2020

INTEGRATED ANNUAL REPORT AND FINANCIAL STATEMENTS

HOME AFRIKA

Migaa Golf Estate Club House

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ABOUT THIS REPORT

Home Afrika Limited is pleased to present its 2020 Integrated Report. The Group views integrated reporting as a means of communicating with its stakeholders and providing insight into the Group's governance, strategy, performance and future prospects.

Scope and basis for preparation and presentation frameworks

This Integrated report has been prepared for the period 1st January 2020 to 31st December 2020 and covers the activities of the company and its subsidiary companies. It has been prepared in accordance with the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework (<IR> Framework). Home Afrika has applied the principles contained in the IFRS, Companies Act, Capital Markets Authority (CMA) Code of Corporate Governance, and the Nairobi Securities Exchange (NSE) listing requirements.

The report consciously communicates how Home Afrika's strategy, governance, performance and prospects lead to value creation for our stakeholders and Investors over the short, medium and long term.

Target Audience And Materiality

It is prepared principally for our current and prospective investors to support their capital allocation assessments. The report is also relevant for any other stakeholder who has an interest in our performance and prospects. This report focuses on material matters that affect our ability to create and sustain value and deliver on our strategy.

Material matters are those factors that have the most impact on our ability to create value. They have an impact on our performance and relationships with our stakeholders. These matters influence the strategic approach adopted in steering the group in the short, medium and long term.

Board Responsibility

The Board of directors confirms its responsibility to ensure the integrity of the report. In its opinion, this report provides a true position of the group's activities, material issues and performance. 2020 Integrated Annual Report and Group Financial statements were approved by the Board of Directors on the 1st September 2021.

Certain statements in this report may constitute 'forward-looking statements'. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Home Afrika Limited and its subsidiaries to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. The Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events. These have not been reviewed or reported on by the Group's auditors.

COMPANY INFORMATION

BOARD OF DIRECTORS

Peter Mungai Ndung'u
Dan Ochieng Awendo
Mbugua Gecaga
Luke Mwiti Kinoti
Kendi Ogamba
Peter Nduati (Resigned on 12th Nov 2020)
Frida Owinga (Appointed on 15th June 2020)
Bertha Mvita (Appointed on 15th June 2020)
Caroline Kigen (Resigned on 12th Nov 2020)

PRINCIPAL PLACE OF BUSINESS

Morningside Office Park
Ngong Road
P.O. Box 6254, 00100
NAIROBI

INDEPENDENT AUDITOR

PKF Kenya
Certified Public Accountants
P.O. Box 14077, 00800
NAIROBI

PRINCIPAL BANKERS

Kenya Commercial Bank Limited
NAIROBI

I&M Bank Limited
NAIROBI

Chase Bank (Kenya) Limited
NAIROBI

NIC Bank Limited
NAIROBI

LEGAL ADVISORS

Muriu Mungai & Company Advocates.
NAIROBI.

Wainaina Ireri & Co Advocates
NAIROBI

Robson Harris & Co Advocates
NAIROBI

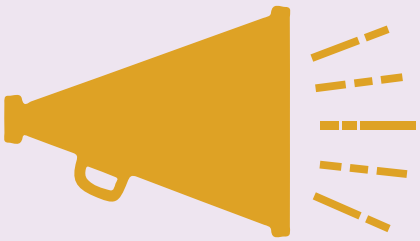
SUBSIDIARIES

MISSION

To address the housing need in Africa

VISION

To be the leader in the provision of dignified planned communities across Africa



SLOGAN

Houses Become Homes

CULTURE

What we do:
Disciplined Focus on Results
How we do it:
Empowering Innovation & Teamwork

CORE VALUES

The Company's business development, internal interactions as employees and external interactions are driven and defined by our core values. These are : (**PRIDES**)

Passion

Passion for the job is every employee's emotional connection to their duties and their individual commitment to fulfilling their respective clients' needs. Passion for the organization is the employee's and company leadership's collective commitment to fulfilling the company's vision for success.

Passion is a tenant of the Company's core values because it encourages the employees to remain committed to their work and to own their respective duties while serving internal and external clients.

Respect

Respect as a company value in this instance refers to the ability to consider other people in work related interactions.

The platinum rule regarding respect if an employee requires it from others ,they must also be respectful. The Company currently has a diverse client base and its interactions with them are defined by non-discrimination in all its forms and dignity of all persons.

Respect amongst employees and the Company's leadership means consideration of their privacy, physical space and belongings; different viewpoints, philosophies, physical ability, beliefs and personality.

Innovation

Innovation is the development of new values through solutions that meet new requirements, inarticulate needs, or old customer and market needs in value adding new ways. The Company remains committed to discussing and implementing employees' ideas for more effective policies, processes and methodologies. Employees are encouraged to engage their creative selves and contribute to the improvement of service delivery to internal and external clients.

Discipline

Discipline as a core value refers to the employees' ability to understand the company's business strategy, ethical standards of conduct and expected employee output and incorporating them whilst carrying out their individual duties and decision making processes.

Excellence

As a core value, excellence in the Company's context refers to the continuous improvement of the
Excellence is a talent or quality that is unusually good and so surpasses ordinary standards. It is also used as a standard of performance.
Practice makes perfect and so every employee must be allowed to keep improving his or her performance over time.

Spirit of Teamwork

Teamwork is the ladder that takes any organization to the heights of success.

Teamwork is defined as the cooperative effort of a group of people to achieve a specific goal. This goal cannot be attained individually. A group of people with different talents must work together to accomplish the task. Good teamwork is the essence of any organizational achievement. This brings results that are more fruitful. Thus, the spirit of teamwork is the first attribute that every leader strives to inculcate in his employees. Teamwork supports in developing remarkable moral values among the team members.

At the Company, we will inculcate teamwork by encouraging the already present group prayer and team activities effort.

History and Background of Home Afrika:

Home Afrika is a publicly quoted Real Estate company incorporated in 2008 and founded on a mission to address the housing need in Africa.
Home Afrika was listed on the Growth Enterprise Market Segment (GEMS) of the Nairobi Securities Exchange (NSE) in July 2013.
Home Afrika Limited seeks to create communities around Africa by providing quality, sustainable and affordable housing.

2008

In July 2008, the company is registered under the name Home Afrika Limited, with a capital outlay of Ksh. 200 Million and 128 shareholders.

2009

Home Afrika Limited gets its first major project, Morningside Office Park at a cost of Ksh. 1 Billion set to be completed in 2010.

2010

Home Afrika Limited is invited to partner in the Migaa Development Project set to be the largest gated community in kenya.

2011-2012

Home Afrika Limited initiates two new projects including Lakeview Heights in Kisumu County and Llango in Kwale County

We follow the principle of long term positive societal impact, creating synergies in our partnerships, integrity, fairness and discipline.
Our goal is to meet the huge demand for housing in Kenya and the rest of Africa.

2013

Home Afrika Limited lists on the Growth Enterprise Market Segment of the NSE

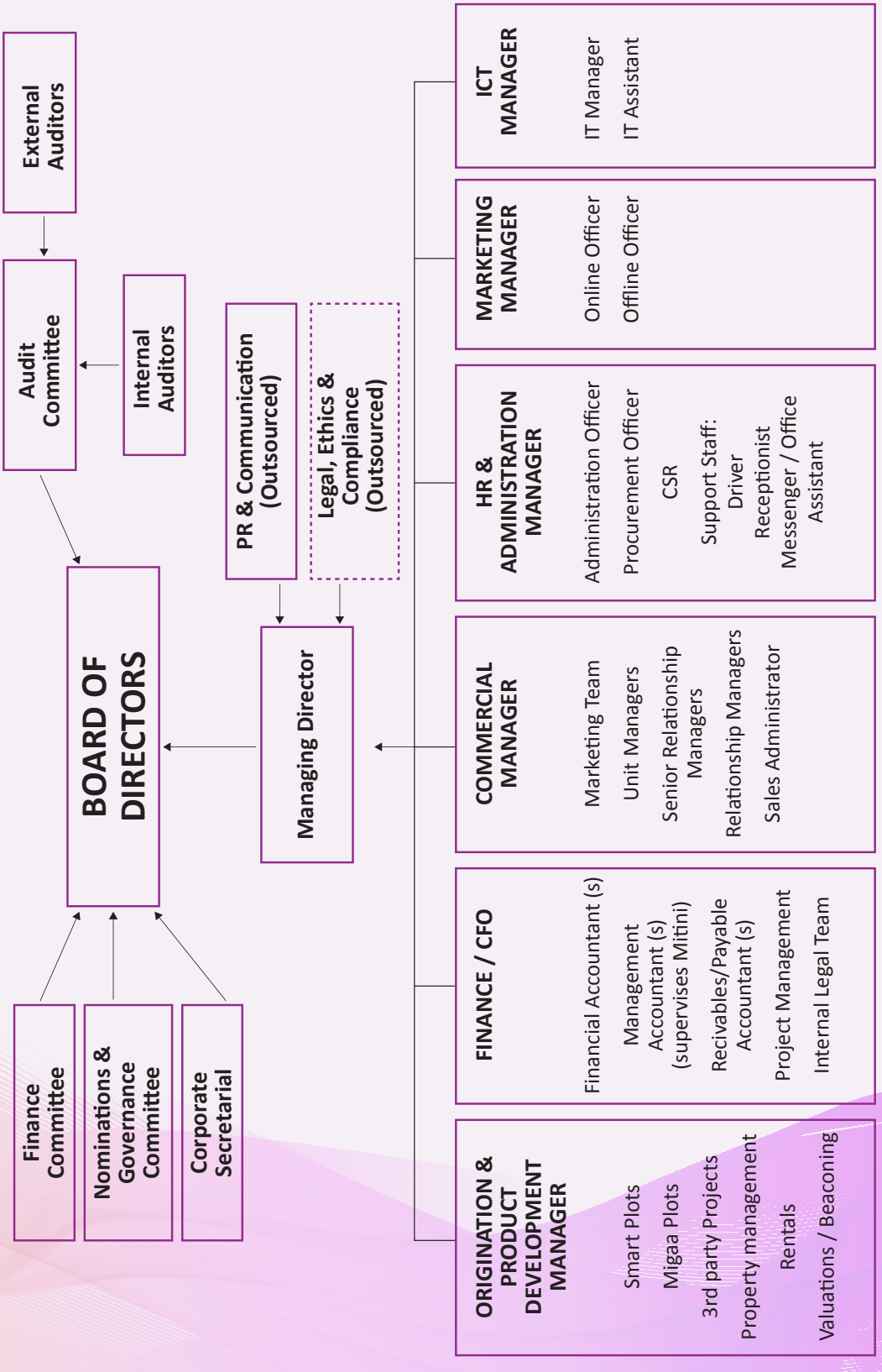
2014

Home Afrika Rebrands as it positions to roll out new developments over the next five years.

2015-2020

Home Afrika Limited embarks on a restructuring process aimed at strengthening institutional capacity, utilizing a focused results based business model, and growing shareholder value.

ORGANIZATIONAL STRUCTURE



DIRECTORS PROFILES

PETER NDUATI
CHAIRMAN
(Independent) - (Upto 12th November 2020)

Years in Industry: 30 +

Education
- Master of Arts, Aberdeen University, Scotland
- BA Economics, Government DAV College, Punjab University, Chandigarh India

Industry
Business Management & Entrepreneurship

Summary Experience
A pioneer in African insurance, Peter Nduati was named East African Entrepreneur of the Year in 2013 in the CNBC/FORBES All Africa Business Leaders Awards -The continent's most prestigious business awards, the AABLAs recognize innovators and pioneers in a variety of categories, reflecting the diversity of the African business environment.

With a Master's degree holder in Economics and Insurance, Peter Nduati is a chartered insurer with over 28 years' experience in the East African Insurance Industry. Peter is the Founder and CEO of Resolution Group Ltd, a financial services company that owns Insurance and Credit business in the East Africa region.

Formerly CEO of Metropolitan Health Group, a South African Health insurance group and was Managing Director of AAR Health Services Tanzania. He is also the Founder/Director of Centric Air Ambulance, True Blaq Group, Home Afrika Ltd, Pine Creek Holdings and Brown Oak Ltd an investment holding company.

Peter is an Angel Investor and has invested in various early stage businesses in Manufacturing, Distribution, Sports Production, Security, Real Estate, Digital Marketing and Micro-Finance.

He was also admitted as a Global Fellow in the Africa Leadership Institute, the ASPEN initiative. The Africa Leadership Initiative (ALI) is a collaborative effort of seven partner organizations in Africa and the United States to foster values-based, action-oriented leadership in Africa. ALI Fellows are highly successful, entrepreneurial individuals from business, government and civil society.

PETER MUNGAI
CHAIRMAN
(Independent) - (From 12th November 2020)

Years in Industry: 30 +

Education
- Doctor of Philosophy (Leadership & Management) – Management University of Africa (ongoing)
- Master of Business Administration (Strategic Management) – Management University of Africa
- Bachelor of Education (Business Studies & Mathematics) – Kenyatta University
- Certified Public Accountant of Kenya (CPA-K) – Institute of Certified Public Accountants of Kenya

Industry
Audit Accounting and financial advisory

Summary Experience
Mr. Peter Mungai is a seasoned Management Consultant with vast experience in team management, change management, corporate strategy development and implementation, collaboration and corporate partnerships.

He has over 30 years' experience in audit, accounting, and finance and management consultancy having worked in various institutions in different capacities.

He serves in the Public Finance & Tax committee of ICPAK His broad and versatile skill set has enabled him to have notable achievements including being the Past Chairman of the Board Directors of Limuru Golf &Country Club, Chairman of the Board of Finance &Council member of the Kenya Institute of Management and Chairman of New Dawn Investments.

He brings a wealth of experience in management consultancy, statutory audits, MIS Audits and impact assessment on projects having worked in various institutions such as Dan & Anderson Associates, Sub-Saharan Africa (ABM) Eastman Kodak Inc. and Wachira Irungu & Associates.

DIRECTORS PROFILES

DAN AWENDO
Managing Director (Non-Independent)

Years in Industry: 25 +

Education
- AMP from Strathmore Business School and IESE Business School in Spain
- Certified Public Accountant, Strathmore University

Industry
Audit, accounting, corporate finance and management consultancy

Summary Experience
Dan is an accounting and finance professional with over 28 years of post-qualification experience in audit, accounting, management consultancy, corporate finance advisory and entrepreneurship. He is a Certified Public Accountant, a Financial Analyst and a graduate of the Advanced Management Program (AMP) from Strathmore Business School and the IESE Business School of Spain. Dan is one of the founders and

> ***..the only real estate development company listed on the Nairobi Securities Exchange..***

currently the Managing Director of Home Afrika Limited, the only real estate development company listed on the Nairobi Securities Exchange where he's currently leading a turnaround strategy to transform the company into an efficient, profitable and valuable investment vehicle.

Dan is also the founder and immediate former Chief Executive of Investeq Capital, a company that focused on the unique environment of financing Small & Medium sized business in East Africa. Assignment engagements with the International Finance Corporation (IFC), the private sector arm of the World Bank, gave him an opportunity to travel across the continent consulting and training bankers at over 50 commercial banks on SME finance and structured trade finance. Investeq's principal business is the provision of innovative short-term trade and other related working capital facilities as an alternative to traditional banking and capital market solutions to meet the growth needs of SME entrepreneurs in Kenya and Uganda.

Before founding Investeq Capital, Dan was the General Manager for Loita Capital Partners and Loita Asset Management and was responsible for the group's East African Corporate Finance business.

Other Engagements
Dan is currently the President Elect, Rotary Club of Nairobi East. Dan has been a Rotarian for over 10yrs and has played an instrumental role in supporting the club's community project initiatives. Rotary is an international voluntary service organisation made up of 1.2 million volunteers around the world who contribute their time, energy and passion to sustainable, long-term projects in local communities across the globe.

Dan is a board member of various companies in the telecommunications, Africa International University and infrastructure development. He has been a founding board member of the Youth Enterprise Development Fund, a KSh.5billion fund established by the Kenyan government to fund entrepreneurial development amongst the youth in Kenya. Dan has also been a board member and country treasurer of the Kenya Institute of Management, Chairman of the Enablis Loan Fund Investment Committee and a member of an SME Think Tank organized by the Financial Sector Deepening Fund, a DFID program.

Dan has previously been named by The Business Daily as amongst Kenya's "High Impact Entrepreneurs" and also amongst Kenya's "CEO's with Golden Hands". He has also been profiled by The Standard Newspaper as a "Captain of Industry"

DIRECTORS PROFILES

LUKE KINOTI
Non-Executive Director

- (Non-Independent)

Years in Industry: 30 +Education

- Masters of Arts in Sociology - University of Nairobi
- Bachelor of Science in Mathematic & Statistics-University of Nairobi
- Post Graduate Diploma in Management- Kenya Institute of Management

Industry

Investment Banking, Private Equity and Real Estate Development

Summary Experience

Mr. Kinoti, is an accomplished entrepreneur, investor and corporate leader in the world of investment banking and Real Estate, with extensive post graduate training in finance, investment, private equity, business leadership and management. He has had work experience in India, Sri-Lanka, Malawi, Zimbabwe, Ghana, Tanzania, South Africa, Rwanda and Uganda.

Luke began his finance and business careers in 1990 as a founding Chief Executive Officer of ECLOF Kenya. A Microfinance Institution with global headquarters in Geneva, which provides financial and related non-financial services to micro, small and medium entrepreneurs in Kenya.

In 2006, he Co-Founded Fusion Capital, a private equity and real estate development firm with business interests in EAC. The company was awarded ISO 9001:2008 in 2013. He steered the company and in 2016, launched the pioneer development real estate investment Trust (DREITs) in Kenya, and, opening of Kigali Heights, an ultra-modern mixed use complex in Rwanda.

He retired from Fusion Group of companies and joined Suntra Investment Limited, a leading stockbrokerage company regulated by Capital Market Authority (CMA) as Managing Director and CEO. He left Suntra in 2020 to Start Vedman Capital Limited, consulting firm specializing in Finance, Investment and Investor Relations. Vedman is registered by Nairobi Securities Exchange as a Nominated Advisor (NOMAD) and a member of ICIFA

Luke serves in numerous board positions including the chairman of Key Microfinance Bank Plc, Kenya Association of Stockbrokers & Investment Banks (KASIB), Home Afrika Ltd, Riziki Kenya, International Leadership University and REITS Association of Kenya (RAK). He is a member of Kenya Institute of Management (KIM), Institute of Directors (Kenya), and Project Management Institute (MPMI).

Mr. Kinoti is a speaker, mentor and author of "The Merchant's Pearl", a book that addresses challenges that a modern-day entrepreneur encounter.

DIRECTORS PROFILES

MBUGUA GECAGA
Non-Executive Director

- (Non-Independent)

Years in Industry: 25 +

Education
- MBA-Henley Management College
- Bachelors of Science-University of Nairobi

Industry
Marketing, brand strategy and business management.

Summary Experience
A marketer by training Mr. Gecaga has over 20 years of experience in the Marketing and Branding profession.

Having worked with British American Tobacco, the region's largest supplier of tobacco related products, in senior marketing positions in Kenya, Uganda, Ethiopia, Zimbabwe and the Indian Ocean Islands, Mbugua is well versed in strategic marketing, and he brings on-board important skillsets for the execution of the Company's marketing and sales strategies.

Mbugua is currently a consultant with Uza Bora Consultants.

He is also serving in the Finance, Procurement, Admin & Strategy Committee for Home Afrika Ltd where among others he oversees the Group's financial performance and strategy.

Aside from his role in the committee, drawing from his years of experience in marketing, he ensures that Home Afrika Ltd is aligned strategically in relation to brand presence and market.

KENDI OGAMBA
Non-Executive Director

- (Independent)

Years in Industry: 20 +Education
- Bachelor of Laws Degree from the University of Nairobi
- Member of the Law Society of Kenya.

Industry
Legal

Summary Experience
Mrs. Kendi Ogamba is an Advocate of the High Court of Kenya with over 20 years' experience in the legal field. She brings a wealth of knowledge in management, marketing law, regulatory and ethics compliance having worked in various institutions such as Hamilton Harrison & Mathews Advocates, the Coca - Cola Company and Migos - Ogamba & Co. Advocates.

DIRECTORS PROFILES

CAROLINE KIGEN
Non-Executive Director
- (Independent) - Upto12 November 2020

Years in Industry: 20 +

Education
- Master in Business Administration (Accounting)
- Bachelors of Commerce–University of Nairobi

Industry
Audit, accounting and financial advisory

Summary Experience
Caroline, a member of the Institute of Certified Public Accountants of Kenya (ICPAK), is also the current chair of the Professional Accountancy Organization (PAO) Development Committee.

A role that she has served faithfully since January 2014. She previously served as a member of the Compliance Advisory Panel from 2008 to 2012 and its deputy chair in 2013; as the Chief Executive Officer and Secretary to the Council of the ICPAK, a position she held from 2006 to 2014. Mrs. Kigen has also held the role of Director of Professional Services and Deputy to the Chief Executive Officer of the ICPAK.

Caroline also has experience working within the academic world, having served as a lecturer of accounting at the University of Nairobi and Strathmore University for more than five years, as well as working within the audit and assurance department of PwC.

Mrs. Kigen has extensive experience in the boardroom having served in various boards and committees, including KASNEB, the body that examines the professional CPA examinations in Kenya.

BERTHA NAVURI MVATI
Non-Executive Director

- (Independent)

Years in Industry: 15 +

Education
- Bachelor of Business Administration (Finance) – Uganda Christian University
- Programme for Management Development – Strathmore University
- Skills Training: Lease Training – Amembal & Halladay (A&H)

Summary Experience
Bertha N. Mvati is a finance and leasing expert with tremendous experience in deal origination, negotiation, execution and credit risk. She has over 15 years' experience in fund raising, end to end contract management, strategic planning, operations management, budget planning, risk mitigation and board collaboration having worked in various institutions in different capacities.

Bertha holds a Bachelor of Business Administration degree in Finance from Uganda Christian University. She honed her skills further by undertaking the Programme for Management Development course at Strathmore University and a Lease Training by the reputable and respected Amembal & Halladay (A&H).

Her vast and diverse skill set has enabled her to have notable achievements including securing funding for transactions by debt structuring with local banks and offshore lenders while maintaining 100% repayment to all financiers, spearheading the setup of 6 majority-owned subsidiaries across East and Southern Africa, and steering the growth of the lease book from a USD 100,000 book to a lease book of over USD 100M. Her most recent achievement is her heading a Finance & Risk Board Committee which is mandated with ensuring that all financial, risk and compliance processes are running optimally.

In addition to being a Director at Home Afrika Limited, Bertha is also Board member at Avantis Limited and Lipa Chat who are aggregated service providers of IT systems, insurance and fleet management.

DIRECTORS PROFILES

FRIDA A.OWINGA
Non-Executive Director

- (Non-Independent)

Years in Industry: 25 +

Education

- Bachelor of Science Degree in Organizational Leadership and Management from the Regent University, Virginia Beach.

Industry

Learning and Development Coach & Mentor

Summary Experience

Frida A. Owinga is the founder of PassionProfit, a people and enterprise development organization that fosters the creation of jobs and eradication of poverty by helping people turn their passion into profit. She is a certified Business Advisor and Best Year Yet Coaching Partner. She supports her clients to turn their passion into profitable work that they love and enjoy whether employed or self-employed.

She has been working with individuals and organizations for over 25 years across sectors - International Trade, Retail, Tours and Travel and Beauty; and geographies - Japan, USA, UK, South Africa, Uganda, Malawi and Zambia.

Frida studied organizational leadership and management at the Regent University in Virginia; small business management by Small Business Authority in Atlanta, Georgia; Launch and Grow Entrepreneurship at Babson College, in Boston and is an alumnus of 10k Women in Business by Goldman Sachs, USIU-Africa and continues to study to remain relevant and impactful.

She serves on the executive board of Organization of Women in International Trade (OWIT), as the Executive Vice President; non-executive director at Home Afrika Limited, a member of Boardroom Africa and is the Partnerships Director of SME Founders Association an organization that fosters a sustainable business environment for business leaders and professionals to grow and succeed.

MADREN OLUOCH OLUNYA

COMPANY SECRETARY

Education

Madren holds various qualifications including a Master of Law Degree (LL.M) from the London School of Economics and Political Science, UK. She is an Advocate of the High Court of Kenya, a Certified Public Secretary (Kenya) and is also an alumnus of Strathmore Business School, Kenya and IESE Business School, Spain. She is a founder Board Director of the Institute of Directors (Kenya) where she has been a member since inception in 2004.

Summary Experience

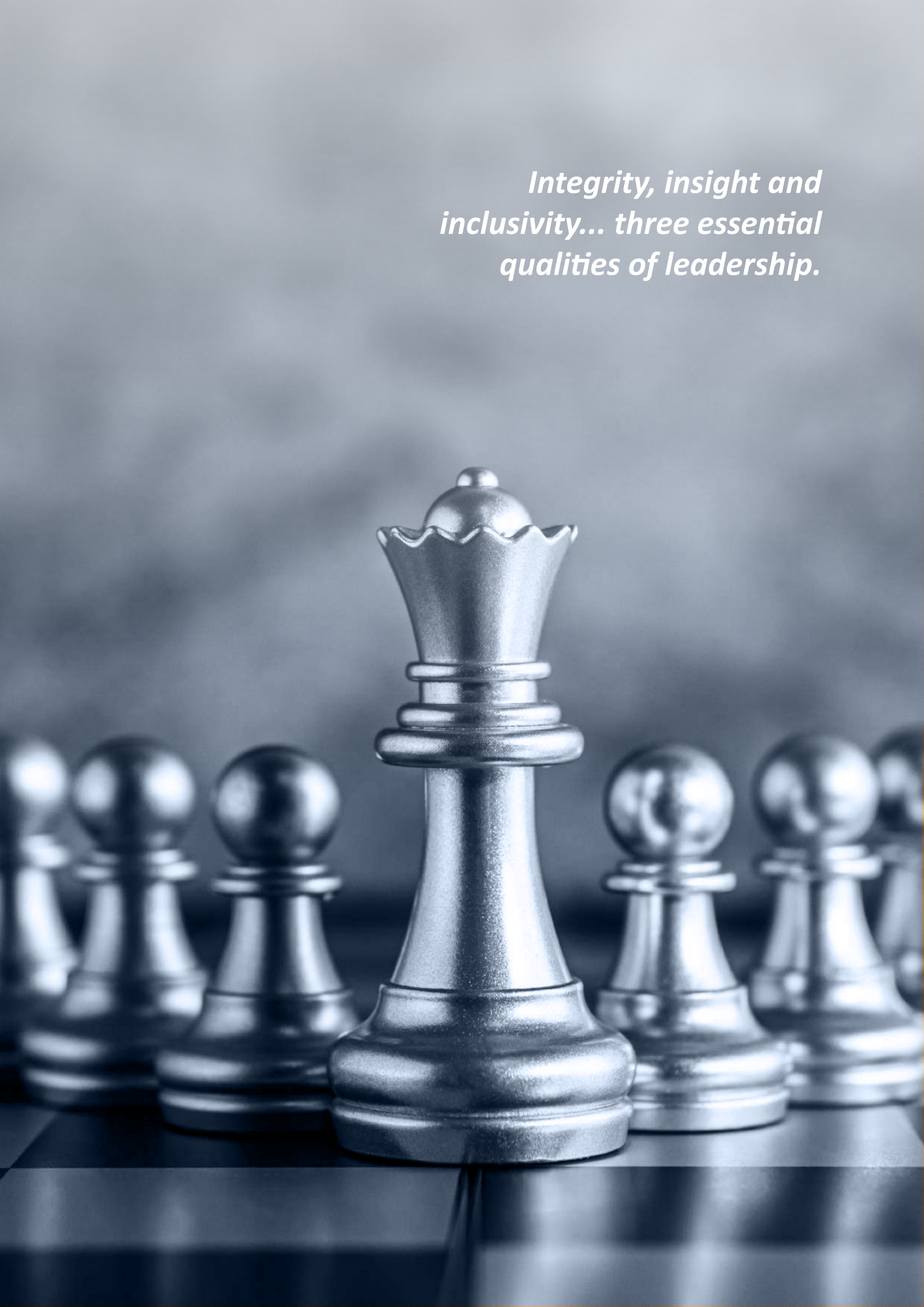
Madren Oluoch-Olunya is the Managing Partner of Azali Certified Public Secretaries LL.P. a premium provider of board secretarial and corporate governance advisory services. She is a multi-skilled professional with extensive management and consulting experience gained over twenty (20) years in Board, Legal and Human Resource practice.

She has worked in both the public and private sectors and across finance, hospitality and fast-moving consumer goods industries within Africa. She has consulted for various clients including the IFC Africa Corporate Governance Program.

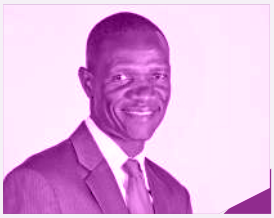
Madren works with various organizations to implement international best practices related to corporate governance and build capacity for the sustainability of these interventions.

She has developed various corporate governance tools, facilitated training workshops, conducted governance assessments and board evaluations, led director searches, induction and provided general governance and HR advisory services in emerging markets. Madren is an experienced Board director and Pension trustee and she participates as a speaker/panelist in several professional forums.

She is also an accredited governance auditor.


Integrity, insight and inclusivity... three essential qualities of leadership.

MANAGEMENT PROFILES



Dan Awendo

Managing Director

Mr. Awendo has over 25 years of post qualification experience in audit, accounting, management consultancy, corporate finance and entrepreneurship. Dan has worked in various senior management positions in both local and international companies and has been a board member of various companies and learning institutions in Kenya.

Dan is the founder and previously the CEO of Investeq Capital, a company that focuses on the unique environment of financing Small & Medium sized business in East Africa. Dan led Investeq Capital to win both local and continental awards in Strategy, Leadership, Customer Orientation, Financial Performance and Entrepreneurship.

He has also previously been named by The Business Daily as amongst Kenya's "High Impact Entrepreneurs" and also amongst Kenya's "CEO's with Golden Hands". He has also been profiled by The Standard Newspaper as a "Captain of Industry.

