

# ILAM FAHARI INCOME REIT CONVERSION OFFERING MEMORANDUM

August 25th 2023



**ISSUED IN RELATION TO THE PROPOSED CONVERSION OF THE ILAM FAHARI I-REIT FROM AN UNRESTRICTED I-REIT INTO A RESTRICTED I-REIT AND REDEMPTION OFFER OF 36,585,134 UNITS FROM NON-PROFESSIONAL INVESTORS**

**Strictly Private and Confidential**

***THIS CONVERSION OFFERING MEMORANDUM IS ONLY MEANT FOR THE PERSON TO WHOM IT HAS BEEN ADDRESSED AND IS STRICTLY NOT FOR THE USE OR CONSIDERATION OF ANY OTHER PERSON***

The date of this Information Memorandum is August 25th 2023.



## I. ILAM FAHARI Income Real Estate Investment Trust

This document comprises a Conversion Offering Memorandum (the "Offering Memorandum") relating to the conversion of the ILAM Fahari Income Real Estate Investment Trust (the "ILAM Fahari I-REIT" or "IFIR") from an Unrestricted into a Restricted I-REIT and the redemption of up to 36,585,134 Units from Non-Professional Investors. The Offering Memorandum has been prepared in accordance with the Capital Markets Act, Chapter 485A (the "Act"), the Capital Markets (Real Estate Investment Trusts) (Collective Investment Schemes) Regulations, 2013 (the "REIT Regulations") and the Nairobi Securities Exchange Listing Rules (the "Listing Rules").

The Offering Memorandum is issued for the purpose of providing information to IFIR Unitholders in respect of:

- Proposed redemption of up to 36,585,134 Units from Non-Professional Investors at a Redemption Offer Price of KSH 11 per Unit;
- Proposed conversion of the I-REIT from an Unrestricted I-REIT into a Restricted I-REIT post redemption of Units from Non-Professional Investors; and
- Proposed delisting of the I-REIT from the Unrestricted Main Investment Market Segment of the NSE and subsequent quoting of ILAM Fahari I-REIT Units on the Unquoted Securities Platform ("USP").

Table 1: Summary Timetable of Events

Event	Date
Record Date	Friday 1 <sup>st</sup> September 2023
Opening Date of Offer Period	Wednesday 6 <sup>th</sup> September 2023
Closing Date of Offer Period	Friday 6 <sup>th</sup> October 2023
Announcement of Results	Monday 23 <sup>rd</sup> October 2023
EGM Notice Announcement	Thursday 26 <sup>th</sup> October 2023
Suspension of ILAM Fahari I-REIT Units from trading	Friday 6 <sup>th</sup> October 2023 – Wednesday 25 <sup>th</sup> October 2023
Transfer of Units via CDSC	Tuesday 24 <sup>th</sup> October 2023
Payment for Units from Non-Professional Investors	Tuesday 24 <sup>th</sup> October 2023
EGM	Thursday 16 <sup>th</sup> November 2023
Proposed Delisting Date	Monday 4 <sup>th</sup> December 2023

This Offering Memorandum has been approved by the Trustee and the Capital Markets Authority ("CMA"). The approval by the CMA is not a recommendation or a statement by the Authority in relation to the suitability of the I-REIT for investment. The CMA has not verified and will not verify the accuracy of information contained in this Offering Memorandum and therefore accepts no responsibility or liability for the correctness of statements made therein or a Unitholder's decision on the offer.

## II. Important Information and Notices

This Offering Memorandum together with the documents specified herein, having been approved by the Board of the REIT Manager and REIT Trustee, have been approved by the CMA.

IFIR is duly authorized by the CMA (also herein referred to as "the Authority") as a Real Estate Investment Trust Scheme under the Capital Markets (Real Estate Investment Trust) (Collective Investment Schemes) Regulations, 2013 ("the REIT Regulations"). This authorisation was granted on 30<sup>th</sup> September 2015.

As a matter of policy, the authorization of the REIT by the Authority is not a recommendation nor does it constitute a statement by the Authority in relation to the suitability of the I-REIT for investment or as to the risks and the Authority has no liability. Application has been made to the Authority for approval of this Conversion Offering Memorandum and this Conversion Offering Memorandum has been approved by the Authority.

This Offering Memorandum is issued under the provisions of the Capital Markets (Real Estate Investment Trusts) (Collective Investment Schemes) Regulations, 2013 and is in compliance with the Nairobi Securities Exchange ("NSE") listing rules.

In making your investment decision to invest in REIT Securities you should be aware that there is very limited recourse, if any, to the assets of the Issuer or the Trustee.

Your investment in REIT securities and as a REIT securities holder in the REIT is as an equity investor. Distributions and return of capital are not guaranteed and are entirely dependent on the performance of the assets of the real estate investment trust.

Your rights in most cases will be limited solely to the assets of the real estate investment trust.

If the Trustee is authorized to borrow on behalf of the Trust, then your rights to distributions and to the assets will rank after the payments to lenders.

The Trustee, REIT manager and other parties are also entitled to receive payment of fees and expenses ahead of payments to REIT securities holders who invest in REIT securities.

### Conversion Offering Memorandum

This Offering Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see Section 15 "Documents Available for Inspection"). This Offering Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Offering Memorandum.

No REIT securities can be redeemed based on this Offering Memorandum more than six months after the stated date of the publication of the Offering Memorandum.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Memorandum or any other information supplied in connection with the Scheme and, if given or made, such information or representation must not be relied upon as having been authorised by the Trustee, the Promoter or any Receiving Agent.

Each Non-Professional Investor contemplating the redemption of any Units and each prospective Professional Investor contemplating the purchase of any redeemed Units offered, should make their own independent investigations of the financial condition and affairs, and their own appraisal of the condition (financial or otherwise), of the Offer. If you are in any doubt about the contents of this document or the nature of the transaction or investment or the risks attached to the investment then you should consult a person licensed under the Capital Markets Act who specialises in advising on investments in or acquisitions of securities, including REIT securities in Schemes.

All references in this document to "Shillings", "KES", "KSH" and "Kenya Shillings" refer to the currency of the Republic of Kenya.

Where any term is defined within the context of any particular clause or section in this Offering Memorandum, the term so defined, unless it is clear from the clause or section in question that the term so defined has limited application to the relevant clause or section, shall bear the meaning ascribed to it for all purposes in this Offering Memorandum, unless the context otherwise requires. Expressions defined in this Offering Memorandum shall bear the same meaning in supplements to this Offering Memorandum, which do not themselves contain their own definitions.

### Supplementary Offering Memorandum

If, prior to the close of the Offer Period, a significant new development occurs in relation to the information contained in this Offering Memorandum or a material mistake or inaccuracy is found in the Offering Memorandum that may affect the assessment of the REIT, a supplement to this Offering Memorandum will be published.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Memorandum or in a document that is incorporated by reference in this Offering Memorandum. Any statements so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Memorandum.

### **Forward Looking Statements**

This Offering Memorandum contains forward-looking statements relating to the REIT. These forward-looking statements can be identified by the use of forward-looking terminology such as believes, expects, may, is expected to, will, will continue, should, would be, seeks or anticipates or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions.

These statements reflect the current views of the Promoter with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the REIT to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Some of these factors are discussed in more detail under Risk Factors in Section 10. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Offering Memorandum as anticipated, believed, estimated or expected. The Promoter undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the future events described in this Offering Memorandum may not occur.

### **Industry, Economic and Other Information**

The Promoter and the Transaction Adviser obtained the industry and economic data, including industry forecasts, used throughout this Offering Memorandum from internal surveys, market research, publicly available information and industry publications. The Promoter and the Transaction Adviser have also made statements on the basis of information from third-party sources that they believe are reliable, such as the Central Bank of Kenya and Kenya National Bureau of Statistics, among others. Industry and government publications, including those referenced here, generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Although the Promoter and the Transaction Adviser have no reason to believe that any of this information or these reports are inaccurate in any material respect, they have not independently verified the industry or other data provided by third parties or by industry or other publications. The Promoter and the Transaction Adviser do not make any representation as to the accuracy of such information.

## Declaration

The Promoter assumes full accountability for liability for any statements and representations included in this Offering Memorandum including the statements of other parties and experts, except expert opinions issued by the respective experts.

Each expert named in the Offering Memorandum shall be liable solely for misrepresentations and omissions arising from statements made by them, provided that due consent has been obtained from the relevant expert for the inclusion of such statements in the Offering Memorandum.

The Transaction Adviser, the Authorised Receiving Agents and other professional advisers have not separately verified the information contained herein except with regards to specific expert reports provided by the Legal Adviser and Valuer. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Transaction Adviser, the Authorised Receiving Agents or other professional advisers as to the accuracy or completeness of the information contained in this Offering Memorandum or any other information provided by the Issuer. The Transaction Adviser, the Authorised Receiving Agents and the professional advisers do not accept any liability in relation to the information contained in this Offering Memorandum or any other information provided by the Issuer in connection with the Offer.

The Board of Directors of the Promoter, hereby state that this Offering Memorandum and the Scheme Documents comply with the Act and the REIT Regulations.

The Directors of the Promoter have, collectively and individually, made all reasonable enquiries and confirm to the best of their knowledge and belief, that there are no false or misleading statements or omissions of other facts which would make any statement in this Offering Memorandum false or misleading and have duly authorised the undersigned to sign this declaration on their behalf.

Signed on behalf of the Board of Directors of the Promoter



.....  
**Andrew Ndegwa**  
Chairman, ICEA LION Asset Management Limited



.....  
**Einstein Kihanda**  
Chief Executive Officer, ICEA LION Asset Management Limited

Signed on behalf of the Board of Trustees



.....  
**Lydia Rono**  
Chairperson, Board of Trustees The Co-operative Bank of Kenya Ltd

We, the Transaction Adviser and the Legal Adviser, hereby state that this Offering Memorandum and the Scheme Documents comply with the Act and the REIT Regulations



.....  
**Cynthia Mbaru**  
Director, Dyer & Blair Investment Bank Limited



.....  
**Brian Muindi**  
Partner, TripleOKLaw Advocates LLP

### III. Chairman's Letter to Unitholders

ILAM Fahari I-REIT  
ICEA LION Centre, Riverside Park  
Chiromo Road  
Westlands

25th August 2023

To all Non-Professional Unitholders of ILAM Fahari, I-REIT

Dear Unitholder,

#### **Proposed Conversion of the ILAM Fahari I-REIT into a Restricted I-REIT and Redemption of 36,585,134 Units from Non-Professional Investors**

On behalf of the Board of Directors of ICEA LION Asset Management Limited (ILAM), the Promoter and REIT Manager of the ILAM Fahari I-REIT ("IFIR" or "I-REIT"), I write to recommend your consideration and acceptance of:

- a. the proposed Conversion of the Unrestricted I-REIT into a Restricted I-REIT;
- b. Redemption of 36,585,134 Units from Non-Professional Investors; and
- c. Proposed Delisting of the I-REIT from the Main Investment Market Segment and subsequent quoting of ILAM Fahari I-REIT Units on the USP thereafter.

The Redemption Offer Price of KSH 11 represents a premium of 82.72% to the market price of KSH 6.02 as at 25<sup>th</sup> August 2023 and will be available to all Non-Professional Investors.

The history of the REIT dates back to the enactment of the REIT Regulations by the Capital Markets Authority (CMA) in 2013, which heralded the entry of REITs in the Kenyan market. The Income Tax Act was thereafter amended to allow for tax-exemption of REITs in 2015. STANLIB, the pioneer Promoter and REIT Manager, conceptualized the REIT product and obtained a REIT Manager Licence on 30<sup>th</sup> September 2015, the same day the I-REIT was registered and approved by CMA. Soon thereafter, plans were announced for an Initial Public Offering (IPO) on the Nairobi Securities Exchange (NSE) to raise Kshs 12.5 bn for investment in three (3) seed properties with a total value of Kshs 2.36 bn and several additional properties with a total value of at least 8.03 billion, so as to provide the REIT with commercial, residential and retail property exposure. The IPO raised Kshs 3.62 bn, achieving a subscription rate of 29%. The REIT was launched and listed at the NSE as the STANLIB Fahari I-REIT on 27<sup>th</sup> November 2015.

Due to the undersubscription of the IPO, the REIT commenced operations with only the three seed properties in the portfolio: Greenspan Mall, a mixed-use shopping mall in Donholm, and two light industrial properties, Bay Holdings and Highway House, both located in the Industrial Area of Nairobi. While the REIT later acquired 67 Gitanga Road, a commercial office property, in 2018 and commenced construction of a modern 300-seat capacity 3-screen cinema at Greenspan Mall, in 2019, the initial undersubscription negatively affected portfolio size and concentration risk, which in turn adversely impacted the REIT's performance and consequently further constrained its ability to attract additional capital.

On 7<sup>th</sup> November 2019, STANLIB announced that, subject to fulfilment of certain conditions, it had reached agreement to dispose of certain fund management business assets to ILAM, including the role of Promoter and REIT Manager of the STANLIB Fahari I-REIT. Following fulfilment of all the conditions precedent, including approvals from the CMA and the Competition Authority of Kenya (CAK), ILAM took over the role of Manager and Promoter on 18<sup>th</sup> May 2020 and subsequently changed the name of the REIT to IFIR in August 2020.

At the time of the change of REIT Manager, several additional challenges had emerged, including: a distressed anchor tenant (Tuskys) at Greenspan Mall; underperforming assets (Highway House was fully vacant from 2018 and Bay Holdings faced significant vacancy risk arising from one of its major tenants); and the Covid-19 pandemic, which resulted in tenants whose businesses were affected by lockdown restrictions negotiating for rent concessions. All of this weighed negatively on the performance of the REIT. The new REIT Manager took several measures to improve the performance of the REIT, including signing a lease with Naivas as the new anchor tenant at Greenspan Mall from August 2021, commissioning major capital works at Greenspan Mall, and initiating a process to commence the disposal of non-performing properties.

The REIT had also encountered an uncertain tax environment, which resulted in years of tax leakages, compounding the already below par financial performance, as well as an investor community that was still learning about REITs as an

asset class. The result has been that, over the years, the REIT unit price has traded at a significant discount to its Net Asset Value (NAV), which has been a source of great concern to unitholders. The REIT has not been able to grow in the past few years through acquisitions as unitholders were not able to support a capital raise and property owners were worried about losing value if given units in exchange. The small size of the property portfolio has been problematic due to the high fixed costs of the REIT, which has further dampened the returns to unitholders.

To address this situation, the new REIT Manager undertook a thorough review of the REIT, its performance, market positioning, investor appetite and business structure. The exercise concluded that the REIT could not, with its current scale and structure, meet the needs of the Kenyan investment market. Without a radical intervention to increase its size, efficiency and returns it was destined to continue trading at a huge discount to NAV.

In order to reposition the REIT, and after extensive analysis and engagement, the Board of the REIT Manager has recommended the Delisting of the REIT. This will allow the REIT to reset itself with a smaller unitholder base restricted to Professional Investors only as unlisted REITs are only open to Professional Investors as per the REIT Regulations. The Delisting will provide the REIT with the requisite flexibility and time to restructure itself without prejudicing the Non-Professional Investors. Some of the initiatives will look at optimising the existing assets, potential disposal of non-core assets, capital raising, acquisitions and aligning service provider fees. The Promoter will potentially consider the relisting of the REIT on the Main Board of the NSE in 3 years upon evaluation of the strategy implemented.

We believe the pioneering journey of the REIT has laid the foundation for future REITs and we remain confident about the prospects of the REIT market in Kenya. It is encouraging to see new REITs come to market such as the Acorn Student Accommodation (ASA) I-REIT and D-REIT by Acorn Holdings Limited in 2021 and the Laptrust Imara I-REIT in 2022. It is also important to note that none of these new REITs are listed on the Main Investment Market Segment of the NSE and are only open to Professional Investors, which is a pointer that, from the experience of IFIR, this is the appropriate structure at this stage of the market's development and life of the REITs. For IFIR, the time is ripe for restructuring the REIT so that it can perform to the expectations of all stakeholders.

#### **Proposed Conversion and Redemption Offer and Treatment of Non-Professional Investors**

The REIT Regulations state that unlisted REITs must be restricted to Professional Investors (those who have invested KSH 5 million and above). The REIT will also have to be converted from an Unrestricted I-REIT into a Restricted I-REIT. As a result, we have prepared a Redemption Offer targeted to Non-Professional Investors, with a significant premium to the prevailing market unit price. For Non-Professional Investors who wish to remain in the REIT, there is an option to "top up" your unit holding to meet the Professional Investor threshold.

#### **Treatment of Professional Investors**

The Redemption Offer is 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 this stage. However, we will request your support during the Extraordinary General Meeting (EGM) where the resolution for Delisting will be tabled. Post-Delisting, it is the intention of the REIT Manager to provide liquidity to remaining unitholders through quoting of the units on the USP.

#### **Effect of Delisting**

The effect of Delisting on the REIT's various stakeholders is outlined below.

##### ***1. Non-Professional Unitholders***

If you choose not to accept the Redemption Offer (or cannot, within the stipulated time period), you will continue to hold the same number of units you owned prior to Delisting and your rights will remain the same, including participating in any future distribution. However, it is important to note that a Restricted I-REIT is only for Professional Investors. For this reason, Non-Professional Unitholders will be collectively placed in a bundled nominee account, so as to allow the REIT to remain in compliance with the REIT Regulations.

##### ***2. Professional Unitholders***

You will continue to hold the same number of units you owned prior to Delisting. The Redemption Offer is only open to Non-Professional Investors. However, it is the intention of the Promoter to list the units on the USP to provide a liquidity avenue for Unitholders. However, there is no guarantee that liquidity will be available when and if you need it.

##### ***3. Tenants***

The Delisting will not impact the tenants of the REIT.



#### **4. Regulators**

After Delisting, the REIT will remain regulated by the CMA as a Restricted I-REIT. The NSE will cease to regulate the REIT but will be the platform manager of the USP which the REIT will list on.

#### **5. Other Contractual Obligations**

The Delisting will not affect existing obligations.

#### **Recommendation**

We recommend that all Non-Professional Investors take up the Redemption Offer. The Offer provides a unique opportunity for Non-Professional Investors to obtain liquidity for their units at a significant premium over the current market price.

If you are in any doubt as to what action to take, you are recommended to seek independent advice from your stockbroker, bank manager, lawyer or other professional adviser.

Yours sincerely,



Andrew Ndegwa

**Chairman**  
**ICEA LION Asset Management Limited**

## IV. Salient Features of the Offer

The information set out in this salient features section of the Offering Memorandum is not intended to be comprehensive. In order to gain a comprehensive understanding of the subject matter and information, this Offering Memorandum should be read in its entirety. No REIT securities can be redeemed based on this Offering Memorandum more than six months after the stated date of the publication of the Offering Memorandum.

The interpretation and definitions of the terms and abbreviations used in this summary are set out in the Glossary of Defined Terms and Abbreviations (See Section 1).

The following information should be read as an introduction to the Conversion Offering Memorandum (the "Offering Memorandum") relating to the Redemption Offer (the "Offer") of up to 36,585,134 Units (the "Units"), with a nominal value of KSH 20 each, of IFIR.

Any decision by a Unitholder to redeem their Units should be based on a consideration of the Offering Memorandum as a whole. Unitholders should therefore read the entire Offering Memorandum and not rely solely on this summary.

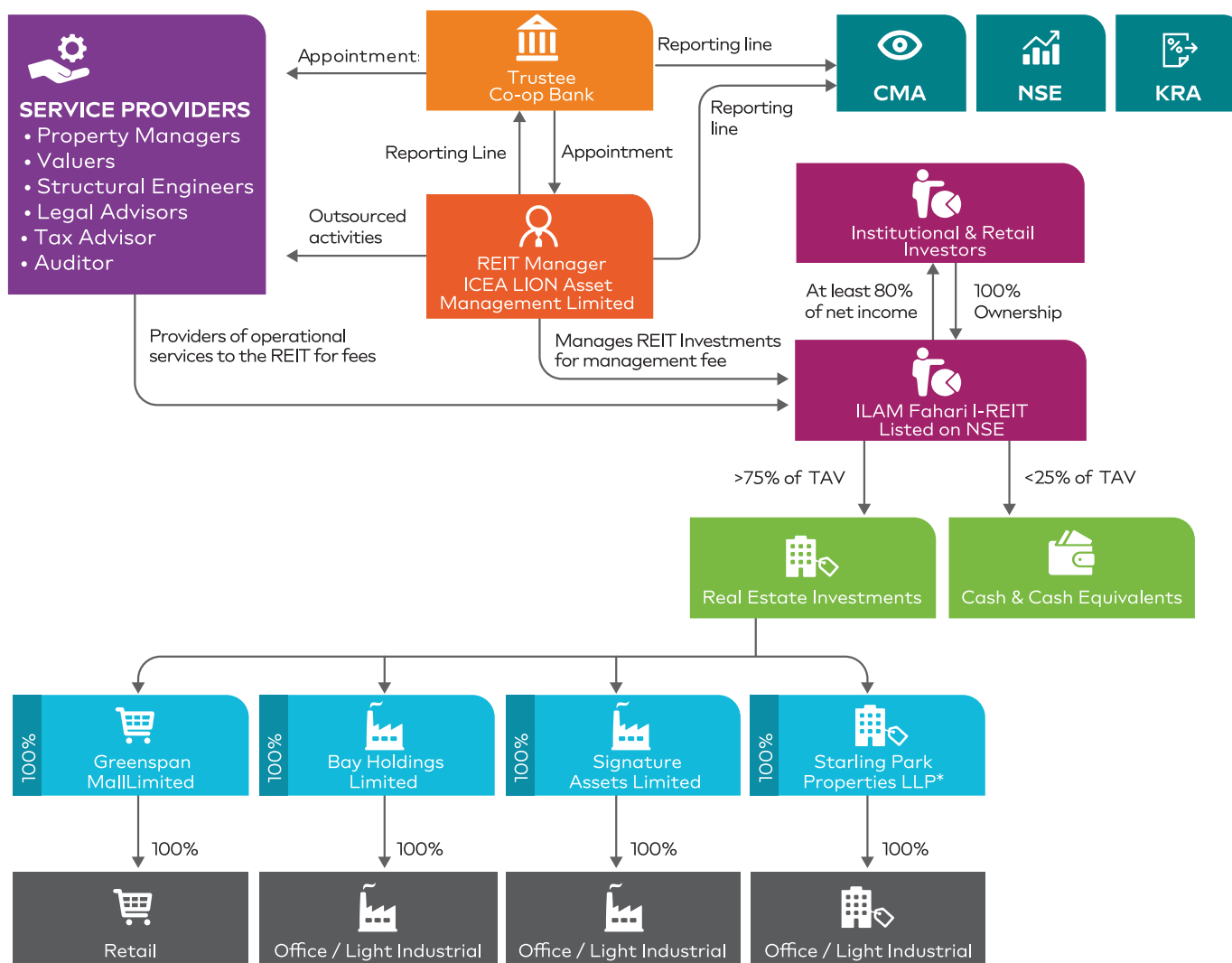
### REIT Manager Recommendation

On 15<sup>th</sup> February 2022, the REIT Manager proposed to the Trustee that the I-REIT should be converted into a restricted I-REIT as part of the restructuring exercise. The restructuring process is detailed in Section 2. The REIT Regulations restrict the holding and trading of Restricted I-REIT Units to a minimum parcel size of Kenya Shillings five million and set the requirements for an investor to qualify as a Professional Investor (being inter alia, an Investor that either alone or on a joint account subscribes for REIT Units for the prescribed minimum value of five million shillings). The REIT Regulations state that only Professional Investors can invest in a restricted I-REIT and thus, the REIT Manager recommended that Units from Non-Professional Investors be redeemed to ensure compliance with the REIT Regulations. Post redemption, remaining Unitholders will vote at the AGM for the conversion of the I-REIT and the delisting from the NSE. This section provides the salient features of the Redemption Offer and conversion process but more detail can be found in Section 5.

## REIT Overview

Below is the current REIT structure.

Figure 1: REIT Structure



Feature	Description
<b>Name</b>	<b>ILAM Fahari I-REIT</b>
Nature of Business and Duration of the Scheme	IFIR is an unincorporated closed-ended investment trust authorised by the Capital Markets Authority. The unrestricted offer of IFIR securities was approved by the CMA on 30th September 2015 and the REIT securities were subsequently listed on the Nairobi Securities Exchange ("NSE") on 26th November 2015. The REIT's duration is unlimited subject to the Trust Deed.
Principal Activities of the REIT	<ul style="list-style-type: none"> <li>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</li> <li>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 Regulations</li> <li>Investing in cash, deposits, bonds securities and money market instruments</li> </ul>

Objectives of the REIT	<p>The primary objective of the REIT is to provide Unitholders with stable annual cash distributions from investment in a diversified portfolio of income generating real estate assets.</p> <p>A further objective is to improve and maximise Unit value through the on-going management of the REIT's assets, future acquisitions and the development of additional income producing real estate assets within regulatory limits.</p>
Number of Units in issue	180,972,300
Listing Status	Listed on the Unrestricted Main Investment Market Segment of the NSE
Unit Price as at 25th August 2023	KSH 6.02
Eligible Investors	Professional and Non-Professional Investors
Transferability of Units	The Units are freely transferable among Eligible Investors
Distribution of Realized Capital Gains	The Regulations require the REIT to make annual distributions to Security Holders of a minimum of 80% of the net after tax income (if any) generated by the REIT from sources other than Realised Capital Gains.
Current Assets	<ul style="list-style-type: none"> <li>• Greenspan Mall Limited</li> <li>• Bay Holdings Limited</li> <li>• Signature Assets Limited</li> <li>• Starling Park Properties LLP</li> </ul>
Financial Structuring mechanisms	At this time, there is no financial structuring contemplated for the REIT. If such structuring mechanisms are contemplated subsequent to the issue of this Offering Memorandum, the measures will be clearly identified, and their impact reported as part of the continuing disclosure reporting under Regulation 42 and in subsequent half yearly and annual reports under Regulation 101.
Borrowing policy	<p>The Trustee, as advised by the REIT Manager, may use gearing to enhance the potential for income returns and long-term capital growth, and to provide capital flexibility. However, the REIT will maintain a conservative level of aggregate borrowings and ensure that any borrowing or provision of security is not prejudicial to the interests of the REIT securities holders.</p> <p>The aggregate borrowing of IFIR shall not exceed a maximum of thirty-five per cent (35%) of Total Asset Value (TAV), calculated at the time of drawdown unless approved by the Authority and the Security Holders (acting by way of a Special Resolution).</p> <p>Failure by the Trustee to comply with the borrowing limitation set out above and in the Trust Deed shall not constitute an offence. However, where the Trustee exceeds the borrowing limitation:</p> <ol style="list-style-type: none"> <li>i. IFIR may cease to be classified as a REIT for taxation purposes;</li> <li>ii. the Unitholders may institute a cause of action against the Trustee or the REIT Manager; and</li> <li>iii. the Authority may revoke the authorisation issued to IFIR.</li> </ol> <p>Debt may be secured with or without a charge over some or all of IFIR's assets.</p>
Connected Parties	<p>The Promoter and the REIT Manager are Connected Parties and have entered into agreements with IFIR to ensure that all transactions remain at arm's length in the provision of their relevant services.</p> <p>All Connected Party Transactions shall be subject to the prior approval of the Trustee and, where required by the Act or the REIT Regulations, by the Unitholders.</p>

## Summary of Investment Policy

- The Trust shall only invest in Eligible Investments and Eligible Real Estate as permitted for I-REITS by the REIT Regulations, or any modifications thereof;
- The Trust shall not make, or permit any of its Subsidiaries to make, any investment that could result in the REIT ceasing to qualify as an Authorised REIT under the REIT Regulations;
- Subsidiaries of the Trust may only invest in revenue producing real estate properties or assets or assets ancillary thereto located in Kenya;
- In addition and without prejudice to the foregoing, the REIT will observe the following investment requirements:
  - » Eligible Real Estate for IFIR shall be investment in real estate in Kenya, unless the REIT Regulations otherwise allow;
  - » Such real estate may be owned directly or through investee companies owned 100 percent by the Trustees or investee trusts of which the Trustee is 100 percent Beneficiary;
  - » The REIT will not co-own Eligible Real Estate with any other person;
  - » The REIT may hold Units in listed property companies or real estate investment trust with similar objectives listed on a securities exchange in Kenya, in which event the REIT need not own 100 percent of such company or real estate investment trust;
  - » The REIT will not invest more than 10% of its assets by value in such listed securities as are referred to above; and
  - » Within two years of the first issue of REIT Units to Unitholders other than the Promoter, 75 percent of the TAV of the REIT must be income producing real estate.
- The REIT will act in best endeavour to achieve the following investment performance metrics after being fully invested, subject to changing market conditions at any time:
  - » Target Internal Rate of Return at property level and before REIT expenses: 14 percent per annum. Investors should note that distributions will be made after deduction of REIT expenses and the IRR earned could therefore be lower than this Target IRR
  - » The investments of IFIR will be in accordance with the asset class allocation, in the property sectors and subject to the sector allocations as set out earlier in this section.

## Summary of Key Risks

Industry specific risks;

Risks common to traded REIT securities;

Risks associated with the ILAM Fahari I-REIT structure;

- Market Risk
- Income Risk
- Securities Liquidity Risk
- Regulatory Risk
- Tax Risks

Risks associated with the Scheme's proposed Investment Portfolio

- Risks Arising from Acquisition of Special Purpose Vehicles

Risks associated with the Conversion to a Restricted I-REIT that will be unlisted;

- Liquidity Risk
- Tax Risk from trading on an OTC Platform

## Redemption Offer

The Redemption Offer will be made by the Trustee to Non-Professional Investors. The Redemption Offer will be funded by the Promoter.

Feature	Description
Purpose	To redeem the Units from the Non-Professional Investors to enable the conversion of the REIT from an Unrestricted I-REIT into a Restricted I-REIT
Number of Units to be redeemed	Up to 36,585,134 Units equating to 20.22%
Redemption Offer Price	KSH 11 per Unit
Type of Offer	Cash Offer
Rights attached to the Units	The Units shall rank <i>pari passu</i> in all respects and each Unit shall confer the right to one vote at all meetings of Security Holders and to participate pro rata in any distributions by the Trust
Use of funds from Non-Professional Investors who will be increasing their holdings to reach Professional Investor threshold	To purchase redeemed Units from Non-Professional Investors who will be accepting the Redemption Offer

Non-Professional Investors who would like to increase their holdings to reach Professional Investor status will be able to apply for additional Units (See Section 5.11). Funds from Non-Professional Investors who would like to increase their holdings will be used to pay off Non-Professional Investors who will be redeeming their Units.

### Proposed Amendment for Conversion

The proposal is to convert the I-REIT from an unrestricted I-REIT into a restricted I-REIT to enable the I-REIT to delist. The proposed conversion will be captured as an amendment to the Trust Deed (See Section 7) and will be voted for at the AGM post closure of the Redemption Offer exercise. Upon delisting of the REIT from the Unrestricted Main Investment Market Segment of the NSE, the Promoter will establish an Over-the-Counter ("OTC") trading facility to allow for limited trading of the Units by Professional Investors. The Promoter will request the REIT Manager to undertake the following corporate exercise with approval from the Trustee:

Proposed amendment to the relevant clauses in the Trust Deed to allow:

- The conversion of the unrestricted I-REIT to a restricted I-REIT; and
- Post Delisting, allow the Units of the restricted I-REIT to be quoted on the Unquoted Securities Platform ("USP") managed by NSE.

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## 1. Glossary of Defined Terms and Abbreviations

In this Conversion Offering Memorandum (including its annexures), unless a contrary indication appears, the following expressions shall have the meanings indicated in the table below:

Words in the singular shall include the plural and vice versa, references to a person shall include references to a body corporate, and reference to a gender includes the other gender.

