

**MINUTES OF THE FOURTH ANNUAL GENERAL MEETING OF THE UNITHOLDERS OF THE ILAM FAHARI I-REIT (FORMERLY STANLIB FAHARI I-REIT) HELD VIRTUALLY VIA CDSC REGISTRARS LIMITED'S PLATFORM ON THURSDAY 20<sup>th</sup> AUGUST 2020 AT 10:00 AM.**

**PRESENT:**

**Representing the Trustee:**

Ms. Lydia Rono	-Chairman
Ms. Caroline W. Karimi	-Trustee
Mr. Samuel Kibugi	-Trustee
Ms. Lydia Muchiri	-Head, Custodial Services

**Representing the REIT Manager**

Mr. Einstein Kihanda	-CEO: ILAM Fahari I-REIT
Ms. Ruth Okal	-Asset Manager: ILAM Fahari I-REIT
Ms. Irene Maloba	-Finance Manager: ILAM Fahari I-REIT
Mr. Muhwa Chakaya	-Property Analyst: ILAM Fahari I-REIT

**Company Secretary**

Mr. Christopher Ngoro

**Independent Auditors (KPMG)**

Mr. Jacob Gathecha -Audit Partner: KPMG

**CHAIRMAN'S WELCOME ADDRESS**

The Chairman welcomed all those who had registered and joined the REIT's Fourth Annual General Meeting. She introduced the Trustee representatives present, the REIT Manager, the Company Secretary and the REIT's Independent Auditors' representative.

The opening prayer was done by Ms. Lydia Muchiri.

### **MIN 1/2020: TO TABLE THE PROXIES AND NOTE THE PRESENCE OF A QUORUM**

CDSC Registrars, the registrars of the REIT, confirmed members attendance and proxies as below:

1. 1 proxy was received in favor of the Chairman;
2. 9 proxies were received in favor of other persons other than the Chairman; and
3. A representation of 58.97% of total unit holding duly registered to attend the meeting through electronic means.

The Company Secretary confirmed the presence of quorum for purposes of transacting the business as per the agenda of the AGM.

### **MIN 2/2020: TO READ THE NOTICE CONVENING THE MEETING**

The Company Secretary read the notice convening the meeting and the Agenda was adopted as read.

### **MIN 3/2020: TO RECEIVE, CONSIDER AND ADOPT THE ANNUAL REPORT AND AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE REIT FOR THE YEAR ENDED 31 DECEMBER 2019**

The Chairman referred the unitholders to the Annual Report as availed on the REIT's website drawing the unitholders to the performance of the REIT as described at pages 27 to 48 of the report which pages comprise the REIT Managers Report.

The Chairman then proceeded to invite the REIT CEO to make their remarks.

### **ILAM FAHARI I-REIT CEO'S REMARKS**

The REIT CEO commenced their remarks by playing a short clip by the Former Chairman of the Stanlib Kenya Limited's Board, Ms. Surinder Kapila who wished the REIT all the best in its future endeavours.

The REIT CEO briefly elaborated on the change of REIT Manager and Promoter pursuant to the sale of business agreement as entered into between Stanlib Kenya Limited and ICEA Lion Asset Management noting to brief unitholders more on the capabilities, asset base and the REIT team of ICEA Lion Asset Management thus instilling confidence on unitholders as to the future prospects of the REIT.

The REIT CEO proceeded to also highlight the following in terms of the REIT's performance:

- The REIT had realized a decrease in net profit of 9% for the year ended 31 December 2019, which translates to Kshs. 175.2 million mainly due to a reduction in fair value

gain on revaluation of investment property on the back of a subdued real estate market characterized by oversupply of stock and continued downward pressure on rentals especially in the retail sector.

- Despite the decrease in net profit, distributable earnings grew by 13% to Kshs. 144.0 million compared to Kshs. 127.9 million in 2018 as a result of significant decrease in fund operating expenses occasioned by the recovery of VAT input which had previously been capitalized to fund expenses.
- Rental income increased by 11% in line with lease escalations and as a result of income from the new cinema at Greenspan Mall as well as full year income contributed from 67 Gitanga Place office building.
- Property expenses also grew by 5% mainly due to recognition of expenses from 67 Gitanga Place for the full year.
- Additionally, the tax leakage from the provision for irrecoverable withholding tax by tenants grew by 22% to Kshs. 16.5 Million.