CPA Jayne Nyokabi

Chief Finance Officer

CPA Jayne is a finance expert, performance leader and a growth champion with over 15 years of experience in Accounting, financial advisory and reporting.

As the chief finance officer, Jayne is responsible for all aspects of finance, investor relations, legal, and office operations and facilities as well. She is in charge of developing finance organizational strategies, analysis, and recommendations to strategic thinking and direction; establishing functional objectives in line with Home Afrika Limited objectives.

Her responsibility involves financial advisory and management, increasing the financial stability, establishing finance operational strategies by evaluating trends; determining profitability, accumulating resources; and implementing change as well as ensuring efficient resource utilization for Home Afrika Limited.

Jayne holds a Bachelor of Commerce (Finance), and is ongoing with her Masters. She is a Certified Public Accountant of Kenya and a registered member with ICPAK.

She is also a member of (AWAK) the Association of Women Accountants in Kenya.

MANAGEMENT PROFILES

Bruno Obodha

Group Commercial Manager

Bruno, a registered Real Estate Agent with the Estate Agents Registration Board of Kenya has a wealth of experience in sales across various industries.

He has acquired most of his training and experience in sales from the banking industry where he started as a Sales representative and rose to become the regional sales manager in Faulu Kenya, a micro-finance institution.

Prior to joining Home Afrika Ltd he was the Country sales & Partnership Manager at PayKonnect Kenya where he was instrumental in developing and implementing its National Commercial Strategy. Under his leadership he was responsible for steering the company towards achieving a profitable sales volume. He has held similar roles in other institutions such as Ringier Kenya Ltd which runs various ecommerce sites and Kenya's premier job application site, BrighterMonday.

Alongside pursuing his PHD, Bruno holds a Masters in Project Management- University of Nairobi, a Bachelors of Science in Economics-Bugema University and a Post graduate diploma- Kenya Institute of Management.

Riapius Magoma

PR, Brand and Marketing Manager

Riapius is a consummate corporate communications practitioner with over 5 years' experience in developing and delivering communications and marketing strategies for organizations.

As head of PR and Marketing at Home Afrika she develops and Implements creative marketing strategies and spearheads strategic partnerships that help grow Home Afrika Limited network and opportunities. Before joining Home Afrika Riapius held multiple marketing and communication positions with a government organization Rift Valley water Service Provider, a Credit firm Stima Sacco, technology provider, Smoothtel and Data solutions and a publishing and event company Marketing Africa. During her tenure with Marketing Africa the organization saw exponential growth becoming a recognizable market leader.

Riapius is a proud graduate of Mount Kenya University, where received her B.A. degree in Public Relations before finding her passion for marketing and pursued a post graduate diploma in Marketing from Kenya Institute of management.

Riapius has a strong appetite for learning and is currently finalizing her masters in Communication from University of Nairobi, she is a certified digital marketer with certification from ADMI and an active member of the Public Relations society of Kenya and Chartered Institute of Marketing.

Dickson Wanjohi

General Manager - Migaa

Dickson has over 15 years of experience having worked for various organisations including Taxplan Consulting Associates, Oldonyo Laro Group Ltd and has in-depth experience working with Audit, Accounting, Tax and Financial Reporting.

His responsibility involves the daily management of Home Afrika Communites Limited (Migaa) - a subsidiary of Home Afrika Limited - where he ensures profitability, growth and goodwill as well as resources being utilized in the most efficient manner.

Dickson holds a Masters Degree in Strategic Management from the University of Nairobi and a Bachelors degree in Business Management specializing in Finance and Banking from Moi University.

Dickson is a CPA (K) and registered member with ICPAK.

MANAGEMENT PROFILES

ROBERT SIMIYU

Origination and Product Development Manager

Robert Takes a vision and makes it reality through sound product development. He intuitively sees the threads of opportunity that wind through the industry, brings them together into a coherent whole, helps others extend their thinking, and drives material business advantage.

As head of product Development Simiyu has Revolutionized the way products are looked at in the industry, Revolutionizing processes that optimizes output for Each product. Prior to joining Home Afrika Robert served as the Head of Portfolios at Villa care limited a leading real estate Company Based in Nairobi where he was responsible for onboarding and overseeing company portfolio in over five counties in Kenya Championing portfolio growth. He has held similar positions in different institutions namely Anchor Group of Companies – A real Estate Consortium, ABSA Bank and KEPSA-the Umbrella body of private institutions championing Advocacy.

Mr. Simiyu Brings with Him an Extensive scope of over 8 Years in product development and Management.

He is a Graduate of a Diploma in Public Administration and Management from Moi University and a Bachelors in Business administration and Management from Mount Kenya University, he has done several trainings aimed at transforming teams majorly - Life Skills Training, Core Business Skill Training, Behavior Change Communication – A.N.U

Beth Murugi

Human Resources & Admin Manager

Beth Murugi brings over 8 years' experience in administration and Human Resource Management.

As the Head of Human Resources, administration and purchasing department, Beth spearheads the recruitment process, reviews and develops relevant policies, handling any grievances and implementing disciplinary procedures. In her dual role as Head of Administration, she oversees the support staff, manages service contracts and the office space, while also leading the implementation of new office administrative procedures and policies.

Beth is a graduate of St Paul's University with a Bachelors of Business Administration specializing in Human Resource and Business Management.

Ms. Murugi also holds a Post Graduate diploma in Human Resource Management and is a registered member of the Institute of Human Resource Management.

Sammy Njiru

IT Manager

Mr. Sammy Njiru is a performance driven and high-energy leader able to work with various stakeholders to achieve the company's strategic goals.

He has Over 11years experience in Retail, IT, Telecommunication and the Real Estate industry; At Home Afrika he has been keen with using technology to improve productivity, revenue, profits and margins for business via strategic partnership and within budget and cost project delivery.

He has extensively worked with Education Institutions, equity bank, Time-con limited as ERP Implementation lead. Mr. Sammy Njiru holds a Msc in GIS & Remote Sensing(ongoing) and BSc in Information Technology (Hons) from Jomo Kenyatta University.

Mr Sammy Njiru is a Qualified Associate CCNA Engineer, SAP B1.He is also a member of the ISACA and CISA Kenya.

Alone we can do so little,
together we can do so much.
~ Hellen Keller

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Home Afrika group integrated annual report and financial statements for the year ended 31st December 2020.

The year 2020 will be one for the history books and will be remembered as the year that the Covid 19 pandemic hit most of the world including Kenya. The pandemic has had a negative impact on the global market activities. Sub-Saharan Africa was considerably worse than anticipated and with great uncertainty, due to the under developed health care systems. To try curb the spread of the virus, the government put in place health care directives such as; social distancing, travel restrictions, curfews and county lockdowns which really affected different businesses across all sectors including all property sectors - retail, commercial, travel, hospitality and leisure.

The pandemic derailed growth of the Kenyan Economy and impacted most medium-term growth prospects country wide.

"The growth outlook is however positive. A report by the African Development Bank "AfDB" indicated that the economy is projected to grow by 5.0% in 2021 and 5.9% in 2022".

An overview

Kenya's economy has been incapacitated by the COVID–19 pandemic. In 2020, GDP growth decelerated to 1.4% from 5.4% in 2020. The growth was mainly supported by agriculture, while other services and industries generally weakened which resulted in a dampening effect.
Expansionary fiscal, monetary, and financial policy measures were introduced to mitigate the impact of the pandemic on businesses and households; hence, inflation is expected to ease to 5.1% because of lower aggregate demand.

Public debt surged to 72% of GDP in 2020 from 61% in 2020, driven mainly by public investment in infrastructure, debt management–related challenges, and the COVID–19 crisis.

The growth outlook is however positive. A report by the African Development Bank "AfDB" indicated that the economy is projected to grow by 5.0% in 2021 and 5.9% in 2022. The rebound assumes that economic activity will normalize due to a full reopening of the economy. Inflation is projected to remain within the Central Bank of Kenya's target range of 2.5% to 7.5%.

Covid 19 Mitigation strategies

Despite the negative effects of the Covid-19 pandemic, the group reported significantly reduced losses and an increase in absolute sales. The Board has put in place a turnaround strategy which will help focus the management team to the following key areas: -

- Additional revenue streams to boost topline revenue, generating liquidity from new business lines;
- Completion of existing projects while completing reorganization of some;
- Additional cost rationalization & reduction; and
- Capital raising.

This strategy will ensure that the group improves its performance and creates value for all stakeholders.

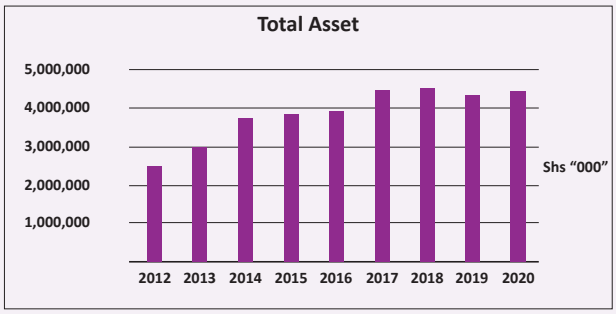
Board Operations

During the year 2020, we saw some changes in the board membership, two directors retired, including the Board chair, Mr Peter Nduati. The regulator, CMA, approved the appointment of two new directors and the appointment of Mr. Peter Mungai as the new board chairman.

The Board of Directors remained committed to overseeing the implementation of sound corporate governance practices and structures. To enable efficient implementation of its duties, the Board delegated its authority to various committees to include; the Nomination, Governance, HR & Administration Committee which is particularly tasked with ensuring compliance with relevant regulatory bodies and standards.

Share Performance

Despite our depressed share price, the book value of the group's sellable land and other inventory stood at KSh 3.6 billion in 2020. We continue to invest in infrastructure of the various projects, especially our main project, Migaa Golf Estate, which will help improve the market value of the land bank as the land becomes more desirable.



We know it is factual that our market capitalization is not reflected in our balance sheet size, especially if the current land market value is factored in. This is because our inventory in the balance sheet is carried at cost and not at the market value. This is in accordance with the IFRS reporting requirements.

Dividends

The directors do not recommend a dividend for the period ending 31st December 2020

2021 Strategic Outlook

In response to the effects of Covid-19 pandemic, the board put in place mitigation measures, which include: -

- Developing sales and marketing strategy for buyers that have depressed disposable income and those that are seeking good deals;
- Cost/salary reductions; and
- Introduction of virtual tours to the various sites while providing PPE for the physical site visits and increasing digital marketing presence.

The board remains confident in Home Afrika's long term strategy, especially given that the values booked in the group's balance sheet year on year continue to improve as the project's percentage of completion improves. Percentage of completion will continue to improve as additional resources are invested in infrastructure of the projects.

Appreciation

I am encouraged by the ongoing global medical research of vaccinations and the various mitigation measures to help us overcome this pandemic and aid in the gradual improvement in economic activity. I am optimistic that 2021 will be a better year for all of our stakeholders.

PETER MUNGAI

Chairman
Home Afrika Ltd

MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

I am pleased to present you with the financial results for the year ended 31st December 2020.

2020 Performance Review

The year 2020 saw a global health crisis brought about by the COVID 19 pandemic. Kenya's economy was severely hit leading to the contraction of the economy, reduced resource base for the government and a breakdown of the social welfare. Like all other sectors, the real estate sector also recorded a decline in development activities and transactions attributed to by the pandemic.

Despite the tough economic environment, the group reported a 15-fold growth in its gross profit for the year ending 31st December 2020, compared to the same period in 2020 growing it's gross profits by 1,344% from Kshs. 3.6 million to Kshs. 52.4 million.

"We continue to invest in infrastructure of the various projects, especially our main project, Migaa Golf Estate, which will help improve the market value of the land bank as the land becomes more desirable"

Actual sales, not adjusted for percentage of completion, increased 4% during the year from Kshs. 645 million in 2020 to Kshs. 672 million in 2020.
The Growth of actual sales by the group came against all odds faced by the industry in general, especially during the wake of a depressed economic environment and the significant negative effects of Covid-19 pandemic. In addition to growth in actual sales and gross profit thereof, the group has reported a 62% decrease in loss before tax for the period ending 31st December 2020 of Kshs. 338 million down from Kshs. 887 million posted in 2020.

Unfortunately, IFRS accounting policy only allows us to recognize deposits from sales as revenue once a plot owner has completed payment, title has been registered and the project is complete. This means the billions we have sold year on year and sales deposits collected can only be accounted for as deferred income liabilities in the balance sheet thus presenting a larger negative net asset value on the balance sheet than should in real sense actually be.

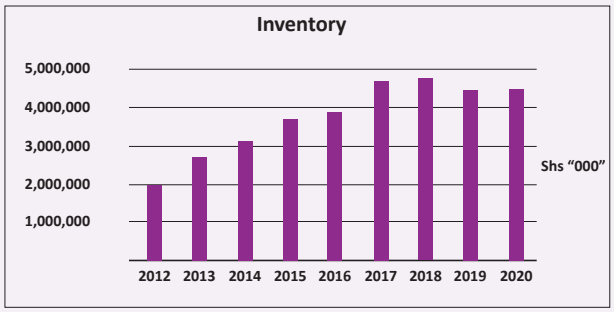
The book value of the group's sellable land and other inventory stood at KSh.3.6 billion in 2020. We continue to invest in infrastructure of the various projects, especially our main project, Migaa Golf Estate, which will help improve the market value of the land bank as the land becomes more desirable.

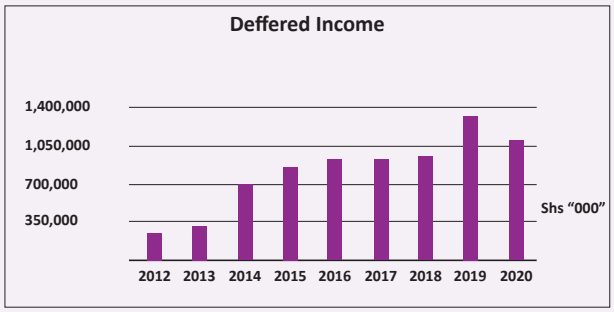
ACTUAL SALES IN 2020

KES 672M

ACTUAL SALES IN 2019

KES 645M





Business model

Our core activities include Origination, Product Development (including Land and other properties) and Commercial / Sales. We ensure we have the right products in the market and adequate skills.

Currently, products being offered to the market include, but is not limited to, Smart Plots, Private Developments, Migaa Land and Developments, Property letting services, Short stay rentals, Property Management Division and Land Survey Division.

Marketing these products is a critical part of the functions that must be well manned and run, especially during this Covid 19 pandemic. Social media marketing has been a critical marketing platform amidst the pandemic. Virtual tours and social media posts have also played an important role in showcasing our products in the market.

Other functions that support the business include; Finance-Accounting & Treasury, PR & Communications, Administration, ICT, Legal & Compliance, HR & knowledge management and Audit & Risk.

Our desired outcome includes but are not limited to; Profits, Customer satisfaction, Cashflow sufficiency, Project turn around time and Positive PR in the market among others.

Status of Strategic Investor

The progress of the various engagements we had initiated with potential investors were adversely affected by the Covid 19 pandemic. Some of the investor's businesses were affected and they had to cease the engagements, others being international investors, could not visit the country due to some of mitigation measures put in place by the Ministry of Health, which included travel restriction.

Status of Board and Management Governance Structure

COVID-19 pandemic has brought forth unforeseen circumstances which significantly altered the business environment in Kenya and globally. The board put in place mitigating measures to counter the adverse effects of the pandemic on business. These measures included; Planning and executing a Strategic Digital Marketing Campaign, developing virtual tours for all our products, Cost cutting including Salary cuts, some lay-offs and some staff going on unpaid leave, Development of profit-sharing proposals among other strategies.

The group has well complied with Capital Markets Authority Corporate Governance Code that enables it run professionally and smoothly to meet stakeholder objectives.

Outlook

We see a more positive outlook for the real estate industry in 2021, especially following the global roll-out of the vaccine which raises hope for the containment of COVID-19. However, investors are mindful that most businesses may be restructuring and downsizing their operations to survive another year of uncertainty prior to the 2022 general elections in Kenya, thus affecting uptake.

We will mainly focus on on-boarding more smart plot projects in 2021 as we work on our recovery model which include being more innovative and capitalizing on the digital platforms.

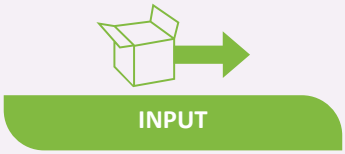
Appreciation

Finally, I wish to acknowledge the support and direction that the management and I have received from the Board of Directors. We equally remain most grateful to our shareholders, development and strategic business partners for trusting us with their resources. Lastly, to my fellow colleagues, the staff at the Home Afrika group, without whom the above achievements would never have been possible. I appreciate every individual's passion and enthusiasm as each delivered on their respective KPIs. Thank you so much for your efforts, dedication and determination. I look forward to an exciting and successful 2021.

DAN AWENDO

Managing Director,
Home Afrika Limited

THE COMPANY BUSINESS MODEL



HUMAN CAPITAL

- Skilled, motivated employees
- Strong leadership team
- Experienced team

FINANCIAL CAPITAL

- Debt equity financing
- 425M market capitalization

STAKEHOLDERS

- Positive relationships with unionisable & non-unionisable
- Positive supplier relationships
- Corporation from government & legislators e.g CMA/KRA
- Good staff relations

INTELECTUAL CAPITAL

- The only listed real estate
- Our brand & reputation

NATURAL CAPITAL

- Energy, Fuel & Water
- Sewer treatment
- Garbage re-cycling

MANUFACTURED CAPITAL

- Buildings
- Site office
- Tractor (equipment)
- Vehicles

VALUE CREATION PROCESS

CORE ACTIVITIES

1. Origination
- Smart plots
- Migaa plots
- Property Management.
- 3rd party projects
- Valuation, Surveying & beaconing

2. Product Development
- Due diligence & structuring
- Financial modelling
- Branding & marketing
- Value addition & infrastructure
- Vendor and offtake financing

3. Commercial
- Relationship managers
- Site visits
- Corporate desks & presentations

SUPPORTING ACTIVITIES
- Finance - Accounting & Treasury
- PR & Communications
- Administration
- ICT
- Legal & Compliance
- HR & Knowledge Mgt
- Audit & Risk

OUTPUT
- Commercial & Residential property
- Conference facility
- Land:
  - Mitini
  - Migaa
  - Kerobi
  - Sidai
  - Entim
  - Tulivu 1 & 2
  - Batian
  - Lakeview
  - Llango

OUTCOME
- Profit
- Customer Satisfaction
- Achieved Targets
- Countrywide Engagement
- Timely Financials
- Cashflow Sufficiency
- Project Turnaround
- Vendor/Client Finance
- Lean cost origination
- Positive PR in the Market

OUR REVENUES
- Sale of commercial and residential property
- Hire of conference & Virtual Offices
- Commission from letting
- Short stay revenue
- Land survey income

OUR COSTS
- Infrastructure costs
- Finance costs
- Sales & Marketing Costs
- Human Resource & Administrative costs

BUSINESS MODEL ACTIVITIES

Development

Once the land is purchased and planning has been completed the actual development of the project can begin. Home Afrika only procures high quality products that also live up to all current environmental requirements and is therefore known in the market for only developing projects of the highest quality.

Through economies of scale and by having strong relationships to key suppliers it is still possible to keep costs at a minimum. Securing the required funding for a project in due course and on an affordable basis is another extremely important factor for a successful property developer. Our typical funding structure normally includes equity, debt and pre-sales.

Over the years Home Afrika has managed to improve its relationships with various financial players in the market spanning from commercial banks, potential equity investors and new commercial partnerships.

The company is cognizant that securing adequate funding in a timely manner has previously presented some challenges. It is for this reason that a central part of Home Afrika's Short to Medium Term Strategy "Home Afrika 2.0" is looking to on-board a new strategic investor with substantial financial capacity.

Home Afrika will additionally continue to seek new commercial partnerships as well as building its relationships with key financial institutions in order to further strengthen this area.

Products/Projects Origination

Home Afrika has diversified in the following products/projects so as to expand its revenue base:

- Property sales
  Own properties and 3rd party properties
- Property development
- Short stay accommodation
- Land survey

This is within the goal of establishing itself as an all-round solution provider in the real estate industry.

Marketing

Home Afrika uses various marketing strategies to reach its wide clientele base that includes corporates, diaspora, investment groups, businesses among other sectors of the economy. It does this via; social media marketing, corporate presentations, mall activations, sponsorships e.g. golf tournaments, diaspora engagements and out-door activities. Social media marketing has been a critical marketing platform amidst the Covid-19 pandemic. Virtual tours and social media posts have played an enormous role in showcasing our products in the market.

Commercialization

This involves careful design, planning, permitting and engineering where the fully integrated model of Home Afrika again helps to ensure an efficient process. All processes are aligned through the continuous feedback loop that takes place and the execution risk is ultimately reduced.

Target clients' expected requirements are also included in the process to ensure that the commercial side is always aligned to the planning and designing of the project.

Monitoring new construction regulation on a continuous basis by carrying out a detailed advance study of the existing master plan also helps to improve the chance of receiving all necessary approvals in good time.

Product Development

Product development involves the following; Due diligence & Structuring, Financial Modelling, Branding & Marketing, Value addition & infrastructure and Vendor and offtake financing.

CAPITAL	INPUTS	OUTCOMES	BUSINESS ACTIVITIES TO ENHANCE OUTCOMES	CHALLENGES	COMPETITIVE ADVANTAGE OF THIS CAPITAL
HUMAN CAPITAL					
• At Home Afrika Group, the expertise, wellbeing and motivation of employees, contractors and service providers are a key factors to generating value. • We ensure provision of a safe working environment, and invest in training of our employees. We strictly observe of the MOH guidelines in regard to the Covid-19 situation to ensure safety of our employees. • We further ensure fair labour practices.	• 49 skilled and motivated employees • 29 Casual workers • An experienced and diverse Board guided by the company values	• Kes 2.4m was invested in training of employees and general staff welfare • 46% of women in the workforce	• The strength of our corporate culture, the appreciation based on meritocracy and the investments in our employees' professional development are some of the initiatives that add value over time. • Home Afrika has developed a capable and engaged workforce while ensuring a clear succession plan for its staff • We further ensure a safe workplace and promote the health and wellbeing of our employees. Employees are constantly updated on the Covid-19 pandemic and necessary trainings and safety precautions done. • The Home Afrika Board provides leadership through responsible citizenship.	• Cost of acquisition of competent staff and their retention implies relatively high cost • Staff exits • Lawsuits - with regards to the exiting staff	• The diverse backgrounds and professional training of our staff at HAL ensure that we are a leader at the Real estate market. • At Home Afrika, we are an equal opportunity employer without regard to race, national origin, religion, gender, age, sexual orientation, veteran status, physical or mental disability or other basis protected by law. While the Company is committed to following this principle in every facet of employment, all employees share in the responsibility to promote and foster a favorable work environment.

CAPITAL	INPUTS	OUTCOMES	BUSINESS ACTIVITIES TO ENHANCE OUTCOMES	CHALLENGES	COMPETITIVE ADVANTAGE OF THIS CAPITAL
SOCIAL CAPITAL					
• Developing and maintaining trusted relationships is a foundation for value creation. This has taken on added significance given the recent negative reviews on real estate firms. The challenging and competitive price environment has required us to take actions that have tested many of our relationships.	• Positive relationship with our Customers. • Shareholders summary page 88 • Positive supplier relationships • Cooperation from government and regulators. • Positive relationship With unionized and non-unionized workforce.	• 46% women in workforce. • Amicable Project close out for Lango, Lakeview, Kikwetu & Kantafu projects • Delivery of social benefits to the community.	• Timely communication with our stakeholders. • Ensuring full compliance with all the regulators. • Upholding highest social standards. • Making a positive social contribution through our CSR Report page 81 - 82		

CAPITAL	INPUTS	OUTCOMES	BUSINESS ACTIVITIES TO ENHANCE OUTCOMES	CHALLENGES	COMPETITIVE ADVANTAGE OF THIS CAPITAL
NATURAL RESOURCES					
Natural Capital	• We use borehole water for all our completed projects, Migaa and Morningside Office park. • Solar usage in our residential properties. i.e. Mitini	• We have adopted a 50% green concept in Migaa, where for every 1 acre of build, we have 1 acre of green. • Garbage recycling in Morningside Office park. • Sewer Treatment plant at Migaa	• Provide leadership through responsible citizenship. • Conducting energy audits	• Long term nature of the projects at HAL leading to unease with clientele • Share price is dictated by market forces since Home Afrika is a publicly listed company, leading to share price fluctuations. As a result, the share value doesn't necessarily portray the book worth of the company. • Not all clients are acceptable to the project close outs leading to lawsuits • Stringent regulations from the government	• At Home Afrika, the 1 acre of green for every one acre of build is a unique concept that's been incorporated at our Migaa project. It ensures that we conserve green space, and is one of a kind in Kenya

CAPITAL	INPUTS	OUTCOMES	BUSINESS ACTIVITIES TO ENHANCE OUTCOMES	CHALLENGES	COMPETITIVE ADVANTAGE OF THIS CAPITAL
FINANCIAL CAPITAL					
• Funding is derived from either debt or equity. This is utilized to implement our strategy of acquisition, development and management of high-quality property.	• Kshs 154m Market capitalization as at Dec 2020 • Kshs 4.8m Utilized for capital expenditure	• Dividends to be reinstated at the appropriate time			
INTELLECTUAL CAPITAL					
1. Intellectual Capital • The only listed Real Estate development company • Our brand and reputation • Static web and mobile inventory	• Rigorous projects department • Surveying equipment. • Internal Database management systems.	• Survey equipment acquired. • A qualified professional surveyor hired.			

BUSINESS ENVIRONMENT AND OPERATING CONTEXT

The year 2020 had a very unique real estate business environment and operating context due to the COVID-19 pandemic and as a result, real estate companies were forced to adjust and adapt to the circumstances that arose due to the pandemic. Several key factors influenced the context within which the company operated. These factors are as follows:

a. Operational changes due to the COVID-19 pandemic

b. Reduced consumer spending

c. A Buyer's market

Operational changes due to the COVID-19 pandemic

Due to the COVID-19 pandemic, stringent measures were put in place by the Government to protect the public and curb high infection rates. These measures ranged from a total lock down of some areas which restricted movement to other parts of the country, to social distancing measures that reduced capacity in large capacity vehicles.

Marketing of products and interaction with clients became majorly digital. Also, most companies allowed staff to work from home in order to keep them safe without compromising on their productivity.

Companies had to leverage on technology to keep clients informed, staff productive and keep business moving.

Strategic Response

Home Afrika Limited was quick to adapt to the new operating environment. Staff were allowed to work from home but productivity did not decline since measures to track staff productivity were put in place and as a result, sales continued to be realized.

Site visits to the various projects continued albeit at a small scale. All Ministry of Health protocols, including social distancing in the site visit buses, were strictly observed so as to keep the clients safe.

The company implemented a virtual inventory system that was placed on the company website that made it easy for clients to know the available inventory just by clicking a button from the comfort of their homes.

The company also used its digital platforms, not only to market the company's products and disseminate company information but also along with other corporates, to inform, educate and encourage the public during the pandemic.

Reduced consumer spending

The COVID-19 pandemic led to significant adjustments to the income of many households - salaries were reduced, staff were laid off, some companies closed down and some property sectors like hospitality and leisure were worst hit.

A survey by the Kenya National Bureau of Statistics in June 2020 showed that for every 10 families, 6 had their breadwinner unable to provide for them due to the pandemic.

This meant that consumers had to significantly reduce their spending and focused on spending on basics only. As a result, real estate property buyers from the lower end of the market reduced significantly.

Strategic Response

Home Afrika was affected by reduced consumer spending given the affordable inventory that is available for sale. The company however adapted to this by aggressively marketing the products digitally and giving discounts to encourage full payment of outstanding amounts which positively impacted both sales and receivables.

A buyer's market

As demand for real estate property from the lower end of the market declined, demand from the high end of the market remained steady. This is because the high end of the market is usually not price sensitive.

This demand, being from a small segment of the market, still kept demand for real estate property low. The low demand in the market led to a buyer's market which meant that buyers dictated prices to a very large extent. High end buyers took advantage of the leverage they had to ask for low prices for real estate property.

Strategic Response

Home Afrika strategically responded by aggressively marketing property at the Migaa development. This being a product for the high end of the market, demand remained steady and sales were still realized. Having inventory in the Migaa project was of significant advantage to the company in 2020.

