

DRAFT CHAIRMAN'S REPORT – 2024 RAK AGM

Good morning, all, and welcome to the 5th RAK Annual General Meeting. My name is Ken Masika, the Chairman of the RAK, and I would like to take this opportunity to allow my fellow officials of the Association to introduce themselves....

(Hands over Mic to Vice Chairman, Treasurer, and Secretary)

The Association's primary objective is to advocate for favorable policies within the REIT sector and educate the market on the long-term benefits of investing in REITs. Our overarching goal is to stimulate the growth and development of REITs in Kenya, ensuring a robust and dynamic real estate investment landscape.

A). NOTABLE STRIDES

i). REIT Toolkit & Incubator Workshop 1, 2 and 3A which I will cover in the Toolkit and Incubator report

ii) RAK 2023 Annual Conference

The RAK 2023 Annual Conference, themed 'Building Momentum & Unlocking the Power of REITs in East Africa,' was a resounding success. The 2-day conference held in Enashipai Resort & Spa from 31st October to 2nd November, gathered over 160 delegates spanning from industry titans, policymakers, investors, and real estate professionals to unravel the untapped potential of Real Estate Investment Trusts (REITs) across the East African landscape. The conference surpassed expectations in achieving its core objectives and fostering collaboration across the real estate ecosystem. The RAK 2023 Annual Conference undoubtedly left an indelible mark, setting the stage for a new era of growth and innovation in the East African real estate landscape.

iv). East Africa Property Investment (EAPI) Summit

The association had the opportunity to participate as industry partners at the 11th annual East Africa Property Investment (EAPI) Summit. We were privileged to delve into the topic of 'REIT Investment & Returns in Kenya' and actively participated in discussions centered around 'Enabling Affordability with Finance.' The event took place at the Radisson Blu in Upper Hill, Nairobi, on April 17th and 18th, 2024.



The event brought together hundreds of investors, developers, operators, hotel owners, PropTech players, DFIs, and other industry players to explore the latest trends, innovations, and opportunities in the real estate investment sector.

v). **East African finance Summit**

The REITs Association of Kenya actively participated in the 7th East African Summit, held from May 9th to 10th, 2024, at the Adwa Museum in Addis Ababa, Ethiopia. Themed '**Unlocking Ethiopia's Financial Sector Opportunities for Sustained Regional Growth**,' the summit convened a diverse array of stakeholders and business leaders from East Africa's financial sector to deliberate on emerging investment prospects and potential avenues for collaboration among industry players. I had the privilege of contributing to a panel discussion titled 'Ethiopia's Evolving Capital Market Ecosystem & Opportunities (Innovative products and the role of stockbrokers, investment bankers, and investment trusts).' During this session, I provided insights into REITs' operational dynamics within the capital market, shared both challenges and success stories from Kenya, and highlighted opportunities for collaboration with the upcoming capital market in Ethiopia.

B). CURRENT AND ONGOING INITIATIVES

i). **The REIT Toolkit and Incubator Program**

The REIT Association of Kenya remains committed to fostering growth and addressing the challenges facing REITs. Our flagship initiative, the REIT Toolkit and Incubator programme, stands as a testament to our commitment to driving innovation and excellence in the REIT sector.

The REIT Toolkit and Incubator program meticulously maps the registration process into five stages, developing around 70 toolkit items aligned with CMA regulations. The program's four-step journey to launch is currently honing in on business strategy and financial modeling in REIT Workshop #3. With a pilot incubator program supporting six REITs aiming for registration, the ambitious goal is to double the number of REITs in the market, with the expectation of at least two or three achieving registrations by the end of Workshop #4.

The second REIT Toolkit & Incubator workshop, held during the RAK 2023 Conference, brought together over 150 delegates for a dynamic exchange among REIT associations, illuminating the diverse REIT market landscape. Through ten comprehensive modules, attendees gained profound insights into fundamental REIT management aspects, from inception to operational excellence. Discussions delved into REIT investment and incubation, culminating in a clinic



showcasing existing market REITs and future opportunities, closing with heartfelt appreciation for the collective expertise driving the event.

This year's Workshop 3a held on March 20th refined tools tailored for REIT financing and provided a platform for incubator program promoters to demonstrate progress. Attracting 157 participants from diverse sectors, including Fund Managers, Financial Services, Law Firms, and Developers, discussions focused on critical topics such as strategic REIT business planning, financial modeling, offering memoranda development, legal frameworks, REIT investment strategies and a deal room session where potential REIT issuers in the pilot program pitched to investors.

Scheduled for **1st August 2024**, REIT Workshop 3b will offer comprehensive guidance on preparing for REIT regulatory registration, optimizing investment strategies, understanding the pivotal role of the REIT trustee, and crafting precise legal agreements. We look forward to your participation in this event.

ii). **Strategy Initiatives**

The association continues its efforts to advocate for the reinstatement of various tax incentives benefiting REITs, with a specific emphasis on stamp duty and Capital gain tax. On January 30th, 2024, we made a joint submission with Kenya Association of Stockbrokers and Investment Banks- KASIB, Nairobi Securities Exchange PLC, Fund Managers Association, Kenya National REIT, and APTAK to the departmental Committee on Finance and National Planning, marking a significant milestone in these efforts. These discussions have been integrated into a comprehensive policy document, which had successfully progressed to the Senate level through the Attorney General's office. Additionally, on 4th April 2024 we shared a Cabinet Memo for the removal of the Stamp Duty to CS, National Treasury. On June 3rd, we submitted an additional proposal to the Departmental Committee on Finance and National Planning. Unfortunately, our request for an exemption was not granted. Nevertheless, we remain committed to our cause. We have initiated discussions to involve other associations, such as NAREIT, to support our ongoing efforts in advocating for tax exemptions from the government.

