THE EPIC JOURNEY OF ILAM FAHARI I-RETT
A TALE OF TRIUMPH
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CEO - ILAM



INTRODUCTION

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 the REIT'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

SUMMARY OF OUR JOURNEY TO DATE

25th August 2023 May 2021 Received CMA Naivas On-May 2019 18th May 2020 Commenced 27th November approval to convert boarded as new Completed **ICEA LION Asset** construction of a **IPO** listing unrestricted REIT anchor tenant at Cinema Management modern 300-seat Commenced Conceptualization to a restricted REIT Greenspan Mall development at became the REIT capacity 3-screen of the REIT operation with 3 Greenspan Mall Manager & cinema at seed properties product by Promoter Greenspan Mall **STANLIB Begins** 2022 2020 2018 2013 2023 2021 2019 2015 30th September **REIT CMA** Optimization of **ILAM** undertook **CMA REITs** license and Covid-19 Oct 2023 7th November 2019 New office thorough Strategic assets Regulations business **Pandemic** Redemption of **STANLIB** announced building review of the REIT. Disposal of non- Distressed enacted 36.5 million registration disposal of fund acquired for commenced core assets Anchor tenant units from non-KShs 850M. management business restructuring Income Tax Act Restructuring (Tuskys) including the REIT to professional Portfolio amended to continues unitholders **ICEA LION Asset** increased to 4 include REITs properties Management exemption Inertia Restructuring Growth

2020 – 2023 : STRATEGIC REVIEW AND OUTCOME

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



The transaction involved 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 has been called today for the conversion and delisting resolutions to be approved
- ✓ Thereafter, the I-REIT will move to the Unquoted Securities Platform run by the NSE

RESTRUCTURING OF ILAM FAHARI I-REIT TALE OF TRIUMPH RAPHAEL MWITO CEO – ILAM FAHARI I-REIT



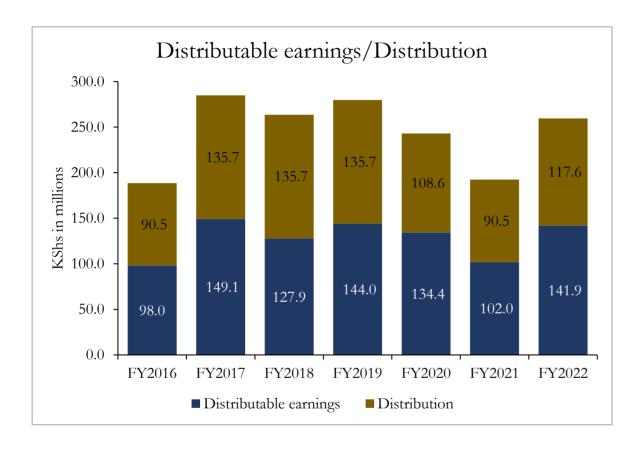
2018- 2021: PERIOD OF INERTIA- STRUGGLES AND CHALLENGES

- Though launched with great hopes, fierce headwinds soon battered us!
 - Initial Undersubscription
 - Quality of Assets
 - Uncertainty on the treatment of taxes
 - Market valuation in variance with NAV
 - Limited growth prospects
 - Limited investor awareness/apathy
 - Anchor issues
 - Covid
- During this period, the REIT struggled with a deep Shakespearean Question:

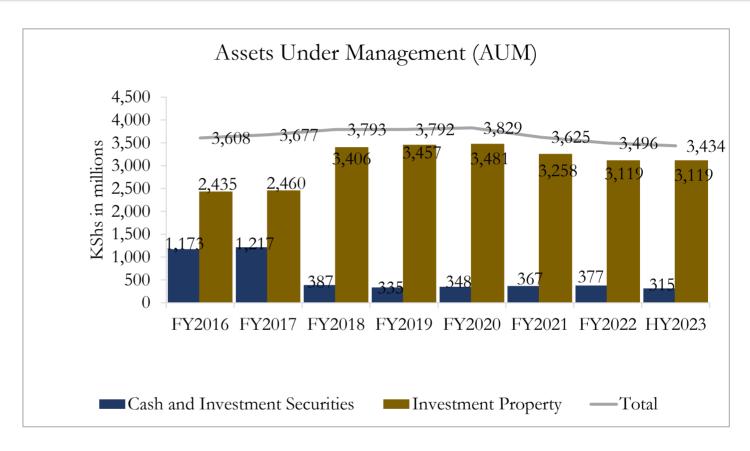
To Be or Not To Be.