STAKEHOLDERS ENGAGEMENT

KEY STAKEHOLDER CONCERNS/EXPECTATIONS & THE COMPANY'S RESPONSE

STAKEHOLDER	CONCERN(S) / EXPECTATIONS	COMPANY RESPONSE	METHOD OF STAKEHOLDER ENGAGEMENT	LINK TO ETHICS & VALUES
Employee (All levels)	• Job security • Career growth • Competitive Remuneration • Employee welfare & safety	• Work-from-home instituted during COVID-19 period • Recognition for good performance • Staff needs forecasting & regular recruitment • Departmental budgeting done by Dept. members • Incentives • Performance Improvement Program (PIP) • Competitive remuneration • Recognition for good performance • Consultative decision-making platform	• Virtual meetings • One-on-one Interviews • Staff Meetings • Email & phone communication	• There is a Staff Code of Conduct & Ethics • Performance Appraisals are carried out regularly • A culture of ownership & accountability guided by a bottom-to-top approach in setting Targets & KPIs
Shareholders	• ROI • Maximization of the value of investment	• Company restructuring (management & board) to improve productivity and efficiency • Wider product portfolio • Creation of liquidity • Providing platforms to facilitate the addressing of concerns & questions from shareholders promptly (MD also involved in this) • Fund-raising to complete projects and free up profits to pay dividends	• AGM Meetings (held the 1st virtual AGM in 2020) • Special Meetings • Online platforms • Email & Phone communication • Mass media	• Restructuring of the company both at Board and Management levels was undertaken to ensure efficiency & effectiveness in how the company is run day to day - the company got two new Board members in 2020. • Active engagement of Financial journalists so as to help the Investor understand better how the company reports its financials so as to change public perception and improve the share price.
Suppliers/ Creditors	• Provide a market • Payment for raw materials, products and services	• Scheduled payment of suppliers • Reasonable credit terms to ensure they are paid as expected • Giving repeat business • Penalties that are applicable (if any) are also stipulated • Room provided for renegotiation of terms	• Virtual meetings • One-on-one Meetings • Email & Phone communication • Mass media	• A Pre-qualification of Suppliers and 3-bid analyses during the procurement process is always undertaken to ensure that the company gets the best suppliers and gives repeat business to the suppliers.
Society/ Community	• Operate as a responsible corporate citizen • Contribution in the area/ community the company operates in	• Ensure compliance with NEMA regulations • Provide employment opportunities • Value of property has appreciated • Improved infrastructure in conjunction with the county government – road fixing from Kiambu Road to Migaa, street lights up to Kiambu Road • Improved security in conjunction with the National Government – police post was set up because of the existence of the Migaa project	• One-on-one Meetings • Email & Phone communication • Mass media	• CSR activities were undertaken – in collaboration with MySpace Properties, food donations were given to needy families to help alleviate suffering due to COVID-19. • Casual employees at our Migaa Project are drawn from the immediate community

KEY STAKEHOLDER CONCERNS/EXPECTATIONS & THE COMPANY'S RESPONSE (CONTINUED)

STAKEHOLDER	CONCERN(S) / EXPECTATIONS	COMPANY RESPONSE	METHOD OF STAKEHOLDER ENGAGEMENT	LINK TO ETHICS & VALUES
Governments	• Tax compliance • Compliance to existing laws – land laws, company laws • Contribution to economic growth through job creation	• Ensure up-to-date remittance & payment of tax • Restructuring & prompt payment outstanding back taxes • Compliance with all relevant laws • Compliance with regulatory requirements & standards • Provide employment	• One-on-one Meetings • Email & Phone communication • Round Table discussions	• The company is regulated by the CMA & the NSE and is committed to complying with these regulators' requirements by ensuring that there is proper corporate governance and compliance with all the requirements of being a listed company • Payments to KRA were remitted.
Customers	• Quality and innovative products that meet their needs	• Individualized attention by the sales team members who guide the customer through the entire purchase process and provide project & document processing updates • In-house Legal Department to tasked with direct processing of property ownership documents so as to improve speed of processing the documents • Seeking & acting on customer feedback • Prompt issuance of statements to customers	• Virtual meetings • One-on-one Meetings • Email & Phone communication • Mass media • Social Media	• Social Media platforms are active and prompt in responding to customer issues be it feedback, questions or complaints. • Home Afrika has a comprehensive CRM through which data and information from customers is stored making engagement with customers better and informed.
Financiers	• Not to exposed to undue risk • Company meets all its financial obligations	• Commitment to paying off all the loans through prompt payment and restructuring	• Round table meetings • Email and phone communication	• The company purposes to meet all its financial obligations by repaying its debts and engaging its financiers when necessary

MATERIAL RISKS AND OPPORTUNITIES

Material risks are the factors that have the most impact on our ability to create long-term value. They have an impact on our productivity, performance and relationships with our stakeholders. These matters influence the strategic approach adopted in steering the group.

The Home Afrika Board has wholly committed the group to a process of risk management that is aligned to the principles of best practice and corporate governance. Proper risk assessment enables us to anticipate and respond to changes is the business environment as well as make informed decisions under conditions of uncertainties.

Home Afrika risk management processes are embedded in our everyday business activities and culture. For us, risk management involves achieving an appropriate balance between realizing opportunities for business gain while minimizing the adverse impacts of these risks.

	CAPITAL STABILITY	GOVERNMENT POLICIES	OPERATING ENVIRONMENT	PEOPLE
MATERIAL MATTERS	• Adequate capitalization and need for low cost financing partners. • Liquidity & Revenue Growth • Project Completion & Profitability	• Government policies on affordable housing • Government policies on Physical planning policies	• Challenging Macroeconomic and microeconomic Environments. • Evolving regulatory Landscape	Talent nurturing, management and retention
RISKS	• Project delays • Reputational issues • Litigation Risks • Market risk	• Key players moving towards the affordable housing space Risk of investments declining in value due to Government affordable housing project.	The macroeconomic environment, characterized by increase in construction costs, slowdown in credit expansion, political uncertainty creates great business risks.	The effective execution of strategy is adversely affected by the failure to attract and retain talent.
OPPORTUNITIES	With the return of free-floating interest rates from banks, Home Afrika has the opportunity to get local bank financial partners who are willing to partner in infrastructure projects. Recent enforcement of the clean energy rules that require all large scale domestic housing units install renewable energy for water and house heating may have a significant cost effect on future projects by Home Afrika.	The government policy to deliver decent housing to working Kenyans is in line with HAL's business strategy. The supply of equitable housing will in turn increase new consumers/a new market in moderate - income households. The affordable housing policy will lead to decrease in manufacturing cost related to the real estate sector thus creating an opportunity to increase the overall output of the company.	Political tension played a vital role in discouraging investment in real estate especially postponing of property -purchase decisions due to the uncertainty of election results, with political stability post the general elections this provides a great opportunity for credit advancement more so for households relying on the credit market towards home acquisition.	Talented employees are a great tool in responding to changes in our operating environment mentioned. Management of performance to ensure optimal productivity is essential.

Other Risks

Risk means the quantifiable likelihood of loss or less than expected returns.
Risk management is the process of identifying, monitoring and managing potential risks in order to minimize the negative impact they may have on an organization.

Risk Management Process

Risk Management is the logical and systematic process of identifying assessing, managing and reporting all risks associated with the Company's business activities to minimize losses and maximize opportunities to pursue strategic goals. The Risk Management Process outlines a standardised approach to the identification, analysis, evaluation, treatment, communication and monitoring of risk. All services will use this standardized approach and record the outcome in a series of Risk Registers. The Risk Registers will be collated at key organisational levels allowing for risks to be managed at the most appropriate level in the organisation i.e risk that falls outside the control of a line manager may be escalated to the appropriate level of management.

It is essential that action plans for the risks contained in the Risk Register are identified and an action person assigned. These Risk Registers must be under active consideration and be the subject of regular review.

Strategic Risks

These are risks that can prevent the group from achieving its business objectives and goals. They arise from improper implementation of a company's strategy and thereby deviating from it. The purpose of assessing strategic risks and opportunities is to identify the business operations which can be deployed to attain the objectives taking into account manageable risks, and also avoiding those business operations which involve unreasonably high risks. In addition, management of strategic risks facilitates the company's ability sustainably manage its personnel through the assurance that individual responsibilities are aligned with the overall company strategy and business objectives.

Financial Risks

These are risks that arise from gaps in budgeting, funding and revenue management.
Exposure on any of these fronts would affect the company's ability to manage its financial obligations. Budgeting exposure would manifest itself in the form of expenditures that are beyond the approved budget or expenditures that are incurred with no consideration to the budget lines. Funding risks would manifest in the company's inability to meet its financial obligations to service providers and creditors whose extreme consequence would be attachment of company assets or insolvency proceedings. Revenue risk exposure are those risks that the company faces when the its income streams are disproportionate to the capital investment thereby creating loss making ventures.

Legal & Regulatory Risks

Regulatory risks are exposures that arise from the company's failure to comply with regulatory requirements. They are annual and mandatory and therefore failing to comply may put the company's listed status in jeopardy. Legal risks are those that arise from civil litigation suits and public disputes regarding ethics, environments degradation or destruction, fraud, labor relations or any criminal proceeding against the company. Legal risks increase financial and reputational risk exposure and disclosures must be made as frequently as they occur .

Reputational Risks

Risk of loss resulting from damage to the group's reputation, in lost revenue, increased operating costs or destruction of shareholders' value, consequent to an adverse event. Adverse events typically associated with reputation risk include ethics, safety, security, sustainability and quality of products sold.

Operational Risks And Management Risks

These are risks resulting from weaknesses in internal control processes, people, inadequacies in system and processes, human error, fraud, criminal acts or failures , legal issues, ICT breaches and physical or environmental processes through which the group operates. The aim is to avoid or reduce operational risks, taking into consideration the cost of controls measures in relation to the scope of risk.

Emerging Risks

Innovation Risks | Debtors Management Risk | Third Party Risk | Staff Turnover Risks | Cyber Security Risks

Innovation Risk

Due to the changing business environment, Innovation presents challenges to companies that strategize to gain more market share or to stimulate growth. As the industry grows, there is need to seek to improve our innovativeness as well as aligning to the changing trends. The business environment is not static. As a means to mitigate this risk, we plan to use research, including 3rd party research, to actively be able to cope with the changing environment in the industry.

Debtors Management

This is an emerging risk driven by economic status and liquidity challenges. It is also driven by the effects of our internal credit capping and the economic situation of the country . We have worked to mitigate this by implementing a strict credit policy with credit capping.

Third Party Risks

Third parties always exist in any business undertaking. Third parties form part of the company's stakeholders. In the course of our business dealings with third parties, we are exposed to certain risks for example supplier business failure. As a mitigation, supplier due diligence is done through extensive vetting by the company before any dealings with such third parties and we have a tendering process already in place.

Staff Turnover

Staff turnover has been witnessed during the year in various departments. However, turnover was within normal standards as well as within the company's tolerance limits. We have put in place measures to reduce turnover by improving employee satisfaction, reward policy as discussed in the Human capital report.

Cyber Security Risk

As Technology advances, cyber security is projected as an emerging high risk. Due to the advancements, criminality will not stop. To mitigate the risk, the company has put control measures in place. This include access controls, anti viruses, and are working to acquire other measures.

STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE 1 LAND

STRATEGIC OBJECTIVE

Acquire land with the following objectives :

INITIATIVE

- Joint ventures
- Government Partnerships (PPP)
- Seed financing

KEY PERFORMANCE INDICATORS

- Joint Ventures: Developing strategic partnerships and rollout JV partnerships and 3rd party property.
- Land banking; Acquired 12 acres of land in the year 2020.
- Originated & signed 3 smart plots projects in the year 2020.

Detailed report on page 44 - 49

STRATEGIC OBJECTIVE 2 EXPANSION

STRATEGIC OBJECTIVE

To grow sales & revenue

INITIATIVE

- Go county plan
- Corporate Rebranding
- Diversification of products
- Adjust to the Covid 19 pandemic business environment

KEY PERFORMANCE INDICATORS

- Project Origination: Undertake 2 internal staff trainings per quarter for originations
- Property letting and management
- Go county plan
- Develop a pipeline of 14 properties for management for the year 2020

STRATEGIC OBJECTIVE 3 INNOVATION AND TECHNOLOGY

STRATEGIC OBJECTIVE

Reduce cost of construction through technolgoy

INITIATIVE

- Appropriate technology
- Research & Development
- ERP System
- Partnerships with educational institutions

KEY PERFORMANCE INDICATORS

- Data center
- IT Infrastructure & Upgrades
- Support remote working due to Covid 19
- Innovation
- Customer Experience
- Reporting

Detailed report on page 64 - 69

STRATEGIC OBJECTIVE 4 SERVICE EXCELLENCE

STRATEGIC OBJECTIVE

World class real estate service.

INITIATIVE

- Establishment of quality standards framework.
- Benchmark against best practice.
- Planning and quality assurance
- Customer relationship Management (CRM) tool.

KEY PERFORMANCE INDICATORS

- Customer Satisfaction
- Net Promoter Score
- Fast Response Time
- Customer Retention Rate
- Service & Quality
- Employee Engagement

STRATEGIC OBJECTIVE 5 HUMAN CAPITAL

STRATEGIC OBJECTIVE

Identify, nurture and grow human capital that will increase Home Afrika value.

INITIATIVE

- Talent acquisition and retention
- Performance management
- Organizational structure
- Succession Planning
- Creating the right business culture
- Onboarding
- Compensation

KEY PERFORMANCE INDICATORS

- Recruitment
- HR Administration
- Performance Management
- CSR
- Training and Development
- Adhering to COVID 19 MoH guidelines

Detailed report on page 70-74

STRATEGIC OBJECTIVE 6 FINANCIAL STRENGTH

STRATEGIC OBJECTIVE

Increase Home Afrika's financial stability.

INITIATIVE

- Source of finance
- Cost of financing
- ROI
- Development of buyer financing model.
- Development of project financing model.

KEY PERFORMANCE INDICATORS

- Home Afrika diversified their source of finance by fundraising, property management etc.
- Carrying out due diligence on potential investors before engaging them.
- Having payment plans with our buyers.
- Cost of financing: Currently the group is servicing bank loans and the bond.
- Return on investments: The company employs a framework to determine return on investments on all the projects it undertakes that gives a return on investment of 25%.

Detailed report on page 96

STRATEGIC OBJECTIVE 7 PARTNERSHIPS

STRATEGIC OBJECTIVE

Revenue generation

INITIATIVE

- Outsourcing of processes
- Strategic partnerships
- Business model partnership

KEY PERFORMANCE INDICATORS

- Diversified income streams

2020 Marketing KPIs

- Increase digital engagement and achieve the target leads through creating innovation content
- Excite the market through innovation and non-conventional marketing and communication material that appeals to the target
- To engage with various institutions (banks, SACCOs, Diaspora associations, membership clubs, travel agencies etc) to build brand awareness and excite the market through innovative and non-conventional offline and online activities
- Excite the market through innovation and non-conventional marketing and communication material that appeals to the target.
- Build Thought leadership and brand awareness through extensive PR activities

STRATEGIC OBJECTIVE 8 MARKETING

STRATEGIC OBJECTIVE

Increased stakeholder engagement

INITIATIVE

- Websites partnerships
- Branding & signage
- Selling materials
- Direct mail campaign
- Electronic mail campaign
- Ad placement & media buying
- Public relations
- Networking
- Periodic reporting
- Research
- Loyalty programmes

KEY PERFORMANCE INDICATORS

- Increase digital engagement and achieve the target leads through creating innovation content
- Excite the market through innovation and non-conventional marketing and communication material that appeals to the target
- To engage with various institutions (banks, SACCOs, Diaspora associations, membership clubs, travel agencies etc) to build brand awareness and excite the market through innovative and non-conventional offline and online activities
- Excite the market through innovation and non-conventional marketing and communication material that appeals to the target.
- Build Thought leadership and brand awareness through extensive PR activities

Detailed report on page 53 - 63

PROJECT REPORT

Morningside Office Park

MIGAA Explore life!

MITINI SCAPES Capture the dream

YellowWood Heights

KEROBI PLAINS ISINYA

Sidai Plains ISINYA

ENTIM BREEZE

Batian VIEW

Tulivu Gardens

Lakeview Heights

Llango

Morningside Office Park

Morningside Office Park, which is located on Ngong Road - Nairobi, was Home Afrika Limited's first development project. It is a completed project. It is an ultra-modern office block comprised of 33 suites. It has, among other facilities, a two-level parking, a restaurant, roof top gardens and a roof top conference facility. This project was completed on time and on budget and is fully sold.

Migaa Golf Estate

Migaa Golf Estate is Home Afrika Limited's second development project that is still being developed. It is a 774-acre development and is being developed through a special purpose vehicle - Home Afrika Communities Limited. This development is located off Kiambu road in Kiambu county.

The currently available infrastructure includes roads, boundary wall, electric fence, gate houses, a playable 9- hole golf course, club house, water supply & reticulation, sewer reticulation and treatment, power supply and installation and ICT reticulation.

Upon completion, this development will have an 18-hole golf course, natural dams, a shopping mall, conferencing facilities, educational institutions (both primary & secondary), a hotel, an ultra-modern hospital and so much more.

(Migaa Golf Estate: Irrigation of the Golf course back nine (Hole 10 – 18), Boundary wall & Cabro paved roads)

In the year 2020, a lot of progress was made at Migaa:

- The road works on the spine & secondary roads progressed very well.

(Migaa Golf Estate: Ongoing road works)

Works on the front nine (Holes 1 – 9) of the golf course also progressed significantly – works included irrigation, fine shaping and fine levelling of the green, rough shaping of the tee boxes, fine shaping of the bunkers and laying of drainage pipes. Works on the front nine holes are expected to be completed by the end of Q2 of 2021.

(Migaa Golf Course: Works on the front nine (Hole 1 - 9)

A number of plot buyers commenced construction of their homes at Migaa and at the end of December 2020, there were 25 active construction sites.

(Migaa Golf Estate: Home construction works)

MITINI SCAPES

This is another Home Afrika Limited development that is also a completed project. It is located within the Migaa Golf Estate and it is comprised of 82 units – 12 villas & 70 apartment units. It is 93% sold and has over 60 families living there.

PDS & Plot Sales at Migaa Golf Estate

There were PDS & plots on sale at the Migaa development. The plots were available in 1/8 acre and ¼ acre sizes while the PDS were in acres. Having PDS and plots on sale provides an alternative to buyers who wish to develop homes that suit their tastes and preferences.

These plots are located in different PDS within the development and are: Mugumo Ridge, Yellowwood Heights, Acacia, Elgon Olive, Elgon Plots, the Center Piece plots and S-Plots.

Lakeview Heights

This is a 96-acre project that is located in the beautiful and scenic Riat Hills in Kisumu County. It is right on top of RIAT Hills and located right opposite the newly built Kisumu International Airport and with breathtaking views of Lake Victoria.

It is comprised of Residential and Commercial 1/8 acre and ¼ acre plots and it is currently on sale.

The Llango Project

This is a 21-acre project that is located in the Tiwi area of Kwale County, right on Tiwi Beach with a breathtaking view of 150 meters sea frontage. It has only 4 plots available for sale that are ¼ acre on size.

AFFORDABLE PLOTS PROJECTS

Home Afrika Limited has so far onboarded and sold several affordable projects. These are projects that range in price between Kes. 300,000 to Kes. 500,000. The affordable inventory is as follows:

Kerobi Plains

This was Home Afrika's first project in the Isinya area of Kajiado County. It is 40 acres in size and is comprised of 1/8 Acre & 1/4 Acre Residential & Commercial Plots. It is 92% sold.

Sidai Plains

This is Home Afrika's second project in the Isinya area, Kajiado County. It is 7 acres in size is comprised of 1/8 Acre Residential & Commercial plots. It is right on the Isinya-Konza Bypass near Enchipai Campsite and Cottages. This is a sold-out project.

Entim Breeze

This is Home Afrika's first project in the Ngong area of Kajiado county. It is located in the Kimuka area of Ngong, is 12 acres in size and is comprised of 1/8 acre residential plots. This is also a sold-out project.

Batian View

This is a project that is located in Nanyuki in a serene, scenic area with views of Mt. Kenya, Aberdare Ranges and Loldaiga Hills all around the property. It is opposite Gate B of the famous Ol Pejeta Conservancy. It is 78% sold.

Tulivu Gardens Phase 1

This is Home Afrika's first project that is located in the Kinungi area of Naivasha in Nakuru county. It is a 7- acre project comprised of 1/8 Acre residential and commercial plots. It is also a sold-out project.

Tulivu Gardens Phase 2

This is Home Afrika's second project in Kinungi, Naivasha which was originated due to clients request for another project in Kinungi after the fast sell out of Tulivu Gardens Phase 1. It is comprised of 1/8 Acre residential plots only. It is 94% sold.

PROPOSED PROJECTS – 2021

Based on our research and on feedback from our clients, we will focus on onboarding projects in the following areas in 2021:

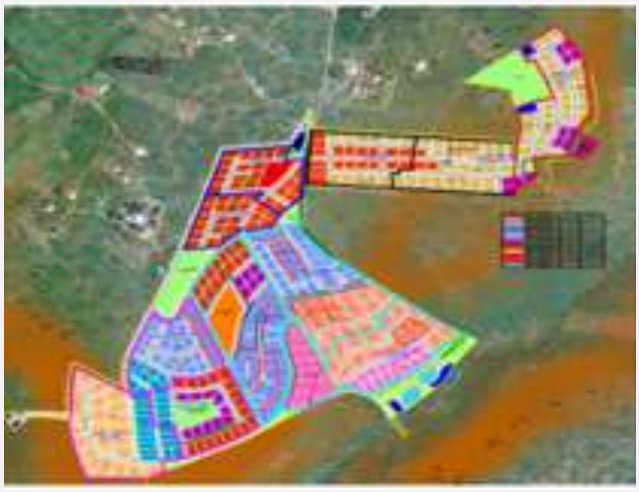
1. Kangundo Road – Joska, Malaa, Koma Hill
2. Kiserian
3. 3rd Project in Kinungi, Naivasha
4. Konza
5. Nakuru
6. Along Thika Road - Juja

SURVEY DEPARTMENT

Introduction

In the year 2020, the department performed exemplary well in the following areas:

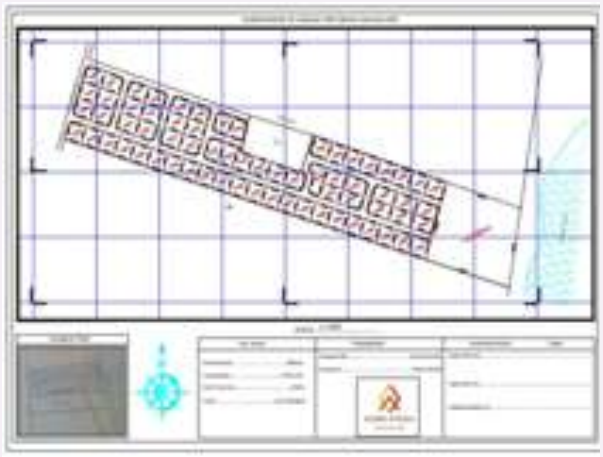
a) Project planning
b) Project Implementation
c) Creativity and innovation

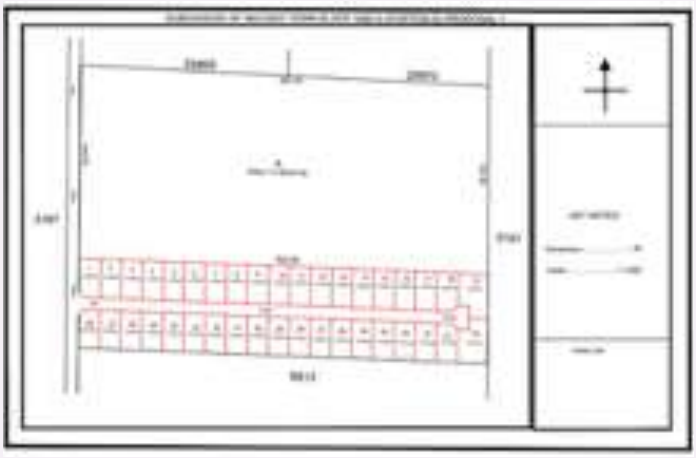


I. Project Planning

Project planning being an important stage in the entire project life cycle, the survey department was able to deliver on this particular area effectively. Through staff equipped with technical knowledge and skills, the department planned for three key projects:Lango, Lakeview Heights and Komarocks.

The whole process of planning involved field data acquisition of parcel details using Global Positioning Systems (GPS) and Total station, data cleaning and plotting in AutoCAD civil 3D to generate plans.





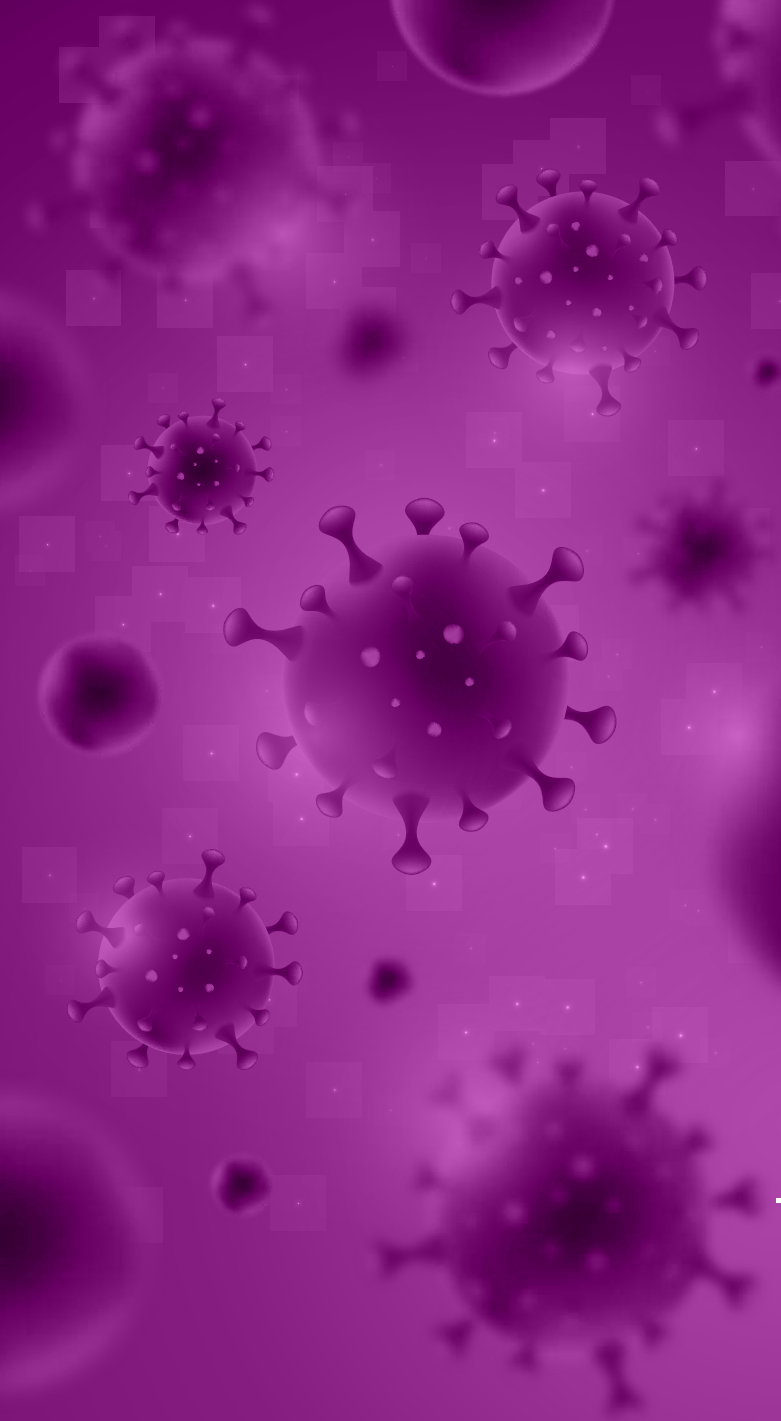
II. Project Implementation

In 2020, the department implemented three major projects successfully. The key steps involved in the process include running a traverse and performing adjustment computation to established controls to be occupied for staking out procedure, data extraction from the final plan approved by the HAL management team, staking out of data, performing consistency checks on the staked out points and beaconing. The implemented projects are Elgon plots, Lakeview Heights and Tulivu2.Planning and implementation of projects directly through departmental staff saved the company a lot of money initially paid to the service providers.

III. Creativity and Innovation

The department invented better ways of representing the inventories, therefore, making them easier for clients to understand as compared to the convention excel way of representation. The use of different color codes to represent sold and available plots is not only captivating but also a better way of visualizing the entire project and identifying plots of interest. Importantly, through a web map, the department was able to render the inventories in both web and mobile platforms with the assistance of the IT department. The above effort assisted the relationship managers to have a better understanding of various HAL projects with regards to the exact location on the ground and understanding the landmarks around the projects.

Migaa project



Effect of Corona Virus

i. No processing of survey work at district survey offices and county at large.
ii. Reduced mobility.
iii. No purchase of maps for confirmation of ground measurement and acreage since land registries are closed.

Mitigation Measures

i. Processing of Survey work at various government offices being the last step in the entire process, the department made use of the Licensed surveyors and Registered physical planners who were currently working to get the initial approvals for various projects as required by the law.

ii. Normal site visits, implementation and maintenance of projects continued to be done for projects within the Nairobi metropolis.

iii. The department continued making regular follow-ups with the various contractors to ensure they deliver on their key mandates. These will be accomplished through regular phone calls, zoom meetings, setting of strict timelines for work completion and regular requests for work status reports.

MARKETING REPORT

2020 Marketing KPIs

- Increase digital engagement and achieve the target leads through creating innovation content
- Excite the market through innovation and non-conventional marketing and communication material that appeals to the target
- To engage with various institutions (banks, SACCOs, Diaspora associations, membership clubs, travel agencies etc) to build brand awareness and excite the market through innovative and non-conventional offline and online activities
- Build Thought leadership and brand awareness through extensive PR activities

Website

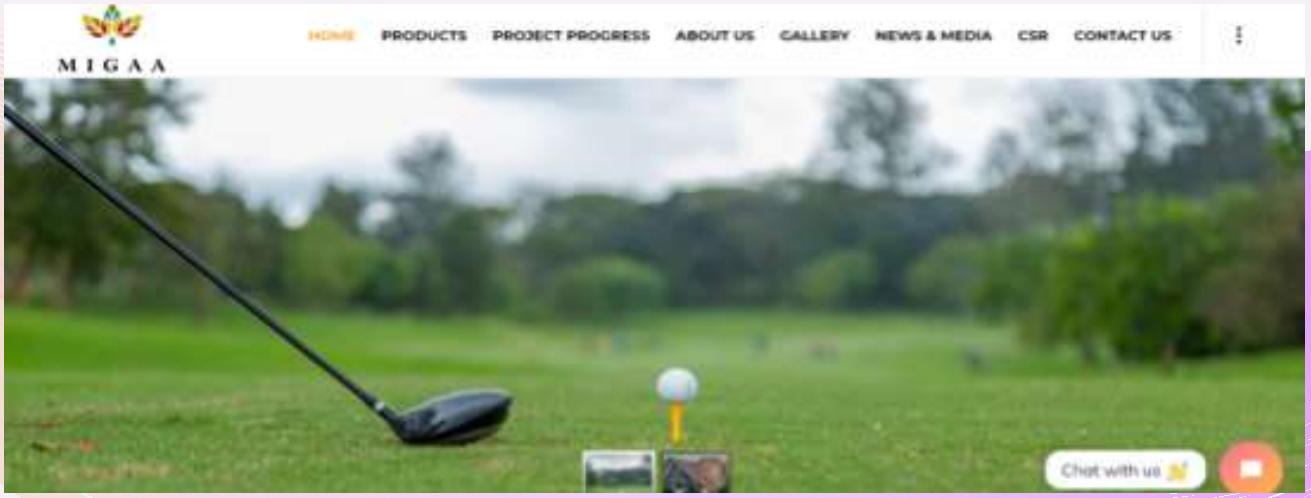
The previous website had several challenges that impeded stakeholder engagement such as :

- Slow loading speed
- Difficulty in customizing content
- Poor search engine optimization

The revamped website provides a user-friendly source of up-to-date information on the properties and projects HAL represents.

