HOME AFRIKA

2022

INTEGRATED ANNUAL REPORT

AND FINANCIAL STATEMENTS


Houses
become Homes

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About This Report

Home Afrika Limited is pleased to present its 2022 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 2022 to 31st December 2022 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.

The 2022 Integrated Annual Report and Group Financial statements were approved by the Board of Directors on the 27th April 2023.

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
Jayne Nyokabi
Mbugua Gecaga
Luke Mwiti Kinoti
Frida Owinga
Bertha Mvita
Nelson Ashitiva (Resigned in August 2022)
Antony Mbandi (Joined in August 2022)

PRINCIPLE PLACE OF BUSINESS

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

INDEPENDENT AUDITOR

GMK Accountants LLP
Certified Public Accountants
P.O. Box 8007 - 00200
NAIROBI

PRINCIPLE BANKERS

Kenya Commercial Bank Limited
NAIROBI

I&M Bank Limited
NAIROBI

Equity Bank
NAIROBI

NCBA Bank
NAIROBI

LEGAL ADVISORS

Muriu Mungai & Company Advocates.
NAIROBI

Wainaina Ireri & Co Advocates
NAIROBI

Robson Harris & Co Advocates
NAIROBI

Subsidiaries

MISSION

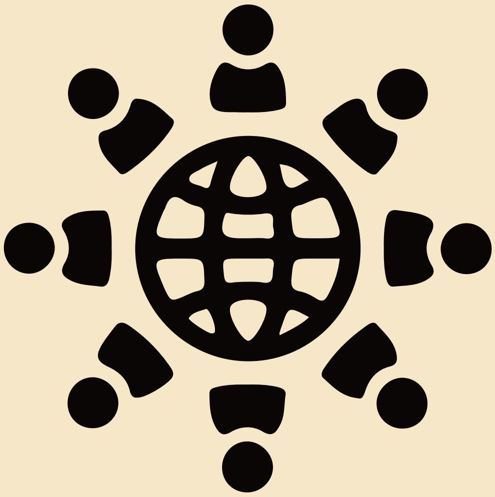
To address the housing need in Africa

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 tenet 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 is, 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 its continuous improvement. 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. We follow the principle of long term positive societal impact, creating synergies in our partnerships, integrity, fairness and discipline.

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.

2013

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

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.

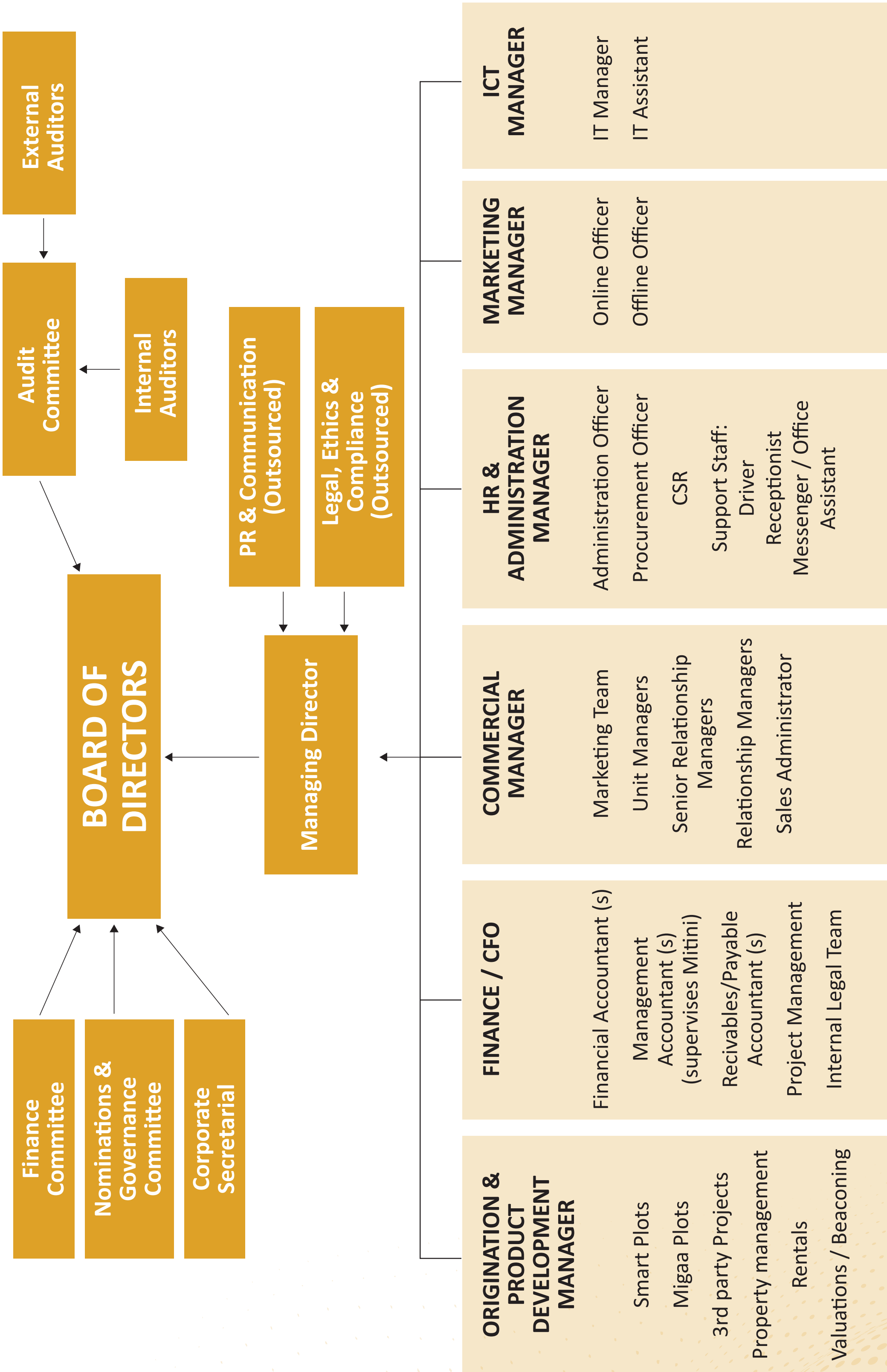
2014

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

2022

Home Afrika Limited implements the turnaround strategy with key pillars on debt restructuring,business continuity,organization restructuring and operation control system.

Organizational Structure



Directors Profiles

PETER MUNGAI
CHAIRMAN
(Independent)

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.

CPA JAYNE NYOKABI
GROUP MANAGING DIRECTOR

Years in Industry: 15 +

Education & Membership
- Master's in Business Administration
- Bachelor of Commerce (Finance)
- Certified Public Accountant of Kenya and a registered member with ICPAK
- Registered Estate Agent by the Estate Agency Registration Board, EARB
- Member of (AWAK) the Association of Women Accountants in Kenya.
- Rotarian

Industry
Real Estate, Accounting, Corporate Finance and Management consultancy

Summary Experience
Jayne is a performance leader, growth champion and finance expert with over 15 years working experience in Management, Accounting, financial advisory and reporting. Home Afrika Limited, being the only real estate development company listed on the Nairobi Securities Exchange, Jayne is in charge of providing strategic advice and guidance to the Board chairman and members of the board and overseeing the implementation the turnaround strategy to transform the group into an efficient, profitable and drive the organization to succeed by creating value for the Investors.

Through her leadership, in the past year the company performance has improved by 77% compared to the previous year. Also, working together with the board, she has participated in negotiations and signing off of key partnership agreements as part of the turnaround strategy implementation.

She is keen to seeing the company achieve its mission of addressing the housing need in Africa and the vision of being the leader in providing dignified planned communities across Africa

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

Luke is a finance and investment professional, entrepreneur, business coach, and author with over 30 years' experience in establishing, leading and building corporates and business entities.

He is a full member of Institute of Certified Investment and Financial Analyst (ICIFA). He has been involved in key and strategic successful capital raising advisory transactions on either buy or sell side support. He has international experience in capital raising (debt and or equity) for local entities.

His specialized skills include: portfolio management, business strategies, investments deal structuring and negotiations, corporate leadership and governance, with the ability to mobilize both human and investments capital.

Luke possesses a high degree of personal integrity and is driven by a passion for excellence in business and customer service. Well experienced in Private Sector Management and leadership at senior levels. Well trained in Corporate Governance in Private Companies and Civil Society. Possesses considerable negotiation skills gained over the years in board rooms both locally and in international fora. Gifted with excellent oral and written communication skills.

He is the founder and CEO of Vedman Capital Limited, an investment consulting firm licensed by Capital Markets Authority and specializes in Small and Medium Enterprises which have innovative business ideas, high market potential and scalable business model.

He is the former Managing Director & CEO of Suntra Investment Ltd, a leading stockbrokerage company in Kenya. Before joining Suntra Investment Ltd, Luke was Group Chief Executive Officer, at Fusion Capital Group, a Private Equity and Real Estate company that he co-founded with presence across East Africa. Fusion Capital successfully sponsored the building of Kigali Heights, a modern Mix-use complex in Kigali City, Rwanda among other notable ventures in East Africa.

In 2016, Luke pioneered the launch of the first Development Real Estate Investment Trust (D-REITS) in the continent. He voluntarily retired from Fusion Capital Limited in March 2017 to join Suntra Investment Ltd. Luke was the Founding CEO of ECLOF Kenya, a private financial institution, with headquarters in Geneva, Switzerland.

He is the immediate former Chairman of Key Microfinance Bank PLC. He successfully on- bounded an international investor and rebranded the bank to LOLC Microfinance Bank PLC. Director of Home Africa Limited, a listed real estate company at NSE, Director at Kenya Association of Stockbrokers and Investment Banks (KASIB), Director of REITs Association of Kenya (RAK) and Director of Finance, Trade & Investment Network (FINTRINET) and a member of Impact Investing Kenya (IIK) taskforce, under auspices of SDG partnership Platform among many others institutions.

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, and 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.

BERTHA NAVURI MVATI
Non-Executive Director
- (Non-Independent)

Years in Industry: 15 +

Education

- Bachelor of Business Administration (Finance) – Uganda Christian University
- Program 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 Program 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
- (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 Passion Profit, 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.

ANTONY MBANDI
Non-Executive Director
- (Appointment Date: 29th August 2022)

Years in Industry: 20 +

Education

- Mr. Antony has a Bsc Information System and Technology from USIU- Africa and a Maters of Arts Degree in project Planning Management from University of Nairobi.

Summary Experience

Mr. Antony Mbandi is the immediate former Development Director of Strathmore University Foundation. Antony has a Bsc Information System and Technology from USIU- Africa and a Maters of Arts Degree in project Planning Management from University of Nairobi.

He has a certification in quality standards and fundraising management from Indiana University Lilly Family School of Philanthropy, Leadership training from Strathmore University Business School and Auditor/ Lead Auditor ISO 9001: 2000 from Kenya Bureau of Standards, among others. Mr. Antony also serves as a chairman in St. Mary's Mission Hospital Board (Langata and Elementaita), St. Michaels School – Kitui and St. Peters Nzambani Boys Secondary School – Kitui.

Antony has a vast practical experience and knowledge in resource mobilization having worked in the bilateral space and not for profit space. He is passionate about philanthropy and social impact investing. Antony is a member of Institute of Directors – Kenya (IOD-K), He brings with him his tenacity for continuous improvement of institutions with a focus on the people.

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

Management Profiles

CPA Jayne Nyokabi

Group Managing Director

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

Home Afrika Limited, being the only real estate development company listed on the Nairobi Securities Exchange, Jayne is in charge of providing strategic advice and guidance to the Board chairman and members of the board and overseeing the implementation the turnaround strategy to transform the group into an efficient, profitable and drive the organization to succeed by creating value for the Investors.

Through her leadership, in the past year the company performance has improved by 77% compared to the previous year.

Also, working together with the board, she has participated in negotiations and signing off of key partnership agreements as part of the turnaround strategy implementation.

She is keen to seeing the company achieve its mission of addressing the housing need in Africa and the vision of being the leader in providing dignified planned communities across Africa

CPA Hillary Andalo

Finance Manager

A highly skilled Finance, Management Accounts and Administration Professional, CPA-K with over 10 years of work experience playing key roles in the preparation of strategic plans, providing financial analysis, effective leadership and ensuring fiscal compliance.

Adept in budget development and administration, financial modelling, forecasting and reporting, fixed assets management, strategic and long-term planning, opportunity analysis and risk management. Practiced in design and planning of audit and assurance engagements. Expertise in International Financial Reporting Standards and International Auditing Standards.

His responsibilities include but not limited to advisory role to the management on financial matters, manage cash flow, oversee the treasury function and adopt best practices in finance department and ensure timely preparation and submission of accurate financial reports.

Hillary holds a degree in Bachelor of commerce and accounting option and is a registered member of ICPAK.

Duncan Ngeno

Chief Finance and Administration Manager

CPA-K Duncan Ngeno is an accountant by profession with over 10 years of experience excelling in managing general accounting functions and contributing to accounting controls.

With experience in providing direction to the accounting team, he has successfully ensured both accountability and put in place controls that have contributed to the mitigation of risks and cost-saving as well.

Duncan is a highly capable change- agent who consistently refines and revitalizes strategies, initiates change and facilitates solutions-driven in team collaboration work environment. His expert skills include accounting, financial management, financial control, budgeting and cash management, auditing, cost accounting, financial forecasting, strategic management as well as fixed asset management and control.

His responsibilities include handling Home Afrika Communities Limited in resolving conflicts, delegating and organizing tasks, as well as motivating and leading teams during project developments, ensuring that the company abides with the set of laws implemented by the state related to taxes and handling financial transactions and distributing monthly management accounts to budget holders among other responsibilities.

Duncan holds a Bachelor's degree in Economics and Finance and he his ongoing with Masters in Business Administration.

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.

zHe 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

Kenrick Michuki

Group Sales and Marketing Manager

Kenrick is a seasoned sales expert with over 20 years' experience in the sales field. As the head of sales, he is responsible for overseeing daily operations in the group Sales and Marketing department. He is a consistent performer and was instrumental in the exponential growth of the sales in the group.

He has previously worked for Family Business, Pwani Oil Industries, Safaricom, Fast Eddies Ltd before joining Home Afrika group as a Relationship Manager whereby he rose through the ranks to be the Group Commercial Manager.

His duties include guidance, training & mentorship, setting sales targets and goals, creating sales & marketing plans, assigning and building the team.

He holds a Bachelors of commerce degree in Business administration and management from Daystar University.

Patrick Ndagwa

ICT Officer

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

He has over 5 years' experience in Retail, IT, Telecommunication and Manufacturing.

At Home Africa he has been keen with using technology to improve productivity, revenue, and reduced cost margins for business via strategic partnership and collaboration within budget and cost project delivery.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you theHome Afrika group integrated annual report and financial statements for the year ended 31st December 2022.

An Overview

Like other countries in the region, in 2022 Kenya was experiencing one of the worst droughts in four decades which pushed up the price of basic commodities. 2022 was also an election year, where most investor opted to hold their money as they waited to see the political situation of the country. This saw Kenya's economy growth drop to 4.8% in 2022, down from 7.6% the previous year. The conflict between Russia and Ukraine also contributed to the slow growth.

Despite the tough economical period, the return to normalcy after the Covid 19 pandemic, the Kenyan Real Estate sector expanded rapidly due to factors such as:

i. Positive demographics,

ii. Growing demand for land particularly in the satellite areas,

iii. Improved infrastructure thereby opening up areas for investment,

iv. Government's efforts towards ensuring efficient and streamlined processes in land transactions,

v. The continued focus on the affordable housing initiative drove demand for land.

However, there are other factors that affected the real estate industry which included;

i. The increase in capital gains tax from 5% to 15% that dampened property transaction volumes as this made most investors rethink their decisions to dispose their investments amid the increased tax.

ii. Relatively high land costs in certain areas.

iii. Lengthy land processes which discourage investments, weighing down optimum performance of the sector.

iv. Some scandals involving land selling companies.

Noting the above and the mitigation measures and policies that were put in place, the sector anticipates an even better performance in the years to come.

Board Operations

During the year 2022, there were some major changes within the Board and Management team. We saw the confirmation of Ms. Jayne Nyokabi as the Managing Director a position in which she was acting.

Mr. Antony Mbandi was also appointed to the board as a non-executive director.

The implementation of the turnaround strategy saw the company performance improve by 77% from the previous year performance.

We signed settlement agreements with key Banks in debt restructuring. Discussions with other Banks are at an advanced stage.

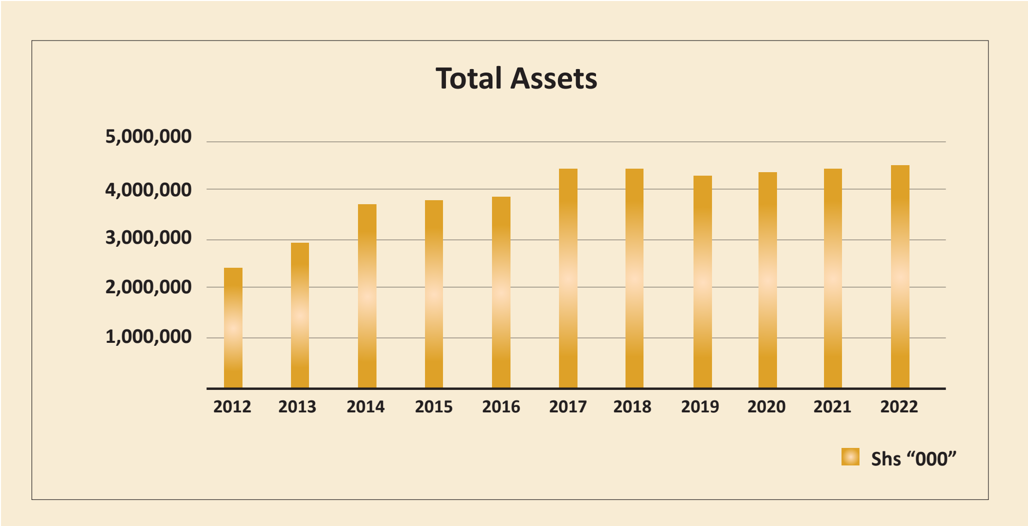
A business continuity committee was formed to develop real estate solutions which will generate new revenue streams to the company, including affordable housing.