Table 1: Definitions and Abbreviations

Term or Abbreviation	Definition
"Act"	means the Capital Markets Act, Chapter 485A of the Laws of Kenya (Amended by Act No. 48 of 2013);
"Additional Information"	means information provided to supplement the information contained in the Conversion Offering Memorandum;
"Agents Agreements"	means the agreement entered into between the Promoter and the Authorised Receiving Agents;
"Applicant(s)"	means one or more Unitholders that offers their Units for redemption in the Offer by submitting a completed form of acceptance during the Offer Period;
"Application(s)"	means one or more completed application forms submitted by or on behalf of a Unitholder during the Offer, for purposes of offering their Units for redemption under the terms of the Offer;
"Application Form" or "Form of Acceptance"	means the application form to be used by Unitholders for purposes of acceptance of the redemption of their Units under the terms of the Offer, a sample of which is attached to this Conversion Offering Memorandum and which will be made available to Unitholders;
"Applicable Law"	means any applicable laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority which may govern the Offer, the Units and the Scheme Documents;
"AUM"	means assets under management;
"Associated Person"	means in relation to a Group Entity, any other Group Entity and any senior employee, director or officer of such Group Entity;
"Auditors" or "Reporting Accountant"	means KPMG Kenya;
"Authorised Receiving Agents"	means the authorised receiving agents to this Offer, as appointed by the Trustee. The names of the members of the Authorised Receiving Agents are set out in Appendix C Section APPENDIX VI of this Conversion Offering Memorandum;
"Authorised Units"	means all the Units that may be issued at any given time by IFIR, whether they have been issued (and are therefore "Units in Issue") or not;
"Beneficiary"	means any holder of Units from time to time;
"Board"	means the Board of Directors of the REIT Manager as constituted from time to time;
"Business Day"	means any day other than a Saturday, Sunday or official public holiday in Kenya;
"Calculation Date"	means 31 December in each year
"CBK"	means the Central Bank of Kenya;
"CDA"	means the Central Depository Agent;
"CIS"	means Collective Investment Scheme regulated by the CMA;

"Closed Ended Fund"	means a fund or trust in which: a) A person invests by subscribing for an issue of Units or by acquiring Units in a secondary market; b) The value of the investment fluctuates over time as determined by market price for the Units; c) The number of the Units issued remains constant over time except where a new issue of Units is made or there is a reduction in the capital of the fund initiated by the Trustee or as a consequence of termination or winding up of the Trust; and d) The Unitholder, except where there is a reduction in the capital of the fund initiated by the Trustee or as a consequence of termination or winding up of the Trust – i. Is not entitled to require the Trustee to redeem the Units; and ii. May only exit the investment in the Units by selling the Units in a secondary market;
"Closing Date"	means the date on which the Offer closes;
"CMA" or "Capital Markets Authority" or "Authority"	means the Capital Markets Authority established under the Act;
"Connected Person" or "Connected Party"	Means in relation to any person, an Associated Person of that person or an associate of that person (as associate is defined in the Act, as amended from time to time) and, in relation to IFIR specifically, includes: a) The REIT Manager; b) A Valuer appointed to undertake a valuation of the Scheme; c) The Trustee; d) A Substantial Unitholder in the Scheme; e) A Director, a Senior Executive or an Officer of any person referred to in (a) (b) and (c) above; f) An Associate (as "Associate" is defined in the Act, as amended from time to time) of any person referred to in (d) and I above; and g) A Controlling Entity, a Holding Company, a Subsidiary or an Associated Company of any person referred above;
"Co-op Bank"	means the Co-operative Bank of Kenya Limited;
"CPA (K)"	means Certified Public Accountant of Kenya;
"CPS (K)"	means Certified Public Secretary of Kenya;
"Director"	means a Director of the REIT Manager;
"Distribution Date"	means date by which distributions to Unitholders is required to be made, being 30 April annually;
"EBK"	means Engineers Board of Kenya;
"EGM"	means Extra-ordinary General Meeting;
"EFT"	means Electronic Funds Transfer;
"Eligible Assets"	means the Eligible Real estate and/or Eligible Cash Investments that IFIR is permitted to invest in. See Section 6.
"Eligible Investments"	means in respect of IFIR, the assets and investments specified under Regulation 65 of the REIT Regulations;
"Eligible Real Estate"	means real estate as captured in the REIT Regulations with respect to the I-REIT
"FDI"	means Foreign Direct Investment;
"Foreign Institutional Investors"	means any person who is not a local investor;
"GDP"	means Gross Domestic Product;
"GLA"	means Gross Lettable Area being the total area of a building that can be let to a tenant. Unless otherwise noted, any reference within the Offering Memorandum to m2 is based on GLA;
"GR"	means the gross rental, being basic rental plus operational costs, excluding rates and taxes, measured in Kenya Shillings;

"ICEA LION Insurance Holdings"	means ICEA LION Insurance Holdings, the parent company of ILAM;
"IFIR"	means ILAM Fahari I-REIT;
"IFRS"	means the International Financial Reporting Standards;
"ILAM" or the "Promoter"	means ICEA LION Asset Management Limited;
"Initial Estimated Expenses"	means all expenses including costs, fees and charges associated with the establishment of the REIT and the Offer;
"IMF"	means International Monetary Fund;
"Independent Property Valuers" or "Valuers"	means the independent property valuers of the I-REIT, being Jones Lang LaSalle Kenya Ltd;
"Internal Rate of Return" or "IRR"	means internal rate of return achieved on IFIR;
"Investee LLP"	means a limited liability partnership which meets the requirements of Regulation 65 as adopted to limited liability partnerships;
"Investment Policy"	means the Investment Policy of IFIR the ILAM set out in the Trust Deed;
"Investor"	means a Professional Investor under the REIT Regulations and a holder of Units and who is a beneficiary under the Trust Deed;
"Issuer" or "Promoter"	means, in relation to this Offer, ILAM;
"I-REIT"	means Income REIT;
"KES" or "KSH" or "Kenya Shillings"	means Kenya Shilling;
"Legal Adviser"	means the legal adviser to the Issuer, in relation to this Offer, being TripleOKLaw Advocates LLP;
"m <sup>2</sup> " or "sqm"	means square metres;
"Management Fee"	means the amount payable by the Trustee to the REIT Manager for managing IFIR in accordance with the terms of the REIT Management Agreement;
"MER"	means the management expense ratio;
"NAV"	means net asset value, being the value of all IFIR's assets after subtracting the value of all its liabilities as determined in accordance with the consolidated financial statements of IFIR;
"NAV per Unit"	means the NAV divided by the number of Units issued and not redeemed on the day the calculation is made;
"Net Operating Income" or "NOI"	means total revenue less operating expenses. Operating expenses include, but are not limited to, real estate taxes, utilities, insurance, property management fees, advertising, basic repairs and maintenance;
"Non-Professional Investor" or "Non-Professional Unitholder"	means any person that either alone or with any associates on a joint account owns or holds IFIR Units lower than the prescribed minimum value of Kenya Shilling five million;
"NSE"	means the Nairobi Securities Exchange, approved as a securities exchange under the Act;
"Offer"	means the period from the Opening Date to the Closing Date, both days inclusive;
"Offer Timetable"	means the timetable for the Offer as detailed in the Important Dates and Times section on Section 3;
"Offering Memorandum" or "Conversion Offering Memorandum"	means this document inclusive of all annexures and accompanying sample form of acceptance dated 25th August 2023, prepared in compliance with the Act, the REIT Regulations and the Listing Rules
"Opening Date"	means the date at which the Offer opens;
"OTC"	means the Over-the-Counter trading unquoted securities platform for hosting, quoting, transferring, settlement, reporting and registry management of the Units pursuant to the Trust Deed;

"p.a."	means per annum;
"Primary GLA"	means the rentable area dedicated to the use of the tenant comprising usable and common areas for offices and excluding common area for retail buildings;
"Person" or "person"	means an individual, corporation, company, firm, organisation, partnership, limited partnership, limited liability partnership, trust (including business trust), unincorporated association, joint venture syndicate, estate, Governmental Entity or other form of entity or organisation of any nature whatsoever (in each case whether or not having legal separate legal personality);
"Portal"	means the electronic portal for Unitholders to facilitate online receipt of forms for acceptances and/or online Applications
"Professional Investor"	means: a) any person licensed under the Act; b) an authorised scheme or collective investment scheme; c) a bank or subsidiary of a bank, insurance company, co-operative, statutory fund, pension or retirement fund; or d) 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 Kenya Shillings (KSH 5 million);
"Promoter Group"	means subsidiaries of ICEA LION Insurance Holdings, of which the Promoter is also one
"Property Manager"	means Knight Frank Kenya, the REIT Property Manager and any replacement (from time to time) appointed pursuant to the Trust Deed in accordance with the provisions of the REIT Regulations and whose role is the provision of certain property management services in relation to the Eligible Real Estate of IFIR pursuant to the Trust Deed and the REIT Regulations;
"Qualified Institutional Investors (East African)"	means a body corporate including a financial institution, collective investment scheme, fund manager, dealer or other body corporate whose ordinary business includes the management or investment of funds whether as principal or on behalf of clients;
"Realised Capital Gains"	means the capital gains realised by IFIR following the disposal of a REIT Asset;
"Real Estate"	means land, and in addition includes: a) all things which are a natural part of the land or growing on the land; b) attachments above and below the land; c) things which are fixtures or are developed, installed or constructed on the land including buildings and site improvements; d) improvements and permanent building, plant and equipment or attachments such as plumbing, heating and cooling systems, electrical wiring and built-in items such as elevators, and items of a similar nature which might be used in connection with the land; and e) all rights and interests attaching to the land;
"Redemption Offer"	means an Offer made to Non-Professional Investors to redeem their Units in exchange for a cash payment equivalent to the Redemption Offer Price multiplied by number of Units held;
"Redemption Offer Price"	means the price at which the Redemption Units will be redeemed by the Trustee pursuant to the terms of the Offer, being KSH 11 per Unit;
"Redemption Units"	means the Units held by Non-Professional Investors that will be redeemed by the Trustee pursuant to the terms of the Offer;
"Registrar, Data Processing Agent and Paying Agent"	means the registrar of REIT securities in relation to the IFIR, being CDSC Registrars Limited;

"REIT"	means Real Estate Investment Trust, an unincorporated common law trust that has been authorised as such by the CMA;
"REIT Assets"	means all assets of the Trust, including the Initial Assets (for so long as Initial Assets are owned by IFIR);
"REIT Manager"	means ICEA LION Asset Management Limited and any replacement from time to time appointed pursuant to the REIT Management Agreement in accordance with the provisions of the REIT Regulations and whose role is the management of IFIR pursuant to the Trust Deed and the REIT Regulations;
"REIT Management Agreement"	means an agreement entered into between the Trustee and the REIT Manager (from time to time) with respect to the management of IFIR;
"REIT Property Management Agreement"	means an agreement entered into between the Trustee, the REIT Manager and the REIT Property Manager (from time to time) with respect to the provision of certain property management services in relation to the Eligible Real Estate of IFIR dated 9th September 2021;
"REIT Regulations"	means the Capital Markets (Real Estate Investment Trusts) (Collective Investment Schemes) Regulations, 2013 as may be amended or modified from time to time;
"REIT Trustee" or "Trustee"	means the Co-operative Bank of Kenya Limited;
"Recoverable Expenses"	means all expenses recovered from or charged to IFIR as a result of the expenses incurred by the operation of IFIR expressed as a fixed amount as set out in Regulation 95(2);
"Restricted Board"	means the board on the Main Investment Market Segment of the NSE on which only Professional Investors can trade on;
"RTGS"	means Real Time Gross Settlement;
"Scheme"	means the Real Estate Investment Trust Scheme as defined in the REIT Regulations;
"Scheme Documents"	means the documents specified in the REIT Regulations and include – a) the Offering Memorandum and includes any conversion or supplementary offering memorandum or offering memorandum; b) the Trust Deed and any amending, supplemental or replacement Trust Deed; c) any document appointing a REIT Manager or setting out the terms of appointment and the role or obligations of a REIT Manager; d) any document appointing a Property Manager, Project Manager Certifier or Structural Engineer or setting out the terms of appointment, the role or obligations of such persons; e) any documents described in paragraph (b), (c) or (d) relating to an investee trust; and f) the Memorandum and Articles of Association of any investee company and any shareholders' agreement including any amending, supplemental or replacement Memorandum and Articles of Association or shareholder's agreement;
"Security"	means any instrument defined as such under the Act and, in relation to IFIR, includes Units established;
"Special Resolution"	means a resolution passed by not less than three quarters of the Unitholders present and entitled to vote in person (or where proxies are permitted by proxy) at a general meeting of Unitholders, provided that at least twenty-one days written notice specifying the intention to propose the Special Resolution has been given;
"STANLIB" or "STANLIB Kenya"	Means STANLIB Kenya, the original Promoter of the ILAM Fahari I-REIT;
"Structural Engineer"	means Feradon Associates Ltd;



"Subsidiary" or "Subsidiaries"	means a subsidiary or the subsidiaries of IFIR, being an entity or entities owned more than 50 percent by the REIT Trustee on behalf of the REIT;
"Substantial Unitholder"	means a person who holds fifteen per centum (15%) or more of the issued Units, where for the purposes of calculating the fifteen per centum, in addition to any Units held by the Unitholder, that person is also considered to be the holder of any Units held by: <ul style="list-style-type: none"> <li>a) an associate (as Associate is defined in the Act, as amended from time to time) of a holder who is an individual; or</li> <li>b) an Associated Person, if the holder is an entity other than a natural person;</li> </ul>
"Tangible NAV"	means NAV less intangible assets;
"TAV"	means total asset value, being the value of all IFIR's assets prior to any adjustments or deduction of liabilities;
"Tax Advisers"	means Viva Africa Consulting LLP;
"Technical Engineer"	means Feradon Associates Ltd;
"Transaction Adviser" or "Dyer & Blair"	means the Transaction Adviser, in relation to this Offer, being Dyer & Blair Investment Bank Limited;
"Trust Deed"	means the trust deed dated 30 September 2015 establishing IFIR as a REIT as amended from time to time between ICEA LION Asset Management Limited and Co-operative Bank;
"UMIMS"	means the Unrestricted Main Investment Market Segment of the NSE;
"Units"	means Units of IFIR, with a nominal value of KSH 20 each;
"Unitholder(s)" or "REIT Unitholders(s)" or "Securities Holder"	means any person including the Promoter, who has purchased or otherwise acquired (including through the exchange, or in consideration of any transfer, of Property) and holds any Units and is registered in the Register as evidence that he holds the Units;
"USD"	means United States Dollar;
"Valuation Report"	means the Valuation Report dated 31st December 2022], in relation to the current properties prepared by the Valuer, further details of which are set out in this Conversion Offering Memorandum
"Valuer" or "JLL"	means Jones Lang LaSalle Kenya Limited;
"VAT"	means Value-Added Tax as defined in the Value-Added Tax Act, 2013, as amended;

# 2. REIT Manager Statement and Recommendation



## 2.1 Introduction

The ILAM Fahari I-REIT ("IFIR") was initially established on 30<sup>th</sup> September 2015 by STANLIB Kenya ("STANLIB") who was the Issuer and Promoter. ILAM acquired the management rights from STANLIB on 18<sup>th</sup> May 2020 and undertook a strategic review in 2021 as the REIT's strategic plan had also expired in 2020. The aim of the review was to develop a new strategic plan that would enhance IFIR's returns, effectiveness and sustainability. The outcome of the review recommended several restructuring initiatives which among others included:

- a. The conversion of the Unrestricted I-REIT into a Restricted I-REIT through the redemption of Units from Non – Professional Investors through a Cash Offer;
- b. The delisting of the I-REIT from the NSE

Pursuant to the restrictions in Regulation 2 of the REIT Regulations, Unitholders in a 'closed ended trust' are not entitled to require the Trustee to redeem their REIT Units and may only exit the investment in REIT Units by selling the Units in a secondary market. Clause 2.6 of the Trust Deed provides that IFIR is a 'closed-ended investment trust' and further, Clause 26.3 expressly states that a Unitholder shall not have the right to request the Trustee to redeem its holding of REIT securities. The Trust Deed, however, confers powers to the Trustee to initiate a partial redemption at its discretion. The REIT Regulations also permit voluntary redemptions by the Trustee as follows:

*(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.*

The Redemption Offer thus represents a unique opportunity for Non-Professional Investors to benefit from the Cash Offer by the Trustee. It is on this basis that on 15<sup>th</sup> February 2022, the REIT Manager presented the above recommendation to the Trustee that approved the proposed transaction and mandated the REIT Manager to progress with the transaction. Post redemption, the remaining Unitholders will vote at the AGM for the conversion of the REIT and the delisting from the NSE. **The REIT will remain regulated by the CMA as a Restricted I-REIT and all continuous obligations under the REIT Regulations will remain applicable.**

The intention of the REIT Manager is to consider a relisting of the REIT on the Restricted Board of the Main Investment Market Segment of the NSE after 3 years should the strategic objectives outlined in Section 2.2 be achieved.

## 2.2 Strategic Overview and Rationale for the Transaction

The REIT Manager commissioned a strategic review of IFIR in 2021 to understand the challenges that the I-REIT faced and potential strategies to improve the returns and market performance. The review included:

- Review of existing I-REIT documentation including the Strategic Plan, which expired in 2020;
- In-depth interviews with external stakeholders including anchor investors of the I-REIT Initial Public Offering ("IPO"), real estate investors, fund managers, market participants, real estate developers and property managers;
- Real estate market research and analysis of options available to the I-REIT.

The strategic review enabled the REIT Manager to develop a long-term strategy which would allow the I-REIT to create long term value for its Unitholders. The long-term strategy involves two main components:

- i. Optimisation of existing assets – To enable existing assets to yield higher revenue through further development and refurbishment (i.e., at Greenspan Mall) as well as reducing property level expenses/costs by reviewing service provider fees. Overall, this would translate to higher Net Operating Income ("NOI") for the I-REIT;
- ii. Growing the I-REIT Asset Base – This is a key component to ensure long term value accretion and achieve economies of scale with respect to the fee structure. The intention is to at least double the AUM in the next three years and target assets of at least KSH ten billion in five years. Growth of the AUM is expected to increase the amount and percentage of distributable cash in the following ways:
  - a. With a larger asset base, asset management and other service provider fees as a percentage of the AUM are expected to go down since a larger REIT can still be managed with the existing REIT Manager team;

- b. Growth will come via organic acquisition of properties with good entry yields, optimal cost structures and excellent long term potential ensuring sustainability of the REIT.

Implementing the above strategy will lead to higher distributable cash flows and a better REIT asset profile which will reflect in a higher market price of the I-REIT.

However, the REIT Manager's analysis indicates that this strategy cannot be easily implemented if the I-REIT maintains its current listing status on the Unrestricted Main Investment Market Segment of the NSE. In order to grow the I-REIT, acquisitions need to be funded by cash via a Rights Issue or a property swap for Units with property owners. Due to the Unit price market performance, property owners have been very reluctant to swap their properties into the I-REIT which has left raising capital as the only option to fund acquisitions. In this regard, Unitholders have informed us that due to the poor market performance, they would not be willing to participate in a Rights Issue leaving the I-REIT in a state of inertia with no path for growth.

Through discussions with ILAM as REIT Manager and Promoter, it was decided that the option to surrender the listing on the Unrestricted Main Investment Market Segment ("UMIMS") would be the only option available to ensure the future of the I-REIT. As a Restricted I-REIT, the REIT Manager would be able to restructure the I-REIT, renegotiate service provider fees and acquire properties quickly in order to reach a sustainable asset base size. Thereafter, the I-REIT could consider relisting on the Restricted Board of MIMS on the NSE.

The REIT Regulations state that a Restricted I-REIT can only have Professional Investors who meet a minimum threshold of KSH 5 million and so the Promoter will be funding the redemption of Units from Unitholders below that threshold. The transaction includes a mechanism that will allow Non-Professional Investors to "top up" their holdings (See Section 5.11) so they can reach Professional Investor status if they wish to remain in the REIT as a Unitholder.

The Redemption Offer will be a Cash Offer and Dyer & Blair have confirmed that the Promoter Group has enough financial resources to fulfil their obligations (See APPENDIX I).

## 2.3 Redemption Offer Price Methodology

Three valuation methodologies, i.e., income approach, market approach and asset approach were broadly considered for the Redemption Offer Price.

Methodology	Description	Applicable to IFIR?	Rationale
<b>Income Approach</b>			
<b>The applicability of the Dividend Discount Model ("DDM") was evaluated</b>			
Dividend Discount	Dividends are discounted to Present Value at cost of equity. It is a form of discounted cash flow that aims to arrive at intrinsic value	Yes	IFIR has consistently declared distributions and thus this method could be used.
<b>Market Approach</b>			
<b>The applicability of Trading Multiples, Precedent Transaction multiples and Unit Price Comparison</b>			
Unit Price Comparison	Using the volume weighted average ("VWAP") share price of IFIR to compare against the Offer price	Yes	As IFIR is listed and trades on the NSE, we are able to calculate the 180-day VWAP of IFIR as a basis for comparison.
<b>Asset Approach</b>			
<b>We evaluated the applicability of Net asset Value and Asset Liquidation</b>			
NAV	Using the net assets of the business to determine value	Yes	IFIR has significant assets in the form of commercial buildings so that method could be used and is a standard valuation measure for REITs.

## 2.4 Valuation Assumptions

### 2.4.1 Income Approach: Dividend Discount Model

The Dividend Discount Model (DDM) is a way of valuing a company or entity based on the theory that a stock is worth the discounted sum of all of its future dividend payments. It is a form of discounted cash flow (DCF) model with the cash flows being the future dividends of the company. Variable-growth model, which typically divides growth into 3 phases was adopted for this valuation.

	Fair Value Price (KSH)	Redemption Offer Premium/Discount (%)
Dividend Discount Method	8.41	30.76%

Using the Dividend Discount approach, the Redemption Offer Price was a premium to the Unit price.

Market Approach: Unit Price Comparison

#### 2.4.2 Market Approach: Unit Price Comparison

From Date of recommendation to Trustee	Average VWAP Price (KSH) as at 31st January 2023	Redemption Offer Premium/Discount to VWAP Price (%)
30 Day VWAP	6.04	82.12%
90 Day VWAP	6.23	76.47%
180 Day VWAP	6.44	70.90%
270 Day VWAP	6.30	74.54%

Using the Unit price comparison approach and focusing on the 180-day VWAP, the Offer Price was at a premium to the Unit price.

#### 2.4.3 Asset Approach: Net Asset Value

The Net Asset Value ("NAV") approach focuses on the value of an entity's assets or the fair market value of its total assets after deducting liabilities and values the entity as a going concern. The NAV has been adjusted to include closing costs of approximately 7.5% which would cover the costs such as legal fees, marketing and transfer costs. The valuations were conducted by Jones Lang LaSalle Kenya Limited dated 31<sup>st</sup> December 2022 and the detailed reports are captured in Section 15 and as part of the "Documents available for inspection" (See Section 16).

NAV	NAV per Unit (KSH)	Adjusted NAV Per Unit (KSH)	Redemption Offer Premium/Discount to Adjusted NAV (%)
At book value	18.92	17.50	-37.15%

The Redemption Offer Price is at a discount to the Adjusted NAV.

#### 2.5 Redemption Offer Price Fair Value Summary

The Fair Value of IFIR was arrived at by assigning weights to the individual valuation approaches. Equal weights are assigned to NAV and the Market Price as these valuations are derived by the Independent Valuer and the Investors on the NSE on a willing buyer/willing seller basis. The overview is provided below:

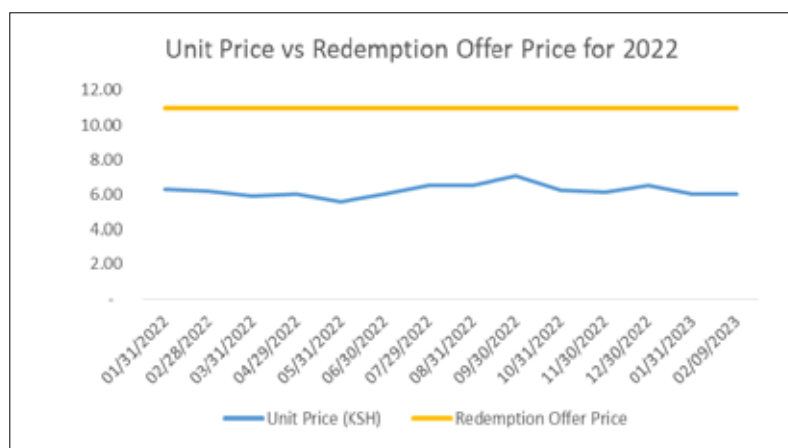
Methodology	Fair Value per Unit (KSH)	Weighting	Weighted Average (KSH)
Dividend Discount Model	8.41	30%	2.52
IFIR Unit Price (180 VWAP)	6.44	35%	2.25
NAV (at book value)	17.50	35%	6.13
Fair Value			10.90
Redemption Offer Price			11.00
Premium to Offer Price (%)			0.92%

The Fair Value of IFIR was calculated to be KSH 10.90 which means the Redemption Offer Price is at a marginal premium of 0.92% to Fair Value.

#### 2.6 Comparison of Redemption Offer Price to Unit Market Price

The Redemption Offer Price is at a significant premium to the Unit Price over the past 12 months.

Figure 2: Chart of Redemption Offer Price vs Unit Price



## 2.7 Delisting Process

Once the Redemption Offer is complete, a Delisting Resolution will be tabled at an Extraordinary General Meeting together with the Conversion Resolution. The EGM Notice will be issued once the Redemption Offer results have been released.

Should the Delisting Resolution pass, an application will be made to CMA and NSE to delist the REIT. Upon approval, a Delisting Date will be announced through a Public Notice.

## 2.8 Future Listing Status

It is the intention of the Promoter, ILAM, to reconsider relisting the REIT after 3 years should the strategic objectives to grow the REIT be met. The REIT would remain as a Restricted I-REIT but would be listed on the Restricted Board of the NSE.



### 3. Timetable of Important Dates

The transaction timetable is outlined below.

Table 2: Offer Timetable

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

# 4. Corporate Information





## Corporate Information

The ILAM Fahari I-REIT was authorised by the CMA as a REIT on 30th September 2015 and established as an unincorporated common law trust via a Trust Deed dated 30th September 2015 as amended vide a Supplemental Trust Deed dated 6 March 2017 between STANLIB Kenya and The Co-op Bank. STANLIB Kenya resigned as the REIT Manager on 18 May 2020 and on 20 May 2020, STANLIB Kenya together with Co-op Bank and ICEA LION Asset Management in their respective capacities as the outgoing REIT Manager, REIT Trustee and the incoming REIT Manager announced that all the conditions precedent in relation to the transfer of the management of the REIT (including the approvals of the Capital Markets Authority and the Competition Authority of Kenya) have been fulfilled. The Trustee and the Promoter agreed to amend the Trust Deed by way of the Amended and Restated Trust Deed between ICEA LION Management and The Co-op Bank which became effective on 18th May 2020. Pursuant to a Unitholders' resolution passed on Thursday 20th August 2020 at the fourth annual general meeting of Unitholders, ILAM became the REIT Manager and Promoter of the REIT and the transfer was duly approved by the CMA.

Role	Entity and Address	Logo
Registered Name and Office	<p>ILAM Fahari I-REIT</p> <p>4<sup>th</sup> Floor, ICEA LION Centre Riverside Park, Chiromo Road Westlands P.O. Box 46143 – 00100 Nairobi, Kenya Tel: +254 202750000 Email: ilamreit@icealion.com</p>	
REIT Manager and Promoter	<p>ICEA LION Asset Management Limited</p> <p>4<sup>th</sup> Floor, ICEA LION Centre Riverside Park, Chiromo Road Westlands P.O. Box 46143 – 00100 Nairobi, Kenya Tel: +254 202750000 Email: ilamreit@icealion.com</p>	
Transaction Adviser and Lead Receiving Agent	<p>Dyer and Blair Investment Bank Limited</p> <p>7<sup>th</sup> Floor, Goodman Tower Off Waiyaki Way, Westlands P.O. Box 45396 – 00100 Nairobi, Kenya Tel: +254 709930000 Email: corporate@dyerandblair.com</p>	
Legal Adviser	<p>TripleOKLaw Advocates LLP</p> <p>5<sup>th</sup> Floor, Block C, ACK Garden House 1<sup>st</sup> Ngong Avenue, off Bishops Road P.O. Box 43170 – 00100 Nairobi, Kenya Tel: +254 709830100 Email: info@tripleoklaw.com</p>	
Trustee	<p>The Co-operative Bank of Kenya Limited</p> <p>Co-operative House Haile Selassie Avenue P.O. Box 48231 – 00100 Nairobi, Kenya Tel: + 254 703027000 Email: customerservice@co-opbank.co.ke; custodial@co-opbank.co.ke</p>	

Tax Adviser	Viva Africa Consulting LLP 3 <sup>rd</sup> Floor, Kiganjo House Rose Avenue, Off Denis Pritt Road P.O. Box 75079 – 00200 Nairobi, Kenya Tel: +254 202465567 Email: info@vivaafriacallp.com	
Property Manager	Knight Frank Kenya Limited Lion Place, Waiyaki Way Westlands P.O. Box 39773 – 00623 Nairobi, Kenya Tel: +254 20 423 9000 Email: info@ke.knightfrank.com	
Independent Property Valuer	Jones Lang LaSalle Kenya Ltd 4 <sup>th</sup> Floor, Sanlam Tower, Waiyaki Way Nairobi, Kenya Tel: +254 709 324 324 Email: jll.co.za; africa.jll.com	
Structural and MEP Engineer	Feradon Associates Ltd  Kasuku Drive, Off Bogani Road –Karen P.O. Box 7375-00300 Nairobi, Kenya Email: consult@feradon.com	
Auditor	KPMG Kenya 8 <sup>th</sup> Floor, ABC Towers ABC Place, Waiyaki Way P.O. Box 40612 – 00100 Nairobi, Kenya Tel: +254 20 280 6000 Email: info@kpmg.co.ke	
REIT Securities Registrar	CDSC Registrars Limited 1 <sup>st</sup> Floor, Occidental Plaza Muthithi Road, Westlands P.O. Box 6341 – 00100 Nairobi, Kenya Tel: +254 202588000 Email: registrar@cdscregistrars.com	
PR and Marketing	Oxygene Marketing Communications Limited 5 <sup>th</sup> Floor, Two Rivers Business Park, South Tower P.O.Box 34623 – 00100 Nairobi, Kenya Tel: +254 798204476 Email: ilam@oxygene.co.ke	

# 5. Key Features of the Redemption Offer



## 5. Key Features of the Redemption Offer

### 5.1 Key Offer Statistics

Table 3: Key Offer Statistics

	Description
Record Date	Friday 1 <sup>st</sup> September 2023
Opening Date	Wednesday 6 <sup>th</sup> September 2023
Closing Date	Friday 6 <sup>th</sup> October 2023
Redemption Offer Price per Unit	KSH 11
Maximum number of Units to be redeemed	36,585,134
Current Unit Price as at 25 <sup>th</sup> August 2023	KSH 6.02
Redemption Offer Price premium above current Unit Price	82.72%
Market Capitalisation of the REIT as at 25 <sup>th</sup> August 2023	KSH 1,089,453,246

### 5.2 Nature of the Offer

The Offer is a Cash Offer for the redemption of up to 20.22% of the issued Units of IFIR representing the holdings of the Non-Professional Investors. The Trustee will be the entity to redeem the Units. The redemption will be funded by the Promoter and any other Professional Investors (who are existing Unitholders at the Record Date) that wish to subscribe for the Redeemed Units who will receive these Units in exchange for provision of cash.

### 5.3 Confirmation of Financial Resources

Dyer & Blair, the Transaction Adviser, has confirmed that the Promoter has sufficient cash resources and facilities at its disposal to satisfy redemption of up to 36,585,134 Units attributed to Non-Professional Investors. A copy of the letter of confirmation is set out in APPENDIX I.

### 5.4 Estimated Expenses for the Transaction

Role	Fee in KSH
Transaction Adviser	9,500,000
Legal Adviser	4,000,000
Registrar, Data Processing Agent and Paying Agent	1,750,000
Portal Fee	1,025,000
Receiving Bank	1,750,000 <sup>1</sup>
PR and Marketing Fees (inclusive of statutory adverts)	8,800,000 <sup>2</sup>
Sub-total	26,825,000
VAT @ 16%	4,292,000
Total	31,117,000

Receiving Agents will be paid a 1.5% placement fee for all Units redeemed through them.

### 5.5 Distribution Policy and Factors Determining Distribution

#### 5.5.1 Distribution policy

The Trustee of IFIR shall, on the recommendation of the REIT Manager, distribute in each financial year, with the distribution being made on the Distribution Date, a minimum of 80% (eighty percent) of the net after tax income, if any, of the Fund from sources other than from Realized Capital Gains on the disposal of REIT Assets.

#### 5.5.2 Retention of realized capital gains

Any realised gains may be retained and invested in income-producing real estate provided that any realised gains

<sup>1</sup>This is an estimate

<sup>2</sup>This is an estimate

which have not been invested within a period of 2 years from the date of realisation shall be distributed to Security Holders within two months of the second year of realisation.

### 5.5.3 Implications of failure to make distribution

Failure to make a distribution shall not result in a breach of the Act, the REIT Regulations or the Scheme Documents, but may result in:

- i. IFIR ceasing to be classified as a Real Estate Investment Trust Scheme for taxation purposes;
- ii. subject to the Scheme Documents, the Security Holders having a cause of action against the Trustee or the REIT Manager; and
- iii. revocation of authorization issued to IFIR by the Authority under the REIT Regulations.

## 5.6 Minimum Aggregate Redemption

There will be no minimum aggregate redemption amount.

## 5.7 Authorised Receiving Agents

The Trustee has appointed Authorised Receiving Agents for this Offer, all of whom have signed Agents Agreements with the I-REIT. These Agents Agreements set out various terms and conditions that each Authorised Receiving Agent is required to comply with.

The Authorised Receiving Agents are either members of the NSE or licensed by the CMA. The names of the members of the Authorised Receiving Agents are set out in Section APPENDIX VI to this Conversion Offering Memorandum. The Authorised Receiving Agents will assist Unitholders to redeem Units via the Portal or receive physical forms of acceptance through their branches and such other outlets as the REIT may determine.

## 5.8 Governing Law

This Conversion Offering Memorandum and any contract resulting from the acceptance of an Offer to redeem the Units shall be governed by and construed in accordance with the Laws of Kenya and it shall be a term of each such contract that the parties thereto and all other interested parties submit to the exclusive jurisdiction of the Courts of Kenya, unless otherwise provided therein.

## 5.9 Form of Acceptance

Each Unitholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, authorises, represents, warrants and agrees to and with the Promoter (so as to bind it/him/her and its/his/her successors and assigns) that:

- i) it/he/she is irrevocably and unconditionally entitled to transfer the legal and beneficial ownership of the Redemption Units comprised in the acceptance of the Offer;
- ii) the Redemption Units are redeemed free from all liens, charges, encumbrances, equities and other interests and together with all rights now or subsequently attaching to them including the rights to all dividends and distributions declared, made or paid thereafter;
- iii) it/he/she, has fully complied with the laws of any relevant jurisdiction in connection with the Offer;
- iv) the execution of the Form of Acceptance shall constitute a valid acceptance of the Offer in respect of the number of Redemption Units inserted, or deemed inserted, in Part 1 of the Form of Acceptance, in each case on and subject to the terms and conditions set out or referred to in this document;
- v) the execution of the Form of Acceptance shall constitute an undertaking to execute all or any documents and/or give any such further assurance as may be required to enable the Promoter to obtain the full benefit of the terms of this document and/or to perfect any of the authorities expressed to be given hereunder;
- vi) the execution of the Form of Acceptance constitutes the irrevocable authority and instruction to the REIT Securities Registrar to transfer it/his/her IFIR Units from it/his/her CDS account to the Promoter's CDS account or to the order or instructions of the Promoter; and
- vii) the execution of the Form of Acceptance constitutes the irrevocable appointment of any director (or other individual(s) appointed in writing by any Promoter's director) as such Unitholder's attorney and agent, and an irrevocable instruction and authority to the attorney to:
  - a. procure that the Unitholder is paid the Redemption Offer Price in the manner set out in the Form of Acceptance;
  - b. complete and execute all or any form(s) of transfer and/or other document(s) (including deeds or any document required to be signed, sealed and delivered) as may be necessary or desirable in the attor-

- ney's discretion in relation to the Redemption Units referred to in paragraph 5.9 i) above in favour of the Promoter;
- c. deliver any such form(s) of transfer and/or other document(s) together with the certificate(s) and/or other document(s) of title relating to the Redemption Units in the attorney's discretion for registration within 30 days following the Offer closure; and
  - d. execute all such other documents and do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest the Promoter such Redemption Units.

## 5.10 Procedure for Accepting the Redemption Offer

Unitholders will have the option of accepting the Offer through electronic means (through accessing the Redemption Offer Portal or via USSD) or filling out a physical Form of Acceptance which can be requested from the Registrar through your broker. All terms below apply to both methods of acceptance. Unitholders are encouraged to use the Portal as much as possible.

### 5.10.1. Completing the Form of Acceptance

To accept the Redemption Offer, you must complete the Form of Acceptance in accordance with the instructions set in APPENDIX III. The Offer can only be accepted in FULL.

#### a) Portal

Unitholders will receive an email and SMS to their registered email address and phone number with a unique link to enable access to the Portal.

#### b) Physical Form

Unitholders will have to request a physical form from their respective brokers. Unitholders are required to provide a copy of (1) identification (an identity card or passport) certified by the Broker or Receiving Agent; and (2) proof of ownership (a Dividend Warrant/CDSC Statement) to facilitate processing of the replacement request by the Registrar.

### 5.10.2 Returning your completed Form of Acceptance

#### a) Portal

Unitholders should follow the instructions laid out in APPENDIX III. Unitholders should then confirm that they have read the terms and conditions and click "confirm". Unitholders will be able to print out or download the confirmation.

#### b) Physical Form

A properly completed and duly executed Form of Acceptance should be returned to a Receiving Agent only. Forms of Acceptance should be returned as soon as possible but, in any event, not later than **the Closing Date**.