Home Afrika is using the resource to develop a stronger internet presence by search engine optimization and linking it to social media pages

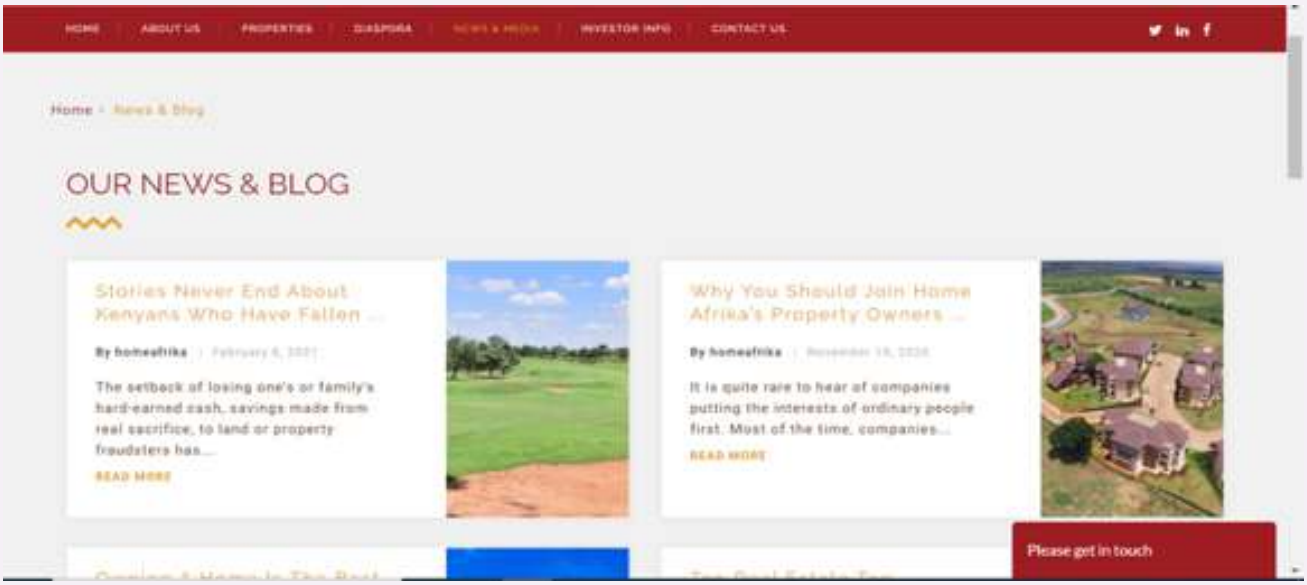
Home Afrika Website



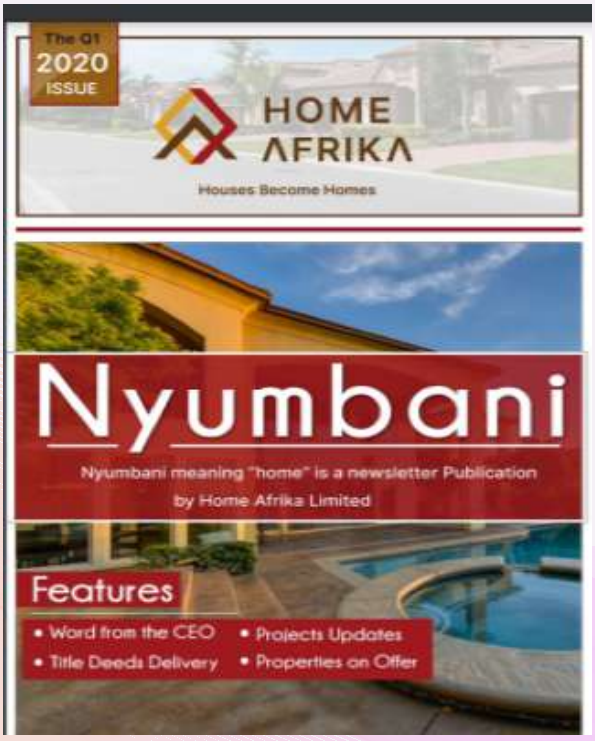
Migaa Website

Blog

Home Afrika increased articles on their blog section to increase



Home Afrika and Migaa Monthly Newsletter



OFFLINE ACTIVITIES

Capital Centre Activation

Tulivu 2 site visit

DIGITAL COMMUNICATION

HAL came up with a study of our audience likes, dislikes enabling tailor made content creation on social media pages such as Facebook, twitter ,LinkedIn, Instagram and YouTube. our marketing strategy was to channel all efforts of marketing towards our digital platforms. We heavily invested in digital marketing i.e. social media sponsored posts and social media campaigns for our lead generation. We have been able to appreciate the power in digital marketing and the reach we have achieved in terms of our digital / online presence.

We were able to grow our online presence by 30% by the end of 2020. Hal social media pages have seen exponential growth in database. We encouraged the staff to create and share our content on our social media pages.

BRANDING

We increased our outdoor branded material like our company double cab. We pushed our employees served as brand ambassadors by always being branded when attending company related events

Mitini Flyer

Email Banners

Print & Electronic Media Appearances – PR

Public Relations was the most effective tool used to increase awareness of Hals property and build a strong project image Hal identified relevant news stories on local media stations such as People Daily and Metropol Tv where PR opportunities were taken to exploit HAL balance sheet, share Price and cash position

senior managers

Home Afrika unveils investors platform

illing loses more ground to dollar

COVID-19 significantly affected our ability to physically interact with our clients. Fortunately, due to the increased demand for residential housing ownership arising from people working from home, the less price sensitive high end of the market was drawn to our Migaa project in large numbers. We however found ways to continue interacting with our clients both physically and digitally.

HOME AFRIKA INVESTORS CLUB

Home Afrika launched Property Owners Investment Club, a place where we will help members reach their real-estate goals through networking opportunities and education programs.

Our vision for the Investors Club club is to bring together like-minded and smart people willing to not only share knowledge and real-estate investments goals but also to share ideas as well as pool funds to acquire property.

Across the globe, some of the richest people on earth belong to investment clubs of some sort. You may have heard of the Investment Group for Enhanced Results in the 21st Century aka Tiger 2, a club for members who seek investment advice from other wealthy individuals.

Tiger 21's goal is to "improve each member's investment acumen through peer feedback and critique," and approach we have also adopted for the Home Afrika Property Owners Investment Club.

Through webinars, power workshops and networking events, we shall provide members of the Investors Clubs plenty of opportunities to identify possible choice investment options, access to exclusive deals and investment news and alerts.
Our goal is to provide an intimate setting where there is trust and knowledge as well as investment experts to guide individuals as well as groups acquire properties.

At the end of the day, our focus at Home Afrika is to help people find the right property, ensure members get the right return on investment, secure members the best yields, and expanding portfolios.

You may ask, why should people trust us to guide them in Investment Club. There answer is simple. Like the people we are urging to join the Investors Club, Home Afrika was the dream of like-minded professionals and real-estate practitioners who formed themselves as an investment group and later incorporated themselves into a fully-fledged limited liability company.

Many real estate investors so as to include everyone, not appear to be targeting young professionals only out there are lost and afraid of losing their hard-earned money in clumsily planned investment schemes. We are here for them. We have built our networks and expertise over the last 12 years, becoming a listed company in the Nairobi Securities Exchange.

Our Investors Club is your best and safest bet for your real-estate dreams. Join today and grow your future.

PROPERTY OWNERS
INVESTORS CLUB
Property Owners investors club will focus on helping members reach their real estate goals through educational programs and networking opportunities
#Join Us Today
Property Owners investors club
+254 794 898 635

RE: INTRODUCING MORNINGSIDE BUSINESS HUB

I would like to take this opportunity to introduce Morning side Business Hub to you and highlight some of our value products which I'm sure will be of interest to you and your immediate network. Morningside Business Hub was established to help entrepreneurs grow their businesses by minimizing their costs. We understand that a major challenge that entrepreneurs face is raising capital that will be adequate to cover set up costs and several months operational costs.

Therefore, having a package for our executive office suites which comprises a fully furnished, fully serviced office and other business support services, effectively covers setup costs and some of the business' operational costs thus making the entrepreneurial dream realizable. Through the package our clients have been able to move in and start operations immediately and focus on growing their businesses as we take care of the other services they may need.

In addition, we have an impressive conference space where our executive office suites clients, or any other person who requires such a space - be it for a formal business meeting or a social event - can access. We can also organize for any catering or additional item that the client may require to make their meeting or social event a bigger success. We purpose to help our clients grow their ventures and have the best experience in our conference facility. Each time that happens, as it has been, we know our job is done.

We are offering services on printing, binding, laminating, photocopying, scanning and Conference hires at Morningside Business Hub, 6th floor. We will work hard to provide you with the best services that will assist you in the smooth running of your operations at a very pocket friendly price.

SERVICED OFFICES

CONFERENCE ROOM IMAGES

BIRTHDAY DINNER

ROOFTOP IMAGES

ICT

INTRODUCTION

In 2020 The Globe was hit by the deadliest and most widespread pandemic it has faced in over a century.

Confronted by accelerating death tolls and widespread fear, societies around the world have also been forced to acknowledge points of stress in their economic and social fabrics that had long gone overlooked.

During this global pandemic, Information Technology is now being viewed as an organizational core competency that is necessary for organizations to survive and prosper in rapidly-changing, competitive, business environments. The need to digitally transform has become ever more apparent in the wake of the Covid-19 pandemic which has profoundly shifted the way firms operate. This helps to cater for a more location-flexible workforce, quick and reliable connectivity has been a high priority for businesses.

Technology holds the key to not only address some of these issues, but also a promise to drive business for the sector in the wake of recent changing market conditions more effectively and efficiently. ICT is an enabler of business with digitization of their operations to remain relevant in the new COVID-19 era. Home Afrika takes ICT not as a support function but as business driving function

ICT Measures Amidst the Pandemic for business continuity

Secure Remote Data Access

In the backdrop of COVID-19 Home Afrika resulted into functioning remotely, hence ICT department quickly migrated the organization to remote work. Some functions needed access to critical systems in the infrastructure like servers, applications, databases, and network devices hence a great security risks paused as a challenge. The ICT team had to ensure multiple layers of security to secure remote access to critical systems.

Secure Remote Troubleshooting & Scheduled support and troubleshooting

Working from home necessitated remote support of employees from wherever they were working from & ICT department's ability to access the company's internal system remotely. To achieve this, the ICT department adopted the use of some remote support tools, namely TeamViewer & AnyDesk. We also have a help desk tool that helps us receive support request queries and act on them promptly.

Virtual Departmental & Company Meetings

Social distance is a requirement in this covid era yet meetings can never be separated from our line of business. This led to the need of virtual meeting platform therefore we adopted Zoom as our video conferencing tool. Custom meeting invites via WhatsApp and email in addition a prior registration requirement make meeting attendance easy and secure. Screen share capability makes the meetings more engaging & interactive hence objectives of the meetings are well met

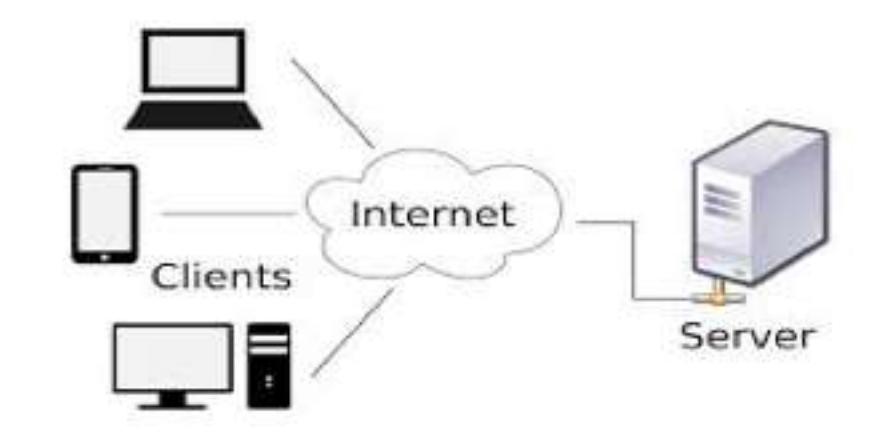
Cloud Based systems & Collaboration Software

.

On the wake of 2020 the Covid 19 pandemic was a major shakeup, causing us to adopt working from home as a safety measure. This led to us moving our applications to a cloud-based infrastructure. Cloud-based services are applications or software that are available remotely and hosted on the vendor's server on behalf of the customer eg Gsuite, Sunlax Hrmis, Epesi Crm. Some of the on-premise applications were also made accessible remotely in a secure manner eg SAP. Apart from this we had the need of collaborating software like trello to help us get things done which led to the start of the purchase of a document work flow system which is in its development Phase.

Data Storage & Back Up System

With the increasing complexity of the world of business comes an increasing amount of data that businesses have to deal with. This data also comes in multiple dimensions. A business will see traffic in many different kinds of data, including text data, audio data, and video data, among others. In order to control this data, we have databases that help us store manage and access company data We have a client server Network architecture hence all our data are in a dedicated server and we have implemented a domain system for better resource sharing and centralized data storage. This is an onsite data storage and backup mechanism.



The Pandemic also prompted us to be more careful when it comes to data. Hence the VPN became the safest way for access and storage of data from a remote collection. Vpn connection reduce need for men to be on premise for backup

HUMAN CAPITAL

Our Culture

What we do:
Disciplined focus on results

How we do it:
Empowering innovation and team work

The Human capital at Home Afrika Limited remains a key foundation in driving business. Their skills and expertise are critical to creating and executing strategies, and their service orientation and commitment to excellence helps to deliver results, build relationships and secure our reputation. The company is continually working towards ensuring we have the best human capital by focusing on recruitment, onboarding, performance management, training and development, employee reward programs, employee engagement programs, employee retention programs, and staff welfare and wellness. Our ambition is to be the most sought-after employer where colleagues feel engaged and empowered to achieve their best in order to deliver our best for our clients

Demographics and diversity

We have a workforce of 88 permanent employees and 107 casual employees.

In our pursuit to ensure a well-balanced working environment we have ensured diversity in all areas possible. We are a fully multi ethnic organization with all regions of the country well represented. Our workforce encompasses a multi -generational profile, which ensures skills are well spread and opportunities for succession are provided.

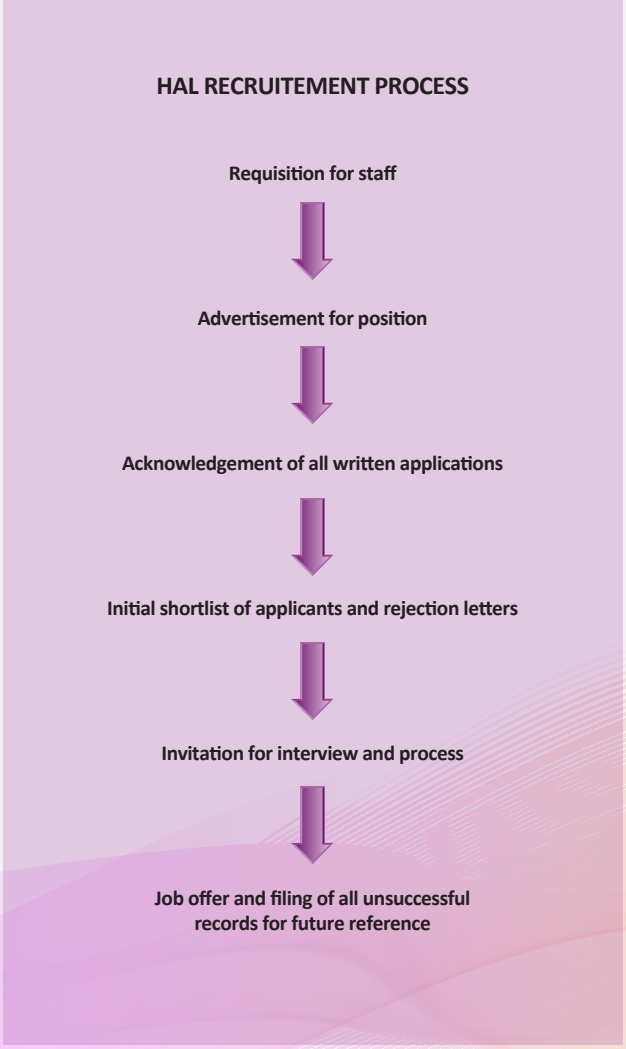
Diversity and inclusion are key to our sustainability strategy, ensuring talent continuity and broadening the company's appeal to employees in various market segments. This will allow us to continue attracting and retaining employees who positively contribute to our success.

We have a female work force of 48% and a male work force of 52%.

Recruitment

Attracting and retaining the best human capital is a high priority for the company. In order to meet the needs of our customers and the requirements of our regulators, we are focused on having the right people with the right skills, in the right roles. We are big on internal promotins.

Our aim is to fill arising vacancies internally first as a delibarate policy to farm talent within the organization and promote growth within the organization for our employeees. Our recruitment process focuses more on diverse set of skills in addition to specific role expertise so as to ensure we hire highly competent, customer centric employees. We are also big on head hunting to ensure we have the best people on our team.



Performance Management

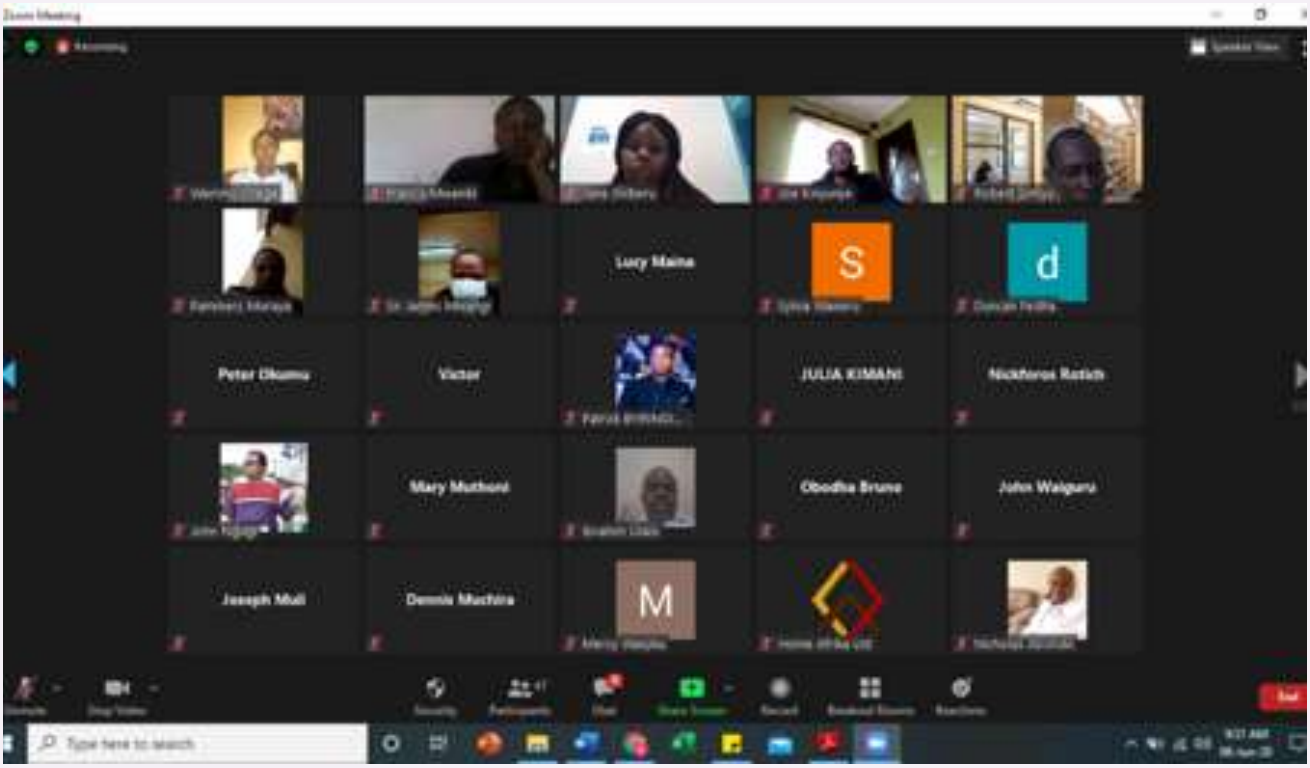
At Home Afrika, there is a high-performance ethical culture. We make use of the Key Performance Indicator approach to measure employee performance. Our model of appraisal is the 360 degrees appraisal system which enables employees to get all rounded feedback.

Despite being a pandemic year and having the employees work virtually, performance was still appraised and productivity remained at all time high.

Training and development

At Home Afrika, we believe in improving skills for our employees and this is mainly done through training and development.

In the year in review, trainings were highly encouraged both physical as well as virtual trainings. The company has a set aside budget for training for each indivudiual to promote improvement of skills for the employees.



Employee Engagement

How our people think and feel about their work correlates with how satisfied our clients are, and how successful we are in delivering our strategy and performance aspirations. We therefore aim to keep staff engaged at all times. This is done via an exsisting employee engagement program .

Success in this area means;

- We are considered a great place to work and our people relate to the company's culture and staff are deeply connected to what the compan does, their collegues as we lol as the clients.
- Our people are empowered to delivering against the company's strategic plan while beingrecognized for great service delivery.
- Our people are encouraged to speak up and feel heard when they voice their views

Reward Management

Home Afrika believes in rewarding employees who perform exceptionally well. There are reward systems in place and thus employees are motivated to perform.

Recognition and praise is vital as it motivates the employees to work towards achieving and surpassing their set targets.

One of our employees sales person receiving a reward for good performance

Employee welfare and wellness

Our commitment is to continuously have initiatives that guarantee our employees wellbeing and a well-balanced lifestyle. We aim to have a great working environment by having the following: -

Medical: The Company meets the medical expenses of the employees and their nuclear family for all the permanent employees. The company pays full premium of the medical cover. The cover which is by a private company caters for all rounded medical needs.

WIBA (Work Injuries & Benefits Act): Cover for occupational Injuries or death within the work place.

Monthly staff meetings and get togethers (Office parties): There are monthly staff meetings/get togethers that bring the team together to catch up and celebrate both work and personal milestones.

Staff enjoying a meal at a staff party

Staff engaged in a chess game at a staff party.

Benevolent fund: The company has a benevolent fund where employees contribute to and this helps in supporting staff in life's ups and downs.

One of our employees receiving a welfare voucher

Covid-19 pandemic safety measures: The Company implemented measures to keep the employees safe while working during the Covid-19 pandemic which include;

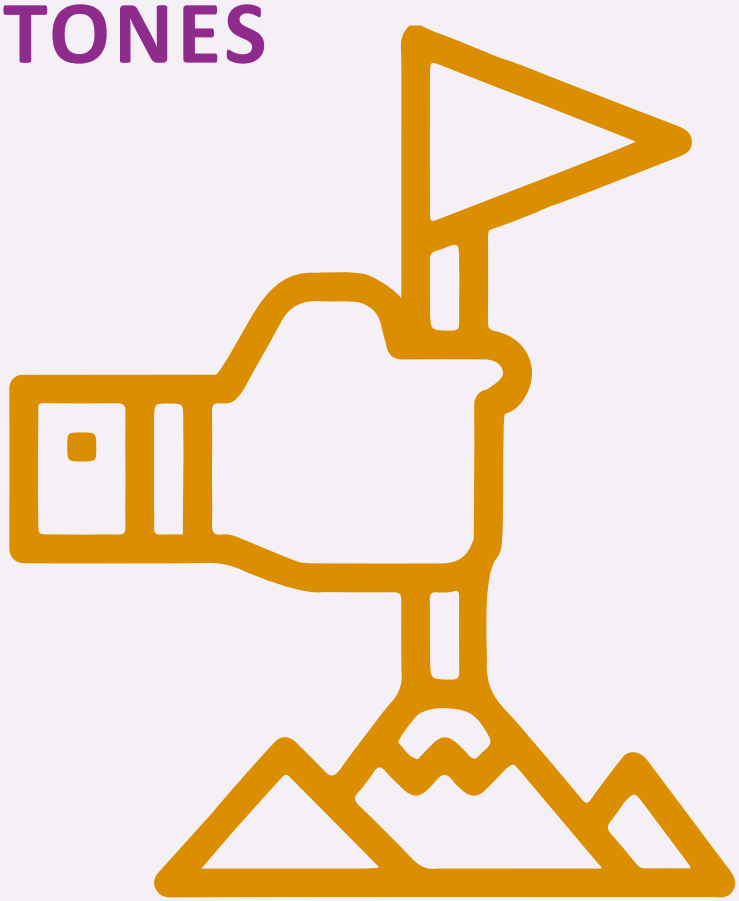
1. Provision of masks and creation of sanitization spots in the office.
2. Implementation of virtual working (working from home).
3. Facilitating working from home by provision of airtime and internet bundles.

COVID – 19 Pandemic Impact

The Covid-19 pandemic had many effects at the workplace which include:

1. Salary reductions. The company had to make the hard decision of subjecting salaries to a pay cut so as to enable the company survive the pandemic year.
2. Employee turnover. The company experienced involuntary employee turnover as the company went through restructure both at board and management level.

MILESTONES



In 2020: -

- We managed to move our team from working physically to virtual working due to the Covid-19 pandemic.

  Productivity of the team remained at an all time high despite introducing virtual working which was a new way of working for the team.

PERFORMANCE AGAINST STRATEGY

STRATEGIC OBJECTIVES	STRATEGIC INITIATIVES	KEY PERFORMANCE INDICATORS
OBJECTIVE 1. LAND Acquire land with the following objectives: • Land banking • Subdivision and sale • Property development	• Joint venture • Government Partnerships • Seed financing	• Joint Venture with strategic partners to Sell their projects on behalf in Migaa Secondary salls was established and External parties with Saif Properties and Tarrow limited • Land Banking : by end of the year we concluded with 5 Acres in along Kangundo road • Due to the effects of covid 19 on Cash flows we were not able onboard New smart Plots
OBJECTIVE 2. EXPANSION To grow Sales and Revenue.	• Go county plan • Corporate rebranding • Diversification of products and services	• Project Origination: Undertake 2 internal staff trainings per quarter for originations • Property letting and management • Go county plan • Develop a pipeline of 14 properties for management for the year 2020
OBJECTIVE 3. INNOVATION AND TECHNOLOGY Reduce cost of construction through technology.	• Appropriate technology • Research and development • ERP Systems • Partnerships with educational institutions.	• Began development of the property management addon on the website • Upgraded the SAP ERP to gain more features for better functionality which include Remote access. • Crm customization to better the sales process and improve Customer management
OBJECTIVE 4. SERVICE EXCELLENCE World class real estate service	• Establishment of quality standards framework. • Benchmark against best practice. • Planning and Quality assurance. • Customer Relationship Management (CRM) tool.	
OBJECTIVE 5. HUMAN CAPITAL Identify, nurture and grow human capital that will increase the value of Home Afrika.	• Talent Acquisition and retention • Performance management • Organizational structure • Succession planning • Creating the right business culture • Onboarding • Compensation	
OBJECTIVE 6. FINANCIAL STRENGTH Increase Home Afrika's financial stability.	• Source of finance • Cost of financing • Return of investment • Development of buyer financing model • Development of project financing model	
OBJECTIVE 7. PARTNERSHIPS Revenue generation	• Outsourcing of processes • Strategic partnerships • Business model partnership	• Relaunched the Investors club and engaged various partners to offer discount and other targeted services to its members.
OBJECTIVE 8. MARKETING Increased stakeholder engagement	• Website • Social media • Branding and signages • Networking • Electronic Mail • Ad Placement • Public relations	• Increased articles on the blog section to increase the visibility and to provide the perfect platform to strengthen our SEO strategy • We heavily invested in digital marketing i.e., social media sponsored posts and social media campaigns for our lead generation • We ensured compliance of standards in all aspects of the firms' work and visual identity • We Improved the public image of the company through Developing opinion pieces for the company • Our professional affiliations and memberships played a key role in the activation of a larger market for the properties

CFO'S REPORT

The year 2020 had a very unique business environment and operating context due to the COVID-19 pandemic and as a result companies were forced to adjust and adapt to the circumstances that arose through the year.

2020 Key highlights

The group reported a 15-fold growth in its gross profit for the year ending 31st December 2020 compared to the same period in 2020 increasing it's gross profits by 1,344% from Kshs. 3.6 million to Kshs. 52.4 million. Actual sales, which have not yet adjusted for percentage of completion, increased by 4% during the year from Kshs. 645 million in 2020 to Kshs. 672 million in 2020. Growth of actual sales by the group which came against all odds despite challenges faced in the industry and in general and in the wake of a depressed economic environment due to significant negative effects of the Covid-19 pandemic. In addition to growth in actual sales and gross profit thereof, the group has reported a 62% decrease in loss before tax for the period ending Dec 31st December 2020 of Kshs. 338 million down from Kshs. 887 million reported in 2020.

Migaa Golf Estate, being a long-term project, is expected to realize its profitability at the end of the project within the next 3 – 4 years' time. In line with IFRS accounting policy, sale proceeds of the project referred above as actual sales but that are not adjusted for percentage of completion) are carried in the balance sheet as current liabilities both as deferred income and as deposits from sales of plots both now grossing at Kshs. 3.1 billion as at 31st December 2020, compared to Kshs. 3 billion for the same period in 2020. This amount will convert to gross revenue in our profit & loss statement as the percentage of completion of the project continues to improve from the current 54% over the next couple of years. All expenses are usually expensed in the current period.

The sales from smart plots are booked as deposits for plots in the balance sheet, as the purchaser completes the payments and we issue the titles, these deposits will then progressively be reported as revenue in the profit and loss statement.

The book value of the group's sellable land and other inventory stood at Kshs.3.6 billion in 2020. We continue to invest in infrastructure of the various projects, especially our main project, Migaa Golf Estate, which will help improve the market value of the land bank as the land becomes more desirable.

