



# CHANGING LIVES

**2023 ANNUAL REPORT AND FINANCIAL STATEMENTS**



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# List of Acronyms and Abbreviations

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ABS	– Asset-Backed Securities
ABT	– Alternative Building Technologies
AFD	– Agence Française de Développement
AfDB	– Africa Development Bank
AHF	– Affordable Housing Fund
AIHS	– Africa International Housing Show
ALCO	– Asset and Liability Management Committee
BOT	– Build-Operate-Transfer
BPI	– Bulk Purchase Initiative
CBN	– Central Bank of Nigeria
COSO	– Committee of Sponsoring Organizations of the Treadway Commission
EDGE	– Excellence in Design for Greater Efficiencies
EMT	– Executive Management Team
ESG	– Environmental, Social and Governance
FMOF	– Federal Ministry of Finance
FGN	– Federal Government of Nigeria
FHFL	– Family Homes Funds Limited
GDP	– Gross Domestic Product
HtO	– Help to Own
IDP	– Internally Displaced Person
IHP	– Incremental Housing Product
IPM	– Independent Project Manager
LIDF	– Land and Infrastructure Development Fund
MCC	– Management Credit Committee
MFB	– Micro Finance Bank
MFI	– Micro Finance Institution
MOFI	– Ministry of Finance Incorporated
MoU	– Memorandum of Understanding
NASENI	– National Agency for Science and Engineering Infrastructure
NBS	– Nigerian Bureau of Statistics
NC	– North Central
NE	– North East
NHF	– National Housing Fund
NSHP	– National Student Housing Programme
NSIA	– Nigeria Sovereign Investment Authority
NW	– North West
OEM	– Original Equipment Manufacturer
PML	– Primary Mortgage Lender
PPP	– Public Private Partnership
PPRC	– Project and Portfolio Review Committee
PSO	– Project Schedule Officer
RHF	– Rental Housing Fund
RUHI	– Rural-Urban Housing Initiative
SE	– South East
SMEs	– Small and Medium-sized Enterprises
SS	– South South
SW	– South West
TETFUND	– Tertiary Education Trust Fund
UN	– United Nations
UDHR	– Universal Declaration of Human Rights

# About This Report

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The Changing Lives Report provides a comprehensive overview of Family Homes Funds Limited's (FHFL) achievements, milestones, and impact in fulfilling its mandate.

The report highlights FHFL's contributions in providing homes, creating jobs, fostering partnerships, and promoting thought leadership, and demonstrating FHFL's dedication to driving positive change and economic development through its initiatives.







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# About Family Homes Funds Limited

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Family Homes Funds Limited (FHFL) is a housing initiative focused on providing affordable homes for Nigerians on low income. The fund is promoted by the Federal Government of Nigeria as part of its Social Intervention Programme with initial shareholding by the Federal Ministry of Finance Incorporated (MOFI) and the Nigeria Sovereign Investment Authority (NSIA), through its investment company NSIA Property Investment Company Limited.

## Our Mission

The Mission of Family Homes Funds Limited is to provide affordable homes and create jobs through innovative solutions, leveraging our skilled workforce, strategic partnerships and technology.

## Our Vision

The Vision of the Family Homes Funds Limited is to be a leading social housing intervention institution in Africa

## Our Core Values

Family Homes Funds Limited has five core values:

1. **Transparency:** Transparent processes and conduct in dealings with internal and external stakeholders.
2. **Integrity:** Always doing the right thing and adhering to consistent standards and procedures in all areas of conducting business.
3. **Innovation:** Encouraging creativity and idea generation; having a willingness to try new things and push the boundaries of the norm.
4. **Stakeholder Focused:** Maximizing value for stakeholders (including shareholder, customers, employees, suppliers, strategic partners and host communities) and ensuring that business is done in their best interests.
5. **Professionalism:** Ensuring all customers are treated with respect and the highest level of service delivery.
6. **Environmental Sustainability:** Ensuring business operations are environmentally friendly and guided by sustainability principles.

# What We Do

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**FHFL operationalises its work through four different Funds.**



## **AFFORDABLE HOUSING FUND (AHF)**

The Affordable Housing Fund supports the development of Thousands of Homes targeted at families on low to middle income. Towards this goal, we work in partnership with public and private sector developers by providing competitively priced financing for affordable housing projects that meet our strategic objectives.