The Board will continue with the implementation of the turnaround strategy, which we began two years ago and we are confident that this will improve the group's performance and creation of value for all stakeholders.

We remain committed to oversee the implementation of sound corporate governance practices and structures. To enable efficient implementation, the Board has delegated its authority to various committee sincluding; the Nomination, Governance, HR & Administration Committee which is particularly tasked with ensuring compliance with relevant regulatory bodies and standards.

Share Performance

The book value of the group's sellable land and other inventory stood at KSh.3.6 billion in 2022, despite the current share price at the NSE. 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.

With the continued implementation of the turnaround strategy that has led to improved performance reflected in the income statement, we believe this will bring back confidence to our investors and will result to a higher share price.

Dividends

The directors do not recommend a dividend for the period ending 31st December 2022

2023 Strategic Outlook

Globally, the growth is focused to fall from 3.4 % in 2022 to 2.8 percent in 2023, before settling at 3.0%t in 2024.In Kenya, we expect the annual average inflation rate to fall back within the government's target of 2.5%-7.5% coming in at an average of 6.6% as compared to 7.6% in 2022. We expect the decline in inflation to be driven by an expected cooling in inflation, as the tightened monetary policy continues to take effect.

The land sector will realize a 3.2% annual capital appreciation in 2023 driven by;

a greater emphasis on Affordable Housing projects and private projects, positive population demographics, and rapid growth of satellite towns amid increased delivery of infrastructural developments which are improving accessibility, property prices and demand.

As a company, we intend to continue Implementing the Turnaround Strategy, restructure the remaining debts, work closely with the county governments and other key stakeholders to provide real estate solutions, tighten the organization controls and run the company performance efficiently to improve performance and create value for our shareholders.

Appreciation

I take this opportunity to appreciate Home Afrika investorsand other stakeholders for their continued support for our company.I would like to appreciate my fellow Board Members for their service, loyalty and commitment to duty in serving Home Afrika with me, the Management team and the entire staff for their dedication to take the company to the next level.

God bless Home Afrika, God bless us all.

PETER MUNGAI

CHAIRMAN
HOME AFRIKA LTD

Managing Director's Statement

Dear Shareholders,

The year 2022 was the maiden year of implementing the company turnaround strategy which focused on Debt Restructuring, Business Continuity, Organizational Restructuring and Operations Control Systems.

2022 Performance Review

The overall effect of the implementation of the turnaround strategies, has led to the group reporting a material reduction in losses after tax by 77%. (From KSh. 281.5million for the period ending Dec 31st December 2021 down to KSh. 65.1 million posted in 2022.)

The actual sales not adjusted to percentage of completion for the period ended 31st December 2022 were Ksh 465M.

While the reported sales which have been subjected to the percentage of completion were Ksh 237.4M this is in line with the Generally Accepted Accounting Principles.

77% reduction in losses after tax

2022 absolute sales Kes 465M

The book value of the group's sellable land and other inventory stood at KSh.3.6 billion in 2022. 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.

Business Model

As company, we seek to invest in projects that will generate highest returns and create value for our shareholders, thus, ensuring we have the right products in the market and adequate skills to meet the company's objectives.

In line with the turnaround strategy, we have engaged county governments on a proposal to partner to achieve the affordable housing vision.

Our other products include but not limited to; Smart plots Developments, Migaa Products, Property letting services, Property Management Division and Land Survey Division.

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, Positive PR in the market among others.

Company Turnaround

A special committee was tasked by the board to ensure the company turns around. The areas of focus were:

1. Debt Restructuring
2. Business Continuity
3. Organizational Restructuring
4. Check on the operations Control Systems

The implementation of this strategy has seen discussions with key stakeholders. A settlement agreement has been signed with the bond issuers and negotiations are ongoing with other banks. This has seen the finance cost come down by 87%, from 299.5 million in 2021 to 40.4 million in 2022.

A business continuity committee has been formed to develop other real estate solutions which will bring revenue to the company, including affordable housing.

Organization restructuring has seen the administration costs go down by 33.6% from 136.5 million in 2021 to 90.6 million in 2022. The organization is operating with a lean, effective and efficient team.

The internal controls systems implemented, have led to the reduction of the operating expenses by 30% compared to the previous period.

Outlook

In Kenya, land values have increased as a result of infrastructure development and a growing population that has ensured steady demand. Investors are increasingly purchasing land with the goal of selling it in the future with expecting land values to rise.

The country is slowly returning to normalcy and the real estate sector has continued to registered positive growth. The sector anticipates an even better year ahead, the buyers are getting more sophisticated and developers need to adjust to the growing demands.

As we continue to implement the turnaround strategy, we look forward to finalizing the restructuring of the remaining debts, sign off partnership with county government and other investors on affordable housing, continue improving the services and deliverables to our investors as we bring the company back to profitability and improve our share price.

Appreciation

I would like to thank all our employees for their commitment and dedication in the face of unprecedented adversity, I wish to acknowledge the support and direction that the management and I have received from the Board of Directors.

I appreciate all our stakeholders for the support and we equally remain most grateful to our shareholders for investing in Home Afrika.

CPA JAYNE NYOKABI

GROUP MANAGING DIRECTOR,
HOME AFRIKA LIMITED

The Company Business Model

INPUT

HUMAN CAPITAL

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

SOCIAL CAPITAL

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

NATURAL CAPITAL

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

INTELECTUAL CAPITAL

- The only listed specialist real estate development company
- Our brand and reputation
- Static, web and mobile inventory

FINANCIAL CAPITAL

- Equity financing
- Market capitalization
- Equity and quasi-equity financing

ASSET CAPITAL

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

VALUE CREATION PROCESS

CORE ACTIVITIES

1. Origination

- Smart plots
- Migaa plots
- 3rd party properties and 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 and virtual tours
- Corporate desks & presentations

SUPPORTING ACTIVITIES

- Finance-Accounting & Treasury
- PR & Communications
- Administration
- ICT
- Legal and Compliance
- HR & knowledge management
- Audit & Risk

OUTPUT

- Commercial & Residential property
- Conference and virtual office facilities
- Land

DESIRED OUTCOMES

- Profits
- Customer satisfaction
- Achieved targets
- County markets
- Timely financials
- Cashflow sufficiency
- Project turn around
- Vendor/Client finance
- Lean origination cost
- Positive PR in the market

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 properties3rd party properties• Property development
• Short stay accommodations
• 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 in the Post 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 issues; Due diligence & Structuring, Financial Modelling, Branding & Marketing, Value addition & infrastructure and Vendor and offtake financing.

The Business Model Breakdown

HUMAN CAPITAL

CAPITAL	INPUTS	OUTCOMES	BUSINESS ACTIVITIES TO ENHANCE OUTCOMES	CHALLENGES	COMPETITIVE ADVANTAGE OF THIS 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 Post- Covid 19 situation to ensure safety of our employees • We further ensure fair labour practice	• 48 Skilled and motivated employees • 56 Casual workers • An experienced and diverse Board guided by the company Values	• Kes 863.695 was invested in training of employees and general staff welfare • 37% 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 Post 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 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

SOCIAL CAPITAL

CAPITAL	INPUTS	OUTCOMES	BUSINESS ACTIVITIES TO ENHANCE OUTCOMES	CHALLENGES	COMPETITIVE ADVANTAGE OF THIS 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. • 8334 shareholders • Positive supplier relationships • Cooperation from government and regulators. • Positive relationship With unionized and non-unionized workforce.	• 37% 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		

The Business Model Breakdown

NATURAL RESOURCES

CAPITAL	INPUTS	OUTCOMES	BUSINESS ACTIVITIES TO ENHANCE OUTCOMES	CHALLENGES	COMPETITIVE ADVANTAGE OF THIS CAPITAL
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		

FINANCIAL CAPITAL

CAPITAL	INPUTS	OUTCOMES	BUSINESS ACTIVITIES TO ENHANCE OUTCOMES	CHALLENGES	COMPETITIVE ADVANTAGE OF THIS 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 33.73 Million Market capitalization as at Dec 2022 • Kshs 96 Million reduction in capital expenditure	• Dividends to be reinstated at the appropriate time			

INTELLECTUAL CAPITAL

CAPITAL	INPUTS	OUTCOMES	BUSINESS ACTIVITIES TO ENHANCE OUTCOMES	CHALLENGES	COMPETITIVE ADVANTAGE OF THIS 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 2022 had a very unique real estate business environment and operating context due to the post 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 post covid -19 pandemic
b. Reduced consumer spending
c. Buyer's market.
d. Political environment due to the Nationwide elections.

Operational changes Post 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.

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 2022.

Political environment during to the August 2022 Elections

Business operations in Kenya were highly affected by the electioneering period which saw real estate firms experience a slow movement in the real estate. Property buyers and potential market adopted a "wait and see" attitude which has the potential to create market instability. The effect was not so immense as the election was rather peaceful compared to the previous elections.

Strategic Response

Home Afrika engaged the potential market actively during this period and they were able to continue purchasing once the election period ended and business went back to normal.

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 post 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 AGM virtually in 2022) • 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 one new Board member in 2022. • 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.
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.

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	Capping of interest chargeable by CBK has made banks averse to facilitating short term loans. This has affected access to credit for companies and individuals whose target purchase of property in Migaa and similar projects by Home Afrika. 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 respond-ing 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 standardized 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 organizational levels allowing for risks to be managed at the most appropriate level in the organization i.e., risk that fall 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.

Risk Management Process

Home Afrika's key risks are as below.

Strategic Risks

These are risks that the group may not achieve its business objectives and goals. They arise from, improper implementation of company strategy and thereby deviating from them.

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 revenues 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 risk that the company faces when the its income streams are disproportionate to the capital investment thereby creating lossmaking 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 damages 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

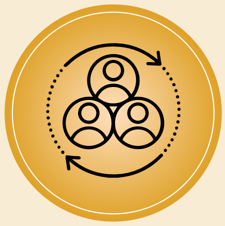
These are risks resulting from weaknesses in internal control processes, people, inadequacies in system and processes, human error, fraud, criminal acts or failures, legal issues, ICT breaches and physical or environmental processes through which the group operates. The aim is to avoid or reduce operational 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 have a plan to implement the use of third party research to 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 2021.
- Originated & signed 3 smart plots projects in the year 2021.

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 Post 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 2022

STRATEGIC OBJECTIVE 3 INNOVATION AND TECHNOLOGY

STRATEGIC OBJECTIVE

Reduce cost of construction through technology

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

2022 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

2022 was such an eventful year with the elections and the aftermath of Covid 19 Pandemic and the different levels of measures the Government put in place; the electioneering period coupled with campaigns that brought about the aspect of people holding back on their resources. Nevertheless, we had a wonderful way of adapting to the situation and ensuring we carry on with our activities. In terms of projects, we were able to successfully onboard several projects, and some were sold out.

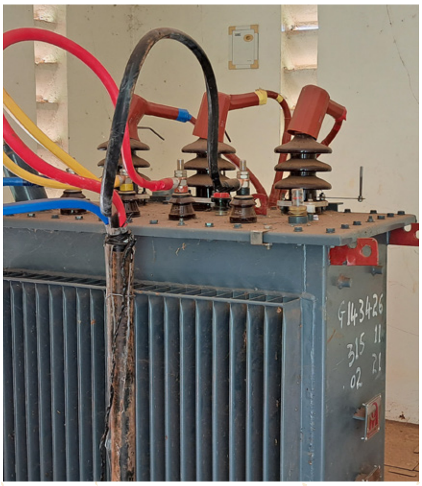
KPIs	PROGRESS
1. Perimeter Wall	• Migaa property has been constructed using masonry walls and climbing plants have been added to enhance the area's aesthetic appeal. This is a popular landscaping technique that can add natural beauty, color, and texture to the surroundings while also providing additional benefits such as increased privacy, noise reduction, and environmental benefits such as oxygen production.
2. Road Construction	• Phase 1 of the road works have been completed up to the hardcore level i.e., the base layer of the road has been constructed. The hardcore layer typically consists of crushed stones, gravel, or other coarse materials that are compacted and leveled to create a stable foundation for the road, inclusive of all the drainage works. The drainage works, such as culverts, drainage channels, and other structures, have also been completed to manage water runoff and prevent erosion.
3. Golf Construction	• Our project has an 18-hole course with the back 9 fully completed (100%) and functional. Having the back 9 holes fully completed is a significant milestone in the construction of an 18-hole golf course. It means that golfers can play a full round of golf on the completed holes while the remaining holes are still being constructed. • We are in the final stages (90% achieved) of completing the front 9 and making it operational. The final stages typically involve installation of irrigation fittings to the fairways and tee boxes.
4. Sewer reticulation and treatment	• The sewer treatment plant is operational with no hitches since commissioning. This is an essential infrastructure that plays a critical role in protecting public health and the environment. The treatment process involves removing pollutants and contaminants from waste water, ensuring that it is safe to be released back into the environment. The sewer treatment plant is currently serving Mitini Scapes Development.
5. ICT and MATV	• Migaa is served by fiber internet connectivity with high speeds from a dedicated line from Telkom. Mitini Scapes Development is internet-ready. Over and above the internet connection it also has multiple-access television installed. • Migaa has a Safaricom mast tower erected to ensure that there's proper network coverage.

Golf Construction




Building Progress Update photos


ICT and Power Reticulation Progress Update photos


Project **Report**

HOME AFRIKA – PROJECTS DEPARTMENT 2022

In a bid to recover from the effects of Covid 19 Pandemic, the Company appointed a Turnaround Committee whose mandate included Business Continuity. The recommendations given by the committee included the origination of new projects.

In 2022, the Company visited several potential projects, originated some new ones, and sold some projects.

Introduction

The Projects Department at Home Afrika is mandated to plan, manage, prepare, and maintain projects.

In 2022, the department implemented two major projects successfully. The implemented projects are Noble Park Gardens and Tulivu 3. The key steps involved in the process included running a traverse and performing adjustment computation to establish 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.

Planning and implementation of projects directly through departmental staff saved the company a lot of money initially paid to the service providers.

Completed development projects

1. Morningside Office Park

Located on Ngong Road, Nairobi, Kenya – this is an ultra-modern office block comprising 33 office suites. The office suites are fully sold and occupied.

2. Mitini Scapes

A premier housing development located within the luxurious Migaa Golf Estate; a gated community located off Kiambu Road in Kiambu County. The development is 95% sold and has over 80 families currently living in.85% sold

3. Migaa Golf Estate

A 774 Acre mixed-use gated community development located 23 KMs from the Nairobi Central Business District, off Kiambu Road, Kiambu County.

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

Smart plots

1. Kerobi Plains

This is a project that is located in the rapidly developing Isinya, Kajiado. It is comprised of 1/8 acre & 1/4 acre residential & commercial Plots; the project is sold out

2. Sidai Plains

This is one of our sold-out projects that is also located in Isinya, Kajiado right on the Isinya-Konza bypass near Enchipai Campsite and Cottages. It is comprised of 1/8 acre residential & commercial plots.

4. Entim Breeze

This is 95 %sold-out project that is located in the Kimuka area of Ngong. It is comprised of 1/8-acre residential plots.

5. 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.

5.Tulivu Gardens Phase 1

This is also a sold-out project located in Kinungi, Naivasha. It is comprised of 1/8 acre residential and commercial plots.

6. Tulivu Gardens Phase 2

This project originated due to client request for another project in Kinungi, Naivasha after the first one, Tulivu Gardens Phase 1, was sold out within a weekend. It is comprised of 1/8-acre residential plots only. It is 85% sold.

7. Noble Park Gardens

The project consists of 25 plots sitting on a 5-acre piece of Land. The plots measure 50*100 plots with breathtaking views of Koma hills, located at Machakos county,700m off Kangundo road, approximately 38km from the CBD and 7 mins drive from Koma town.

The project is 50% sold out.

Noble Park flyer

Google Earth image showing the Noble Park project

8. Tulivu 3

The project consists of a 1/8-acre plot with a view of Mt. Longonot located at Kinungi, Naivasha .4km from the Nairobi-Naivasha highway and 12 mins from Naivasha town with fertile soil. The project is 45% sold out.

Tulivu 3 Gardens flyer

9. Lakeview Heights

This project is located at Riat Hills, west of Kisumu County, approximately 12 minutes from Kisumu CBD with spectacular views of Lake Victoria, Kisumu International Airport and Kisumu City. Selling 1/8 Acre from Ksh 800,000

10. 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.

CREATIVITY AND INNOVATION

The department invented better ways of engaging our clients and project implementation on the ground that will increase efficiency by adopting new surveying technologies and instruments like:

- global navigation satellite systems (GNSS),
- Real-time kinematics (RTK),
- keyhole markup language (KML)and
- Locus map software.

RTK systems rely on satellite, radio positioning, and communication, thereby helping conduct surveying faster than traditional methods.

The KML file has helped us examine various geographical features on the ground that helped in decision-making. The department was able to render the inventories to stakeholders using both web and mobile platforms with the assistance of the IT department. The above efforts assisted the relationship managers in better understanding various HAL projects regarding the exact location on the ground and the landmarks around the projects.

Affordable Housing Space

Housing is a key social determinant of people's quality of production.

Kenya still grapples with a huge demand for housing. Home Afrika is looking to partner with like-minded Institutions to drive this pillar, by offering land and welcoming developers to bid and develop the land.

This is in support and in line with the Affordable Housing Program by the Government which aims to provide affordable and dignified homes. The department sent expressions of interest (EOI) research on suitable areas for county affordable housing programs to various counties where some acknowledge

Meeting with Polish Investors for Affordable housing project proposal.