Reporting and compliance

The company's strategy on corporate governance is focused on three main areas namely, compliance with laws and regulations, promotion of growth in a sustainable manner and the improvement of shareholder value.

The Board of Directors (the "Board") is fully responsible and unreservedly committed to applying the fundamental principles of good corporate governance – transparency, integrity, accountability and responsibility - in all Company dealings. The Company successfully undertook the Corporate Governance Audit as required by CMA regulations in the second half of the year. the Audit revealed that the corporate governance structure was sound but the company policies needed updating. The policies were updated as needed which further reinforced the board's commitment to sound corporate governance. In addition, the company complied with the requirement to self-assess its corporate governance performance using a matrix provided by the regulators.

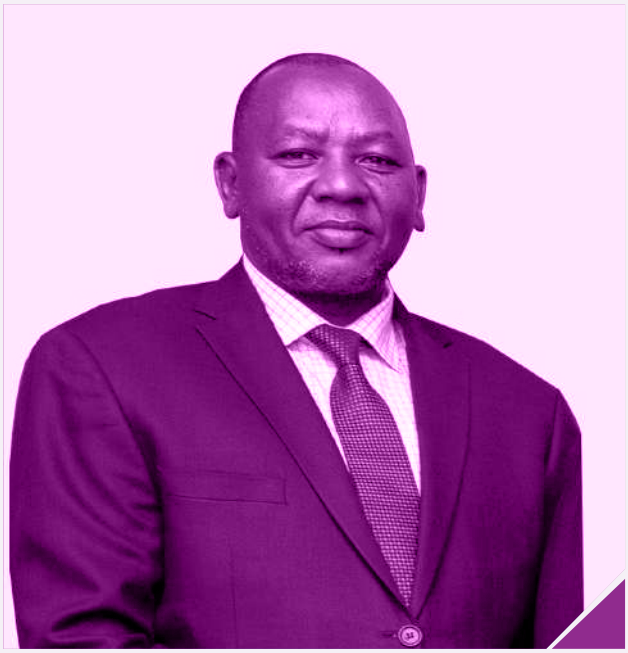
Furthermore, the company enacted the updated company policies to regulate daily activities. daily activities, namely: Conflict of Interest Policy, Insider Tradig Policy, Code of Ethis Policy & the Whistleblowing Policy.
In the backdrop of COVID-19, like many other organizations, we resorted to working remotely, hence the ICT department quickly adjusted the organization to remote work for most of the functions which has supported critical business continuity.

Outlook

With the ongoing roll out programme of Covid-19 vaccine, adherence to Ministry of Health "MoH" guidelines and the opening of the economy, we anticipate an improvement in the operating environment resulting to even better performance in 2021.

CPA JAYNE NYOKABI
Chief Finance Officer

SUSTAINABILITY REPORT



Sustainability is a priority for the Board of Directors and the company's executive leaders, starting with Our chairman Mr Peter Mungai. Ultimately, we believe this expansive and inclusive view of value creation helps maximize our potential as a business to grow, create economic value and make a lasting positive difference for communities and our world.

The Board and Management of Home Afrika Limited. ("HAL" or the "Company") are committed to maintaining a high standard of corporate governance practices within the Group. In the month of March, the COVID-19 pandemic is having a greater impact on commercial real estate than the global financial crisis of earlier in the previous years. This impacted mostly liquidity crisis.

The pandemic directly impacts the demand for space through quarantines, social distancing, shutdowns, supply chain disruptions, employment loss and a shattering of consumer confidence in real estate.

Due to everything taking place throughout the world right now, we are witnessing uncertainty and chaos throughout the global economies. The last couple of months have seen stock markets collapse and currency values fall; along with unprecedented worldwide restrictions of travel there has been a deterioration of consumer spending and sentiment thus it's no wonder that existing and potential investors in the real estate market are worried and want to minimize their risk more than ever. We have devoted deliberate effort to identify and formalize best practices in corporate governance.

The Board believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of any company and its ability to attract investment, protect the rights of shareholders and stakeholders, as well as enhancing shareholder value.

After this crisis, Investors in real estate will need better support infrastructures, easy-to-follow workflow processes, and virtual training programs to make sure franchisees are positioned for success. They should create tight partnerships with vendors to support innovative training programs for investments and unique experiences for customers.

While Covid-19 may have slowed business growth trajectories for 2020, we will eventually return to a more stable market environment, and it will be important for property management companies to understand changing consumer behavior and pivot their business strategies to put themselves in the best position possible to succeed and drive long-term growth and Home Afrika Limited we are committed to integrating responsible and sustainable business practices across our operations. It is our policy to act responsibly in our day-to-day activities in order to sustain the relationships with our customers, suppliers, employees and communities even after the Pandemic.

PETER MUNGAI
Home Afrika Limited, Chairman

SUSTAINABILITY AT HOME AFRIKA LIMITED IN 2020

There are a number of critical factors leading to successful sustainability strategy especially during the Covid 19 Pandemic. These are both internal and external. Internally, the determinants are corporate governance and stake-holder (external parties) engagement while external determinants include the legal system in the country and the cultural and social factors.

1. EXTERNAL FACTORS.

Externally, to improve the sustainability of operations especially during the covid pandemic period. We explore how the complexity associated with defining, coordinating and interacting with stakeholders in their work on integrating sustainability into the business operations increases substantially. Furthermore, sustainability also introduces considerations relating to the natural environment and social issues, for example, consideration of the interaction between economic consideration with social and environmental issues.

These changes from external factors require management to not only address new issues, but also to substantially change existing practices and create new management systems. Externally we ensure that the clients we pursue are engaged our clients and investors as a way to maintain reputational risk.

STAKEHOLDER ENGAGEMENT

This refers to all groups of people who are affected directly or indirectly by our company decisions, policies and operations. During covid period it was high time to transition to digital engagement A more conscientious and measured approach to stakeholder engagement is essential. It may be time to pause, reconsider your engagement tools and timeframes, and reconfirm whether it is appropriate to :

a) adapt and proceed, or
b) postpone, a particular project's engagement plans.

This does not mean any less effort to identify and attract our targeted audience.

Here are some of the digital engagement planning, tools and etiquette that HAL used to engage our stakeholders during the pandemic;

1. Video conferencing -

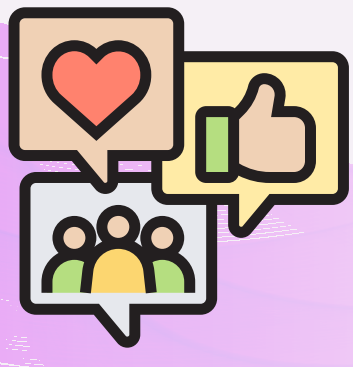
The current public health related restrictions have seen video conferencing become the new normal. We are embracing this and are continuing to hold 1:1 meeting and even our AGM 2020 with, Zoom and Microsoft Teams. Not only can we continue to communicate and engage with stakeholders, but there is the added benefit of being able to meet more often, increasing productivity and reducing costs arising from the elimination of travel time.

2. Digital mapping tools -

Community mapping, using maps and photographs of an area or specific location, is a useful way to engage people of all levels of capability. A variety of aspects can be mapped including land use, community facilities, and transport networks to develop a snapshot of an area.

Mapping is an effective method for people to illustrate how they view an area (what they like or dislike, what improvements they would like to see) or to comment on projects by location or features. We are able to swap hard copy maps and in-person workshops with digital mapping tools and facilitated online workshops or discussion forums to help people identify issues, provide local knowledge, explore ideas, build consensus or identify areas of conflict with our projects via our digital platforms. This will work for both ideation and optioneering phases of a project.

Home Afrika Limited is cognizant of the fact that it takes all of us working together to truly have an impact, we have embraced our digital engagement tools as the sole means of communicating and engaging with project stakeholders (for the time being), it is important to stay user-centric and not fall into the trap of becoming technology-centric.



> ***....it takes all of us working together to truly have an impact...***

This means continuing to carefully plan our engagement activities, think about the customer and facilitate a quality stakeholder engagement experience by posing engaging questions, providing a range of digital tools and channels, and perhaps running a longer than typical engagement period, all of which will enable stakeholders to decide if, how and when they engage on the topic during these challenging times

2. ENVIRONMENT

Home Afrika Limited respects the environment and recognizes a shared responsibility to protect our planet. Although our facilities and operations have a small ecological footprint, we reduce the environmental impact of our business through preservation, conservation, and waste reduction practices, being that Environmental, Social and Governance (ESG) is no longer an emerging trend, but a critical component of real estate investment.

While COVID-19 has underscored the importance of ESG issues, this new "norm" is a result of trends already underway, including dramatically changing acceptance of the risks of climate change, innovations in the measurement and tracking of ESG performance, new innovative ESG investment alternatives, the growing influence of millennial investors, and substantial recognition of ESG initiatives from corporations.

Within real estate investing, ESG requires a more conscious focus on stakeholders and different perspectives – from investors and clients, to tenants, residents, building staff and contractors. Issues of equity, sustainability, health and wellness, and diversity all filter into decision-making.

3. INTERNAL FACTORS

Internally, organization and governance are reflected in the structures that firms use to monitor and control complexity decisions throughout all stages of business operations. Practices related to sustainability during the pandemic included;

1. Management Decisions

Our Company's adoption of a strategy is influenced by management decisions. Management mindset thus plays an important role in the sustainability strategy adoption. In 2020 our management in order for the company to stay afloat and business operations to continue during the pandemic decided to allow our employees, where possible, to work from home.

Leaders of those companies which have a well-articulated set of guiding principles

2. Company Structure and Policies:

The company Policies that govern the company, ensure that ethics are well adhered to i.e. The Board has an approved a Code of Conduct, which requires that staff uphold the utmost value to maintaining trust and abide by all relevant laws and regulations, uphold high ethical standards and act fairly and sincerely in the best interests for sustainability of the company.

Home Afrika has a good human resource framework that helps the organization understand the foundational elements that need to be in place to foster a high performance sustainable or CSR (corporate social responsibility) organization. This is to include the Human resource Policy Human that aids to resource professionals have a key role to play to help a company achieve its sustainability.

Home Afrika is committed to doing the right thing, conducting ourselves in a legal, ethical, and trustworthy manner, upholding our regulatory obligations, and complying with both the letter and spirit of our business policies to ensure a sustainable working and operating environment not only to the employees but to the country as well.

CORPORATE SOCIAL RESPONSIBILITY

At Home Afrika, we understand that we have a responsibility to our society and we have made corporate social Responsibility (CSR) an integral part of our business culture. We encourage our employees to volunteer for environmental causes in the community in various ways.

We strive to make a difference in people's lives and focus on the following key areas.

- Education
- Essential needs
- Environment

EDUCATION

Education is the backbone of development in a country and therefore Home Afrika has sponsored students from Morning Star Ministries.

The Students are from Goibei High School, Kiambu High School, Chania Boys and Girls High School.

A student from Morning Star Ministries receiving a school fees cheque

ESSENTIAL NEEDS

Home Afrika in partnership with My Space Kenya sponsored distribution of care package hampers in Githogoro and Mji wa salama slums.

It is always a pleasure to give back to the society in every little way. In July 2020, a few team members visited Divine Mercy Hope Children's home in Ting'ang'a Kiambu and interacted with the team responsible for running the home alongside the children in the home. We were delighted to see the direction the home is taking to provide food and shelter to the needy children, some as young as days old. The company was delighted to donate clothes and food stuff to the homes. We also got to learn that they practice livestock farming and use the produce within the home and sell the surplus for self-sustenance.

Picture of staff's visit to Divine Mercy Hope Children's home

ENVIRONMENT

Migaa Green Goal!
Tree Planting at Migaa

Trees are fundamental to the ambience of any residential estate, in essence, define its very nature. We see trees as the basis. Indigenous landscaping of wealth, character and integrity of Migaa. By planting a selection of indigenous species, we expect to attract and feed birds throughout the year. And through this, we anticipate that the property will take on new and interesting dimensions.

Migaa's goal is to plant 20,000 trees by end of 2021.

COPORATE GOVERANCE

The company's strategy on corporate governance is focused on three main agendas, these are compliance with laws and regulations, promotion of growth in a sustainable manner and the improvement of shareholder value.

The Board of Directors (the "Board") is fully responsible and unreservedly committed to applying the fundamental principles of good governance – transparency, integrity, accountability and responsibility - in all Company dealings. The Board is able to achieve these through various structures within the company derived from the company strategy. These structures are:

1. Board composition;
2. Compliance with the law; and
3. Commitment to international standards of Environmental Sustainability Governance (ESG)

THE BOARD

I. COMPOSITION

The Board currently comprises Eight (8) members each of whom, with the exception of the Managing Director are non-executive. The Managing Director is tasked with ensuring that the Board's direction of strategy is implemented by the company staff. The Board also made up majority independent and minority non-independent membership as illustrated below:

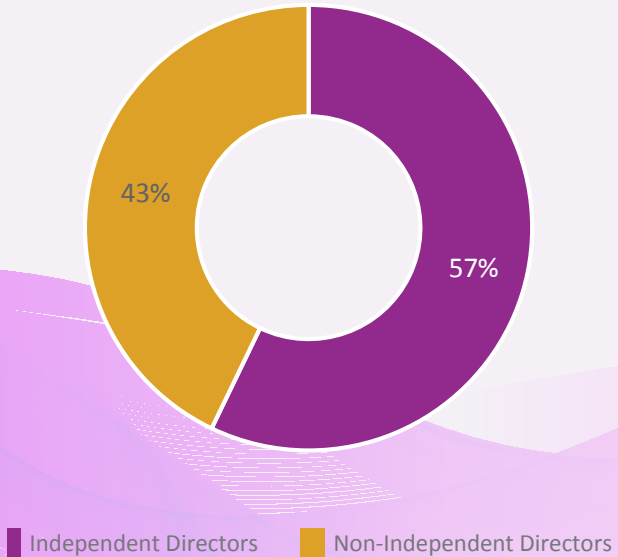
Directors' respective shareholdings are also illustrated below:

No.	Director	No. of shares held	Independent / Non- Independent
1.	Peter Nduati	None	Independent
2.	Peter Mungai	None	Independent
3.	Luke Kinoti	None	Non Independent
4.	Dan Ochieng Awendo	370,000	Non Independent
5.	Mbugua Gecaga	None	Independent
6.	Kendi Ogamba	None	Independent
7.	Frida Owinga	None	Independent
8.	Bertha Mvati	None	Independent

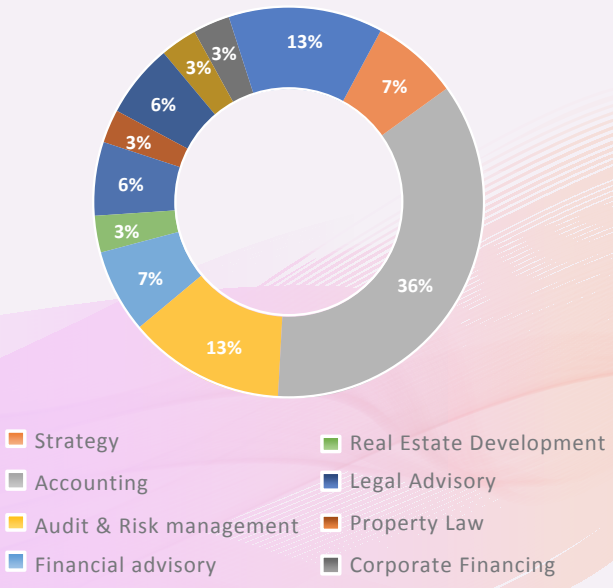
The Board has membership of highly qualified men and women whose cumulative experience is over 100 years and who are members of good standing in their respective professional bodies.

Their expertise and knowledge are in various fields including economics, accounting, finance, property development, engineering, management consultancy, project management, marketing, law and entrepreneurship as illustrated below:

Director's Independence



Director's Professional Skills Fields



The Board maps out the Company's medium- and long-term strategies in addition to its responsibility to review the management's action plans. The Board's other primary duties are to conduct regular reviews of the Company's business operations and performances and to ensure that effective controls and systems exist to measure and manage the principle risks of the Company's business. The Board also reviews major strategic initiatives of the Company to determine whether the Company's proposed actions are aligned with long-term business strategies and shareholder objectives.

Appointment & Re-Election ,Retirements

The Directors are elected by the shareholders for terms not exceeding three (3) years. Thereafter, they retire by rotation. This is a mechanism that ensures proper succession planning and maintains institutional memory of the company. In 2020, the following Directors were appointed to join the Home Afrika Board and they Included the following

1. Kendi Ogamba
2. Bertha Mvati
3. Frida Owinga
4. Peter Mungai

While one director resigned from their position being;

- Caroline Jebet Kigen
- Peter Nduati

Board Committees

The Board has constituted three committees to supplement its functions. The Committees review matters on behalf of the Board in accordance with the Board approved terms of reference.

THE BOARD (8) MEMBERS

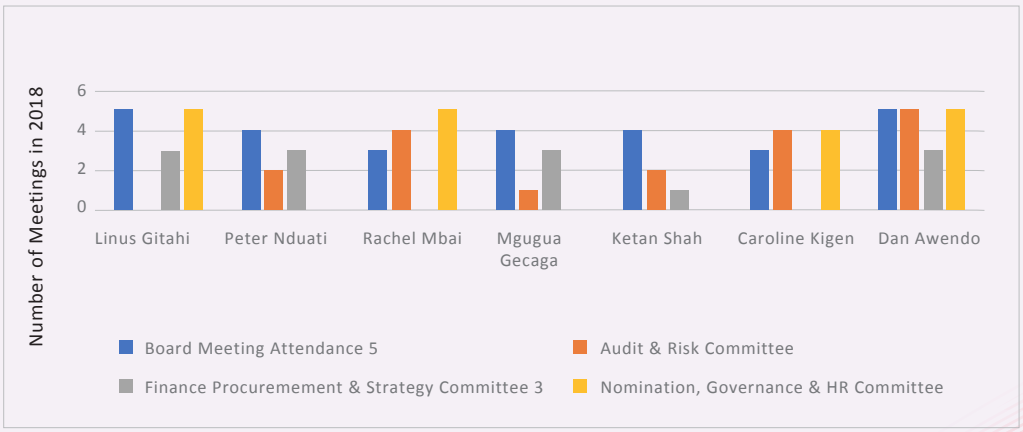
Board Committees	**Audit and Risk Committee:** The Committee oversees the Company's financial reporting, compliance, risk management and internal controls. The Committee receives and reviews findings of internal and external audits and actions taken to address them.
	Finance, Procurement and Strategy Committee: The Committee reviews and recommends to the Board for approval matters pertaining to: business strategic plans including its implementation and monitoring process; new markets expansion; significant investment and divestment decisions; annual business and financial plans and budgets and sustainability.
	Nomination, Governance, Human Resource and Administration Committee: The role of the Committee is to develop and implement policies with respect to both the strategic priorities of the Board on matters of governance. Specifically, the Committee assists the Board in considering matters relating to the composition of the Board, including the appointment of new Directors and reviewing succession plans in order to maintain the appropriate balance of skills on the Board. In addition, the Committee also assists the Board in the implementation of sound corporate governance principles and practices.

Board & Committee Meetings

The Board has in place an annual work plan that sets out the Board activities for the year. The Board meets quarterly and additionally when necessary. Board and committee meetings attendance in 2020 was as follows: -

	Board Meeting	Audit & Risk Committee	Finance Procurement & Strategy Committee	Nomination, Governance & HR Committee
Total of Meetings held in 2020	5	5	3	5
Directors Names				
Peter Nduati	5	5	3	0
Peter Mungai	5	5	3	0
Kendi Ogamba	5	4	3	5
Frida Owinga	3	2	2	0
Luke Kinoti	4	4	3	5
Bertha Mvati	3	2	2	5
Dan Awendo	5	5	3	5
Mbugua Gecaga	5	5	3	5

Director's Board & Committee Meetings Attendance



The Company Secretary

The Board is assisted by a suitably qualified company secretary who is a member of the Institute of Certified Public Secretaries of Kenya in good standing. The Company Secretary plays an important role in supporting the Board by ensuring adherence to Board policies and procedures. Each Director has direct access to the Company Secretary. The Company Secretary also facilitates effective communication between the Company and the shareholders.

Board Charter

All Board activities are guided by the Board Charter which was recently updated. It outlines the role of the Board of Directors in the business structure and operations of the Company. It further provides that the Board shall conduct itself by using the highest standards of ethics and at all times proceed in accordance with the applicable laws, for the best interests of the company's shareholders and stakeholders.

II. COMPLIANCE WITH THE LAW

The Company successfully undertook the Corporate Governance Audit as required by CMA regulations in the second half of the year. This reveled that whereas the current corporate governance structure was adequate, the company policies were updated and further reinforce the board's commitment to sound corporate governance.

In addition, the Company complied with the requirement to self-assess its corporate governance performance using a matrix provided by the regulators. These exercises were all aimed at ensuring that the company remains transparent with the regulator while at the same time complying with the law. The company also has in place Board which approved policies that aim to reinforce good corporate governance practices as well as comply with the law as discussed below.

Conflict of interest

Conflict of interest refers to any situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self- interest and professional interest or public interest. In this context, all Directors, senior management and all employees must avoid any situation which might give rise to a conflict, real or perceived, between their personal interest and that of the Company.

Any Director, senior management and employees with a material personal interest in any matter being considered during any Board or Committee meeting will not, as the case may be, vote on the matter or be present when the matter is being discussed and considered. In addition, any conflict of interest by a director is noted in the conflict of interest register that is maintained by the company secretary. The Board Charter and the Human Resource Management Policy implements the controls and lays down guidelines for how any arising conflict of interest at employee and director level are to be dealt with.

In 2020 there were no conflict of interest matters reported.

Insider Trading

The Company has a policy on insider trading which aims at preventing the improper communication of material undisclosed information regarding the Company as well as trading in securities of the Company, by establishing procedures to guide the Company's Directors and Employees in understanding and complying with their obligations relating to insider trading.

A Director who deals in any of the Company's securities shall notify the Company Secretary in writing of all dealings and the timings, the number and the value of the securities involved. The Company Secretary shall prepare quarterly reports of all transactions undertaken by a Director dealing in the Company's securities for presentation to the Board of Directors.

Code of Ethics

The core values of integrity, professionalism, team spirit and emphasis on safety culture steer our Company's organizational health and decision-making processes. The Company conducts its business in compliance with relevant legal principles and high ethical standards of business practice. The Board, Management and employees are required to observe the code and high standards of integrity. Further, these standards are applied in all dealings with customers, suppliers and other stakeholders.

Whistleblowing

Home Afrika has zero tolerance for corruption, criminality or any form of wrongdoing. To deal with these, a Whistle blowing Policy is in place to set the standards for protection of would-be informers as well as reinforce the culture of honesty and discipline. The policy applies to all internal and external stakeholders and established the Board as the body responsible for enforcement.

To ensure impartiality, the Chairman is the designated Ombudsperson to be contacted on email:
ombudsperson@homeafrika.com.

The whistleblowing Policy is available online at:
www.homeafrika.com.

Risk Management

The board has committed the company to a process of risk management that is aligned to the principles of best practice and corporate governance.

Our business strategy depends upon us taking calculated risks in a way that does not jeopardize the direct interests of the different stakeholders. Sound assessment of risk enables us to anticipate and respond to changes in our business environment, as well as make informed decisions under conditions of uncertainty. The risk management process has been embedded in our business systems and processes, so that our responses to risk remains current and dynamic.

All key risks associated with major change and significant actions by the company also fall within the process of risk management.

A crucial part of risk management is comprised in internal and external audit – conducted semi-annually and yearly. Both are outsourced to auditors of proper standing in ICPAK and who

report directly to the board to ensure their independence. The governance audit is also an important facet of risk management, in 2020 it was conducted by an independent governance auditor of proper standing with the ICS and in compliance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015.

In addition, the Board is mandated to seek clarifications on various matters where the company personnel lacks expertise to ensure that they are well informed of complex subject matters.

III. Commitment to ESG

Board Training

The Board of directors is cognizant of the pivotal role ESG plays in the success of the company. The Nominations, Governance, Human Resource and Administration Committee in conjunction with the Company secretary is tasked with Board trainings and evaluation. Whereas the directors are allowed to attend trainings individually, the Company secretary also organized internal training for all the directors. This ensured that the directors all achieved the mandatory training hours and were well informed of the emerging trends in corporate governance.

Board Evaluation

The Board has formally reviewed its performance using a comprehensive and structured assessment approach. The exercise was led by the Board Chairman, the Nomination, Governance, Human Resource and Administration Committee and supported by the Company Secretary. The evaluation entailed assessment of Board activity, understanding and support of the Company's mission and purpose, adherence to governance practices, Board organization and decision-making processes, conduct of Board meetings and assessment of Board membership and its ability to execute its duties. The evaluation also included evaluation of the Company Secretary in supporting the Board execute its mandate. Areas that require improvement have been identified and actions to address these areas are to be implemented.

Remuneration

The Board is committed to ensuring that remuneration is fair and responsible in the context of overall employees, disclosure is in the remuneration report.

Ownership Structure as at 31 December 2020

	HOME AFRIKA LIMITED		
	OWNERSHIP STRUCTURE AS AT 31-12-2020		
	SHAREHOLDER CATEGORY		
RANK	FOREIGN INVESTOR	SHARES HELD	% HELD
1	MR ZEYUN YANG	13245600	3.27
2	RASHID SSENYONGA	4711900	1.16
3	KAJAL JAIN & PRAVINKANT LAKHAMSHI SHAH	585000	0.14
4	MR IKEOTUONYE ALBAN IKE	500,000	0.12
5	KANAIYALAL MANSUKHLAL SHAH & LALITABEN KANAIYALAL SHAH	311,500	0.08
6	CYRILLE TRAKIZA MUTSINZI	295,900	0.07
7	AJIT SINGH BHOGAL	260,000	0.06
8	VINU KURJI DEVJI PATEL & SHANTABEN VINU PATEL	240,800	0.06
9	HAROON SERULI	161200	0.04
10	VENICHAND WAGHJI GOSRANI	100000	0.02
	SUBTOTAL	20,311,900	5.02
	OTHERS	**1,448,500**	**0.36**
	TOTAL	**39,954,407**	**9.86**
RANK	**LOCAL INDIVIDUALS INVESTORS**	**SHARES HELD**	**% HELD**
1	NYAGAH BOORE KITHINJI & LILIAN WANJIKU KITHINJI	10,062,600	2.48
2	HIRJI KHIMJI BHIMJI SEYANI & KARSAN KHIMJI SEYANI	10,000,000	2.47
3	PAUL WANDERI NDUNGU	6,856,600	1.69
4	PATRICK RICHARD DIVINE	6,000,000	1.48
5	LEE GITUTO KARURI & CONSOLATA NJERI GITUTO	5,522,000	1.36
6	NARAN KHIMJI AND VIRJI KHIMJI HIRANI	4,579,200	1.13
7	EUNICE MORAA MARANYA	4,071,000	1.00
8	SANJEEV JYOTI SHARMA	4,000,000	0.99
9	MWARI MBUGUA & ALEXANDER MUGANE MBUGUA	4,000,000	0.99
10	ROBERT KANDA NYASIMI	3,995,000	0.99
	SUBTOTAL	**59,086,400**	**14.58**
	OTHERS	**201,246,503**	**49.6**
	TOTAL	**260,332,903**	**64.24**
	CO-OP BANK SHARE REGISTRAR SERVICES 2020		

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

The members of the Board Nominations & Remunerations Committee during the year were, Kendi Ogamba (Committee Chairperson), Luke Kinoti, Fridah Owinga and Dan Awendo (Managing Director). All members except Dan Awendo are Non-Executive Directors.

The Schedule of attendance of BNRC meetings held during the year were as follows: -

Nominations & Remunerations Committee

	12-Feb	27-Aug	8-Nov	Total Meetings Attended
Kendi Ogamba	✓	✓	✓	3
Luke Kinoti	✓	✓	✓	3
Fridah Owinga	×	✓	✓	2
Dan Awendo	✓	×	✓	2

Key
× Absent
✓ Present

The BNRC's responsibilities have been set by the Board and are outlined in the Board Charter and the Committees terms of reference. The BNRC takes into account the need to recruit and retain valuable Directors in a challenging market environment.

The BNRC believes that the Company complies with the main provisions of the Code of Corporate Governance for public listed companies. This is the inaugural report under the new Companies Act 2015 and the regulations. Accordingly, the Company is presenting the existing remuneration policy with this report. In subsequent reports, the Company will be required to seek a vote on the Remuneration policy where the policy is changed (or an advisory vote on the implementation is not passed).

The Directors' remuneration report is unaudited except where otherwise stated.

Regulatory Changes

The Regulatory landscape in Kenya has witnessed a number of changes that have had an impact on the remuneration of Directors and the associated reporting.

In March 2016, the Capital Markets Authority ("CMA") issued the Capital Markets Code for Issuers of Securities ("The Code") which became operational after a year. The Code has outlined various compliance requirements in relation to Directors' Remuneration.

The new Companies Act 2015 was enacted in September 2015 and became operational in June 2016. According to the new Act, the Company is now required to table a Directors' Remuneration Report to its shareholders as part of its audited financial statements.

The Board has adopted a Board Charter and aligned it with the provisions of the Code and the new Companies Act. The Board Charter outlines a guideline on the Directors' Remuneration and Expense Policy.

Remuneration for Non-Executive Directors

The Company's Non-Executive Directors' (NEDs) were issued with Directors' Service Contracts in compliance with the requirements of the new Act. These are contracts for service and not contracts for employment. The NEDs are compensated in the form of meeting attendance fees but are not entitled to any pension, bonus or long-term incentive plans

Remuneration for Managing Directors

In order to remain an attractive employer, the Group ("Home Afrika") annually reviews its competitiveness against prevailing market practices.

The Company adjusted Salaries for inflation by 7% for the year 2020. Due to the impact of COVID-19 in the economy salaries were reduced by 10% as from May 2020. This is In line with the contract for employment and the internal performance structure for the Managing director.

The Managing Director's terms of employment were within the Companies HR policies.

Link to Strategy

The 2020 to 2021 Strategic plan which intends to transform the group and to achieve an integrated approach to reward, linking Company strategy in the form of the achievement of corporate objectives and individual performance to salary increases and bonus awards.