## **HELP-TO-OWN FUND (HTO)**

Help-to-Own is a Home Loans assistance initiative supporting families on low to middle income purchase their new homes by contributing only a 10% deposit rather than the traditional 20%. The Fund is serviced in partnership with selected Primary Mortgage Institutions and commercial banks.



## **RENTAL HOUSING FUND (RHF)**

The Rental Housing Fund is addressing Nigeria's pressing affordable housing deficit by providing mid-income rental housing options to meet the growing demand for quality and accessible housing.



## **THE LAND AND INFRASTRUCTURE DEVELOPMENT FUND (LIDF)**

A construction finance facility for the development of state urban infrastructure projects, and to increase FHFL land bank development and management.



“

...everyone deserves the right to an adequate standard of living for himself and his family, including adequate housing, and to the continuous improvement of living conditions.

”

- UN Charter Article 25(1) UDHR

# 01

**From The  
Chairman**







**Ademola Adebise**

Chairman, Board of Directors

Dear Shareholders,

It is with great pride and responsibility that I present to you my maiden report as the Chairman of Family Homes Funds Limited (FHFL). I want to begin by expressing my heartfelt gratitude to my predecessors for the strong foundation they laid, which has allowed us to continue to build and advance our mission. I would also like to once again welcome the new Board Members of Family Homes Funds Limited. I strongly believe that their wealth of experience will undoubtedly enhance the strategic direction of this important institution.

As I reflect on our performance over the past year, I am proud to report that 2023 was a defining year in which FHFL not only maintained its trajectory of success but also laid the foundation for even greater achievements in the future. Through the dedication of our team, the support of the government, and the confidence of our

# From The Chairman

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stakeholders, FHFL has further solidified its position as a trusted and transformative force in housing finance.

## DELIVERING ON OUR PROMISE IN 2023

It excites me to report that despite the difficult challenges in the operating environment, FHFL continued to meet the expectations of our stakeholders. Our 2023 performance showcases our shared dedication to addressing Nigeria's housing deficit. Over the past year, we have not only expanded our portfolio of affordable housing projects but have also made significant strides in ensuring that low to middle-income families can access decent, secure homes.

In 2023, FHFL successfully commissioned several housing projects, creating opportunities for thousands of families to own homes they can afford. In Kano and Yobe states, for instance, we delivered 2,819 housing units for low and middle-income earners, offering hope for age-long aspirations. Momentously, these homes were commissioned by then President, President Muhammadu Buhari, underscoring our impact and alignment with national priorities.

On another significant level, we successfully unveiled Help to Own (HTO) – a mortgage initiative through which families can move into their first homes by contributing only 10% deposit. Following a painstaking process, we successfully secured the financial backing of the African Development Bank (AfDB) to kickstart this programme that significantly reduces the home ownership barriers on the demand side of housing in Nigeria. The programme holds great promise for many families on low-income by not only guaranteeing homeownership, but also job creation.

## IMPACT ON THE HOUSING FINANCE SECTOR

FHFL's impact on the housing finance landscape in Nigeria has continued to grow. We have effectively positioned ourselves as a leader in affordable housing finance, not just through the delivery of homes but through our innovative financing models. Our approach blends affordability with flexibility, allowing Nigerians access to homeownership products that are tailored to their financial realities.

During the year, FHFL also engaged

**“Over the past year, we have not only expanded our portfolio of affordable housing projects but have also made significant strides in ensuring that low to middle-income families can access decent, secure homes”.**



**“FHFL’s impact on the housing finance landscape in Nigeria has continued to grow. We have effectively positioned ourselves as a leader in affordable housing finance, not just through the delivery of homes but through our innovative financing models.”**

stakeholders in discussions on alternative building technologies to reduce the cost of construction and shorten delivery timelines. By exploring new methods such as modular construction and other innovative technologies, we are challenging traditional construction paradigms and pushing the boundaries of what is possible in affordable housing.

## **STAKEHOLDER CONFIDENCE AND SUPPORT**

Our performance in the year reinforced the public’s confidence in FHFL, not just as a housing finance institution but as a trusted partner in the government’s drive to improve housing infrastructure. This confidence is reflected in the continuous support we receive from our key stakeholders, including the Federal Government. Today, we are a critical enabler of the Federal Government’s Renewed Hope Agenda, particularly the Renewed Hope Cities and Estate Project, under which we are collaborating with the Federal Ministry of Housing and Urban Development, to finance the development of affordable

homes for families with the most need for them.