MARKETING REPORT

Marketing Report

2022 Marketing KPIs

- Increase digital engagement and achieve the target leads through creating innovative 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-convectional offline and online activities.
- Build thought leadership and brand awareness through extensive PR activities.

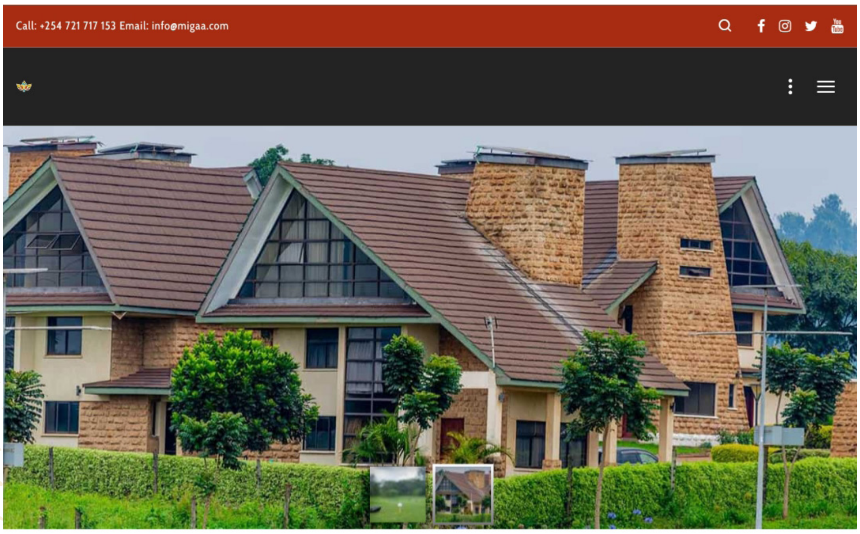
Website

The website was revamped so as to increase stakeholders' engagement. We introduced several changes on the website like;

- Updated our new projects.
- Edited platform interface.
- Introduced accepting cookies feature.
- Enabled log in page for new users.

The website is being updated on monthly basis to provide 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 Limited Website



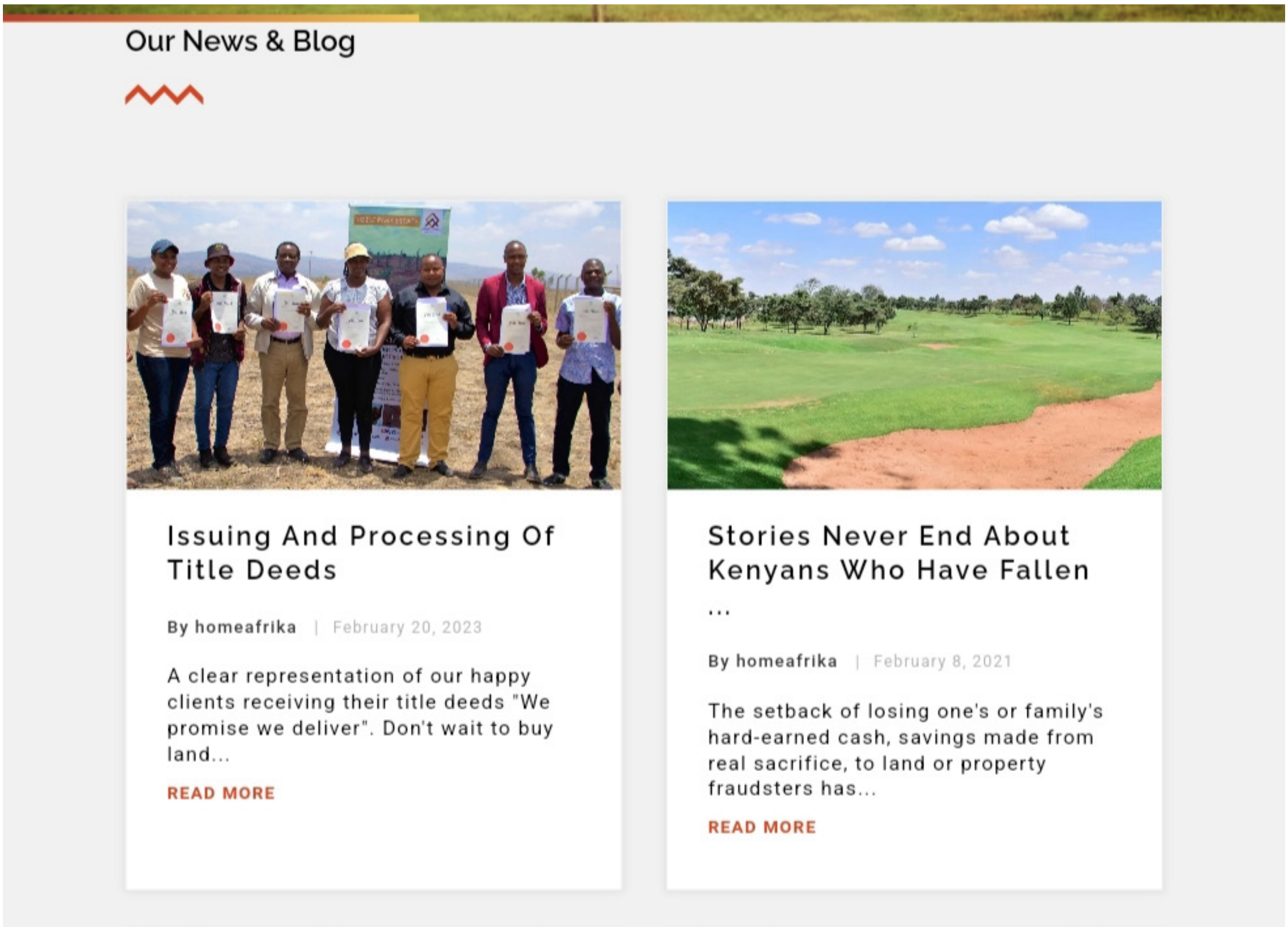
Migaa Website

Blog

Home Afrika increased articles on their blog section to increase brand awareness.

We also share latest news here where we get an opportunity to tell potential clients what we have and what we are about and why they should invest with us.

We added an article about title deed issuance.



Home Afrika and Migaa Monthly Newsletter

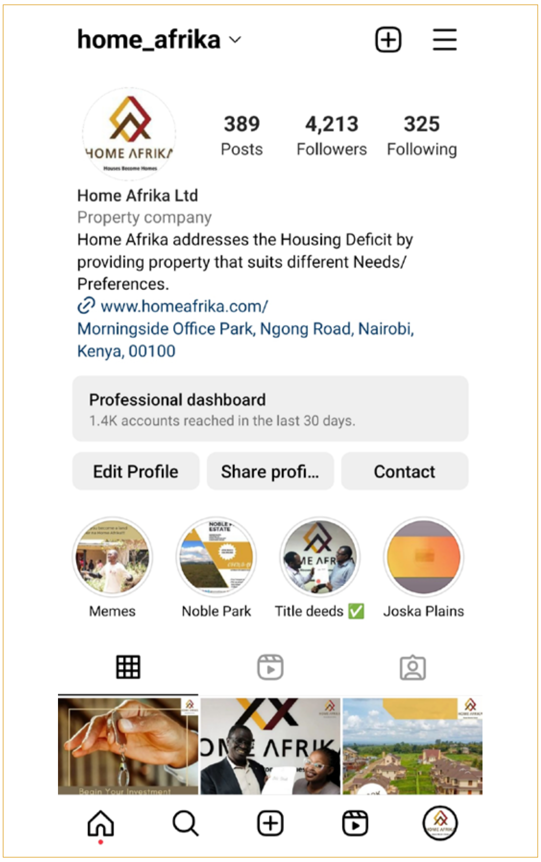
Digital Communication

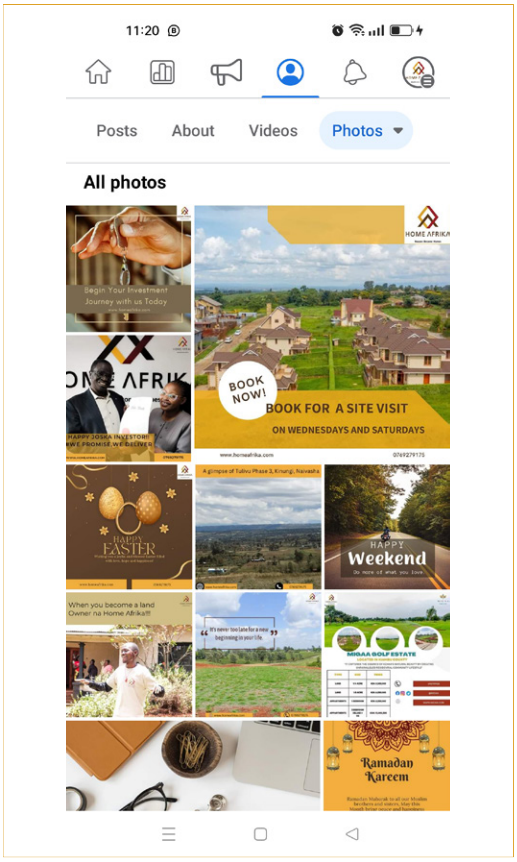
HAL came up with a study of our audience likes and dislikes, enabling tailor made content creation on social media pages such as Facebook, twitter, LinkedIn, Instagram and YouTube.

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 ads and social media campaigns for our lead generation. We have been able to appreciate the power of digital marketing and the reach we have achieved in terms of our digital/online presence.

We have also increased brand awareness of all our projects via creating projects catalogues and making noise on our social media platforms. This has enabled us to grow our online presence.

HAL social media pages have seen exponential growth in database. We encouraged the staff to create and share content on our social medial pages and came up with strategies to motivate them on this.





Branding

We have been creating a strong, positive perception of our company and our projects to clients and this has increased our brand visibility. We pushed our employees to serve as brand ambassadors by always being branded when attending company related events and this has enabled us to differentiate ourselves from our competitors and have better marketing.

Offline Activities

We also engaged in offline marketing activities with which we were able to reach a variety of audience and reinforce our brand messaging beyond internet. Various activities that we participated in were mall activation, office storms where we distributed our flyers and presented our ongoing projects. We also had open day and title issuing ceremony where clients were able to view the site and witness title deeds issuing which gave them assurance that we deliver.

Cedar Mall Activation

Noble Park Estate Open Day

Migaa Events

RE: INTRODUCING MORNINGSIDE BUSINESS HUB

I would like to take this opportunity to introduce Morningside 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.

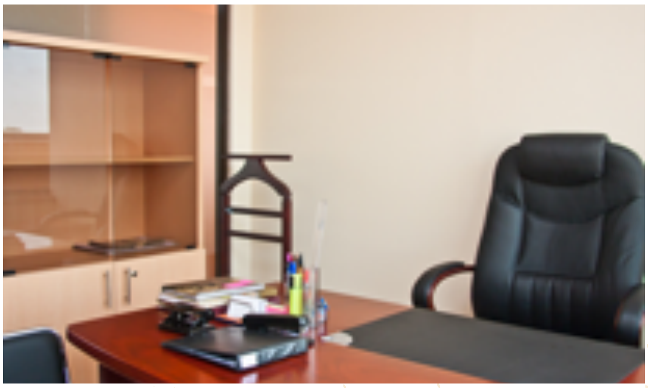
Therefore, having a package for our executive office suites which comprises a fully furnished, fully serviced office and other business support services, effectively covers setup costs and some of the business' operational costs thus making the entrepreneurial dream realizable. Through the package our 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.

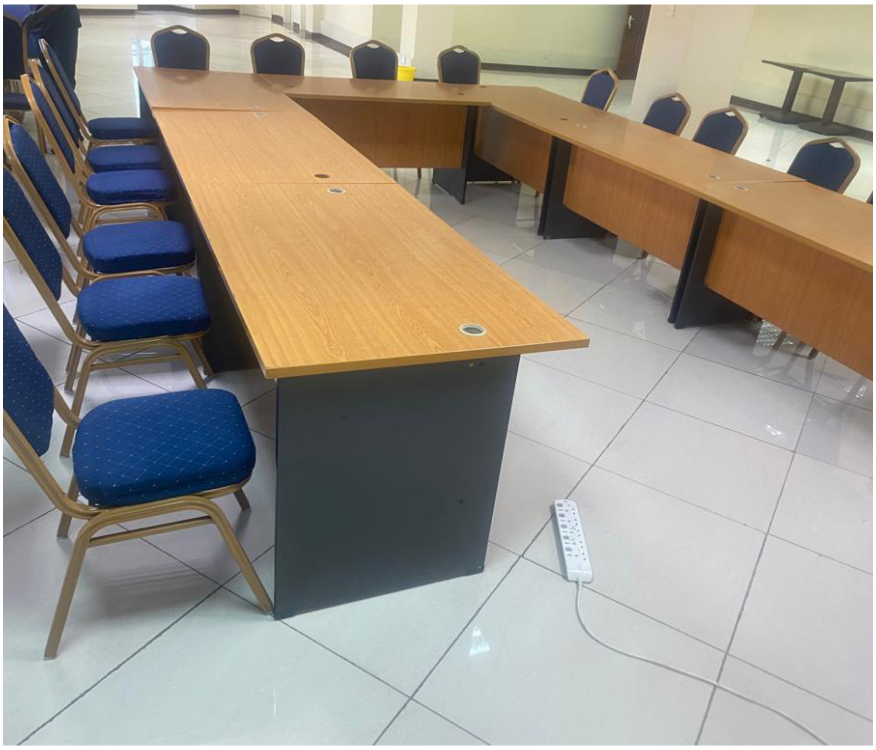
We purpose to help our clients grow their ventures and have the best experience in our conference facility. Each time that happens, as it has been, we know our job is done.

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.

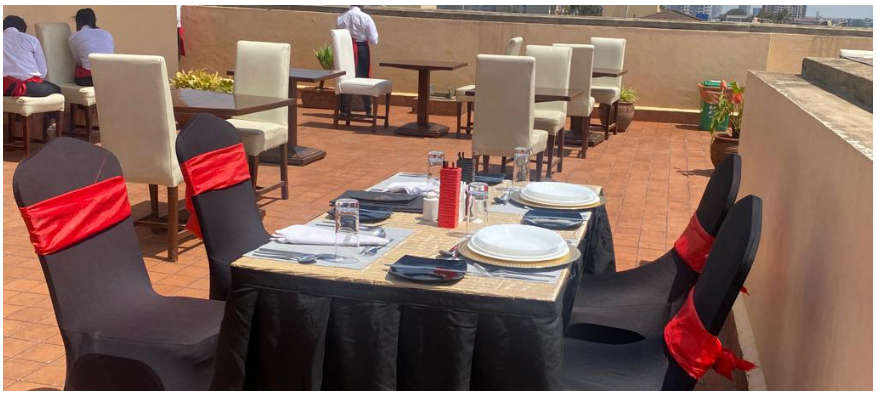
SERVICED OFFICES



CONFERENCE ROOM



GRADUATION PARTY



ROOFTOP


ICT

INTRODUCTION

Information Technology is currently viewed as an organizational core competency that is necessary for organizations to survive and prosper in rapidly-changing, competitive, business environments. Today, the real estate sector is grappling with a number of challenges such as shortage of skilled manpower, escalating project cost, prolonged construction period, lack of proper record keeping strategies, competition, loss of files, duplication of data, slow access to information and use of outdated ways of analyzing and storing data.

Technology holds the key to not only address some of these issues, but also a promise for the sector to react to changing market conditions more effectively and efficiently.

ICT has greatly diversified the Real Estate products, as companies structure their operations to remain relevant in the digital age. ICT provides a 360-degree approach in the real estate markets through provision of information on property, analysis and trends. Home Afrika takes ICT not as a support function but as business driving function.

ICT Roles for Business Continuity Include:

1. THE COMMUNICATION FUNCTIONS

This is one of the most important IT roles in the group as well as other organizations. It has now become possible to contact anyone no matter what part of the world they are in. When it comes to business, this capability is quite useful. To achieve this, we have been using and continue to use multiple channels such as emails, collaboration software, social media and Video conferencing i.e., G Suite, Facebook, Twitter, Instagram, YouTube and Zoom are the communication functions currently used in the organization.

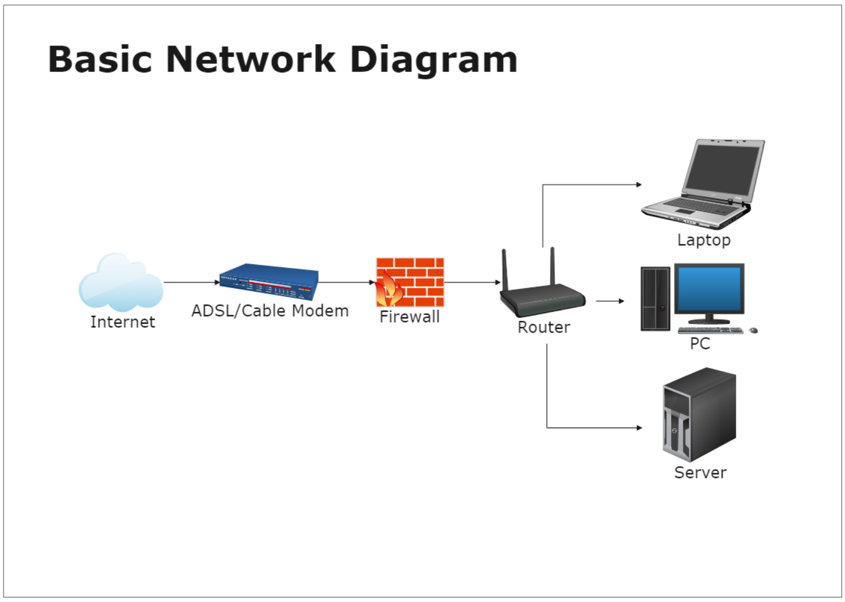
2. THE SUPPORT FUNCTIONS

ICT has become an additional organ in the body of any business, allowing the business to achieve much greater things than it otherwise could without the help of IT. The IT department is an important department, complementing and supplementing the others in numerous ways. Some of these support functions include; remote support tools (TeamViewer, AnyDesk)and Helpdesk support tool.

