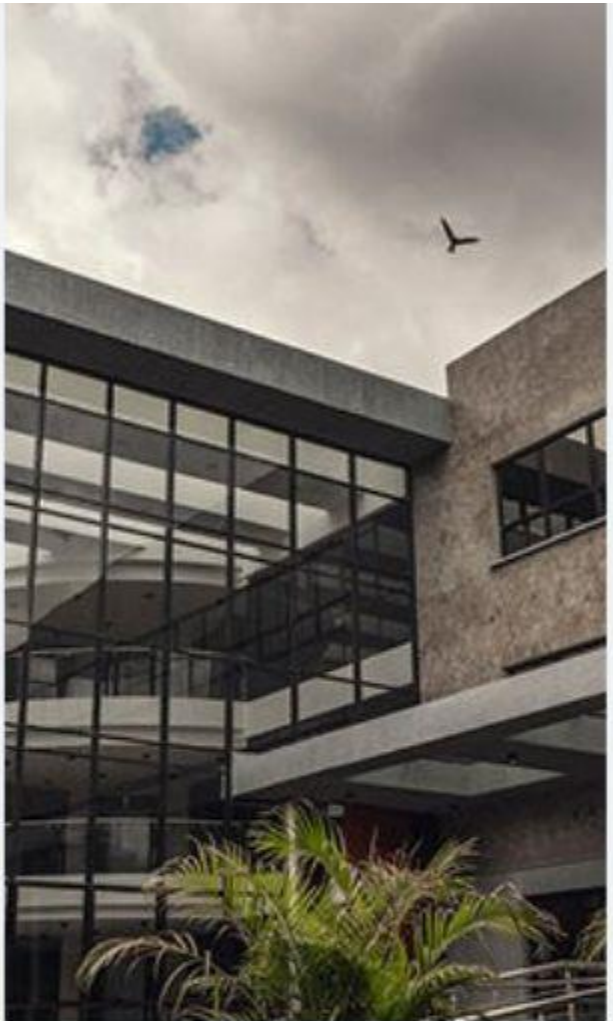




Media Roundtable for ILAM Fahari I-REIT Conversion and Redemption Offer

4th September 2023



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Introduction

Introduction

- **This presentation will provide an overview of the ILAM Fahari I-REIT conversion and redemption transaction**
 - ▶ ILAM has been working for the past year to restructure the REIT to ensure its sustainability and improve its ability to generate returns for unitholders
 - ▶ A strategy review was conducted with a restructuring plan recommended
 - This transaction is an outcome of the restructuring plan
 - ▶ The Conversion Offering Memorandum will be out by Wednesday 6th September and will have more detailed information

Strategy Review Outcomes (1/2)

ILAM acquired the management rights to the Fahari I-REIT in 2020 from Stanlib. The strategic plan also expired in 2020 so ILAM as REIT Manager undertook a strategic review in 2021 with the aim of developing a new plan that would enhance IFIR's returns, effectiveness and sustainability

- A key point of the review was to also understand what measures could be put in place that would enhance IFIR's returns whilst also improving the unit price performance on the NSE
- The review included the following action points
 - ▶ Review of existing documentation including the expired strategy
 - ▶ Consultation with ILAM internal stakeholders
 - ▶ In depth interviews with external stakeholders including anchor investors, real estate investors, fund managers, market participations, real estate developers and property managers
 - ▶ Market research and analysis
 - ▶ Financial analysis of strategic options
- This review was undertaken by an external consultant in conjunction with ILAM

Strategy Review Outcomes (2/2)

The option that was deemed most optimal was to delist the REIT from MIMS and then undertake several restructuring measures to grow it. Thereafter it would be quoted on the USP

- This would enable the REIT to be restructured without the price volatility experienced on the NSE
 - ▶ ILAM would be able to restructure various elements of the REIT including potential sale of non performing assets, refurbishments and subsequent capital raisings
- The REIT needs to grow substantially in size to achieve economies of scale (ie help optimise operating costs) which can only be done through the acquisition of assets
- The rationale for this option is outlined below

Rationale

Lack of appetite
From unitholders for
Capital Raising

Lack of
interest for property
owners to add
their properties
to IFIR

Transaction Structure

Regulatory Framework

The Transaction Structure is guided by the REIT Regulations and the IFIR Trust Deed which enables the REIT Manager to recommend to the Trustee to redeem units from unitholders

- The transaction structure is derived from the following:
 - ▶ Capital Markets (Real Estate Investments Trusts Collective Investment Schemes) Regulations, 2013
 - ▶ Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, Amended 2019
 - ▶ ILAM Fahari I-REIT Trust Deed
- The REIT Regulations provide:
 - ▶ (Reg.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 IFIR Trust Deed states:
 - ▶ (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.

