



Media Release

## **ILAM FAHARI I-REIT Redemption Offer Oversubscribed by 13.08%**

***...the transaction targeted the redemption of up to 36.5 million REIT units***

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**22<sup>nd</sup> October 2023...** The Nairobi Securities Exchange (NSE) listed real estate investment trust [ILAM Fahari Real Estate Investment Trust \(NSE: FAHR\)](#), redemption offer has been oversubscribed by 13.08%, paving the way for the next stage of strategic restructuring of the investment vehicle.

During the offer period, the REIT Trustee received applications for redemption of 41,371,604 units, which represents a subscription rate of 113.08%. The REIT also received application for top up additional units of 421,945 from Non-Professional Investors.

Speaking when he confirmed the offer results, ICEA LION Asset Management (ILAM) Chief Executive Officer Mr. Einstein Kihanda said the offer had received redemption applications from non-professional investors wishing to redeem up to 36,585,134 Units currently listed at the NSE, offered at a premium of more than 82% over the trading price as at the offer announcement date.

ILAM, he reiterated, has been working to restructure the REIT to ensure its sustainability and improve its ability to generate returns for unitholders. A recent strategic review recommended undertaking an operational restructuring plan, which paved the way for this transaction.

“This transaction provides a viable path to restructure the REIT. We are clear that the REIT needs to grow substantially in size to achieve economies of scale, which can only be done by acquiring additional assets,” Kihanda said.

“Following the close of the offer period, ILAM, in consultation with the respective transaction advisers, has provided the offering results to the Capital Markets Authority. The results indicate that the offer received a positive response with more than 13.08% above the target number of units,” Kihanda said.

He added, “With the positive outcome, we are now on course to complete the redemption process and proceed to the strategic restructuring of the ILAM Fahari I-REIT as we seek to position it for growth. The next step will be the Extra-Ordinary General Meeting in November. This is part of our strategic growth plans to deliver positive returns for our investors while deepening the local capital markets.”

The ILAM Fahari I-REIT Kshs 402 million month-long offer that opened slightly over a month ago (Wednesday, September 6 and closed on Friday, October 6 2023) sought to redeem up to 36,585,134 units equaling to 20.22% of the issued shares of the ILAM Fahari I-REIT as part of an operational restructuring effort.

As part of the offer, the target unit holders had an opportunity to either redeem their units at a Redemption Offer Price of Kshs 11 per unit, top up to the Kshs 5 million professional investors



threshold as prescribed by regulatory provisions or opt to be bundled under a nominee account holding all non-professional investors who failed to take up the redemption offer.

The Trustee redeemed up to 301,400 units from each unitholder that submitted their application.

Alongside the operational restructuring of the REIT, ILAM Fahari I-REIT Chief Executive Officer Mr Raphael Mwito reiterated 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.

The Transaction has resulted in ICEA LION Asset Management Limited increasing its unitholding to 22.74% post-redemption.

IFIR will remain regulated by the CMA and is registered as a REIT with the Kenya Revenue Authority (KRA), thus continuing to enjoy statutory tax advantages.

The payments to unitholders will be done on October 24, 2023, while the suspension of trading in ILAM Fahari units at the NSE will be lifted on October 25.

The ILAM Fahari I-REIT has invested in a portfolio of high-quality investment real estate properties that provide sustained returns and operating performance.

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

The ILAM Fahari I-REIT is a real estate investment trust licenced under the REITs 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 REITs Regulations; and
- Investing in cash, deposits, bonds, securities and money market instruments.

ILAM Fahari I-REIT is advised by Dyer and Blair Investment Bank (Transaction Advisor), TripleOKLaw Advocates LLP (Legal Advisor), Co-operative Bank of Kenya (Trustee), CDSC Registrars Limited (Registrar) and Oxygene Marketing Communications (PR & Marketing).

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