual Report and the Audited Annual Financial Statements for the year ended 31st December 2022.
3. To note and ratify the first and final distribution for the year ended 31st December 2022, of KShs. 117,631,995 (65 cents per unit in issue) as recommended by the REIT Manager and approved by the Trustee. The distribution will be paid to unitholders by 30th April 2023 in line with the REITs regulations.
4. To note that KPMG continue as Auditors for the REIT.
5. To note that the REIT Manager is in the process of disposing non-core assets in line with the strategic review undertaken and approved by the Trustee.
6. To transact any other business which may be properly transacted at an Annual General Meeting of the REIT unitholders.

BY ORDER OF THE TRUSTEE

Lucy Muthama
For Trustee Company Secretary
The Co-operative Bank of Kenya Limited
P.O. Box 48231 – 00100
Nairobi, Kenya

Date: 28th March 2023

NOTE:

1. The Form of Proxy will be available on the ILAM Fahari I-REIT website at www.ilamfahariireit.com from 31st March 2023.
2. The duly completed Form of Proxy should reach the REIT Manager no later than 48 hours before the time set for the meeting.
3. Any unitholder wishing to participate in the meeting should register using either of the following:
 - **Through the web portal** - By logging onto <https://escrowagm.com/ilam2022/Login.aspx> and filling in the registration form. In order to complete the registration process, the unitholder will need to have their ID/Passport Numbers that were used to purchase their units and/or their CDSC or Share Account Number at hand.
 - **Unstructured Supplementary Service Data (USSD)** - By dialing *483*560# and following the prompts. In order to complete the registration process, unitholders will need to have their ID/Passport Numbers that were used to purchase their units and/or their CDSC or Share Account Number at hand.
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