

CHAIRMAN'S STATEMENT ON THE OCCASION OF THE 10TH ANNUAL GENERAL MEETING FOR TEMBO VENTURES HOUSING COOPERATIVE SOCIETY HELD AT LUKE HOTEL ON 11TH APRIL 2025.

Our Guest of Honour, Cooperative Officials, Distinguished Guests, Fellow Directors, Supervisory Committee, Esteemed Members, Management of Tembo Ventures, all protocols observed, Good afternoon.

It is with great pleasure that I welcome you to Tembo Ventures Housing Cooperative Society's 10th Annual General Meeting. We are delighted to be here to share our journey, reflect on our accomplishments, and present our future plans.

2024 ECONOMIC REVIEW

The economic landscape in Kenya remains complex and challenging. The government's recent introduction of additional taxes—including PAYE, housing levy, and the recently implemented SHA—has significantly increased the cost of doing business and depressed consumer wallets. This, coupled with inflationary pressures, fluctuating exchange rates, and rising lending rates, has strained both enterprises and consumers. The economic uncertainty is further exacerbated by the rising political temperatures including the youth-led protests, all of which have slowed down the economy and impacted both investor confidence and household budgets.

IMPACT ON THE REAL ESTATE SECTOR

These macroeconomic conditions have had a profound effect on the real estate sector. On the one hand, infrastructure improvements continue to drive demand; on the other, rising construction costs and operational challenges, driven by inflation and exchange rate fluctuations, have squeezed profit margins. Additionally, the government's housing initiatives aimed at addressing the national housing deficit have intensified competition, making it more important than ever for private developers like us to innovate and remain resilient.

2024 SOCIETY PERFORMANCE REVIEW

Despite the difficult economic conditions, Tembo Ventures has shown commendable performance. Some key performance indicators for the year include:

- Total sales: Reduced slightly from KES 107 million to KES 102 million (5% reduction).
- Operating expenses: Reduced by 46%, from KES 22.9 million to KES 12.3 million.
- Surplus before tax: Increased from KES 3.5 million to KES 5 million.
- Members' deposits and savings: Decreased slightly from KES 94 million to KES 92.8 million (2% reduction).



KEY HIGHLIGHTS

APPOINTMENT OF NEW CEO

We are pleased to welcome Elizabeth Musau as our new CEO who joined us from 1st November 2024, succeeding Ben Okumu. Elizabeth's leadership has already made a significant impact, bringing new energy and efficiency to our operations. Her collaborative approach with the board and the staff has been invaluable.

STRATEGIC REVIEW AND PLANNING FOR FY25

The board, supervisory and staff had a 2-day workshop early this year to review progress against our first year of the strategic plan and plan our year 2025 in detail. This culminated to a very clear strategy that has now been cascaded to staff and that we are tracking against monthly, I must say we are tracking very well so far on our Q1 2025 performance. Below are the key highlights of four key pillars we agreed on:

1. **Membership:** Recruit 20 new members per month and reactivate 10 dormant members per month.
2. **Fairway Suites:** Sell all remaining units by September 2025.
3. **Plot Sales:** Sell off all current stock and introduce four new exciting projects.
4. **Diversification:** Expand into new revenue streams, including:
 - Property Management: Strengthen our portfolio with Fairways and target four additional apartment or office blocks.
 - Billboard Advertising: Explore the feasibility of placing billboards on Fairway Suites.
 - Starter Homes: Explore partnerships with organizations like JPIEGO to develop affordable housing options.

This will be covered in detail in the 2025/2026 budget the treasurer will be tabling before the AGM.

FAIRWAY SUITES

We successfully completed construction of Fairway Suites project, and we are now in the defects liability period. We have sold 35 units and of the remaining 22 units all of them are rented out and bringing the society income, with a long waiting list of tenant which is a great demonstration of the great product we have delivered. This rental income stream is essential as we continue to work towards selling the remaining units in especially helping us mitigate the interest on the loan.