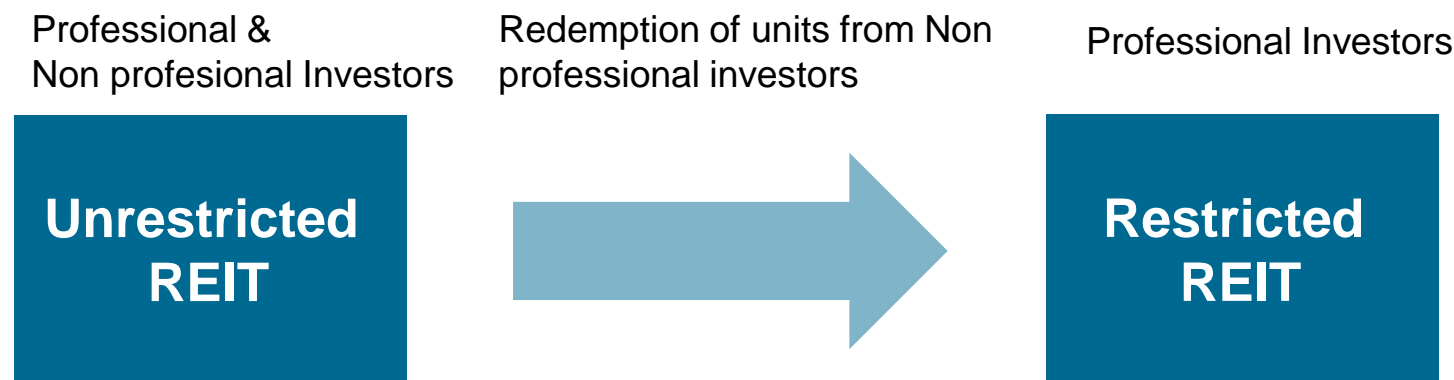
Definition of a Professional Investor

The definition is derived from the REIT Regulations

- Professional Investor means 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.
- The idea behind the definition of Professional Investor is that they have ability to invest KSH 5 million in one asset and thus also have access to professional advice. Due to this, they have the capacity to manage the risk associated with more risky, sophisticated investments which may have longer time horizons for returns

Transaction Structure

The transaction is to delist IFIR from the NSE through the conversion to a Restricted REIT and the redemption of units owned by non professional investors



- A REIT cannot remain as an unrestricted REIT if it has delisted from the NSE so it has to be converted into a restricted REIT
 - ▶ REIT regulations define a professional investor as one with holdings above KSH 5 million
 - ▶ All unitholders below the threshold will have their units redeemed or be offered the option to increase their holdings to reach the threshold
- The IFIR Trust Deed and REIT Regulations allow for the REIT Manager to recommend to the Trustee the redemption of units from unitholders on a voluntary basis

Transaction Summary

We have highlighted some key salient features of Conversion and Redemption Process

Transaction Structure	
	Redemption of Units from Non Professional Investors (KSH)
Purpose	<ul style="list-style-type: none"> Trustee to redeem the Units from the Non-Professional Investors to enable the conversion of the I-REIT from an Unrestricted I-REIT to a Restricted I-REIT
Redemption Price	<ul style="list-style-type: none"> KSH 11
Number of Units to be redeemed	<ul style="list-style-type: none"> 36,585,134
Type of Offer	<ul style="list-style-type: none"> Cash Offer
REIT Manager	<ul style="list-style-type: none"> ICEA Lion Asset Management
REIT Trustee	<ul style="list-style-type: none"> Co-operative Bank
Transaction Advisor	<ul style="list-style-type: none"> Dyer & Blair
Legal Advisor	<ul style="list-style-type: none"> TripleOKLaw Advocates
Registrar	<ul style="list-style-type: none"> CDSC Registrars
Paying Bank	<ul style="list-style-type: none"> Co-operative Bank of Kenya
PR & Marketing	<ul style="list-style-type: none"> Oxygene Marketing Communications
Documentation	<ul style="list-style-type: none"> Conversion Offering Memorandum

Options for Non-Professional Investors

Non-Professional Investors will have 3 options

Redeem Their Units

- Accept the redemption offer through the portal (accessed through an email link) or USSD
- Upon redemption, they'll cease to be unitholders

Top Up Units

- They will be given the option to apply for additional redemption units during the transaction
- Applications can be made through the portal or USSD

Bundled into A Nominee Account

- If no action is taken, the Non-Professional Investor will be bundled into a Nominee Account which collectively will count as a Professional Investor
- Investors maintains all their rights to the units and distributions

- Non-Professional Investors will receive unique email links which will provide access to the Portal
- They will also redeem their units or top up via USSD with instructions sent via sms

Allocation Policy

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

- First, to Non-Professional Investors who have applied for Additional Units to reach Professional Investor threshold;
- Second, to the Promoter from the balance of Redemption Units left after Non-Professional Investors who have applied for Additional Units have taken up their allocation; and
- Third, to Professional Investors (who are on the register on the Record Date) who have applied to purchase any redeemed units

Timetable of Events

Below is an extract from the detailed workplan which highlights the key dates for the transaction

Transaction Timetable	
Event	Date
Receipt of CMA Approval	▪ Friday 25th August 2023
Press Notice for CMA Approval, Transaction Timetable and Notification of Record Date for Register	▪ Monday 28th August 2023
Public Announcement regarding the Transaction	▪ Tuesday 29th August 2023
Record Date	▪ Friday 1st September 2023
Offer Period	▪ Wednesday 6th September to Friday 6th October 2023
Suspension of ILAM Fahari Units from trading to facilitate reconciliation	▪ From COB Friday 6th October 2023
Trustee Approval of Results	▪ Wednesday 18th October 2023
Results submission to CMA	▪ Thursday 19th October 2023
Press Notice on Results of Redemption Process	▪ Monday 23rd October 2023
CDSC Process to transfer accepted securities to Promoter Group	▪ Tuesday 24th October 2023
Payment Date	▪ Tuesday 24th October 2023
Suspension lifted	▪ Wednesday 25th October 2023

Conclusion

The transaction involves the conversion from an Unrestricted I-REIT into a Restricted I-REIT through the redemption of up to 36,585,134 Units from Non-Professional Investors

- The I-REIT will remain a REIT and will continue to be regulated by the CMA
 - ▶ It will also retain its tax exemption status and KRA Registration
- Post redemption, an EGM will be called for the conversion and delisting resolutions to be approved
 - ▶ Thereafter, the I-REIT will move to the Unquoted Securities Platform run by the NSE