3. THE DATA & NETWORK MANAGEMENT FUNCTIONS

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. In order to control this data, we have databases that help us store, manage and access company data.

The business runs with a client server network architecture hence all data are in a dedicated server implemented with domain system for better resource sharing and centralized data storage. This is an onsite data storage and backup mechanism.

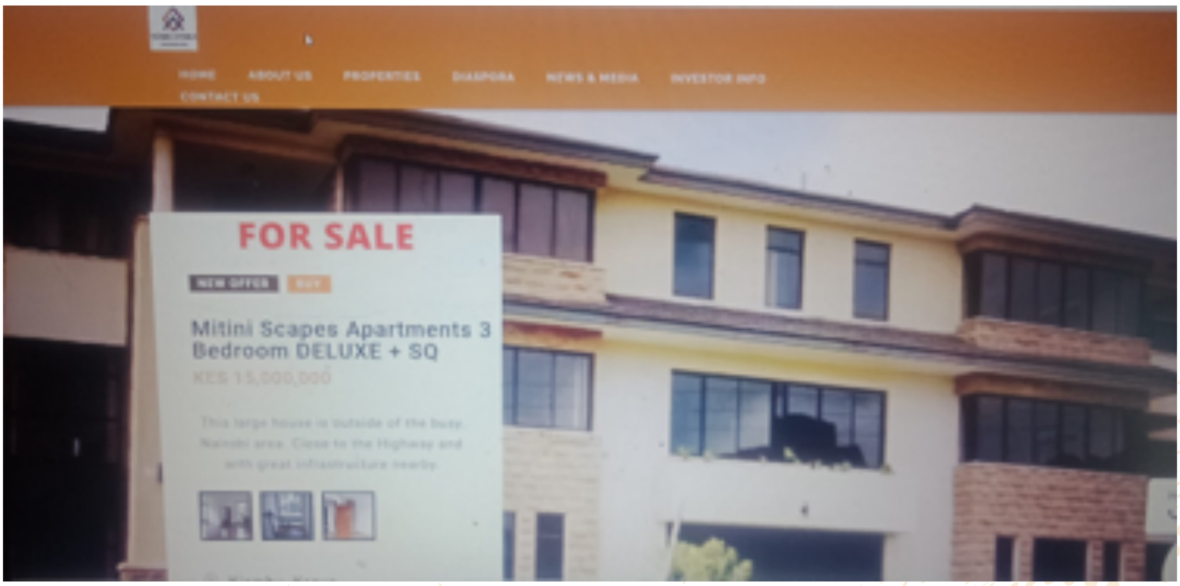


4. THE SALES AUTOMATION AND MARKETING FUNCTIONS

With the rise of computers and the internet of things, marketing campaigns are becoming increasingly digital. The IT department helps the group with the sales and marketing functions of the business in numerous ways:

- ***Website Management & Maintenance***

We have a customer-centric approach to business, and we have a user-friendly website to provide good customer experience. The redesign was successful in terms of project deliverables content to create a better customer experience. The website functions as a score marketing tool hence helping us to drive business.



5. THE ENTERPRISE RESOURCE PLANNING FUNCTION

Implementation of an ERP (SAP) system that supports accounting functions. The ERP package is designed to support and integrate almost every functional area of our business process such as sales and distribution, finance and accounting.

For the Human Resource, we have implemented a HRMIS app for managing payrolls and employees.

HRM
HUMAN RESOURCE MANAGEMENT

6. INFORMATION SECURITY FUNCTIONS

In the backdrop of the influx of cyber-attacks in our rapidly evolving war on global economies, Home Afrika has positioned itself by investing heavily in information security tools, spearheading cybersecurity policies and creating awareness through training.

More so, now that most corporates have slowly but steadily embraced the work from home formula, now more than ever, the incidences of cyber-attacks have vastly increased and Home Afrika has ensured it has implemented proper controls to make such working environments safer for its workers.

The ICT team had to ensure multiple layers of security to secure remote access to critical systems. Home Afrika has adopted a Virtual Private Network solution to enable remote staff members to access shared resources in a secure way. Such shared resources are most vulnerable to cyber-attacks and need a lot of focus to setup measure to secure such kind of access. Home Afrika has implemented policies in line with the already in place Cyber-Security strategy guidelines.

The post pandemic period has been quite challenging to most corporates in many ways. The impact is still is still being felt all over the world and most firms have had to think outside the box for survival and compliance purposes. Home Afrika being a public listed company, has adopted effective strategies in order to streamline operational costs while still remaining true to its shareholders and also to the relevant government regulatory guidelines.

Home Afrika's Annual General Meeting was held virtually with impressive effectiveness and cost reduction. The virtual AGM was streamed live and was easily accessible to all registered members regardless to a member's physical location. A provision was made for registration, voting and Q&A sessions to all members both on web and USSD platforms.

HUMAN CAPITAL

The human capital at Home Afrika Limited remains a key foundation in driving business.

Home Afrika Ltd aims at having skilled, experienced and diverse employees in creating and executing strategies through their services and commitment to deliver excellence results, build relationships and secure our reputation.

The people are fundamental to Home Afrika's growth and the ability to create value. 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 management programs, employee retention programs and staff welfare and wellness.

As Home Afrika we value our employees as a great asset for the growth, productivity and profitability of our business.

Our ambition is to be the most sought-after employer where colleagues feel engaged and empowered to achieve their best in order to deliver only the best for our clients.

Our Culture

What we do: Disciplined focus on results

How we do it: Empowering innovation and teamwork

Recruitment

Recruitment is the first step in building an organization's human capital at all levels to meet and achieve our timely goals with the best candidates, on time, and on budget.

It is our responsibility to focus and facilitate the overall goals of the organization through effective administration of human capital — focusing on employees as the company's most important asset. Attracting and retaining the best human capital is a high priority for the company. In order to meet the need of our customers and requirements of our regulators, we are focused on having the right people with the right skills and expertise in the right roles. The company focuses big on internal promotions.

Our aim is to fill arising vacancies internally first as a deliberate policy to emphasize more on talent within the organization to foster and promote growth within existing employees. Our recruitment process focuses more on diverse set of skills in addition to specific role expertise to ensure we hire highly competent, customer critic employees.

We are also big on head hunting to ensure we have the best people on our team.

HAL RECRUITEMENT PROCESS

Requisition for staff

Advertisement for position

Acknowledgement of all written applications

Initial shortlist of applicants and rejection letters

Invitation for interview and process

Job offer and filing of all unsuccessful records for future reference

Performance Management

We remain committed towards driving a high-performance culture. We make use of the Key Performance Indicator approach to measure and support the organization's goals and strategy. They allow us to focus on what matters most, and to monitor our progress.

Our model of appraisal is the 360 degrees appraisal system which enables employees to get all rounded feedback. High performers are those employees who are aligned to our strategic plan, which is reflected in the achievement of the set out Key Performance Indicators, customer focus, internal business process and learning and development perspectives.

In addition to the alignment to our strategic plan, our high performers have embraced a change mindset and freely share information with colleagues.

Reward Management

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

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

Training and development.

At Home Afrika ltd, we believe in improving skills for our employees and this is mainly done through educational activities that are designed to improve the job performance of an individual or group within Home Afrika. Our aim is to ensure that this strategic tool improves our business outcome, growing employees into managers and effective leaders through enhancement of certain knowledge, skills and abilities.

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

The way 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. Therefore our aim is to keep staff engaged at all times. This is done via an exsisting employee engagement program.

Success in this area means:

- Employees are empowered and recognised for delivering towards our strategic priorities.
- Our people make the most of every opportunity to embrace new ways of working and learn new skills to remain relevamt in a changing world of work and achieve their full potential.
- Employees are encouraged to speak up and feel heard when they voice their views.

Employee welfare and wellness

Our commitment is to continuously have initiatives that guarantee our employees wellbeing and a well-balanced lifestyle.

Health and safety management has been core part of our manager's responsibilities for many years. Staff welfare and well-being goes beyond the physical working environment. Physical, emotional and mental concerns can arise within and outside the workplace, and it has always been our duty to take a proactive step in identifying the cause and finding a workable solution to it.

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.

Team buildings and end of year parties: This promotes good relations among employees as they are also able to interact outside the normal working environment.

Team Building

Team building is one of the key functions of the Human Resource department under Employee Relations, and an ongoing process that helps a work group evolve into a cohesive unit.

The team members not only share expectations for accomplishing group tasks, but trust and support one another and respect one another's individual differences. As Home Afrika Limited, we unite employees towards a common goal and generate greater productivity.

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 to county plan
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	• Continued to implement the activities of 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

Finance Manager's Report

Home Afrika Ltd achieved a record performance in 2022 propelled by the real estate industry bouncing back after two years of a sharp drop during the COVID-19 pandemic.

The financial performance is testament of the significant management attention to transform the company's performance in the coming years.

2022 Key Highlights

The group reported a material reduction in losses after tax by 77%. (From KSh. 281.5million for the period ending Dec 31st December 2021 down to KSh. 65.1 million posted in 2022

Organization restructuring has seen the administration costs go down by 33.6% from 136.5 million in 2021 to 90.6 million in 2022. The organization is operating with a lean, effective and efficient team.

The internal controls systems implemented, have led to the reduction of the operating expenses by 30% compared to the previous period.

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

The book value of the group's sellable land and other inventory stood at Kshs.3.6 billion in 2022.

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 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

Outlook

The group is focused on delivering profitability by investing in the right structures, processes, systems, people and culture to support our long-term sustainable and profitable growth.

A turnaround Committee has been constituted; the committee has been mandated to look into the following areas:

1. Debt Restructuring
2. Business Continuity
3. Organizational Restructuring
4. Check on the operations Control Systems

With ongoing turnaround strategy, the board is confident of improved group's performance and create value for all stakeholders.

Sustainability Report

Chairperson's Statement

Sustainability is a Key principle for a Company to achieve its objectives. Through adoption of sustainability a Company is able to keep afloat and to achieve its long -term goals to all stakeholders while considering environmental impact, social well-being and transparent governance.

In 2022 the country was still facing economic challenges being the aftermath of the Covid 19 pandemic. It was also an electioneering year where different sectors of the economy faced political disruptions.

This emphasized on the importance of conducting our business in a sustainable manner by adopting an inclusive view of value creation which helps maximize our potential to grow, create economic value and make a lasting positive difference for communities and our world.

In our commitment to sustainability, we recognize and adhere to globally accepted standards and have accordingly developed a sustainability policy. The policy is in line with the Constitution of Kenya 2010, the United Nations Sustainable Development Goals and the United Nations Declaration of Human Rights.

The policy provides a framework on how Home Afrika takes into account its economic, social and environmental impact in its day- to- day activities.

The Company has also continued to implement the Turnaround strategy which in its four pillars of Debt-restructuring, business continuity, organizational restructuring and operations supervision is designed to bring back the Company to profitability.

The Board recognizes that effective corporate practices are fundamental to ensure smooth and effective business operations. The Company conducts Corporate Governance Audits and Legal Compliance Audits annually and the reports are presented before the Board where the Board is able to track the Company's progress and the changes that need to be done.

Home Afrika remains cognizant of sustainability issues that require industry wide collaboration and recognizes that it is imperative to appreciate the '3Ps' of People, Prosperity and Planet.

PETER MUNGAI
Chairman,
Home Afrika Limited

SUSTAINABILITY AT HOME AFRIKA LIMITED IN 2022

Sustainability is at the heart of our overall business strategy.

There are various factors that lead to successful sustainability. They are both internal and external. Internally, the determinants are corporate governance and stake-holder (external parties) engagement while external determinants include Management and Company Policies.

1. EXTERNAL FACTORS

Externally, to improve the sustainability of operations, we must consider stakeholder engagement, natural environment and social issues. Good stakeholder engagement ensures that sustainability in the business operations increases substantially.

Sustainability also involves consideration of the interaction between economic factors 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.

Stakeholder Engagement

We define our stakeholders as all those who affect, are affected or could be affected by our business. We engage internal and external stakeholders, ranging from employees, investors and commercial partners to governments, local communities and clients.

Our Company is underpinned by cooperation between stakeholders. We work hard to build a shared understanding and an atmosphere of mutual support with all those involved in, and affected by our operations. We believe that the value we create as a business must ultimately be shared between all stakeholders and contribute towards renewing and reaffirming the trust that they have in us and we have in them.

One of the ways we ensure the stakeholders stay informed is through regular communication.

During Covid 19 period we realized that a more conscientious and measured approach to stakeholder engagement was essential. It was time to pause, reconsider the Company's engagement tools and timeframes, and reconfirm whether it was appropriate to:

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

Here are some of the digital engagement planning, tools and etiquette that HAL has been using to engage our stakeholders since the pandemic;

1. Video conferencing

Since the Covid 19 Pandemic, we have seen massive shift in technology trends including Video conferencing. We are embracing this and are continuing to hold 1:1 meeting and even our AGM in 2022 was held virtually on Zoom and Microsoft Teams.

This has streamlined communication with stakeholders because not only are we able to continue to communicate and engage with stakeholders, but there is the added benefit of being able to meet more often, increasing productivity and reducing travel expenses.

2. Digital mapping tools

The Company has embraced Community mapping, using maps and photographs of an area to engage people of all levels of capability.

Mapping is a good way of illustrating land use, community facilities, and transport networks in an area. Mapping really helps Stakeholders to view an area and make recommendations on 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 works for both ideation and optioneering phases of a project.

Digital engagement tools have helped the Company in communicating with project stakeholders. The Company also recognizes that there is need to carefully plan our engagement activities, think about the customer and facilitate a quality stakeholder engagement experience by posing engaging questions and providing a range of digital tools and channels.

Environment

The world has seen unprecedented climate events in the last few years. Climate change is having a growing impact on the African continent, hitting the most vulnerable hardest, and contributing to food insecurity.

Home Afrika respects the environment and recognizes the need to preserve the environment.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 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.

2. INTERNAL FACTORS

Internal factors include the Company's culture, Values and vision and the Organizational structure and governance.

Internally, organization and governance are reflected in the structures that Companies use to monitor and control complex decisions throughout all stages of business operations.

In 2022 the Company adopted various structures for sustainability including:

1. Management Decisions

Management ensures that each department in the Organizational structure plays their role in line with the Company's Vision and Values. They come up with strategies in order to ensure that business operations are done in a sustainable manner.

In 2022, management ensured that the Company was run seamlessly by conducting weekly meetings to check on the progress of weekly action plans in all departments.

2. The Turnaround Committee

In 2021, the Company established the Turnaround Committee. The mandate of the turnaround Committee was to ensure there is:

a) Debt- Bond Restructuring.
b) Business Continuity.
c) Organizational Restructuring.
d) Operations Supervisions.

The Report had a restructuring action log providing solutions, recommendations and the timelines of working on the recommendations. In 2022, the Company worked on the recommendations within the given timelines and is continuously doing reviews to know which areas require improvements.

3. Company Structure and Policies

The company has a code of conduct that governs the conduct of employees. The code ensures that staff abide by the relevant laws and regulations, act fairly, ethically, sincerely and in the best interest of the Company when interacting with all stakeholders.

Home Afrika also has a good human resource framework that helps the organization understand the foundational elements that need to be in place to foster high performance and CSR (corporate social responsibility) in the organization. This includes the Human resource Policy that aids to resource professionals who pay a key role in helping the Company achieve sustainability.

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

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.

Corporate Governance

STATEMENT ON CORPORATE GOVERNANCE AND LEGAL AUDIT REPORTS

The Company's Corporate governance practices go beyond mere compliance with regulation.

The Company is committed to applying the highest standards of corporate governance, recognizing that robust governance and culture underpin the Company's success and help build trustful relationships with our stakeholders.

The company's strategy on corporate governance is focused on three main agendas which are:

1. Compliance with laws and regulations,
2. Promotion of growth in a sustainable manner,
3. Improvement of shareholder value.

The Board of Directors (the "Board") is responsible for the governance of the Company. The Directors are committed to fulfilling their responsibilities and have instituted various principles of good governance including transparency, integrity, accountability and responsibility in all Company dealings in order to ensure that good governance is practiced with respect to dealings with the Company's shareholders, customers and other relevant stakeholders in line with the spirit of the Code of Corporate Governance for listed Companies.