Selling the remaining units will also be easy given we are selling them as a ready investment that will bring income to the investor immediately on purchase.

I would like to personally thank our Fairway Suites customers for their trust and patience.

PLOT SALES

During the year, we sold 23 plots across Ruiru, Juja, Kisaju and we also sold off our Kisumu project. We have seen lots of interest in Kisumu and we are happy to announce that we are looking at launching a project in Riat Alara, it's quite a prime location and we anticipate a fast uptake by members, making it viable to sell within a year. Over the Financial Year 2025 we are also looking to launch another 3 projects, we would like to involve our members to guide us on where to invest and we will be launching surveys to get your feedback and appetite before committing to the new investments. This will ensure faster update of our projects and quicker turnaround of our cashflow.

PROPERTY MANAGEMENT

This is a new line of business we want to embark on and Fairway suites has given us a great learning platform to develop our property management muscle and hone it in readiness of extending the same to other clients. We are targeting to expand this property management line by enlisting at least another 5 apartment/office blocks in the course of the year.

While it has been a learning journey, we are happy to report that for Fairway suites property management we continue to grow from strength to strength in line with our commitment to excellence. We continue to improve on tenant management processes, service charge and water billing systems, security etc all in an effort to ensure a safe and secure living environment for our Fairway Suites residents.

BENCHMARKING WITH OTHER HOUSING SACCOS - JPIEGO

We continue to benchmark our Sacco against other leading housing cooperative as we also explore areas of partnerships. Today we have in our midst Peter Mugambi, chairman of JPIEGO Sacco. JPIEGO has set a high standard in the housing sector with impressive projects like McGregor One Apartments, Manyani Villas, they are just about to launch another project just in our backyard behind Sunstar hotel. Their model of engagement and how they have rallied their members to support their projects is impressive and we are looking to learn from them how we can inculcate the same to our members. We also look forward to exploring opportunities for collaboration that will drive our mutual success for both Saccos.

STARTER HOMES

We are taking learnings from Fairways and relooking at how we can enter the space of Starter homes. This will help us deliver units in more prime areas and at more affordable entry prices especially for Studios. We are studying closely what other players like Tsavo and Mi Vida right next to our office are delivering to help inform what type of project we get into. We are also exploring partnerships in this space and as above we will explore how we can work with other Saccos or players like JPIEGO to craft a winning proposition in this area.

BOARD COMMITTEE ROTATIONAL PROGRAMME

During the year, we saw board members Ian Mutethia, Agnes Ngamini, and Rosalyn Kihara step down due to personal and work commitments. We thank them for their service. We also welcomed Fidel Siranga to the board, and his strong finance background has already proven invaluable. We would also like to acknowledge Beatrice Akumu, who will be retiring. We thank her for her dedicated service and leadership, and she will be missed by all.

CONCLUSION

Overall, despite the challenges, the year has been great and we have a number of milestones to celebrate as highlighted above.

As a board we are confident that we have laid the right foundation, the strategy is clear, and the CEO and her team are energized and excited about the future we are creating for the Sacco.

As you will be hearing during the resolutions, as a board after carefully reviewing our financial situation and exciting future plans, we will not be proposing to pay dividends for the fiscal year 2024. This will help us strengthen our financial position, reinvest in exciting growth opportunities, and ensure we have the resources needed to create long-term value for our members.

Together, we will continue to adapt, innovate, and drive Tembo Ventures Housing Cooperative Society towards greater achievements. I am confident that, with your support, we will overcome and continue to thrive.

I extend my deepest gratitude to the staff, the board, the supervisory committee for their ongoing dedication, and to our members for their continued trust and support. Together, we are poised for a successful 2025.

Long Live Tembo Ventures Society. Long Live the Cooperative Movement.

God bless us all. Thank you.



Joseph Muchemi

Chairman, Tembo Ventures.