2016- 2023: IMPACT OF THE CHALLENGES ON THE PERFORMANCE



- The REITs regulation requires a minimum distribution of 80% of distributable earnings.
- This leaves very minimal retained earnings to be reinvested hence hampering growth.
- This implies that significant growth can only be achieved through capital raising.



- The Assets Under Management (AUM) has largely remained the same since inception.
- Lack of growth is mainly attributable to the challenges discussed.

2021-2023: RESTRUCTURING. It is not in the stars to hold our destiny but in ourselves.



Process

[1] ILAM through courage and vision initiates a "Root & Branch" Strategic Review:

- Large cross-sectional interviews
- Lessons from other markets
- Extensive financial modelling &
- Options Analysis
- Restructuring Process: Delist, Move to USP.

Outcome

- 113% Oversubscription
- ILAM –Promoter shareholding post redemption c. 23%
- Redemption Payments Done.
- Two final steps remain in this chapter:
 - Delisting
 - USP

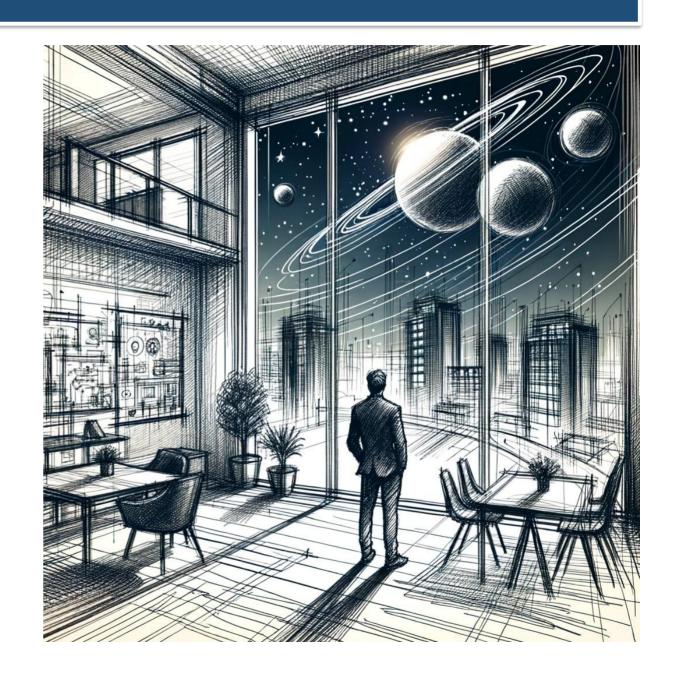
BEYOND 2023: what does the future hold for unitholders

The Future

[2] Growth

- Optimize
- Align Fees
- Scale
- Diversify

In conclusion, the REIT is finally free to soar towards a brighter destiny- one where fortunes gleam across realms of brick and beam.



WHAT HAPPENS POST DELISTING

- The Redemption Offer was to facilitate the conversion of the REIT from an Unrestricted I-REIT into a Restricted I-REIT during the first stage.
- There is no action required from Professional Investors during at that stage. However, as disclosed in the COM, management requests your **support** during the Extraordinary General Meeting (EGM) where the resolution for Delisting will be tabled.

Post-Delisting:

- i. It is the intention of the REIT Manager to provide **liquidity** to remaining unitholders through quoting of the units on the Unquoted Securities Platform (USP)
- ii. The Units will be **tradeable on an established OTC**, the initial price of the Units at the time of being quoted on the USP will be the Redemption Offer Price.
- iii. Thereafter, a reference price will be established factoring in the components described in Section 2.3.
- iv. The REIT will remain **regulated by the CMA** as a Restricted I-REIT and it is the intention of the REIT Manager to continue to **grow** the REIT as outlined in Section 2 of the Conversion Offer Memorandum.

FURTHER INFORMATION AND CONTACTS

It is important that investors support the restructuring process in order to realize the expected growth.

Detailed information about the restructuring and its rationale is contained in the Conversion Offer

Memorandum (COM) at https://ilamfahariireit.com/conversion-offering-memorandum

Key Contacts

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