

## LAPTRUST IMARA I I-REIT EARNINGS NOTE– FY'2024

### 30<sup>th</sup> March 2025

Laptrust released the FY'2024 financial results for the Imara I-REIT for the period ended 31<sup>st</sup> December 2024. The I-REIT was authorized by the Capital Markets Authority (CMA) on 1<sup>st</sup> November 2022. Laptrust Imara I-REIT holds several properties across the country including; Pension towers, CPF House, Metro Park, Freedom Heights mall, Freedom Heights serviced plot, Man apartments, and Nova Pioneer in Eldoret.

**Below is a summary of the Laptrust Imara I-REIT's FY'2024 Performance;**

<i>Figures in Kshs bn unless stated otherwise</i>			
Balance Sheet	FY'2023	FY'2024	FY'2024/FY'2023 Change
Total Assets	7.3	6.7	<b>(7.7%)</b>
Total Equity	7.0	6.5	<b>(7.6%)</b>
Total Liabilities	0.3	0.3	<b>(10.2%)</b>

<i>Figures in Kshs mn unless stated otherwise</i>			
Income Statement	FY'2023	FY'2024	FY'2024/FY'2023 Change
Rental Income	305.2	479.1	<b>57.0%</b>
Income from Other Sources	90.7	100.7	<b>11.0%</b>
Operating Expenses	176.4	296.6	<b>68.1%</b>
<b>Profit/Loss</b>	<b>57.2</b>	<b>(204.3)</b>	<b>(457.0%)</b>
<b>Basic EPS (Kshs)</b>	<b>0.2</b>	<b>(0.6)</b>	<b>(457.0%)</b>

<i>Figures in Kshs mn unless stated otherwise</i>			
Ratios Summary	FY'2023	FY'2024	FY'2024/FY'2023 Change
ROA	0.8%	(3.0%)	<b>(3.8%)</b>
ROE	0.8%	(3.2%)	<b>(4.0%)</b>
Debt Ratio	4.2%	4.1%	<b>(0.1%)</b>
PBT Margin	18.8%	(42.6%)	<b>(61.4%)</b>
Rental Yield	4.5%	7.7%	<b>3.2%</b>

#### **Key Highlights in FY'2024:**

- On 7<sup>th</sup> May 2024, the REIT Manager recommended a first and final dividend distribution of Kshs 195.7 mn, representing Kshs 0.57 distribution per unit, which was approved by the Trustee with respect to the 2023 fiscal year. We note that this was the REIT's debut dividend distribution since its inception, For more information, please see our [Laptrust IMARA I-REIT Note H1'2024](#), and,

#### **Income Statement:**

- The basic earnings per unit came in at Kshs (0.6) mn in FY'2024, a 457.0% decline from Kshs 0.2 mn recorded in FY'2023. The performance was driven by a 457.0% decline in net earnings to a loss of Kshs 204.3 mn in FY'2024 from Kshs 57.2mn recorded in FY'2023,
- Rental and related income for the REIT stood at Kshs 479.1 mn in FY'2024, a 57.0% increase from Kshs 305.2 mn in FY'2023, implying a gross annualized rental yield of 7.7% in FY'2024 on interest-earning assets, higher than the 4.5% rental yield recorded during FY'2023. This increase in rental income was

driven by the new acquisition of a prime Nairobi office in March 2024 costing Kshs 2.0 bn and was expected to generate Kshs 150 mn annually. Also, the rental rates in 2024 increased by an average of 12.5%. The annual rental yield currently stands at 7.7%,

- Total operating expenses in FY'2024 for the REIT came in at Kshs 296.6 mn, 68.1% higher than the Kshs 176.4 mn recorded in FY'2023, attributed to Kshs 80.0 mn incurred in utility expenses, 65.2 mn in property expenses, and Kshs 151.4 mn in fund operating expenses.

**Balance Sheet:**

- Total assets for the REIT stood at Kshs 6.7 bn in FY'2024, a 7.7% decrease from Kshs 7.3 bn recorded in FY'2023, comprising of Kshs 6.3 bn in investment property that saw a 7.7% decrease from Kshs 6.7 bn in FY'2023 attributable to a fair value adjustment of Kshs 558.18 mn, Kshs 0.2 bn in cash and cash equivalents, and Kshs 0.2 bn in trade and other receivables,
- Total liabilities in FY'2024 came in at Kshs 273.3 mn, recording a 10.2% decrease from Kshs 304.2 mn in FY'2023 wholly attributable to a decrease in trade and other payables,
- The shareholder's funds decreased by 7.6% to Kshs 6.5 bn from Kshs 7.0 bn in FY'2023, attributable to 6.9 bn in trust capital which recorded no change, and 272.9 mn in retained earnings which saw a 377.0% increase from 57.2 mn recorded in FY'2023, and,
- The REIT currently has a Return on Asset and a Return on Equity of -3.0% and -3.2% respectively.

Going forward,

- We expect the three-year trading restriction period to be crucial for the I-REIT to establish a solid performance track record, thereby enhancing investor confidence in this asset class. However, at present, only high-net-worth individuals can invest in the I-REIT, as trading is limited to professional investors, excluding retail investors from participation.