iii). **RAK 2024 Annual Conference**

We are delighted to announce that the association is gearing up for its 2024 Annual Conference, slated for **30th October to 1st November 2024 at Enashapai Resort in Naivasha**. Building on the success of last year's conference, which focused on building momentum in various aspects of the REIT landscape, including capacity building, structural enhancements, and fostering investor interest, we are poised to make this year's conference even more impactful. This year's conference themed **"Navigating New Frontiers: Unlocking the Potential of Africa's REIT Market"** will bring together industry leaders, innovators, and experts to explore groundbreaking strategies and opportunities within the Kenyan, East African and African REIT market at large. This event promises to be a pivotal moment for stakeholders aiming to harness the vast potential of real estate investment trusts across the continent. Join us to gain actionable insights, network with key players, and be at the forefront of Africa's REIT evolution. Unique sponsorship opportunities are available for organizations seeking to gain significant visibility and engagement within the real estate investment community. The RAK Secretariat is available to provide any additional details you may need.

v). **Pan African REIT Consultative Forum**

RAK is currently in the planning stage of establishing a Pan-African Real Estate Investment Trust (REIT) Consultative Forum. The initial initiative to form the Pan-African REIT Association (PARA) was deemed unfeasible due to the insufficient number of associations across Africa required to



create a larger organization. Consequently, we decided to create this consultative forum to foster knowledge sharing and collaboration among key REIT stakeholders across the African continent. Our ultimate goal is to develop the market and promote the growth of the REIT industry in Africa.

We are looking to actively engage with several key stock exchanges across Africa, including Zimbabwe, South Africa, Ghana, Nigeria, and Morocco, to establish this forum. This strategic alliance aims to unify and strengthen the REIT industry across the continent.

Furthermore, we are engaging with the heads of other REIT associations and the CEOs of exchanges that offer REITs as a product to ensure a comprehensive and collaborative approach.

C). BOARD SUB-COMMITTEE REPORTS

i). The Membership and Events Committee

The committee continues to explore topical areas which can be built into discussion forums including Breakfast forums, Masterclasses, leading up to the REITs Conference.

This year, we are excited to welcome an array of new members to our association, enhancing the diversity and strength of our network. In the corporate category, we proudly introduce Trianum Hospitality, Equinox Outsourced Services Kenya Limited, GenAfrica Asset Managers Ltd, Oraro and Company Advocates, Housing Finance Corporation (HFC), Solian Ltd, NCBA Bank Kenya PLC, Ivhu Logistics Real Estate and Laser Property. Additionally, we are pleased to welcome new individual members: Maruza Chikwanha, David Mereka, Jaeson Rosenfeld, and Wilmot Allen. The Centre for Affordable Housing Finance Africa joins us in the academic category, further enriching our collective expertise. We look forward to their contributions and to the continued growth and success of our association.

The committee remains committed to fulfilling its purpose of maintaining and increasing active members and ensuring the Association remains relevant in the industry by organizing engaging and lively events.

ii). The Policy, Research, and Publications Committee

The committee finalized and adopted the Memorandum of Understanding with Women in Real Estate (WIRE), and Strathmore University in September 2023. RAK has been holding collaborative meetings where different research areas of collaboration have been explored. The Committee is



also actively pursuing partnerships with regional organizations with the South Africa REIT Association (SAREIT).

The Committee also remains committed to ensuring the regular publication of research reports and articles, including the periodic newsletter of the Association, as we continue to collaborate with partners like the University of Nairobi, Strathmore University, Centre for Affordable Housing Finance Africa and Women in Real Estate Sector on research projects.

Over the past year, starting from July, the committee has diligently produced and disseminated three new editions of our newsletter. Each edition serves as a comprehensive resource, delving into various aspects of REITs to raise awareness and educate stakeholders within the industry.

iii). The Standard Working Group Committee

Recognizing the need for guidance in understanding and implementing market practices related to REITs, the RAK Main Committee underscored RAK's role in assuming leadership. To address this, the Standard Working Group was formulated and tasked with developing a comprehensive reference document encompassing valuation methodologies, performance metrics, and financial reporting standards specific to the Kenyan REIT market. The document is to establish clear definitions and precise calculations for performance metrics to foster consistency and comprehension among stakeholders. The committee envisions the document as a pivotal resource hub for disseminating knowledge and best practices, highlighting its dynamic nature requiring periodic updates to stay current with evolving market dynamics and regulatory mandates, thereby ensuring its relevance and usefulness over time.

D). CONCLUSION AND APPRECIATION

RAK remains optimistic about the future of REITs in Kenya, despite the economic trials experienced globally and locally in the recent past. We believe that REITs can offer value addition to the Real Estate sector as a capital-raising tool for developers and a stable investment vehicle for both retail and institutional investors.

I would like to extend my sincere gratitude to the Main Committee, including our Chairman Emeritus, who has served diligently towards strengthening the Association since its inception in 2017. Thank you to the Membership and Events, and Policy, Research, and Publications Sub-Committees, The Standard Working Group Committee and Toolkit & Incubator committee for undertaking your mandates with utmost dedication and ensuring the delivery of the initiatives of the RAK. I would also like to extend my gratitude to the Nairobi Securities Exchange and the



Capital Markets Authority for their continued support and guidance towards RAK. Lastly, I would like to thank every one of our members for working collaboratively with us to ensure that the Association can fulfill its mandates in an effective and timely manner. I trust that we will continue to work collaboratively to ensure the growth of the REITs sector in Kenya.

Thank you.