The government’s endorsement and commitment to affordable housing have enabled us to scale up our activities. This is further exemplified by the rating upgrades we received from Augusto & Co. and GCR respectively – a significant milestone, underscoring the strength of our financial health, governance, and operational integrity.

These upgrades are not just numbers—they are an affirmation of the trust the public, the government, and our partners place in FHFL. They are also an indication of the potential we hold to do more, to reach farther, and to continue shaping Nigeria’s affordable housing landscape.

I am proud to add that our contributions go beyond housing delivery. Through our projects, we have created jobs for local artisans, labourers, and contractors, positively impacting the livelihoods of thousands of Nigerians. As we build homes, we also build communities, foster economic growth, and contribute to national



Total Assets

**₦154bn**



Profit Before Tax

**₦4.1bn**



Loan Portfolio

**₦68bn**



Interest Income

**₦6bn**



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development. FHFL has become a vital partner in the effort to uplift entire regions through its housing initiatives.

## THE ROAD AHEAD AND THE PROMISE OF FHFL

Nigeria's housing deficit remains a pressing challenge, and FHFL is uniquely positioned to be a central part of the solution. But to unlock the full potential of our organisation, continued support from all stakeholders—government, financial institutions, development partners, and the public—is essential.

With the right partnerships, policies, and financial backing, we can significantly expand our operations and bring homeownership within reach for millions of Nigerians.

I therefore call on all our partners and stakeholders to deepen their commitment to FHFL. By working together, we can make affordable housing a reality for all Nigerians, create even more jobs, and drive economic growth through sustainable housing development.

Our outlook for the coming year remains optimistic. With new partnerships, expanded projects, and innovative housing solutions on

the horizon, we are confident that FHFL will continue to be a force for positive change in Nigeria.

As I conclude, I would like to extend my deepest gratitude to the management and staff of FHFL, whose hard work and dedication have made these achievements possible. I also want to thank our Board of Directors for their guidance, and our shareholders and partners for their unwavering support.

Together, we are not just building homes—we are building futures. Let us remain focused, committed, and inspired by the promise that FHFL holds. Let us continue to work together and innovate to ensure that every Nigerian family has access to affordable, and quality housing, helping us collectively realize the vision of a more inclusive and prosperous nation.

Ademola Adebise

Thank you.

# Board Membership



**MR. ADEMOLA ADEBISE**  
Chairman



**MR. ABDUL MUTALLAB MUKHTAR**  
Managing Director



**DR. EMEKA HENRY INEGBU**  
Executive Director - Operations



**MR. ABDULLAHI MUSA**  
Executive Director - Finance



**MR. ABDULQAWIL BELLO**  
Non-Executive Director



**MRS. IJEOMA TAYLAUR**  
Non-Executive Director



**MS. AISHA OMAR**  
Non- Executive Director



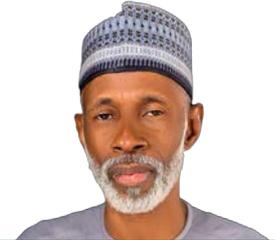
**MR. SAM N. OKAGBUE, FCArb**  
Non-Executive Director



**MRS. BILKISU USMAN**  
Non-Executive Director



**DR. ENIANG NKANG**  
Non-Executive Director



**ARC. MUSA AHMED**  
Non-Executive Director



# From The Managing Director/CEO

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**Abdul Mutallab Mukhtar**

Managing Director/CEO

It gives me great pleasure to present to you the Family Homes Funds Limited (FHFL) Changing Lives Report for the year that concluded on December 31, 2023. As we reflect on the achievements and challenges of the past year, I am proud to share our company's unwavering commitment to driving homeownership, creating jobs, and promoting sustainability in Nigeria. Despite the backdrop of geopolitical tensions, climate change, a national election and political-economic activities in 2023, we have remained steadfast in our mission to empower individuals and families with the opportunity to own their own homes.

This Report highlights how FHFL's activities have consistently generated both financial returns and positive social impact, aligning with our core objectives and delivering value to all stakeholders.

