

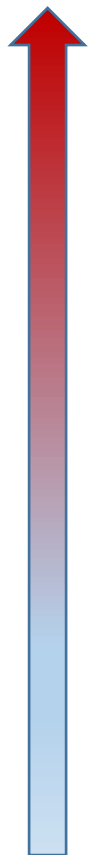
## REITs Association of Kenya Information Guide

### ABOUT THE REITs ASSOCIATION OF KENYA

The REITs Association of Kenya (RAK) was formed in November 2017 by players in the Real Estate and Capital Markets industries to act as the representative body for REITs in Kenya. The Association aims to promote the growth of REITs in Kenya in the following ways:

- Establishing a framework for the development of the industry and creating forums for potential issuers, investors and regulators to engage;
- Creating partnerships with other REITs Associations around the world especially in more developed markets to catalyze knowledge transfer and learning experiences;
- Engaging government and regulators on matters facing REITs including tax harmonization and other incentives; *and*
- Educating the market about the long term benefits of investing in REITs.

### RAK MILESTONES



- ❖ **Successfully lobbying for the re-instatement of exemption of VAT on transfer of assets into REITs and ABS** in June 2021.
- ❖ **Hosting virtual REITs training session** in collaboration with the Nairobi Securities Exchange and Abojani Investment in May 2021.
- ❖ **Hosting the Regional REITs Webinar** in collaboration with Regulators including Capital Markets Authority and Nairobi Securities Exchange, which brought together over 300 industry stakeholders in March 2021.
- ❖ **Hosting webinars in collaboration with NAREIT**, the global representative voice for REITs, **and the Capital Markets Authority** on the Global Effect of COVID-19 on commercial and residential real estate in October and November 2020.
- ❖ **Hosting the second Annual General Meeting in October 2020.**
- ❖ **Hosting REIT investor education webinars** in collaboration with investment banks such as Renaissance Capital and key global professional bodies including the Chartered Institute for Securities and Investment (CISI) in July and August 2020.
- ❖ **Successful inclusion of the exemption of taxation of REIT investee companies in the Finance Bill 2019.**

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- ❖ **Holding a comprehensive REITs training workshop** in partnership with the Nairobi Securities Exchange in October 2019.
  - ❖ **Hosting the first Annual General Meeting in July 2019.**
  - ❖ **Hosting an industry stakeholder’s breakfast forum** to articulate the journey to listing a REIT, in partnership with Kenya Property Developers Association in May 2019, which attracted over 100 market stakeholders.
  - ❖ **Lobbying for exemption of taxation of REIT investee companies in May 2019.**
  - ❖ **Partnering with industry organizers such as API Events to push the REITs agenda** during the East Africa Property Investment Summit.
  - ❖ **Formation of Membership and Events Sub - Committee and Policy, Research and Publication’s Sub-Committee** to champion the Association’s goals.
  - ❖ **Signing a Memorandum of Understanding (MoU)** with the National Association of Real Estate Investment Trusts (NAREIT) in June 2018.
  - ❖ **Recognition by the regulatory bodies** including Capital Markets Authority and the Retirement Benefits Authority as a formal representative of the REITs industry.
  - ❖ **Hosting the inaugural REITs conference** in September 2018 which attracted over 250 delegates from various sectors including developers, investment banks, advisors, fund managers, trustees, commercial banks, insurance companies, pension funds, administrators and development finance institutions.

#### **BENEFITS OF REITS TO AN ISSUER**

- Undergo a guided incubation process supported by RAK.
- Tax exemptions, including exemption from Income Tax, Capital Gains Tax and Stamp Duty.
- Access to new capital makes financing developments easier and hence reduces the interest rates for properties.
- Sharing of risks by bringing other investors on board.

#### **BENEFITS OF REITS TO AN INVESTOR**

- Exposure to a wide variety of expertly managed properties.
- Regular income stream with lease agreements which increase/ grow on an annual basis
- Well-regulated and subject to the REIT legislation particular to the country in which the company is incorporated.
- Investors may gain exposure to immovable property with lower initial outlays.
- Exemption from Capital Gains Tax (CGT) in respect of the disposal of its immovable property shares in another REIT or shares in a controlled property company.



- Shareholders who sell their units in REITs listed on the Nairobi Securities Exchange (NSE) do not pay CGT or stamp duty.
- The unit price of a listed REIT is determined by market forces (demand and supply) and is visible to the public.

## RAK Membership

RAKs membership is open to **Corporates, Government Agencies, Associations, Academic Institutions and Individuals.**

1. **Corporate membership** is open to any incorporated company, partnership, government agency or other body/person involved in any of the following business areas: real estate investment trust, property development, real estate investment, investment banking, REIT trusteeship, REIT management, REIT promotion, fund management, stock brokerage, commercial banks, institutional investors, insurance companies, SACCOs, financial institutions, pension funds, Professional Firms/Advisory Service Providers, industry suppliers, Government agencies and parastatals or securities exchanges.

Charges: KES. 100,000

2. **Affiliate Membership** is open to any government ministry, agency, government-controlled entity or authority, whether national, county or local, that is involved in the real estate industry, whether by investing in that industry, engaging in research regarding that industry such or regulating persons that operate in that industry.

Charges: KES. 75,000

3. **Association membership** is open to any organization, alliance, coalition or other association dealing in real estate investment trust, property development, real estate investment, investment banking, REIT trusteeship, REIT management, REIT promotion, fund management, stock brokerage or securities exchanges.

Charges: KES. 50,000

4. **Academic membership** is open to any academic or research institution, however organized, involved in the real estate sector whether through its academic leaning programs or research programs, and shall include, without prejudice to the generality of the foregoing, think tanks and policy institutes that conduct research and advocacy programs involving real estate and the real estate industry.

Charges: KES. 25,000



5. **Individual membership** is open to any individual, above the age of 18 years, doing business in the REITs sub sector and the real estate development industry in Kenya or any other country as permissible by the RAK committee.

Charges: KES. 10,000

## Benefits of RAK Membership

- Mutual advocacy through engagement with policy makers, regulators and government bodies to promote and protect members' best interests.
- Gain support and guidance on new rules and regulations, industry standards, best practices and industry benchmarks.
- Participate in the investor outreach programs to educate and sensitize industry stakeholders on REITs and real estate investments as part of a well-diversified investment portfolio.
- Increased visibility and exposure through a collective voice for REITs and public real estate funds in the market place with investors, developers and the public.
- Access valuable tools pertaining to the global REIT industry policies, financial issues and sustainability in the long term.
- Free direct access to research and industry information through reports, analysis and publications providing the latest trends in the industry.
- Participate and contribute to valuable knowledge – sharing networking events and opportunities by RAK or in partnership with other industry players both local and international.
- Enjoy member discounted rates on RAK events and advertising opportunities.

### How to Apply For Membership:

1. Fill in the RAK membership application form;
2. Attach a copy of Company Certificate of Incorporation or Registration. Individuals must provide a copy of their Identification Card; and
3. Pay the applicable membership fee.

For more information on how to join RAK, kindly contact the **Senior Administrator, Wendy Owade** through the telephone number **020 283 1000** by email [raksecretariat@nse.co.ke](mailto:raksecretariat@nse.co.ke) or [wowade@nse.co.ke](mailto:wowade@nse.co.ke) .



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