The major objective of the Group remuneration policy is to ensure that there is a clear link between each employee's individual level of performance and their reward. These, along with other factors such as market positioning and the overall reward budget, go into the annual salary and bonus review process for all employees including the executive team.
This ensures that a coordinated and consistent approach

is taken - encouraging and supporting a high-performance culture whilst ensuring fairness and transparency across the Group.

To this end, an Integrated Performance Management Framework was rolled out with effect from January 2017.

Pension entitlements

Only the Managing Director is entitled to participate in the Group's Pension Plan. Participation is restricted to defined monthly contributions that are applicable to permanent employees within the Group. The company is yet to adopt this.

Share options and long-term incentive scheme

All Directors are not entitled to any share option arrangement or long-term share incentive schemes.

Payments to past Directors

There was no payment of Directors' fees to past directors during the year.

The following table shows a single figure remuneration for the Executive Director, Chairman and Non-Executive Directors in respect of qualifying services for the year ended 31 Dec 2020 together with the comparative figures for 2020 for Home Afrika Group.

a) Home Afrika Limited

	Year ended 31 December 2020			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Peter Nduati - Chairperson Up to November 2020	-	450,000.00	450,000.00
2.	Mbugua Gecaga	-	300,000.00	300,000.00
3.	Fridah Owinga	-	100,000.00	100,000.00
4.	Luke Kinoti	-	250,000.00	250,000.00
5.	Kendi Ogamba	-	300,000.00	300,000.00
6.	Peter Mungai	-	300,000.00	300,000.00
7.	Dan Awendo	21,083,628.00	-	21,083,628.00
	TOTAL	**21,083,628.00**	**1,850,000.00**	**22,933,628.00**

	Year ended 31 December 2019			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Linus Gitahi - Chairperson	-	500,000.00	500,000.00
2.	Ketan Shah	-	300,000.00	300,000.00
3.	Mbugua Gecaga	-	350,000.00	350,000.00
4.	Rachel Mbai	-	500,000.00	500,000.00
5.	Caroline Kigen	-	450,000.00	450,000.00
6.	Peter Nduati	-	450,000.00	450,000.00
7.	Dan Awendo	18,448,800.00	-	18,448,800.00
	TOTAL	**18,448,800.00**	**2,550,000.00**	**20,998,800.00**

b) Mitini Scapes Development Limited

	Year ended 31 December 2020			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Boniface Kamau - Chairperson	-	150,000.00	150,000.00
2.	Susan Kasinga	-	-	-
3.	Geoffrey Kamau	-	50,000.00	50,000.00
4.	Jack Waihenya	-	100,000.00	100,000.00
5.	Barth Ragalo	-	100,000.00	100,000.00
6.	Connie Gakonyo	-	-	-
7.	Mbugua Gecaga	-	100,000.00	100,000.00
8.	Winnie Ngumi	-	100,000.00	100,000.00
	TOTAL	-	**600,000.00**	**600,000.00**

	Year ended 31 December 2019			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Boniface Kamau - Chairperson	-	225,000.00	225,000.00
2.	Susan Kasinga	-	-	-
3.	Geoffrey Kamau	-	100,000.00	100,000.00
4.	Jack Waihenya	-	150,000.00	150,000.00
5.	Barth Ragalo	-	50,000.00	50,000.00
6.	Connie Gakonyo	-	-	-
7.	Mbugua Gecaga	-	150,000.00	150,000.00
8.	Winnie Ngumi	-	100,000.00	100,000.00
	TOTAL	-	**725,000.00**	**725,000.00**

c) Home Afrika Communities Limited

	Year ended 31 December 2020			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Mike Robert Karanja - Chairman	-	300,000.00	300,000.00
2.	Robert Muchoki	-	885,000.00	885,000.00
3.	Stephen Gichohi	-	995,000.00	900,000.00
4.	Peter Nduati	-	600,000.00	900,000.00
5.	Peter Mungai	-	750,000.00	750,000.00
6.	Anne Muchoki	-	225,000.00	900,000.00
7.	Michael Matimu	-	225,000.00	900,000.00
	TOTAL	-	**3,980,000.00**	**3,980,000.00**

	Year ended 31 December 2019			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Mike Robert Karanja - Chairman	-	1,200,000.00	1,200,000.00
2.	Robert Muchoki	-	900,000.00	900,000.00
3.	Stephen Gichohi	-	900,000.00	900,000.00
4.	Linus Gitahi	-	900,000.00	900,000.00
5.	Anne Muchoki	-	900,000.00	900,000.00
6.	Michael Matimu	-	900,000.00	900,000.00
	TOTAL	-	**5,700,000.00**	**5,700,000.00**

d) Suburban Limited

	Year ended 31 December 2020			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Dr. Mbira Gikonyo- Chairperson	-	200,000.00	200,000.00
2.	Dan Awendo	-	-	-
3.	Geoffrey Luseno	-	200,000.00	200,000.00
	TOTAL		**400,000.00**	**400,000.00**

	Year ended 31 December 2020			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Dr. Mbira Gikonyo- Chairperson	-	780,714.00	780,714.00
2.	Dan Awendo	-	225,714.00	225,714.00
3.	Geoffrey Luseno	-	780,714.00	780,714.00
	TOTAL		**1,787,142.00**	**1,787,142.00**

This section of the Remuneration Report describes the current policy for Directors' remuneration. It can be summarized as follows:-

a) Managing Director

Base Salary:

Purpose/Link to Corporate: Part of a basic competitive package to retain individuals of the necessary caliber to execute the Company's business strategy

Operation: The Managing Director is entitled to a Salary & Director's fees on the main board meetings. No separate Directors' fees are paid. The salary is reviewed annually in line with the Company's Human Resources plan.

Opportunity: Salary reviews are based on market comparisons and increases to other Group staff. Increases in Managing Director salary is aligned to the average staff increase in the Group.

Pension:

Purpose / Link to Corporate: To provide Directors with a long-term savings opportunity; the pension forms part of a basic competitive package to recruit and retain.

Strategy Operation: A Defined Contribution plan for all Managing Directors.

Opportunity: Company contribution as percentage of basic salary up to 7.5%, MD up to 7.5%.

Benefits

Purpose / Link to Corporate: Insured benefits are included to provide employee protection for the benefit of the employee and Company

Strategy Operation: Insured benefits provided as part of Group schemes.

Opportunity: Group Medical Insurance
Group Life Assurance
Critical illness cover
Club membership for business and personal use.

Annual Bonus Plan

Purpose / Link to Corporate: The bonus payment is implemented in accordance with an approved Compensation Policy

Strategy:	The objective is to incentivize and focus attention on Company KPIs; to reward the achievement of financial, operational and individual targets and provide a competitive performance-related annual earnings opportunity.
Operation:	Profitability Target making up 50% of the bonus. The bonus will be calculated as 5% of net profit after tax for profits up to the amount of profit that was targeted and approved at the beginning of the year. For any profits over and above the profits that were targeted and approved at the beginning of the year, 25% of net profit after tax will be payable into the management bonus pool; Share Value Target making up the balance 50% of the bonus will be at 2% of the differential between company market capitalization between financial year periods. Base price is value per share as at Jan 1st 2018; and The above bonus pools will subsequently be shared amongst management and staff subject to performance criteria established by management year on year. Performance criteria will be based on: - Meeting of KPIs; and Longevity of stay in the company participating in attaining the results s.
Opportunity:	The Managing Director's terms of employment were within the Companies HR policies.
Performance Metrics:	Company element based on challenging corporate, operational and financial KPIs. Measures, targets and weightings are set in respect of each financial year. Personal elements based on performance measures set each financial year relevant to the individual's role and accountabilities. Details of the corporate performance measures applicable in the current financial year are contained in the Group Variable Pay pay-out policy. All bonus payments are at the discretion of the Board.

Executive Share Option Plans

The Company has not introduced Executive Share Option Plans. No plan has been recommended for the next financial year.

b) Non-Executive Directors Meeting attendance fees

Purpose / Link to Corporate: Competitive fee to recruit and retain.

Strategy Operation: The NED fee is a meeting attendance fee that is paid quarterly in arrears.

Opportunity: Fees are determined in accordance with market practice. The Remuneration Committee recommends the fees payable to the Chairman and other NEDs.

- Meeting attendance fees applies to attendance at Board meetings, Annual General Meeting, Board Committee meetings, Strategic Planning Workshop and Board Training Workshops;
- The fee structure will pay the Board Chair and the Board Committee Chairs a higher meeting attendance fee than that paid to other Directors in attendance.
- Directors attending out-of-country Board meetings will be entitled to receive an additional allowance.
- No additional fees/allowances will be paid over and above the retainer and meeting attendance fees

Performance Metrics: None

Performance Share plan

The Company has not introduced any Executive and Non-Executive Performance Share plans.

Other Key Policies influencing Directors' Remuneration

a) Recruitment policy

The Company's philosophy is that all Managing Directors should be remunerated at an appropriate level based on Home Afrika's remuneration policy and taking into account the experience and caliber of the individual. Managing directors are entitled to a salary and Main board meeting attendance fees and not the meeting attendance fees on other committees

A new non- Managing Director will be entitled to the applicable meeting attendance fees as per the existing compensation schedule on sitting allowance.

b) Policy on payment for loss of office

The Managing Director's employment contract provides for a maximum of 12 months' notice.

On termination of an Managing Director's service contract, the Company's policy is to pay the salary and benefits to which the executive is contractually entitled. There is no contractual entitlement to receive any bonus but depending on the circumstances, the Company may decide to make a bonus payment in respect of the period up to the termination date. It is not the Company's policy to make payments in respect of bonus if the Company is entitled to dismiss a Director for cause.

The letters of appointment for Non-Executive Directors do not provide for any notice period. However, the appointment ceases immediately upon termination by resignation, a resolution of the Board or shareholders and no further remuneration accrues to the Director thereafter.

c) Obligations in Service contracts

There are no obligations to individuals in Directors' Service contracts or Letter of Employment which give rise to entitlement beyond that described in the policy table and the policy on payment for loss of office.

d) Discretions retained by the Remuneration Committee

The Company does not operate any long-term incentive plan such as Share Option Plan, Share Performance plan, etc. Accordingly, there no areas of discretion to disclose. The BNRC and the Board feel confident that the remuneration policy continues to be appropriate for the Company and will support the implementation of the Group's short term and long-term objectives.

The regulations relating to the Directors' Remuneration Report were gazetted on 15 September 2017. The BNRC plans to develop a Remuneration policy that addresses the requirements set out in the regulations.

FINANCIAL STRENGTH

A) SOURCES OF FINANCE

Home Afrika LTD has currently employed a mix of different sources of finance for its projects.

Equity: These are the shareholders contributions. The company is also listed in the NSE GEMS section.

Retained Earnings: Home Afrika LTD has over the last several years not paid dividend to the shareholders.

Debt: Due to the company's stability and futuristic outlook, the company has been able to acquire loans from financial institutions to fund its project in Migaa & Mitini.

Strategic Investors: The Company is currently in the market looking for Strategic investors. The outcome has been encouraging with several potential investors expressing interest and are currently undertaking due diligence so as to invest with Home Afrika.

Property Exchange: Through the Migaa project, the company has employed a mix of cash payment and property exchange in infrastructure development, this was done for the second phase of roads and golf course construction.

B) COSTS OF FINANCING

The cost of financing has been forming one of the key components of the company's income statement, Home Afrika and its subsidiaries are currently servicing interest on loans, bond preference share interest. The initial financing was utilized in project acquisition and infrastructure development.

C) RETURN ON INVESTMENT

The company employs a framework to determine return on investment on all of the projects it undertakes that gives a return on investment of 25%. The strategies involves project and pricing committees that employs research oriented matrix. This helps in,

1. Feasibility study
2. Carrying out due diligence,
3. Pricing
4. Cost analysis/Budget monitoring

D) DEVELOP BUYER FINANCE MODEL

Housing being one of the items in agenda Four has elicited an ongoing conversation in the public domain. The government has taken initiatives to enable the citizenry to afford and ease the process of housing and land acquisition including simplifying the tax laws governing the sector. The sector has greatly benefited from these initiatives. It is worth noting that about 15% of the purchasers in the Migaa project in the year 2020 acquired property in the company through mortgages and other bank financing models. This implies that the other sectors of the economy are taking cue of the changes in the real estate industry.

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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COMPANY INFORMATION

BOARD OF DIRECTORS	: Peter Mungai Ndung'u : Dan Ochieng Awendo : Mbugua Gecaga : Luke Mwiti Kinoti : Peter Nduati (Resigned on 12 November 2020) : Caroline Jebet Kigen (Resigned on 12 November 2020) : Frida Owinga (Appointed on 15 June 2020) : Bertha Mvita (Appointed on 15 June 2020) : Kendi Ogamba (Resigned on 2 February 2021)
REGISTERED OFFICE	: Cooperative Bank Registrars Services : CIC Plaza, Upper Hill, Wing 2, 1st Floor : P.O. Box 48231, 00100 : NAIROBI
PRINCIPAL PLACE OF BUSINESS	: Morningside Office Park : Ngong Road : P.O. Box 6254, 00100 : NAIROBI
INDEPENDENT AUDITOR	: PKF Kenya LLP : Certified Public Accountants : P.O. Box 14077, 00800 : NAIROBI
PRINCIPAL BANKERS	: Kenya Commercial Bank Limited : NAIROBI : I&M Bank Limited : NAIROBI : Cooperative Bank (Kenya) Limited : NAIROBI : Eco Bank Kenya Limited : NAIROBI : Equity Bank Kenya Limited : NAIROBI
LEGAL ADVISORS	: Muriu Mungai & Company Advocates : NAIROBI : Wainaina Ireri & Co. Advocates : NAIROBI : Robson Harris & Company Advocates : NAIROBI

COMPANY INFORMATION (CONTINUED)

SUBSIDIARIES	: Home Afrika Communities Limited : NAIROBI
	: Mitini Scapes Development Limited : NAIROBI
	: Migaa Management Limited : NAIROBI
	: Lake View Heights Development Limited : NAIROBI
	: Llango Development Limited : NAIROBI
	: Kikwetu Development Limited : NAIROBI
	: Kivuli Golf Limited : NAIROBI
	: Suburban Limited : NAIROBI

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2020, which disclose the state of affairs of the group and the company.

PRINCIPAL ACTIVITY

The principal activity of the group is that of real estate development in housing and commercial properties.

BUSINESS REVIEW

During the year 2020 the total turnover of the group decreased from Shs. 362,979,327 to Shs. 269,095,810. This is a net effect of less plots sales made in the current year compared to prior year and increase in percentage of completion. The loss for the year decreased from Shs. 888,808,078 to Shs. 340,250,370.

As at 31 December 2020, the net liability position of the group was Shs. 2,281,428,625 compared to Shs. 1,941,178,255 as at 31 December 2019.

	Group		Company	
Key performance indicators	**2020 Shs**	**2019 Shs**	**2020 Shs**	**2019 Shs**
Turnover (Shs)	269,095,810	362,979,327	-	9,670,000
Gross profit (Shs)	52,435,038	3,632,299	-	7,206,305
Gross profit margin (%)	19%	1%	0%	75%
EBITDA	(110,890,949)	(624,533,103)	(189,239,372)	(128,568,991)
(Loss) for the year (Shs)	(340,250,370)	(888,808,078)	(194,425,088)	(188,588,603)
Net (liabilities) (Shs)	(2,282,428,625)	(1,941,178,255)	(1,274,203,257)	(1,079,778,169)

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging mainly due to the tough economic environment in the wake of the covid 19 pandemic which had adverse impact on the Real Estate Sector. This led to reduced demand in land and houses and at the same time pressure on prices as developers and real estate try to offload slow moving stocks.

The group focus for now is towards finalsing on its fagship projects and at the same time diversifying in short term projects and sale of undeveloped land.

In addition to the business risk(s) discussed above, the company's activities expose it to a number of financial risks which are described in detail in Note 29 to the financial statements.

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2020: Nil).

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

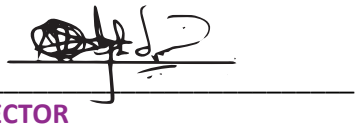
With respect to each director at the time this report was approved:

(a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and
(b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

The company's auditor, PKF Kenya LLP, has indicated willingness to continues in office in accordance with the company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

BY ORDER OF THE BOARD



DIRECTOR

31st July 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of the group's and company's profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the group and the company; that disclose, with reasonable accuracy, the financial position of the group and company and group and that enable them to prepare financial statements of the group and the company that comply with International Financial Reporting Standards and the requirements of the Kenya Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of there financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
ii. Selecting and applying appropriate accounting policies; and
iii. Making accounting estimates and judgements that are reasonable in the circumstances.

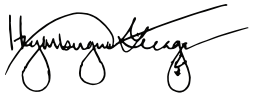
The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the group and of the company as at 31 December 2020 and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

In preparing these financial statements the directors have assessed the group's and company's ability to continue as a going concern as set out in Note 1(a) to the financial statements. The directors are of the opinion that the group and its subsidiaries will remain a going concern for at least the next twelve months from the date of this statement based on the factors described in Note 1(a).

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on **31st July** 2021 signed on its behalf by :

DIRECTOR



DIRECTOR

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HOME AFRIKA LIMITED

Disclaimer of Opinion

We were engaged to audit the financial statements of Home Afrika Limited (the "company") and its subsidiaries (collectively referred to as the "consolidated financial statements" and "group") set out on pages 19 to 61, which comprise the consolidated and company statements of financial position as at 31 December 2020, and the consolidated and company statement of profit or loss and other comprehensive income, consolidated and company statement of changes in equity and consolidated and company statement of cash flows for the year then ended, and notes to the consolidated and company financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

The following matters form the basis for our disclaimer of opinion:

(i) The financial statements indicate that the group incurred a net loss of Shs. 340,250,370 for the year ended 31 December 2020, and as of that date, the group had net current liabilities of Shs. 2,725,831,483 and a deficiency in shareholders funds of Shs. 2,281,428,625. These conditions indicate that a material uncertainty exists which may cast significant doubt on the group's ability to continue as a going concern. The directors have prepared these financial statements on a going concern basis as described in Note 1. We have not obtained sufficient appropriate audit evidence in respect of the basis and assumptions used by the directors to prepare the financial statements on a going concern basis as the discussions and negotiations with existing lenders and prospective investors as well as transactions related to sale of inventories have not been concluded as of the date of our audit opinion. As a result we were unable to determine whether the use of the going concern assumption is appropriate and, if applicable, to determine whether any adjustments might have been found necessary to the amounts reported in the financial statements should the going concern basis not be appropriate.

(ii) Included within trade and other receivables is a receivable from related parties amounting to Shs. 343,520,531 which arose on the sale of certain inventory to the related party. We have not obtained sufficient appropriate audit evidence in respect of the measurement and recoverability of these transactions and balances. In addition there was an unreconciled variances of Shs 3,897,428 between inter group companies with and aggregate debit balances of Shs. 23,011,717 and credit balances of Shs. 19,114,289 for which no reconciliation has been done hence unable to obtain sufficient appropriate audit evidence whether the balances and transactions were valid.

(iii) Included within work in progress are 2 properties; sports facility and club house with a cumulative cost of Shs. 28,285,376 for which the title is not in the name of the company. No impairment for the properties has been made in the financial statements.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HOME AFRIKA LIMITED (CONTINUED)

Basis for Disclaimer of Opinion (continued)

(iv) Included within deposit from plot buyers are balances reflected as receivable from plot buyers amounting to Shs. 57,272,454. We have not obtained sufficient appropriate audit evidence on the recoverability of these transactions and balances in the absence of supporting documentation.

(v) As described in note 15 to the financial statements, included in the inventory are residential apartment blocks that are currently under construction with a carrying value of Shs. 570 million was a subject of repossession by a bank as collateral to a loan facility. We were unable to obtain sufficient appropriate audit evidence as to the adequacy of provision impairment given the uncertainties in completion of the project as reflected Note 15.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Because of the significance of the matters described in the basis for disclaimer of opinion section, and our consequential disclaimer of opinion, we have not reported on these.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the consolidated and company financial statements that give a true and fair view in accordance with IFRSs and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and company financial statements, the directors are responsible for assessing the Group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HOME AFRIKA LIMITED (CONTINUED)

Report on other matters prescribed by the Kenyan Companies Act, 2015

As required by the Kenyan Companies Act, 2015, we report to you that subject to the matters referred to in the basis for disclaimer of opinion section of our report on page 15:

- the company and group has kept adequate accounting records and the company's and group's financial statements are in agreement with the accounting records;
- in our opinion the information given in the report of the directors on pages 3 to 4 is consistent with the financial statements; and
- that the auditable part of the directors remuneration report on pages 5 to 13 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Mike Njuguna Kimundu - Practising certificate No. 2235

For and on behalf of PKF Kenya LLP
Certified Public Accountants
NAIROBI

PKF Kenya

_____**2021**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2020 Shs	2019 Shs
Revenue from contracts with customers	3	269,095,810	362,979,327
Cost of sales		(216,660,772)	(359,347,028)
Gross profit		52,435,038	3,632,299
Fair value gain on investment property	11	48,747,494	-
Other operating income	4	18,284,520	18,068,523
Selling and distribution expenses		(27,104,095)	(30,207,196)
Administrative expenses		(172,973,285)	(201,250,081)
Other operating expenses		(38,406,042)	(31,678,727)
Impairment provision on inventories	15	-	(390,531,081)
Operating (loss)	5	(119,016,370)	(631,966,263)
Finance costs	7	(219,228,334)	(254,635,675)
(Loss) before tax		(338,244,704)	(886,601,938)
Tax credit	8	(2,005,666)	(2,206,140)
(Loss) for the year		(340,250,370)	(888,808,078)
Total comprehensive (loss) for the year		(340,250,370)	(888,808,078)
(Loss) attributable to:			
- Owners of the parent		(242,367,756)	(625,855,602)
- Non-controlling interest		(97,882,614)	(262,952,476)
		(340,250,370)	(888,808,078)
(Loss) per share (Shs)			
- basic and diluted	9	(0.60)	(1.54)

The notes on pages 113 to 147 form an integral part of these financial statements.

Report of the independent auditor - pages 102 to 104.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2020 Shs	2019 Shs
Revenue from contracts with customers	3	-	9,670,000
Cost of sales		-	(2,463,695)
Gross profit		-	7,206,305
Other operating income	4	344,844	5,194,791
Selling and distribution		(2,387,270)	(18,685,316)
Administrative expenses		(107,998,967)	(117,350,190)
Other operating expenses		(10,149,448)	(9,838,480)
Impairment of investment in subsidiary	13	(74,234,247)	-
Operating (loss)		(194,425,088)	(133,472,891)
Finance costs	7	-	(55,115,712)
(Loss) before tax		(194,425,088)	(188,588,603)
Tax (charge)	8	-	-
(Loss) for the year		(194,425,088)	(188,588,603)
Total comprehensive (loss) for the year		(194,425,088)	(188,588,603)
(Loss) per share - Basic	9	(0.48)	(0.47)

The notes on pages 113 to 147 form an integral part of these financial statements.

Report of the independent auditor - pages 102 to 104.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31st December 2020 Shs	2019 Shs
Non-current assets			
Property and equipment	10	50,128,516	51,834,069
Investment property	11	393,011,656	338,741,824
Intangible assets	12	1,260,685	1,881,620
Financial assets	14	2,000	2,000
		444,402,858	392,459,513
Current assets			
Inventories	15	3,589,102,338	3,536,340,008
Trade and other receivables	16	404,681,551	408,020,235
Cash and cash equivalents	17	4,415,717	10,988,166
		3,998,199,607	3,955,348,409
Total assets		4,442,602,465	4,347,807,922
Current liabilities			
Deferred income	18	1,087,662,457	1,222,850,867
Trade and other payables	19	1,499,537,247	1,309,495,671
Deposit from sale of plots and units	19	2,038,115,264	1,839,483,416
Borrowings	20	1,111,559,093	921,560,824
Private placement bond	21	820,660,028	820,660,028
Deposit for shares	22	158,446,022	168,972,272
Current tax		8,050,979	6,045,313
		6,724,031,089	6,288,986,177
Net current (liabilities)		(2,725,831,483)	(2,333,637,768)
Total liabilities		6,724,031,089	6,288,986,177
Net (liabilities)		(2,281,428,625)	(1,941,178,255)
EQUITY			
Share capital	24	405,255,320	405,255,320
Share premium	25	68,842,038	68,842,038
Accumulated deficit		(2,232,980,893)	(1,990,613,137)
Equity attributed to owners of the company		(1,758,883,535)	(1,516,515,779)
Non-controlling interest		(522,545,090)	(424,662,476)
Total equity		(2,281,428,625)	(1,941,178,255)

The financial statements on pages 105 to 147 were approved and authorised for issue by the Board of Directors on **31st July** 2021 and were signed on its behalf by:

_____ DIRECTOR _____ DIRECTOR

The notes on pages 113 to 147 form an integral part of these financial statements.
Report of the independent auditor - pages 102 to 104

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 31st December 2020 Shs	2019 Shs
Non-current assets			
Property and equipment	10	55,508,663	55,319,959
Intangible assets	12	1,260,685	1,881,620
Investment in subsidiaries	13	2,752,000	76,986,247
Financial assets	14	2,000	2,000
		59,523,348	134,189,826
Current assets			
Inventories	15	264,509,622	262,457,335
Trade and other receivables	16	34,106,591	33,310,445
Cash and cash equivalents	17	2,178,776	8,759,337
		300,794,989	304,527,117
Total assets		360,318,337	438,716,943
Current liabilities			
Trade and other payables	19	859,674,786	754,112,630
Deposit from sale of plots and units	19	162,571,160	160,262,482
Private placement bond	21	603,765,205	603,765,205
Borrowings	20	8,155,648	-
Current tax		354,795	354,795
		1,634,521,594	1,518,495,112
Net current (liabilities)		(1,333,726,605)	(1,213,967,995)
Net assets		(1,274,203,257)	(1,079,778,169)
EQUITY			
Share capital	25	405,255,320	405,255,320
Share premium	26	68,842,038	68,842,038
Accumulated deficit		(1,748,300,615)	(1,553,875,527)
Total equity		(1,274,203,257)	(1,079,778,169)

The financial statements on pages 105 to 147 were approved and authorised for issue by the Board of Directors on 31 July 2021 and were signed on its behalf by:

_____ DIRECTOR

_____ DIRECTOR

The notes on pages 113 to 147 form an integral part of these financial statements.

Report of the independent auditor - pages 102 to 104

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019	Share capital Shs	Share premium Shs	Retained earnings Shs	Total Shs	Non controlling interests Shs	Total equity Shs
At start of year	405,255,320	68,842,038	(1,364,757,535)	(890,660,177)	(161,710,000)	(1,052,370,177)
Total comprehensive (loss) for the year	-	-	(625,855,602)	(625,855,602)	(262,952,476)	(888,808,078)
At end of year	405,255,320	68,842,038	(1,990,613,137)	(1,516,515,779)	(424,662,476)	(1,941,178,255)
Year ended 31 December 2020						
At start of year	405,255,320	68,842,038	(1,990,613,137)	(1,516,515,779)	(424,662,476)	(1,941,178,255)
Total comprehensive (loss) for the year	-	-	(242,367,756)	(242,367,756)	(97,882,614)	(340,250,370)
At end of year	405,255,320	68,842,038	(2,232,980,893)	(1,758,883,535)	(522,545,090)	(2,281,428,625)

The notes on pages 113 to 147 form an integral part of these financial statements.

Report of the independent auditor - pages 102 to 104

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019	Share capital Shs	Share premium Shs	Retained earnings Shs	Total Shs
At start of year	405,255,320	68,842,038	(1,365,286,924)	(891,189,566)
Total comprehensive (loss) for the year	-	-	(188,588,603)	(188,588,603)
At end of year	405,255,320	68,842,038	(1,553,875,527)	(1,079,778,169)
Year ended 31 December 2020				
At start of year	405,255,320	68,842,038	(1,553,875,527)	(1,079,778,169)
Total comprehensive (loss) for the year	-	-	(194,425,088)	(194,425,088)
At end of year	405,255,320	68,842,038	(1,748,300,615)	(1,274,203,257)

The notes on pages 113 to 147 form an integral part of these financial statements.

Report of the independent auditor - pages 102 to 104.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2020 Shs	2019 Shs
Operating activities			
Cash from operations	26	225,787,536	316,148,465
Interest paid	27	(202,911,927)	(254,635,675)
Tax paid		-	(1,473,012)
Net cash from operating activities		22,875,609	60,039,778
Investing activities			
Cash paid for purchase of property and equipment	10	(5,864,006)	(5,285,089)
Additions to investment property	11	(5,522,338)	(6,651,721)
Cash paid for purchase of intangible assets	12	-	(237,800)
Proceeds from disposal of property and equipment		250,000	-
Net cash (used in) investing activities		(11,136,345)	(12,174,610)
Financing activities			
Repayment:			
- borrowings		(33,024,657)	(40,378,939)
- deposits for shares		(5,080,000)	(5,836,250)
Proceeds			
- hire purchase		2,677,815	-
- borrowings		11,262,000	-
Net cash (used in) financing activities	28	(24,164,842)	(46,215,189)
(Decrease)/increase in cash and cash equivalents		(12,425,578)	1,649,979
Movements in cash and cash equivalents			
At start of year		10,988,166	9,338,188
(Decrease)/increase		(12,425,578)	1,649,979
At end of year	17	(1,437,411)	10,988,166

The notes on pages 27 to 61 form an integral part of these financial statements.

Report of the independent auditor - pages 16 and 18.

The notes on pages 13 to 147 form an integral part of these financial statements.

Report of the independent auditor - pages 102 to 104

COMPANY STATEMENT OF CASH FLOWS

	Notes	2020 Shs	2019 Shs
Operating activities			
Cash from operations	26	(10,167,650)	64,329,630
Interest paid	27	-	(55,115,712)
Net cash from/(used in) operating activities		(10,167,650)	9,213,918
Investing activities			
Cash paid for purchase of property and equipment	10	(4,818,560)	(2,987,899)
Cash paid for purchase of intangible assets	12	-	(237,800)
Proceeds from disposal of property and equipment		250,000	-
Net cash (used in) investing activities		(4,568,560)	(3,225,699)
Financing activities			
Proceeds from finance lease		2,677,815	-
Increase/(decrease) in cash and cash equivalents		(12,058,395)	5,988,219
Movements in cash and cash equivalents			
At start of year		8,759,337	2,771,118
Increase/(decrease)		(12,058,395)	5,988,219
At end of year	17	(3,299,057)	8,759,337

The notes on pages 13 to 147 form an integral part of these financial statements.