## NAVIGATING THE OPERATING ENVIRONMENT

Navigating the complex operating landscape of Nigeria in 2023 posed considerable challenges for

many businesses, particularly within the housing finance sector. However, amidst political transitions and economic uncertainties, our housing finance company remained resilient, profitable and sustainable.

One key factor in our ability to weather the storm was our proactive approach to risk management and strategic planning. By closely monitoring market trends and regulatory changes, we were able to anticipate challenges and adapt our business strategies accordingly. In maintaining operational efficiency for example, we forged strategic partnerships with suppliers and other providers, enabling us to agree favourable terms, further reducing operating expenses.

We are also further assured by the Federal Government of Nigeria's (FGN) 'Renewed Hope Agenda', with the core objective of revitalising the Nigerian economy, bringing about prosperity and unity. The agenda, according to President Bola Ahmed Tinubu represents a "commitment to unleashing our country's full economic potential, by focusing on job creation, access to capital for small and large businesses, inclusiveness, the rule of law, and the fight against hunger, poverty and corruption."

One of the key areas of the agenda is the Renewed Hope Cities and Estate Programme – a nationwide initiative for housing development. The programme's ambition is to deliver 100,000 homes and create 1.2m direct and indirect jobs, leveraging public-private partnership. This is in addition to the value chain effects of purchase, supply of building materials, businesses around the construction sites, etc.

Family Homes Funds Limited is playing a crucial role in the actualisation of Renewed Hope Cities and Estate Programme, providing funding for the project as the pilot phase kicks off in Abuja where 20,000 of those homes would be built. We are very excited about this partnership, because we know that beyond homes, the construction and development of these new areas will generate employment opportunities, stimulate local businesses, and attract investments.

## **DRIVING IMPACT THROUGH INNOVATION**

As ingrained in our culture, we have continued to focus on innovative strategies to address the housing problem in Nigeria while delivering tangible benefits to our stakeholders. From leveraging strong partnerships to promoting sustainable building practices, we are committed to finding innovative solutions that make homeownership more accessible and sustainable for all Nigerians.

I am proud to share that as of today, Family Homes Funds Limited has funded the development of 15,802 affordable



**“As ingrained in our culture, we have continued to focus on innovative strategies to address the housing problem in Nigeria while delivering tangible benefits to our stakeholders”**

**“For us, the underlying drive for our partnership is to significantly reshape the landscape of housing in Nigeria, empower communities with homes that not only meet their needs but also safeguard the planet for future generations”**

homes across Nigeria, more than any other housing agency since the time it was founded. Most of these homes are now being occupied by families who previously lived in congested, unstable, or even unsafe environments, and often had to choose between spending on housing and other necessities such as food or healthcare. By providing affordable housing that meets their needs, FHFL has enabled these families to lead more secure, comfortable, and healthy lives. In continuation of this mandate, FHFL has a pipeline of over 7,000 homes starting in 2024.

Beyond the supply side, we are also active on the demand side of housing, knowing that affordability remains a major hinderance for most families in Nigeria. In 2023, we finalised a groundbreaking partnership with the African Development Bank (AfDB) that will facilitate the provision of 15,000 mortgages through our product called the Help-to-Own Fund. Through Help-to-Own, aspiring homeowners are entitled to new home keys after a mere 10% deposit. This innovative offering not only lowers the barrier to entry but also empowers individuals and families to step into their own homes sooner than ever. By democratising access to mortgage financing, we are not only reshaping the housing landscape but also making the dream of homeownership a tangible reality for countless individuals across the nation.

## **SUSTAINABILITY DRIVE**

We have embraced Environmental, Social, and Governance (ESG) principles as the foundation for aligning our operations with global goals for environmental

sustainability, equity, social justice, and transparency. Integrating ESG considerations into our corporate strategy is enabling the organisation to create sustained value for our investors, foster positive relationships with customers and local communities, and inspire confidence in our employees that we are an impact-driven organisation. In short, ESG is central to our vision of being the leading housing intervention in Africa.

This report reflects our increasing efforts to align finance with impact-driven metrics and initiatives that go beyond our core business of housing financing. This recognizes that finance can be an enabler of sustainable development, prioritizing transformational impact alongside profit, and meeting societal needs today without compromising the sustained productivity of the planet.

