



ILAM
FAHARI I-REIT

Information Sheet

**for ILAM Fahari I-REIT Conversion
and Redemption Offer**



The Transaction

The Transaction involves the redemption of up to 36,565,134 Units of ILAM Fahari I-REIT ("IFIR") by the Trustee from Non-Professional Investors. The purpose of the Redemption Offer will be to enable IFIR to convert from an Unrestricted I-REIT to a Restricted I-REIT so that it can delist from the Main Board of the Nairobi Securities Exchange ("NSE"). Thereafter, IFIR will be quoted on the Unquoted Securities Platform ("USP") of the NSE.

The Redemption Offer is part of the transaction because the REIT Regulations state that unlisted REITs must be restricted to Professional Investors (those who have invested KSH 5 million and above). For Non-Professional Investors who wish to remain in IFIR, there is an option to "top up" your unit holding to meet the Professional Investor threshold.

IFIR will remain a REIT and will continue to be regulated by the Capital Markets Authority ("CMA"). IFIR will also maintain its registration with KRA and thus, its tax exemption status.

Who will be initiating the Redemption Offer?

The Redemption Offer initiated by the Trustee. The Trust Deed confers powers to the Trustee to initiate partial redemptions at its discretion. The REIT Regulations also permit voluntary redemptions by the Trustee.

The REIT Regulations state:

(Regulation 9(6)) Nothing in these Regulations shall be construed to restrict the trustee from offering to acquire Units from holders of...an I-REIT on a voluntary basis or from issuing additional Units from time to time in accordance with these Regulations.

The Trust Deed states:

(Clause 26.2) The REIT shall have the right, but not the obligation, to offer to redeem or partially redeem without cancellation at any time the whole or from time to time any part of the outstanding Units in issue, at a price per Unit and on a basis determined by the Trustee, subject to the compliance with all applicable securities laws, instruments, regulations, rules, notices or policies or the rules or applicable policies of the securities exchange on which the Fahari REIT securities are listed. In the event of partial redemption all Units in issue must be partially redeemed to an equal extent. Any fully redeemed Units not cancelled shall remain as unissued Units capable of being issued in the future.

Who will fund the Redemption Offer?

The Redemption Offer will be funded by the Promoter and any other Investors who would like to acquire the Redeemed Units in exchange for the provision of cash. The Trustee makes an offer to redeem units from Non-Professional Investors and in turn offers the units to Professional Investors.

The Promoter has confirmed to the Transaction Advisor that they have the financial resources to fulfil their obligations under this transaction.

Is this a Takeover of IFIR by the Promoter?

No, it is not a takeover process. This transaction is a Redemption Offer and is the preserve of the Trustee of IFIR. The Trustee is conferred powers via the Trust Deed and REIT Regulation to initiate a redemption. Post closure, promoter's holding will remain below the 25% threshold that would trigger the Takeover Regulations.

What is a Professional Investor?

The REIT Regulations describe a Professional Investor as a person including a company, partnership, association or a trustee on behalf of a trust which, either alone, or with any associates on a joint account subscribes for REIT securities with an issue price equal to at least five million shillings.

A Non-Professional Investor is any person including a company, partnership, association or a trustee on behalf of a trust who, either alone, or with associates, does not meet this threshold. For the Redemption Offer, this threshold is 454,545 ILAM Fahari I-REIT Units.

Can I accept the Redemption Offer?

You can choose to accept the Redemption offer if: as at the Record Date, you were registered as an ILAM Fahari I-REIT Unitholder holding not more than 454,545 ILAM Units (Professional threshold of KSH 5,000,000 and divided by the Redemption Offer Price of KSH 11 per unit).

How can I apply to redeem or top up my units as a Non-Professional Investor?

All Non-Professional Investors will receive either of the following:

- a) A unique link via registered email for the Portal where you can apply to redeem or top up your units; or
- b) Instructions for the USSD process via your registered mobile number

Contact CDSC Registrars at ilam@cscsregistrars.com or by calling +254 20 258 8000 | +254 710 888 000 if you have not received an email or sms.

If your personal details are not up to date, contact your broker to begin the update process immediately.

