

Laptrust released the H1'2023 financial results for the Imara I-REIT for the period ended 30th June 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 H1'2023 Performance;

<i>Figures in Kshs bn unless stated otherwise</i>	
Balance Sheet	H1'2023
Total Assets	7.3
Investment Property	6.9
Total Equity	7.0
Total Liabilities	0.3

<i>Figures in Kshs mn unless stated otherwise</i>	
Income Statement	H1'2023
Rental Income	167.1
Income from Other Sources	36.2
Total Operating Income	203.3
Operating Expenses	103.6
Profit/Loss	99.6
Basic EPS (Kshs)	0.3

Ratios Summary	H1'2023
ROA	1.36%
ROE	1.42%
Debt Ratio	4.2%
Operating Expense to Total Income Ratio	51.0%
Operating Expense to Investment Property Ratio	1.5%
PBT Margin	59.6%
Rental Yield	2.4%
Annualized Rental Yield	4.9%

Key Highlights in H1'2023:

- The REIT Manager Laptrust Imara did not declare any interim dividend during the period, as a result of the ongoing transition period. Since the REIT is in its first year of operation, the decision was meant to allow the REIT to settle into its operations and ensure efficiency, and,
- On 22nd March 2023, Laptrust Imara I-REIT was [listed](#) on the Restricted Sub Segment of the Main Investment Market segment of the Nairobi Securities Exchange (NSE).

Income Statement:

- The basic earnings per unit came in at Kshs 0.3 in H1'2023. The performance was driven by Kshs 99.6 mn recorded in net earnings in H1'2023, and Kshs 203.3 mn in total operating income.
- Rental and related income for the REIT stood at 167.1 mn in H1'2023, implying a gross rental yield of 2.4% on interest earning assets. This was attributed to lower rental and related income realized in

H1'2023 coming in at Kshs 167.1 mn, while investment property came in at Kshs 6.9 bn. Annualized rental yield stands at 4.9%,

- Interest income in the period under review came in at Kshs 3.6 mn attributable to the high interest rates being experienced in the market currently,
- Total operating expenses for the REIT came in at Kshs 103.6 mn in H1'2023, attributed to Kshs 69.5 mn incurred in property expenses and Kshs 34.1 mn in fund operating expenses. Notably, utility expenses came in at Kshs 25.3 mn, whereas property valuation fees stood at 14.5 mn, accounting for 57.2% of the total property expenses in H1'2023, and,
- Trustee fees in H1'2023 stood at Kshs 21.6 mn, accounting for 63.3% of the total fund operation expenses. Key to note, expenses made up 51.0% of the total operating income.

Balance Sheet:

- Total assets for the REIT stood at Kshs 7.3 bn in H1'2023, comprising of Kshs 6.9 bn in investment property, Kshs 0.3 bn in cash and cash equivalents, and Kshs 0.1 bn in trade and other receivables,
- Total liabilities in H1'2023 came in at Kshs 308.1 mn in H1'2022 wholly attributable to trade and other payables,
- The shareholder's funds stood at Kshs 7.0 bn in H1'2023, attributable to 6.9 bn in trust capital and 0.1 bn in retained earnings, and,
- The REIT currently has a Return on Asset and a Return on Equity of 1.4% respectively.

Going forward,

- We expect the three-year restriction period on trading will play a crucial role in providing the I-REIT with ample time to establish a solid performance track record, while also instilling confidence in the asset class among investors. Nonetheless, at present, investment in the I-REIT is limited to high-net-worth individuals as the units can only be traded with individuals who qualify as professional investors, thereby excluding retail investors from participating.