

A Restricted I-REIT Conversion Offer

The Capital Markets Authority approved a conversion of Ilam Fahari I-REIT from Unrestricted Ilam Fahari Income Real Estate Investment Trust (I-FIR) into a Restricted I-REIT and a redemption offer of up to 20.2% or 36,585,134 units for its non-professional investors on an equal footing.

The proposed KES 402Mn transaction offering allows non-professional investors to redeem the 36Mn units at a redemption price of KES 11.00 per unit, a 29.1% uptick from the current price of KES 8.52 (12th Sept. 2023) but 45.0% lower from its initial public offering price of KES 20.00.

The redemption offer is for non-professional investors whose investment holdings are below KES 5Mn. A restricted REIT is exclusively for Professional investors such as property managers and fund managers with portfolios of at least KES 5.0Mn and understands the real estate business and industry.

The offer follows a prior cautionary statement issued in March 2022 signaling the strategic review that involved IFIR operational restructuring. The conversion is the initial phase of transitioning the NSE's Unrestricted Main Investment Segment to the Unquoted Securities Platform (USP) where the counter will continue trading.

Event	Date
Record Date	1 st Sept. 2023
Opening of offer	6 th Sept. 2023
Offer closes	6 th Oct. 2023
Suspension of Ilam Fahari from trading	At close of business 6 th Sept. 2023
Announcement of Results	23 rd Oct. 2023
Transfer of Units via CDSC	24 th Oct. 2023
Payments for Units from Non-professional Investors	24 th Oct. 2023
Lifting of Trading Suspension of ILAM Fahari Units	25 th Oct. 2023

What is Required?

All non-professional investors who had Fahari I-REIT holdings on the registrars record as of 1st September 2023, have access to submit their redemption acceptance requests through www.ilamfahariireit.com or links sent privately through unit holder's contacts.

When redeeming, one is required to select his/her preferred Bank and stockbroker (Kingdom Securities Limited) and upload a national I'd copy.

Investors can either:

- Accept the offer by way of redemption through a secure link sent to unit-holder's emails or phones.
- Apply for additional Units – Top ups or
- Retain portfolio

For Investors who do not exit during the transaction period, the transaction manager will bundle them under a nominee account designed to cater for non-professional investors after conversion to a fully restricted REIT.

Non-professional investors will retain full ownership and rights of their REITS, albeit through a nominee account managed by a fund manager.

Post-Transaction Exit Mechanism

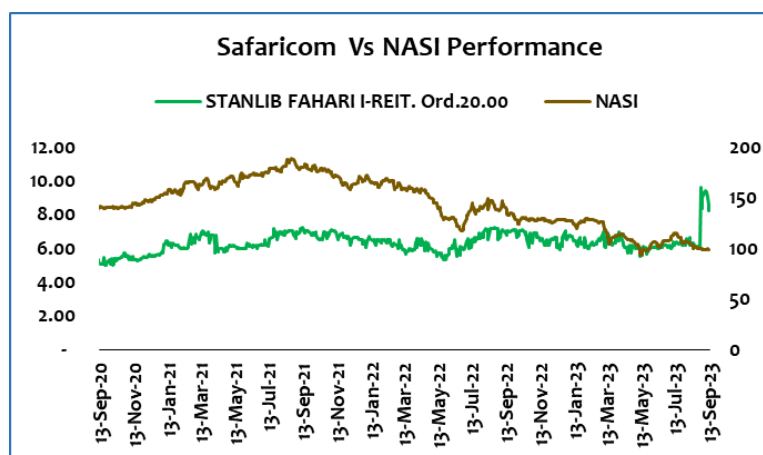
The REIT will remain and be regulated by the capital markets with full rights of tax exemption status.

Fahari I-REIT will be delisted from the main market segment and Units of the restricted I-REIT transferred to the Unquoted Securities Platform run by the NSE until the Fahari I-REIT achieves the strategic objectives such as stable annual returns and unit value maximization.

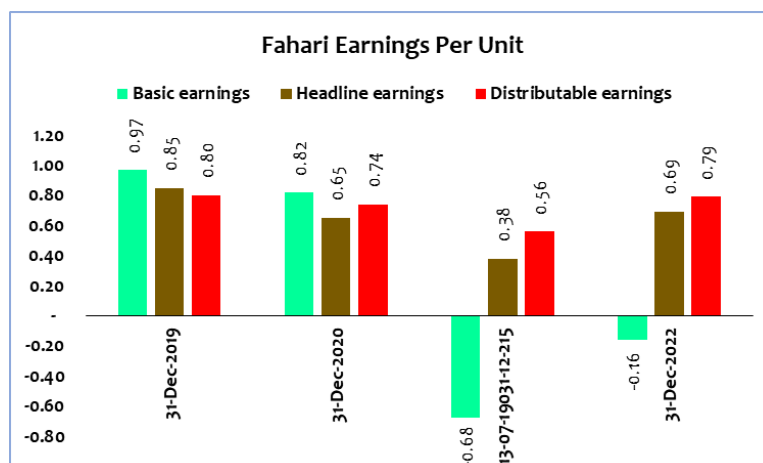
Non-professional Investors in the nominee bundled wishing to redeem their holding can do so but with some constraints such as liquidity, price, taxation etc.

Stanlib Fahari I-Reit Price Movement

Currently trading at KES 8.20, Fahari I-Reit's 59.1% from KES 6.02 on 28th August to KES 9.58 per shares upon the declaration of the conversion offer on 29th August 2023. We advise our retain investors to take up the offer and reinvest the proceeds in other stocks that are currently heavily undervalued.



On its financial performance, Fahari recorded a reduction on its loss for FY-2022, posting a loss after tax of KES 28.36Mn from that of KES 123.95Mn recorded in FY-2021.



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Recommendation Guide:

Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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