The method of delivery of the Forms of Acceptance is at the election and responsibility of each accepting IFIR Unitholder. If delivery is by mail to the Receiving Agent, accepting IFIR Unitholders are advised to use registered mail. **In all cases, sufficient time must be allowed to ensure delivery to a Receiving Agent by the Closing Date.**

### 5.10.3 Non-resident ILAM Fahari I-REIT Unitholders

If you receive a link to the Portal or a copy of this document and/or the accompanying Form of Acceptance in a jurisdiction other than Kenya, you may not treat it as constituting an invitation or Offer to you, nor should you in any event use such Form of Acceptance, unless, in the relevant jurisdiction, the Offer could lawfully be made to, and accepted by, you. It is your responsibility if you are outside Kenya and/or subject to the laws of any other jurisdiction and if you receive a copy of this document and/or the accompanying Form of Acceptance and wish to accept the Offer, to satisfy yourself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any government or other consents and compliance with other necessary formalities, and to pay any transfer or other taxes or duties required to be paid in such jurisdiction in respect of the Offer.

### 5.10.4 Requesting duplicate link to the Portal

Unitholders who require such assistance should contact the Registrar directly to request a duplicate link to be sent to their registered email address and phone number.

### 5.10.5 Requesting a duplicate Form of Acceptance

If the physical Form of Acceptance has been misplaced or damaged, Unitholders may request a duplicate copy through their broker or Receiving Agent. Unitholders are required to provide a copy of (1) identification (an identity card or passport) certified by the Broker or Receiving Agent; and (2) proof of ownership (a Dividend Warrant/CDSC Statement) to facilitate processing of the replacement request by the Registrar.

### 5.10.6 Procedure for consolidating accounts via Private Transfer

For Unitholders that hold Units through more than one CDS account with each account below the Professional Investor threshold, a consolidation process can be initiated through a Private Transfer. The process is categorised as a Gift Transfer as the beneficiaries should 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 below

Table 4: Documentation required for Consolidation of Accounts Process

Transfer from Individual Account to Joint Account	Transfer from Company Account to Individual Account	Transfer from Individual Account to Company Account
<i>These parties must be related for the transfer to occur</i>	<i>The Beneficiary must be among the company's signatories</i>	<i>The individual must be among the company's signatories</i>
<ul style="list-style-type: none"> <li>• Transferee Certified ID copy</li> <li>• Transferor Certified ID copy</li> <li>• An affidavit showing the relationship between the transferee and transferor and the reason for gifting the Units</li> <li>• Document showing the relationship between the transferee and transferor (birth certificate, marriage certificate)</li> </ul>	<ul style="list-style-type: none"> <li>• Certified ID copies of the signatories</li> <li>• Certified copy of the company's certificate of incorporation</li> <li>• Certified copy of the company's CR12</li> <li>• Board resolution signed by all signatories showing that they have agreed to transfer shares to the said signatory.</li> <li>• An affidavit showing the reason for Unit transfer</li> </ul>	<ul style="list-style-type: none"> <li>• Certified ID copies of the signatories</li> <li>• Certified copy of the company's certificate of incorporation</li> <li>• Certified copy of the company's CR12</li> <li>• An affidavit showing the reason for Unit transfer</li> </ul>

### 5.11 Top Up Process for Non-Professional Investors

Non-Professional Investors will be able to increase their Unit holding in order to achieve Professional Investor status either through:

- buying additional Units on the NSE via their brokers; or
- by applying to subscribe for Redemption Units at the Redemption Offer price using the Redemption Unit Application Form (See APPENDIX IV).

### 5.12 Terms and Conditions for the Application of Additional Redemption Units

#### 5.12.1 Application Process

- All Applicants must be existing IFIR Unitholders and must have a CDS Account.
- Persons wishing to apply for additional Units in the REIT must complete the appropriate Application Form. The Application Form must be completed in accordance with the provisions contained in this Conversion Offering Memorandum and the instructions set out on the Application Form. The Application Form can be filled out via the Portal or physically returned to one of the Authorised Receiving Agents listed in APPENDIX VI of this Conversion Offering Memorandum;
- In the event of a rejection, for any of the reasons set out in Section 5.12.5 below, any such Application Forms and accompanying Authorised Payment shall be returned to the Authorised Selling Agent to which the Application Form was submitted for collection by the relevant Applicant;
- Copies of this Conversion Offering Memorandum, with the accompanying Application Form, may be obtained from the Authorised Receiving Agents referred to in APPENDIX VI of this Conversion Offering Memorandum;
- Save in the case of negligence or wilful default on the part of IFIR, its Advisers or any of the Authorised Receiving

Agents, neither IFIR, nor any of the Advisers nor any of The Authorised Receiving Agents shall be under any liability whatsoever should an Application Form not be received by the Closing Date;

- f. An Applicant can only apply for additional Units that will ensure they meet the Professional Investor threshold of Kenya Shilling five million at a minimum but will not be prohibited from increasing their unitholding beyond this point;
- g. Joint Applications may only be made by individuals (not corporations) and in all cases the joint Applicants submitting an Application must meet the Professional Investor threshold. Individuals will only be allowed to apply jointly once and joint Applications must not be used to defeat the allocation policy;
- h. Receipt of funds transferred shall not amount to the acceptance of any Application;
- i. All alterations on the Application Form, other than the deletion of alternatives, must be authenticated by the full signature of the Applicant or the Authorised Receiving Agent.
- j. Applications sent by facsimile or by any means other than the methods stipulated in this Conversion Offering Memorandum will not be accepted;
- k. Applications once given are irrevocable and may not be withdrawn once submitted;
- l. By signing/completing an Application Form, each Applicant:
  - i. agrees that having had the opportunity to read this Conversion Offering Memorandum, the Applicant shall be deemed to have had notice of all information and representations concerning the REIT contained herein;
  - ii. confirms that in making such Application it is not relying on any information or representation in relation to IFIR other than those contained in this Conversion Offering Memorandum and it accordingly agrees that no person responsible solely or jointly for this Conversion Offering Memorandum or any part thereof shall have any liability for such other information or representation;
  - iii. accepts to receive any communication from the REIT Manager, and the Trustee including notices for meetings, through electronic means including but not limited to email or placement of such notices on IFIR's website, or notification through the mass media;
  - iv. represents and warrants that, except in cases where the Applicant is licensed to apply for and hold Units for other persons, he who applies for the Units on his own account, will be the beneficial owner of the Units, has not represented himself as a different person in any other Application nor applied for Units under a different name, and is not applying for the Units on the instructions of or on behalf of any other person and has not instructed any other person to apply for Units as his nominee;
  - v. being a person with legal capacity who is authorised to apply for Units on behalf of other persons, represents and warrants that it is not making multiple Applications for itself or any other person, is not applying as nominee of any person whom it knows to have applied under any other name or through any other nominee or person; or for any beneficial owner more than once; and
  - vi. acknowledges that IFIR and/or the Authorised Receiving Agents reserve the right to reject any Application found to be in contravention of subparagraphs (iv) and (v) above.
- m. An Applicant wishing to apply for the Units must duly complete and sign the accompanying Application Form and return the same in its entirety accompanied by evidence of payment of the subscription amount (an "Authorised Payment") (as may be applicable) so that it is received by an Authorised Receiving Agent by the Closing Date;
- n. All such Application Forms must be accompanied by an Authorised Payment for the full amount due for the applicable Units;
- o. All Authorised Payments must be in Kenya Shillings;
  - i. Where such an Application is for an amount of less than Kenya Shillings One Million (KSH 1,000,000), payment may be made by way of MPESA or EFT either to the Authorised Receiving Agent or should be made payable to **CO-OP BANK CUSTODY AC 18000 – ILAM I-REIT CONVERSION ("CDS number"), A/C No 01101640000001** at Co-operative Bank of Kenya;
  - ii. For an Application above Kenya Shillings One Million (KSH 1,000,000), payments must be remitted to the Receiving Bank through EFT or Real Time Gross Settlement (RTGS) and should be made payable to the **CO-OP BANK CUSTODY AC 18000 – ILAM I-REIT CONVERSION ("CDS number"), A/C No 01101640000001** at Co-operative Bank of Kenya;
- p. For Qualified Institutional Investors (East African) applying for Units, payment for the Units allotted will be required to be made as per the Offer Timetable following the Receiving Bank (on behalf of the REIT) notifying the Applicant of its proposed allocation of Units and demanding payment on behalf of the REIT of the requisite amount. Settlement of Units to Applicants shall only be made after payment in full for the Units has been received by the REIT;



- q. The Authorised Receiving Agent receiving a physical Application Form will check that the Applicant has filled in the Application Form appropriately, tear off the Acknowledgment Section from the Application Form, sign and stamp the same and return it to the Applicant;
- r. Cash or cheques made directly payable to the Receiving Bank will not be accepted;
- s. The Authorised Receiving Agents and the Registrar are entitled to ask for sufficient identification to verify that the person(s) making the Application has authority or capacity to duly complete and sign the Application Form. The Authorised Selling Agents are therefore expected to undertake all "Know your Client" procedures and activities on nominee accounts as required by law. The Transaction Adviser, ILAM and the Trustee have the right to demand and be provided with the details of the nominee accounts held by the Authorised Receiving Agents to ascertain the eligibility of any Application by nominees. In default, the Trustee may at its sole discretion treat such Applications as invalid;
- t. The Promoter reserves the right to reject any Application not in all respects duly completed, and to accept or reject or scale down any other Application in whole or in part;
- u. Every Applicant is required to tick the appropriate box on the Application Form as regards his/her residency and/or citizenship status, where applicable;
- v. By signing an Application Form, an Applicant agrees to the allotment and issue of such number of Units (not exceeding the number applied for) as shall be allotted and issued to the Applicant upon the terms and conditions of this Conversion Offering Memorandum and subject to the Trust Deed, and agrees that the Trustee may enter the Applicant's name in the register of Unitholders of IFIR as holder of such Units;
- w. No interest will be paid on monies received in respect of Applications for Units, nor will interest be paid on any amounts refunded or deposited at the time of Application;
- x. Commission at the specified rate of 1.50 percent of the Offer Price of the Units allocated per Application will be paid to the relevant Authorised Receiving Agents on all Allocations made in respect of Application Forms received for the Units and which bear the stamp of the Authorised Receiving Agent. No commission will be paid on Application Forms that bear more than one or no Authorised Receiving Agent's stamp or which are rejected; and
- y. All payment, refunds or other currency transactions relating to the Offer shall be transacted in Kenya Shillings.

### 5.12.2 CDS Account

- a. It is mandatory for all Applicants to have a CDS Account.
- b. All Applicants will only receive issued Units in electronic or book entry form by way of a credit to their CDS Accounts with the allocated number of Units. They may not opt to receive them in material form (Unit certificates);
- c. In the case of Joint Applications, the Joint Applicants should have a CDS account in the name of the Joint Applicants;
- d. The Registrar on behalf of the Trustee will authorise the CDSC to credit the respective CDS Accounts with the number of Units allocated to each Applicant within the dates in the Offer Timetable set out in Section 3;
- e. Upon the Applicants CDS Accounts being credited with the issued Units, each Unitholder in the REIT shall be capable of dealing with their issued Units through the CDSC; and
- f. On acceptance of any Application, the Registrar will, as soon as possible after the fulfilment of the conditions relating to Applications and completion of the Application Form, register the allocated Units in the name of the Applicant concerned;

### 5.12.3 Loan Facilities

- a. The decision on whether to take a loan or other form of financing offered by any commercial bank or third-party financier in order to make payment for the Units applied for is the decision of each Applicant and the Trustee will not be in any way liable for the consequences of such a decision for the Applicant or the financier;
- b. Where Applicants with CDS Accounts have obtained finance from a bank which requires pledging of the Units as collateral, the following procedure must be followed;
  - i. the Applicant and/or financing bank must complete a CDS Securities Pledge Form (CDS 5 Form) and record the pledge details on the Application Form. The Securities Pledge Form shall be submitted to the Authorised Receiving Agent who will in turn submit it to CDSC. The Application Form together with payment will then be forwarded to the Receiving Bank and the Data Processing Agent by the Authorised Receiving Agent; and

- ii. upon completion of any additional documentation prescribed by CDSC, all pledges will be effected through entries in the CDS maintained by CDSC. The pledging of such Units will at all times be subject to Clause 10 of the Operational Procedures 2012 (Revised 2022) of the CDSC. There may be an additional fee payable to the CDSC for this service.

The Promoter, REIT Manager and Trustee shall not be held liable for any fees or commissions or any other expenses due and payable by any Unitholder with respect to any loan or advance sought and/or obtained from any financier or any other person.

#### 5.12.4 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.

#### 5.12.5 Rejections Policy

- a. The Authorised Receiving Agent will present to the Receiving Bank through the Registrar all Authorised Payments received on behalf of the REIT for Application of additional Units.
- b. The Promoter, ILAM and the Trustee shall not be under any liability whatsoever should any Application Form fail to be received by the Registrar or by any Authorised Receiving Agent by the Closing Date. In this regard, such Application Forms and accompanying payments shall be returned to the Authorised Receiving Agent where the Application Form was submitted, for collection by the applicable Applicants;
- c. Applications shall be rejected if full value is not received; and
- d. Applications may also be rejected for the following reasons:
  - i. Incorrect CDS Account Number;
  - ii. Missing or illegible name of primary or joint Applicant in any Application Form;
  - iii. Missing or illegible identification number, including corporation registration number, or in the case of Kenyan residents (other than citizens), missing or illegible alien registration number;
  - iv. Missing or illegible address (either postal or street address);
  - v. Missing residence and citizenship indicators for primary Applicant in the case of an individual or missing residency for tax purposes for corporate investors;
  - vi. Missing or incomplete CDS 5 Form in the case of financed Applications where the Units are to be taken as collateral;
  - vii. Insufficient documentation forwarded, including missing tax exemption certificate copies for Applicants that claim to be tax exempt;
  - viii. In the case of nominee Applications, incomplete information, failure to satisfy the Issuer of nominee status or lack of declaration from the agent submitting the Application;
  - ix. Missing or inappropriately signed Application Form including:
    - Primary signature missing from Signature Box 1;
    - Joint signature missing from Signature Box 2 (if applicable);
    - Two directors or a director and the respective company secretary having not signed or seal having not been affixed in the case of a corporate Application;'
  - x. Amount as payment for number of Units applied for is less than the correct calculated amount;
  - xi. Such other reason as the Promoter may provide to the Applicant upon rejection of an Application.

### 5.12.6 Refunds Policy

No interest will be paid on any funds related to an Application to any Applicant or other person.

Refunds in respect of unsuccessful Applications (if any) shall be in the form of refund by way of EFT by the Paying Agent (where an Application has provided accurate EFT in their CDS Account details including the name of the relevant bank, branch and account number - request your Authorised Receiving Agent for detailed reference list of codes).

None of ILAM, the Trustee or any Authorised Receiving Agent will be responsible for any refund not received. Where a financier has advanced money to a prospective investor to subscribe for Units, refunds will be made to or for the account of such financier as the case may be.

### 5.12.7 Notification of Allocation

All Applicants will be notified by email of the results of the Offer and the allocation of Units on the Results announcement date in the Offer Timetable.

## 5.13 Settlement

### 5.13.1 Processing of Forms of Acceptance

Upon returning the physical Form of Acceptance to a Receiving Agent or completion of the Form through the Portal, the Receiving Agent shall verify that the form has been duly completed.

The Registrar as the processing agent shall:

- a. receive all physical Forms of Acceptances from the Receiving Agents and secure their safe custody OR receive completed Forms of Acceptance via the Portal;
- b. confirm the authenticity of the Unitholder presenting the Form of Acceptance;
- c. verify that all the details in the Form of Acceptance are duly completed;
- d. return any rejected Forms of Acceptance to the Receiving Agents that have not been duly completed within 3 working days of receipt;
- e. prepare the final reconciled acceptance list showing Unitholders who have accepted the Offer and amounts payable against each;
- f. prepare a global acceptance report to be submitted to the CMA for approval to publish the result;
- g. upon final closing of the Offer, ensure that all ILAM Fahari Units to be redeemed are registered in the name of the Promoter with the CDSC.

### 5.13.2 Processing of Additional Redemption Unit Applications

Upon completion of the Additional Redemption Unit Application Form through the Portal, the Receiving Agent shall verify that the form has been duly completed.

The Registrar as the processing agent shall:

- a. receive all physical Application Forms from the Receiving Agents and secure their safe custody OR receive completed Application Forms via the Portal;
- b. confirm the authenticity of the Unitholder presenting the Application Form;
- c. verify that all the details in the Application Form are duly completed;
- d. confirm that payment has been received for purchase of additional Redemption Units;
- e. return any rejected Application Forms to the Receiving Agents that have not been duly completed within 3 working days of receipt;
- f. prepare the final reconciled Application list showing Unitholders who have applied for additional Units with amounts received against each;
- g. prepare a global allotment report to be submitted to the CMA for approval to publish the result;
- h. upon final closing of the Offer, ensure that all IFIR Units to be allotted are registered in the name of respective Applicant with the CDSC.

### 5.13.3. Settlement

Settlement of the Redemption Offer Price to which any Unitholder is entitled under the Offer will be effected, in the case of acceptances received, complete in all respects, within 14 days of the approval of the results by CMA.

The settlement of the Offer Price shall be effected through CDSC Registrars, the Paying Agent appointed by the Promoter. CDSC Registrars shall ensure that payments are processed in accordance with this Conversion Offer Memorandum and the Form of Acceptance. CDSC Registrars shall organise the payments by:

- a. M-PESA for amounts greater than KSH 50 and less than KSH 300,000 to the mobile phone number provided by the accepting Unitholder. This payment method is only applicable to single individual Unitholders who hold Units in individual and not joint accounts. The accepting Unitholder must be duly registered as an M-PESA user with an active mobile phone number that is able to receive M-PESA payments. This payment option is not available to Unitholders whose Units are held in a joint account or to a Unitholder that is a company, society or other corporate entity. If the M-PESA details provided do not correspond with data on record with the Registrar, payment will be defaulted to the Electronic Funds Transfer details of the Unitholder on the register of Unitholders kept with the Registrar;
- b. Unitholder may elect to receive their payment by Electronic Funds Transfer ("EFT") for amounts greater than KSH 300,000 and less than KSH 1,000,000. The Unitholder must provide accurate bank account details in the Form of Acceptance.
- c. All amounts in excess of KSH 1,000,000 shall be effected by way of RTGS. The accepting Unitholder must also provide a cancelled cheque stub or other evidence to verify the details of any bank account which a Unitholder indicates on the Form of Acceptance. Otherwise, the Registrar will use the existing bank details provided for in their CDS account.

The payments will be made according to the instructions provided by the Unitholder and neither Promoter nor the REIT Securities Registrar/Data Processor will accept or bear any liability for paying in accordance with the instructions provided. Unitholders MUST provide accurate details and instructions and MUST present a copy of their identity cards or passports (as verified or certified by a stockbroker, or the Receiving Agent or an advocate or a notary public, as appropriate) to the Receiving Agent when returning the Form of Acceptance either in physical form or through the Portal.

Any settlement of the Redemption Offer Price to which any IFIR Unitholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to lien, right of set off, counterclaim or other analogous rights to which the Promoter may otherwise be or claim to be entitled as against the Unitholder.

If a Unitholder does not provide details, the Registrar will reach out to the respective broker to request the Unitholder to provide complete details.

### 5.13.4 Settlement of pledged or frozen Units

If a Unitholder's Units in IFIR are pledged to a financial institution or any third party ("Pledgee"), the Offer Price shall be payable to the Pledgee in accordance with the rules of the CDSC. Unitholders who have pledged their IFIR Units are advised to consult the Pledgee and, where the pledge has been satisfied, obtain a discharge of the pledge from the Pledgee and lodge this with the CDSC.

# 6. Particulars of the ILAM Fahari I-REIT



Similarly, where Unitholders have frozen the trading of their shares with the CDSC, Unitholders need to lift the freezing orders via CDS 6 Form, which can be obtained from their CDA. Payment will be made after unfreezing of the shares by the Unitholder. Please note that a fee of KSH 1,000 is chargeable for unfreezing, through a banker's cheque payable to CDSC.

Any payment done to a Unitholder with pledged, frozen or lien Units will be confirmed by way of an Irrevocable Bank Guarantee and payment done after the removal of any such pledge, freeze or lien from the Units to enable their transfer.

## 6.1 The ILAM Fahari I-REIT Objective

The primary objective of the REIT is to provide Unitholders with stable annual cash distributions from investment in a diversified portfolio of income generating real estate assets.

A further objective is to improve and maximise Unit value through the on-going management of the REIT's assets, future acquisitions and the development of additional income producing real estate assets within regulatory limits.

## 6.2 Eligible Investments and proposed activities of the Scheme

The Eligible Investments of IFIR means the assets and investments specified under Regulation 65 including:

- a. Investment directly in Eligible Real Estate in accordance with the REIT Regulations;
- b. Investment in Eligible Real Estate assets through investment in an Investee Company registered in Kenya which directly owns the Eligible Real Estate, and which is wholly beneficially owned and controlled by the Trustee in its capacity as the Trustee of IFIR where:
  - i. The Trustee has the absolute power at any time to appoint and, without incurring any liability, to remove the directors;
  - ii. the Trustee of IFIR, the Company, the Directors and the Shareholders have entered into a shareholders' agreement;
  - iii. the REIT manager of IFIR, is appointed as the manager of the investments of the investee company;
  - iv. the Memorandum and Articles of Association of the Investee Company and the terms of the shareholders agreement limit the objectives of the Investee Company and the powers of the Company and Directors and impose the same obligations on the Company, its Directors and the Manager of the Trust as if the Investee Company was an I-REIT and an authorized Scheme under the REIT Regulations and was subject to the same obligations and restrictions as are imposed by the REIT Regulations;
  - v. the provisions of the REIT Regulations on the carrying out of a valuation, reporting and audit apply to the investee company as if the investee company was an I-REIT and an authorized Scheme under the REIT Regulations;
  - vi. the Investee Company invests directly in the Eligible Real Estate and is recorded on the certificate of title or certificate of lease or register as the sole owner;
- c. Investment in Eligible Real Estate assets through an investee trust in which the Trustee of IFIR in its capacity as Trustee is the sole Beneficiary and has absolute control of voting and right to appoint and remove the Trustee of the Investee Trust and where -
  - i. The Investee Trust is formed under the Laws of Kenya as an unincorporated common law trust;
  - ii. The I-REIT Trustee is also the Trustee of the investee trust;
  - iii. The REIT Manager is also the manager of the investee trust;
  - iv. The terms of the Trust Deed for the investee trust limit the objectives of the investee trust, the Trustee's powers and impose the same obligations on the Trustee and the manager of the trust as if the investee trust was an I-REIT and an authorized Scheme under the REIT Regulations and subject to the same obligations and restrictions as are imposed under the REIT Regulations;
  - v. The provisions of the REIT Regulations on the carrying out of a valuation, reporting and audit apply to the investee trust as if the investee trust was an I-REIT and an authorized Scheme under the Act and the REIT Regulations;
  - vi. The Trustee as Trustee for the investee trust invests directly in the Eligible Real Estate and is recorded on the certificate of title or certificate of lease or register as the sole owner.
- d. Investment in cash, deposits, bonds or Units and money market instruments;
- e. Investment in a wholly beneficially owned and controlled company which conducts real estate related activities; and

- f. Investment in income producing assets including shares in property companies incorporated in Kenya whose principal business is real estate related or Units in other Kenyan Real Estate Investment Trust Schemes.

**Material changes can only be made to the objectives and Eligible Assets of the REIT if authorized by the Act and the REIT Regulations and approved by the REIT securities holders.**

## 6.3 Transferability of Units, Pricing and Redemption upon delisting and conversion

### 6.3.1 Transferability

The Units will be freely transferable among Professional Investors, and the Trustee shall not impose any other restriction on the transfer of Units. All transfers of the Units shall be subject to the Trust Deed.

Notwithstanding the foregoing, no transfer of Units shall be effective as against the Trustee or shall be in any way binding upon the Trustee until the transfer has been recorded on the Register and no transfer of a Unit shall be recognized unless such transfer is of a whole Unit.

### 6.3.2 Trading and Pricing of the Units

The Units will initially be unlisted. However, 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. Thereafter, a reference price will be established factoring in the components described in Section 2.3.

### 6.3.3 Right to Redemption

IFIR shall have the right, but not the obligation, to offer to purchase for 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 compliance with all applicable Units laws, instruments, regulations, rules.

IFIR shall have the right, but not the obligation, to offer to redeem or partially redeem without cancellation at any time any part of the outstanding Units in issue, at a price per Unit and on a basis determined by the Trustee, subject to compliance with all applicable Units laws, instruments, regulations and rules. 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 future.

**Security Holders shall not have the right to request the Trustee to redeem their holding of Units.**

## 6.4. Promoter and REIT Manager Profile

ICEA LION Asset Management Limited ("ILAM") was established in 1985 as a wholly owned subsidiary of the First Chartered Securities ("FCS") Group and transferred within the Group in 2000 to become a wholly owned subsidiary of the Insurance Company of East Africa ("ICEA") Ltd. ICEA had been established in 1964, and was in turn wholly owned by the FCS Group. In 2019, ILAM was once again transferred within the FCS Group and is now a wholly owned subsidiary of ICEA LION Insurance Holdings Limited.

The FCS Group is a large holding company with interests in insurance, banking, real estate, manufacturing, logistics and agriculture.

The REIT Manager is a Connected Party to the Promoter.

### 6.4.1 Role of ICEA LION Asset Management Limited as the REIT Manager

The REIT Manager shall, subject to the terms of the Scheme Documents and any directions in writing received from the Trustee:

- i. acquire, manage, maintain and dispose of REIT Assets and, where authorized by the Scheme Documents, conduct development and construction activities in accordance with the provisions of the Scheme Documents, the REIT Regulations and the law applicable to trusts and to give effect to the objectives of IFIR;
- ii. appoint a Property Manager in accordance with Regulation 55 of the REIT Regulations;
- iii. take all reasonable steps and exercise due diligence to ensure that the REIT Assets are invested in accordance with the Scheme Documents;
- iv. while acting in the capacity as a fiduciary on behalf of the Security Holders: -
  - a. exercise the degree of care and diligence that a reasonable and skilled person would exercise in the position of a REIT Manager;
  - b. act in the best interests of the Security Holders and, where there is a conflict between the interests of the

Security Holders and that of the REIT Manager or any Connected Party of the REIT Manager, give priority to the interests of Security Holders;

- c. save as expressly provided for in, and subject to the Connected Party provisions of the Trust Deed, avoid creating any conflict with any member of the Promoter Group or any person advised by any member of the Promoter Group;
  - d. observe high standards of integrity and fair dealing in managing the Fund to the best and exclusive interests of the Security Holders;
  - e. not use information acquired in its capacity as REIT Manager to gain an unfair advantage for itself or other persons, or to the detriment of the Security Holders;
  - f. ensure that the REIT Assets are clearly identified and held separately from the assets of the REIT Manager or any other person; and
  - g. establish and maintain risk management systems and controls and ensure that it has adequate resources and systems, including suitably qualified and equipped human resources to fulfil its functions and obligations.
- v. In addition to the duties specified above, the REIT Manager shall:
- a. account to the Trustee and the Security Holders for any loss suffered by IFIR as a result of failure by the REIT Manager, any director, any officer, employee or agent appointed by the REIT Manager to exercise the required standard of care and diligence necessary to operate and manage the Fund;
  - b. maintain on behalf of the Trustee, proper accounting records and other records to enable an accurate view of the Fund to be formed;
  - c. prepare accounts and provide all assistance necessary to enable an audit of the accounts prepared in accordance with the REIT Regulations;
  - d. take all reasonable steps and exercise due diligence to assist and ensure that the Fund is valued as required by the REIT Regulations;
  - e. for any property owned by IFIR, obtain tenants and manage tenancy arrangements and carry out or cause to be carried out all property management functions in compliance with Estate Agents Act, Cap 533 of the Laws of Kenya and, if required, to enter into a duty of care agreement or lender direct agreement as approved by the Trustee;
  - f. obtain quotations for insurance of the REIT Assets and make recommendations to the Trustee;
  - g. prepare budgets for capital works and maintenance for the REIT Assets;
  - h. recommend to the Trustee for approval, any budgets for capital works and maintenance and upon such approval, implement the approved budgets, capital works and maintenance programmes;
  - i. implement any budgets, work programs and contracts approved by the Trustee in relation to any development and construction works, update budgets and work programs as required and recommend changes to IFIR;
  - j. prepare and submit to the Trustee recommendations on distributions;
  - k. undertake all calculations including calculations of NAVs and ratios required to comply with the terms of the Scheme Documents and the REIT Regulations;
  - l. arrange and recommend to the Trustee for approval any borrowings or other financing arrangements and the entering into of any risk management products or strategies;
  - m. make recommendations to the Trustee and manage repayment and compliance with the terms of any borrowing arrangement;
  - n. take all reasonable steps and exercise due diligence to ensure that the Units are correctly priced and the provisions of the Scheme Documents on redemption are complied with;
  - o. prepare and lodge with the Authority, and circulate to the Trustee and Security Holders, periodic reports as required under the REIT Regulations;
  - p. ensure that the Scheme Documents are available to any Security Holder; and
  - q. ensure that the Investment Policy set out in the Trust Deed is adhered to by IFIR provided that:
    - a. the REIT Manager shall have the power to make non-material amendments or revisions to the Investment Policy from time to time, at a minimum on an annual basis, on the recommendation of IFIR Investment Committee and following approval by the Trustee, without requiring a vote of Security Holders; and
    - b. any material changes to the Investment Policy shall require the approval of the Security Holders (acting by way of a Special Resolution).



- vi. The REIT Manager shall, in the performance of its duties, act in the best interests of Unitholders as beneficiaries of IFIR and take reasonable care to protect those interests.
- vii. The REIT Manager shall conduct all transactions at an arm's length and in an open and transparent manner. The REIT Manager shall avoid such acts or conduct of transactions that would result in unnecessary cost or risk to the Fund and/or IFIR.
- viii. Where the REIT Manager intends to conduct a transaction with a Connected Person, the REIT Manager shall comply with the provisions of Clause 32 (Connected Person Transactions) of the Trust Deed and Regulation 118.
- ix. The REIT Manager shall, in the exercise of its powers and execution of its duties under the Trust Deed, take all reasonable measures to avoid potential conflicts of interest that may affect the REIT Manager's ability to discharge its functions in accordance with the REIT Regulations.

#### **6.4.2 Appointment of Service Providers**

In accordance with Regulations 62, Regulations 97 to 100 and Regulations 111 to 117 the REIT Manager, in consultation and with the approval of the Trustee, may appoint the service providers required for the running of IFIR.

#### **6.4.3 Terms of the Appointment of the REIT Manager**

- i. The Trustee has appointed the REIT Manager to provide REIT management services, pursuant to the terms of the REIT Management Agreement.
- ii. The REIT Manager shall diligently provide the Services and take all steps within its reasonable control to ensure that IFIR complies with the Scheme Documents and the REIT Regulations.
- iii. The REIT Manager shall keep the Authority and the Security Holders informed as soon as may reasonably be practicable, but in any event not later than the end of the next working day, of any information which the Trustee or the REIT Manager becomes aware of relating to IFIR, its assets or the REIT Manager which:
  - a. is necessary to enable Security Holders or potential investors to appraise the financial position, performance and the state of corporate governance of IFIR or the REIT Manager; or the valuation of any REIT Asset;
  - b. is necessary to avoid the establishment of a false market in the Units; or
  - c. might reasonably be expected to materially affect market activity in the price of the Units.
- iv. The REIT Manager shall update the Trustee on a regular basis and inform the Trustee of any information which is not within the knowledge and control of the Trustee and which requires disclosure so as to enable the Trustee to fulfil its obligations under Clause iii.
- v. The duties and obligations of the REIT Manager specified in the REIT Management Agreement shall be without prejudice to the terms of the Trust Deed, and where there is any inconsistency between the terms of the REIT Management Agreement and the Trust Deed, the terms of the Trust Deed shall take precedence.

#### **6.4.4 Powers and Obligations of the REIT Manager**

- i. The REIT Manager shall, in the case of receipt of notice of voluntary resignation of the Trustee, and in consultation with the Trustee, engage with the Security Holders and alternative parties for the purposes of appointing a replacement Trustee in accordance with the REIT Regulations.
- ii. The REIT Manager shall facilitate the removal of the Trustee, in accordance with the REIT Regulations, in the case of failure or neglect of duty or repeated breach of the Act, REIT Regulations or Scheme Documents or where Security Holders, by Special Resolution so resolve to remove the Trustee.
- iii. The REIT Manager shall, with the approval of the Trustee, appoint a Property Manager and such other agents as it considers necessary and delegate its functions in relation to the investment to such appointees. Provided that the REIT Manager shall be responsible for the actions of the Property Manager and other agents so appointed and supervise the Property Manager and such agents to ensure that the Property Manager complies with the terms of the Scheme Documents, the Act and the REIT Regulations.
- iv. The REIT Manager shall only recommend, and the Trustee may, in accordance with the recommendations, only make distributions to Security Holders from Realized Capital Gains, realized income or from cash held in the Fund which is surplus to the investment requirements of IFIR.
- v. The Trustee shall, on the recommendation of the REIT Manager and subject to the Trust Deed, distribute in each financial year, with the distribution being made on the Distribution Date, a minimum of eighty percent (80%) of the net after tax income, if any, of the Fund from sources other than from Realized Capital Gains on

- the disposal of real estate assets.
- vi. Where the Trustee fails to distribute income pursuant to the REIT Manager’s recommendations and the REIT Regulations:
    - a. IFIR may cease to be classified as a Real Estate Investment Trust Scheme for taxation purposes;
    - b. subject to the Scheme Documents, the Security Holders may institute a cause of action against the Trustee or the REIT Manager; and
    - c. the Authority may revoke the authorization issued by it under the REIT Regulations.
  - vii. The REIT Manager may propose, and the Trustee may pay a distribution in excess of the current income where the REIT Manager, after consultation with the Trustee, certifies on reasonable grounds that:
    - a. immediately after making such distribution, IFIR shall be able to pay, out of the REIT Assets, the liabilities incurred on behalf of IFIR as and when they fall due and the projected liabilities for at least the next year; and
    - b. the payment will not adversely affect the capacity to maintain and preserve the assets.
  - viii. The REIT Manager shall disclose to the Trustee, the basis of calculation of the distribution of income and report such proposal as part of the continuing disclosure requirements under the REIT Regulations.