By sourcing materials locally, employing local talent, and investing in sustainable building practices, we are not only creating jobs and supporting economic growth but also minimising our environmental impact and contributing to the long-term sustainability of our communities

## **A POSITIVE OUTLOOK**

Looking ahead, we remain optimistic about the future. Despite the challenges, Nigeria's housing market presents immense opportunities for growth and innovation. As we continue to focus on our core values of integrity, excellence, and social responsibility, we are confident that we will not only overcome the challenges but also emerge stronger and more

resilient than ever before.

At Family Homes Funds Limited, we are steadfast in our commitment to delivering impactful housing solutions that align with our mandate of providing affordable homes for low- to middle-income Nigerian families. With over 15,000 homes delivered and 85,000 jobs created, our achievements reflect the tangible benefits of our robust strategies and innovative approaches. We have not only expanded our reach but have also evolved into a full-fledged Development Finance Institution (DFI), capable of financing a broad spectrum of housing initiatives. This evolution enables us to effectively address the housing deficit in Nigeria while contributing significantly to the nation's socio-economic development.

Our alignment with the Federal Government's Renewed Hope Agenda underscores our dedication to fostering an inclusive environment that creates jobs, alleviates poverty, and stimulates economic growth. I have full faith in the exceptional team at FHFL, whose expertise, passion, and commitment are driving our mission forward. Together, we are well-positioned to amplify our impact, ensuring that more Nigerian families can achieve their dream of homeownership. As we continue to forge strategic alliances and leverage opportunities, FHFL remains a cornerstone in the journey towards a more prosperous and equitable Nigeria.

Finally, I would like to express my heartfelt gratitude to our dedicated team, loyal customers, and valued partners for their unwavering support and commitment. Together, we will continue to build dreams, drive growth, and create a brighter, more sustainable future for all Nigerians.

Abdul Mutallab Mukhtar



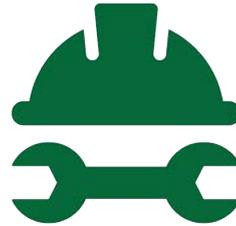
Thank you

## Key Highlights of 2023



**15,802**

Affordable homes financed across 6 geopolitical zones in Nigeria



**85,000+**

Direct and indirect jobs created for Nigerians



Help-to-Own mortgage inaugurated to facilitate mortgages for low-middle-income households in Nigeria



**19% - 21%**

Growth in female workforce



Increased number of staff training and professional developments



Improved access to quality healthcare for staff



Strengthened community engagements in project communities through skills acquisition training

# 02

## **Our Business Strategy**







# Laying the Foundation for Exponential Growth Through our Business Strategy



**Etin Omonbude**

Head, Strategy & Business Performance

2023 marked a transformative year for Family Homes Funds Limited (FHFL), defined by bold steps, strategic shifts, and a redefined approach to creating lasting impact in Nigeria's housing finance sector. Recognising the ever-evolving landscape of affordable housing, we undertook a strategic refresh with a phased roadmap to ensure sustained growth and expanded influence. This approach was not only a recalibration of our ambitions but a forward-looking commitment to becoming a driving force in delivering comprehensive housing finance solutions across the country. Our 2023 strategy refresh focused on 3 key phases which are:

- The Transformative Phase
- The Breakthrough Phase
- The Market Dominance Phase

# Our Business Strategy

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Each phase represents a deliberate progression toward realising our long-term vision. In 2023, our strategic focus laid the groundwork for expanding FHFL's scope beyond social and affordable housing. We are envisioning a future where FHFL addresses housing demand and supply gaps across the entire income spectrum, becoming a catalyst for housing finance innovations that meet diverse needs in a challenging macroeconomic climate.

Underpinning our strategy is a commitment to data-driven decision-making. Guided by rigorous analysis and benchmarked against key macroeconomic indicators, FHFL took bold steps to address both the supply and demand sides of the housing equation. Our approach is informed by an understanding of the nuanced needs within Nigeria's income housing pyramid, allowing us to design interventions that are both impactful and sustainable.

A major milestone in our strategy was the development of a multi-investor/donor fund framework, which positioned FHFL as a leading aggregator of funds. By aligning

with like-minded investors and donors, we have created a robust foundation for delivering integrated, value-chain solutions in housing finance. This approach not only strengthens our financial capacity but also enhances our ability to deploy resources effectively across various housing finance initiatives on the supply and demand sides.