Report of the independent auditor - pages 102 to 104.

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss and statement of comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

a) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Transfer between levels of the fair value hierarchy are recognised by the directors at the end of the reporting period during which the change occurred.

Going concern

The financial performance of the group is set out in the Director's report and in the statement of profit or loss and the other comprehensive income. The financial position of the group is set out in the statement of financial position. Disclosures in respect of risk management and capital management are set out in notes 30 and 31 to the financial statements.

During the year ended 31 December 2020, the group recognised a net loss of Shs. 319 million (2019: Shs. 889 million). The statement of financial position also indicates a deficiency in shareholders' funds of Shs. 2.26 billion (2019: Shs. 1.941 billion) and net current liabilities of Shs. 2.724 billion (2019: Shs. 2.334 billion). However, included in the current liabilities are deposits for sale of plots and units as well as deferred income of Shs. 2.038 billion and Shs. 1.088 billion respectively. There is little likelihood of these liabilities being paid out. Indications are that they will translate to revenues as the level of project completion improves.

The directors are currently engaging with the group lenders on restructuring of the current borrowing facilities and also with prospective investors to raise additional funds.

Based on the anticipated success of the negotiations above, the directors consider it appropriate to prepare the financial statements of the group and company on a going concern basis.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, amendments and interpretations adopted by the group

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The revised conceptual framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the company.

Amendments to IAS 1 and IAS 8 Definition of Material (issued in October 2018)
The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

Amendments to IFRS 3: Definition of a Business (issued in October 2018)
The amendments, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. These amendments had no impact on the financial statements of the company, but may impact future periods should the company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (issued in September 2019)
The amendments, applicable to annual periods beginning on or after 1 January 2020, provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the company as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 Covid-19 Related Rent Concessions (issued on 28 May 2020)
The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the company.

New standards, amendments and interpretations issued but not effective
At the date of authorisation of these financial statements the following standards and interpretations, which have not been applied in these consolidated financial statements, were in issue but not yet effective for the year presented:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current (issued in January 2020), effective for annual periods beginning or after 1 January 2023, clarify a criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, amendments and interpretations adopted by the group

- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
- Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022, specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.
- Amendment to IAS 41 Agriculture 'Taxation in fair value measurements' (issued in May 2020), effective for annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted, removes the requirement that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards 'Subsidiary as a first-time adopter' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply IFRS 1.
- Amendments to IFRS 3 Business Combinations - The amendments added an exception to the the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. The amendments also clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are effective for annual reporting periodsbeginning on or after 1 January 2022 and apply prospectively.
- Amendment to IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition of financial liabilities' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss "should be recognized fully when the transaction involves a business, and partially if it involves" assets that do not constitute a business.
- IFRS 17 'Insurance Contracts' (issued in May 2017), effective for annual periods beginning on or after 1 January 2023, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The company does not issue insurance contracts.

The directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes abovefrom their effective dates.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Significant accounting judgements, estimates and assumptions (continued)

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The assumptions and judgements set-out below do not consider the full potential impact of the recent coronavirus outbreak as it is too early at this stage to predict the full potential impact of this on the financial statements of the company.

- **Measurement of expected credit losses (ECL):**
  The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.
  A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets other than trade receivables contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Significant accounting judgements, estimates and assumptions (continued)

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

For trade receivables, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

- Useful lives, depreciation methods and residual values of property, plant and equipment and intangible assets

Management reviews the useful lives, depreciation methods and residual values of the items of property, plant and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 10 and 12 respectively.

- Investment property

The company holds land that is for designated development and sale and land that is as of the balance sheet date not designated for any specific future use. Under the requirement of IAS 40 on Investment Property, land that is held without any designated future use is classified as Investment Property and measured at fair value in accordance with the accounting policy set-out below.

- Impairment of trade receivables

The company reviews their portfolio of trade receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

- Fair value measurement and valuation process

In estimating the fair value of an asset or a liability, the group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the group makes use of financial models or engages third party qualified values to perform the valuation and provide inputs to the model. issue.

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of property and provision of services in the ordinary course of business and is stated net of rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

The company evaluates each transaction to determine whether there are any separately identified components. Revenue is recognised as follows:

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition

i) Revenue from sale of land is recognised when the transaction with the buyer is substantially complete which coincides with the transfer to the buyer of the significant risks and rewards of ownership and the entity retaining neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land. Remaining revenue relating to infrastructure construction is recognised using the percentage of completion method.
ii) Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable.
iii) Dividend income is recognised when the shareholders right to receive payment has been established
iv) Rental income is accrued by reference to time on a straight line basis over the lease term

d) Investment in subsidiaries/Consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. Control is achieved when the company; has power over the trustee; is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The group also assesses the existence of control where it does not have a majority of the voting rights power but is able to govern the financial and operating policies of a subsidiary. Control may arise in certain circumstances where including the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, where potential voting rights are held by the company and rights from other contractual arrangements etc.

Intra-group balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary adjustments are made to financial statements of subsidiary to bring their accounting policies into line with the groups accounting policy.

e) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation on assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Buildings	2.50 (straight line)
Motor vehicles	25.00
Tractor	37.50
Computer equipment	30.00
Office equipment	12.50
Furniture and fittings	12.50

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Property and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

f) Investment property

Investment property is long-term investments in land that are not occupied substantially for own use. Land held with an undetermined future use is also classified as investment property. Investment property is initially recognised at cost and subsequently carried at fair value representing open market value at the reporting date. Changes in fair value are recorded in profit or loss based on the percentage of completion as described in note (c) above.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year which it is incurred.

Gains and losses on disposal of investment property is determined by reference to their carrying amount and are taken into account in determining operating profit/(loss).

g) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software
Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

h) Financial instruments

Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

- **Financial assets**

  The company classifies its financial assets into the following categories:

  i) Amortised cost;

  Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial Instruments (continued)

ii) Fair Value Through Other Comprehensive Income (FVTOCI):

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are classified and measured at value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gain and losses. Gains and losses previously recognised in OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

iii) Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measure at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement.

Notwithstanding the above, the company may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income
- on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial Instruments (continued)

Financial liabilities

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The company may also,on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortised cost.

i) Inventories

Inventories comprise of land and developments held for sale and is stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out (FIFO) basis and comprises all costs attributable to purchase of the land and direct cost for the development of common amenities andrelated service costs including finance costs.

j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

k) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

l) Share premium

Share premium represents the amount received by the company over the par value of the ordinary shares issued.

Deposits received for ordinary and preference shares are also classified as liabilities. On allotment of ordinary shares, the amounts are reclassified to equity.

m) Dividend

Proposed dividends are disclosed as a separate component of equity until declared.

Dividends are recognised as a liability in the period in which they are approved by the group's shareholders.

n) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Taxation (continued)

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

o) Accounting for leases

The group as lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the group recognises a right-of-use asset and a lease liability. Also excluded from such measurement are leases of land held as inventory for sale in the ordinary course of business which are carried as inventory and revenue therefrom accounted for under revenue accounting policy.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the group's incremental borrowing rate is used.

For leases that contain non-lease components, the group allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

p) Retirement benefit obligations

The group and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate. The company has no further obligation once the contributions have been paid.

NOTES (CONTINUED)

q) Borrowing costs

Borrowing costs that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset based either on actual cost on specific borrowings or, in the case of general borrowings, based on a weighted average cost.

Capitalisation of borrowing costs ceases when all activities necessary to prepare the asset for its intended use or sale are complete. All other borrowing costs are recognised in profit or loss.

r) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES (CONTINUED)

2. Segmental reporting

The group is engaged in the business of development and sale of real estate and related activities. This business is conducted through different subsidiaries representing separate projects of the group. The basis of reporting the performance of the group for resource allocation purposes to the board of directors (which represents the chief operating decision maker for the purposes of segmental reporting) is on a company by company basis.

While certain group companies are involved in post real-estate development activities such as provision of services to occupiers etc, these activities are not material to the group as a whole and therefore not separately disclosable.

In respect of the primary operations of real estate development and sale, all activities of the group are carried out within a single economic area being Kenya and are therefore subject to common economic characteristics. These operations are therefore aggregated together, along with the immaterial related activities discussed in the preceding paragraph such that the group's activities comprises a single operating segment. The financial results for the operations of the group are presented to the board are the same as the measures of operating profit and profit before tax as presented in the statement of profit or loss and other comprehensive income. All the assets and liabilities of the group represent the single overall aggregated segment.

As its geographic operations are confined to a single country, no disclosures by geography are applicable. All revenue, costs, assets and liabilities arise and are held in Kenya.

3. Revenue from contracts with customers

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Recognised over time:				
-Revenue from sale of property	269,095,810	362,979,327	-	9,670,000

4.Other operating income

Rental income	8,540,467	7,353,800	-	-
Gain on disposal of property and equipment	184,927	-	184,927	-
Other income	9,559,126	10,714,723	159,917	5,194,791
	18,284,520	18,068,523	344,844	5,194,791

NOTES (CONTINUED)

5. Operating (loss)

The following items have been charged in arriving at operating (loss):

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Depreciation on property and equipment (Note 10)	7,504,486	6,506,392	4,564,782	3,977,132
Amortisation of intangible assets (Note 12)	-	926,768	620,935	926,768
Auditors' remuneration				
- current year	3,205,000	2,905,000	650,000	650,000
- under provision in prior years	886,421	18,200	-	-
Directors' emoluments	13,053,623	9,087,142	2,350,000	2,000,000
Staff costs (Note 6)	100,858,285	105,634,835	69,701,310	70,786,750

6. Staff costs

Salaries and wages	91,874,822	92,208,749	66,596,729	63,622,453
Other staff costs	8,350,463	12,610,086	2,828,181	6,843,097
Pension costs:				
- National Social Security Fund	633,000	816,000	276,400	321,200
	100,858,285	105,634,835	69,701,310	70,786,750

The average number of persons employed during the year, by category, were:	Group		Company	
	2020	2019	2020	2019
Sales and marketing	46	48	40	42
Projects	102	104	3	5
Management and administration	35	27	26	18
Total	183	179	69	65

7. Finance costs

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Interest expense:				
- bank borrowings	217,435,534	159,089,353	-	-
- private placement bond	-	93,510,535	-	55,115,712
- deposit for shares	1,792,800	2,035,787	-	-
	219,228,334	254,635,675	-	55,115,712

NOTES (CONTINUED)

8. Tax

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Current tax	2,005,666	2,206,140	-	-
Deferred tax (credit)/charge (Note 24)	-	-	-	-
	2,005,666	2,206,140	-	-
The tax on the group's (loss) before tax differs from the theoretical amount that would arise using the basic rate as follows:				
(Loss) before tax	(338,244,704)	(886,601,938)	(194,425,088)	(188,588,603)
Tax calculated at a tax rate of 25% (2019: 30%)	(101,473,411)	(265,980,581)	(58,327,526)	(56,576,581)
Tax effect of:				
- income and expenses not taxable/allowable	53,162,569	154,830,964	662,557	68,516
- tax losses and other temporary differences on which deferred tax has not been recognised	50,316,508	113,355,757	57,664,969	56,508,065
	2,005,666	2,206,140	-	-

9. (Loss) per share

Basic group loss per share is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Net (loss) attributable to shareholders	(242,367,756)	(625,855,602)	(194,425,088)	(188,588,603)
Weighted average number of ordinary shares	405,255,320	405,255,320	405,255,320	405,255,320
(Loss) per share - basic and diluted	(0.60)	(1.54)	(0.48)	(0.47)

NOTES (CONTINUED)

10. Property and equipment

Group	Buiding Shs	Tractor Shs	Motor vehicles Shs	Computer equipment Shs	Furniture and fittings Shs	Office equipment Shs	Total Shs
Year ended 31 December 2020							
Cost							
At start of year	33,138,104	6,137,686	9,320,314	9,318,640	21,955,371	31,077,954	110,948,069
Additions	-	-	4,232,360	949,125	279,836	402,685	5,864,006
Disposal	-	-	(86,764)	-	-	-	(86,764)
At end of year	33,138,104	6,137,686	13,465,910	10,267,765	22,235,208	31,480,639	116,725,312
Depreciation							
At start of year	11,521,794	4,291,624	7,606,120	6,687,329	12,425,492	16,581,640	59,114,000
Charge for the year	1,424,863	692,273	1,376,773	942,435	1,178,493	1,889,650	7,504,487
Disposal	-	-	(21,691)	-	-	-	(21,691)
At end of year	12,946,657	4,983,897	8,961,202	7,629,764	13,603,985	18,471,291	66,596,796
Net book value	20,191,447	1,153,789	4,504,708	2,638,001	8,631,223	13,009,348	50,128,516
Year ended 31 December 2019							
Cost							
At start of year	33,138,104	4,457,686	7,937,624	8,033,440	21,705,671	30,390,455	105,662,980
Additions	-	1,680,000	1,382,690	1,285,200	249,700	687,499	5,285,089
At end of year	33,138,104	6,137,686	9,320,314	9,318,640	21,955,371	31,077,954	110,948,069
Depreciation							
At start of year	10,096,931	4,191,987	7,083,092	5,625,511	11,156,323	14,453,764	52,607,608
Charge for the year	1,424,863	99,637	523,028	1,061,818	1,269,169	2,127,876	6,506,392
At end of year	11,521,794	4,291,624	7,606,120	6,687,329	12,425,492	16,581,640	59,114,000
Net book value	21,616,310	1,846,062	1,714,194	2,631,311	9,529,879	14,496,314	51,834,069

NOTES (CONTINUED)

10. Property and equipment (continued)

	Building Shs	Motor vehicles Shs	Computer equipment Shs	Furniture and fittings Shs	Office equipment Shs	Total Shs
Year ended 31 December 2020						
Cost						
At start of year	56,994,527	4,947,624	6,260,225	17,311,148	5,714,015	91,227,539
Additions	-	4,232,360	563,000	-	23,200	4,818,560
Disposal	-	(86,764)	-	-	-	(86,764)
At end of year	56,994,527	9,093,220	6,823,225	17,311,148	5,737,215	95,959,335
Depreciation						
At start of year	14,250,011	3,783,306	4,391,218	10,248,837	3,234,208	35,907,580
Charge for the year	1,424,863	1,260,995	683,502	882,789	312,634	4,564,783
Disposal	-	(21,691)	-	-	-	(21,691)
At end of year	15,674,874	5,022,610	5,074,720	11,131,626	3,546,842	40,450,672
Net book value	41,319,653	4,070,610	1,748,505	6,179,522	2,190,373	55,508,663
Year ended 31 December 2019						
Cost						
At start of year	56,994,527	3,681,624	5,308,025	17,228,948	5,026,516	88,239,640
Additions	-	1,266,000	952,200	82,200	687,499	2,987,899
At end of year	56,994,527	4,947,624	6,260,225	17,311,148	5,714,015	91,227,539
Depreciation						
At start of year	12,825,148	3,395,200	3,590,215	9,239,935	2,879,950	31,930,448
Charge for the year	1,424,863	388,106	801,003	1,008,902	354,258	3,977,132
At end of year	14,250,011	3,783,306	4,391,218	10,248,837	3,234,208	35,907,580
Net book value	42,744,516	1,164,318	1,869,007	7,062,311	2,479,807	55,319,959

NOTES (CONTINUED)

11. Investment property

	Land Shs	WIP Shs	Total Shs
Group			
Year ended 31 December 2020			
At start of year	305,933,383	32,808,441	338,741,824
Additions	-	5,522,338	5,522,338
Fair value gain	48,747,494	-	48,747,494
At end of year	354,680,877	38,330,779	393,011,656
Year ended 31 December 2019			
At start of year	570,026,085	54,478,146	624,504,231
Additions	-	6,651,721	6,651,721
Transfer to cost of sale on disposal	(164,809,732)	(17,674,273)	(182,484,005)
Transfers to inventories	(99,282,970)	(10,647,153)	(109,930,123)
At end of year	305,933,383	32,808,441	338,741,824

The fair value of investment property comprising buildings was determined by reference to the market prices of similar properties of the type and in the area in which the property is situated. The valuation was carried out by an independent professional valuer with recent experience in the location and category of the investment property being valued.

The fair value of the group's land investment properties are determined periodically by an independent professionally qualified valuer adjusted by management to reflect the current stage of completion of the project. In determining the valuations the valuer refers to current market conditions including recent sales transactions of similar properties. In estimating the fair value of the properties, the highest and best use of the property is their use at the end of the project development adjusted by the completion factor to reflect the condition as of the balance sheet date. There has been no change in the valuation technique used during the year.

Fair value hierarchy **Group:**	**Level 1** **Shs**	**Level 2** **Shs**	**Level 3** **Shs**	**Fair value** **Shs**
Land held as investment property	-	-	393,011,656	393,011,656

The fair valuation of the investment property is included as a level 3 valuation based on a significant non-observable input being the stage of completion of the project development within which the investment property resides which therefore has a material impact on the fair valuation as of the date of the statement of financial position.

The percentage of completion used for this valuation is 54.65% as at 31 December 2020 (48.46% as at 31 December 2019). Management does not expect there to be a material sensitivity to the value of the investment property as the percentage of completion is based on qualified professional assessments of the project development

The table above presents the changes in the carrying value of the investment property arising from these fair valuation assessments.

NOTES (CONTINUED)

12. Intangible assets

Group	Computer Software Shs	Website costs Shs	Total Shs
Year ended 31 December 2020			
Cost			
At end of year	10,508,836	1,183,800	11,692,636
Amortisation			
At start of year	8,627,216	1,183,800	9,811,016
Amortisation for the year	620,935	-	620,935
At end of year	9,248,151	1,183,800	10,431,951
Net book value	1,260,685	-	1,260,685
Year ended 31 December 2019			
Cost			
At start of year	10,271,036	1,183,800	11,454,836
Additions	237,800	-	237,800
At end of year	10,508,836	1,183,800	11,692,636
Amortisation			
At start of year	7,700,448	1,183,800	8,884,248
Amortisation for the year	926,768	-	926,768
At end of year	8,627,216	1,183,800	9,811,016
Net book value	1,881,620	-	1,881,620

Company	Computer software	
	2020	2019
Cost	Shs	Shs
At start of year	10,508,836	10,271,036
Additions	-	237,800
At end of year	10,508,836	10,508,836
Amortisation		
At start of year	8,627,216	7,700,448
Amortisation for the year	620,935	926,768
At end of year	9,248,151	8,627,216
Net book value	1,260,685	1,881,620

NOTES (CONTINUED)

13. Investments in subsidiaries

Company Name	Country of incorporation	Holding 2020 Shs	Holding 2019 Shs	Company 2020 Shs	Company 2019 Shs
Suburban Limited	Kenya	50%	50%	74,334,247	74,334,247
Mitini Scapes Development Limited	Kenya	100%	100%	100,000	100,000
Lakeview Heights Development Limited	Kenya	100%	100%	100,000	100,000
Lango Development Limited	Kenya	100%	100%	100,000	100,000
Kikwetu Limited	Kenya	100%	100%	100,000	100,000
Smart Plots Limited	Kenya	100%	100%	100,000	100,000
Home Afrika Communities Limited	Kenya	60%	60%	2,100,000	2,100,000
Migaa Management Limited	Kenya	52%	52%	52,000	52,000
Less: Provision for impairment of subsidiary				(74,234,247)	-
				2,752,000	76,986,247

	Country of incorporation	Proportion of ownership interest 2020	Proportion of ownership interest 2019	Proportion owned via subsidiary companies 2020	Proportion owned via subsidiary companies 2019	Principal Activities	Wholly or non-wholly owned subsidiary
Mitini Scapes Development Limited	Kenya	100%	100%	-	-	Development and sale of real estate	Wholly
Lakeview Heights Development Limited	Kenya	100%	100%	-	-	Development and sale of real estate	Wholly
Lango Development Limited	Kenya	100%	100%	-	-	Development and sale of real estate	Wholly
Kikwetu Limited	Kenya	100%	100%	-	-	Development and sale of real estate	Wholly
Smart Plots Limited	Kenya	100%	100%	-	-	Development and sale of real estate	Wholly
Home Afrika Communities Limited	Kenya	60%	60%	-	-	Development and sale of real estate	Non-wholly
Suburban Limited	Kenya	50%	50%	-	-	Development and sale of real estate	Non-wholly
Migaa Management Limited	Kenya	52%	52%	-	-	Development and sale of real estate	Non-wholly
Moru Ridge Limited	Kenya	-	-	60%	60%	Development and sale of real estate	Non-wholly
Kivuli Golf Limited	Kenya	-	-	60%	60%	Development and sale of real estate	Non-wholly
Migaa PDS Limited	Kenya	-	-	60%	60%	Development and sale of real estate	Non-wholly

NOTES (CONTINUED)

13. Investments in subsidiaries (continued)

The group owns 50% equity shares of Suburban Limited. The remaining 50% is held by unrelated shareholders. An assessment of control was performed by the group based on whether the group has the practical ability to direct the relevant activities unilaterally and it was concluded that the group was involved in active day to day management and therefore had dominant powers to direct the relevant activities of Suburban Limited.

Summarised financial information

Summarised financial information in respect of each of the group's main subsidiaries that has a material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Home Afrika Communities Limited		Suburban Limited		Moru Ridge Limited	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Current assets	1,791,741,339	2,232,237,932	73,263,639	70,731,029	889,525,886	910,233,184
Non-current assets	11,121,562	351,322,741	433,083	452,242	6,753	9,647
Current liabilities	(4,357,407,096)	(2,836,549,698)	(124,589,759)	(123,745,062)	(1,797,668,029)	(1,594,024,869)
Non-controlling interests	(104,723,285)	(96,004,146)	(48,146,809)	(48,981,185)	(362,945,491)	(273,512,814)

NOTES (CONTINUED)

13. Investments in subsidiaries (continued)

Summarised financial information (continued)	Home Afrika Communities Limited		Suburban Limited		Moru Ridge Limited	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Revenue	206,185,166	267,968,595	3,328,800	16,068,016	-	-
Expenses	(227,983,012)	(462,024,554)	(1,660,047)	(7,126,789)	(223,581,691)	(524,514,456)
(Loss) or profit for the year	(21,797,846)	(194,055,959)	1,668,753	8,941,227	(223,581,691)	(524,514,456)
Profit or loss attributable to the non-controlling interests	(57,222,384)	(57,222,384)	4,470,614	4,470,614	(209,805,782)	(209,805,782)
Net cash (out)/in flow from operating activities	3,822,523	7,597,126	(1,012,130)	70,248	(6,490,733)	39
Net cash (out)/in flow from investing activities	(782,275)	(8,727,631)	-	-	-	-
Net cash (out)/in flow from financing activities	(3,000,000)	(4,200,000)	-	-	-	-
Net cash (out)/ in flow	40,248	(5,330,505)	(1,012,130)	70,248	(6,490,733)	39

Significant restrictions

There are no significant restrictions on the company's or subsidiary's ability to access or use the assets and settle the liabilities of the group.

NOTES (CONTINUED)

14. Financial assets

			Group and Company	
Available-for-sale	**Incorporation**		**2020 Shs**	**2019 Shs**
Morningside Office Park Limited	Kenya	12%	2,000	2,000

The carrying amount of the investment above is not expected to be materiality different from its fair value.

15. Inventories

	Group		Company	
	2020 Shs	**2019 Shs**	**2020 Shs**	**2019 Shs**
Plots held for sale	684,098,058	776,495,265	264,509,622	262,457,335
Units held for sale	308,556,642	333,470,438	-	-
Work in progress	2,986,978,719	2,816,905,386	-	-
Less: impairment provision	(390,531,081)	(390,531,081)	-	-
	3,589,102,338	3,536,340,008	264,509,622	262,457,335

Inventory with a cost amounting to Shs. 106,878,163 have been pledged as security against deposit for preference shares as disclosed in Note 22.

Inventory with a cost amounting to Shs. 36,405,588 have been pledged as security against private placement bond as disclosed in Note 21.

Included in the inventories above are residential apartments constructed by a separate group entity, Moru Ridge Limited with cumulative costs amounting to Shs. 570,000,000 where the project has stalled since 2015. The said residential apartments have been subject to repossession by the bank as a collateral to a bank loan. The bank was unsuccessful in its effort to get a buyer to buy the properties and they did not receive any offers that were close to the cumulative costs so far incurred in putting up the residential blocks. As disclosed in Note 31, the above matter is still subject to a ongoing legal case where the court ordered that the bank take up the property at market value.

16. Trade and other receivables

	Group		Company	
Current	**2020 Shs**	**2019 Shs**	**2020 Shs**	**2019 Shs**
Trade receivables	26,558,218	25,880,001	-	-
Less: impairment provision	(24,000,000)	(24,000,000)	-	-
Net trade receivables	2,558,218	1,880,001	-	-
Other receivables	9,511,143	7,140,365	37,136	175,808
Deposits and prepayments	41,203,559	46,208,695	3,568,603	1,369,876
Shareholders account	500,000	500,000	-	-
Receivables from related parties (Note 28(iii))	369,065,408	391,279,043	854,155,976	842,729,101
Less: impairment provision	(18,156,776)	(38,987,869)	(823,655,124)	(810,964,340)
	404,681,551	408,020,235	34,106,591	33,310,445

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value.

The carrying amounts of the group's/company's trade and other receivables are denominated in Kenya shillings.

NOTES (CONTINUED)

17. Cash and cash equivalents

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Cash at bank and in hand	4,415,717	10,988,166	2,178,776	8,759,337

For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Cash and bank	4,415,717	10,988,166	2,178,776	8,759,337
Book overdraft (Note 20)	(5,853,129)	-	(5,477,833)	-
	(1,437,411)	10,988,166	(3,299,057)	8,759,337

The company's cash and bank balances are held with major Kenyan financial institutions and, insofar as the directors are able to measure any credit risk to these assets, it is deemed to be limited.

The carrying amounts of the group's/company's cash and cash equivalents are denominated in Kenya shillings.

18. Deferred income

	Group and Company	
	2020 Shs	2019 Shs
Deferred income	1,087,662,457	1,222,850,867

Deferred income represents unrecognised revenue on account of ongoing construction.

19. Trade and other payables

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Current				
Trade payables	632,600,516	467,436,476	144,744,057	70,708,046
Accruals	198,624,451	219,427,445	142,417,561	120,481,278
Provision for legal cases	41,059,525	-	-	-
Interest accrual - preference shares	134,261,815	140,164,630	-	-
Provision for other liabilities	286,268,422	286,268,422	-	-
Deposit for service charge and shares	54,683,784	24,459,750	-	-
Other payables	91,463,353	87,298,631	40,456,807	40,274,195
Payable to related parties (Note 28(iv))	60,575,381	84,358,103	532,056,361	522,649,111
	1,499,537,247	1,309,413,457	859,674,786	754,112,630
Deposit from sale of plots and units	2,038,115,264	1,839,483,416	162,571,160	160,262,482
Total trade and other payables	3,537,652,511	3,148,896,873	1,022,245,946	747,729,385

Included in the above liabilities are amounts due to contractors totalling to Shs. 250,069,911 secured by plots. Also, included in trade payables are balances totalling to Shs. 42,798,445 that are subject to legal demand.

As disclosed in note 31, provision for legal cases comprise of amounts where the group has ceded and intends to pay or amounts as directed by the court.

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

The carrying amounts of the group's/company's trade and other payables are denominated in Kenya shillings.

NOTES (CONTINUED)

19. Trade and other payables (continued)

The maturity analysis of the group's trade and other payables is as follows:

Year ended 31 December 2020

	0 to 1 month Shs	2 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	33,402,688	271,567,268	327,630,560	632,600,516
Accruals	50,983,290	62,971,661	84,669,500	198,624,451
Provision for legal cases	-	41,059,525	-	41,059,525
Interest accrual - preference shares	-	-	134,261,815	134,261,815
Interest accrual - bond	-	-	-	-
Provision for other liabilities	-	-	286,268,422	286,268,422
Deposit from sale of plots and units	-	-	2,038,115,264	2,038,115,264
Deposit for service charge and shares	-	-	91,463,353	54,683,784
Other payables	-	7,867,324	52,708,057	91,463,353
Payable to related parties	-	-	60,575,381	60,575,381
	84,385,978	383,465,778	3,075,692,352	3,537,652,511

Year ended 31 December 2019

Trade payables	24,681,666	200,664,469	242,090,341	467,436,476
Accruals	92,279,653	117,978,582	153,251,627	359,509,861
Provision for other liabilities	-	-	286,268,422	286,268,422
Deposit from sale of plots and units	-	-	1,839,483,416	1,839,483,416
Deposit for service charge and shares	-	2,103,933	22,355,817	24,459,750
Other payables	-	12,395,646	74,985,199	87,380,845
Payable to related parties	-	-	84,358,103	84,358,103
	116,961,319	329,142,630	2,702,792,924	3,148,896,873

The maturity analysis of the company's trade and other payables is as follows:

Year ended 31 December 2020

	0 to 1 month Shs	2 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	83,604,053	52,007,361	9,132,643	144,744,057
Accruals	17,300,380	44,540,733	80,576,448	142,417,561
Deposit from sale of plots	21,690,786	140,880,374	-	162,571,160
Other payables	-	3,589,357	36,867,450	40,456,807
Payable to related parties	-	-	532,056,361	532,056,361
	122,595,219	241,017,825	658,632,902	1,022,245,946

Year ended 31 December 2019

Trade payables	58,321,221	36,279,734	6,370,826	100,971,781
Accruals	18,378,985	47,317,657	85,600,045	151,296,687
Deposit from sale of plots	28,590,992	185,696,809	-	214,287,801
Other payables	-	2,834,537	29,114,450	31,948,987
Payable to related parties	-	-	249,224,129	249,224,129
	105,291,198	272,128,737	370,309,450	747,729,385

NOTES (CONTINUED)

20. Borrowings

The borrowings are made up as follows:

Current

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Bank loans	1,103,028,149	921,560,824	2,677,815	-
Hire Purchase	2,677,815	-	-	-
Book overdraft	5,853,129	-	5,477,833	-
	1,111,559,093	921,560,824	8,155,648	-

The borrowings are secured by the following:

(i)I & M Bank Limited

- Joint and several personal guarantees and indemnities of an amount of Shs. 325,000,000 each by the directors of Mitini Scapes development Limited.
- Corporate guarantee and indemnity of Home Afrika Limited for an amount of Shs. 325,000,000.
- A fixed and floating debenture for an amount of Shs. 325,000,000 over all the assets of Mitini Scapes Development Limited.
- First legal charge/mortgage for an amount of Shs. 325,000,000 over the sublease unit PDS S03 on L.R. No. 29059, Nairobi registered in the name of Mitini Scapes Development Limited

(ii) Eco Bank Kenya Limited

- Legal charge of Shs. 400,000,000 over property known as unit No. MO014 situated on L.R. No. 29059, Kiambu.
- Corporate guarantee and indemnity from Home Afrika Communities Limited, Home Afrika Limited, Tulip Trustee Limited and Linyanti Limited for an amount of Shs. 400,000,000.
- First loss payee in respect of all insurance proceeds payable to the company under an all risk insurance policy for the assets charged as security as well as any proceeds payable under the all risk contractor's policy taken out by the company in connection with the construction.