#### 6.4.5 Board of Directors

Name and Role	Bio
<b>Andrew Ndegwa</b>  <b>Chairman</b>	<p>Andrew is the Executive Director of First Chartered Securities, a private investment holding company with interests in financial services, logistics, real estate, manufacturing and agriculture among other sectors.</p> <p>Andrew began his career in the banking industry and joined First Chartered Securities in 1994 as the Group Planning Manager. In 2000, he was appointed to the Board as Executive Director. Andrew is also a Non-Executive Director of several other companies, including NCBA Group Plc and Unga Group Plc, both of which are quoted on the Nairobi Securities Exchange. Andrew is a Trustee of Faraja Cancer Support Trust.</p> <p>Andrew holds a Bachelor of Arts (Hons) degree in Philosophy, Politics and Economics from Oxford University.</p>
<b>Patrick Mugambi</b>  <b>Director</b>	<p>Patrick is the Planning &amp; Projects Director of First Chartered Securities Ltd, a private investment holding company with interests in financial services, logistics, real estate, manufacturing and agriculture among other sectors.</p> <p>Patrick holds a BSC in Business Administration from USIU and is a Certified Public Accountant, CPA (K), and alumnus of IESE Business School. He is also a Member of the Institute of Certified Public Accountants of Kenya (ICPAK) and a Member of the Overseas Technical Scholarship (AOTS) Japan.</p>
<b>Stephen Mallowah</b>  <b>Director</b>	<p>Stephen is a Commercial and Corporate Law partner with the prominent regional law firm, TripleOKLaw LLP, based in Nairobi and undertaking projects across the region. He is also an Advocate of the High Court of Kenya.</p> <p>Stephen holds a Bachelor of Laws (Hons) degree from the University of Zambia and a Master of Laws Degree in Corporate and Commercial Law as a Chevening Scholar from the University of London. He holds a further Master of Science Degree in Public Policy and Management from the School of Oriental &amp; African Studies from the same university. He is also a graduate of the Advanced Management Program from the IESE Business School.</p>
<b>Kairo Thuo</b>  <b>Director</b>	<p>Kairo is a consultant and a founder partner of Viva Africa Consulting LLP and Viva Africa Consulting Limited. He is both a lawyer and accountant by profession.</p> <p>Kairo was previously responsible for establishing and running the Tax Transaction Advisory Group at Deloitte and Touche and was the Director of the unit. His experience involved all areas of legal, finance and taxation and was also involved in establishment of specialized tax service lines in direct and indirect taxation including customs, international tax and transfer pricing.</p> <p>Kairo attended Strathmore College and the University of Nairobi where he graduated with LLB (Hons) and is a CPA-K and CPA-T holder.</p>

<p><b>Paul Muthaura, MBS</b></p> <p><b>Director</b></p>	<p>Paul is an independent consultant supporting the development of capital markets in Africa. He is the Africa Chair for the Impact Infrastructure Commission; an Independent Board Member of the International Ethics Standards Board for Accountants, an Independent Member of the Financial Sector Deepening Trust, Kenya; and a Member of the Securities Advisory Board of the Toronto Centre for Global Leadership in Financial Supervision. Prior to this, he was Chief Executive Officer of ICEA LION General Insurance Kenya and the Chief Executive of the Capital Markets Authority of Kenya where he also chaired the Africa and Middle East Regional Committee Chair on the Board of the International Organization of Securities Commissions (IOSCO) among others.</p> <p>Paul holds a Bachelor of Laws from the University of Warwick, a Masters in Banking and Finance Law from the London School of Economics and Political Science and a Master of Philosophy from the Maastricht School of Management. He is an Advocate of the High Court of Kenya and an Honorary Fellow of the Institute of Certified Public Secretaries of Kenya (ICS-K). Paul is also an Academy of Executive Coaching (AoEC) Certified Executive Coach and was awarded the National Honour of the Order of the Moran of the Burning Spear (MBS) by His Excellency the President of the Republic of Kenya for his services to the development, deepening and reform of the capital markets in Kenya.</p>
<p><b>Einstein Kihanda</b></p> <p><b>CEO</b></p>	<p>Einstein is the Chief Executive Officer of ICEA LION Asset Management Limited (ILAM) responsible for day-to-day management of the REIT Manager's business and overseeing the implementation of strategy and policies approved by the Board. His experience in Investment Analysis/Research and Fund Management spans 24 years. Einstein also serves as a Director of ICEA LION Asset Management (Uganda).</p> <p>Einstein is an active member of the Fund Managers' Association (FMA) and currently serves as the Chairperson of the Institute of Certified Investment &amp; Financial Analysts (ICIFA). Einstein is a graduate of the United States International University (USIU) in Nairobi, with a Bachelor of Science Degree in Business Administration (Accounting &amp; Finance major) and a Master of Science Degree in Management &amp; Organizational Development (M.O.D.). Einstein also holds a Master of Science Degree in Finance from the University of Strathclyde in Scotland, UK.</p>
<p><b>Philip Lopokoiyit</b></p> <p><b>Director</b></p>	<p>Philip has a wealth of experience in Finance, Accounting, Risk Management, Internal Controls and Corporate Governance, having worked for over 20 years in various senior management capacities in multinational companies. He has also previously held other Non-Executive Director positions and is currently a Non-Executive Director at NCBA Group.</p> <p>Philip holds a B.Com Degree (Hons.), Accounting Option from the University of Nairobi and an MBA degree from Warwick Business School, UK. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Chartered Management Accountants.</p> <p>Philip is a member of the PSI (Principles of Sustainable Insurance) Board as well as a Leadership Council member of UNEPFI.</p> <p>In addition to his core responsibilities as CEO of ICEA LION General Insurance Company Limited, Philip is the Acting CEO of ICEA LION Insurance Holdings Ltd and also serves on the Board and Committees of other ICEA LION Group and affiliated Companies.</p>

## 6.4.6 Management Team

Name and Role	Bio
<p><b>Raphael Mwito, CFA</b></p> <p><b>Chief Executive Officer: ILAM Fahari I-REIT</b></p>	<p>Raphael is the REIT CEO, charged with the overall accountability for the performance of the REIT as well as oversight over ICEA LION's property investments and real estate advisory activities in Kenya. He is a seasoned Architect and a Chartered Financial Analyst (CFA) from the CFA Institute with over 18 years of experience in planning and design, real estate investment, development management and development.</p> <p>Prior to joining the REIT, he has worked on a variety of prestigious projects as an architect, investment manager or as a development manager. He has led cross-functional teams to deliver varied prestigious projects as well as deliver on Profit &amp; Loss targets. Among the projects he has worked on include the repositioning of the ILAM Fahari I-REIT, KES 10 billion Mixed Use Development in Eastleigh, Standard Group HQ on Mombasa Road, Langata Heights (240 apartments) for Laptrust; Mtwapa Heights for NIS; Garden City for Actis and Initial advice on Nairobi Gate for Actis USD 250 million mixed use scheme in Douala, Cameroon.</p>
<p><b>Ruth Okal</b></p> <p><b>Assistant General Manager: ILAM Fahari I-REIT</b></p>	<p>Ruth has 19 years' real estate industry experience and is responsible for management and optimization of ILAM Fahari I-REIT's real estate portfolio, overseeing the property management, risk management and supporting the REIT CEO on stakeholder relations. Prior to joining ILAM, she worked in STANLIB Kenya Limited and Knight Frank Kenya Limited, where she gained experience in Commercial Agency, Property Management, Valuation, Market Research, Feasibility Studies and Development Advisory.</p> <p>Ruth holds a Master's degree in Property Management and Valuation and a BA in Land Economics both from the University of Nairobi. Ruth is an active member of the main committee of the REIT Association of Kenya and currently the chairperson of Research, Policy and Publications sub-committee as well as a Board Member of Valuers Registration Board (VRB). She is both a registered Valuer and Registered Estate Agent. She has completed CFA Level 2 and CISI Level 2.</p>
<p><b>Irene Maloba</b></p> <p><b>Finance Manager: ILAM Fahari I-REIT</b></p>	<p>Irene has over 10 years of experience in the financial sector. She is adept at budget forecasting, financial planning, financial reporting and analysis, treasury operations as well as banking. She is responsible for evaluating the company's performance, risk management and financial reporting. Prior to joining ILAM Fahari, I-REIT, Irene worked as a Management Accountant at Centum Investment Company Plc, where she was responsible for financial reporting and analysis for the Holding Company as well as Two Rivers Development and its subsidiaries.</p> <p>Irene holds a Master of Science in Finance from the University of Nairobi and a Bachelor's degree in Business Management (Finance and Banking) from Moi University. She is a Certified Public Accountant of Kenya CPA (K) and a member of ICPAK.</p>
<p><b>Maureen Mugambi</b></p> <p><b>Financial Accountant: ILAM Fahari I-REIT</b></p>	<p>Maureen has over 7 years of experience in the finance sector. She is well-versed in financial reporting, cash flow management, budgeting and treasury management. At ILAM Fahari I-REIT, she is charged with preparation, compiling and presentation of financial data for the REIT and the four subsidiaries. Before joining ILAM Fahari, I-REIT, Maureen worked as a Financial Accountant at Centum Investment Company Plc where she was responsible for financial reporting, budgeting and analysis of the subsidiary companies.</p> <p>Maureen holds a Bachelor of Commerce degree in Finance from Jomo Kenyatta University of Agriculture and Technology (JKUAT). She is also a student with the Association of Chartered Certified Accountants (ACCA).</p>

## Olga Omalla

### Risk and Compliance Manager: ILAM Fahari I-REIT

Olga has over 13 years' experience in legal and compliance matters. As the Legal and Compliance Officer for ILAM, she is in charge of regulatory compliance, drafting and reviewing legal documents, ensuring compliance and adherence to client mandates as well as facilitating all legal correspondence for the company. She joined ILAM in 2009 and previously worked at a law firm in Kenya under the Commercial and Corporate Division.

Olga is qualified as an advocate of the High Court of Kenya and holds a Bachelor of Law degree from the University of Nairobi, a Post Graduate Diploma from the Kenya School of Law, a Post Graduate Certificate in Commercial and Corporate Law from the University of London, a Post Graduate Diploma in Financial Services Law from the University of London and a Masters in Law from the University of London in Financial Services Law. She is also a Certified Professional Mediator and a Certified Retirement Benefits Scheme Trustee under Kenyan Law.

## 6.5 Trustee Profile

### 6.5.1 Trustee's Role

- iii. Act continuously as the Trustee until the REIT terminates, the Trustee retires or is removed in accordance with the Trust Deed;
- iv. Act at all times in the best interests of the Security Holders as beneficiaries, to act honestly, prudently and in good faith in the performance of its duties and the exercise of discretions and exercise all due diligence, skill, diligence and vigilance in carrying out its functions and duties as a Trustee and in safeguarding the rights and interest of the Security Holders;
- v. Take custody and control of REIT Assets and to hold such REIT Assets in trust for the Security Holders;
- vi. Open a separate trust account or accounts in the name of the Trustee and designating IFIR to which it relates, appoint authorized signatories and ensure that the trust accounts are only used for purposes of the trust and as provided for by the Scheme Documents;
- vii. Take all necessary steps to ensure that the assets of IFIR are adequately protected and insured in the name of the Trustee;
- viii. Comply with the Act, REIT Regulations and terms of the Trust Deed and Scheme Documents to which it is a party;
- ix. Ensure that IFIR has appointed at all times a suitably authorized REIT Manager and in any interim period act itself in the capacity as the REIT Manager;
- x. Actively monitor the administration of the REIT Assets and the performance by the REIT Manager to ensure compliance with the Act, REIT Regulations and the Scheme Documents to which it is a party and that the interests of the Security Holders are being upheld;
- xi. Monitor the activities of the REIT Manager;
- xii. Make when due all authorized payments, including distributions, required by the Scheme Documents or requested to be made by the REIT Manager in accordance with the terms of the Scheme Documents;
- xiii. Cause to be kept proper books of accounts and records for all investments and assets, liabilities or charges incurred (including taxes and imposts) and of transaction entered into by the Trustee or REIT Manager and distributions made;
- xiv. Ensure that reports and accounts are prepared as required by the Act and REIT Regulations and circulated to Security Holders and filed with the Authority;
- xv. Appoint auditors and ensure that audits are undertaken as required by the Act and the REIT Regulations and as necessary to protect the interests of Security Holders;
- xvi. Appoint valuers as required and to take all reasonable steps to ensure that the assets of IFIR are correctly valued and are valued as required by the Act, the REIT Regulations and the Trust Deed;
- xvii. Ensure that at all times although proper, adequate and diligent supervision the fund and the Scheme are managed and administered by the REIT Manager in accordance with the objectives of IFIR, the Trust Deed, the Act and the REIT Regulations;
- xviii. Notify the Authority as required by the Trust Deed, the Act and the REIT Regulations and where appropriate to protect the interests of the Security Holders to call a meeting of the Security Holders and take such other steps as necessary to protect the interests of the Security Holders if it becomes aware of a breach (including

by the Trustee) of the Trust Deed, the Act or the REIT Regulations of any other matter that could properly be regarded by a Trustee as not being in the interests of Security Holders;

- xix. Convene meetings of Security Holders whenever required by the Act, the REIT Regulations or the Trust Deed;
- xx. Ensure that the offer, issue, sale or purchase or repurchase, creation, redemption or cancellation of REIT securities is in accordance with the terms of the Trust Deed, the Act and the REIT Regulations;
- xxi. Not enter into any contract, agreement or arrangement which is in conflict with or purports to override any term or obligation of the Trust Deed, the Act or REIT Regulations; and
- xxii. Perform all such other acts are required to be performed by it under the Act or REIT Regulations.

The Trustee shall in no way be liable to make any payment hereunder to any Security Holder except out of any funds held by or paid to it for that purpose under the provisions hereof. The Trustee shall cause a valuation of the REIT Assets to be conducted and ensure that other assets of the trust are appropriately valued:

- i. Prior to acquisition or disposal of any asset;
- ii. Prior to the initial issue or Offer of any Units;
- iii. On an annual basis or shorter period as is necessary to enable the Trustee and or the REIT Manager to prepare the reports required to be prepared under the Trust Deed, the Act or the REIT Regulations or to fulfil its obligations as Trustee;
- iv. If the Auditor, the Anchor investor or the Security Holders request (acting by way of an Ordinary Resolution);
- v. In accordance with Clause 28 of the Trust Deed; and
- vi. At any other time, if the Trustee or the REIT Manager or the Auditor is of the opinion that it is desirable in the interests of the Security Holders that a valuation be conducted or that there has been a material change that may result in the then current valuation being incorrect. Save as disclosed herein, the Trustee does not have any potentially conflicting or competing roles nor any current pending or threatened litigation which might materially affect the resources or financial capacity of the Trustee to fulfil its role or responsibilities as the Trustee of IFIR.

### **6.5.2 Powers and Obligations of the Trustee**

Subject to the provisions of the Trust Deed, the REIT Regulations and the Act, the Trustee shall have all powers necessary to protect the interests of Security Holders in terms of the Act, the REIT Regulations and the Trust Deed and shall, save as otherwise provided in the Trust Deed, have authority necessary to carry out the function and purposes of the Trust to secure the fulfilment of the objectives of IFIR.

In particular, the Trustee shall:

- i. act in accordance with the terms of the Trust Deed, the Scheme Documents, the Act and the REIT Regulations;
- ii. act honestly and in a fiduciary capacity as Trustee in the best interests of the Security Holders as beneficiaries of the real estate investment trust and the Trustee's discretions;
- iii. fulfil the obligations and duties set out in this Trust Deed, the Scheme Documents and in conformity with the REIT Regulations;
- iv. act in accordance with any other law applicable to Trustees, including The Trustee Act;
- v. maintain custody, hold and protect all IFIR Assets, ensure they are held in the name of and where registration is provided for are registered in the name of the Trustee or an Investee LLP controlled by the Trustee and if required in the name of any secondary disposition Trustee and ensure that all the necessary filings and registrations are recorded, undertaken and maintained;
- vi. protect interests of IFIR Assets;
- vii. ensure that the REIT Assets are:
  - a. clearly identified as the assets of the trust and the Scheme;
  - b. held separately from any other assets of the Trustee and of any' secondary disposition Trustee and any other trust, Scheme or person;
  - c. not included in the accounts of the Trustee; and
  - d. not charged, pledged or dealt with except in accordance with the provisions of this Trust Deed, the Act and the REIT Regulations.

The Trustee acknowledges that it has a fiduciary obligation to the Security Holders to ensure that its own accounts do not include IFIR Assets;

- viii. appoint the REIT Manager and, if necessary, to protect the interests of Security holders, remove the REIT Manager and appoint a substitute REIT Manager in accordance with the Act, the REIT Regulations and the Trust Deed;
- ix. act as the REIT Manager on a temporary basis in any period where there is no other REIT Manager until a new REIT Manager is appointed;
- x. supervise the activities of the REIT Manager to ensure that they comply with the terms of the Scheme Documents, the Act and the REIT Regulations;
- xi. not delegate to the REIT Manager except if appointed by the Authority as a secondary disposition Trustee or to any other person not being an officer or employee of the Trustee any function of or involving:
  - a. supervision of the REIT Manager; or
  - b. the custody or control of the REIT Assets;
- xii. ensure that:
  - a. the funds and the REIT Assets are invested in accordance with the terms of the Trust Deed, the Act and the REIT Regulations;
  - b. income of the Scheme is applied in accordance with the terms of the Scheme Documents;
  - c. REIT Assets which are insurable are insured and valued as required by the Scheme Documents, the Act and the REIT Regulations;
  - d. all payments and distributions made out of IFIR Assets are made in accordance with the terms of the Scheme Documents, the Act and the REIT Regulations; and
  - e. any borrowing limitations set out in the Scheme Documents, the Act and the REIT Regulations are complied with;
- xiii. act in the best interests of the Security Holders and if there is a conflict between the interests of the Trustee or any member of the Trustee Group and those of any Security Holders (other than any member of the Trustee Group), then the Trustee shall give priority and preference to the interest of the Security Holders; and
- xiv. not make use of confidential information acquired when acting as the Trustee to gain an improper advantage for itself or for another person or to cause detriment to a Security Holder;
- xv. The Trustee shall act in accordance with the instructions of the REIT Manager provided that the instructions are:
  - a. in accordance with the terms of any Scheme Documents;
  - b. in accordance with the provisions of the Act or the REIT Regulations and the law relating to trusts and Trustees; and
  - c. in the Trustee's opinion is in the best interests of the Security Holders.
- xvi. The Trustee has power to appoint valuers, lawyers, accountants and other professionals for the purpose of permitting it to carry out its duties and perform its obligations and shall charge the fees, cost and expenses of such as a Recoverable Expense to IFIR.

All legal proceedings which may be instituted by or against IFIR shall be instituted by or against the Trustee in its capacity as such, and the Trustee shall have the power and be capable of instituting, prosecuting, intervening in or defending any legal proceedings of whatsoever nature relating to or concerning IFIR or its affairs and as a prerequisite to such action, to require the REIT Manager to indemnify it against all costs and expenses thereby incurred. The Trustee shall in no way be liable to make any payment hereunder to any Security Holder except out of any funds held by or paid to it for that purpose under the provisions hereof.

### 6.5.3 Board of Directors of the Trustee

Name and Role	Designation	Nationality	Address
<b>John Murugu</b>	Chairman	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Macloud Malonza</b>	Vice Chairman	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Dr Gideon Muriuki</b>	Group Managing Director & CEO	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Patrick K Githendu</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Weda Welton</b>	Director, Independent	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Lawrence Karissa</b>	Director, Independent	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Julius Sitienei</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Benedict W. Simuyu</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Richard L. Kimanthi</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Wanyambura Mwambia</b>	PS, National Treasury Appointee	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Wilfred Ongoro</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Margaret Karangatha</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Samuel M. Kibugi</b>	Company Secretary	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Godfrey K. Mburia</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Francis Ngone</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>David Muthigani Muriuki</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>James N. Njiru</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Scholastica Odhiambo</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>David K. Obonyo</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Geoffrey M'Nairobi</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi
<b>Michael M. Muthigani</b>	Director	Kenyan	P.O. Box 48231 – 00100, Nairobi



### 6.5.4 Board of Trustees

Name and Role	Bio
<b>Lydia Rono</b>  <b>Chairperson</b>	<p>Lydia is the Director of Operations Division at Co-operative Bank.</p> <p>She has held many senior positions at the Bank and has over 33 years banking experience. Over the years, she has played a critical role in driving business growth in the Corporate and Institutional Banking Division. Currently, Lydia is responsible for driving key operations and efficiency functions of the Group.</p> <p>She holds a Bachelor's degree in Commerce and an MBA degree from the University of Nairobi and has attended various courses.</p>
<b>Samuel Kibugi</b>  <b>Trustee</b>	<p>Samuel is the Company Secretary at Co-operative Bank.</p> <p>He has over 18 years of experience as a lawyer. Prior to joining Co-op Bank in 2008, he worked for a leading bank as Legal Counsel. He is an Advocate of the High Court of Kenya, a member of the Institute of Certified Public Secretaries ICPS (K) and an Associate Member of the Chartered Institute of Arbitrators. As the Company Secretary of the Co-op Bank Group, he has responsibility for the overall provision of legal counsel and company secretarial services, fraud prevention and investigations. He is also the Trust Secretary for the Co-operative Bank Foundation, a corporate social responsibility vehicle of the Bank.</p>
<b>Caroline Karimi</b>  <b>Trustee</b>	<p>Caroline is the Director, Finance and Strategy at Co-op Bank. She joined the bank in 2012 and has overall responsibility for Finance and Strategy. She has a career spanning 20 years as Finance professional and has worked in key corporations including Unilever, Safaricom, and Toyota East Africa.</p> <p>She holds an MBA degree in strategic management, a Bachelor of Commerce degree from the University of Nairobi and is a CPA (K) and CPS (K). She is also a Certified productivity coach CEPC (ICF) and is graduate of Harvard Kennedy School leadership program. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>
<b>Henry Karanja</b>  <b>Compliance Manager</b>	<p>Henry is the Head of the Compliance Department at Co-operative Bank. He is responsible for the AML/CFT compliance function for the bank, its subsidiaries and related companies. He is an experienced professional in Risk, Compliance and Anti-Money Laundering.</p> <p>He holds a bachelor degree in Business Management. He is a CPA (K), Certified Information Systems Auditor (CISA), and a CPS (K).</p>

## 6.6 Property Manager Profile

Since its inception in 1998, Knight Frank Kenya has grown to become the market leader in the Eastern African region. The company has 160 staff providing services across Nairobi, Mombasa, and selected locations upcountry.

The Agency department concentrates on the middle to upper levels of commercial and residential markets. The Property Management department currently has in its portfolio close to 7,000,000 sq ft of commercial and retail space and 765 prime residential units.

Knight Frank uses its expertise to identify opportunities, improve operations, maximise returns on investment and add value throughout working relationships. The company adds value to its clients' businesses by providing property services of the highest quality.

## 6.6.1 Management Team

Name and Role	Bio
<b>Mark Dunford</b> <b>Managing Director</b>	<p>Mark is the CEO of Knight Frank Kenya and has over 17 years of experience in real estate consultancy across Europe, the Middle East and Africa (EMEA). As CEO he is responsible for the overall business.</p> <p>He has a BSc / HES-SO from Ecole Hotelier de Lausanne, Switzerland.</p>
<b>Maina Mwangi</b> <b>Executive Director</b>	<p>Maina has extensive experience in property management and valuation, having spent his post-qualification years working for Pan Africa Insurance Company (now Sanlam), Metro Valuers and Chartered Properties, prior to joining Knight Frank.</p> <p>His focus at Knight Frank is to ensure that the relationship between Landlords and Tenants is conducive to long-term letting of all properties and that both parties' interests are protected, that returns from the properties are optimized and the buildings maintained, in addition to being actively involved in formulation and realization of Knight Frank Kenya's goals and objectives.</p> <p>He holds a BA (Land Economics) degree and is a member of ISK, REA, RV.</p>
<b>Anthony Havelock</b> <b>Head of Agency</b>	<p>Anthony joined Knight Frank in 2007, having spent 10 years in the UK investment market. He is primarily responsible for running the commercial and residential Agency department, all of the transaction teams and is very active in both Capital Markets and Occupier Services.</p> <p>Anthony holds a Bsc (Hons) Rural Land Management, Royal Agricultural University, UK. He is a member of the Royal Institute of Chartered Surveyors (MRICS), Investment Property Forum (IPF) and British Council of Shopping Centres (BCSC).</p>

## 6.7 Valuer Profile

JLL is a leading global professional services firm specialising in real estate and investment management. JLL is a Fortune 500 company with annual revenue of \$16.6 billion, operations in over 80 countries and a global workforce of nearly 91,000 as of 2022. JLL is the brand name and a registered trademark of Jones Lang LaSalle Incorporated.

Across Africa, JLL Africa is a leading player in the real estate and hospitality services markets. The firm works across multiple countries in Southern, East, Central and West Africa and employs over 100 internationally qualified professionals across its offices in Johannesburg, Nairobi and Lagos. JLL Africa services the East African market out of its Nairobi, Kenya office. The suite of services offered comprises Valuation, Strategic Consulting, Tenant Representation, Hotels & Hospitality Advisory, and Project & Development Services.

### 6.7.1 Valuer's Role

The scope of services undertaken by the Valuer includes the following:

- Summary of market valuation including methodology applied;
- Identification of encumbrances registered against the property;
- Providing a summary of statutory payments due, including outstanding amounts;
- Commenting on:
  - Whether or not the property has ever been set aside for public use;
  - Use of property and significant developments within the neighbourhood that could have an effect on future value/use of the property;
  - Evidence of pollution and/or land contamination either on the subject site or an adjoining site that may affect the current or future development;
  - Topography of the plot, soil types and the likely effect on development;
  - Material matters on the leases which may adversely affect future income growth performance of the property;
- Any material matter known or evident which may significantly affect the ownership of the property and future use; and
- Obtaining a copy of the certificate of official search.

The REIT Valuer is appointed for a maximum consecutive term of three years. The appointment of a new Independent Property Valuer will be subject to the approval of the Unitholders.

### 6.7.2 Management Team

Name and Role	Bio
<b>Wayne Godwin</b>  <b>Head of East Africa and Head of Hotels &amp; Hospitality Group: Africa</b>	<p>As head of Advisory in Sub-Saharan Africa, Wayne focuses on delivering strategic advisory services to local, regional and global clients across the continent. Wayne has over 14 years of experience in the hospitality real estate industry. His broad range of experience includes hotel feasibility assignments, commercial due diligence for hospitality platforms and portfolios, hotel asset management and operator selection and management contract negotiations.</p> <p>Wayne has a MSc degree in Property Studies from University of Cape Town, a BA in Tourism Development from University of Johannesburg and a Post Graduate Diploma from WITS Business School</p>
<b>Lucy Githinji</b>  <b>Director, Corporate Solutions – East Africa</b>	<p>Lucy is a Kenyan national and has over 20 years of experience in the Kenyan real estate, gained both in a local leading Valuation and Brokerage firm and 8 years as Head of Corporate Real Estate Services at Standard Chartered Bank Kenya Limited.</p> <p>Lucy has a BA (Hons) degree in Land Economics. She is a member of the Institution of Surveyors of Kenya, a Registered Valuer with Valuers Registration Board in Kenya and a Registered Estate Agent with the Estate Agents Registration Board.</p>
<b>Shadrack Mella</b>  <b>Lead Valuer, East Africa</b>	<p>Shadrack joined JLL as an Associate in the Valuation department in May 2018. He previously worked at Regent based in Nairobi, Kenya, where he was the Property Portfolio Manager. Shadrack’s experience spans several property types, including mixed-use, office, retail, industrial, student accommodation, and hospitality. Shadrack is also experienced in property transactions, asset management, and feasibility studies.</p> <p>Shadrack has a BA (Hons) degree in Land Economics, MSc in Finance &amp; Investments degree, is a member of the Institution of Surveyors of Kenya, a Registered Valuer with Valuers Registration Board in Kenya and a Registered Valuer of the Royal Institution of Chartered Surveyors (RICS).</p>

### 6.8 Structural and MEP Engineer Profile

Feradon Associates is a consulting engineering firm with offices registered in Nairobi, Kenya and Kampala, Uganda. Backed by qualified engineers with extensive training and experience, Feradon Associates brings to the Consulting fraternity a wealth of expertise and professionalism.

Feradon Associates is fully equipped with all the modern telecommunications equipment, state of the art energy monitoring equipment and above all, very highly professional and dedicated manpower.

The services offered include:

- Feasibility Studies
- Pre-Construction Services
- Contract Administration/Management Services
- Energy Management and Utilisation
- Surveys
- Environmental, Health and Safety Management
- Electrical/Electronics Engineering
- Telecommunications/Data Communication/Computer Networking
- Mechanical/Industrial Engineering
- Energy Engineering
- Petroleum Engineering
- Solar Wind Hybrid Electric System Design, Operation and Installation
- Major Infrastructure Projects

## 6.8.1 Structural Engineer's Role

### Standard Requirements

a) Assessment of buildings and infrastructure of the whole plot based upon property survey and carrying out a study on all available documentation to determine the quality, standard and condition of:

- Structural Review:
- Desk review of all built documentation relating to the structure, including architectural drawings, structural drawings, county approval documents and quality control documentation;
- Compliance with design and specifications, including compliance of the actual structural construction with design and specifications, i.e., visual checks of the visible structural components; and
- Any visual distress in the load bearing structures (from loading, corrosion of the existing reinforcements, etc.) shall be noted and the required solutions to the problems shall be succinctly provided. The solutions shall not be accompanied with any design but shall be given as guidelines as well as any interventions that are required to be made to the structure.

It is noted that a review of the structural reinforcement of the building, if necessary, as well as the laboratory inspections of the load bearing structures are not included.

- Mechanical and electrical installations review:
  - Assessment of the overall quality of design of the mechanical and electrical installations with particular regard to the functionality, up to date technology, efficiency and maintainability;
  - A brief description of each system or major piece of equipment;
  - Assessment of quality, condition and estimated remaining life for each system or major piece of equipment;
  - Tabular summary of the above; and
  - Performance tests on major equipment.
- b) Conformity with permits and building regulations:
- Tabular comparison between permissible, permit design, and actual constructed building coefficient (floor area for main use), footprint, volume and height etc;
  - Tabular comparison of permissible, permit design and actually constructed floor area, per floor level, per type of usage. This will clearly indicate where actual usage of space is not in accordance with that permissible with particular emphasis on use of semi covered areas, balconies, mechanical rooms, underground space, car parking etc; and
  - Table showing illegal space usage per floor with risk assessment.
- c) List of defects and recommended rectification thereof, including a cost estimate
- Indicate which are high and low priority items and recommend a possible spread of expenditure over coming 3 to 5 years, also which if any are covered by existing guarantees or warranties.
- d) Assessment of energy consumption
- Include analysis on the efficiency rating of the building and recommended improvements including a cost estimate of these improvements.
- e) Health and Safety Audit
- Report any significant issues concerning safety with particular emphasis on fire escape, fire detection and firefighting.

### Other Requirements

a) Spot check on structural integrity

- If it is deemed necessary, Engineer will carry out spot checks on key structural components to assess whether or not the steel reinforcement actually installed is in compliance with the design.

b) Capital replacements and modifications

- Prepare a list of foreseeable necessary capital replacements and modifications including an estimate of the cost over the next 15 years, for both:
- Structural and civil elements; and
- Mechanical and electrical elements.

c) General maintenance and planned preventative maintenance

- Assess the quality of past maintenance including discussions with the individuals responsible and check past records of maintenance; and
- Provide a view on the likely maintenance costs over the next 10 years.

## 6.8.2 Management Team

Name and Role	Bio
<p><b>Eng. Frederick Ogutu</b> <b>Managing Director</b></p>	<p>Eng. Ogutu is an Electrical Engineer at the company and the company's Managing Director. He has extensive knowledge and experience of over 10 years in Design, Documentation, Supervision, Contract Management, Testing and Commissioning of various Electrical Installations and associated services.</p> <p>He holds a Bachelor of Engineering (Hons) degree in Electrical and Electronics Engineering from Moi University. He is a registered Professional Engineer and a mentor with the Engineers Board of Kenya ("EBK"), and with the Institution of Engineers of Kenya ("IEK").</p>
<p><b>Eng. Nathaniel Matalanga, CE, FIEK, OGW</b> <b>Director – Civil &amp; Structural Services</b></p>	<p>Eng. Matalanga is a registered Structural Engineer with over 30 years of experience in the structural engineering design of buildings and surrounding infrastructure. He has hands-on experience in designing and implementing schemes in the Horn of Africa and the Great Lakes Region (Rwanda, Burundi, Uganda, Kenya, Sudan, South Sudan, Tanzania, and Somalia).</p> <p>He holds a Bachelor of Science Degree (Civil Engineering) in 1989 from the University of Nairobi (UON), Kenya. He is the Immediate Past President of the Institution of Engineers of Kenya (IEK) having served the Institution as President (2020-2023), Honorary Secretary (2015-2020) Ordinary Council Member (2014-2015) and other capacities. He serves at the Executive Council of the World Federation of Engineering Organizations (WFEO) (2019-2023), member of the WFEO Governance Committee (2019-2023) and Treasurer of the World Council of Civil Engineers (WCCE) (2022-2025). He is a Fellow of the IEK, AAK, a registered Engineer – Kenya, Uganda, and Rwanda member of the Eminent Engineers Forum (EEF)</p>
<p><b>Simon Awiti,</b> <b>Quantity Surveyor</b></p>	<p>Simon has 11 years of experience as a registered Quantity Surveyor having worked on a variety of construction projects including residential estates, hotel developments, laboratory facilities, banking hall fit-outs, retail/commercial developments, office buildings and warehouse developments. He is well-versed in contract administration, risk management and alternative dispute resolution mechanisms with particular experience in JBC, FIDIC, PPRA and other standard contracts</p> <p>Simon holds a BA (Building Economics) from the University of Nairobi. He is currently pursuing an advanced-level CPA course having successfully completed CPA parts I and II. He also holds a certificate in Construction Adjudication (Chartered Institute of Chartered Arbitrators (CI Arb), Kenya branch) and Dispute Avoidance &amp; Construction Claims Course (CI Arb)</p>

<p><b>Eng. Lydiah Esiaba Owino</b></p> <p><b>Senior Engineer – Electrical Services</b></p>	<p>Eng. Owino is a Senior Electrical Engineer at the company and the immediate former Managing Director, a position she held for 7 years. She has vast knowledge and experience of over 30 years in Design, Supervision, Testing, Commissioning, and Project Management of various Electrical Engineering Projects and associated services.</p> <p>She holds a Master’s Degree in Business Administration and a Bachelor of Science (Hons) Degree in Electrical and Electronic Engineering from the University of Nairobi. She is a registered Professional Engineer with the EBK and a Corporate Member with IEK.</p>
<p><b>Eng. Obed Ogega</b></p> <p><b>Director – Electrical Services</b></p>	<p>Eng. Ogega is an Electrical Engineer at the company and the Director Electrical Services. He has wide knowledge and experience spanning over 10 years in Design and Supervision of Electrical Installations in Industrial, Residential, Educational, and other occupancies/premises.</p> <p>He holds a Master of Science degree in Oil and Gas Engineering from Robert Gordon University, UK, and a Bachelor of Science (Hons) degree in Electrical and Electronics Engineering from Jomo Kenyatta University of Agriculture and Technology. He is a registered Professional Engineer with EBK and a Corporate Member with the IEK.</p>

## 6.9 Overview of Properties

Name	Location	Property Type	Valuation (KSH)
Greenspan Mall Limited	Donholm, Nairobi	Commercial Retail	2,202,600,000
Bay Holdings Limited	Industrial Area, Nairobi	Industrial	170,400,000
Highway House <sup>3</sup>	Industrial Area, Nairobi	Industrial	30,000,000
67 Gitanga Road	Lavington, Nairobi	Commercial Office	715,600,000

## 6.10 Regulatory Limits

The REIT is currently in compliance with the REIT Regulations as outlined below.