The REIT Auditors, KPMG, were then invited to present their report and they confirmed that the accounts as read gave a true and fair view of the consolidated financial position of the REIT and that the REIT's financial performance and cash flows for the year then ended were in accordance with International Financial Reporting Standards and the Capital Markets (Real Estate Investment Trusts) (Collective Investments Schemes) Regulations, 2013.

The Chairman then requested the Company Secretary to read out questions that had been raised via the chat section with the following being read and responded to during the meeting:

1. Kariuki Lydia wanted more clarity on why the name had changed to ILAM FAHARI I-REIT;
2. Ngunjiri Ndirangu sought to understand the impact that the Covid 19 pandemic has had on the operations and how the REIT was mitigating the effects on revenue growth especially on rentals; and
3. Wanjau Mutiga enquired on what measures the REIT had in place to safeguard themselves against the financial risk associated with the anchor tenant at Greenspan Mall.

The REIT CEO provided comprehensive feedback on the issues raised and the Chairman assured the unitholders that they can continue sending in their questions and the same would be addressed and the respective responses shared on the REIT website.

The accounts were approved and adopted as presented as proposed by the Chairman and having being voted for by a 99.99% of unitholding representation of the votes cast by those registered for the meeting and eligible to vote.

**MIN 4/2020: TO NOTE THE FIRST AND FINAL DISTRIBUTION FOR THE YEAR ENDED 31st DECEMBER 2019**

The Chairman presented the proposal to note and ratify the declaration of a first and final distribution for the year ended 31st December 2019, of Kshs. 135,729,225 (being Kshs.0.75 per unit in issue) as recommended by the REIT Manager and approved by the Trustee and having already been paid in May 2020 to unitholders who were on the register of unitholders by close of business 30<sup>th</sup> April 2020.

The declaration was approved and ratified as presented as proposed by the Chairman and having being voted for by a 100% of unitholding representation of the votes cast by those registered for the meeting and eligible to vote.

**MIN 5/2020: RE-APPOINTMENT OF AUDITORS**

KPMG, having expressed their interest to continue as auditors were supported to continue by a 99.90% of unitholding representation of the votes cast by those registered for the meeting and eligible to vote; and the REIT Manager and Trustee authorized to subsequently fix their remuneration.

**MIN 6/2020: TO RATIFY THE REMUNERATION OF THE REIT MANAGER FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> DECEMBER 2019 AS DISCLOSED IN THE ANNUAL REPORT**

99.86% of unitholding representation of the votes cast by those registered for the meeting and eligible to vote duly approved the motion as tabled.

**MIN 7/2020: TO NOTE THE CHANGE OF THE REIT MANAGER, REIT PROMOTER AND REIT NAME**

Pursuant to the sale of business agreement between Stanlib Kenya Limited and ICEA Lion Asset Management and as approved by a 99.90% of unitholding representation of the votes cast by those registered for the meeting and eligible to vote, the motion was approved as tabled.

**MIN 8/2020: TO PASS A SPECIAL RESOLUTION TO AMMEND THE TRUST DEED**

The proposed Special Resolution having been duly circulated as part of the agenda and having been voted for by a 100% of unitholding representation of the votes cast by those registered for the meeting and eligible to vote, was passed as proposed to the effect that the Trust Deed of the REIT be amended by inserting a new clause 33.10 reading as follows:

*‘Notwithstanding any other provisions of this Trust Deed, the Trustee may determine that a general meeting of the Unitholders may be held either partially or entirely by electronic, digital or other communication means, facility or technology that permits*

all those entitled to be attending to participate in the meeting. A unitholder who is entitled to vote at such general meeting may do so by means of the telephonic, electronic, digital or other communication means or facility that the Trustee may make available for that purpose'.

**ANY OTHER BUSINESS**

There being no other business to transact, the Chairman thanked the unitholders for their attendance and participation after which the meeting ended with a closing prayer by Ms. Irene Maloba.



**LYDIA RONO**

**CHAIRMAN**

DATE: 1<sup>st</sup> September, 2020



**CHRISTOPHER NDORO**

**COMPANY SECRETARY**

DATE: 1<sup>st</sup> September, 2020