The Company has established various structures to ensure that the Board is able to achieve these. These structures are:

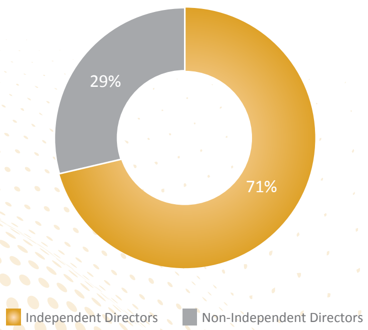
a. Board composition;
b. Compliance with the law; and
c. Commitment to international standards of Environmental Sustainability Governance (ESG)

THE BOARD

I. Composition

The Board currently comprises Seven (7) members each of whom, with the exception of the Managing Director are non-executive. The Managing Director is responsible for ensuring that the Board's direction of strategy is implemented by the company staff. The Board is made up of majority independent and minority non-independent membership as illustrated below;

Director's Independence



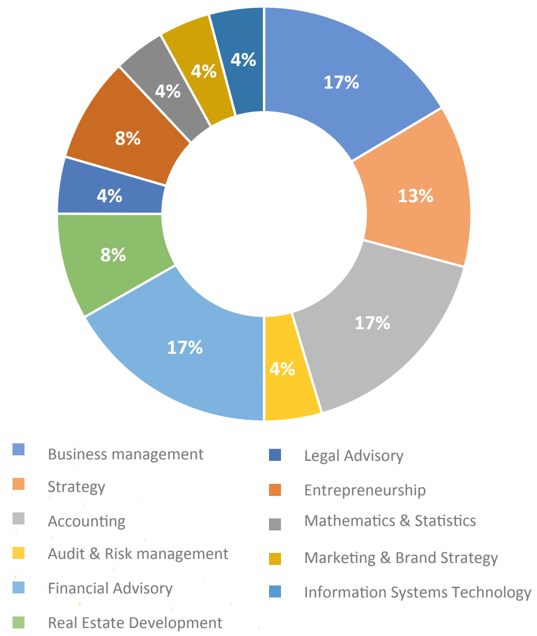
Directors' respective shareholdings are also illustrated below:

No.	Director	No. of shares held	Independent / Non- Independent
1.	Peter Mungai	None	Independent
2.	Luke Kinoti	Through Proxy	Non -Independent
3.	Antony Mbandi	None	Independent
4.	Mbugua Gecaga	Through proxy	Non -Independent
5.	Frida Owinga	None	Independent
6.	Bertha Mvati	None	Independent
7.	Jayne Nyokabi	Management Staff	Non-Independent

The Board is constituted 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, Organizational Leadership & Management, Information Systems Technology, management consultancy, project planning management, Mathematics and statistics, marketing and branding and law as illustrated below:

Director's Professional Skills Fields



The Board of directors whose role is to promote long – term sustainable success of the Company, maps out the Company's medium- and long-term strategies in addition to its responsibility to review the implementation of 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 2022, the following Director was appointed to join the Home Afrika Board;

- Antony Mbandi

While one director resigned from their position being;

- Nelson Ashitiva

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.

An ad hoc Turnaround committee was put in place that met bi-weekly for 3 months. Members of the committee included;

- Frida Owinga
- Bertha Mvati
- Luke Kinoti
- Jayne Nyokabi

Board and committee meetings attendance in 2022 was as follows: -

	Board Meeting	Audit & Risk Committee	Finance Procurement & Strategy Committee	Nomination, Governance & HR Committee
Total of Meetings held in 2022	5	1	2	1
Directors Names				
Peter Mungai	5	1	0	0
Frida Owinga	3	0	1	1
Luke Kinoti	4	1	2	1
Bertha Mvati	1	1	2	0
Mbugua Gecaga	5	1	2	0
Antony Mbandi	1	1	0	1
Jayne Nyokabi	5	1	2	1
Nelson Ashitiva	1	1	0	0

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 provides a central source of guidance and advice to the Board on matters of governance, statutory compliance and compliance with the regulators. Each Director has direct access to the Company Secretary.

The Company Secretary's other duties include; assisting the Board with the evaluation exercise and keeping formal records of Board discussions and following up on the timely execution of agreed actions.

Board Charter

The Board Charter is critical to the Company's governance framework, and offers guidance on matters including all activities by the Board of directors. It outlines the key roles and responsibilities 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 maintains close engagement with our regulators. Our interaction is based on four pillars:

- Comply: Proactively ensure compliance with all license obligations, legislation, regulations, by-laws and regulatory guidelines.
- Engage: Actively engage with regulators and industry bodies through face-to-face meetings and written submissions when changes to the existing business environment are under discussion.
- Discuss: Facilitate workshops and information sessions with regulators, members of the media and affected stakeholders to discuss public policy issues affecting the industry.
- Attend: Be present at stakeholder workshops and engage on behalf of the telecommunications and technology industries.

In 2022, the Company successfully undertook the Corporate Governance Audit as required by CMA. The CMA report provided that although the Company's Corporate governance structure was adequate and the company complied with the requirement to self-assess its corporate governance performance using the matrix provided by CMA, these exercises were all aimed at ensuring that the company remains transparent with the regulator and complies with the law.

The company also has in place a Board which approves 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 may undermine the partiality of an individual. It gives rise to the possibility of a clash between the person's self-interest and professional interest or public interest.

The Company has a very robust Conflict of interest Policy. The policy promotes objectivity and impartiality in decision making and ensures that the integrity of Directors, Senior management and employees in decision making is not compromised by personal interests. It also safeguards Home Afrika Ltd from any disputes among its members that would otherwise dent the company's reputation and threaten stability.

All Directors, senior management and all employees are encouraged to avoid any situation that might give rise to 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 2022 there were no conflict-of-interest matters reported.

Insider Trading

The Company has a policy on insider trading which promotes compliance with applicable securities laws by the Company and all directors and employees. It is aimed 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 Company's Code of Conduct and Ethics outlines the principles and policies that govern the activities of Home Afrika. 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

The Company has set in place a Whistle blowing Policy that sets the standards for protection of would-be informers as well as reinforce the culture of honesty and discipline.

Our whistleblowing policy encourages anonymous and open reporting. It also prohibits retaliation and protects those making reports in good faith. The policy provides that staff may report an issue if it is unlawful; fraudulent; contrary to the Company's policies and procedure; falls below established standards of practice; amounts to improper conduct and breach the Company's code of Conduct.

There are in place systems that encourage staff to raise concerns in a structured and protected way.

The policy applies to all internal and external stakeholders and establishes 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 Company's focus is on identifying and mitigating material risks that could impact our current or future performance, and/or our reputation.

Our approach is holistic and integrated, bringing together risk management, internal controls and business integrity. This ensures we prioritize risks with the greatest potential impact on the business. We regularly review and refresh our principal risks and approaches to risk management. Our aim is to ensure that we have taken all reasonable steps to mitigate the risks.

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

LEGAL COMPLIANCE AUDIT

Home Afrika has in place a Legal Compliance & Ethics Policy which seeks to assist the Board, Management and staff in the fulfillment of its legal compliance and ethics responsibilities.

In order to ensure compliance with the set Laws and Regulations, HAL ensures that an internal legal audit is conducted on an annual basis and a comprehensive and independent legal audit conducted once in every two years.

Home Afrika also ensures that the findings from the audits are acted upon and non-compliance issues arising are corrected as soon as possible. In 2022, a Legal Compliance Audit was conducted and the report revealed that Home Afrika had complied with most Laws and Regulations and in the few areas that had gaps recommendations were given and Home Afrika is working towards addressing the same.

III. COMMITMENT TO ESG

Through the ESG Policy, Home Afrika is committed to incorporating strong environmental, social and corporate governance principles throughout all operations and business activities.

The Company ensures compliance with all relevant national laws and regulations on environment, climate change, health, safety and social issues. The Board of directors is cognizant of the pivotal role ESG plays in the success of the company. The Board ensures that Board trainings and evaluations are conducted semi-annually.

Board Training

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

Board evaluation involves the process of reviewing the performance of the Board as a whole and reviewing the performance of individual directors who comprise the Board.

In 2022, the Board 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 2022

	HOME AFRIKA LIMITED		
	OWNERSHIP STRUCTURE AS AT 31-12-2022		
	SHAREHOLDER CATEGORY		
RANK	FOREIGN INVESTOR	SHARES HELD	% HELD
1	YANG,ZEYUN	12,130,600	2.99
2	SSENYONGA,RASHID	6,015,200	1.48
3	YANG,ZEYUN	1,115,000	0.28
4	RIYAZ HUSSEIN MOHAMED RAJABALI	999,600	0.25
5	IKE,IKEOTUONYE ALBAN	500,000	0.12
6	SHAH,LALITABEN KANAIYALAL MEGHJI	311,500	0.08
7	MUTSINZI,CYRILLE TRAKIZA	295,900	0.07
8	SHAH,LATABEN SURENDRAKUMAR	195,000	0.05
9	NDESANJO,WILSON NATHANIEL	190,000	0.05
10	PATEL,PRACHINABAHEN KAVEL	130,000	0.03
	SUBTOTAL	**21,882,800**	5.40
	OTHERS	**14,539,900**	**2.99**
	TOTAL	**36,422,700**	
RANK	**LOCAL INDIVIDUALS INVESTORS**	16,180,900	3.99
1	GATHITU,FRANCIS CHEGE	10,062,600	2.48
2	NYAGAH BOORE KITHINJI & LILIAN WANJIKU KITHINJI	10,000,000	2.47
3	HIRJI KHIMJI BHIMJI SEYANI & KARSAN KHIMJI SEYANI	7,722,900	1.91
4	HIRANI,NARAN KHIMJI;HIRANI,VIRJI KHIMJI	6,856,600	1.69
5	NDUNGU,PAUL WANDERI	6,000,000	1.48
6	DEVINE,PATRICK RICHARD	4,071,000	1.00
7	MARANYA,EUNICE MORAA	4,000,000	0.99
8	SHARMA,SANJEEV JYOTI	3,213,500	0.79
9	NGANGA,PAUL MUNYUA	2,911,000	0.72
10	NGANGA,JOHN THIONGO	71,018,500	17.52
	SUBTOTAL	**71,018,500**	**17.52**
	OTHERS	**326,803,920**	**75.25**
	TOTAL	**397,822,420**	**91.61**
	CO-OP BANK SHARE REGISTRAR SERVICES 2022		

Directors' Remuneration Report

FOR THE YEAR ENDED 31 DECEMBER 2022

INTRODUCTION

The members of the Board Nominations & Remunerations Committee during the year were, Fridah Owinga (Committee Chairperson), Luke Kinoti, Nelson Ashitiva and Jane Nyokabi (Managing Director).

All members are Non-Executive Directors. 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 2022. 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 2019 to 2022 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.

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 2022 together with the comparative figures for 2021 for Home Afrika Group.

a) Home Afrika Limited

Year ended 31 December 2022

	Name	Salary Kes.	Meeting attendance fees Kes.	Total Kes.
1.	Peter Mungai-Chairperson	-	225,000.00	225,000.00
2.	Mbugua Gecaga	-	200,000.00	200,000.00
3.	Fridah Owinga	-	150,000.00	150,000.00
4.	Luke Kinoti	-	275,000.00	275,000.00
5.	Bertha Mvati	-	100,000.00	100,000.00
6.	Nelson Ashitiva	-	-	-
7.	Jane Nyokabi	6,570,000.00		6,570,000.00
	TOTAL	**6,570,000.00**	**950,000.00**	**7,520,000.00**

Year ended 31 December 2021

	Name	Salary Kes.	Meeting attendance fees Kes.	Total Kes.
1.	Peter Mungai-Chairperson	-	450,000.00	450,000.00
2.	Mbugua Gecaga	-	350,000.00	350,000.00
3.	Fridah Owinga	-	175,000.00	175,000.00
4.	Luke Kinoti	-	400,000.00	400,000.00
5.	Bertha Mvati	-	300,000.00	300,000.00
6.	Nelson Ashitiva	-	75,000.00	75,000.00
7.	Dan Awendo	14,952,306.18	-	14,952,306.18
8.	Jane Nyokabi	1,020,000.00		1,020,000.00
	TOTAL	**14,952,306.18**	**1,750,000.00**	**18,742,306.18**

b) Mitini Scapes Development Limited

	Year ended 31 December 2022			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Boniface Kamau - Chairperson	-	-	-
2.	Susan Kasinga	-	50,000.00	50,000.00
3.	Geoffrey Kamau	-	100,000.00	100,000.00
4.	Jack Waihenya	-	50,000.00	50,000.00
5.	Barth Ragalo	-	50,000.00	50,000.00
6.	Connie Gakonyo	-	-	-
7.	Mbugua Gecaga	-	100,000.00	100,000.00
8.	Winnie Ngumi	-	100,000.00	100,000.00
	TOTAL	**-**	**500,000.00**	**500,000.00**

	Year Ended 31 December 2021			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Boniface Kamau - Chairperson			
2.	Susan Kasinga	50,000.00	50,000.00	50,000.00
3.	Geoffrey Kamau	50,000.00	50,000.00	50,000.00
4.	Jack Waihenya			
5.	Barth Ragalo			
6.	Connie Gakonyo	-	-	-
7.	Mbugua Gecaga	50,000.00	50,000.00	50,000.00
8.	Winnie Ngumi	50,000.00	50,000.00	50,000.00
	TOTAL	**-**	**200,000.00**	**200,000.00**

c) Home Afrika Communities Limited

	Year ended 31 December 2022			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Peter Mungai - Chairman	-	1,250,000.00	1,250,000.00
2.	Robert Muchoki	-	990,000.00	990,000.00
3.	Stephen Gichohi	-	1,145,000.00	1,145,000.00
4.	Luke Kinoti	-	900,000.00	675,000.00
5.	Anne Muchoki	-	900,000.00	225,000.00
6.	Michael Matimu	-	900,000.00	250,000.00
7.	Mbugua Gecaga	-	75,000.00	75,000.00
	TOTAL	**-**	**4,610,000.00**	**4,610,000.00**

	Year ended 31 December 2021			
	Name	**Salary Kes.**	**Meeting attendance fees Kes.**	**Total Kes.**
1.	Peter Mungai - Chairman	-	1,250,000.00	1,250,000.00
2.	Robert Muchoki	-	990,000.00	990,000.00
3.	Stephen Gichohi	-	1,145,000.00	1,145,000.00
4.	Luke Kinoti	-	900,000.00	675,000.00
5.	Anne Muchoki	-	900,000.00	225,000.00
6.	Michael Matimu	-	900,000.00	250,000.00
7.	Mbugua Gecaga	-	75,000.00	75,000.00
	TOTAL	**-**	**4,610,000.00**	**4,610,000.00**

d) Suburban Limited

Year ended 31 December 2022

	Name	Salary Kes.	Meeting attendance fees Kes.	Total Kes.
1.	Dr. Mbira Gikonyo- Chairperson	-	395,715.00	395,715.00
2.	Dan Awendo	-	-	-
3.	Geoffrey Luseno	-	495,715.00	495,715.00
	TOTAL	**-**	**891,430.00**	**891,430.00**

Year ended 31 December 2021

	Name	Salary Kes.	Meeting attendance fees Kes.	Total Kes.
1.	Dr. Mbira Gikonyo- Chairperson	-	214,286.00	214,286.00
2.	Dan Awendo	-	-	-
3.	Geoffrey Luseno	-	214,286.00	214,286.00
	TOTAL	**-**	**428,572.00**	**428,572.00**

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. 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.

Opportunity: Company contribution as percentage of basic salary 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 capitalizations between financial year periods. Base price is value per share as at Jan 1st 2022; 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.
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 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 3 months' notice.
On termination of 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.

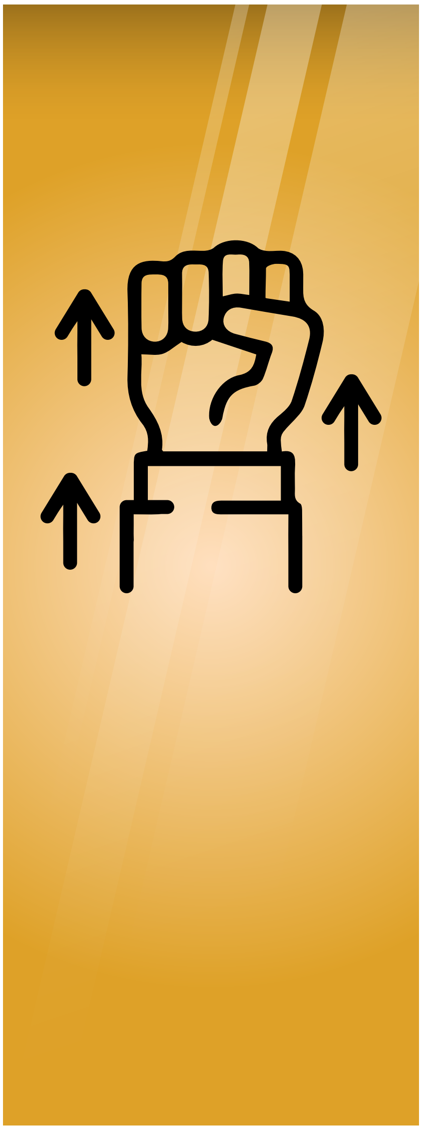
d) Discretions retained by the Remuneration Committee

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 STRENGTHS



Strategy no. 6: 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.

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.

b) Costs of Financing

Currently the company is servicing interest on loans sourced from I&M Bank and Eco – Bank. Interest forms the main component of the finance costs and has reduced significantly by 87% in 2022 as compared to 2021.

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

A key challenge that often accompanies housing developments is the failure to link the ideal of a quality social housing project with the affordability realities of the target market.

A further constraint highlighted by some critics is the limited availability of mortgage finance. The opportunity, therefore, is to bring together affordable housing delivery with affordable, appropriate finance. The company has strategically partnered with financial institution to assist potential client to be able to get financing for its products.

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31ST DECEMBER 2022

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	:	Peter Mungai Ndung'u
	:	Mbugua Gecaga
	:	Luke Mwiti Kinoti
	:	Frida Owinga
	:	Bertha Mvita
	:	Jane Nyokabi Gathoni
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
COMPANY SECRETARY	:	Githogori and Harrison Advocates,
	:	View Park Towers,
	:	10th floor,
	:	P.O Box 67145-00200
INDEPENDENT AUDITOR	:	GMK Accountants LLP
	:	Certified Public Accountants
	:	P.O. Box 8007-00100
	:	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

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
	:	Moru Ridge Limited
	:	NAIROBI
	:	Migaa PDS Limited
	:	NAIROBI
	:	Smart Plots Limited
	:	NAIROBI

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2022, 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

BUSINESS REVIEW

During the year 2022 the total turnover of the group declined from Kshs. 349,325,969 to Kshs. 237,396,323. 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 reduced from Kshs. 280,210,875 to Kshs. 64,661,940.

As at 31 December 2022, the net liability position of the group was Kshs. 2,628,063,861 compared to Kshs. 2,562,955,815 as at 31 December 2021.