Regulation	Regulatory Limit	Actual as at 31 December 2022	Complied (✓)/Not Complied (X)/N/A
Minimum number of REIT securities holders	7	5,799	✓
Minimum Free Float	25%	100%	✓
Minimum Promoter Investment and Retention <sup>4</sup>	25% of NAV	2.76%	N/A
Eligible Investments	75% real estate	89% real estate <sup>5</sup>	✓
Minimum Income Generation	70% of rental income	92%	✓
Maximum Gearing	35% of TAV	0%	✓
Minimum Distributions	80%	83%	✓

<sup>3</sup>At the date of publication of the Conversion Offering Memorandum, an offer for purchase has been submitted to the REIT Manager for Highway House

<sup>4</sup> Regulation 74, being the minimum retained investments by the Promoter and Lock-in period, does not apply

<sup>5</sup>Measured at a % of NAV

# 7. Proposed Amendments to the Trust Deed to enable conversion



In view of the delisting and subsequent conversion, the Promoter intends to amend the Trust Deed in accordance with the REIT Manager's recommendations and in alignment with what is customary for a Restricted I-REIT under the REIT Regulations. In particular the following provisions:

- An I-REIT that is subject to a restricted Offer may only issue its Units to Professional Investors, therefore it is important to provide a definition for the term Professional Investor and amend the Trust Deed to reflect that trading will be limited to Professional Investors;
- The change of the status of the REIT from an Unrestricted I-REIT to a Restricted I-REIT will require the insertion of a clause that lends clarity to the fact that the minimum subscription or Offer parcel for the REIT Units would be KSH 5,000,000/= (Kenya Shillings Five Million);
- The Units of a restricted Offer may only be traded on a market segment reserved for Professional Investors and therefore the Trust Deed will be amended to reflect that the Units will initially be quoted on the Unquoted Securities Platform ("USP") managed by the NSE until the Fahari I-REIT achieves the strategic objectives stated in the Conversion Offering Memorandum upon which the Fahari I-REIT may seek to relist on the Restricted Board of the Main Investment Market Segment of the NSE; and
- Deletion of any reference to documentation, procedures and processes related to an Unrestricted I-REIT, for instance the application of the Capital Markets (Take-overs and Mergers) Regulations 2001 and the issuance of a prospectus since it is issued when Offers are unrestricted.



# 8. Kenya Economic Overview

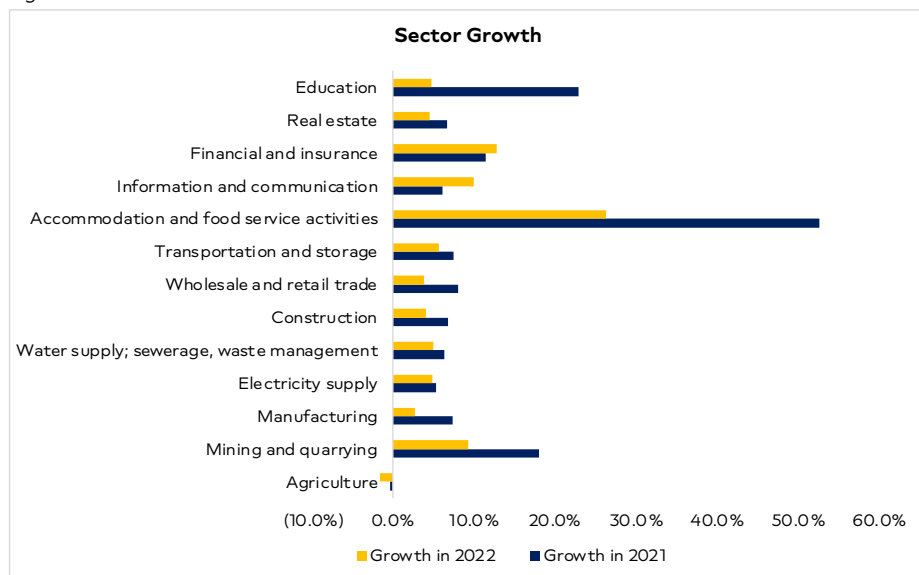




## 8.1 GDP Growth

Kenya's real Gross Domestic Product (GDP) grew by 4.8% in 2022 — a significant deceleration compared to a revised growth of 7.6% realized in 2021. The subdued growth echoed the decelerated growths witnessed across most sectors of the economy, as the base effect of the high growth rates reflective of the recovery from the pandemic continued to abate. All sectors, however, posted positive growths with the exception of the agricultural sector which contracted by 1.6%, primarily due to the effect of the prolonged drought experienced in 2022 and increased costs of agricultural inputs such as fertilizer.

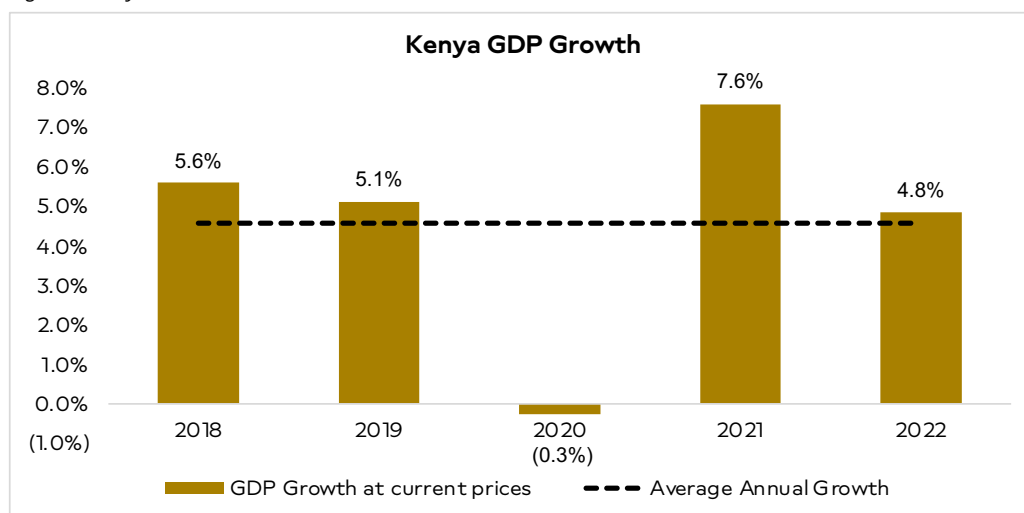
Figure 3: Sector Growth



Source: KNBS, DBIB Analysis

The main sectors that supported growth in 2022 were financial services (+12.8%), transport & storage (+5.6%), real estate (+4.5%), trade (+3.8%) and information & communication (+9.9%). The growth posted in 2022 was achieved against a number of challenges such as the general elections, rising inflationary pressures, weakening Kenya shilling and a prolonged drought.

Figure 4: Kenya GDP Growth

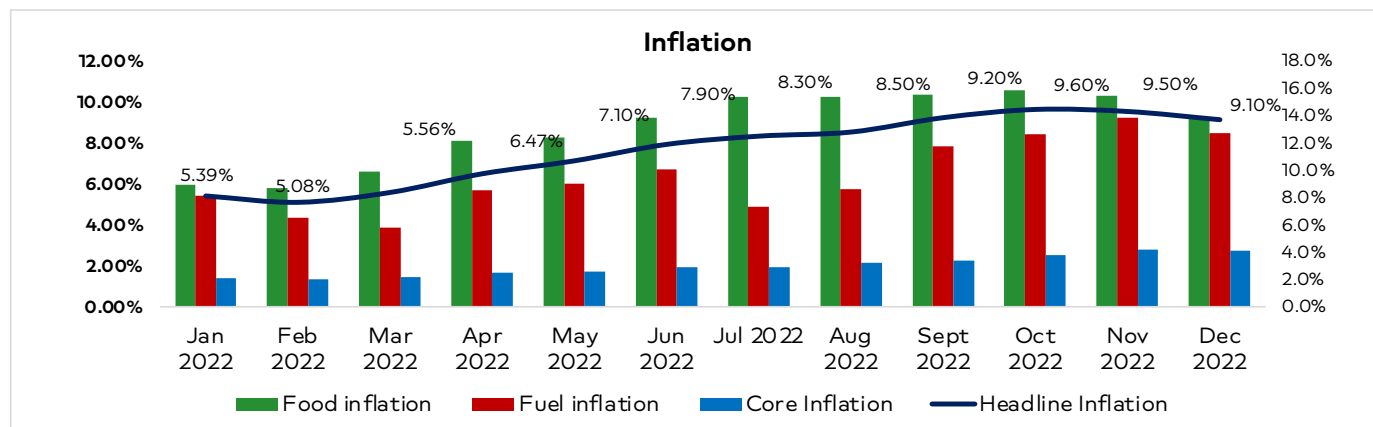


Source: KNBS, DBIB Analysis

## 8.2 Inflation

In 2022, annual headline inflation averaged 7.64% compared to 6.10% in 2021. Generally, inflation was an upward bias in 2022, rising from 5.73% in December 2021 to 9.10% in December 2022.

Figure 5: Inflation in 2022



Source: KNBS, DBIB Analysis

The inflationary pressure in 2022 was broad based as all three major categories of inflation experienced an uptrend as shown in the table below:

Table 5: Inflation Breakdown

	Headline Inflation	Food inflation	Fuel inflation	Core Inflation
December 2021	5.7%	9.1%	10.5%	2.0%
December 2022	9.1%	13.8%	12.7%	4.1%
Annual Change (bps)	337	470	220	210

Source: KNBS, CBK, DBIB Analysis

The rise in food inflation was primarily driven by higher prices of maize flour, vegetable oils, wheat flour, milk and some farm produce occasioned by unfavourable weather conditions, rising global commodity prices and rising transport costs. Fuel inflation on the other hand was characterized by higher global crude oil prices which in turn led to higher cooking gas prices and an upward adjustment in fuel prices. Core inflation (non-food/non-fuel) was generally affected by the rise in transport costs, input costs, a weaker Kenya Shilling/US Dollar exchange rate and imported inflation.

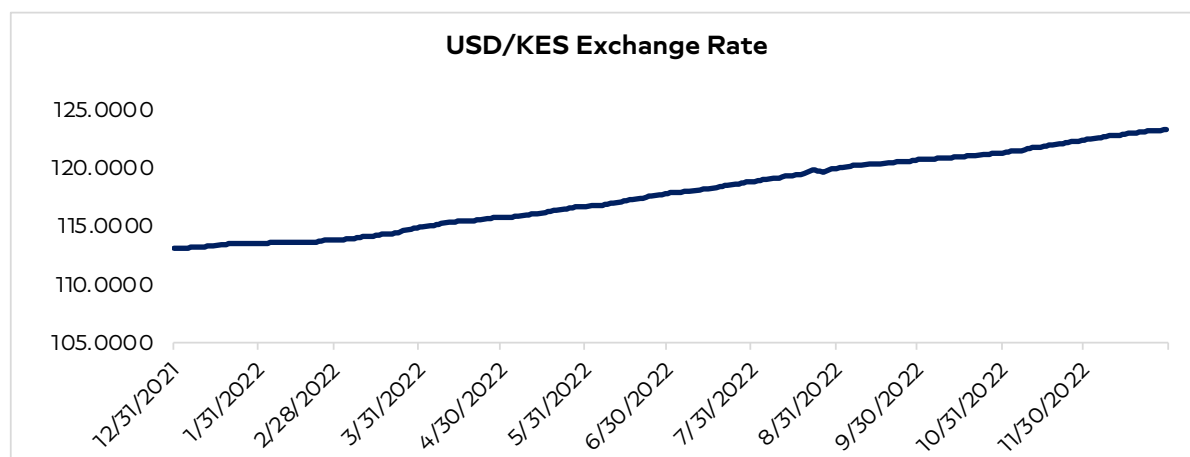
## 8.3 Foreign Exchange Reserves

In 2022, forex reserves generally exhibited a downward trend, declining by 15.6% from USD 8.8 BN (5.39 months of import cover) on 30th December 2021 to USD 7.7 BN (4.17 months of import cover) as at 29th December 2022. The significant decline in forex reserves is largely attributable to import expenditure outpacing export earnings, reduced foreign participation in Government Infrastructure Bond primary issues, possible efforts by the CBK to shore up a persistently depreciating Kenya Shilling and reduced inflow of US Dollars from foreign currency loans.

## 8.4 Exchange Rate

By the end of December 2022, the Kenya Shilling had exhibited mixed performance against major currencies; in comparison to the US Dollar and the Euro, the Kenya Shilling had depreciated by 9.0% and 2.6% respectively but appreciated by 2.4% and 6.1% against the Sterling Pound and the Japanese Yen respectively.

Figure 6: USD/KES Exchange Rate



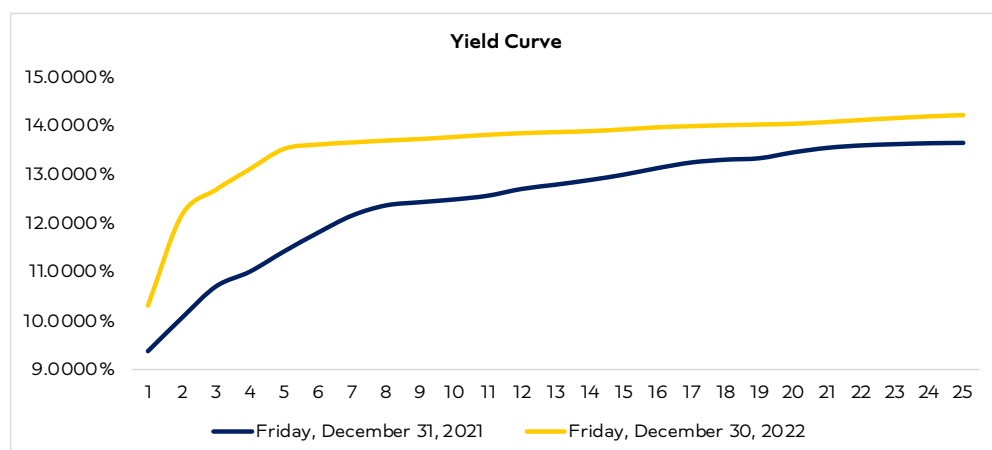
Source: CBK

The significant depreciation of the Kenya Shilling against the US Dollar was triggered by a widening trade deficit, declining forex reserves coupled with a strengthening US Dollar (held up by a series of interest rate hikes by the Federal Reserve) amid weak sentiment around the Kenya Shilling (punctuated by instances of US Dollar shortages).

## 8.5 Interest Rates

Generally, yields on government securities have exhibited a sustained upward trend since the beginning of the year. By the end of December 2022, the yield curve had risen by 113 bps on a year-to-date basis on average across all maturities.

Figure 7: Government of Kenya Yield Curve



Source: NSE

The rise across the yield curve was more pronounced across the short-term tenors (1 to 5 year) which rose by 186 bps on average, followed by medium (6 to 15 year) and long-term (16 to 23 year) tenors which rose by an average of 127 bps and 63 bps respectively. The high interest rate environment was mostly influenced by rising inflationary pressures, a depreciating KES/USD exchange rate and fiscal pressure facing the government. Furthermore, in 2022, the CBK's Monetary Policy Committee (MPC) raised the benchmark interest rate, the Central Bank Rate (CBR), by a total of 175 bps from 7.0% to 8.75% – further entrenching the high interest rate environment.

# 9. Real Estate Sector Overview



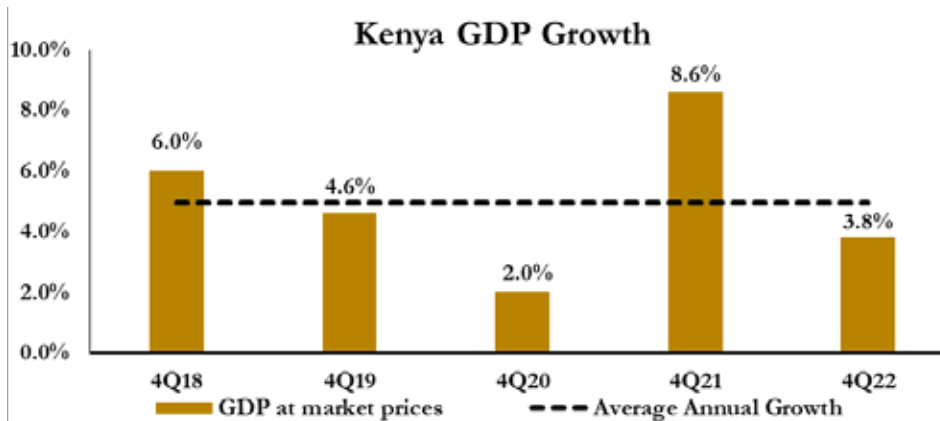
## 9.1 Real Estate Market Indicators

According to the Kenya National Bureau of Statistics, in 2021, cement consumption and production has seen an upward trend since 2020. Credit to the building and construction sector, however, increased by 11.5% in April 2021 unlike the 8.6% growth rate witnessed in 2020. Some of the major construction activities that boosted the performance of the sector include the Nairobi Expressway and the rehabilitation of Longonot-Malaba railway line.

In line with the positive outlook of cement consumption and credit sector growth, the value of approved building plans in the first quarter of 2022 rose to KSH 21.6 Bn in April 2022 from KSH 11.5 Bn recorded in December 2021. Cement production in Kenya increased to 911,250 Tonnes in March 2022 from 791,050 Tonnes in December 2021.

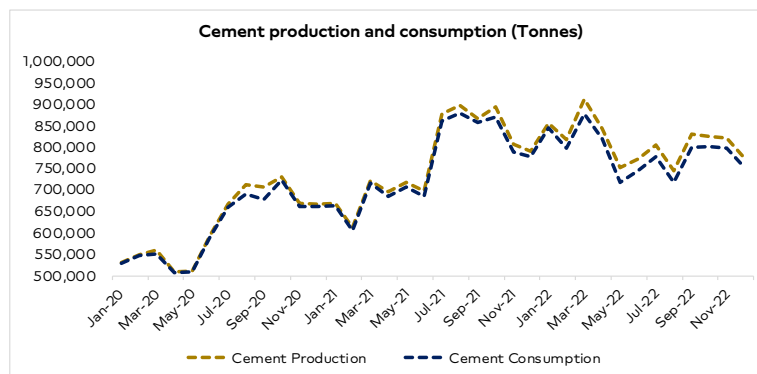
The annual inflation rate in Kenya rose to 9.1% in December of 2022, remaining above the upper limit of the CBK's target range of 2.5%-7.5%. Inflation has been rising since March 2022 as a consequence of disruptions caused by the war in Ukraine.

Figure 8: Kenya GDP Growth



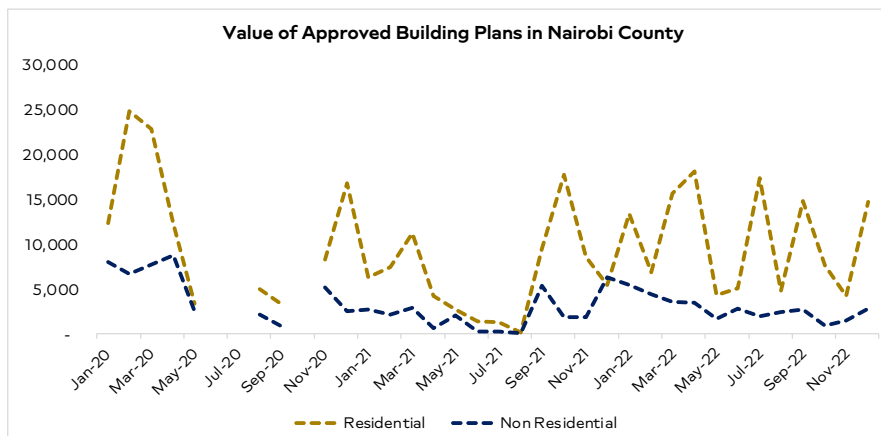
Source: ILAM Research

Figure 9: Cement Production and Consumption (Tonnes)



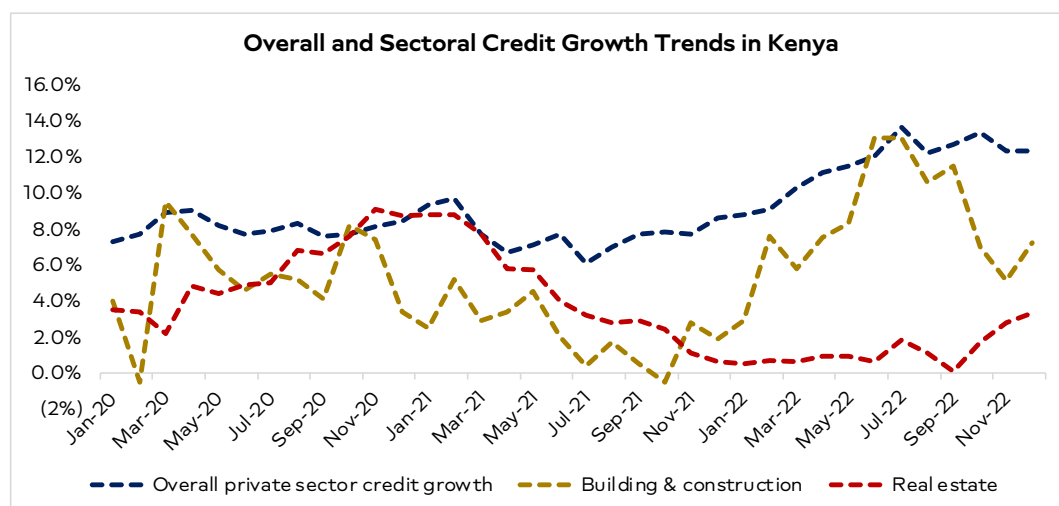
Source: KNBS

Figure 10: Value of Approved Building Plans in Nairobi County



Source: KNBS

Figure 11: Overall and Sectoral Credit Growth Trends in Kenya



Source: CBK

## 9.2 Retail

The retail sector has experienced dramatic growth due to the increased developments of malls such as Two Rivers Mall, The Hub and Garden City Mall. This is attributable to increased levels of investments in mall space by both international and local developers due to increased disposable income among the middle class. This has seen Kenya becoming the second-largest mall market space in the continent after South Africa. The availability of space, as well as the urbanization of the country, has attracted international traders such as Carrefour, Subway, Adidas and Burger King. Additionally, due to the increased internet penetration in the Country as well as the effects of the Covid-19 pandemic, online shopping has gained traction over the years resulting in online shops such as Jumia and OLX doing very well.

Amidst the general over-supply, traditional retail, especially convenience-led schemes, has also seen a strong rebound in the last six to nine months off the back of easing restrictions and people's eagerness to get back to life as normal. The outlook is positive, particularly in convenience retail or well-located, well-managed and well-tenanted larger malls. There exists a potential risk as most retailers are opting to renew leases for shorter periods and consolidation in some sectors, like Food and Beverages, has led to a reduction in the number of branches or slowed rollout plans in some cases as they employ a wait-and-see approach.

## 9.3 Office

According to the Nairobi Metropolitan Area (NMA)<sup>6</sup> the rental yield of the commercial office market recorded an improvement whereby the average rental yield in 2021 stood at 7.1% compared to 7.0% recorded in 2020. This performance is attributable to the re-opening of the economy following the lifting of the restriction measures that had been put in place by the Kenyan Government to prevent the spread of the Covid-19 pandemic, growth in urbanization, the introduction of new trends such as serviced offices or Co-working spaces and the recognition of Nairobi as a regional hub, which have seen international companies establish their offices in Kenya. Such companies include Max International Company and CCI Group who took up space in Garden City.

The sector remains oversupplied, standing at 6.7 million Square Feet carried over from 2021. In 2022, the supply in the sector is expected to grow further with the launch of various projects that are in the pipeline. We anticipate that landlords will continue to negotiate and offer concessions to retain and attract new tenants as the sector struggles to recover from the negative impact of the Covid-19 pandemic, working-from-home (WFH) trends and the deteriorating economy, which has led some companies to downsize. The outlook of the sector remains neutral even in the midst of recovery and resumption of working from the office primarily because of the oversupply of office spaces, which is expected to continue in the future.

## 9.4 Industrial

According to Knight Frank's Africa Report 2022-2023, the industrial sector is highly active and remains full of opportunity as one of the asset classes that has benefitted most from the pandemic globally. This has been primarily fuelled by the increase in e-commerce, local storage and data centre requirements as well as home markets looking to reduce their reliance on internationally manufactured goods. A scan in the rental market in the first half of 2022 indicates the rental

<sup>6</sup> <https://cytonnreport.com/research/nairobi-metropolitan-area-commercial-office-report>

rates for prime areas remained at USD 0.6 per square feet per month, the same levels as reported on the Kenyan Property Market published by Knight Frank covering the second half of 2021. Demand for industrial space (in particular storage and logistics facilities) is expected to continue, driven by:

Increased accessibility due to infrastructure investment

- increased intra-regional trade
- the growth of e-commerce
- increased demand for essential items

The warehousing sector has continued to grow with the launch and completion of various projects. The Nairobi Gate Industrial Park completed the construction of its small warehouses of size 4,306 square feet and 16,146 square feet. This development seeks to leverage on the ongoing expansion of the Eastern bypass. Further to this, Africa Logistics Properties (ALP) completed Phase 1 in 2022 with Phase 2 currently ongoing. This development has experienced positive uptake in the market with 50% of the Units already let before completion.

On 14th May 2022, the 27 Km Nairobi Expressway was opened for a trial term connecting Mlolongo to Westlands. Despite the opening of the new road, the traditional Industrial Area still remains plagued by traffic jams. Hence the completion of the major bypasses has reinforced the trend of decentralization and strengthened Nairobi's position as a logistics hub for East Africa.

The outlook for this sector remains positive with the attraction of established and fast-growing distributors and the rise of the level of urbanization in the region, which is boosting the demand for industrial spaces.

# 10. Risk Factors





IFIR's operating results, financial condition and prospects could be materially and adversely affected by any of the risks described below. In that event, the value of the Units could decline.

This section describes the risk factors that the REIT Manager considers to be material in relation to the IFIR, its industry and investment in the Units. The risks are categorised into:

Industry specific risks;

- Risks common to traded REIT securities;
- Risks associated with the IFIR structure;
- Risks associated with the Scheme's proposed Investment Portfolio; and
- Risks associated with the Conversion to a Restricted I-REIT that will be unlisted.

These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that are not presently known to the Promoter or which the Promoter currently deems immaterial, may also have an adverse effect on the IFIR's operating results, financial condition and prospects. The information given is as of the date of this document. Any forward-looking statements are made subject to the reservations specified under the Cautionary Statement at the beginning of this document.

Unitholders should consider carefully the risks and uncertainties described in this section together with all other information contained in this Conversion Offering Memorandum and the information incorporated by reference herein, along with their personal circumstances, before making any investment decision.

Additional risk factors not presently known to the Promoter or that are currently deemed immaterial may also impact the IFIR's operating results and financial condition.

## 10.1 Industry Specific Risks

While analyses of the Kenyan property market show positive growth trends in terms of rental incomes and property values over the past few years, there can be no guarantee that the current trends will continue unabated into the future. Any changes in property industry dynamics may impact growth trends. However, experience in other markets suggests that I-REITs that invest in portfolios of high-quality investment properties provide sustained returns and operating performance even in a less favourable market environment of slower growth in rental incomes and property values for the industry as a whole. Weaknesses in land title and rental lease registration can adversely impact the operations of REITs.

All I-REITs are dependent on the certainty of the title to the properties and enforceability of rental lease agreements. Uncertainty of title presents the risk of (i) delays in completion of the purchase of properties until titles and leases are regularized, and (ii) delays in enforcement of lease contractual arrangements both of which could have adverse impacts on the business, financial condition and results of operations of I-REITs.

As a mitigating factor, the IFIR's policy is to conduct a thorough due diligence on properties to be purchased and to require the current owners to regularize titles and leases before the purchases are completed.

The underlying asset portfolio of REITs comprise primarily of real estate. REIT Regulations require that an I-REIT must invest at least 75 percent of its total NAV in income-producing real estate, within two years of being licensed by the regulator. The nature of real estate investments means that it is difficult to find buyers for or sellers of property assets quickly, particularly for the larger, iconic, REIT-quality properties. As a result, it may be difficult for REITs to re-balance their investment portfolio or sell their assets on short notice should there be adverse economic conditions or exceptional circumstances.

## 10.2 Risks common to traded REIT Securities

REIT Units traded on the NSE and the prices are subject to securities market volatility, reflecting demand and supply conditions, just like other listed securities. The price obtainable on sale of a REIT Unit on a public exchange can go up or down and may differ from the reported NAV per REIT Unit. The price of the REIT Units will generally reflect prospective investors' confidence in Kenya's economy, the property market and its returns, the REIT management and interest rates.

## 10.3 Risks associated with the ILAM Fahari I-REIT Structure

### 10.3.1 Market Risk

The underlying asset value of IFIR's properties may be impacted by fluctuations in supply and demand for the type of rental properties that the REIT has invested in. ILAM Fahari I-REIT's reported financial results may be affected by losses recognised on the revaluation of investment properties being charged to the statement of profit or loss. The REIT prepares its financial statements in accordance with the International Financial reporting Standards (IFRS). As currently permitted by IFRS, investment properties held to earn rentals and for capital appreciation are stated at annual valuation performed by Independent Professional Valuers on an open market value for existing use basis. Any revaluation surpluses or deficits arising from the revaluation of investment properties are reflected in the statement of profit or loss.

The IFIR property portfolio has experienced a depreciation in value driven by market forces over the past few years. The impact is highlighted under Section 12, on the profit and loss statements for 2019-2022. This is a risk that has crystallised and it will continue to have a material impact on the property portfolio.

The REIT Manager mitigates the impact of these risks on IFIR's underlying asset values and operating performance by applying a careful investment evaluation process to help ensure that the new Eligible Assets that IFIR may invest in the future are in line with the REIT's stated investment philosophy and objectives and meet the minimum investment return criteria.

### 10.3.2 Income Risk

The main source of income for IFIR is net rental earnings from Eligible Real Estate investments owned directly by IFIR. Rental income earned from, and the value of, IFIR's investment properties may be adversely affected by a number of factors and distributions may not be made if the REIT reports an operating loss. Reduction in reported rental income and operating profits may arise, for example, if tenancy agreements of the underlying properties are renewed at a lower rental rate than the previous agreement or if the occupancy rate falls. This in turn, reduces property income and ILAM Fahari I-REIT's ability to recover certain operating costs such as service charges. Other factors could include changes in the REIT's ability to collect rent from tenants on a timely basis or at all; changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in the management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the building standards laws or the city planning laws, or the enactment of new laws related to construction and redevelopment.

IFIR has experienced the impact of the loss of an anchor tenant on the income earned. Due to the size and nature of the tenant, finding a replacement tenant took some time. However, the replacement tenant has contributed to the improved performance of the I-REIT.

The REIT Manager intends to mitigate the impact of such factors by implementing portfolio specific strategies and operational initiatives. These include activities such as: income flow management; lease audit and data integrity review; vacancy management and leasing strategy; review of lease structures; and cost optimization management. In particular, the leasing strategy includes procuring of payment upfront and contractual lock-ins of rental rates and other clauses in tenancy agreements.

### 10.3.3 Securities Liquidity Risk

IFIR is the first I-REIT to have its Units listed on the NSE. As with other listed securities, listing and quotation does not guarantee that a highly-liquid trading market for the Units will remain strong.

While the Units upon redemption will be tradable on an OTC, there is no guarantee that a highly liquid market for the Units will develop and remain strong. Likewise, the trading of the Units will be limited to Professional Investors, most of whom will likely have a long-term investment horizon.

### 10.3.4 Regulatory Risk

Changes to the regulatory framework applicable to a REIT could impact the REIT's financial performance and after-tax returns to Unitholders. IFIR is subject to the REITs Regulations and the regime governing I-REITs in Kenya remains relatively new.

Future changes may occur in laws and regulations that impact the REIT. Alternatively, there may be changes to enforcement or regulatory interpretation of laws leading to changes in the legal requirements affecting the REIT.

The REIT Manager intends to mitigate this regulatory risk by participating actively in industry forums to discuss and debate potential regulatory changes and their potential impact.

### **10.3.5 Tax Risks**

At the establishment of IFIR, the REIT was and still is exempt from income tax except for the payment of withholding tax on interest income and dividends to its Security Holders or shareholders who are not exempt persons in line with section 20(1)(c) of the Kenyan Income Tax Act. However, the REIT wholly owned subsidiaries were not explicitly exempt. In November 2019, the Finance Act No.23 of 2019 introduced section 20(1)(d) to the Kenyan Income Tax Act to exempt investee companies of REITs from income tax. This development in the tax regulations removed the long-standing uncertainty as to the exemption status of IFIR subsidiaries. Subsequently, the REIT Manager was successful in securing tax exemption letters for the REIT subsidiaries, which are now fully exempt from income tax.

The REIT is required to distribute at least 80 percent of its distributable income to its Unitholders annually. Failure to distribute at least 80 percent of its distributable income to Unitholders, changes to the interpretation of current tax laws and any new laws and regulations that may be introduced in the future could adversely impact the tax liability of the REIT. Such changes may reduce income, distributions and Unitholder returns.

The Kenyan Parliament increased Capital Gains Tax to a rate of 15% from 5% effective 1 January 2023. The KRA has confirmed that organizations that are exempted from income tax, such as registered REITs, will not be subjected to Capital Gains Tax. Consequently, the increase of Capital Gains Tax is not expected to negatively impact the return and distribution of any capital gains achieved on the underlying properties acquired by the REIT, should it divest its interest in these properties and realize a capital gain.

The REIT Manager and Trustee mitigates these tax risks by, firstly, monitoring and taking proactive action to help ensure that the REIT remains compliant with tax registration requirements, secondly, ensuring that at least 80 percent of the distributable income of the REIT is distributed to Unitholders and, thirdly, by participating actively in industry forums to discuss and debate proposed changes to the tax legislation. The REIT Manager is also extensively involved, alongside industry bodies such as the REITs Association of Kenya, in lobbying for the required tax reforms affecting REITs in Kenya to be duly implemented.

## **10.4 Risks Associated with the Scheme's Proposed Investment Portfolio**

### **10.4.1 Risks Arising from Acquisition of Special Purpose Vehicles**

IFIR has acquired investment properties through the purchase of shares in limited liability companies (special purpose vehicles) that own underlying investment properties rather than purchasing the underlying properties directly. As is common with acquisitions of this type, the REIT's policy is to complete due diligence on any such company it wishes to purchase. Further, the REIT's policy is to enter into contractual arrangements that include obligations for the vendor to identify and settle liabilities of the target company prior to the sale and to provide certain, limited, ability for the REIT and the target company to make claims against the vendors in the event that they suffer losses relating to pre-acquisition liabilities and claims that may only come to light and crystallize after the acquisition.

However, there remains a residual risk that the REIT may not be able to claim full reimbursement for the losses that it might suffer in respect of such pre-acquisition liabilities and claims that are identified and crystallize after the acquisition because of contractual limitations and because the REIT may be unable to collect claim reimbursements on a timely basis or at all.

The REIT Manager intends to mitigate this risk by ensuring that it carefully monitors liabilities and claims against the companies that the REIT purchases and puts in place appropriate processes to identify potential claims, to submit claims and to follow up and collect such claims.