Weighted average effective interest rates at the reporting date were:	2020 Shs	2019 Shs
Bank borrowings	18.5%	18.5%

In the opinion of the directors, the carrying amounts of borrowings and lease obligations approximate to their fair value.

The carrying amounts of the company's borrowings are denominated in Kenya shillings.

During the year, the group was in default of covenants under borrowing agreements by non repayment of the principal and interest and the details are as below:

i)I & M Bank Limited

Borrowings from this institution amounted to Shs. 168,899,026 (2019: Shs. 167,411,219) as at the reporting date. Interest payable of Shs. 23,250,463 (2019: Shs. 15,779,640) remained unpaid as at 31 December 2020. The management expects to meet all contractual obligations in the future.

ii) Eco Bank Kenya Limited

Borrowings from this institution amounted to Shs. 908,818,489 (2019: Shs. 754,149,605) as at the reporting date. Interest payable of Shs. 173,488,789 (2019: Shs. 242,310,125) remained unpaid as at 31 December 2020. The management expects to meet all contractual obligations in the future.

NOTES (CONTINUED)

21. Private Placement Bond

	Group		Company	
	2020	2019	2020	2019
Current	Shs	Shs	Shs	Shs
Bond - principal	500,000,000	500,000,000	500,000,000	500,000,000
Interest accrual - bond	320,660,028	320,660,028	103,765,205	103,765,205
	820,660,028	820,660,028	603,765,205	603,765,205

In 2014, the company raised Shs. 500,000,000 through the issue of a 5 year private placement bond. Interest on the corporate bond is at 17% per annum payable semi-annually in arrears. Interest payments on the bond were delayed as at 31 December 2018 and as a result, the bond has been classified as a current liability.

The notes are issued in denominations of Shs. 100,000. The final maturity of the Notes was 16 December 2019. However, there is early redemption any time after 18 December 2017 by the issuer in whole or in part on any interest payment date on provision of a notice of no more than 90 days or less than 30 days.
The notes are partially secured by first legal charge on land, Unit Number PDS W01 situated on L.R. No 29059, Kiambu included within inventories.

During the year, the group was in default of covenants under borrowing agreements by non repayment of the principal and interest and the details are as below:
Borrowings from this institution amounted to Shs. 500,000,000 (2019: Shs. 500,000,000) as at the reporting date.
Interest payable of Shs. 320,660,028 (2019: Shs. 320,660,028) remained unpaid as at 31 December 2020.
The management expects to meet all contractual obligations in the future.

21. Deposit for shares

	Group	
	2020	2019
Current	Shs	Shs
- Deposits for ordinary shares pending allotment	87,757,300	93,203,550
- Deposits for preference shares pending issue	70,688,722	75,768,722
	158,446,022	168,972,272
	158,446,022	168,972,272

The deposits for preference shares pending issue relate to Home Afrika Communities Limited and Kikwetu Development Limited which are both subsidiaries of the parent company.

(i) Deposits for preference shares pending issue - Home Afrika Communities Limited
- The members passed an ordinary resolution on 24 June 2013 authorising the issue of 1,000 preference shares of Shs.600,000 each.
- The tenure of the preference shares shall be 3 years with the right to receive a cumulative dividend at a rate of 20.5% p.a. to be paid together with capital upon redemption and rank in priority over ordinary shares in repayment.
- The preference shares are secured by a first legal charge over property unit L.R. No. 29059 PDS W01 (I.R No.133694 measuring 25.31 acres valued at approximately Shs 650,000,000.

(ii) Deposits for preference shares pending issue - Kikwetu Development Limited
- The company intends to issue preference shares at a subscription price of Shs. 500,000 each.
- The tenure of the preference shares shall be 3 years with the right to receive dividend at a rate of 18% per annum. The group is indefault with the contractual contract with the preference shareholders.

(iii) Deposit for ordinary shares pending allotment relates to amounts received with respect to the reservation of shares to minority interest in the subsidiary companies. No shares had been allotted as at the statement of financial position date.

NOTES (CONTINUED)

23. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2019: 30%). The movement on the deferred tax account is as follows:

	Group	
	2020 Shs	2019 Shs
At start of year	-	-
Credit to profit or loss (Note 8)	-	-
At end of year	-	-

Group

Deferred tax (assets) and liabilities, deferred tax charge/(credit) to other comprehensive income and deferred tax charge/(credit) in profit or loss are attributable to the following items:

	At start of year Shs	Charge/(credit) to profit or loss Shs	At end of year Shs
Deferred tax liabilities			
Fair value gain on investment property	137,528,918	14,624,249	152,153,167
Deferred tax assets			
Property and equipment	(551,862)	213,839	(338,023)
Tax losses carried forward	(370,411,567)	(65,154,596)	(435,566,164)
	(370,963,430)	(64,940,757)	(435,904,187)
Net deferred tax asset	(233,434,511)	(50,316,508)	(283,751,020)
Deferred tax assets not recognised	233,434,511	50,316,508	283,751,020
	-	-	-

Deferred tax assets on tax losses carried forward are only recognised to the extent of certainty of availability of sufficient future taxable profits to utilise such losses against. Deferred tax assets amounting to Shs. 341,981,202 (2019: Shs. 370,411,567) in respect of tax losses carried forward amounting to Shs. 1,367,924,809 (2019: Shs. 1,234,705,224) that can be carried forward against future taxable profits have not been recognised. These tax losses expire as follows:

	Shs	Expiry
- tax losses arising in 2012	16,205,533	31 December 2021
- tax losses arising in 2013	85,589,927	31 December 2022
- tax losses arising in 2014	35,339,120	31 December 2023
- tax losses arising in 2015	302,031,430	31 December 2024
- tax losses arising in 2016	116,532,264	31 December 2025
- tax losses arising in 2017	176,542,796	31 December 2026
- tax losses arising in 2018	289,610,191	31 December 2027
- tax losses arising in 2019	212,853,964	31 December 2028
- tax losses arising in 2020	217,546,823	31 December 2029

NOTES (CONTINUED)

23. Deferred tax (continued)

	Company	
	2020 Shs	2019 Shs
At start of year	-	-
(Credit)/charge to profit or loss	-	-
At end of year	-	-

Deferred tax (assets)	At start of year Shs	(Credit)/charge to profit or loss Shs	At end of year Shs
Property and equipment	(187,273)	200,624	13,351
Tax losses carried forward	(206,470,398)	(57,865,593)	(264,335,991)
Net deferred tax asset	(206,657,671)	(57,664,969)	(264,322,640)
Deferred tax assets not recognised	206,657,671	57,664,969	264,322,640
	-	-	-

Deferred tax assets amounting to Shs. 199,289,391 (2019: Shs. 206,470,393) in respect of tax losses carried froward amounting to Shs. 797,157,566 (2019: Shs. 688,234,659) that can be carried forward against future taxable profits have not been recognised as there is no certainty of recoverability of such losses. These tax losses expire as follows:

	Shs	Expiry
- tax losses arising in 2014	56,993,897	31 December 2023
- tax losses arising in 2015	113,378,831	31 December 2024
- tax losses arising in 2016	79,600,553	31 December 2025
- tax losses arising in 2017	131,643,016	31 December 2026
- tax losses arising in 2018	119,716,033	31 December 2027
- tax losses arising in 2019	186,902,329	31 December 2028
- tax losses arising in 2020	192,885,311	31 December 2029

24. Share capital

Authorised:	Group and Company 2020 Shs	2019 Shs
500,000,000 (2019: 500,000,000) ordinary shares of shs. 1 (2019: Shs. 1) each	500,000,000	500,000,000
Issued and fully paid:		
405,255,320 (2019: 405,255,320) ordinary shares of Shs. 1 (2019: Shs. 1) each	405,255,320	405,255,320

25. Share premium

	Group and Company 2020 Shs	2019 Shs
At start and end of the year	68,842,038	68,842,038

NOTES (CONTINUED)

26. Cash from operations	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
(Loss) before tax	(338,244,704)	(886,601,938)	(194,425,088)	(188,588,603)
Adjustments for:				
Depreciation on property and equipment (Note 10)	7,504,486	6,506,392	4,564,782	3,977,132
Amortization intangible assets (Note 12)	620,935	926,768	620,935	926,768
(Gain) on disposal of property and equipment	(184,927)	-	(184,927)	-
Impairment provision on inventories (Note 15)	-	390,531,081	-	-
Fair value gain on investment property (Note 11)	(48,747,494)	-	-	-
Impairment of investment in subsidiary (Note 13)	-	-	74,234,247	-
Interest expense (Note 7)	219,228,334	254,635,675	-	55,115,712
Changes in working capital:				
-inventories	(52,762,330)	108,527,792	(2,052,287)	(75,921,568)
-trade and other receivables	3,338,683	(338,013,052)	(796,146)	(1,672,957)
-trade and other payables	570,222,963	555,212,462	107,870,835	270,493,146
-deferred income	(135,188,410)	224,423,285	-	-
Cash from/(used in) operations	225,787,536	316,148,465	(10,167,650)	64,329,630

27. Net debt reconciliation				
Reconciliation of liabilities arising from financing activities:				
At start of year:				
Borrowings (Note 20)	921,560,824	803,049,894	-	-
Private placement (Note 21)	500,000,000	500,000,000	500,000,000	500,000,000
Deposit for shares (Note 22)	168,972,272	174,808,522	-	-
	1,590,533,096	1,477,858,416	500,000,000	500,000,000
Interest on borrowings charged to profit or loss	219,228,334	254,635,675	-	55,115,712
Interest on borrowings capitalised to inventory net of interest accruals included under trade and other payables	181,467,325	160,830,554	-	-
Cash flows:				
-Operating activities (interest paid)	(202,911,927)	(254,635,675)	-	(55,115,712)
-Proceeds from borrowing	13,939,815	-	2,677,815	-
-Repayments of borrowings	(33,024,657)	(42,319,624)	-	-
-Repayment of preference shares	(5,080,000)	(5,836,250)	-	-
At end of year	1,764,151,986	1,590,533,096	502,677,815	500,000,000
Representing:				
Borrowings (Note 20)	1,103,028,149	921,560,824	-	-
Private placement (Note 21)	500,000,000	500,000,000	500,000,000	500,000,000
Deposit for shares (Note 22)	158,446,022	168,972,272	-	-
Hire purchase (Note 20)	2,677,815	-	2,677,815	-
	1,764,151,986	1,590,533,096	502,677,815	500,000,000

NOTES (CONTINUED)

28. Related party transactions and balances

The nature of related parties is through common directorship and shareholding.
The following transactions were carried out with related parties:

	Group	
	2020 Shs	2019 Shs
i) Sale of goods		
Sale of plots to other related parties - shareholders	-	343,520,531

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
ii) Key management personnel compensation				
Short term employee benefits	56,347,048	51,109,855	36,552,925	36,202,925

iii) Outstanding balances arising from payments to/received from related parties

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Receivable from related parties (Note 16)	350,908,632	352,291,174	30,500,852	31,764,761
Receivables from related parties can be analysed as follows:				
- Subsidiaries	-	-	43,191,636	31,764,761
- Other related parties	350,908,632	352,291,174	-	-
	350,908,632	352,291,174	43,191,636	31,764,761

The amounts receivable from related parties are interest free, have no specific dates of repayment and are unsecured.

iv) Outstanding balances arising from payments to/received from related parties

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Payable to related parties (Note 19)	60,575,381	84,358,103	532,056,361	522,649,111
Payables from related parties can be analysed as follows:				
- Subsidiaries	-	-	456,695,711	184,478,543
- Other related parties e.g. Directors, shareholders	60,575,381	84,358,103	75,360,650	75,360,650
	60,575,381	84,358,103	532,056,361	259,839,193

The amounts payable to related parties are interest free, have no specific dates of repayment and are unsecured.

NOTES (CONTINUED)

29. Risk management objectives and policies

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk), creditrisk and liquidity risk

Risk management is carried out by the management under policies approved by the board of directors.
Management identifies and evaluates financial risks in close co-operation with various departmental heads.
The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and credit risk

(a) Market risk

- Interest rate risk

The group's exposure to interest rate risk arises from non-current borrowings/current borrowings. Financial assets and liabilities obtained at different rates expose the company to interest rate risk.

At 31 December 2020, if interest rates at that date had been 1 percentage point lower with all other variables held constant, post-tax loss for the year would have been Shs. 7,721,197 (2019: Shs. 6,189,281) lower, arising mainly as a result of lower interest expense on variable rate borrowings. The effect would be the opposite were interest rates to be 1% higher. 1% represents the maximum expected high change in rates.

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

In assessing whether the credit risk on a financial asset has increased significantly, the company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the company groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument;
- industry in which the debtor operates; and
- nature of collateral.

NOTES (CONTINUED)

29. Risk management objectives and policies (continued)

Financial risk management (continued)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date of the group was as follows:

Group

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		a)	b)	c)	Total
As at 31 December 2020	Shs	Shs	Shs	Shs	Shs
Trade receivables	-	-	-	2,558,218	2,558,218
Other receivables	-	-	-	9,511,143	9,511,143
Deposits and prepayments	-	-	-	41,203,559	41,203,559
Shareholders account	-	-	-	500,000	500,000
Receivables from related parties	-	-	-	369,065,408	369,065,408
Gross carrying amount	-	-	-	422,838,327	422,838,327
Loss allowance	-	-	-	(18,156,776)	(18,156,776)
Exposure to credit risk	-	-	-	404,681,551	404,681,551
As at 31 December 2019					
Trade receivables	-	-	-	1,880,001	1,880,001
Other receivables	-	-	-	7,140,365	7,140,365
Deposits and prepayments	-	-	-	46,208,695	46,208,695
Shareholders account	-	-	-	500,000	500,000
Receivables from related parties	-	-	-	391,279,043	391,279,043
Gross carrying amount	-	-	-	447,008,104	447,008,104
Loss allowance	-	-	-	(38,987,869)	(38,987,869)
Exposure to credit risk	-	-	-	408,020,235	408,020,235

NOTES (CONTINUED)

29. Risk management objectives and policies (continued)

Financial risk management (continued)
Company

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		a)	b)	c)	Total
As at 31 December 2020	Shs	Shs	Shs	Shs	Shs
Other receivables	-	-	-	37,136	37,136
Deposits and prepayments	-	-	-	3,568,603	3,568,603
Receivables from related parties	-	-	-	854,155,976	854,155,976
Gross carrying amount	-	-	-	857,761,715	857,761,715
Loss allowance	-	-	-	(823,655,124)	(823,655,124)
Exposure to credit risk	-	-	-	34,106,591	34,106,591
As at 31 December 2019					
Other receivables	-	-	-	175,808	175,808
Deposits and prepayments	-	-	-	1,369,876	1,369,876
Receivables from related parties	-	-	-	842,729,101	842,729,101
Gross carrying amount	-	-	-	844,274,785	844,274,785
Loss allowance	-	-	-	(810,964,340)	(810,964,340)
Exposure to credit risk	-	-	-	33,310,445	33,310,445

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;

b) financial assets that are credit impaired at the balance sheet date;

c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

Liquidity risk

Cash flow forecasting is performed by the finance department of the group by monitoring the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants on any of its borrowing facilities.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the company's management maintains flexibility in funding by maintaining availability under committed credit lines

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Notes 21 and **20** disclose the maturity analysis of borrowings and trade and other payables respectively.

NOTES (CONTINUED)

29. Risk management objectives and policies (continued)

The following table details the group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay.

Group

Year ended 31 December 2020

	Interest rate %	Less than 1 year Shs	1 - 5 years Shs	More than 5 years Shs	Total Shs
Interest bearing liabilities					
- Bank loans	18.5%	1,307,088,357	-	-	1,307,088,357
- Private placement bond	17.0%	500,000,000	-	-	500,000,000
Non-interest bearing liabilities					
- Deposit for shares	-	158,446,022	-	-	158,446,022
- Trade and other payables	-	3,537,652,511	-	-	3,537,652,511
		5,503,186,890	-	-	5,503,186,890

Year ended 31 December 2019

	Interest rate %	Less than 1 year Shs	1 - 5 years Shs	More than 5 years Shs	Total Shs
Interest bearing liabilities					
- Bank loans	23.0%	1,133,519,814	-	-	959,644,623
- Private placement bond	17.0%	500,000,000	-	-	500,000,000
Non-interest bearing liabilities					
- Deposit for shares	-	168,972,272	-	-	174,808,522
- Trade and other payables	-	3,148,979,087	-	-	3,073,316,524
		4,951,471,173	-	-	4,707,769,669

Company

Year ended 31 December 2020

	Interest rate %	Less than 1 year Shs	1 - 5 years Shs	More than 5 years Shs	Total Shs
Interest bearing liabilities					
- Corporate bond	17.0%	500,000,000	-	-	500,000,000
Non-interest bearing liabilities			-		
- Trade and other payables		1,022,245,946	-	-	1,022,245,946
		1,522,245,946	-	-	1,522,245,946

Year ended 31 December 2019

	Interest rate %	Less than 1 year Shs	1 - 5 years Shs	More than 5 years Shs	Total Shs
Interest bearing liabilities					
- Corporate bond	17.0%	500,000,000	-	-	500,000,000
Non-interest bearing liabilities					
- Trade and other payables		747,729,385	-	-	747,729,385
		1,247,729,385	-	-	1,247,729,385

NOTES (CONTINUED)

30. Capital Management

Internally imposed capital requirements

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk;
- to comply with the capital requirements set out by the group's bankers;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong asset base to support the development of business.
- to maintain an optimal capital structure to reduce the cost of capital.

The group sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistently with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital, share premium and other reserves retained earnings).

Due to accumulated losses, the group is entirely funded by its lenders.

31. Contingent liabilities

The group is in receipt of certain claims for damages, refunds from deposit for plot buyers and preference share holders and other remuneration from former employees amounting to Shs. 40,453,643. Amounts payable based on agreement entered into with the former employees as of the date of approval of these financial statements have been provided for where material. Disputed amounts of Shs. 15,092,114 have not been provided for as the company does not believe these are payable based on legal and other advice received. It is not possible to predict with certainty any further amounts that are payable following completion of the ongoing discussions in this regard. Any ceded balance or amounts where the group has been directed by the courts have been accrued in the books as disclosed in note 19.

The group is subject to an ongoing case whereby, the bank is seeking to liquidate an asset that was secured against funds advanced to one of the subsidiaries which was undertaking a project for construction of apartments. The court ordered the bank to repurchase the property by a private treaty and at market value.

The company is awaiting for the bank to determine the next course of action. Home Afrika Communities Limited (a subsidiary) received preliminary of Shs. 109,478,760 claims from the Kenya Revenue Authority. The company has disputed the assessment and lodged a formal objection through their tax consultant. There has been no further development in this regard. No provision for this has been recognised in these financial statements based on defences available against such claims. It is not possible to determine with certainty the amounts that may be payable.

The group is also subject to claims which arise in the ordinary course of business. No provisions for such claims have been recognised as the directors are of the opinion that no material loss will arise from such claims.

32. Incorporation

Home Afrika Limited is incorporated in Kenya under the Companies Act as a public limited liability company and is domiciled in Kenya.

33. Presentation currency

The financial statements are presented in Kenya Shillings (Shs).

SCHEDULE OF EXPENDITURE

	Group		Company	
1. SELLING AND DISTRIBUTION EXPENSES	**2020 Shs**	**2019 Shs**	**2020 Shs**	**2019 Shs**
Marketing fees	7,439,807	12,382,405	2,205,916	5,277,235
Commissions	19,302,673	15,966,556	-	11,668,197
Advertising and sales promotion	361,615	1,858,235	181,354	1,739,884
Total selling and distribution expenses	27,104,095	13,081,028	2,387,270	4,451,990
2. ADMINISTRATIVE EXPENSES				
Employment:				
Salaries and wages	92,507,822	93,024,749	66,873,129	63,943,653
Medical	5,918,882	5,636,890	2,150,918	3,016,485
Staff training and welfare	2,431,581	6,973,196	677,264	3,826,612
Total employment costs	100,858,285	105,634,835	69,701,310	64,914,239
Other administrative expenses:				
Directors and Committee allowance	13,053,623	9,087,142	2,350,000	2,000,000
(Reversal)/provision for doubtful debts	(20,831,093)	-	12,690,784	10,279,029
Meetings expenses	2,221,220	4,306,187	2,221,220	4,306,187
Legal and professional fees	56,531,507	58,298,467	9,715,966	14,871,768
Vehicle running	2,239,157	2,943,015	1,052,243	2,087,971
Office expenses	2,610,244	3,413,650	556,859	1,194,512
Postages and telephones	1,567,460	2,533,410	1,480,850	1,195,861
Audit fees				
- current year	3,205,000	2,905,000	650,000	650,000
- under provision in prior years	886,421	18,200	-	-
Travelling and accommodation	950,524	3,784,008	893,154	3,762,518
Donations	284,546	158,895	130,604	108,895
Computer expenses	6,624,979	5,736,852	4,538,929	4,185,024
Printing and stationery	36,450	104,473	36,450	43,665
Bank charges and commissions	1,572,559	1,064,262	818,195	616,326
Secretarial fees	-	1,261,685	1,162,404	1,261,685
Total other administrative expenses	72,115,001	95,615,246	38,297,658	46,563,441
Total administrative expenses	172,973,285	201,250,081	107,998,967	111,477,680
3. OTHER OPERATING EXPENSES				
Establishment:				
Depreciation on property and equipment	7,504,486	6,506,392	4,564,782	3,977,132
Repairs and maintenance	2,814,950	3,205,890	396,520	767,037
Service charge	1,232,285	1,290,923	1,172,285	1,290,923
Insurance	3,207,958	2,857,517	2,271,293	1,863,580
Security	15,727,954	11,651,057	-	-
Amortization intangible asset	620,935	926,768	620,935	926,768
Electricity	3,748,073	1,996,586	343,032	387,747
Rent and rates	2,960,473	2,706,148	266,873	258,048
Licence and subscriptions	588,928	537,446	513,728	367,246
Total other operating expenses	38,406,042	31,678,727	10,149,448	9,838,480

Due to the ongoing Covid-19 pandemic and the Government of Kenya directives restricting public gatherings, shareholders will not be able to attend the Annual General Meeting in person but will be able to register for, access information pertaining to the Audited Financial Statements of Home Afrika Limited for the year ending 31st December, 2020, vote electronically in person or by proxy and follow the meeting in the manner detailed below. Shareholders are requested to ask questions in advance of the meeting as detailed in the instructions below.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Home Afrika Limited will be held via virtual conference on Thursday, 30th September 2021 at 10.00 am to transact the following business:

AGENDA

ORDINARY BUSINESS

1. Constitution of the Meeting
   To read the notice convening the meeting and determine if a quorum is present.
2. Confirmation of the Minutes
   To confirm the Minutes of the previous Annual General Meeting held on 30th July 2020.
3. Financial Statement for the Year ended 31st December 2020
   To receive, consider and if thought fit, adopt the Audited Consolidated Financial Statements for the year ended 31st December 2020 together with the Directors' and Auditors reports thereon.
4. Dividend
   To note that the Directors do not recommend the payment of a dividend for the year ended 31st December 2020.
5. Election of Directors

a) In accordance with Articles 92 and 93 of the Company's Articles of Association, the following Directors are due for retirement by rotation and being eligible, individually offer themselves for re-election:

i. Mr. Mbugua Gecaga
ii. Mr. Luke Kinoti
iii. Mr. Peter Mungai

In accordance with Article 115 of the Company's Articles of Association, the following Directors having been appointed as additional directors on the Board to hold office until the conclusion of the next Annual General Meeting, retire and being eligible, individually offer themselves for election:

i. Ms. Jayne Nyokabi
ii. Mr. Nelson Ashitiva

b) In accordance with the provisions of Section 769 of the Companies Act 2015, the following directors, being members of the Board Audit, Risk and Compliance Committee be elected to continue to serve as members of the said Committee:

i. Mr. Luke Kinoti (Chairperson)
ii. Ms. Frida Owinga
iii. Mr. Nelson Ashitiva

6. Remuneration of Directors

To receive, consider and if thought fit, approve the Directors' Remuneration Report for the year ended 31 December 2020 and to authorize the Board to fix the remuneration of the Directors.

7. Appointment and Remuneration of Auditors
   To appoint Messrs. GMK Accountants LLP as auditors of the Company, having expressed their willingness in accordance with the provisions of Section 721(2) and 724 of the Companies Act 2015 and to authorize the Board to fix their remuneration for the ensuing financial year.
8. Any Other Business
   To transact any other business that may legally be transacted at an annual general meeting, of which due notice has been received.

By Order of the Board

Madren Oluoch-Olunya
Company Secretary
1st September 2021, Nairobi

Notes:

1) In view of the ongoing Coronavirus 2019 (COVID-19) pandemic and the related Public Health Regulations and directives passed by the Government of Kenya precluding inter alia public gatherings, Home Afrika Limited has convened and is conducting this virtual annual general meeting in line with the provisions of the Company's Articles of Association.
2) Shareholders wishing to participate in the AGM should register by doing the following: -

a) Dialing *483*823# for all Kenyan telephone networks and following the various registration prompts; or
b) Send an email request to be registered to HomeAfrikaLtdAGM@image.co.ke; or info@homeafrika.com
c) Shareholders with email addresses will receive a registration link via email which they can use to register.

In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance, shareholders should dial the following helpline number: (+254) 709 170 000 from 8:00 a.m. to 5:00 p.m. from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register or send their details to HomeAfrikaLtdAGM@image.co.ke

3) Registration for the AGM opens on Monday, 6th September 2021 at 11:00 a.m. and will close on Tuesday, 28th September 2021 at 11:00 a.m. East African time.
4) In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website www.homeafrika.com (i) a copy of this Notice and the proxy form; (ii) the Company's audited financial statements for the year ended 31st December 2020.

   The reports may also be accessed upon request by dialing the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

5) Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:

a) Sending their written questions by email to HomeAfrikaLtdAGM@image.co.ke or info@homeafrika.com
b) Shareholders who will have registered to participate in the meeting shall be able to ask questions vis SMS by dialing the USSD code above and selecting the option (Ask Question) on the prompts; or
c) Visiting www.homeafrika.com and accessing the 2021 AGM page where you can log a question directly on the webpage; or HomeAfrikaLtdAGM@image.co.ke
d) In the event that the above is not possible, physically delivering their written questions with a return physical address or email address to the registered office of Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street.

Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.
Any questions and clarifications must reach the Company on or before Tuesdsay, 28th September 2021 at 11:00 am. Limited questions will be responded to during the Annual General Meeting.
Following receipt of the questions and clarifications, the Directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 12 hours before the start of the Annual General Meeting. A full list of the questions received and the answers thereto will be published on the Company's website not later than 12 hours before the start of the Annual General Meeting.

6) In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf.

   A proxy need not be a member of the Company. If the Proxy appointed is not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.

1. A proxy form is available on the Company's website via this link: www.homeafrika.com . Physical copies of the proxy form are also available at the offices of Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street.
2. A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate.
3. A completed form of proxy should be emailed to HomeAfrikaLtdAGM@image.co.ke or delivered to the offices of Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street so as to be received not later than 24 hours before the time of holding the meeting i.e. Monday, 30th September 2021 at 11:00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Monday, 28th September 2021 at 11:00 a.m. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 28th September 2021 at 5:00 p.m. to allow time to address any issues.
4. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream.
5. Shareholders will receive an SMS prompt, with instructions, on their registered mobile phone number alerting them to Propose and Second the resolutions put forward in the notice.
6. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote when prompted by the Chairman.
7. A poll shall be conducted for all the resolutions put forward in the notice. Voting shall be done electronically via USSD or through the web link shared upon successful registration. All registered shareholders will receive a notification to vote once voting opens.
8. Results of the poll shall be published on the Company's website within 48 hours following conclusion of the AGM.
9. Shareholders are encouraged to continuously monitor the Company's website www.homeafrika.com for updates relating to the AGM. Please report any challenges or issues that you may face to us immediately for quick resolution using the email address HomeAfrikaLtdAGM@image.co.ke or our helpline (+254) 709 170 000 from 8:00 a.m. to 5:00 p.m. from Monday to Friday.

I/We,_____ of P. O. Box _____ being a member/members of the above-named Company, hereby appoint_____ of (postal address, email, mobile number and ID no.) _____
_____
_____
_____

and failing *him/her the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held via virtual conference on **Thursday, 30th September 2021 at 10.00 a.m**., and at any adjournment thereof.

Dated this _____day of _____ 2021.

Signature(s)/CompanySeal:_____

NB. Unless otherwise instructed, the proxy will vote as he/she thinks fit.

Notes
{As indicated below}

Shareholders are continuously encouraged to monitor the Company's website www.homeafrika.com for updates relating to the AGM due to the continuous evolving situation with the Covid-19 pandemic and the Government directives being subject to change. We appreciate the understanding of our shareholders as we navigate the changing business conditions posed by the Covid-19 pandemic

BOARD AND MANAGEMENT IN A STRATEGY MEETING

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HOME AFRIKA

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