

Laptrust released the FY'2023 financial results for the Imara I-REIT for the period ended 31st December 2023. The I-REIT was authorized by the Capital Markets Authority (CMA) on 1st 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'2023 Performance;

<i>Figures in Kshs bn unless stated otherwise</i>			
Balance Sheet	H1'2023	FY'2023	FY'2023/H1'2023 Change
Total Assets	7.3	7.3	(0.6%)
Total Equity	7.0	7.0	(0.6%)
Total Liabilities	0.3	0.3	(1.3%)

Income Statement	FY'2023
Rental Income	305.2
Income from Other Sources	115.8
Operating Expenses	176.4
Profit/Loss	57.2
Basic EPS (Kshs)	0.2

<i>Figures in Kshs mn unless stated otherwise</i>			
Ratios Summary	H1'2023	FY'2023	FY'2023/H1'2023 Change
ROA	2.74%	0.79%	(2.0%)
ROE	2.86%	0.82%	(2.0%)
Debt Ratio	4.2%	4.2%	(0.03%)
PBT Margin	59.6%	18.8%	(40.9%)
Rental Yield	2.4%	4.5%	2.1%

Key Highlights in FY'2023:

- On 7th 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,
- LAPTrust Imara I-REIT traded for the first time on 25th October 2023 since its listing, with a total of 30.0 mn shares traded in two deals valued at Kshs 600.0 mn, with the share price remaining unchanged from its listing price of Kshs 20.00. For more information, please see our [Cyttonn Weekly #43/2023](#), and,
- Local Authorities Pension Trust (LAPTRUST), the oldest pension scheme in Kenya, listed the LAPTRUST Imara I-REIT on the Nairobi Securities Exchange (NSE) at a bell-ringing ceremony officiated by President William Ruto. For more information see our [Cyttonn Weekly #12/2023](#).

Income Statement:

- The basic earnings per unit came in at Kshs 0.2 in FY'2023. The performance was driven by the net earnings, which came in at Kshs 57.2 mn in FY'2023,

- Rental and related income for the REIT stood at Kshs 305.2 mn in FY'2023, implying a gross rental yield of 4.5% in FY'2023 on interest-earning assets. This rental income was driven by an upward review in rental prices for several properties within the portfolio. For instance, rental prices at Pension Towers increased from Kshs 78 per SQFT in Q2'2023 to Kshs 100 per SQFT in Q4'2023; a 33.3% increase. Moreover, there was a 14.8% increase in rental prices at CPF House to Kshs 463 per SQFT in 2024 from Kshs 403 per SQFT in 2023. The annual rental yield currently stands at 4.5%,
- Total operating expenses for the REIT came in at Kshs 176.4 mn, attributed to Kshs 62.8 mn incurred in utility expenses, 47.9 mn in property expenses, and Kshs 65.7 mn in fund operating expenses. Notably, property valuation fees stood at 2.9 mn, accounting for 6.1% of the total property expenses in FY'2023, and,
- Trustee fees in FY'2023 stood at Kshs 37.4 mn, accounting for 56.9% of the total fund operation expenses. Key to note, expenses made up 41.9% of the total operating income.

Balance Sheet:

- Total assets for the REIT stood at Kshs 7.29 bn in FY'2023, a 0.6% decrease from Kshs 7.33 bn recorded in H1'2023, comprising of Kshs 6.7 bn in investment property that saw a 2.7% decrease from Kshs 6.9 bn in H1'2023 attributable to a fair value adjustment of Kshs 187.4 mn, Kshs 0.4 bn in cash and cash equivalents, and Kshs 0.1 bn in trade and other receivables,
- Total liabilities in FY'2023 came in at Kshs 304.2 mn, recording a 1.3% decrease from Kshs 308.1 mn in H1'2023 wholly attributable to a decrease in trade and other payables,
- The shareholder's funds decreased by 0.6% to Kshs 6.98 mn from Kshs 7.02 bn in H1'2023, attributable to 6.9 bn in trust capital which recorded no change, and 57.2 mn in retained earnings which saw a 42.6% decline from 99.6 mn recorded in H1'2023, and,
- The REIT currently has a Return on Asset and a Return on Equity of 0.79% and 0.82% respectively.

Going forward,

- We anticipate that the three-year restriction period on trading will be essential for the I-REIT to build a strong performance record, which will help to boost investor confidence in this asset class. However, currently, only high-net-worth individuals can invest in the I-REIT, as the units are restricted to trading among those who qualify as professional investors, excluding retail investors from participation.