## 10.5 Risks associated with the Conversion to a Restricted I-REIT that will be unlisted

Once IFIR has been converted into a Restricted I-REIT, the I-REIT will be restricted to Professional Investors. This will have the impact of reducing the number of Unitholders within the I-REIT. Unitholders' return and distribution will not be affected by the I-REIT's change in status.

### 10.5.1 Liquidity Risk

Once the ILAM Fahari I-REIT is delisted, Unitholders will not have a secondary market in which to readily buy and trade Units. Also, as the Unitholders will be restricted to Professional Investors, the investor pool will be smaller thus increasing the liquidity risk.

The REIT Manager plans to mitigate this risk through quoting the Units on the Unquoted Securities Platform ("USP") which is the OTC Platform run by the NSE. This should allow remaining Professional Unitholders to have a platform to buy or sell their Units.

### 10.5.2 Tax Risk from trading on an OTC Platform

All securities trading outside the NSE are subject to capital gains tax, stamp duty and VAT on Unit price and transaction costs. Unitholders should be aware that they may be subject to additional taxes that were not applicable when Units were listed on the Unrestricted Main Investment Market Segment of the NSE.

The REIT Manager plans to mitigate this risk by working towards relisting the I-REIT on the Restricted Board of the NSE within 3 years subject to the goals of the restructuring process being successful.

## Summary of Key Aspects of the Trust Deed

This summary is read together with the Amended REIT Trust Deed to be availed as part of the documents for inspection referred to in Section 15 of this Conversion Offering Memorandum.

Item	Key Aspects
Roles, responsibilities and obligations of the Trustee, REIT Manager, Valuer, Structural Engineer and Auditor	<ul style="list-style-type: none"> <li>Trustee's roles, responsibilities and obligations are covered in Section [ 18, 19, 20 and 21 of the Trust Deed.]</li> <li>REIT Manager's roles, responsibilities and obligations are covered in Section [16 and 17 of the Trust Deed.]</li> <li>Valuer's roles, responsibilities and obligations are covered in Section [28 of the Trust Deed.]</li> <li>Structural Engineer roles, responsibilities and obligations are covered in Section [27 of the Trust Deed.]</li> </ul> <p>Auditor's role is to conclude an annual audit on the financial statements and reporting practices of IFIR and to report back to the Trustee on the financial health of IFIR.</p>
Liability of the REIT Manager	<p>The REIT Manager will not be liable for any loss or damage or depreciation in the value of the REIT or any investment comprised therein or the income therefrom unless such loss, damage or depreciation in the value of the REIT arises from negligence, wilful default or fraud by the REIT Manager, its agents, employees or associates.</p> <p>The limitation of the REIT Manager's liability shall not extend to:</p> <ul style="list-style-type: none"> <li>any failure by the REIT Manager to exercise due care and diligence in the discharge of its functions in respect of IFIR; and</li> <li>any loss, damage or depreciation in the market value of the REIT Assets where such loss, damage or depreciation arises from: <ul style="list-style-type: none"> <li>a breach of fiduciary duties or obligations by the REIT Manager;</li> <li>failure to exercise due care and diligence in the discharge of its functions;</li> <li>negligence whether professional or otherwise; or wilful default by the REIT Manager or its agents, employees or associates.</li> </ul> </li> </ul>
Liability of the Trustee	<p>The Trustee shall be entitled to limit its liability for any borrowing to the assets of the Trust and subject to the provisions of the Act, REIT Regulations and the law relating to trusts and Trustees shall be entitled to be indemnified out of the assets of the REIT for all losses, expenses, fees and charges incurred in the performance of its duties and obligations.</p> <p>The limitation of the Trustee's liability shall not extend to any failure by the Trustee to exercise due care and diligence in the discharge of its functions in respect of IFIR.</p>
Trustee's powers	Trustee's powers are covered in Section 6.5.2 of this Conversion Offering Memorandum.

<p>Appointment, retirement, removal and replacement of the Trustee – Reg. 51</p>	<ul style="list-style-type: none"> <li>• The Trustee may resign by giving three months’ notice in writing to the REIT Manager, the REIT securities holders and the Authority provided that the resignation will not be effective until another eligible person is appointed as Trustee in its place. The REIT Manager, in consultation with the Trustee, shall use its best endeavours to appoint within two months after the date of notice another qualified person as the new Trustee.</li> <li>• The Trustee shall be removed by the REIT Manager in writing immediately if; <ul style="list-style-type: none"> <li>a) a court of competent jurisdiction orders its liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation under a Scheme approved by the Authority);</li> <li>b) The Trustee or a member of the Trustee Group is convicted of an offence or is found liable for any breach of any Anti-Bribery and Tax Evasion Laws;</li> <li>c) a manager or a receiver is appointed over any of its assets; or</li> <li>d) the Trustee ceases to qualify being a Trustee under the Act or the REIT Regulations.</li> </ul> </li> <li>• The Trustee shall be removed by three months’ notice in writing given to the Trustee by the REIT Manager with the Approval of the Authority if; <ul style="list-style-type: none"> <li>a) the Trustee fails or neglects after reasonable notice from the REIT Manager or</li> <li>b) the Security Holders by special resolution resolve that such notice be given.</li> </ul> </li> <li>• The rights, obligations and liabilities and any causes of action by or against an outgoing Trustee which arose or accrued before the retirement or removal of the outgoing Trustee will continue to subsist after the retirement and/or removal of such Trustee.</li> </ul> <p>Notwithstanding retirement or removal, a Trustee may require an outgoing or prior Trustee to assist and join in any subsequent action by a Trustee or the Authority on behalf of the REIT Unitholders against any party.</p>
<p>Appointment, retirement, removal and replacement of the REIT Manager – Regulation 54,61</p>	<p>IFIR will at all times be managed and administered by an REIT Manager licensed by the Authority as a REIT Manager and appointed by the Trustee as a contractor in a fiduciary capacity to fulfil the role of the REIT Manager as set out in the Act, the REIT Regulations and the Trust Deed and to fulfil the objectives of IFIR.</p> <p>The REIT Manager shall be appointed by the Trustee with the prior approval of the Authority.</p> <p>The REIT Manager will cease to manage the fund under the following circumstances;</p> <ul style="list-style-type: none"> <li>• Revocation or suspension of the REIT Manager’s licence</li> <li>• Winding up of the REIT Manager</li> <li>• Resignation of the REIT Manager</li> <li>• Removal of the REIT Manager in accordance with the provisions of this Deed, the Act and the REIT Regulations.</li> </ul> <p>In addition, the REIT Manager shall be removed immediately on the happening of any of the following events;</p> <ul style="list-style-type: none"> <li>• If a court of competent jurisdiction orders liquidation of the REIT Manager, except for voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee and the Authority.</li> <li>• If a receiver is appointed for the undertaking of the REIT Manager’s assets or any part thereof.</li> <li>• If for any good reason the Trustee is of the opinion and so states in writing to the Authority that a change of the REIT Manager is desirable in the interest of the Unitholders and obtains a Special Resolution of the Unitholders to remove the REIT Manager.</li> </ul>
<p>Appointment of structural engineer – Reg. 62</p>	<p>The Trustee, in consultation with the REIT Manager, shall appoint a structural engineer and ensure that the Trustee has access at all times to a structural engineer.</p>
<p>Appointment of valuers – Reg. 111</p>	<p>The Trustee shall appoint a valuer to value the real estate assets which have been vested in the Trust or acquired or proposed to be acquired prior to an application being made to the Authority for the authorization of the REIT.</p>
<p>Appointment of an auditor – Reg. 97</p>	<p>The Trustee shall appoint an auditor and ensure that audits are undertaken as required by the Act and the REIT Regulations and as necessary to protect the interests of REIT Unitholders.</p>

Valuation – Reg. 111	Trustee’s powers to cause a valuation of the real estate assets is covered in Section 6.5.1 of this Conversion Offering Memorandum.
Meetings, reports and financial statements	The obligation to call meetings and the rights of REIT Unitholders to call meetings are covered in Clause 33 of the Trust Deed.
Items that require a vote of REIT Unitholders	The key items requiring a vote are provided for under Section 13.4.1 and 13.4.2 of this Conversion Offering Memorandum.
REIT Unitholders’ rights, limitations and decisions or actions requiring approval	<p>Each REIT Unitholder is entitled to vote at an annual and/or extraordinary general meeting. Votes may be given either personally or by proxy and the voting rights attached to each shall be such proportion of the voting rights attached to all of the Units in Issue. Actions requiring REIT Unitholders’ approval include;</p> <ul style="list-style-type: none"> <li>• Subdivision or consolidation of REIT Units;</li> <li>• Amendment to the Trust Deed and Scheme Documents not excluded under Clause 31.2 of the Trust Deed</li> </ul> <p>The Trust Deed specifies that certain clauses of the Trust Deed and/or provisions of other Scheme documentation relating to anti-money laundering (AML) practices and environmental and social (E&amp;S) matters may only be amended by way of a Special Resolution plus a positive vote by all Unitholders holding more than 5 percent of the Units in issue at the time.</p>
Connected Persons – Reg. 58, 118	The REIT Manager shall conduct all transactions, including transactions with Connected Persons, at an arm’s length and in an open and transparent manner. All Connected Party transactions shall be conducted on terms no less favourable than standard commercial terms and shall be subject to the prior approval of the Trustee and where required by the Act or the REIT Regulations by the REIT securities holders.
Maximum fees and charges payable by prospective investors	No fees to be payable by the prospective investors to purchase the REIT Units. All fees on transfers shall be subject to the rules of the NSE and the CDSC.
Termination and winding up of the REIT – Reg. 21,22,23	<p>The circumstances under which the REIT may be wound up are:</p> <ul style="list-style-type: none"> <li>• By order of the court;</li> <li>• A special order to that effect is issued;</li> <li>• When the period (if any) fixed for the REIT by the Trust Deed expires; or</li> </ul> <p>If an event that the Scheme document provides that the REIT is to be wound up occurs.</p>
REIT Manager’s costs, fees and expenses -Reg. 91	<p>The REIT Manager shall be remunerated in the amount and on the basis and shall be reimbursed for the costs and expenses set out in the REIT Manager’s appointment contract.</p> <p>The remuneration of the REIT Manager may be reviewed from time to time by agreement with the Trustee.</p>
Duties of the REIT Manager – Reg. 56	Duties of the REIT Manager are covered in Section 6.4.1 of this Conversion Offering Memorandum.
Duration of the Appointment of the REIT Manager	The duration of appointment of the REIT Manager is covered in the Summary of the REIT Management Agreement in the section titled Summary of Material Provisions in other Scheme Documents.
REIT Manager’s Authority	REIT Trustee empowers the REIT Manager generally, subject to any limitations contained in any investment guidelines as may have been agreed to between the Trustee and the REIT Manager and to the provisions of the Act, to act as necessary to achieve the investment objectives of the Trustee, save in the case of transactions involving real property for which the Trustee’s prior written permission shall be required.

## Summary of Material Provisions in Other Scheme Documents

### REIT Management Agreement

This summary is read together with the REIT Management Agreement to be availed as part of the documents for inspection referred to in Section 15 of this Conversion Offering Memorandum

Item	Key Aspects
Duties of the REIT Manager (Clause 4)	The REIT Manager's duties are as highlighted in the Summary of the Key Aspects of the Trust Deed above.
Duration of the Appointment (Clause 5)	<p>The REIT Manager's appointment to manage the REIT shall:</p> <ul style="list-style-type: none"> <li>a) Take effect on the Commencement Date;</li> <li>b) Remain fully in force until it is terminated by either party giving the other six (6) months written notice to this effect;</li> <li>c) Notwithstanding the provisions of clause 5.1.2, be terminated immediately should ILAM cease to be licensed as a REIT Manager in terms of the Act or should ILAM be de-registered in terms of the Act or the Companies Act, 2015 of the Laws of Kenya;</li> <li>d) The relationship shall immediately terminate should the courts of Kenya find ILAM guilty of money laundering.</li> <li>e) If ILAM is de-registered as a REIT Manager it shall within seven (7) days of its' de-registration give written notice to the Trustee of such de-registration.</li> <li>f) Without prejudice to the foregoing, this REIT Manager's Agreement may be terminated forthwith by either party if the other party commits a fundamental breach of the terms and conditions herein and fails to remedy such breach within thirty (30) days after being issued with a written notice by the other party requiring the party in breach to remedy the same.</li> <li>g) Immediately upon termination or at the Trustee's direction all confidential information, as specified by the Trustee and the Trust Deed shall be returned to the Trustee together with all documents, reports or other statements in ILAM's possession in connection with the services rendered herein.</li> <li>h) On termination of ILAM's appointment, ILAM shall follow the Trustee's instructions regarding the transfer of the Assets managed by ILAM provided that, where applicable, the Trustee will be liable for any costs incurred therewith. ILAM shall not buy or sell further Assets on behalf of the Trustee after notice as contemplated in 5.1.2 has been given or received unless instructed otherwise.</li> </ul>
REIT Manager's Authority (Clause 6)	ILAM undertakes to act as REIT Manager in respect of the REIT. For purposes of this clause, the Trustee empowers ILAM generally, subject to any limitations contained in any investment guidelines as may have been agreed to between the Trustee and ILAM and to the provisions of the Act, to act as necessary to achieve the investment objectives of the Trustee, save in the case of transactions involving real property for which the Trustee's prior written permission shall be required

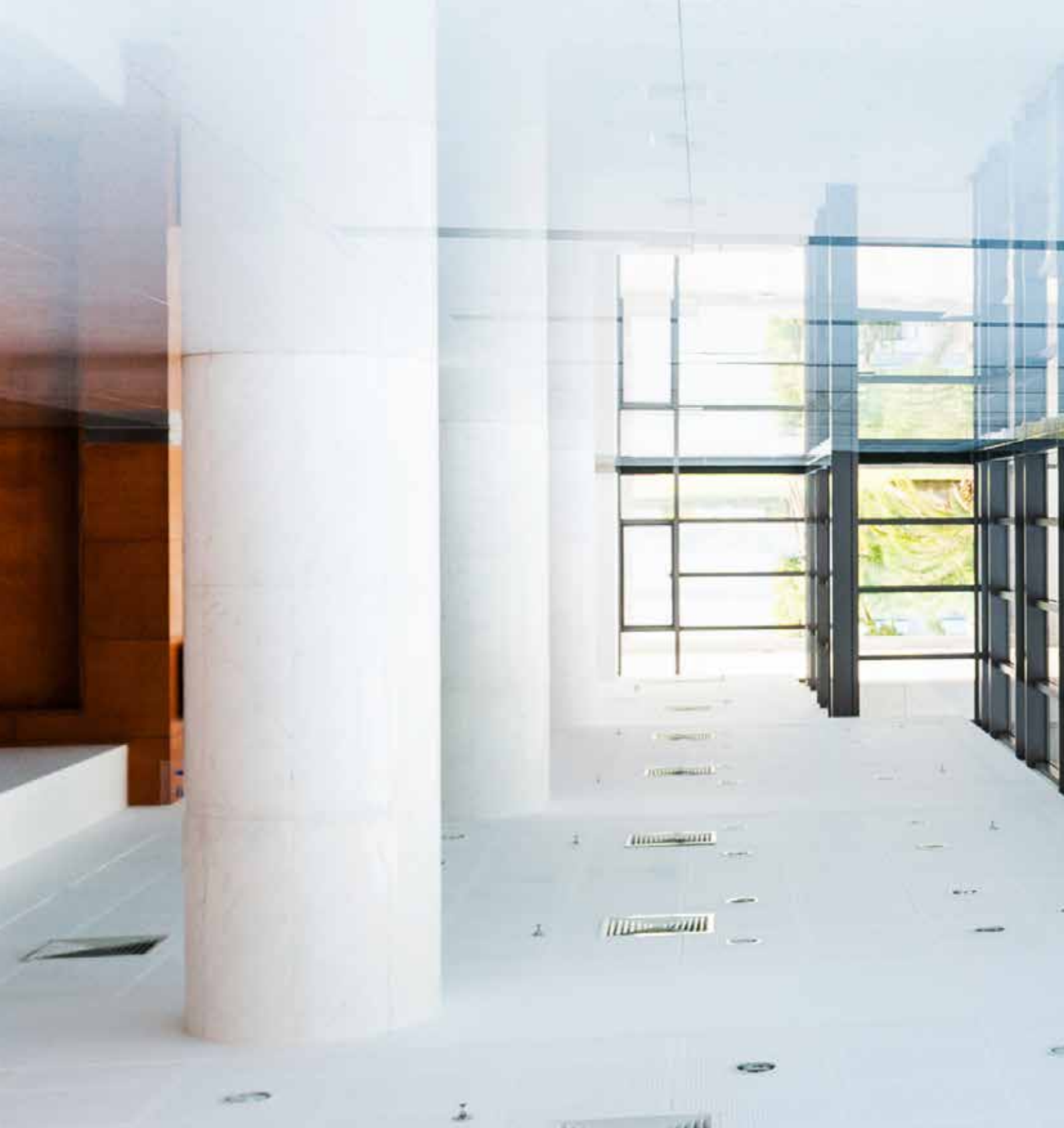


## Property Manager Agreement

This summary is read together with the I-REIT Property Management Agreement to be availed as part of the documents for inspection referred to in Section 15 of this Conversion Offering Memorandum

Item	Key Aspects
Duties of the Property Manager	<p>The Property Manager shall:</p> <ul style="list-style-type: none"><li>a) at all times apply Best Industry Practice In the carrying out of its duties and functions and shall employ its own skill, expertise, judgement and discretion;</li><li>b) perform Its duties in terms of this Agreement in accordance with the highest corporate governance principles;</li><li>c) avoid conflicts arising between its own interests and those of REIT Manager and shall be obliged to timeously declare any interest it or any of its directors or employees may have and any potential or existing service provider, supplier, professional consultant or contractor;</li><li>d) to the best of the Property Manager's knowledge (while acting in accordance with Best Industry Practice), keep the REIT Manager fully informed of all material developments in respect of the letting of the Properties including all events that could cause reputational damage, media coverage events at centres and all operational disasters;</li><li>e) comply with all reasonable and lawful instructions given to it from time to time by the REIT Manager;</li><li>f) devote such time and attention as may be necessary or requisite to the performance of its duties as Property Manager;</li><li>g) not sub-contract to any person any of the Property Manager's obligations in terms of this Agreement without prior written consent of the REIT Manager.</li><li>h) ensure that at all times it has adequate and properly trained staff and other personnel to discharge its duties and obligations in terms of this Agreement;</li><li>i) prepare a detailed annual budget for each Financial Year (which shall comprise, inter alia, the income statement, balance sheet, and cash flow projections for the ensuing Financial Year, 3 (three) year projected capital expenditure, income and expenses (including full details of funding contributions anticipated to be required from the REIT Manager), which budget shall be submitted to the REIT Manager for approval and amended to the extent required by the REIT Manager before approving it.</li></ul>

# 11. Implications of the ILAM Fahari I-REIT Redemption Offer, Conversion and Proposed Delisting



As part of the conversion process, the Redemption Offer will be made to Non-Professional Investors who are Unitholders of IFIR. Non-Professional Investor means "any person that either alone or with any associates on a joint account owns or holds IFIR Units lower than the prescribed minimum value of Kenya Shilling five million" as per the REIT Regulations. This section outlines the implications of the Transaction on Non-Professional and Professional Investors.

## 11.1 Implications of the Redemption Offer, Conversion and Delisting

### 11.1.1 Non-Professional Investors who accept the Redemption Offer

You will cease to be a Unitholder of IFIR upon the transfer of Units to the Promoter and receipt of payment from the redemption process as per the dates outlined in the timetable (See Section 3).

### 11.1.2 Non-Professional Investors who wish to accept the Redemption Offer and were not able to do so during the Redemption Offer Period

Unitholders will still be able to sell their Units to the market via the NSE during the period between the close of the Redemption Offer and before the ILAM Fahari I-REIT is delisted (if the Delisting Resolution passes).

Post Delisting, the Promoter has undertaken to maintain the Redemption Offer Price for a period of 6 months from the Closing Date and has committed to redeeming Units at the Redemption Offer Price from Non-Professional Investors whose names appear on the Register at the Record Date.

Non-Professional Investors are encouraged to contact the Transaction Adviser or to initiate the process. Investors should be aware that once delisted, Unit transfers on the Unquoted Securities Platform ("USP") may be subject to Capital Gains Tax (for the seller), VAT and Stamp Duty (for the buyer).

### 11.1.3 Non-Professional Investors who do not accept the Redemption Offer

Upon delisting, the ILAM Fahari I-REIT shall be converted into a restricted REIT and by operation of the REIT Regulations, the holding and trading of the IFIR Units shall be subject to the prescribed minimum value of five million shillings. The implication of this is that Non-Professional Investors shall be restricted from trading Units.

The REIT Manager shall set up a bundled nominee account (the "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 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.

### 11.1.4 Voting Mechanism for Non-Professional Investors

#### Ownership and Rights:

Non-Professional Investors will retain full ownership and rights over their REIT units, albeit through the Nominee Account. The REIT Manager will not own these units or make its own decisions regarding them. The Nominee Account will have the right to vote in the REIT's Annual General Meetings (AGMs) based on the proportional number of underlying IFIR units held in the name of the Nominee Account. The Nominee Account will thus merely represent the interests of the bundled Non-Professional Investors and exercise voting rights on their behalf.

#### Simplified Structure:

The Nominee Account approach has been adopted in order to avoid complexity and additional costs, which would be incurred if separate units were to be issued in a new collective investment scheme. Instead, it will streamline the administrative processes and ensure the smooth management of Non-Professional Investors' investments by bundling all Non-Professional Investors' accounts into one nominee account. The fund manager of the Nominee Account will act as a proxy to vote on behalf of the Non-Professional Investors, ensuring that their interests are represented in the decision-making process.

### 11.1.5 Exit mechanism for Non-Professional Investors

- The Trust Deed will be amended to provide a sunset period, ideally a three-year period from the Closing Date, for the operation of the Nominee Account. The amendment will provide that, in the event a Non-Professional Investor still holds units in the REIT at the end of the sunset period, these units will be automatically redeemed by the ILAM Fahari I-REIT at the prevailing unit price through a redemption process or an alternative method that yields fair value for the investors and is in compliance with regulatory guidelines.
- With a clear exit mechanism and the capacity to represent Non-Professional Investors' interests in the REIT's AGM, this Nominee Account approach will ensure that the interests of Non-Professional Investors who are not able to exit during the transaction period, are protected and represented.

### 11.1.6 Professional Investors

The Redemption Offer is targeted towards Non-Professional Investors so Professional Investors will not need to take any action.

Post-Delisting, it is the intention for IFIR to be quoted on the Unquoted Securities Platform hosted by the NSE which will provide a liquidity avenue for the remaining investments. However;

- Where at any one time the value of the units held fall below the regulatory threshold of Kenya shillings five (5) million, the professional investor will be required to top up to the required minimum value for compliance.
- Investors should be aware that all transactions on the USP may be liable for tax including Capital Gains Tax, Stamp Duty and VAT.

# 12. Financial Information Summary



Table 6: Profit and Loss Statement 2019 - 2022

	Audited 12 months	Audited 12 months	Audited 12 months	Audited 12 months
	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
<b>Revenue</b>	<b>336,820,221</b>	<b>265,670,495</b>	<b>324,669,579</b>	<b>353,886,007</b>
Rental and related income	354,291,682	297,549,052	341,156,587	344,346,639
Straight-lining of lease income	(17,471,461)	(31,878,557)	(16,487,008)	9,539,368
<b>Other income</b>	<b>31,021,470</b>	<b>33,972,521</b>	<b>22,875,975</b>	<b>25,323,607</b>
Interest income	31,021,470	25,664,245	22,412,016	24,996,287
Sundry income		8,308,276	463,959	327,320
<b>Operating expenses</b>	<b>(243,364,633)</b>	<b>(229,548,302)</b>	<b>(229,611,646)</b>	<b>(225,636,051)</b>
Property expenses	(131,271,761)	(122,048,628)	(130,361,698)	(114,334,308)
Fund operating expenses	(112,092,872)	(107,499,674)	(99,249,948)	(111,301,743)
<b>Increase in fair value of investment property</b>	<b>(152,840,649)</b>	<b>(194,045,724)</b>	<b>30,091,205</b>	<b>21,654,685</b>
Fair value adjustment to investment property	(170,312,110)	(225,924,281)	13,604,197	31,194,053
Straight-lining of lease income	17,471,461	31,878,557	16,487,008	(9,539,368)
<b>Net profit for the period</b>	<b>(28,363,591)</b>	<b>(123,951,010)</b>	<b>148,025,113</b>	<b>175,228,248</b>
Other comprehensive income				
<b>Total comprehensive income attributable to Unitholders for the period</b>	<b>(28,363,591)</b>	<b>(123,951,010)</b>	<b>148,025,113</b>	<b>175,228,248</b>
Basic earnings per Unit (KSH)	(0.16)	(0.68)	0.82	0.97
Headline earnings per Unit (KSH)	0.69	0.39	0.65	0.85
Supplementary information:				
Distributable earnings per Unit (KSH)	0.78	0.56	0.74	0.80
Distribution as a % of distributable earnings	83%	89%	81%	94%

The distribution is declared out of distributable earnings which require that a minimum of 80% of net profit after tax, from sources other than realised gains from disposal of real estate assets is distributed.

Table 7: Balance Sheet 2019 - 2022

	Audited 12 months	Audited 12 months	Audited 12 months	Audited 12 months
	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
<b>Assets</b>				
<b>Non current assets</b>				
Investment Property	2,918,200,000	3,258,000,000	3,481,400,000	3,456,600,000
Fair value of investment property for accounting purposes	3,063,734,650	3,194,079,844	3,385,601,287	3,344,314,279
Straight-line lease accrual	54,865,350	95,798,713	95,798,713	112,285,721
Property and equipment	34,620,979	13,272,024	14,525,608	15,615,047
	<b>2,952,820,979</b>	<b>3,271,272,024</b>	<b>3,495,925,608</b>	<b>3,472,215,047</b>
<b>Current Assets</b>				
Investment property reclassified as held for sale	200,400,000	-	-	-
Investment Securities	287,049,120	246,686,432	150,437,699	238,925,753
Trade and other receivables	85,385,530	74,273,158	39,610,337	71,245,082
Cash and cash equivalents	89,908,591	120,294,160	197,772,556	96,063,143
	<b>662,743,241</b>	<b>441,253,750</b>	<b>387,820,592</b>	<b>406,233,978</b>
<b>Total Assets</b>	<b>3,615,564,220</b>	<b>3,712,525,774</b>	<b>3,883,746,200</b>	<b>3,878,449,025</b>
<b>Equity and Liabilities</b>				
<b>Capital and reserves</b>				
Trust Capital	3,479,540,745	3,479,540,745	3,479,540,745	3,479,540,745
Revaluation reserve	(255,818,907)	(85,506,797)	140,417,484	126,813,287
Retained earnings	200,632,768	149,170,399	155,780,508	157,088,817
	<b>3,424,354,606</b>	<b>3,543,204,347</b>	<b>3,775,738,737</b>	<b>3,763,442,849</b>
<b>Current Liabilities</b>				
Trade and other payables	191,209,614	169,321,427	108,007,463	115,006,176
<b>Total equity and liabilities</b>	<b>3,615,564,220</b>	<b>3,712,525,774</b>	<b>3,883,746,200</b>	<b>3,878,449,025</b>
<b>NAV per Unit</b>	<b>18.92</b>	<b>19.58</b>	<b>20.86</b>	<b>20.80</b>

Table 8: Distributions made for the lesser of 5 years or since the establishment of the scheme

Sources of distribution (KShs)	2022	2021	2020	2019	2018
Net rental/dividend income from wholly owned property companies	223,019,921	183,808,700	211,258,848	230,724,761	201,460,125
Fund interest and other income	31,021,470	25,664,245	22,412,016	24,611,177	56,646,680
	<b>254,041,391</b>	<b>209,472,945</b>	<b>233,670,864</b>	<b>255,335,938</b>	<b>258,106,805</b>
Less:					
Fund operating expenses	(112,092,872)	(107,499,674)	(99,249,948)	(111,301,743)	(130,221,511)
Interest paid		-	-	-	-
<b>Total potential distributable income from current earnings income</b>	<b>141,948,519</b>	<b>101,973,271</b>	<b>134,420,916</b>	<b>144,034,195</b>	<b>127,885,294</b>
Distribution from prior year retained earnings	-	-	-	-	7,843,931
<b>Distribution</b>	<b>117,631,995</b>	<b>90,486,150</b>	<b>108,583,380</b>	<b>135,729,225</b>	<b>135,729,225</b>
<b>Distribution as a % and in compliance with Regulation 72</b>	<b>83%</b>	<b>89%</b>	<b>81%</b>	<b>94%</b>	<b>106%</b>



# 13. Statutory and General Information



### 13.1 Authorisations

The REIT has obtained necessary consents, approvals and authorisations in connection with the proposed conversion and delisting including a resolution from the Board of Directors of the REIT Manager dated 14th June 2023 and from the Trustee dated 15th February 2022.

### 13.2 Registration

The ILAM Fahari I-REIT was authorised by CMA on 30th September 2015.

### 13.3 Approvals

#### 13.3.1 Capital Markets Authority

This Conversion Offering Memorandum has been delivered to the CMA and approval has been granted for the proposed conversion and redemption of Units from Non-Professional Investors.

#### 13.3.2 Delisting

Post completion of the redemption exercise, the REIT Manager will seek approval at an EGM for the conversion and delisting of the REIT from the NSE. Upon passing of the resolutions, the REIT Manager will seek approval from CMA and NSE to delist the REIT from the Unrestricted Main Investment Market Segment.

### 13.4 Meetings of the REIT Holders

The 2021 and 2022 AGMs were held on 24th April 2023. The 2021 AGM was delayed to allow for the REIT Manager to commence a restructuring exercise which has culminated in the proposed conversion of the REIT into a Restricted I-REIT and proposed delisting.

The Trustee shall convene an annual general meeting of the REIT Unitholders within three months after the relevant accounting reference date of the REIT. Not less than 21 days written notice, inclusive of the date in which the notice is deemed to be served, and the day of the meeting, shall be given to the Unitholders of the general meeting. This provision shall not apply to the notice of an adjourned meeting. The failure by a Unitholder to receive notice shall not invalidate the proceedings at any meeting.

The Trustee, the REIT Manager or Unitholders, as the case may be, may convene an extra-ordinary meeting of Unitholders at any time but not later than six weeks after receipt of a requisition. A requisition shall:

- state the objectives of the meeting;
- be dated;
- be signed by a majority in number of all Unitholders who, at that date, are registered as the Unitholders representing not less than one – tenth in value of all of the Units in the REIT funds then in issue; and
- be delivered.

#### 13.4.1 Items Requiring a Special Resolution

- Appointment of a new Trustee on resignation of the immediate former Trustee;
- The removal and replacement of the Trustee unless an order of the Court has been issued for the same;
- The approval of special circumstances under which the REIT Manager may, with the approval of the CMA, remove a Trustee without need to revert to the Unitholders;
- If an investment in real estate has not been completed within 180 days of the close of the initial Offer, a Special Resolution will be required to determine whether:
  - the period for registration should be extended and the period of extension; or
  - all monies paid into the fund together with any interest or earnings should be refunded within fourteen days of the date of the meeting; and
  - what other action should be taken by the Trustee or REIT Manager.
- Winding up of the REIT;
- The alteration of Scheme Documents.

#### 13.4.2 Matters requested to be put to vote by REIT Unit holders

- The imposition of an obligation to Unitholders to provide additional funds necessary to enable the Trustee to pay any costs and expenses necessary in connection with the REIT assets;
- The acquisition of real estate at a price which exceeds the price in the Valuation Report by more than 10 percent;
- The disposal of real estate at a price lower than 90 percent of the value assessed in the Valuation Report;
- The entry, by the Trustee into a contract for the disposal of an asset where such disposal exceeds 50 percent of the TAV of the REIT;
- Borrowing or the entry by the Trustee into a financing arrangement of amounts greater than 35 percent but not more than 40 percent of the TAV, for a temporary purpose for a term not exceeding six months;

- The approval of a lower distribution than that proposed by the REIT Manager;
- The alteration of Scheme Documents;
- The approval of any proposed material increase in fees or change in the method of calculating the fees charged by the REIT manager, if the same is not deemed fair and reasonable by the Trustee;
- Removal, Appointment and re-appointment of the REIT Manager by the Unitholders;
- Removal of the Auditor (Trustee may act on its own instance too);
- Additional acquisitions or disposals if:
  - the proposed acquisition or disposal is from/to a person who is not the Promoter or Connected Person and the total consideration represents more than 15 percent of the latest published NAV;
  - the proposed acquisition or disposal is from/to the Promoter or a Connected Person and the total consideration represents more than 5 percent of the latest published NAV.
- Removal of the Valuer, otherwise than by effluxion of time;
- Connected Party transactions where the supply of goods or services is not subjected to an open bidding process and the value of the contract when aggregated with all other transactions conducted with Connected Persons relating to the provision of goods and services in the immediately preceding twelve months exceeds or would exceed 15 percent of the amount spent on Connected Party provided goods and services; and
- Approval of the issue of additional REIT securities to persons other than existing Unitholders or in a manner other than on pro rata basis to existing Unitholders.

### 13.4.3 Voting Rights

At any meeting a resolution put to the vote shall be decided on a show of hands unless a poll is, before or on the declaration of the results of the show of hands, demanded by the Trustee or by Security Holders not less than one tenth of the Units in Issue present in person or by proxy.

On a show of hands, every Security Holder who, being an individual is present in person or being a corporation, is present by its representative duly authorized in that regard, shall have one vote. If the number of votes recorded in favour or against a resolution on a show of hands is not conclusive evidence of a unanimous vote or by a particular majority or lost, a poll may be demanded.

Votes may be given either personally or by proxy and the voting rights attached to each shall be such proportion of the voting rights attached to all of the Units in Issue.

In the case of joint Security Holders of a Unit, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Security Holders and for this purpose, seniority shall be determined by the order in which the names stand in the register of Security Holders.

A Unitholder that is entitled to attend and vote at a meeting of the REIT is also entitled to appoint another person to attend and vote in his place whether such a person is a Unitholder or not.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or, if the appointer is a corporation, under the hand of an officer or attorney duly authorised. A proxy need not be a Unitholder. An instrument appointing a proxy shall be in the usual common form or such form as may be submitted with the notice convening the meeting.

An instrument appointing a proxy or any other document necessary to show the validity of or otherwise relating to, the appointment of a proxy shall be required to be received by the REIT Manager or the Trustee, as the case may be, at least 48 hours before the meeting or adjourned in order that the appointment may be effective. In default the instrument of proxy shall not be treated as valid.

Where REIT Units are issued to a Promoter, the REIT Manager or any other Associated or Connected Party to finance the funding of an unscheduled cost overrun on a development or construction, such REIT Units during the time that they are held by the Promoter, REIT Manager or a Connected Person or Associated Party shall not be entitled to voting rights in respect of such additional REIT Units but may be entitled to participate in any distribution in respect of such REIT securities.

### 13.5 Material Contracts

The Trustee and the REIT Manager have entered into an Agreement dated 18th May 2020 when ILAM took over as REIT Manager from Stanlib Kenya for the provision of REIT Management services by the REIT Manager to the I-REIT.

