

CHAIRMAN'S REPORT FOR THE YEAR 2021

Honorable members of TVC, distinguished Ladies & Gentlemen, I take this opportunity to welcome you all to our 7th Annual General Meeting. We as a board do not take it for granted your continued patronization of the society and we are glad to see your investments grow despite the economic headwinds that have been experienced in recent times. The real estate sector (one of the hardest hit during the pandemic) continues to exhibit great resilience and we are confident that this is a sign that the economy is bouncing back post the Covid-19 pandemic. You can count on TVC's commitment to ensuring delivery of competitive & innovative investment opportunities.

HIGHLIGHTS

1. Launch of Fairway suites apartment project

We take pride in having finally launched the fairway suites project to both members and non-members at the AGM last year. This preceded a successful groundbreaking ceremony in September which was followed by aggressive marketing strategies that we were confident would facilitate increased uptake in the number of units as the construction progresses. We also came up with a raft of ideas that would ensure both better cash collection to sustain the construction without heavily leveraging on external project financing.

A. Successful Groundbreaking

After months of anxiety, consultations, engagements and resource mobilization, Fairway Suites Apartment ultimately became a reality when we did a successful ground-breaking ceremony on Saturday 18th September, 2021.

The occasion was graced by the Tembo Sacco C.E.O Mrs. Lydia Mungai and attended by various dignitaries including the TVC Board of Directors, the Supervisory Committee, TVC Members, Main Contractor, Consultants and other stakeholders. I take this opportunity to once again recognize all those who attended the groundbreaking ceremony and urge you to continue being great ambassadors of the project.



B. Onboarding of the contractor(s)

After a rigorous tendering & evaluation process, TVC successfully onboarded various contractors who would be tasked in overseeing the successful completion of our project: -

- **Archscan Associates** – Architectural consultants & Project Managers
- **Roji Construction Company Limited:** - Main build contractor with a lot of experience on similar projects.
- **Sawarn & Sons Electricals:** - Electrical works sub-contractor with a wealth of experience.
- **Indepth Water:** - Borehole drilling and pumping services experts
- **Eschuchi Advocates** – Project advocate / legal consultants with experience in similar projects
- **Abisai Nyatuoro:-** Clerk of works with over 20 years hands on experience in civil & engineering works

I would like to commend all our partners & teams involved in the project for the professionalism & dedication since the project commenced in September. This is evident from the milestones achieved within the 1st 6 months of the project taking off.

C. Construction & Sales progress

Construction kicked off on 1st October 2021 and great milestones have been achieved thanks to the efforts of all teams on the ground led by Our lead contractor, Roji Construction Company and under the stewardship of our project managers led by Archscan Associates. As we speak, the 2nd floor slab casting is complete, and the borehole drilled successfully. We are confident that the units will be delivered within schedule, by 1st Quarter of 2024

As at end of the year, we had sold a total of 15 units being 5 – Shops (fully sold out), 1–One-Bedroomed and 14 – Two Bedroomed units. This was still low as compared to our earlier sales projections but with the tremendous changes both in strategy and upcoming developments in the area, we are confident that this will be turned around very soon. In conjunction with our lead advocate for this project, we are reviewing and executing the sale agreements for filing.

D. Partnering with Tembo Sacco for project financing

Given the level of capital intensity of the project, the board secured a loan (60m) with Tembo Sacco to cushion the construction process from delayed cash inflow(s) during the construction time. This was necessary to ensure the construction progress smoothly as ensuring timely delivery of the units to members. However, the loan will only be drawn down on need basis.

2. Decreased withdrawals

There was a 34% decrease in withdrawals with 29 withdrawal requests in 2021 amounting to Kshs. 6,281,922 compared to 41 withdrawal requests amounting to Kshs. 9,517,641 in 2020. This signifies an economy that is bouncing back and the future can only get better. We also cushioned the society and members as well from immediate & costly withdrawals by limiting withdrawal requests to the mandatory 60-day notice.

3. Projects launched in the year

TVC launched 2 new projects in the year; Ruiru Hillview and Tembo Gardens in Juja farm, whose uptake was quite encouraging. I commend the technical committee for actively looking out for investment opportunities in areas experiencing rapid infrastructural development and urge all members to take advantage of the great plot deals on offer and before completion of the ongoing infrastructural developments i.e Dualling of the Eastern bypass and tarmacking of the Juja farm road

HEADWINDS / OPPORTUNITY AREAS

1. Slow uptake of housing units

We had set an ambitious sales target to have sold 50% of the units by end of December 2021. Despite delays in commencement of the project, we are proud that 22 units (40%) had already been booked by end of year, with all the available shops being fully sold out. The board has put in place plans to accelerate digital marketing strategies, placement of billboards and open days to guarantee sale of all units by end of 2022. I am happy to note that we are already seeing positive response from the external market with numerous queries on the project through our social media handles, given the pace of construction.

2. Delayed court process on outstanding matters

You will recall, we have 2 outstanding court matters relating to projects in Juja and Naivasha. The board has been actively pushing to have the matters closed but it has not been easy due to the long judicial process in the country. However, we expect judgement on the Juja case to be issued in the month of May, whilst the Naivasha case should be coming up for hearing soon. We however have a recovery plan for the deposit paid on the Naivasha parcel. As a board we are confident that the Juja case will be judged in TVC's favor.

OUTLOOK

It has also come to our attention that with the rapid developments within the Ruiru / Kamakis area, AirBnB option at Fairway suites is an investment opportunity that our members & groups should consider with an expected return of up to 20% a year.

We continue to actively look out for areas that would guarantee members the best value proposition from an investment perspective. Research has shown that there is growing demand for investment in commercial land for economic ventures i.e Agriculture & Tourism and I promise you that TVC will leave no stone unturned to launch commercially viable projects in the near future. We will actively look out for opportunities in the counties and large tracts of land that our members can utilize for large scale commercial ventures.

We also anticipate faster business momentum in 2022 with easement of the pandemic restrictions and post the upcoming general elections. Despite the prevailing political & economic environment I am confident that TVC will endeavor to ensure your investment needs are met. Allow me to close by wishing you all a peaceful year ahead.