What is the Allocation Policy?

Units offered for Redemption will be allocated in the following order:

- a) First, to Non-Professional Unitholders who have applied for Additional Units to reach Professional Investor threshold;
- b) Second, to the Promoter from balance of Redemption Units left after Non-Professional Unitholders who have applied for Additional Units have taken up their allocation;
- c) Third, to Professional Unitholders (who were on the register on the Record Date) who have applied to purchase any redeemed Units.

The Redemption Offer will be only for up to 36,565,134 Units as outlined in the Conversion Offering Memorandum.

What options are available for a Non-Professional Investor?

A Non-Professional Investor can opt to:

- a) Redeem their units;
- b) Top Up their units to reach Professional Investor threshold; or
- c) Be bundled into a Nominee Account with other Non-Professional Investors whilst maintaining their rights to ownership of their units and dividends.

What is the Bundled Nominee Account?

The REIT Manager shall set up a bundled nominee account designed specifically to cater for Non-Professional Investors who are not able to exit during the transaction period. The Trust Deed will be amended to provide for the creation and operation of this Nominee Account and to allow for a smooth transition of the units held by Non-Professional Investors into the nominee account by providing for the automatic transfer of units into the Nominee Account. The changes to the Trust Deed will be subject to approval by the Authority.

Thereafter, all Units held by Non-Professional Investors will be bundled together into the Nominee Account. The Nominee Account shall thus aggregate all units held by Non-Professional Investors (who were not able to or have not exited by the 6th month from the Closing Date).

The Nominee Account will be managed by the REIT Manager, as it is also a licensed fund manager, on an administrative basis, which shall not provide investment recommendations or advice. This will ensure that the Non-Professional Investors retain full control and ownership over their REIT Units and enable Non-Professional Investors to indirectly participate in the restricted REIT.

See Section 11.1.3 of the Conversion Offering Memorandum for more information.

I own IFIR Units through a personal CDS account and through a joint CDS account whose Units collectively qualify as a Professional Investor. Can I be classified as a Professional Investor?

The Trust Deed recognises individual CDS accounts as a unique Unitholder so you will need to consolidate your accounts in order to meet the definition of Professional Investor. The process is categorised as a Gift Transfer as the beneficiaries remain the same. To consolidate the accounts, please follow the steps outlined below:

- Contact your broker and request a CDS 7 form; AND
- Provide the supporting documentation to your broker outlined in Section 5.10.6 of the Conversion Offering Memorandum

The process may take up to two weeks to complete. Investors should be aware that the transfers will incur charges of 1.5% for the value of Units above KSH 100,000 and 2.1% for the value of Units below KSH 100,000 payable to CDSC and your respective broker.

I qualify as a Non – Professional Investor but I missed the Redemption Offer Period. How can I redeem my Units?

Post delisting, the Promoter has committed to redeeming Units (up to 36,565,134 Units) at the Redemption Offer Price from Non-Professional Investors who were not able to participate and whose names appear on the Register at the Record Date.

- Reach out to the Transaction Adviser to indicate that you would like to redeem your Units;
- The Units will be quoted on the Unquoted Securities Platform so please reach out to the Transaction Adviser who will elaborate further on the process;
- All transactions may be liable to taxes such as Capital Gains Tax (for the Seller) and Stamp Duty and VAT (for the Buyer) plus brokerage costs.

I qualify as a Professional Investor and I would like to redeem my Units. Why is this not possible?

The REIT Manager has recommended that IFIR be converted into a Restricted I-REIT from an Unrestricted I-REIT. As per the REIT Regulations, only Professional Investors can participate in the Restricted I-REIT. Thus, an Offer has been extended by the Trustee to Non-Professional Investors only to ensure compliance with the REIT Regulations. The Trust Deed confers powers to the Trustee to initiate a partial redemption at their discretion.

The REIT Regulations provide:

(Regulation.9(6)) Nothing in these Regulations shall be construed to restrict the trustee from offering to acquire Units from holders of...an I-REIT on a voluntary basis or from issuing additional Units from time to time in accordance with these Regulations.