The REIT Manager has entered into a contract with Knight Frank Kenya Limited, a Property Manager, dated 9th September 2021 for the provision of Property Management services to the REIT.

The Promoter is party on behalf of the Trustee and the REIT to the following contracts, each of which will be novated to the Trustee:

- Service Contracts with the following persons:
  - Jones Lang LaSalle Kenya Ltd for the provision of valuation services
  - CDSC Registrars Limited for the provision of Unit registrar services
  - Dyer & Blair Investment Bank Limited for the provision of transaction advisory services
  - TripleOKLaw Advocates LLP for the provision of legal services
- License agreement for the use of the trade name

### 13.6 Material Litigation

Save as disclosed herein, the Trustee does not have any potentially conflicting nor competing roles nor any current pending or threatened litigation which might materially affect the resources or financial capacity of the Trustee to fulfil its role or responsibilities as the Trustee of IFIR.

### 13.7 Consents

The following have given their consent to being named in the Conversion Offering Memorandum in the form and context in which the names appear:

Name	Role
ICEA LION Asset Management Limited	REIT Manager and Promoter
The Co-operative Bank of Kenya Limited	Trustee
Dyer & Blair Investment Bank Limited	Transaction Adviser and Lead Receiving Agent
TripleOKLaw Advocates LLP	Legal Adviser
Knight Frank Kenya Limited	Property Manager
KPMG Kenya	Auditor/ Reporting Accountant
Feradon Associates Ltd	Structural and MEP Engineer

The following have given and not withdrawn their consents prior to the issue of this Conversion Offering Memorandum and the inclusion of their respective reports in the form and context in which they appear:

Name	Role
Jones Sang LaSalle Kenya Ltd	Valuer

### 13.8 Details of encumbrances, easements or restrictions

As at the date of this Conversion Offering Memorandum, there were no encumbrances or restrictions (save for normal planning and zoning restrictions) to the use of any of the Properties in the Scheme.

### 13.9 Borrowings

The Trustee has not entered into any borrowing arrangements on behalf of the REIT.

# 14. Valuation Reports – Extracts



## 14.1 Valuation Summary – Greenspan Mall, Donholm, Nairobi, Kenya

### Overview Section

#### Key Property Facts

<b>Inspection Basis:</b>	Internal Inspection
<b>Macro Locations:</b>	National
<b>Micro Locations</b>	Near Prime
<b>Sector:</b>	Mixed Use
<b>Suburb:</b>	Donholm
<b>Region:</b>	Nairobi, Kenya
<b>Total Land Area:</b>	38,493 m <sup>2</sup>
<b>Total GLA:</b>	155,477 ft <sup>2</sup> (14,410 m <sup>2</sup> )
<b>Tenure:</b>	Long-Leasehold for 99 years. Unexpired term is 83 years and eight months
<b>No. of Tenants:</b>	63 tenants
<b>Vacancy:</b>	24.7% by area
<b>Covenant Strength:</b>	Good
<b>WAULT:</b>	4 years 4 Months

#### Valuation as at 31 December 2022 (Mall):

<b>Fair Value:</b>	KES 2,094,600,000		
<b>Capex:</b>	KES 51,257,596		
<b>Year 1 Projected NOI:</b>	KES 191,351,816		
<b>Market Rent:</b>	KES 222,642,960		
<b>Market Rental Growth:</b>	Year 1:	0%	
	Year 2:	1.00%	
	Year 3:	2.00%	
	Year 4:	onwards 3.00%	
<b>Expense Growth:</b>	6.00%		
<b>1st Year's Forward Initial</b>	Yield	Discount Rate/IRR:	Exit Yield
	9.14%	14.00%	9.50%

#### Fair Value of Additional Land as at 31 December 2022

<b>Fair Value/m2 of Land:</b>	KES 26,722
<b>Land Area:</b>	4,047
<b>Fair Value of Land:</b>	KES 108,000,000

#### Total Fair Value as at 31 December 2022:

<b>Mall:</b>	KES	2,094,600,000
<b>Additional Land</b>	KES	108,000,000
<b>Total:</b>	<b>KES</b>	<b>2,202,600,000</b>



External view of the subject property



Aerial view of the subject property



Proposed redevelopment site

## 14.2 Valuation Summary – Bay Holdings, Industrial Area, Nairobi, Kenya

### Overview Section

#### Key Property Facts

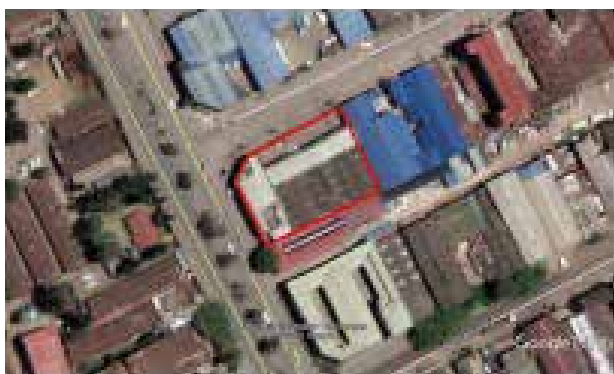
<b>Inspection Basis:</b>	Internal Inspection
<b>Macro Locations:</b>	National
<b>Micro Locations</b>	Near Prime
<b>Sector:</b>	Industrial
<b>Suburb:</b>	Industrial Area
<b>Region:</b>	Nairobi, Kenya
<b>Total Land Area:</b>	2,691 m <sup>2</sup>
<b>Total GLA:</b>	33,265 ft <sup>2</sup>
<b>Tenure:</b>	Long-Leasehold for 99 years. Unexpired term is 25 years
<b>No. of Tenants:</b>	Three tenants
<b>Vacancy:</b>	0% by area
<b>Covenant Strength:</b>	Fair
<b>WAULT:</b>	1 years 10 Months



External view of the subject property

#### Valuation as at 31 December 2022

<b>Fair Value:</b>	KES 170,400,000		
<b>Capex:</b>	KES 0		
<b>Year 1 Projected NOI:</b>	KES 23,518,947		
<b>Market Rent:</b>	KES 18,792,180		
<b>Market Rental Growth:</b>	Year 1:	1.00%	
	Year 2:	2.00%	
	Year 3:	onwards 3.00%	
<b>Expense Growth:</b>	6.00%		
<b>1st Year's Forward Initial</b>	Yield	Discount Rate/IRR:	Exit Yield
	13.80%	14.00%	9.25%
<b>Capital Value/m<sup>2</sup>:</b>	<b>KES</b>	<b>55,118</b>	



Aerial view of the subject property

## 14.3 Valuation Summary – Highway House, Industrial Area, Nairobi, Kenya

### Overview Section

Key Property Facts	
Inspection Basis:	Internal Inspection
Macro Locations:	National
Micro Locations:	Near Prime
Sector:	Industrial
Suburb:	Industrial Area
Region:	Nairobi, Kenya
Total Land Area:	1,089 m <sup>2</sup> (11,718)
Total GLA:	7,638 ft <sup>2</sup>
Tenure:	Long-Leasehold for 99 years. Unexpired term is 34 years and six months
No. of Tenants:	0 tenants
Vacancy:	100% by area
Covenant Strength:	N/A
WAULT:	0 years

Valuation as at 31 December 2022	
Fair Value:	KES 3,928
GLA:	7,638 ft <sup>2</sup>
Fair Value of Land:	KES 30,000,000



External view of the subject property



Aerial view of the subject property



## 14.4 Valuation Summary – 67 Gitanga Place, Lavington,

### Overview Section

Key Property Facts	
Inspection Basis:	Internal Inspection
Macro Locations:	National
Micro Locations:	Near Prime
Sector:	Office
Suburb:	Lavington
Region:	Nairobi, Kenya
Total Land Area:	2,830 m <sup>2</sup>
Total GLA:	41,312 ft <sup>2</sup> (3,839 m <sup>2</sup> )
Tenure:	Long-Leasehold for 99 years. Unexpired term is 92 years and three months
No. of Tenants:	One tenants
Vacancy:	0%
Covenant Strength:	Excellent
WAULT:	5 Months



View of the subject property

Valuation as at 31 December 2022			
Fair Value:	KES 715,600,000		
Capex:	KES 10,478,720		
Year 1 Projected NOI:	KES 45,814,598		
Market Rent:	KES 69,965,280		
Market Rental Growth:	Year 1:	1.00%	
	Year 2:	2.00%	
	Year 3:	onwards 3.00%	
Expense Growth:	6.00%		
1st Year's Forward Initial	Yield	Discount Rate/IRR:	Exit Yield
	6.40%	13.00%	9.25%
2nd Year's Forward			
Initial Yield:	9.75%		
Capital Value/m <sup>2</sup> :	KES 1,86,383		



Aerial view of the subject property

# 15. Documents available for Inspection



On giving fourteen days' written notice to the Trustee, copies of the following documents will be available for inspection on any Business Day for a period of not less than three years from the date of the approval of the Conversion Offering Memorandum by the Authority, at the registered office of the Trustee or such other address as the Authority may approve and subsequently shall be made available [in a digital format] by the Trustee for inspection for a period of not less than eight years from the date of approval.

- a) the Trust Deed;
- b) the Investment Policy;
- c) each contract disclosed in the Conversion Offering Memorandum, including:
  - agreement with the REIT Manager
  - agreement with the Property Manager
  - and in the case of a contract not reduced to writing, a memorandum setting out the parties, date and full particulars;
- d) all Valuation Reports obtained in respect of the real estate assets;
- e) Structural Engineer reports;
- f) legal opinions;
- g) tax opinions;
- h) audited financial statements for the Trustee and I-REIT;
- i) all reports, letters, opinions or other documents and statements by any expert, any part of which is extracted in or summarized in or referred to in the Offering Memorandum and where an extract or summary is included the corresponding full report shall be made available for inspection;
- j) signed and dated consents given by any experts and copies of any withdrawals of consents (if any);
- k) copies of any court orders or other documents relating to court actions commenced against the Trustee or the REIT Manager in the previous three years relating respectively to the conduct of their duties as a Trustee or REIT Manager;
- l) REIT Manager Reports;
- m) approvals (and all exemptions therein) from the Authority; and
- n) a copy of this approved Conversion Offering Memorandum.

# 16. Frequently Asked Questions



**a) 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

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.

**b) 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 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.

**c) 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.

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

You will receive your payment on the Payment Date as indicated in the Timetable found in Section 3.

**e) 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. 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.

**f) 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 Record Date. If you would like to redeem your Units, you will have to wait to offer your Units once the REIT is delisted. See Section 16b) for the process.

# APPENDIX I Confirmation of Financial Resources Letter



Founder Members of the NSE (1954)

Head Office  
7th Floor, Goodman Tower,  
Waiyaki Way, Westlands  
P.O. Box 45396-00100 Nairobi, Kenya  
Tel: +254 709 930 000  
E-mail: [shares@dyerandblair.com](mailto:shares@dyerandblair.com)  
[corporate@dyerandblair.com](mailto:corporate@dyerandblair.com)  
Website: [www.dyerandblair.com](http://www.dyerandblair.com)

Date: June 30th 2023

The Capital Markets Authority  
Embankment Plaza, 3rd Floor  
Longonot Road, off Kilimanjaro Avenue  
Upper Hill  
P.O. Box 74800 - 00200  
Nairobi  
Kenya

Dear Sirs,

**Proposed Conversion of ILAM Fahari I-REIT from an Unrestricted I-REIT into a Restricted I-REIT and Redemption of up to 36,585,134 Units from Non-Professional Investors**

We, as Transaction Adviser of ILAM Fahari I-REIT, have been provided with three confirmation letters with respect to the banking facilities and fixed deposits maintained by ICEA LION Asset Management Limited ("ILAM" or the "Promoter") for the purpose of supporting the funding requirements of the Redemption Offer as highlighted below;

1. Confirmation from NCBA Bank for balances by the ICEA LION Shareholders Fund;
2. Confirmation of balances held by ILAM in the ICEA LION Money Market Fund;
3. Statement from the ICEA LION Money Market Fund

We confirm that to the best of our knowledge, sufficient resources are available to the Promoter to satisfy the maximum amount of cash payable under the Redemption Offer. We confirm that to the best of our knowledge, the Redemption Offer will not fail due to insufficient financial capability of the Promoter and that every Non-Professional Investor in IFIR who wishes to accept the Redemption Offer will be paid in full.

Yours faithfully,

Cynthia Mbaru  
Director  
Dyer & Blair Investment Bank Limited

A non-deposit taking financial institution

# APPENDIX II Form of Acceptance Sample



## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

### FORM OF ACCEPTANCE

*This form of Acceptance should be read in conjunction with the Conversion Offering Memorandum dated Friday 25th August 2023. If you are in any doubt about this offer, you should consult your stockbroker, custodian, investment bank or other professional investment adviser. The offer opens at 9am on Wednesday 6th September 2023 and closes at 5pm on Friday 6th October 2023. Please see the notes on the reverse of this Form of Acceptance for further guidance on how to complete this Form of Acceptance*

\_\_\_\_\_  
AUTHORISING RECEIVING AGENT STAMP

\_\_\_\_\_  
AUTHORISED RECEIVING AGENT CODE

\_\_\_\_\_  
DATE

#### OFFICIAL USE ONLY

#### DETAILS OF ILAM FAHARI I-REIT UNITHOLDER(S): TO BE INSERTED BY REGISTRAR

BOX 1 Units registered in your name

Name:

Address:

BOX 2 Price Per Unit (KSH) 11

Telephone:

CDS NUMBER

BOX 3 Amount Payable (KSH)

ANY UNITS FROZEN OR PLEDGED? IF YES, TICK ON BOX ON THE RIGHT AND INSERT DETAILS OF CHARGE AND No. OF PLEDGED UNITS

Name of bank/charge and number of units pledged

If address details are different from above, please indicate correct details in part 2 of this Form of Acceptance and attach documents as per note 10.

POSTAL ADDRESS

POSTAL CODE

TELEPHONE NUMBER

EMAIL ADDRESS

#### ACCEPTANCE IN FULL

Subject to the terms of the Conversion Offering Memorandum and this Form of Acceptance I/we hereby accept in full the payment of KSH 11 per unit offered by the Trustee of ILAM Fahari I-REIT for all my/our units held by me/ourselves in ILAM Fahari I-REIT.

#### AUTHORITY TO TRANSFER SECURITIES

I/we hereby request CDSC to transfer my entire unitholding in ILAM Fahari I-REIT as indicated in my/our securities account to the Promoter's security account or any other unitholder who has applied for additional units.



**PAYMENT:** Please elect your preferred option of receiving payment by ticking one of boxes provided in this part 4 of the Form of Acceptance. Please note that the payments will be made according to the instructions provided and the Promoter, its Advisors or appointed Agents will not accept or bear any liability for paying in accordance with the instructions provided. Unitholders **MUST** provide accurate details and instructions and **MUST** present a certified copy of their identity cards or passports for individuals and certified copy of certificate of incorporation/registration for companies/groups/societies to the Authorised Receiving Agent when returning the Form of Acceptance. Where the ID number differs from details on the register, the unitholder should provide certified copies of both previous and current IDs.

PART 4

M-PESA to my telephone number.(Please provide your telephone number in spaces provided)

This option is only available to individual persons (who are sole unitholders) entitled to receive above KES 50 and less than KES 300,000. The telephone number **MUST** be registered for M-Pesa with the name and ID Number on record with the Registrar

Tel/Mobile Number:

Electronic Funds Transfer to my/our bank account details provided below. Sums exceeding KES 1,000,000/- will be remitted via RTGS.

NAME OF BANK:

ACCOUNT NAME:

ACCOUNT NUMBER:

NAME OF BRANCH:

BANK CODE:

**SIGNATURE(S) OF UNITHOLDER OR AUTHORISED SIGNATORY**

PART 5

SIGNATURE 1

SIGNATURE 2

COMPANY SEAL (IF APPLICABLE)

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

TEL/MOBILE NO:

E-MAIL ADDRESS

—tear-off—

PART 6

**ACKNOWLEDGMENT SLIP**

NAME OF ACCEPTING UNITHOLDER

FORM OF ACCEPTANCE NO:

TOTAL NO OF UNITS

RECEIVING AGENT STAMP

DATE

## NOTES

### 1. Accepting the Offer

Before completing this Form of Acceptance, please read carefully Section 5.10 headed "Procedure for Accepting the Redemption Offer" of the Conversion Offering Memorandum and Appendix III of the Conversion Offering Memorandum, the terms of which are incorporated into, and form part of, this Form of Acceptance. If you are in any doubt as to how to complete this Form of Acceptance, please contact the Dyer & Blair Investment Bank as Transaction Adviser, your stockbroker or investment bank or CDSC Registrars Limited.

2. If you intend to accept the Offer in respect of the ILAM Fahari I-REIT units you own, you should complete and sign this Form of Acceptance in accordance with the instructions contained in Appendix III of the Conversion Offering Memorandum and return it, to your stockbroker or investment bank as soon as possible and, in any event, to be received no later than 5.00 p.m. on Friday 6th October 2023.

### 3. Declining the Offer

YOU DO NOT NEED TO TAKE ANY ACTION IF YOU DO NOT WISH TO ACCEPT THE OFFER. However, if you do not accept the Offer you should note the following:

- (a) Should the Conversion of the Unrestricted I-REIT into a Restricted I-REIT be successful, investing in a Restricted I-REIT is limited to Professional Investors. Thus, Non-Professional Investors will only be able to sell their units to the Promoter Group should they wish to exit. However, Non-Professional Investors are encouraged to top up their unitholding should they wish to remain in the Restricted I-REIT; and
  - (b) Should the Delisting of the REIT be successful, the units of the REIT will therefore no longer be tradeable on a public market. Non –Professional investors will be restricted to selling their units to the Promoter as the REIT will be restricted to Professional Investors. Any trading may be subject to Capital Gains Tax, VAT and Stamp Duty which is applicable on OTC markets.
4. **If a registered ILAM Fahari I-REIT Unitholder is away from home (e.g., abroad or on holiday)**

If you cannot use the Portal, send the Form of Acceptance and the Conversion Offering Memorandum by the quickest means (e.g., by courier or air mail) to the ILAM Fahari I-REIT Unitholder for execution, or if he or she has executed a power of attorney, have this Form of Acceptance signed by the attorney, in accordance with Note 6 below.

### 5. If the sole registered ILAM Fahari I-REIT Unitholder is deceased

If probate or letters of administration has/have been registered with ILAM Fahari I-REIT's registrars, CDSC Registrars Limited, the Form of Acceptance must be signed by the personal representative(s) of the deceased and returned to your stockbroker or investment bank.

If probate or letters of administration has/have not been registered with ILAM Fahari I-REIT or ILAM Fahari I-REIT's registrars, CDSC Registrars Limited, the personal representative(s) (or prospective personal representative(s)) should sign the Form of Acceptance and forward it to your stockbroker or investment bank together with a certified true copy of the death certificate (or a notarised copy), the relevant certified true copies of probate or letters of administration and evidence of the authority to sign of the personal representative(s).

### 6. If one of the registered ILAM Fahari I-REIT Unitholder in a joint account is deceased

The surviving registered ILAM Fahari Unitholder(s) should complete this Form of Acceptance and return it to your stockbroker or investment bank accompanied by a certified true copy of the death certificate (or a notarised copy), and the relevant certified true copy of the probate or letters of administration (or a notarised copy) of the deceased ILAM Fahari I-REIT Unitholder.

## 7. If the Form of Acceptance is signed under a power of attorney

The completed Form of Acceptance should be returned to your stockbroker or investment bank accompanied by a certified true copy of the power of attorney (or a notarised copy).

## 8. If you are not resident in or if you are subject to the laws of a jurisdiction other than Kenya

The attention of Unitholders not resident in the Kenya or subject to the laws of a jurisdiction other than the Kenya (and custodians, nominees or trustees thereof) is drawn to Section 5.9 (iii)

## 9. Validity of acceptance of the Offer

Without prejudice to the provisions of the Conversion Offering Memorandum, subject to the provisions of the REIT Regulations, the Promoter reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order.

## 10. Change of Postal Address

If your postal address is different from the one on the register, please complete Part two and attach proof of the new address i.e., Copy of Post Office Receipt or Bank Statement or Utility Bill showing the new address details.

**PLEASE NOTE THAT FORMS OF ACCEPTANCE WITHOUT A CERTIFIED COPY OF ID/PASSPORT FOR INDIVIDUALS OR CERTIFIED COPY OF CERTIFICATE OF INCORPORATION/REGISTRATION FOR COMPANIES/ GROUPS/SOCIETIES MAY BE REJECTED. ONLY COPIES CERTIFIED BY THE AUTHORISED RECEIVING AGENT OR ADVOCATE/NOTARY WILL BE ACCEPTED.**

For more information, please contact Dyer & Blair, CDSC Registrars or your broker/investment bank.

# APPENDIX III Instructions for Completing the Form of Acceptance



## A. Completing a Form of Acceptance through the Portal

- a) Unitholders will be able to access the Portal through the secure link sent through your email address and phone number registered with the Registrar.
- b) Click "Accept Redemption Offer" (Note that no action needs to be taken if you will not accept the Offer).
- c) Confirm your personal details and your Unitholding are correct.
- d) Input your preferred payment method and corresponding details i.e., M-PESA or Bank Transfer.
- e) Read and Click "Accept Terms and Conditions".
- f) Click "Confirm".
- g) Select the option to "Print" or "Download" acknowledgement receipt.

## B. Completing a Physical Form of Acceptance

Please use CAPITAL LETTERS and return the completed Form of Acceptance to a Receiving Agent and, in any event, so as to be received no later than 5.00 p.m. on Friday 6th October 2023:

Photocopies of the Form of Acceptance will not be accepted. The Form of Acceptance should not contain any material alterations.

## A. HOW TO COMPLETE THE FORM OF ACCEPTANCE

### FULL NAME(S), ADDRESSE(S) AND DETAILS OF UNITHOLDING

Part 1 of the Form of Acceptance contains your name and address. Please confirm if the information in Part 1 is complete and accurate. If the information is not accurate, please contact CDSC Registrars Limited or your stockbroker or investment bank immediately.

Part 1 also contains the details of your CDS Account number and the number of Units you held in ILAM Fahari I-REIT as at the Record Date. If the information is not accurate, please contact CDSC Registrars Limited or your stockbroker or investment bank immediately.

Boxes 1, 2 and 3 of Part 1 contain details of the sum due to you if you accept the Offer. Confirm that the amount indicated as payable to you is accurate. If there is an error in the calculation of the amount payable, please contact CDSC Registrars Limited or your stockbroker or investment bank immediately.

### DETAILS

Please provide your telephone number and e-mail address on which you can be reached in the event of a query or information that needs to be passed to you. If address details are different from above, please indicate correct details in part 2 of this Form of Acceptance.

### ACCEPTANCE IN FULL

By executing the Form of Acceptance, you will be agreeing to the terms of the Offer as set out in this Offer Document and summarised in Part 3.

By executing the Form of Acceptance, you will be issuing an instruction to the CDSC to transfer your shares from your CDS Account to the Promoter's CDS Account.

## PAYMENT DETAILS

You can elect to receive the settlement of the Redemption Offer Price by:

- (a) M-Pesa where the sums are greater than KSH 50 and less than KSH 300,000;
- (b) EFT where the sums are greater than KSH 300,000 and less than KSH 1,000,000. Please provide accurate bank account details
- (c) RTGS where sums are in excess of KES 1,000,000. Please provide accurate bank account details

If you do not provide details, the Registrar will get in touch to get updated details.

## SIGNATURE(S)

You must sign Part 5 regardless of which other Part you complete and, in the case of joint holders, arrange for all other joint holders to do likewise.

If this Form of Acceptance is signed under a power of attorney, the executed power of attorney (or a certified copy) must be lodged together with this Form of Acceptance. Please refer to Note 6 below.

If you are an individual, you must sign Part 5. In case of a joint holding, arrange for all other joint holders to do likewise.

If you are a company or a corporation or a society or any other organisation, you must execute Part 5. A company or other body corporate may either execute under seal, the seal being affixed and witnessed in accordance with its articles of association or other regulations. A body corporate incorporated outside Kenya should execute this Form of Acceptance in accordance with the laws of the territory in which the body corporate is incorporated.

## ACKNOWLEDGEMENT RECEIPT

Upon delivering your Form of Acceptance to a Receiving Agent, you will be given Part 6 as your acknowledgement of receipt. This should be kept secure and must be produced when making an enquiry regarding the Form of Acceptance.

## B. FURTHER NOTES REGARDING THE COMPLETION AND LODGING OF THE FORM OF ACCEPTANCE

### Accepting the Offer

- 1 Before completing this Form of Acceptance, please read Section 5.10 headed "Procedure for Accepting the Redemption Offer" of the Conversion Offering Memorandum and Appendix III of the Conversion Offering Memorandum, the terms of which are incorporated into, and form part of, this Form of Acceptance. If you are in any doubt as to how to complete this Form of Acceptance, please contact the DYER & BLAIR Investment Bank as Transaction Adviser, your stockbroker or investment bank or CDSC Registrars Limited.
- 2 If you intend to accept the Offer in respect of the ILAM Fahari I-REIT Units you own, you should complete and sign this Form of Acceptance in accordance with the instructions contained in Appendix III of the Conversion Offering Memorandum and return it, **to your stockbroker or investment bank as soon as possible and, in any event, to be received no later than 5.00 p.m. on Friday 6<sup>th</sup> October 2023.**

### 3 Declining the Offer

YOU DO NOT NEED TO TAKE ANY ACTION IF YOU DO NOT WISH TO ACCEPT THE OFFER.

However, you should note the following:

- (a) Should the Conversion of the Unrestricted I-REIT into a Restricted I-REIT be successful, investing in a Restricted I-REIT is limited to Professional Investors. Non-Professional Unitholders will continue to hold REIT units, albeit indirectly through a bundled nominee account as outlined in Section 11. However, Non-Professional Investors are encouraged to top up their Unitholding should they wish to remain in the Restricted I-REIT;
- (b) Should the Delisting of the REIT be successful, the Units of the REIT will therefore no longer be tradeable on a public market. Non-Professional Unitholders will be restricted to selling their Units on the OTC platform. Any trading may be subject to Capital Gains Tax, VAT and Stamp Duty which is applicable on OTC markets.

#### **4 If a registered ILAM Fahari I-REIT Unitholder is away from home (e.g., abroad or on holiday)**

If you cannot use the Portal, send the Form of Acceptance and the Conversion Offering Memorandum by the quickest means (e.g., by courier or airmail) to the ILAM Fahari Unitholder for execution, or if he or she has executed a power of attorney, have this Form of Acceptance signed by the attorney, in accordance with Note 7 below.

#### **5 If the sole registered ILAM Fahari I-REIT Unitholder is deceased**

If probate or letters of administration has/have been registered with ILAM Fahari's registrars, CDSC Registrars Limited, the Form of Acceptance must be signed by the personal representative(s) of the deceased and returned to your stockbroker or investment bank.

If probate or letters of administration has/have not been registered with ILAM Fahari I-REIT or ILAM Fahari I-REIT's registrars, **CDSC Registrars Limited**, the personal representative(s) (or prospective personal representative(s)) should sign the Form of Acceptance and forward it to your stockbroker or investment bank together with a certified true copy of the death certificate (or a notarised copy), the relevant certified true copies of probate or letters of administration and evidence of the authority to sign of the personal representative(s).

#### **6 If one of the registered ILAM Fahari I-REIT Unitholder in a joint account is deceased**

The surviving registered ILAM Fahari I-REIT Unitholder(s) should complete this Form of Acceptance and return it to your stockbroker or investment bank accompanied by a certified true copy of the death certificate (or a notarised copy), and the relevant certified true copy of the probate or letters of administration (or a notarised copy) of the deceased ILAM Fahari I-REIT Unitholder.

#### **7 If the Form of Acceptance is signed under a power of attorney**

The completed Form of Acceptance should be returned to your stockbroker or investment bank accompanied by a certified true copy of the power of attorney (or a notarised copy).

#### **8 If you are not resident in or if you are subject to the laws of a jurisdiction other than Kenya**

The attention of Unitholders not resident in Kenya or subject to the laws of a jurisdiction other than Kenya (and custodians, nominees or trustees thereof) is drawn to Section 5.9 (iii).

#### **9 Validity of acceptance of the Offer**

Without prejudice to the provisions of the Conversion Offering Memorandum, subject to the provisions of the REIT Regulations, the Promoter reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order.

**PLEASE NOTE THAT FORMS OF ACCEPTANCE WITHOUT A CERTIFIED COPY OF ID/PASSPORT FOR INDIVIDUALS OR CERTIFIED COPY OF CERTIFICATE OF INCORPORATION/REGISTRATION FOR COMPANIES/ GROUPS/SOCIETIES MAY BE REJECTED. ONLY COPIES CERTIFIED BY THE AUTHORISED RECEIVING AGENT OR ADVOCATE/NOTARY WILL BE ACCEPTED.**

For more information, please contact Dyer & Blair, CDSC Registrars or your broker/investment bank.

# APPENDIX IV Application form for Additional Redemption Unit Application Sample



## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

### FORM OF ACCEPTANCE

*This Application Form should be read in conjunction with the Conversion Offering Memorandum dated 25th August 2023. If you are in any doubt about this offer, you should consult your stockbroker, custodian, investment bank or other professional investment adviser. The offer opens at 9am on Wednesday 6th September 2023 and closes at 5pm on Friday 6th October 2023. Please see the notes on the reverse of this Application Form for further guidance on how to complete this Application Form*

\_\_\_\_\_  
AUTHORISING RECEIVING AGENT STAMP

\_\_\_\_\_  
AUTHORISED RECEIVING AGENT CODE

\_\_\_\_\_  
DATE

#### DETAILS OF ILAM FAHARI I-REIT UNITHOLDER(S): TO BE INSERTED BY REGISTRAR):

BOX 1 Units to be applied for

Name:

Address:

Telephone:

CDS NUMBER

ANY UNITS FROZEN OR PLEDGED? IF YES, TICK ON BOX  
ON THE RIGHT AND INSERT DETAILS OF CHARGE AND  
No. OF PLEDGED UNITS

BOX 2 Price Per Unit (KSH)

BOX 3 Amount Payable (KSH)

Name of bank/charge and  
number of units pledged

If address details are different from above, please indicate correct details in part 2 of this Application Form and attach documents as per note 9.

POSTAL ADDRESS

TELEPHONE NUMBER

EMAIL ADDRESS

POSTAL CODE

#### APPLICATION FOR ADDITIONAL REDEMPTION UNITS

Subject to the terms of the Conversion Offering Memorandum and this Application Form, I/we hereby accept in full, subject to availability of ILAM Fahari I-REIT redemption units, the number of ILAM Fahari I-REIT redemption units specified in Box 1 and for the value in Box 3.

**MODE OF PAYMENT**

Please tick your preferred option for making a payment

Payment	Tick (✓)	Mode of Payment	Amount (KSH)	Reference Number/ Proof of Payment
		Direct Bank Transfer into ILAM Fahari I-REIT Collection Account		
		Payment to Broker/ Investment Bank		
180 Day VWAP	6.44	70.90%		
270 Day VWAP	6.30	74.54%		

PART 4

Refund	Tick (✓)	Mode of Payment		
		Direct Bank Transfer into ILAM Fahari I-REIT Collection Account	Account Name (as per statement)	
			Account Number	
			Bank Name	
			Branch Code	
			IBAN or Swift Code (if not in Kenya)	
		MPESA	Mobile Number (must match number registered with your CDS account)	

**SIGNATURE(S) OF UNITHOLDER OR AUTHORISED SIGNATORY**

PART 5

SIGNATURE 1

SIGNATURE 2

COMPANY SEAL (IF APPLICABLE)

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

TEL/MOBILE NO:

E-MAIL ADDRESS

—tear-off—

PART 6

**ACKNOWLEDGMENT SLIP**

NAME OF ACCEPTING UNITHOLDER

FORM OF ACCEPTANCE NO:

TOTAL NO OF UNITS

RECEIVING AGENT STAMP

DATE



## NOTES

### 1. Applying for Additional Units

Before completing this Application Form, please read carefully Section 5.11 headed "Top Up Process for Non-Professional Investors" of the Conversion Offering Memorandum and Appendix V of the Conversion Offering Memorandum, the terms of which are incorporated into, and form part of, this Form of Acceptance. If you are in any doubt as to how to complete this Application Form, please contact the Dyer & Blair Investment Bank as Transaction Adviser, your stockbroker or investment bank or CDSC Registrars Limited.

2. If you intend to apply for additional units, you should complete and sign this Application Form in accordance with the instructions contained in Appendix V of the Conversion Offering Memorandum and return it, to your stockbroker or investment bank as soon as possible and, in any event, to be received no later than 5.00 p.m. on Friday 6th October 2023.

### 3. If a registered ILAM Fahari I-REIT Unitholder is away from home (e.g., abroad or on holiday)

If you cannot use the Portal, send the Application Form and the Conversion Offering Memorandum by the quickest means (e.g., by courier or air mail) to the ILAM Fahari I-REIT Unitholder for execution, or if he or she has executed a power of attorney, have this Application Form signed by the attorney, in accordance with Note 6 below.

### 4. If the sole registered ILAM Fahari I-REIT Unitholder is deceased

If probate or letters of administration has/have been registered with ILAM Fahari I-REIT's registrars, CDSC Registrars Limited, the Application Form must be signed by the personal representative(s) of the deceased and returned to your stockbroker or investment bank.

If probate or letters of administration has/have not been registered with ILAM Fahari I-REIT or ILAM Fahari I-REIT's registrars, CDSC Registrars Limited, the personal representative(s) (or prospective personal representative(s)) should sign the Application Form and forward it to your stockbroker or investment bank together with a certified true copy of the death certificate (or a notarised copy), the relevant certified true copies of probate or letters of administration and evidence of the authority to sign of the personal representative(s).

### 5. If one of the registered ILAM Fahari I-REIT Unitholder in a joint account is deceased

The surviving registered ILAM Fahari Unitholder(s) should complete this Application Form and return it to your stockbroker or investment bank accompanied by a certified true copy of the death certificate (or a notarised copy), and the relevant certified true copy of the probate or letters of administration (or a notarised copy) of the deceased ILAM Fahari I-REIT Unitholder.

### 6. If the Application Form is signed under a power of attorney

The completed Application Form should be returned to your stockbroker or investment bank accompanied by a certified true copy of the power of attorney (or a notarised copy).

### 7. If you are not resident in or if you are subject to the laws of a jurisdiction other than Kenya

The attention of Unitholders not resident in the Kenya or subject to the laws of a jurisdiction other than the Kenya (and custodians, nominees or trustees thereof) is drawn to Section 5.9 (iii)

### 8. Validity of the Application for Additional Units

Without prejudice to the provisions of the Conversion Offering Memorandum, subject to the provisions of the REIT Regulations, the Promoter reserves the right to treat as valid in whole or in part any application for additional units which is not entirely in order.

## 9. Change of Postal Address

If your postal address is different from the one on the register, please complete Part two and attach proof of the new address i.e., Copy of Post Office Receipt or Bank Statement or Utility Bill showing the new address details.