As we advance through our roadmap, we are committed to realising a vision where FHFL plays a central role in reshaping the housing finance landscape. We believe that with continued strategic focus, targeted partnerships, and an unyielding commitment to operational excellence, FHFL will drive a new era of accessible and sustainable housing solutions for Nigerians. 2023 has set this journey in motion, and we are energised by the road ahead.

## REFLECTIONS ON THE NIGERIAN HOUSING MARKET

The housing market in Nigeria faces significant challenges but presents vast potential for growth

**“Guided by rigorous analysis and benchmarked against key macroeconomic indicators, FHFL took bold steps to address both the supply and demand sides of the housing equation.”**

**“We believe that with continued strategic focus, targeted partnerships, and an unyielding commitment to operational excellence, FHFL will drive a new era of accessible and sustainable housing solutions for Nigerians.”**



and development. Housing as a fundamental human right that ensures the dignity of individuals, households, and society has consistently played a pivotal role in the economic fortune of many nations, significantly contributing to their GDP. However, the case is different for Nigeria. According to the Nigerian Bureau of Statistics (NBS), housing contributes barely 6% to the GDP yet it is one sector that has the much-associated value chain impact.

With an estimated housing deficit of 28 million units, demand is high, particularly in urban areas where rapid population growth has intensified the need for affordable housing. However, high costs of land, construction materials, and financing constraints limit access to housing for low- to middle-income families. The mortgage market remains underdeveloped, with limited access to affordable financing and low mortgage penetration, largely due to high interest rates and short tenures.

To close the current deficit of 28 million, an investment of at least 21 trillion naira is required. For context, this figure is equivalent to 96 per cent of the approved total budget of 21.83 trillion naira for the 2023 fiscal year. This presents a great need for urgent intervention and innovative solutions in the Nigerian housing sector for efficient housing delivery.

## NIGERIA'S HOUSING DEFICIT AS AN OPPORTUNITY FOR IMPACT

Despite these challenges, the housing sector holds the potential for significant impact. It is time to tap into the potential of this sector and proffer collective solutions that will address the supply and demand issues faced in the housing ecosystem such as a public-private strategy to drive efficient housing development in the country.

To address Nigeria's housing deficit and make housing more accessible and affordable, several key initiatives can be pursued:

- **Public-Private Partnerships (PPPs):** Collaborating with private developers and financial institutions enables the sharing of resources, expertise, and risk in housing projects. Through PPPs, the government can reduce the financial and administrative burden while accelerating housing delivery. Building strong partnerships has been at the core of our strategy at FHFL, and we shall continue to be an advocate for wider partnerships in the housing sector.
- **Expansion of Affordable Housing Finance:** Providing low-interest mortgages with longer repayment periods can make homeownership more attainable for low- to middle-income earners. FHFL's financing models offer an integrated housing financing value chain which avails low-income earners the opportunity to own homes. Such impactful models include Affordable Housing Finance (AHF), Rental Housing Finance (RHF) and Help-To-Own (HTO).
- **Increased Use of Sustainable Building Materials:** Encouraging the use of sustainable, locally sourced building materials reduces construction costs and supports the local economy. This approach will reduce construction cost while supporting environmental sustainability.

By implementing and sustaining these initiatives, Nigeria can make significant strides towards achieving an all-inclusive, and accessible housing market. On our part, as highlighted above, our resolve is strong, and so is our effort. However, we operate in an ecosystem that requires synergy, institutional support and innovative strategies as mentioned above. It is through this approach that we can unanimously bring the Nigerian housing sector to its full potential, where it would not only provide much needed shelter, but contribute significantly to our GDP.

**"Housing as a fundamental human right that ensures the dignity of individuals, households, and society has consistently played a pivotal role in the economic fortune of many nations, significantly contributing to their GDP."**

**" It is time to tap into the potential of this sector and proffer collective solutions that will address the supply and demand issues faced in the housing ecosystem such as a public-private strategy to drive efficient housing development in the country ."**

# SUSTAINABLE DEVELOPMENT GOALS



## Our Alignment to the Sustainable Development Goals



**Michael Otitoju**  
ESG Officer

Over the years, more financial institutions have become more responsive to the impacts of environmental and social risks on their sustainability due to increased investor and public awareness, stricter regulations, and pressure to be transparent and responsible. As a result, many have integrated Environmental, Social and Governance (ESG) factors and sustainability principles into their strategies, leading to a paradigm shift where sustainability is a crucial component of decision-making processes in the financial sector.