	Group		Company	
Key performance indicators	**2022 Kshs**	**2021 Kshs**	**2022 Kshs**	**2021 Kshs**
Turnover (Shs)	237,396,323	349,325,969	-	0
Gross profit (Shs)	100,696,245	159,533,330	-	0
Gross profit margin (%)	42%	46%	0%	0%
EBITDA	(15,952,711)	27,011,673	(32,084,756)	(82,667,098)
Loss for the year	(65,108,046)	(281,527,190)	(36,056,015)	(87,313,361)
Net (liabilities) (Shs)	(2,628,063,861)	(2,562,955,815)	(1,397,572,632)	(1,361,516,618)

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 agents struggle to offload slow moving stocks. The group focus for now is towards finalising on its flagship 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 (2021: 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 85.

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, GMK Accountants 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

27th April 2023

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 27th April 2023 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 93 to 133, which comprise the consolidated and company statements of financial position as at 31 December 2022, 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 Kshs. 65,108,046 for the year ended 31 December 2022, and as of that date, the group had net current liabilities of Kshs. 3,027,716,791 and a deficiency in shareholders funds of Kshs. 2,628,063,861. 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 an amount due from a related party amounting to Kshs. 343,520,531 which arose as a result of 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 variance of Kshs. 9,094,964. In the absence of a reconciliation, we were unable to obtain sufficient appropriate audit evidence as to the validity of these balances and transactions.

(iii) Included within work in progress are two properties; namely the sports facility and club house with a cumulative cost of Kshs. 28,285,376 for which the title is not in the name of Home Afrika Communities Limited. 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 Kshs. 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 that are subject to foreclosure by the bank for non-payment of the borrowing. 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.

GMK ACCOUNTANTS LLP

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 90:

- 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

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA George Mwangi - Practising certificate No. 1622

For and on behalf of;
GMK Accountants LLP
Certified Public Accountants
NAIROBI

…........16th May........ 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2022 Kshs	2021 Kshs
Revenue from contracts with customers	3	237,396,323	349,325,969
Cost of sales		(136,700,078)	(189,792,639)
Gross profit		100,696,245	159,533,330
Fair value gain on investment property	11	-	34,617,123
Other operating income	4	12,296,875	19,476,191
Selling and distribution expenses		(7,220,898)	(15,156,029)
Administrative expenses		(90,608,083)	(136,491,017)
Other operating expenses		(39,413,533)	(42,705,156)
Operating (loss)/profit	5	(24,249,394)	19,274,442
Finance costs	7	(40,412,546)	(299,485,317)
Loss before tax		(64,661,940)	(280,210,875)
Tax charge	8	(446,106)	(1,316,315)
Loss for the year		(65,108,046)	(281,527,190)
Total comprehensive loss for the year		(65,108,046)	(281,527,190)
(Loss) attributable to:			
- Owners of the parent		(60,002,011)	(291,303,752)
- Non-controlling interest		(5,106,035)	9,776,562
		(65,108,046)	(281,527,190)
(Loss) per share (Shs)			
- basic and diluted	9	(0.15)	(0.72)

The notes on pages 101 to 133 form an integral part of these financial statements.

Report of the independent auditor – pages 90 to 92.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2022 Kshs	2021 Kshs
Revenue from contracts with customers	3	9,525,000	-
Cost of sales		(5,958,226)	-
Gross profit		3,566,774	-
Other operating income	4	465,000	1,844,000
Selling and distribution		(1,928,623)	(2,356,188)
Administrative expenses		(31,291,329)	(76,996,159)
Other operating expenses		(6,867,837)	(9,805,014)
Impairment of investment in subsidiary	13	-	-
Operating loss		(36,056,015)	(87,313,361)
Finance costs	7	-	-
Loss before tax		(36,056,015)	(87,313,361)
Tax	8	-	-
Loss for the year		(36,056,015)	(87,313,361)
Total comprehensive loss for the year		(36,056,015)	(87,313,361)
Loss per share			
- Basic	9	(0.09)	(0.22)

The notes on pages 101 to 133 form an integral part of these financial statements.

Report of the independent auditor – pages 90 to 92.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December	
		2022	2021
	Notes	Kshs	Kshs
Non-current assets			
Property and equipment	10	56,053,965	63,514,754
Investment property	11	343,031,042	431,428,103
Intangible assets	12	565,922	844,659
Financial assets	14	2,000	2,000
Deferred tax	23	-	-
		399,652,929	495,789,516
Current assets			
Inventories	15	3,582,144,154	3,603,941,198
Trade and other receivables	16	622,441,994	435,561,520
Cash and cash equivalents	17	3,190,807	2,210,072
		4,207,776,955	4,041,712,791
Total assets		4,607,429,884	4,537,502,307
Current liabilities			
Deferred income	18	1,087,477,331	1,022,339,320
Trade and other payables	19	1,599,298,705	1,580,529,828
Deposit from sale of plots and units	19	2,223,142,404	2,179,198,765
Borrowings	20	1,330,490,255	1,320,703,705
Private placement bond	21	820,660,028	820,660,028
Deposit for shares	22	155,346,022	158,346,022
Current tax	8	19,079,000	18,680,453
		7,235,493,745	7,100,458,122
Net current liabilities		(3,027,716,791)	(3,058,745,331)
Total liabilities		7,235,493,745	7,100,458,122
Net liabilities		(2,628,063,861)	(2,562,955,815)
EQUITY			
Share capital	24	405,255,320	405,255,320
Share premium	25	68,842,038	68,842,038
Accumulated deficit		(2,584,286,656)	(2,524,284,645)
Equity attributed to owners of the parent		(2,110,189,298)	(2,050,187,287)
Non-controlling interest		(517,874,563)	(512,768,528)
Total equity		(2,628,063,861)	(2,562,955,815)

The financial statements on pages 9 to 49 were approved and authorised for issue by the Board of Directors on…27th April.. 2023 and were signed on its behalf by:

…………………………………………… **DIRECTOR** ……………………………………**DIRECTOR**

The notes on pages 101 to 133 form an integral part of these financial statements.

Report of the independent auditor – pages 90 to 92.

COMPANY STATEMENT OF FINANCIAL POSITION

		As at 31st December	
		2022	2021
Non-current assets	**Notes**	**Kshs**	**Kshs**
Property and equipment	10	48,608,887	52,320,159
Intangible assets	12	565,922	844,659
Investment in subsidiaries	13	2,752,000	2,752,000
Financial assets	14	2,000	2,000
		51,928,809	55,918,818
Current assets			
Inventories	15	263,023,426	281,457,867
Trade and other receivables	16	35,942,950	39,890,143
Cash and cash equivalents	17	1,497,227	2,186,731
		300,463,603	323,534,741
Total assets		352,392,412	379,453,559
Current liabilities			
Trade and other payables	19	943,857,134	863,173,109
Deposit from sale of plots	19	195,909,747	264,988,526
Private placement bond	21	603,765,207	603,765,207
Borrowings	20	6,078,161	8,688,540
Current tax	8	354,795	354,795
		1,749,965,044	1,740,970,177
Net current liabilities		(1,449,501,441)	(1,417,435,436)
Net liabilities		(1,397,572,632)	(1,361,516,618)
EQUITY			
Share capital	24	405,255,320	405,255,320
Share premium	25	68,842,038	68,842,038
Accumulated deficit		(1,871,669,990)	(1,835,613,976)
Total equity		(1,397,572,632)	(1,361,516,618)

The financial statements on pages 9 to 49 were approved and authorised for issue by the Board of Directors on…27th April 2023 and were signed on its behalf by:

____________________ **DIRECTOR** ____________________ **DIRECTOR**

The notes on pages 101 to 133 form an integral part of these financial statements.

Report of the independent auditor – pages 90 to 92.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021	Share capital Kshs	Share premium Kshs	Accumulated deficit Kshs	Total Kshs	Non controlling interests Kshs	Total equity Kshs
At start of year	405,255,320	68,842,038	(2,232,980,893)	(1,758,883,535)	(522,545,090)	(2,281,428,625)
Total comprehensive (loss) for the year	-	-	(291,303,752)	(291,303,752)	9,776,562	(281,527,190)
At end of year	405,255,320	68,842,038	(2,524,284,645)	(2,050,187,287)	(512,768,528)	(2,562,955,815)
Year ended 31 December 2022						
At start of year	405,255,320	68,842,038	(2,524,284,645)	(2,050,187,287)	(512,768,528)	(2,562,955,815)
Total comprehensive (loss) for the year	-	-	(60,002,011)	(60,002,011)	(5,106,035)	(65,108,046)
At end of year	405,255,320	68,842,038	(2,584,286,656)	(2,110,189,298)	(517,874,563)	(2,628,063,861)

The notes on pages 101 to 133 form an integral part of these financial statements.

Report of the independent auditor – pages 90 to 92.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021	Share capital Kshs	Share premium Kshs	Accumulated deficit Kshs	Total Kshs
At start of year	405,255,320	68,842,038	(1,748,300,615)	(1,274,203,257)
Total comprehensive (loss) for the year	-	-	(87,313,361)	(87,313,361)
At end of year	405,255,320	68,842,038	(1,835,613,976)	(1,361,516,618)
Year ended 31 December 2022				
At start of year	405,255,320	68,842,038	(1,835,613,976)	(1,361,516,618)
Total comprehensive (loss) for the year	-	-	(36,056,015)	(36,056,015)
At end of year	405,255,320	68,842,038	(1,871,669,990)	(1,397,572,632)

The notes on pages 101 to 133 form an integral part of these financial statements.

Report of the independent auditor – pages 90 to 92.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2022 Kshs	2021 Kshs
Operating activities			
Cash from operations	26	46,073,438	319,162,594
Interest paid	27	(40,412,546)	(272,783,349)
Tax paid		(47,560)	-
Net cash from operating activities		5,613,332	46,379,245
Investing activities			
Cash paid for purchase of property and equipment	10	(627,000)	(21,513,010)
Additions to investment property	11	-	(3,799,324)
Cash paid for purchase of intangible assets	12	-	-
Proceeds from disposal of property and equipment		-	694,000
Net cash (used in) investing activities		(627,000)	(24,618,333)
Financing activities			
Repayment:			
- borrowings		(4,395,217)	(24,224,153)
- deposits for shares		3,000,000	100,000
Proceeds			
- hire purchase		-	-
- borrowings		-	-
Net cash (used in) financing activities	28	(1,395,217)	(24,124,153)
Increase/(Decrease) in cash and cash equivalents		3,591,115	(2,363,242)
Movements in cash and cash equivalents			
At start of year		(3,800,653)	(1,437,411)
Increase/(Decrease)		3,591,115	(2,363,242)
At end of year	17	(209,539)	(3,800,653)

The notes on pages 101 to 133 form an integral part of these financial statements.

Report of the independent auditor – pages 90 to 92.

COMPANY STATEMENT OF CASH FLOWS

	Notes	2022 Kshs	2021 Kshs
Operating activities			
Cash from operations	26	1,920,875	625,062
Interest paid	27	-	-
Net cash (used in)/from operating activities		1,920,875	625,062
Investing activities			
Cash paid for purchase of property and equipment	10	-	(1,750,000)
Cash paid for purchase of intangible assets	12	-	-
Proceeds from disposal of property and equipment		-	600,000
Net cash (used in) investing activities		-	(1,150,000)
Financing activities			
Proceeds from borrowings		-	-
Net cash from financing activities		-	-
(Decrease)/increase in cash and cash equivalents		1,920,875	(524,936)
Movements in cash and cash equivalents			
At start of year		(3,823,994)	(3,299,058)
(Decrease)/increase		1,920,875	(524,936)
At end of year	17	(1,903,119)	(3,823,994)

The notes on pages 101 to 133 form an integral part of these financial statements.

Report of the independent auditor – pages 90 to 92.

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 29 and 30 to the financial statements.

During the year ended 31 December 2022, the group recognised a net loss of Kshs. 65.1 million (2021: Kshs. 281.5 million). The statement of financial position also indicates a deficiency in shareholders' funds of Kshs. 2.628 billion (2021: Kshs. 2.562 billion) and net current liabilities of Kshs. 3.027 billion (2021: Kshs. 3.058 billion). However, included in the current liabilities are deposits for sale of plots and units as well as deferred income of Kshs. 2.223 billion and Khs. 1.087 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.

As disclosed in Note 20, 21 and 22, the group is in default on payment on some borrowings, private placement bond and deposit for shares.

The directors have been actively engaging with the company lenders on restructuring of the current borrowing facilities and also with prospective investors to raise additional funds.

During the financials year ended 31 December 2022 the directors successfully obtained a final and full settlement agreement with the company lenders who have agreed to offer a discount for the outstanding credit facilities. The company has deposited Kshs 100 Million with the appointed advocates as a committemnet towards settlement of the outstanding borrowings.

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 group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)
The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1st January 2022.

Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)
The amendments, applicable to annual periods beginning on or after 1st January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendment to IFRS 1 titled Subsidiary as a First-time Adopter (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)
The amendment, applicable to annual periods beginning on or after 1st January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.

Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)
requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)
The amendment, applicable to annual periods beginning on or after 1st January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

The Company has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2022.

(i) IFRS 17 Insurance Contracts (issued in May 2017 and amended in June 2020)

(ii) Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)

(iii) Amendments to IAS 8 titled Definition of Accounting Estimates (issued in February 2021)

Other:
The directors does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

NOTES (CONTINUED)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Significant accounting judgements, estimates and assumptions

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 group uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions

For trade receivables, the group 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**
  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 group 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 group 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 group 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 group'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 group 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

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 and related 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

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.

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	
	2022	**2021**	**2022**	**2021**
Recognised over time:	**Kshs**	**Kshs**	**Kshs**	**Kshs**
- Revenue from sale of property				
	237,396,323	349,325,969	9,525,000	-

4 Other operating income

Rental income	4,943,800	5,888,800	-	-
Other income	7,353,075	13,587,391	465,000	1,844,000
	12,296,875	19,476,191	465,000	1,844,000

NOTES (CONTINUED)

5 Operating (loss)

The following items have been charged in arriving at operating (loss):	Group 2022 Kshs	Group 2021 Kshs	Company 2022 Kshs	Company 2021 Kshs
Depreciation on property and equipment (Note 10)	8,017,946	7,321,205	3,692,522	4,230,236
Amortisation of intangible assets (Note 12)	-	416,026	278,737	416,026
Auditors' remuneration				
- current year	2,054,517	1,740,000	314,517	650,000
Directors' emoluments	11,589,929	5,537,824	-	1,700,000
Staff costs (Note 6)	44,828,071	86,325,689	23,114,348	57,188,216

6 Staff costs

	Group 2022 Kshs	Group 2021 Kshs	Company 2022 Kshs	Company 2021 Kshs
Salaries and wages	41,156,837	77,857,488	22,741,498	54,848,990
Other staff costs	3,038,234	7,835,201	96,450	2,062,826
Pension costs:				
- National Social Security Fund	633,000	633,000	276,400	276,400
	44,828,071	86,325,689	23,114,348	57,188,216

The average number of persons employed during the year, by category, were:	Group 2022	Group 2021	Company 2022	Company 2021
Sales and marketing	27	27	20	20
Projects	111	111	2	2
Management and administration	36	36	26	26
Total	173	173	48	48

7 Finance costs

	Group 2022 Shs	Group 2021 Shs	Company 2022 Shs	Company 2021 Shs
Interest expense:				
- bank borrowings	38,680,946	297,753,717	-	-
- private placement bond	-	-	-	-
- deposit for shares	1,731,600	1,731,600	-	-
	40,412,546	299,485,317	-	0

NOTES (CONTINUED)

8 Tax

	Group		Company	
	2022 Kshs	2021 Kshs	2022 Kshs	2021 Kshs
Current tax	446,106	1,316,315	-	-
Deferred tax (credit)/charge (Note 24)	-	-	-	-
	446,106	1,316,315	-	-

The tax on the group's (loss) before tax differs from the theoretical amount that would arise using the basic rate as follows:

	Group		Company	
	2022 Kshs	2021 Kshs	2022 Kshs	2021 Kshs
(Loss) before tax	(64,661,940)	(280,210,875)	(36,056,015)	(87,313,361)
Tax calculated at a tax rate of 30% (2019: 30%)	(19,398,582)	(84,063,263)	(10,816,804)	(26,194,008)
Tax effect of:				
- income and expenses not taxable/allowable	(142,714,301)	(92,428,300)	626,376	653,376
- tax losses and other temporary differences on which deferred tax has not been recognised	162,558,989	177,807,878	10,095,747	25,344,636
	446,106	1,316,315	(94,681)	(195,996)

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	
	2022 Kshs	2021 Kshs	2022 Kshs	2021 Kshs
Net (loss) attributable to shareholders	(60,002,011)	(291,303,752)	(36,056,015)	(87,313,361)
Weighted average number of ordinary shares	405,255,320	405,255,320	405,255,320	405,255,320
(Loss) per share - basic and diluted	(0.15)	(0.72)	(0.09)	(0.22)

NOTES (CONTINUED)

10 Property and equipment

Group	Building Kshs	Tractor Kshs	Motor vehicles Kshs	Computer equipment Kshs	Furniture and fittings Kshs	Office equipment Kshs	Total Kshs
Year ended 31 December 2022							
Cost							
At start of year	33,138,104	25,416,521	13,499,875	10,827,765	22,318,404	31,689,788	136,890,457
Additions	-	627,000	-	-	-	-	627,000
At end of year	33,138,104	26,043,521	13,499,875	10,827,765	22,318,404	31,689,788	137,517,457
Depreciation							
At start of year	14,371,521	6,917,539	9,730,969	8,472,649	14,634,673	19,248,353	73,375,703
Charge for the year	1,424,856	3,422,659	893,970	632,840	822,988	890,475	8,087,788
At end of year	15,796,377	10,340,198	10,624,939	9,105,488	15,457,662	20,138,828	81,463,491
Net book value	17,341,727	15,703,323	2,874,936	1,722,277	6,860,742	11,550,960	56,053,965
Year ended 31 December 2021							
Cost							
At start of year	33,138,104	6,137,686	13,384,735	10,267,765	22,235,208	31,480,639	116,644,137
Additions	-	19,278,835	1,381,830	560,000	83,196	209,149	21,513,010
Disposal	-	-	(1,266,690)	-	-	-	(1,266,690)
At end of year	33,138,104	25,416,521	13,499,875	10,827,765	22,318,404	31,689,788	136,890,457
Depreciation							
At start of year	12,946,657	4,983,897	8,961,202	7,629,764	13,603,985	18,471,291	66,596,796
Charge for the year	1,424,863	1,933,641	1,256,397	842,885	1,030,688	777,062	7,265,537
Disposal	-	-	(486,630)	-	-	-	(486,630)
At end of year	14,371,521	6,917,539	9,730,969	8,472,649	14,634,673	19,248,353	73,375,703
Net book value	18,766,583	18,498,982	3,768,906	2,355,116	7,683,731	12,441,435	63,514,754