**PLEASE NOTE THAT APPLICATION FORMS WITHOUT A CERTIFIED COPY OF ID/PASSPORT FOR INDIVIDUALS OR CERTIFIED COPY OF CERTIFICATE OF INCORPORATION/REGISTRATION FOR COMPANIES/GROUPS/SOCIETIES MAY BE REJECTED. ONLY COPIES CERTIFIED BY THE AUTHORISED RECEIVING AGENT OR ADVOCATE/NOTARY WILL BE ACCEPTED.**

For more information, please contact Dyer & Blair, CDSC Registrars or your broker/investment bank.

# APPENDIX V Instructions for Completing the Redemption Unit Application Form



## A. Completing a Form of Acceptance through the Portal

- a) Unitholders will be able to access the Portal through the secure link sent through your email address and phone number registered with the Registrar.
- b) Click "Apply for Additional Redemption Units".
- c) Confirm your personal details and select the number of additional units you would like to purchase subject to a minimum that will get you over the Professional Investor threshold.
- d) Input your preferred payment method and corresponding proof of payment details i.e., M-PESA reference code or Bank Transfer reference number.
- e) Read and Click "Accept Terms and Conditions".
- f) Click "Confirm".
- g) Select the option to "Print" or "Download" acknowledgement receipt.

## B. Completing a Physical Application Form

Please use CAPITAL LETTERS and return the completed Application Form to a Receiving Agent and, in any event, so as to be received no later than 5.00 p.m. on Friday 6th October 2023:

Photocopies of the Application Form of Acceptance. The Application Form should not contain any material alterations.

## C. HOW TO COMPLETE THE APPLICATION FORM

### FULL NAME(S), ADDRESSE(S) AND DETAILS OF UNITHOLDING

Part 1 of the Application Form contains your name and address. Please confirm if the information in Part 1 is complete and accurate. If the information is not accurate, please contact CDSC Registrars Limited or your stockbroker or investment bank immediately.

Part 1 also contains the details of your CDS Account number and a section where you can indicate how many additional redemption units that you would like to purchase. If the information is not accurate, please contact CDSC Registrars Limited or your stockbroker or investment bank immediately.

Please indicated how many additional redemption units that you would like to purchase in Box 1. Please ensure that you purchase at least the minimum number of redemption units required to enable you to meet the Professional Investor threshold. Box 3 will be the total amount payable for the purchase of the redemption units.

### DETAILS

Please provide your telephone number and e-mail address on which you can be reached in the event of a query or information that needs to be passed to you. If address details are different from above, please indicate correct details in part 2 of this Application Form.

### APPLICATION FOR ADDITIONAL REDEMPTION UNITS

By executing the Application Form, you will be agreeing to the terms as set out in this Offer Document and summarised in Part 3. This includes making a payment for the total amount due as captured in Box 3 of Part 1.

By executing the Application Form, you will be issuing an instruction to your respective broker or investment bank to submit an application on your behalf to purchase the redemption units.

## MODE OF PAYMENT

You can elect to make a payment for the additional redemption units by:

- (a) Direct Bank Transfer into the CO-OP BANK CUSTODY AC 18000 – ILAM I-REIT CONVERSION (“CDS number”), A/C No 01101640000001 at Co-operative Bank of Kenya;
- (b) Payment to your broker or investment bank;

If you do not provide details, the Registrar will get in touch to get updated details.

## REFUND

You can elect to receive your refund by:

- (a) EFT where the sums are greater than KSH 300,000 and less than KSH 1,000,000. Please provide accurate bank account details
- (b) RTGS where sums are in excess of KES 1,000,000. Please provide accurate bank account details;
- (c) M-Pesa where the sums are greater than KSH 50 and less than KSH 300,000;

If you do not provide details, the Registrar will get in touch to get updated details.

## SIGNATURE(S)

You must sign Part 5 regardless of which other Part you complete and, in the case of joint holders, arrange for all other joint holders to do likewise.

If this Application Form is signed under a power of attorney, the executed power of attorney (or a certified copy) must be lodged together with this Application Form. Please refer to Note 6 below.

If you are an individual, you must sign Part 5. In case of a joint holding, arrange for all other joint holders to do likewise.

If you are a company or a corporation or a society or any other organisation, you must execute Part 5. A company or other body corporate may either execute under seal, the seal being affixed and witnessed in accordance with its articles of association or other regulations. A body corporate incorporated outside Kenya should execute this Application Form in accordance with the laws of the territory in which the body corporate is incorporated.

## ACKNOWLEDGEMENT RECEIPT

Upon delivering your Application Form to a Receiving Agent, you will be given Part 6 as your acknowledgement of receipt. This should be kept secure and must be produced when making an enquiry regarding the Application Form.

## D. FURTHER NOTES REGARDING THE COMPLETION AND LODGING OF THE APPLICATION FORM

### Applying for Additional Units

- 1** Before completing this Application Form, please read carefully Section 5.11 headed “Top Up Process for Non-Professional Investors” of the Conversion Offering Memorandum and Appendix V of the Conversion Offering Memorandum, the terms of which are incorporated into, and form part of, this Form of Acceptance. If you are in any doubt as to how to complete this Application Form, please contact the Dyer & Blair Investment Bank as Transaction Adviser, your stockbroker or investment bank or CDSC Registrars Limited.
- 2** If you intend to apply for additional units, you should complete and sign this Application Form in accordance with the instructions contained in Appendix V of the Conversion Offering Memorandum and return it, to your stockbroker or investment bank as soon as possible and, in any event, to be received no later than 5.00 p.m. on Friday 6th October 2023.
- 3 If a registered ILAM Fahari I-REIT Unitholder is away from home (e.g., abroad or on holiday)**  
If you cannot use the Portal, send the Application Form and the Conversion Offering Memorandum by the quickest means (e.g., by courier or air mail) to the ILAM Fahari I-REIT Unitholder for execution, or if he or she has executed a power of attorney, have this Application Form signed by the attorney, in accordance with Note 6 below.
- 4 If the sole registered ILAM Fahari I-REIT Unitholder is deceased**

If probate or letters of administration has/have been registered with ILAM Fahari I-REIT's registrars, CDSC Registrars Limited, the Application Form must be signed by the personal representative(s) of the deceased and returned to your stockbroker or investment bank.

If probate or letters of administration has/have not been registered with ILAM Fahari I-REIT or ILAM Fahari I-REIT's registrars, CDSC Registrars Limited, the personal representative(s) (or prospective personal representative(s)) should sign the Application Form and forward it to your stockbroker or investment bank together with a certified true copy of the death certificate (or a notarised copy), the relevant certified true copies of probate or letters of administration and evidence of the authority to sign of the personal representative(s).

**5 If one of the registered ILAM Fahari I-REIT Unitholder in a joint account is deceased**

The surviving registered ILAM Fahari I-REIT Unitholder(s) should complete this Application Form and return it to your stockbroker or investment bank accompanied by a certified true copy of the death certificate (or a notarised copy), and the relevant certified true copy of the probate or letters of administration (or a notarised copy) of the deceased ILAM Fahari I-REIT Unitholder.

**6 If the Application Form is signed under a power of attorney**

The completed Application Form should be returned to your stockbroker or investment bank accompanied by a certified true copy of the power of attorney (or a notarised copy).

**7 If you are not resident in or if you are subject to the laws of a jurisdiction other than Kenya**

The attention of Unitholders not resident in Kenya or subject to the laws of a jurisdiction other than Kenya (and custodians, nominees or trustees thereof) is drawn to Section 5.9 (iii).

**8 Validity of Application for Additional Units**

Without prejudice to the provisions of the Conversion Offering Memorandum, subject to the provisions of the REIT Regulations, the Promoter reserves the right to treat as valid in whole or in part any application for additional units which is not entirely in order.

**PLEASE NOTE THAT APPLICATION FORMS WITHOUT A CERTIFIED COPY OF ID/PASSPORT FOR INDIVIDUALS OR CERTIFIED COPY OF CERTIFICATE OF INCORPORATION/REGISTRATION FOR COMPANIES/GROUPS/SOCIETIES MAY BE REJECTED. ONLY COPIES CERTIFIED BY THE AUTHORISED RECEIVING AGENT OR ADVOCATE/NOTARY WILL BE ACCEPTED.**

For more information, please contact Dyer & Blair, CDSC Registrars or your broker/investment bank.

# APPENDIX VI Contact Information for Authorised Receiving Agents



<p>Dyer &amp; Blair Investment Bank Ltd Goodman Tower, 7th floor, Waiyaki Way P.O. Box 45396 00100, Nairobi Tel: 0709930000 Email: <a href="mailto:shares@dyerandblair.com">shares@dyerandblair.com</a> Url: <a href="http://www.dyerandblair.com">www.dyerandblair.com</a></p>	<p>ABC Capital Ltd ABC Bank House, Mezzanine Floor Westlands P.O. Box 34137-00100, Nairobi Tel: 2246036/2245971 Email: <a href="mailto:headoffice@abccapital.co.ke">headoffice@abccapital.co.ke</a> Url: <a href="http://www.abccapital.co.ke">www.abccapital.co.ke</a></p>	<p>ABSA Financial Services Limited West End Building, 5<sup>th</sup> Floor, Waiyaki Way P.O. Box , Nairobi Tel: 4254000/4254501/0711097000 Email: <a href="mailto:barclays.kenya@barclays.com">barclays.kenya@barclays.com</a> Url: <a href="http://www.absabank.co.ke">www.absabank.co.ke</a></p>
<p>AIB-AXYX Africa The Promenade, 5<sup>th</sup> Floor P.O. Box 43676 – 00100 Nairobi Tel: 2242170 Email: <a href="mailto:invest@aib-axysafrica.com">invest@aib-axysafrica.com</a> Url: <a href="http://www.aib-axysafrica.com">www.aib-axysafrica.com</a></p>	<p>EFG Hermes Kenya Limited Orbit Place, 8<sup>th</sup> Floor, Westlands Road P.O. Box 349-00623, Nairobi Tel: 3743040 Email: <a href="mailto:kenyaoperations@efg-hermes.com">kenyaoperations@efg-hermes.com</a> Url: <a href="http://www.efg-hermes.com">www.efg-hermes.com</a></p>	<p>Equity Investment Bank Limited Equity Centre, Hospital Road, Upper Hill P.O. Box 75104-00200, Nairobi Tel: 0711026000 Email: Url: <a href="http://www.equitybankgroup.com">www.equitybankgroup.com</a></p>
<p>Faida Investment Bank Ltd Crawford Business Park, Ground Floor, State House Road, Nairobi P. O. Box 45236-00100 Tel: +254-20-7606026-35 Fax: 2243814 Email: <a href="mailto:info@fib.co.ke">info@fib.co.ke</a> Url: <a href="http://www.fib.co.ke">www.fib.co.ke</a></p>	<p>Francis Drummond &amp; Company Limited Hughes Building, 2nd floor, Nairobi P.O. Box 45465 00100 Tel: 318690/318689 Fax: 2223061 Email: <a href="mailto:info@drummond.co.ke">info@drummond.co.ke</a> Url: <a href="http://www.drummond.co.ke">www.drummond.co.ke</a></p>	<p>Genghis Capital Ltd 1<sup>st</sup> Floor, Purshottam Place Westlands P.O. Box 607-00612, Nairobi Tel: 2774750/1/2 Email: <a href="mailto:customerservice@genghis-capital.com">customerservice@genghis-capital.com</a> Url: <a href="http://www.genghis-capital.com">www.genghis-capital.com</a></p>
<p>KCB Capital Kencom House, 2<sup>nd</sup> Floor P.O. Box 48400-00100, Nairobi Tel: 0711012000/0734108200 Email: <a href="mailto:investmentbanking@kcb.co.ke">investmentbanking@kcb.co.ke</a> Url: <a href="http://www.kcb.co.ke">www.kcb.co.ke</a></p>	<p>Kestrel Capital (EA) Limited 2<sup>nd</sup> Floor, Orbit Place, Westlands Road P.O. Box 40005-00100, Nairobi Tel: 251758/2251893,2251815,2250082 Email: <a href="mailto:info@kestrelcapital.com">info@kestrelcapital.com</a> Url: <a href="http://www.kestrelcapital.com">www.kestrelcapital.com</a></p>	<p>Kingdom Securities Ltd Co-operative Bank House, 5<sup>th</sup> Floor P.O. Box 48231-00100, Nairobi Tel: 3276000 Email: <a href="mailto:info@kingdomsecurities.co.ke">info@kingdomsecurities.co.ke</a> Url: <a href="http://www.kingdomsecurities.co.ke">www.kingdomsecurities.co.ke</a></p>
<p>NCBA Investment Bank Limited NCBA Annex, 3<sup>rd</sup> Floor, Mara Ragati Road Junction, Upper Hill P.O. Box 44599-00100, Nairobi Tel: 2888 444 / 0711 056444 Email: <a href="mailto:contact@ncbagroup.com">contact@ncbagroup.com</a> Url: <a href="http://www.ncbagroup.com">www.ncbagroup.com</a></p>	<p>Renaissance Capital (Kenya) Ltd Pramukh Tower, 10<sup>th</sup> Floor Westlands, Chiromo Road P.O. Box 40560-00100, Nairobi Tel: 3682339 Email: <a href="mailto:infokenya@rencap.com">infokenya@rencap.com</a> Url: <a href="http://www.rencap.com">www.rencap.com</a></p>	<p>SBG Securities Ltd Stanbic Centre, 58 Westlands Road P.O. Box 47198 – 00100, Nairobi Tel: 3638900 Fax: 3752950 Email: <a href="mailto:sbgs@stanbic.com">sbgs@stanbic.com</a> Url: <a href="http://www.sbgsecurities.co.ke">www.sbgsecurities.co.ke</a></p>
<p>Securities Africa Kenya Limited The Exchange Building, 2<sup>nd</sup> Floor, Westlands Road P.O. Box 19018-00100, Nairobi Tel: 0735571530/0714646406 Email: <a href="mailto:info@securitiesafrica.com">info@securitiesafrica.com</a> Url: <a href="http://www.securitiesafrica.com">www.securitiesafrica.com</a></p>	<p>Standard Investment Bank Ltd ICEA Building, 16<sup>th</sup> floor P. O. Box 13714- 00800, Nairobi Tel: 2228963/2228967/2228969 Fax: 240297 Email: <a href="mailto:info@sib.co.ke">info@sib.co.ke</a></p>	<p>Sterling Capital Ltd Delta Corner Annex, 5<sup>th</sup> Floor Ring Road - Westlands P.O. Box 45080- 00100, Nairobi Tel: 2213914/244077/ 0723153219/0734219146 Fax: 2218261 Email: <a href="mailto:info@sterlingib.com">info@sterlingib.com</a> Url: <a href="http://www.sterlingib.com">www.sterlingib.com</a></p>
<p>Suntra Investments Ltd Nation Centre, 7<sup>th</sup> Floor P.O. Box 74016-00200, Nairobi Tel: 2870000/247530/2223330/ 2211846/0724- 257024, 0733-222216 Fax: 2224327 Email: <a href="mailto:info@suntra.co.ke">info@suntra.co.ke</a> Url: <a href="http://www.suntra.co.ke">www.suntra.co.ke</a></p>	<p>Old Mutual Securities Ltd Old Mutual Tower, 3<sup>rd</sup> Floor P. O. Box 50338- 00200, Nairobi Tel: 0702909091 Email: <a href="mailto:omsclientservice@oldmutualkenya.com">omsclientservice@oldmutualkenya.com</a> Url: <a href="http://www.oldmutual.co.ke">www.oldmutual.co.ke</a></p>	

# APPENDIX VII Receiving Bank and Trustee Bank Branches



Kenol Makuyu Branch Branch Code: 11146 Tel: 0726402852 Email:	Bamburi Branch Branch Code: 11171 Tel: 0110586606, 0110586607 Email:	Hindi Branch Branch Code: 11093 Tel: 0110586601, 0110586602 Email: <a href="mailto:hindibr@co-opbank.co.ke">hindibr@co-opbank.co.ke</a>
Chwele Branch Branch Code: 11094 Tel: 0725789291, 0110586642, 0110586643 Email: <a href="mailto:chwelebr@co-opbank.co.ke">chwelebr@co-opbank.co.ke</a>	Kamakias Branch Branch Code: 11129 Tel: 0110586653, 0110586697 Email: <a href="mailto:kamakiasbr@co-opbank.co.ke">kamakiasbr@co-opbank.co.ke</a>	Zimmerman Branch Branch Code: 11062 Tel: 0724255351, 0737880082, 0110586646 & 0110586647 Email: <a href="mailto:zimmermanbr@co-opbank.co.ke">zimmermanbr@co-opbank.co.ke</a>
Westlands Branch Branch Code: 11036 Tel: 0793071957 Email: <a href="mailto:westlandsbr@co-opbank.co.ke">westlandsbr@co-opbank.co.ke</a>	Wakulima Mkt Branch Branch Code: 11019 Tel: 0710602523, 0733330075 Email: <a href="mailto:wakulimamktbr@co-opbank.co.ke">wakulimamktbr@co-opbank.co.ke</a>	Upperhill Branch Branch Code: 11037 Tel: 0701154028, 0793071970 Email: <a href="mailto:upperhillbr@co-opbank.co.ke">upperhillbr@co-opbank.co.ke</a>
University Way Branch Branch Code: 11031 Tel: 0722202981, 0736992251 Email: <a href="mailto:univ_waybr@co-opbank.co.ke">univ_waybr@co-opbank.co.ke</a>	Umoja Branch Branch Code: 11120 Tel: 0708223345, 0793071967 Email: <a href="mailto:umojabr@co-opbank.co.ke">umojabr@co-opbank.co.ke</a>	Ukulima Branch Branch Code: 11011 Tel: 0721252995, 0733333930 Email: <a href="mailto:ukulimabr@co-opbank.co.ke">ukulimabr@co-opbank.co.ke</a>
Tom Mboya Branch Branch Code: 11085 Tel: 0717969021, 0738427009 Email: <a href="mailto:tommboyabr@co-opbank.co.ke">tommboyabr@co-opbank.co.ke</a>	Stima Plaza Branch Branch Code: 11035 Tel: 0722202096, 0736891816 Email: <a href="mailto:stima_plazabr@co-opbank.co.ke">stima_plazabr@co-opbank.co.ke</a>	Kiambu Branch Branch Code: 11021 Tel: 0722 202 982, 0729 231 930 Email: <a href="mailto:kiambubr@co-opbank.co.ke">kiambubr@co-opbank.co.ke</a>
Kabarnet Branch Branch Code: 11092 Tel: 0110586693, 0110586694 Email: <a href="mailto:kabarnetbr@co-opbank.co.ke">kabarnetbr@co-opbank.co.ke</a>	Kasarani Branch Branch Code: 11115 Tel: 0110586655, 0110586656 Email: <a href="mailto:kasaranibr@co-opbank.co.ke">kasaranibr@co-opbank.co.ke</a>	Iten Branch (Kite A.T Plaza Kabuliot Street, off Iten-Kabarnet Rd) Branch Code: 11091 Tel: 0110586695, 0110586696 Email: <a href="mailto:itenbr@co-opbank.co.ke">itenbr@co-opbank.co.ke</a>
Bretton Woods Branch Square-Kamulu along Kang'undo Road. Branch Code: Branch Address - P.O. Box 1048-00520 Ruai Tel: 0110586682, 0110586681 Email: <a href="mailto:kamulubr@co-opbank.co.ke">kamulubr@co-opbank.co.ke</a>	Kiserian Branch (Mutall Business Center) Branch Code: 11143 Tel: 0701154185, 0793071963 Email: <a href="mailto:kiserianbr@co-opbank.co.ke">kiserianbr@co-opbank.co.ke</a>	Langata Road (T- Mall) Branch Branch Code: 11123 Tel: 0793071966, 0708223346 Email: <a href="mailto:langataroadbr@co-opbank.co.ke">langataroadbr@co-opbank.co.ke</a>
Thika Road (TRM Mall) Branch Branch Code: 11142 Tel: 0786666071, 0701209478 Email: <a href="mailto:thikaroadmallbr@co-opbank.co.ke">thikaroadmallbr@co-opbank.co.ke</a>	Two Rivers Mall Branch Branch Code: 11157 Tel: 0702907587 Email: <a href="mailto:tworiversmallbr@co-opbank.co.ke">tworiversmallbr@co-opbank.co.ke</a>	Thika Makongeni Branch (Ananas Mall) Branch Code: 11163 Tel: 0701826818 Email: <a href="mailto:thikamakongenibr@co-opbank.co.ke">thikamakongenibr@co-opbank.co.ke</a>
Siaya Branch Branch Code: 11058 Tel: 0728608034, 0732400270, 0110586650 Email: <a href="mailto:siayabr@co-opbank.co.ke">siayabr@co-opbank.co.ke</a>	United Mall Branch (Kisumu) Branch Code: 11152 Tel: 0701148786, 0110586625 Email: <a href="mailto:Unitedmallbr@co-opbank.co.ke">Unitedmallbr@co-opbank.co.ke</a>	Webuye Branch Branch Code: 11090 Tel: 0705 115174 Email: <a href="mailto:webuyebr@co-opbank.co.ke">webuyebr@co-opbank.co.ke</a>
Yala Branch Branch Code: 11140 Tel: 0708223303, 0732520731 Email: <a href="mailto:yalabr@co-opbank.co.ke">yalabr@co-opbank.co.ke</a>	Green House Mall Branch Branch Code: 11153 Tel: 0701 153 993 Email: <a href="mailto:Greenhousebr@co-opbank.co.ke">Greenhousebr@co-opbank.co.ke</a>	Hilton Branch Branch Code: 11270 Tel: 0714 052560, 0732 327601 Email: <a href="mailto:mtc@co-opbank.co.ke">mtc@co-opbank.co.ke</a>

<p>Migori Branch Branch Code: 11053 Tel: 0728 601 290, 0736 800 286 Email: <a href="mailto:migoribr@co-opbank.co.ke">migoribr@co-opbank.co.ke</a></p>	<p>Mumias Branch Branch Code: 11034 Tel: 0722202991, 0110586626 Email: <a href="mailto:mumiasbr@co-opbank.co.ke">mumiasbr@co-opbank.co.ke</a></p>	<p>Ndhiwa Branch Branch Code: 11100 Tel: 0705 115 173 Email: <a href="mailto:ndhiwabr@co-opbank.co.ke">ndhiwabr@co-opbank.co.ke</a></p>
<p>Oyugis Branch Branch Code: 11101 Tel: 0712232032 Email: <a href="mailto:oyugisbr@co-opbank.co.ke">oyugisbr@co-opbank.co.ke</a></p>	<p>Rongo Branch Branch Code: 11148 Tel: 0786 666032, 0701 153605 Email: <a href="mailto:rongoabr@co-opbank.co.ke">rongoabr@co-opbank.co.ke</a></p>	<p>Kisumu Branch Branch Code: 11003 Tel: 0722 201 239, 0734 600 713 Email: <a href="mailto:kisumubr@co-opbank.co.ke">kisumubr@co-opbank.co.ke</a></p>
<p>Kondele Branch Branch Code: 11105 Tel: 0708223306, 0708223347 Email: <a href="mailto:kisumueastbr@co-opbank.co.ke">kisumueastbr@co-opbank.co.ke</a></p>	<p>Malaba Branch Branch Code: 11116 Tel: 0708 223 391, 0733 123 618 Email: <a href="mailto:malababr@co-opbank.co.ke">malababr@co-opbank.co.ke</a></p>	<p>Mbale Branch Branch Code: 11110 Tel: 0708 023 154, 0733 751 045 Email: <a href="mailto:mbalebr@co-opbank.co.ke">mbalebr@co-opbank.co.ke</a></p>
<p>Mbita Branch Branch Code: 11073 Tel: 0728 604 482, 0701 826 923 Email: <a href="mailto:mbitabr@co-opbank.co.ke">mbitabr@co-opbank.co.ke</a></p>	<p>Bungoma Branch Branch Code: 11025 Tel: 0722202955, 0734683401 Email: <a href="mailto:bungomabr@co-opbank.co.ke">bungomabr@co-opbank.co.ke</a></p>	<p>Busia Branch Branch Code: 11057 Tel: 0728608032, 0110586683 Email: <a href="mailto:busiabr@co-opbank.co.ke">busiabr@co-opbank.co.ke</a></p>
<p>HomaBay Branch Branch Code: 11022 Tel: 0722 202 477, 0734 683 373 Email: <a href="mailto:homabaybr@co-opbank.co.ke">homabaybr@co-opbank.co.ke</a></p>	<p>Kakamega Branch Branch Code: 11052 Tel: 0727532083, 0733558055 Email: <a href="mailto:kakamegabr@co-opbank.co.ke">kakamegabr@co-opbank.co.ke</a></p>	<p>Kimilili Branch Branch Code: 11111 Tel: 0708223331, 0793071945 Email: <a href="mailto:kimilibr@co-opbank.co.ke">kimilibr@co-opbank.co.ke</a></p>
<p>Oi Kalau Branch Branch Code: 11109 Tel: 0732 520 415, 0708 223 334 Email: <a href="mailto:olkalaubr@co-opbank.co.ke">olkalaubr@co-opbank.co.ke</a></p>	<p>Uganda Road Eldoret Branch Branch Code: 11103 Tel: 0712 232 013 Email: <a href="mailto:eldoretwestbr@co-opbank.co.ke">eldoretwestbr@co-opbank.co.ke</a></p>	<p>Kapenguria Branch Branch Code: 11166 Tel: 0793 072 007, 0782 500 758 Email: <a href="mailto:Kapenguriabr@co-opbank.co.ke">Kapenguriabr@co-opbank.co.ke</a></p>
<p>Maralal Branch Branch Code: 11167 Tel: 0793 072 028, 0782 500 793 Email: <a href="mailto:maralalbr@co-opbank.co.ke">maralalbr@co-opbank.co.ke</a></p>	<p>Bondo Branch Branch Code: 11150 Tel: 0701826920 Email: <a href="mailto:Bondobr@co-opbank.co.ke">Bondobr@co-opbank.co.ke</a></p>	<p>Narok Branch Branch Code: 11066 Tel: 0729 111 694, 0793 071 951 Email: <a href="mailto:narokbr@co-opbank.co.ke">narokbr@co-opbank.co.ke</a></p>
<p>Nyahururu Branch Branch Code: 11017 Tel: 0722 202 922, 0734 683 364 Email: <a href="mailto:nyahururubr@co-opbank.co.ke">nyahururubr@co-opbank.co.ke</a></p>	<p>Nyamira Branch Branch Code: 11080 Tel: 0729 111 595 Email: <a href="mailto:Nyamirabr@co-opbank.co.ke">Nyamirabr@co-opbank.co.ke</a></p>	<p>Litein Branch Branch Code: 11162 Tel: 0708223370 Email: <a href="mailto:Liteinbr@co-opbank.co.ke">Liteinbr@co-opbank.co.ke</a></p>
<p>Lodwar Branch Branch Code: 11145 Tel: 0793 071 978 Email: <a href="mailto:Lodwarbr@co-opbank.co.ke">Lodwarbr@co-opbank.co.ke</a></p>	<p>Molo Branch Branch Code: 11117 Tel: 0708 223 305, 0110586668 Email: <a href="mailto:molobr@co-opbank.co.ke">molobr@co-opbank.co.ke</a></p>	<p>Naivasha Branch Branch Code: 11015 Tel: 0793071934, 0793071935 Email: <a href="mailto:Naivashabr@co-opbank.co.ke">Naivashabr@co-opbank.co.ke</a></p>
<p>Nakuru Branch Branch Code: 11006 Tel: 0722 202 983 / 0734 600 708 Email: <a href="mailto:nakurubr@co-opbank.co.ke">nakurubr@co-opbank.co.ke</a></p>	<p>Nandi Hills Branch Branch Code: 11144 Tel: 0701 159 287, 0793 072 026 Email: <a href="mailto:nandihillsbr@co-opbank.co.ke">nandihillsbr@co-opbank.co.ke</a></p>	<p>Keroka Branch Branch Code: 11083 Tel: 0719 865 296, 0782 500 147 Email: <a href="mailto:Kerokabr@co-opbank.co.ke">Kerokabr@co-opbank.co.ke</a></p>
<p>Kilgoris Branch Branch Code: 11113 Tel: 0733 751 049, 0708 023 172 Email: <a href="mailto:kilgorisbr@co-opbank.co.ke">kilgorisbr@co-opbank.co.ke</a></p>	<p>Kisii Branch Branch Code: 11008 Tel: 0729231669, 0736933179 Email: <a href="mailto:kisiibr@co-opbank.co.ke">kisiibr@co-opbank.co.ke</a></p>	<p>Kisii Highway Branch Branch Code: 11112 Tel: 0729 230 701, 0708 223 332 Email: <a href="mailto:kisiieastbr@co-opbank.co.ke">kisiieastbr@co-opbank.co.ke</a></p>



<p>Kitale Branch Branch Code: 11046 Tel: 0722 201 118, 0734 600 696 Email: <a href="mailto:Kitalebr@co-opbank.co.ke">Kitalebr@co-opbank.co.ke</a></p>	<p>The Anchor Building – Kenyatta Street Eldoret Branch Branch Code: 111169 Tel: 0793071983 Email: <a href="mailto:eldkenyattastrbr@co-opbank.co.ke">eldkenyattastrbr@co-opbank.co.ke</a></p>	<p>Engineer Branch Branch Code: 11147 Tel: 0701 154 109 Email: <a href="mailto:Engineerbr@co-opbank.co.ke">Engineerbr@co-opbank.co.ke</a></p>
<p>Gilgil Branch Branch Code: 11084 Tel: 0717 969 023, 0738 427 019 Email: <a href="mailto:gilgilbr@co-opbank.co.ke">gilgilbr@co-opbank.co.ke</a></p>	<p>Kapsabet Branch Branch Code: 11072 Tel: 0729 111 414 Email: <a href="mailto:kapsabetbr@co-opbank.co.ke">kapsabetbr@co-opbank.co.ke</a></p>	<p>Kenyatta Avenue Nakuru Branch Branch Code: 11063 Tel: 0714052559, 0729230920 Email: <a href="mailto:nakurueastbr@co-opbank.co.ke">nakurueastbr@co-opbank.co.ke</a></p>
<p>Kericho Branch Branch Code: 11024 Tel: 0722 207 577, 0734 333 315 Email: <a href="mailto:kerichobr@co-opbank.co.ke">kerichobr@co-opbank.co.ke</a></p>	<p>Wote Branch Branch Code: 11114 Tel: 0701825734, 0732520845, 0708223372 Email: <a href="mailto:wotebr@co-opbank.co.ke">wotebr@co-opbank.co.ke</a></p>	<p>Chogoria Branch Branch Code: 11165 Tel: 0701825977 Email: <a href="mailto:chogoriabr@co-opbank.co.ke">chogoriabr@co-opbank.co.ke</a></p>
<p>Bomet Branch Branch Code: 11082 Tel: 0700675310, 0701826683 Email: <a href="mailto:bometbr@co-opbank.co.ke">bometbr@co-opbank.co.ke</a></p>	<p>Eldoret Branch Branch Code: 11013 Tel: 0734 600 704, 0722 202 984, 0729 232 049 Email: <a href="mailto:eldoretbr@co-opbank.co.ke">eldoretbr@co-opbank.co.ke</a></p>	<p>Nyeri Branch Branch Code: 11010 Tel: 0722202460, 0701826854 Email: <a href="mailto:nyeribr@co-opbank.co.ke">nyeribr@co-opbank.co.ke</a></p>
<p>Othaya Branch Branch Code: 11131 Tel: 0793071938, 0708223394 Email: <a href="mailto:othayabr@co-opbank.co.ke">othayabr@co-opbank.co.ke</a></p>	<p>Siakago Branch Branch Code: 11071 Tel: 0793071994 Email: <a href="mailto:siakagobr@co-opbank.co.ke">siakagobr@co-opbank.co.ke</a></p>	<p>Tala Branch Branch Code: 11077 Tel: 0793071998 Email: <a href="mailto:talabr@co-opbank.co.ke">talabr@co-opbank.co.ke</a></p>
<p>Thika Branch Branch Code: 11039 Tel: 0722202097, 0701825912 Email: <a href="mailto:thikabr@co-opbank.co.ke">thikabr@co-opbank.co.ke</a></p>	<p>Muranga Branch Branch Code: 11026 Tel: 0722 207 580 Email: <a href="mailto:murangabr@co-opbank.co.ke">murangabr@co-opbank.co.ke</a></p>	<p>Mwea Branch Branch Code: 11118 Tel: 0708 223 349, 0733 124 023 Email: <a href="mailto:mweabr@co-opbank.co.ke">mweabr@co-opbank.co.ke</a></p>
<p>Mwingi Branch, Opp Salubi 2000 Hse, Mwingi Town Branch Code: 11088 Tel: 0717 968 724, 0793 071 996 Email: <a href="mailto:mwingibr@co-opbank.co.ke">mwingibr@co-opbank.co.ke</a></p>	<p>Nanyuki Branch Branch Code: 11068 Tel: 0714 052 554, 0732 327 612 Email: <a href="mailto:nanyukibr@co-opbank.co.ke">nanyukibr@co-opbank.co.ke</a></p>	<p>Nkubu Branch Branch Code: 11055 Tel: 0714606033, 0736999701 Email: <a href="mailto:nkububr@co-opbank.co.ke">nkububr@co-opbank.co.ke</a></p>
<p>Machakos Branch Branch Code: 11009 Tel: 0722202956, 0782500006 Email: <a href="mailto:machakosbr@co-opbank.co.ke">machakosbr@co-opbank.co.ke</a></p>	<p>Makutano Branch Branch Code: 11043 Tel: 0722 207 578 Email: <a href="mailto:makutanobr@co-opbank.co.ke">makutanobr@co-opbank.co.ke</a></p>	<p>Marsabit Branch Branch Code: 11128 Tel: 0708223304, 0110586670 Email: <a href="mailto:marsabitbr@co-opbank.co.ke">marsabitbr@co-opbank.co.ke</a></p>
<p>Maua Branch Branch Code: 11048 Tel: 0728 608 309, 0110586689 Email: <a href="mailto:mauabr@co-opbank.co.ke">mauabr@co-opbank.co.ke</a></p>	<p>Meru Branch Branch Code: 11005 Tel: 0722 202 410, 0701 826 907 Email: <a href="mailto:merubr@co-opbank.co.ke">merubr@co-opbank.co.ke</a></p>	<p>Karatina Branch Branch Code: 11028 Tel: 0722203070, 0734683374 Email: <a href="mailto:karatinabr@co-opbank.co.ke">karatinabr@co-opbank.co.ke</a></p>
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<p>Kutus Branch Branch Code: 11119 Tel: 0708223348, 0733121736 Email: <a href="mailto:kutusbr@co-opbank.co.ke">kutusbr@co-opbank.co.ke</a></p>	<p>Chuka Branch Branch Code: 11018 Tel: 0722 207579, 0734 333319 Email: <a href="mailto:chukabr@co-opbank.co.ke">chukabr@co-opbank.co.ke</a></p>	<p>Embu Branch Branch Code: 11023 Tel: 0722202466, 0734683365 Email: <a href="mailto:embubr@co-opbank.co.ke">embubr@co-opbank.co.ke</a></p>

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