The Trust Deed states:

(Clause 26.2) The REIT shall have the right, but not the obligation, to offer to redeem or partially redeem without cancellation at any time the whole or from time to time any part of the outstanding Units in issue, at a price per Unit and on a basis determined by the Trustee, subject to the compliance with all applicable securities laws, instruments, regulations, rules, notices or policies or the rules or applicable policies of the securities exchange on which the Fahari REIT securities are listed. In the event of partial redemption all Units in issue must be partially redeemed to an equal extent. Any fully redeemed Units not cancelled shall remain as unissued Units capable of being issued in the future.

As a Professional Investor, you are free to dispose of your Units or increase your Unitholding through the NSE. Post Delisting, the Units will be quoted on the USP to provide investors with liquidity.

The REIT will remain regulated by the CMA and it is the intention of the REIT Manager to continue to grow the REIT as outlined in Section 2 of the Conversion Offering Memorandum

I am a Unitholder who has accepted the Redemption Offer. When will I get paid?

You will receive your payment on the 24th of October 2023 as indicated in the Timetable found in Section 3 of the Conversion Offering Memorandum.

Why must the REIT delist from the NSE? Does this mean that REITs are not viable investments?

The REIT Manager has outlined the reasoning behind the Transaction which will culminate in a Delisting in Section 2 of the Conversion Offering Memorandum.

IFIR was the first REIT to be established and listed on the NSE in 2015. There have been a lot of learnings in the process and newer REITs have benefitted from the experience of IFIR, as exemplified by the listing status they have adopted. The intention for IFIR is to restructure and consider relisting after 3 years should the strategic objectives have been met. The proposed Delisting is not a reflection of the viability of REITs in Kenya.

I'm a new investor who bought IFIR Units after the Record Date. Will I still qualify for the Redemption Offer if I am below the Professional Investor threshold?

The Redemption Offer is only open to investors who were part of the Register as of the 1st of September 2023. If you would like to redeem your Units, you will have to wait to offer your Units once the REIT is delisted. The process is outlined in Section 16 b) of the Conversion Offering Memorandum.

I am a new Investor who bought units after the record date. Can I still trade my units during the offer period? If so, how can I go about this?

Yes, you can still buy or sell the units until the 6th of October 2023 when the IFIR Units will be suspended from trading to facilitate reconciliation. The suspension will be lifted on 25th October 2023.

- To buy units you need to open a CDS account which is obtainable from any stockbroker of their choice. Please access the list of the licensed stockbrokers from the Capital Markets Authority's website
- Once you have a CDS account, you should observe the performance of the REIT at the NSE and decide on the amount of money you want to invest and the units thereof.
- You should proceed to give these instructions to your stockbroker who will buy the units on your behalf and deposit them in your CDS account.
- When you wish to sell your units, you should again give the instructions to the stockbroker who will sell them on your behalf.

What are the Key Dates?

Event	Date
CMA Approval of the COM	Friday 25 th August 2023
Press Notice for CMA Approval, Transaction Timetable and Notification of Record Date for Register	Monday 28 th August 2023
Press Notice regarding the Transaction	Tuesday 29 th August 2023
Record Date	Friday 1 st September 2023
Offer Period Open	Wednesday 6 th September 2023
Offer Period Close	Friday 6 th October 2023
Suspension of IFIR Units from trading to facilitate reconciliation	From close of business on Friday 6 th October 2023
Trustee Approval of Results	Wednesday 18 th October 2023
Results submission to CMA	Thursday 19 th October 2023
Press Notice on Results of Redemption Process	Monday 23 rd October 2023
CDSC Process to transfer accepted securities to the Promoter and any unitholders that applied for Additional Units	Tuesday 24 th October 2023
Payment Date	Tuesday 24 th October 2023
Trading suspension lifted	Wednesday 25 th October 2023
Issuance of Delisting EGM Notice	Thursday 26 th October 2023
Delisting EGM	Thursday 16 th November 2023
Delisting Date	Monday 4 th December 2023
Quoting of Units on the USP	Monday 22 nd January 2024

Note: The above dates and times are subject to amendment and notification to the general public, where appropriate, with the approval of CMA.

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