NOTES (CONTINUED)

10 Property and equipment (continued)

Company

	Building Kshs	Motor vehicles Kshs	Computer equipment Kshs	Furniture and fittings Kshs	Office equipment Kshs	Total Kshs
Year ended 31 December 2022						
Cost						
At start of year	56,994,527	9,193,220	7,323,225	17,311,148	5,737,215	96,559,335
Additions	-	-	-	-	-	-
At end of year	56,994,527	9,193,220	7,323,225	17,311,148	5,737,215	96,559,335
Depreciation						
At start of year	17,099,737	5,733,963	5,699,521	11,904,066	3,820,639	44,257,926
Charge for the year	1,424,856	864,814	487,111	675,888	239,853	3,692,522
At end of year	18,524,593	6,598,777	6,186,632	12,579,954	4,060,492	47,950,448
Net book value	38,469,934	2,594,443	1,136,593	4,731,194	1,676,723	48,608,887
Year ended 31 December 2021						
Cost						
At start of year	56,994,527	9,093,220	6,823,225	17,311,148	5,737,215	95,959,335
Additions	-	1,250,000	500,000	-	-	1,750,000
Disposal	-	(1,150,000)		-	-	(1,150,000)
At end of year	56,994,527	9,193,220	7,323,225	17,311,148	5,737,215	96,559,335
Depreciation						
At start of year	15,674,874	5,022,610	5,074,720	11,131,626	3,546,842	40,450,672
Charge for the year	1,424,863	1,153,085	606,051	772,440	273,797	4,295,845
Disposal		(441,732)				(441,732)
At end of year	17,099,737	5,733,963	5,699,521	11,904,066	3,820,639	44,304,785
Net book value	39,894,790	3,412,398	1,623,704	5,407,082	1,916,576	52,254,550

NOTES (CONTINUED)

11 Investment property

Group

Year ended 31 December 2022	**Land Kshs**	**WIP Kshs**	**Total Kshs**
At start of year	389,298,000	42,130,103	431,428,103
Additions	-	-	-
Fair value gain	-	-	-
Transfers to inventories	(88,397,062)	-	(88,397,062)
At end of year	300,900,939	42,130,103	343,031,042
Year ended 31 December 2021			
At start of year	354,680,877	38,330,779	393,011,656
Additions	-	3,799,324	3,799,324
Fair value gain	34,617,123	-	34,617,123
Transfers to inventories	-	-	-
At end of year	389,298,000	42,130,103	431,428,103

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 Kshs**	**Level 2 Kshs**	**Level 3 Kshs**	**Fair value Kshs**
Land held as investment property	-	-	343,031,042	343,031,042

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 59.80% as at 31 December 2021 (54.65% as at 31 December 2020). 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	Website costs	Total
Year ended 31 December 2022	**Kshs**	**Kshs**	**Kshs**
Cost			
At end of year	10,508,836	1,183,800	11,692,636
Amortisation			
At start of year	9,664,177	1,183,800	10,847,977
Amortisation for the year	-	-	-
At end of year	9,942,914	1,183,800	11,126,714
Net book value	565,922	-	565,922
Year ended 31 December 2021			
Cost			
At start of year	10,508,836	1,183,800	11,692,636
Additions	-	-	-
At end of year	10,508,836	1,183,800	11,692,636
Amortisation			
At start of year	9,248,151	1,183,800	10,431,951
Amortisation for the year	416,026	-	416,026
At end of year	9,664,177	1,183,800	10,847,977
Net book value	844,659	-	844,659

Company	Computer software	
	2022	**2021**
Cost	**Kshs**	**Kshs**
At start of year	10,508,836	10,508,836
Additions	-	-
At end of year	10,508,836	10,508,836
Amortisation		
At start of year	9,664,177	9,248,151
Amortisation for the year	278,737	416,026
At end of year	9,942,914	9,664,177
Net book value	565,922	844,659

NOTES (CONTINUED)

13 Investments in subsidiaries

Company

Name	Country of incorporation	Holding 2022	Holding 2021	Company 2022 Kshs	Company 2021 Kshs
Suburban Limited	Kenya	50%	50%	100,000	100,000
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				-	-
				2,752,000	2,752,000

The composition of the group is as follows:

Name	Country of incorporation	Proportion of ownership interest 2022	Proportion of ownership interest 2021	Proportion owned via subsidiary companies 2022	Proportion owned via subsidiary companies 2021	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	
	2022 Kshs	2021 Kshs	2022 Kshs	2021 Kshs	2022 Kshs	2021 Kshs
Current assets	1,948,783,149	1,886,019,413	73,553,816	71,172,590	889,533,451	889,533,451
Non-current assets	24,934,806	256,160,676	304,860	348,229	3,309	4,727
Current liabilities	(4,461,143,478)	(4,400,673,292)	(124,204,921)	(123,704,816)	(2,047,306,187)	(2,035,291,340)
Non-controlling interests	13,317,043	13,697,112	(45,295,075)	(46,213,951)	(477,750,211)	(472,943,705)

NOTES (CONTINUED)

13 Investments in subsidiaries (continued)

Summarised financial information (continued)

	Home Afrika Communities Limited		Suburban Limited		Moru Ridge Limited	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	Kshs	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Revenue	130,920,323	258,339,368	3,328,800	5,848,800	-	-
Expenses	(131,870,495)	(190,270,524)	(1,491,047)	(1,983,085)	(12,016,265)	(274,995,536)
(Loss) or profit for the year	(950,172)	68,068,844	1,837,753	3,865,715	(12,016,265)	(274,995,536)
Profit or loss attributable to the non-controlling interests	(57,222,384)	(57,222,384)	834,377	834,377	(209,805,782)	(209,805,782)
Net cash (out)/in flow from operating activities	3,822,523	3,822,523	(1,012,130)	(1,012,130)	(6,490,733)	(6,490,733)
Net cash (out)/in flow from investing activities	(782,275)	(782,275)	-	-	-	-
Net cash (out)/in flow from financing activities	(3,000,000)	(3,000,000)	-	-	-	-
Net cash (out)/ in flow	40,248	40,248	(1,012,130)	(1,012,130)	(6,490,733)	(6,490,733)

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

Available-for-sale	Incorporation		Group and company 2022 Kshs	2021 Kshs
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 2022 Kshs	2021 Kshs	Company 2022 Kshs	2021 Kshs
Plots held for sale	733,162,117	701,046,303	263,023,426	281,457,867
Units held for sale	232,740,339	276,551,694	-	-
Work in progress	3,006,772,779	3,016,874,281	-	-
Less: impairment provision	(390,531,081)	(390,531,081)	-	-
	3,582,144,154	3,603,941,198	263,023,426	281,457,867

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.

Inventory amounting to Shs. 32,976,135 is pledged as security to contractors as disclosed in note 19.

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 foreclosure by the bank for non payment of the 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 2022 Kshs	2021 Kshs	Company 2022 Kshs	2021 Kshs
Current				
Trade receivables	2,741,218	2,573,718	-	-
Less: impairment provision	-	-	-	-
Net trade receivables	2,741,218	2,573,718	-	-
Other receivables	13,530,480	13,058,143	49,136	49,136
Deposits and prepayments	102,651,195	46,185,764	(2,259,938)	2,913,880
Shareholders account	500,000	500,000	-	-
Receivables from related parties (Note 28(iii))	521,175,878	391,400,672	861,808,876	860,582,251
Less: impairment provision	(18,156,776)	(18,156,776)	(823,655,124)	(823,655,124)
	622,441,994	435,561,520	35,942,950	39,890,143

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	
	2022	**2021**	**2022**	**2021**
	Kshs	**Kshs**	**Kshs**	**Kshs**
Cash at bank and in hand	3,190,807	2,210,072	1,497,227	2,186,731

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

Cash and bank	3,190,807	2,210,072	1,497,227	2,186,731
Book overdraft (Note 20)	(3,400,346)	(6,010,725)	(3,400,346)	(6,010,725)
	(209,539)	(3,800,653)	(1,903,119)	(3,823,994)

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	
	2022	**2021**
	Kshs	**Kshs**
Deferred income	1,087,477,331	1,022,339,320

Deferred income represents unrecognised revenue on account of ongoing construction.

19 Trade and other payables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	Kshs	**Kshs**	**Kshs**	**Kshs**
Current				
Trade payables	625,670,361	670,407,199	117,032,791	138,305,460
Accruals	206,855,452	224,732,618	153,680,844	150,012,461
Provision for legal cases	23,559,525	23,559,525	-	-
Interest accrual - preference shares	134,282,157	134,282,157	-	-
Provision for other liabilities	286,268,422	286,268,422	-	-
Deposit for service charge and shares	32,899,564	59,953,784	-	-
Other payables	80,882,510	88,899,490	40,649,450	40,605,805
Payable to related parties (Note 28(iv))	208,880,714	92,426,633	632,494,049	534,249,383
	1,599,298,705	1,580,529,828	943,857,134	863,173,109
Deposit from sale of plots and units	2,223,142,404	2,179,198,765	195,909,747	264,988,526
Total trade and other payables	3,822,441,109	3,759,728,593	1,139,766,881	1,128,161,635

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)

20 Trade and other payables (continued)

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

Year ended 31 December 2022

	0 to 1 month Kshs	2 to 3 months Kshs	4 to 12 months Kshs	Total Kshs
Trade payables	33,036,760	268,592,242	324,041,359	625,670,361
Accruals	53,096,038	65,581,207	88,178,207	206,855,452
Provision for legal cases	-	23,559,525	-	23,559,525
Interest accrual - preference shares	-	-	134,282,157	134,282,157
Provision for other liabilities	-	-	286,268,422	286,268,422
Deposit from sale of plots and units	-	-	2,223,142,404	2,223,142,404
Deposit for service charge and shares	-	-	80,882,510	32,899,564
Other payables	-	-	208,880,714	80,882,510
Payable to related parties	-	-	208,880,714	208,880,714
	86,132,798	357,732,974	3,554,556,487	3,822,441,109

Year ended 31 December 2021

	0 to 1 month Kshs	2 to 3 months Kshs	4 to 12 months Kshs	Total Kshs
Trade payables	35,398,963	287,797,191	347,211,045	670,407,199
Accruals	57,684,782	71,248,963	95,798,873	224,732,618
Provision for legal cases	-	-	-	23,559,525
Interest accrual - preference shares	-	-	134,282,157	134,282,157
Provision for other liabilities	-	-	286,268,422	286,268,422
Deposit from sale of plots and units	-	-	2,179,198,765	2,179,198,765
Deposit for service charge and shares	-	-	88,899,490	59,953,784
Other payables	-	-	92,426,633	88,899,490
Payable to related parties	-	-	92,426,633	92,426,633
	93,083,745	382,605,679	3,316,512,018	3,759,728,593

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

Year ended 31 December 2022

	0 to 1 month Kshs	2 to 3 months Kshs	4 to 12 months Kshs	Total Kshs
Trade payables	67,598,047	42,050,546	7,384,198	117,032,791
Accruals	18,668,603	48,063,297	86,948,944	153,680,844
Deposit from sale of plots	26,138,931	169,770,816	-	195,909,747
Other payables	-	3,606,448	37,043,002	40,649,450
Payable to related parties	-	-	632,494,049	632,494,049
	112,405,581	263,491,107	763,870,193	1,139,766,881

Year ended 31 December 2021

	0 to 1 month Kshs	2 to 3 months Kshs	4 to 12 months Kshs	Total Kshs
Trade payables	79,885,124	49,693,937	8,726,399	138,305,460
Accruals	18,222,981	46,916,019	84,873,461	150,012,461
Deposit from sale of plots	35,355,652	229,632,874	-	264,988,526
Other payables	-	3,602,576	37,003,229	40,605,805
Payable to related parties	-	-	534,249,383	534,249,383
	133,463,757	329,845,406	664,852,472	1,128,161,635

NOTES (CONTINUED)

21 Borrowings

	Group		Company	
	2022	**2021**	**2022**	**2021**
The borrowings are made up as follows:	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Current				
Bank loans	1,324,412,094	1,312,015,165	2,677,815	2,677,815
Hire Purchase	2,677,815	2,677,815	-	-
Book overdraft	3,400,346	6,010,725	-	6,010,725
	1,330,490,255	1,320,703,705	6,078,161	8,688,540

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.

	Group	
Weighted average effective interest rates at the reporting date were:	**2022** **Kshs**	**2021** **Kshs**
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. 140,627,609 (2020: Shs. 168,899,026) as at the reporting date. Interest payable of Shs. 23,117,522 (2019: Shs. 23,250,463) remained unpaid as at 31 December 2021. The management expects to meet all contractual obligations in the future.

ii) Eco Bank Kenya Limited

Borrowings from this institution amounted to Shs. 11,713,875,556 (2020: Shs. 934,129,123) as at the reporting date. Interest payable of Shs. 274,636,196 (2020: Shs. 191,739,519) remained unpaid as at 31 December 2021. The management expects to meet all contractual obligations in the future.

NOTES (CONTINUED)

21 Private Placement Bond

	Group		Company	
	2022	**2021**	**2022**	**2021**
	Kshs	**Kshs**	**Kshs**	**Kshs**
Current				
Bond - principal	500,000,000	500,000,000	500,000,000	500,000,000
Interest accrual - bond	320,660,028	320,660,028	103,765,207	103,765,207
	820,660,028	820,660,028	603,765,207	603,765,207

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 2021. 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 Kshs. 500,000,000 (2021: Kshs. 500,000,000) as at the reporting date. Interest payable of Ks**hs. 320,660,028 (2021: Kshs. 320,660,028**) remained unpaid as at 31 December 2022. The management expects to meet all contractual obligations in the future.

22 Deposit for shares

	Group	
	2022	**2021**
	Kshs	**Kshs**
Current		
- Deposits for ordinary shares pending allotment	87,757,300	87,757,300
- Deposits for preference shares pending issue	67,588,722	70,588,722
	155,346,022	158,346,022
	155,346,022	158,346,022

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% (2020: 30%). The movement on the deferred tax account is as follows:

	Group	
	2022 Kshs	2021 Kshs
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 Kshs	Charge/(credit) to profit or loss Kshs	At end of year Kshs
Deferred tax liabilities			
Fair value gain on investment property	152,153,167	(152,153,167)	-
Deferred tax assets			
Property and equipment	(338,023)	98,670	(239,353)
Tax losses carried forward	435,566,164	(10,504,492)	(446,070,656)
	435,228,141	(10,405,822)	(446,310,009)
Net deferred tax asset	587,381,308	(162,558,989)	(446,310,009)
Deferred tax assets not recognised	587,381,308	(162,558,989)	446,310,009
	-	-	-

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 Kshs. 446,070,656 (2021: Kshs. 435,675,614) in respect of tax losses carried forward amounting to Kshs. 1,486,902,187 (2021: Shs. 1,452,252,048) that can be carried forward against future taxable profits have not been recognised. These tax losses over the last 10 years are as follows:

	Kshs	Expiry
- tax losses arising in 2012	16,205,533	
- tax losses arising in 2013	85,589,927	
- tax losses arising in 2014	35,339,120	
- tax losses arising in 2015	302,031,430	
- tax losses arising in 2016	116,532,264	
- tax losses arising in 2017	176,542,796	
- tax losses arising in 2018	289,610,191	
- tax losses arising in 2019	212,853,964	
- tax losses arising in 2020	217,546,823	
- tax losses arising in 2021	34,650,139	

NOTES (CONTINUED)

23 Deferred tax (continued)

	Company	
	2022	2021
	Kshs	Kshs
At start of year	-	-
(Credit)/charge to profit or loss	-	-
At end of year	-	-

Deferred tax (assets)	At start of year Kshs	(Credit)/charge to profit or loss Kshs	At end of year Kshs
Property and equipment	(187,273)	299,294	112,021
Tax losses carried forward	(206,470,398)	(10,395,041)	(216,865,439)
Net deferred tax asset	(206,657,671)	(10,095,747)	(216,753,418)
Deferred tax assets not recognised	206,657,671	10,095,747	216,753,418
	-	-	-

Deferred tax assets amounting to Kshs. 232,002,3075 (2021: Kshs. 264,322,640) in respect of tax losses carried froward amounting to Kshs. 966,699,561 (2021: Kshs. 881,119,970) 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 arose over the last 8 years as follows:

	Kshs
- tax losses arising in 2014	56,993,897
- tax losses arising in 2015	113,378,831
- tax losses arising in 2016	79,600,553
- tax losses arising in 2017	131,643,016
- tax losses arising in 2018	119,716,033
- tax losses arising in 2019	186,902,329
- tax losses arising in 2020	192,885,311
- tax losses arising in 2021	34,650,139

24 Share capital

	Group and company	
	2022	2021
	Kshs	Kshs
Authorised:		
500,000,000 (2021: 500,000,000) ordinary shares of shs. 1 (2020: Shs. 1) each	500,000,000	500,000,000
Issued and fully paid:		
405,255,320 (2021: 405,255,320) ordinary shares of Shs. 1 (2020: shs. 1) each	405,255,320	405,255,320

