

## ILAM FAHARI I-REIT EARNINGS NOTE– H1'2025

### 3rd August 2025

Below is a summary of the ILAM Fahari I-REIT's H1'2025 Performance;

Values in Kshs bn unless stated otherwise								
Balance Sheet	H1'2022	FY'2022	H1'2023	FY'2023	H1'2024	FY'2024	H1' 2025	Δ Y/Y (H1' 2025/H1'2024)
Total Assets	3.7	3.6	3.6	3.5	3.4	3.7	3.7	8.4%
Total Equity	3.5	3.4	3.4	3.3	3.2	3.6	3.6	10.3%
Total Liabilities	0.1	0.2	0.2	0.2	0.1	0.1	0.1	(34.3%)

Values in Kshs bn unless stated otherwise								
Income Statement	H1'2022	FY'2022	H1'2023	FY'2023	H1'2024	FY'2024	H1' 2025	Δ Y/Y (H1' 2025/H1'2024)
Rental Income	0.2	0.4	0.2	0.3	0.1	0.3	0.1	2.9%
Income from Other Sources	0.0	0.0	0.0	0.1	0.0	0.1	0.0	5.3%
Operating Expenses	0.1	0.2	0.1	0.2	0.1	0.2	0.1	(4.7%)
<b>Profit/Loss</b>	<b>0.1</b>	<b>(0.03)</b>	<b>0.1</b>	<b>(0.0003)</b>	<b>0.1</b>	<b>0.4</b>	<b>0.1</b>	<b>19.5%</b>
<b>Basic EPS</b>	<b>0.5</b>	<b>(0.2)</b>	<b>0.5</b>	<b>(0.002)</b>	<b>0.3</b>	<b>2.1</b>	<b>0.4</b>	<b>19.5%</b>

Ratios Summary	H1'2022	FY'2022	H1'2023	FY'2023	H1 2024	FY'2024	H1' 2025	Δ Y/Y (H1' 2025/H1'2024)
ROA	2.3%	(0.8%)	2.4%	(0.01%)	1.6%	10.3%	1.8%	0.2%
ROE	2.4%	(0.8%)	2.5%	(0.01%)	1.7%	10.6%	1.8%	0.1%
Debt Ratio	4.0%	5.3%	4.9%	4.7%	4.3%	3.1%	2.6%	(1.7%)
PBT Margin	51.2%	(8.4%)	48.4%	(0.1%)	38.4%	128.5%	44.1%	5.7%
Annualized Rental Yield	10.3%	9.8%	12.7%	11.6%	10.2%	9.2%	9.6%	(0.7%)

#### Income Statement:

- The basic earnings per unit increased by 19.5% to Kshs 0.4 in H1'2025 from Kshs 0.3 in H1'2024. The performance is attributed to an increase in ILAM Fahari's comprehensive profit by 19.5% to Kshs 64.3 mn in H1'2025, from Kshs 53.8 mn recorded in H1'2024. This was mainly driven by a 143.0% Increase in straight lining of lease income of Kshs 3.1 mn realized in H1'2025 from Kshs 1.3 mn in H1'2024. Additionally, operating expenses declined by 4.7% to Kshs 104.7 mn in H1'2025 from Ksh 109.8 mn in H1'2024,
- Rental income increased by 2.9% to Kshs 142.8 mn in H1'2025, from Kshs 138.7 mn recorded in H1' 2024, mainly due to increased occupancy at Greenspan Mall by 11.0% to 86.0% in H1'2025 from 75.0% H1' 2024,
- Interest income increased by 5.3% to Kshs 26.2 mn in H1'2025, from Kshs 24.9 mn realized in the similar period in 2024, owing to the low interest rates experienced in the market during the year,
- The total operating expenses declined by 4.7% to Kshs 104.7 mn in H1'2025 from Ksh 109.8 mn in H1'2024, driven by a 1.6% decrease in Fund-Operating expenses to Kshs 52.8 mn in H1'2025, from Kshs 53.6 mn in H1'2024. There was a 7.7% decrease in the property expenses to Kshs 51.9 mn in H1'2025, from Kshs 56.2 mn in H1'2024. The decrease in expenses was mainly on the back of the one-off restructuring costs incurred during H1'2024 but was not present in this year.

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- Distributable earnings per unit came in at Kshs 0.4 in H1'2025, a 20.0% increase from Kshs 0.3 recorded during a similar period in 2024 due increased rental income resulting from increased occupancy at Greenspan Mall and,
- The REIT Manager recommended a first and final distribution of Kshs 54.3 mn in relation to H1'2025 amounting to 30 cents per unit. This translates to a dividend yield of 2.5% and an implied capitalization rate of 7.4%.

**Balance Sheet:**

- Total assets increased by 8.4% to Kshs 3.7 bn in H1'2025, from Kshs 3.4 bn in H1'2024. This was primarily attributable to a 9.7% increase in investment securities to Kshs 3.1 bn in H1' 2025, from Kshs 2.8 bn recorded in H1'2024,
- Total liabilities decreased by 34.3% to Kshs 94.7 mn in H1'2025, from Kshs 144.1 mn in H1'2024 attributable to a similar decrease in the trade and other payables to Kshs 94.7 mn in H1'2025, from Kshs 144.1 mn in H1'2024. The REIT remained without non-current liabilities as at H1' 2025,
- The shareholder's funds increased by 10.3% to Kshs 3.6 bn in H1'2025, from Kshs 3.2 bn in H1'2024, following an increase in retained earnings of 25.0% to Kshs 91.8 mn in H1' 2025 from Kshs 73.4 mn H1'2024, and,
- The REIT currently has a Return on Assets of 1.8% which was a 0.2% point increase from 1.6% in H1' 2024 and a Return on Equity of 1.8% which was a 0.1% point increase from 1.7% in H1' 2024 .

Going forward, ILAM Fahari I-REIT's strategic focus will be on enhancing asset performance through active portfolio management, tenant retention, and targeted capital improvements, particularly at high-potential assets such as Greenspan Mall. With increased occupancy already evident, the REIT is well-positioned to drive further rental income growth. Additionally, prudent cost management and operational efficiency will remain key levers for sustaining profitability and distributable income. The REIT also aims to optimize its investment portfolio by exploring yield-accretive opportunities and diversifying income streams. Supported by a stronger balance sheet, low leverage, and positive earnings momentum, ILAM Fahari is set to deliver stable returns to investors while reinforcing its market position as a leading listed property income fund in Kenya.