



## MEDIA RELEASE

# **CMA approves ILAM FAHARI I-REIT operational restructuring offer**

***...transaction targeting the redemption of 36.5 million Units from Non-Professional Investors at KSH 11 per unit***

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**28/08...**The Nairobi Securities Exchange (NSE) listed real estate investment trust [ILAM Fahari Real Estate Investment Trust \(NSE:FAHR\)](#), has received regulatory approval from the Capital Markets Authority (CMA) to convert its unrestricted ILAM Fahari Income Real Estate Investment Trust (IFIR) into a restricted I-REIT.

The approval follows a cautionary statement issued early last year (24<sup>th</sup> March 2022), indicating that the REIT was undergoing a strategic review that would involve an operational restructuring of IFIR.

The proposed Kshs 402 million transaction will allow IFIR's Non-Professional Investors to redeem up to 36,585,134 Units at a Redemption Offer Price of KSH 11 per unit.

ILAM Fahari I-REIT currently owns four real estate properties (a shopping centre, an office building and two semi-office/light industrial buildings), all held through special purpose vehicles.

Speaking when he welcomed CMA's approval of the proposed transaction, ICEA LION Asset Management (ILAM) Chief Executive Officer Mr. Einstein Kihanda said the proposed conversion is part of ILAM Fahari REIT's ongoing restructuring strategy and reflects its commitment to enhancing its investment offerings while adhering to regulatory standards.

The restructuring to a Restricted I-REIT, Mr. Kihanda said, will be the initial step in the process of moving the listing of the I-REIT from the Unrestricted Main Investment Segment of the Nairobi Securities Exchange (NSE) to the Unquoted Securities Platform (USP) administered by the NSE where it will still trade.

"The conversion to a restricted REIT will allow us to offer more specialized investment opportunities to our stakeholders, providing increased flexibility and potential for growth. The new structure aligns with ILAM Fahari's strategic vision to optimize its investments and provide investors with innovative avenues to diversify their portfolio," Mr. Kihanda said. "A restricted REIT is only for professional investors and this explains why the redemption offer is for Non-Professional Investors. The Redemption Offer Price of KSH 11 per unit represents a premium of 82.72% above the current market price of KSH 6.02 per unit," he added.

The decision to convert and restructure stems from the ILAM Fahari I-REIT's comprehensive strategic review in 2021 which sought to understand the challenges the I-REIT faced and develop potential strategies to improve the returns and market performance. The long-term plan will



elevate returns and market performance through asset optimization and growth of Assets Under Management (AUM).

“Our strategic review outcome indicates that moving from UMIMS would enable us to restructure the I-REIT, reduce costs, attract new investment and acquire additional properties to reach a sustainable asset base size. The possibility of moving IFIR back to the main board of the NSE will be reviewed after three years following the successful execution of a growth strategy,” Mr Kihanda said.

Alongside the operational restructuring of the REIT, ILAM Fahari I-REIT Chief Executive Officer Mr Raphael Mwito said that the firm has continued to perform strategic and operational functions in managing the property portfolio and cash reserves to ensure effective long-term management of the REIT, deliver attractive investor returns and ensure compliance with regulatory and legislative requirements.

"ILAM Fahari I-REIT aims to provide consistent income and capital growth in the long term. Our active management approach targets quality properties within carefully chosen economically growing nodes," said Mwito.

IFIR will remain regulated by the CMA and is registered with the Kenya Revenue Authority (KRA).

Last year, ILAM Fahari I-REIT's distributable earnings increased by 39% to KShs. 141.9 million compared to KShs. 102.0 million the previous year.

The ILAM Fahari I-REIT's concept is globally recognised. It operates in line with international standards, allowing the REIT to own and manage income-generating real estate for the benefit of its investors. The REIT provides regular distributions to investors, underpinned by commercial leases.

## **Ends-**

### **About ILAM Fahari I-REIT**

The ILAM Fahari I-REIT is a real estate investment trust licenced under the REIT's Regulations. The REIT was authorised by the Capital Markets Authority on 30 September 2015 and became the first REIT in East Africa. It later became listed on the Nairobi Securities Exchange on 26 November 2015, raising capital of KShs. 3.6 billion. The REIT's duration is a maximum of 80 years subject to the provisions of the Trust Deed. The REIT Scheme is a closed ended Scheme and trades as "FAHR" on the Nairobi Securities Exchange ("NSE").

The principal activities of the REIT include but are not limited to:

- The acquisition, for long-term investment, of income-generating eligible real estate and eligible investments, but not limited to housing, commercial and other real estate;
- Undertaking of such development and construction activities as may be permitted by the Capital Markets Act, Chapter 485A of the Laws of Kenya and the REIT's Regulations; and
- Investing in cash, deposits, bonds, securities and money market instruments.

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