25 Share premium

	Group and company	
	2022	2021
	Kshs	Kshs
At start and end of the year	68,842,038	68,842,038

NOTES (CONTINUED)

Cash from operations

	Group 2022 Kshs	Group 2021 Kshs	Company 2022 Kshs	Company 2021 Kshs
Reconciliation of (loss) before tax to cash from/(used in) operations:				
(Loss) before tax	(64,661,940)	(280,210,875)	(36,056,015)	(87,313,361)
Adjustments for:				
Depreciation on property and equipment (Note 10)	8,017,946	7,321,205	3,692,522	4,230,236
Amortization intangible assets (Note 12)	278,737	416,026	278,737	416,026
(Gain) on disposal of property and equipment	-	-	-	-
Impairment provision on inventories (Note 15)	-	-	-	-
Fair value gain on investment property (Note 11)	-	(34,617,123)	-	-
Impairment of investment in subsidiary (Note 13)	-	-	-	-
Loss on disposal of property and equipment	-	108,268	-	-
Interest expense (Note 7)	40,412,546	299,485,317	-	-
Changes in working capital:				
- inventories	21,797,044	(14,838,860)	18,434,441	(16,948,245)
- trade and other receivables	(186,880,474)	(30,879,969)	3,947,193	(5,783,552)
- trade and other payables	161,971,568	437,701,742	11,623,997	105,915,689
- deferred income	65,138,011	(65,323,137)	-	-
Cash from/(used in) operations	46,073,438	319,162,594	1,920,875	625,062

Net debt reconciliation

	Group 2022 Kshs	Group 2021 Kshs	Company 2022 Kshs	Company 2021 Kshs
Reconciliation of liabilities arising from financing activities:				
At start of year:				
Borrowings (Note 20)	1,312,015,165	1,103,028,149	-	-
Private placement (Note 21)	500,000,000	500,000,000	500,000,000	500,000,000
Deposit for shares (Note 22)	158,346,022	158,446,022	-	-
	1,970,361,187	1,761,474,171	500,000,000	500,000,000
Interest on borrowings charged to profit or loss	40,412,546	299,485,317	-	-
Interest on borrowings capitalised to inventory net of interest accruals included under trade and other payables	12,396,929	208,987,016	-	-
Cash flows:				
- Operating activities (interest paid)	(40,412,546)	(272,783,349)	-	-
- Proceeds from borrowing			2,677,815	2,677,815
- Repayments of borrowings	(4,395,217)	(24,224,153)	-	-
- Repayment of preference shares	3,000,000	100,000	-	-
At end of year	1,981,362,899	1,973,039,002	502,677,815	502,677,815
Representing:				
Borrowings (Note 20)	1,324,412,094	1,312,015,165	-	-
Private placement (Note 21)	500,000,000	500,000,000	500,000,000	500,000,000
Deposit for shares (Note 22)	155,346,022	158,346,022	-	-
Hire purchase (Note 20)	2,677,815	2,677,815	2,677,815	2,677,815
	1,982,435,931	1,973,039,002	502,677,815	502,677,815

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:

i) Sale of goods

	Group	
	2022 Kshs	2021 Kshs
Sale of plots to other related parties - shareholders	-	-

ii) Key management personnel compensation

	Group		Company	
	2022 Kshs	2021 Kshs	2022 Kshs	2021 Kshs
Short term employee benefits	54,883,354	48,831,249	34,202,925	35,902,925

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

	Group		Company	
	2022 Kshs	2021 Kshs	2022 Kshs	2021 Kshs
Receivable from related parties (Note 16)	503,019,102	373,243,896	38,153,752	36,927,127
Receivables from related parties can be analysed as follows:				
- Subsidiaries	-	-	38,153,752	43,191,636
- Other related parties	503,019,102	373,243,896	-	-
	503,019,102	373,243,896	38,153,752	43,191,636

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	
	2022 Kshs	2021 Kshs	2022 Kshs	2021 Kshs
Payable to related parties (Note 19)	208,880,714	92,426,633	632,494,049	534,249,383
Payables from related parties can be analysed as follows:				
- Subsidiaries	-	-	557,133,399	458,888,733
- Other related parties e.g. Directors, shareholders	208,880,714	92,426,633	75,360,650	75,360,650
	208,880,714	92,426,633	632,494,049	534,249,383

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), credit risk 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 2021, 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. 9,184,106 (2020: Shs. 7,721,197) 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 2022	Kshs	Kshs	Kshs	Kshs	Kshs
Trade receivables	-	-	-	2,741,218	2,741,218
Other receivables	-	-	-	13,530,480	13,530,480
Deposits and prepayments	-	-	-	102,651,195	102,651,195
Shareholders account	-	-	-	500,000	500,000
Receivables from related parties	-	-	-	521,175,878	521,175,878
Gross carrying amount	-	-	-	640,598,770	640,598,770
Loss allowance	-	-	-	(18,156,776)	(18,156,776)
Exposure to credit risk	-	-	-	622,441,994	622,441,994
As at 31 December 2021					
Trade receivables	-	-	-	2,573,718	2,573,718
Other receivables	-	-	-	13,058,143	13,058,143
Deposits and prepayments	-	-	-	46,185,764	46,185,764
Shareholders account	-	-	-	500,000	500,000
Receivables from related parties	-	-	-	391,400,672	391,400,672
Gross carrying amount	-	-	-	453,718,296	453,718,296
Loss allowance	-	-	-	(18,156,776)	(18,156,776)
Exposure to credit risk	-	-	-	435,561,520	435,561,520

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 2022	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Other receivables	-	-	-	49,136	49,136
Deposits and prepayments	-	-	-	(2,259,938)	(2,259,938)
Receivables from related parties	-	-	-	861,808,876	861,808,876
Gross carrying amount	-	-	-	859,598,074	859,598,074
Loss allowance	-	-	-	(823,655,124)	(823,655,124)
Exposure to credit risk	-	-	-	35,942,950	35,942,950
As at 31 December 2021					
Other receivables	-	-	-	49,136	49,136
Deposits and prepayments	-	-	-	2,913,880	2,913,880
Receivables from related parties	-	-	-	860,582,251	860,582,251
Gross carrying amount	-	-	-	863,545,267	863,545,267
Loss allowance	-	-	-	(823,655,124)	(823,655,124)
Exposure to credit risk	-	-	-	39,890,143	39,890,143

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.

(c) **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.

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 2022

	Interest rate %	Less than 1 year Kshs	1 - 5 years Kshs	More than 5 years Kshs	Total Kshs
Interest bearing liabilities					
- Bank loans	18.5%	1,569,428,332	-	-	1,569,428,332
- Private placement bond	17.0%	500,000,000	-	-	500,000,000
Non-interest bearing liabilities					
- Deposit for shares	-	155,346,022	-	-	155,346,022
- Trade and other payables	-	3,822,441,109	-	-	3,822,441,109
		6,047,215,463	-	-	6,047,215,463

Year ended 31 December 2021

	Interest rate %	Less than 1 year Kshs	1 - 5 years Kshs	More than 5 years Kshs	Total Kshs
Interest bearing liabilities					
- Bank loans	18.5%	1,554,737,971	-	-	1,554,737,971
- Private placement bond	17.0%	500,000,000	-	-	500,000,000
Non-interest bearing liabilities					
- Deposit for shares	-	158,346,022	-	-	158,346,022
- Trade and other payables	-	3,759,728,593	-	-	3,759,728,593
		5,972,812,586	-	-	5,972,812,586

Company

Year ended 31 December 2022

	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		1,139,766,881	-	-	1,139,766,881
		1,639,766,881	-	-	1,639,766,881

Year ended 31 December 2021

	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		1,128,161,635	-	-	1,128,161,635
		1,628,161,635	-	-	1,628,161,635

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

1 SELLING AND DISTRIBUTION EXPENSES	Group		Company	
	2022	2021	2022	2021
	Kshs	Kshs	Kshs	Kshs
Marketing fees	1,454,268	4,228,395	559,023	2,315,124
Commissions	5,329,350	9,506,416	-	-
Advertising and sales promotion	437,280	1,421,218	-	41,064
Total selling and distribution expenses	7,220,898	15,156,029	1,928,623	2,356,188
2 ADMINISTRATIVE EXPENSES				
Employment:				
Salaries and wages	41,789,837	78,490,488	23,017,898	55,125,390
Medical	2,174,539	5,655,656	-	1,277,106
Staff training and welfare	863,695	2,179,545	96,450	785,720
Total employment costs	44,828,071	86,325,689	23,114,348	57,188,216
Other administrative expenses:				
Directors and Committee allowance	11,589,929	5,537,824	-	1,700,000
Meetings expenses	340,110	1,251,271	340,110	1,251,271
Legal and professional fees	8,191,119	19,202,595	2,743,338	6,811,113
Vehicle running	2,125,372	2,356,085	1,044,952	1,138,570
General expenses	5,468,768	-	-	-
Office expenses	10,967,217	9,747,832	553,176	596,266
Postages and telephones	507,035	1,540,806	463,568	1,276,600
Audit fees				
- current year	2,054,517	1,740,000	314,517	650,000
- under provision in prior years	-	-	-	-
Travelling and accommodation	1,560,360	1,661,802	1,354,890	1,514,490
Donations	10,000	153,554	10,000	100,000
Computer expenses	2,528,570	5,675,686	1,074,811	3,862,484
Printing and stationery	-	85,000	-	85,000
Bank charges and commissions	345,091	962,313	185,694	571,589
Secretarial fees	-	250,560	91,924	250,560
Total other administrative expenses	45,780,012	50,165,328	8,176,980	19,807,943
Total administrative expenses	90,608,083	136,491,017	31,291,329	76,996,159
3 OTHER OPERATING EXPENSES				
Establishment:				
Depreciation on property and equipment	8,017,946	7,321,205	3,692,522	4,230,236
Repairs and maintenance	931,060	2,426,527	136,700	401,448
Service charge	1,557,430	1,290,949	1,557,430	1,290,949
Insurance	1,325,501	3,479,088	82,639	1,885,080
Security	16,837,020	17,638,865	-	-
Amortization intangible asset	278,737	416,026	278,737	416,026
Electricity	6,511,974	6,074,005	409,729	303,134
Loss on disposal of property and equipment	-	108,268	-	108,268
Rent and rates	3,475,993	2,797,282	311,808	266,482
Licence and subscriptions	477,872	1,152,941	398,272	903,391
Total other operating expenses	39,413,533	42,705,156	6,867,837	9,805,014

TAX COMPUTATION

		Shs	Shs
Loss as per financial statements			(36,056,015)
Add:	Depreciation on property, plant and equipment	3,692,522	
	Amortization of Intangibles	278,737	
	Penalties and fines	119,492	
	Donation	10,000	4,100,751
			(31,955,263)
Less:	Wear and tear allowance	2,694,876	(2,694,876)
ADJUSTED TAX (LOSS) FOR THE YEAR			(34,650,139)

SUMMARY

Tax losses brought forward	(688,234,659)
Tax loss for the year	(34,650,139)
Tax losses carried forward	(722,884,798)

WEAR AND TEAR SCHEDULLE

	Computer equipment 25% KSHS	Motor Vehicles 25% KSHS	Furnitute & fittings 10.00% KSHS	Total KSHS
Transfers from old pool	5,072,215	1,570,509	10,341,946	16,984,670
Additions	0	0	0	0
	5,072,215	1,570,509	10,341,946	16,984,670
Wear and Tear Allowance	1,268,054	392,627	1,034,195	2,694,876
W.D.V carried forward	3,804,161	1,177,882	9,307,752	14,289,795

Software allowance		**Cost KSHS**	**Residue b/f KSHS**	**Transfer to new pool KSHS**	**# Residue c/f KSHS**
Intangit	2014	5,300,457	5,300,457	0	0
	2015	596,123	596,123	0	0
	2017	537,757	322,654	215,103	0
	2018	3,836,699	1,534,680	2,302,019	0
				2,517,122	**0**

AGM NOTICE

HOME AFRIKA

Houses Become Homes

Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong' Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com |www.homeafrika.com

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 virtually on Thursday, 29th June 2023 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 June 2022.

3. **Financial Statement for the Year ended 31st December 2022**
   To receive, consider and if thought fit, adopt the Audited Consolidated Financial Statements for the year ended 31st December 2022 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 2022.

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

   b) In accordance with Article 115 of the Company's Articles of Association, the following Director having been appointed a 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. Mr. Antony Mbandi
      ii. Ms. Catherine Wahome

   c) 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)

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ii. Ms. Frida Owinga
iii. Mr. Antony Mbandi

6. **Remuneration of Directors**
   To receive, consider and if thought fit, approve the Directors' Remuneration Report for the year ended 31st December 2022 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

Ben Munyasia

Company Secretary

Notes:

{Instructions to use the virtual AGM System}

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Notes

1. 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 attend and vote on their behalf. A proxy need not be a member of the Company and **will need to have access to a mobile phone**. A proxy form 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. **A completed form of proxy should be emailed to info@homeafrika.com or delivered to Custodial & Investor Services, Co-operative Bank Registrar, KUSCCO Centre, Kilimanjaro Avenue-Upper Hill, so as to be received not later than Tuesday, 27th June 2023 at 10.00 a.m**. When nominating a proxy, the **ID/Passport No, email and mobile number of the proxy** must be submitted to facilitate registration. Any proxy registration that is rejected will be communicated to the Shareholder concerned no later than Tuesday, 27th June 2023 to allow time to address any issues.

2. Registration for the AGM opens on **Thursday, 8th June 2023 at 10:00 a.m. and will close on Wednesday, 28th June 2023 at 12:00 noon**. Shareholders will not be able to register after Wednesday, 28th June 2023at 12:00 noon.

3. For assistance, shareholders should dial the following helpline number: +254 716 80 20 70 or + 254 769 279 175 from 9:00 a.m. to 3:00 p.m. during the registration open period. Any shareholder outside Kenya should dial the helpline number or email info@homeafrika.com to be assisted to register.

4. Duly registered Shareholders and Proxies wishing to participate in the meeting should register for the AGM online at ***https://us06web.zoom.us/webinar/register/WN_PfOTOEDHT76yDzi1ZQIvfA*** or vote via USSD using short code number **Send a SMS "REG" to 23071** and following the various prompts regarding the registration process. In order to complete the registration process, shareholders will need to have their Share Account Number or CDSC Account Number and the ID/Passport Number which were used to purchase their shares.

5. The Virtual AGM will be accessible to Shareholders and Proxies who have duly registered and received the log-in credentials. Duly registered Shareholders and Proxies will receive a short message service (SMS) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS prompt shall be sent 2 hours ahead of the AGM, reminding duly registered Shareholders and proxies that the AGM will begin in 2 hours' time.

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6. Duly registered Shareholders and Proxies can access the Virtual AGM using their log in credentials via ***https://us06web.zoom.us/webinar/register/WN_PfOTOEDHT76yDzi1ZQIvfA*** to view the livestream and vote and submit questions. Shareholders without internet access can vote and via a short code, **Send a SMS "REG" to 23071** and submit their questions by sending a short message service (SMS) to +254 0716 80 20 70

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

(a) During the AGM

i) Shareholders accessing Virtual AGM via the zoom webinar link ***https://us06web.zoom.us/webinar/register/WN_PfOTOEDHT76yDzi1ZQIvfA*** ; click on the link and it will take you to registration. Fill in the required information. *(full names, ID/Passport Number, Shares Account Number/CDSC Account Number)*

ii) Share Holder who want to ask a question, type their question on the chat box, send their written questions by email to info@homeafrika.com or send a short message service (SMS) to +254 0716 80 20 70

(b) Prior to AGM

i) Shareholders can register prior the AGM via the zoom webinar link ***https://us06web.zoom.us/webinar/register/WN_PfOTOEDHT76yDzi1ZQIvfA*** ; click on the link and it will take you to registration. Fill in the required information. *(full names, ID/Passport Number, Shares Account Number/CDSC Account Number)*

ii) Sending their written questions by email to info@homeafrika.com or send a short message service (SMS) to +254 0716 80 20 70 or

iii) To the extent possible, physically delivering their written questions with a return physical address or email address to the offices of Custodial & Investor Services, Co-operative Bank Registrar, KUSCCO Centre, Kilimanjaro Avenue-Upper Hill

- *Shareholders must provide their full details (full names, ID/Passport Number, Shares Account Number/CDSC Account Number) when submitting their questions and clarifications by email or delivery.*
- *All questions and clarification must reach the Company on or before **Wednesday, 28th June 2023 at 10:00 a.m**.*

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8. Shareholders wishing to vote during the AGM:
   i. The shareholders in the meeting will be instructed on when to start voting. The voting icon will appear and vote for each resolution at a time
   ii. Shareholder can also vote via a short code**, Send a SMS "REG" to 23071** follow the various prompts regarding the voting process.
9. In accordance with Section 283(3) of the Companies Act, a copy of this notice and agenda, the proxy form, the Annual Report and Audited Financial Statements for the year ended 31st December 2022, the minutes of the previous AGM held on 30th September 2021 and the profiles of the new directors to be elected may be viewed on or downloaded from the Company's website at www.homeafrika.com
10. Results of the AGM voting shall be published on the Company's website within 24 hours following the conclusion of the AGM.

Shareholders are continuously encouraged to monitor the Company's website www.homeafrika.com for updates relating to the AGM.

PROXY FORM

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PROXY FORM

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 virtually on **Thursday, 29th June 2023 at 10.00 a.m.**, and at any adjournment thereof.

Dated this ________________day of ____ 2023.

Signature(s)/Company Seal: ____

NB. Unless otherwise instructed, the proxy will vote as he/she thinks fit.

Notes

{Instructions to be provided by the virtual AGM System Provider}

Shareholders are continuously encouraged to monitor the Company's website www.homeafrika.com for updates relating to the AGM.

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Home Afrika Ltd @HomeAfrika Home Afrika Limited