ESG and sustainability are two related concepts that aim to promote long-term well-being for people and the planet while upholding strong ethical values and governance structures. These concepts address pressing global issues such as environmental degradation, social inequalities, and governance failures. Environmental degradation, such as climate change, biodiversity loss, resource scarcity, and pollution, threatens the planet’s well-being. Social inequalities such as poverty, unemployment, poor

working conditions, and health issues affect the quality of life of people. Governance failures such as corruption, injustice, and poor leadership undermine trust in institutions. Because these issues are interconnected and complex, a concerted and systemic approach to address them is needed.

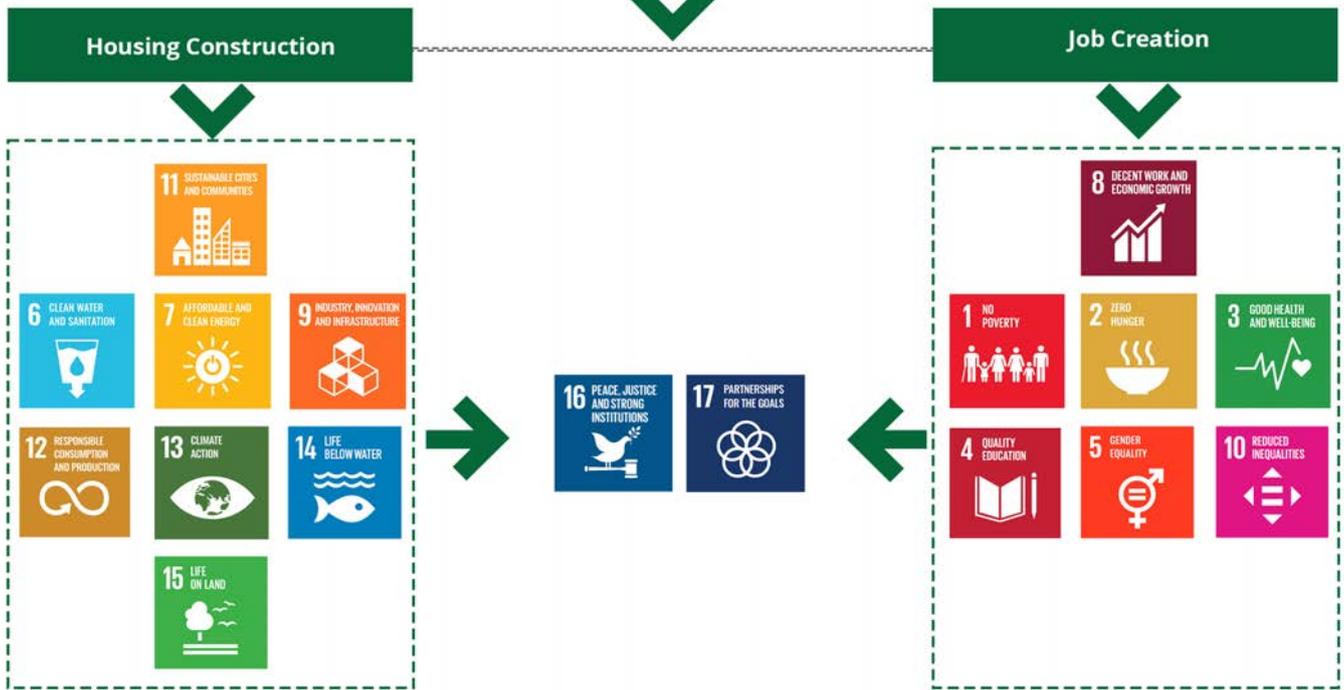
As organisations seek to address environmental and social challenges, it is imperative that they understand broader ESG and sustainability-related issues in global and local contexts so that they can identify the impacts that their business strategies and operations have on these issues and entry points where they can make far-reaching contributions that add up to global efforts. The United Nations Sustainable Development Goals (SDGs) provide a comprehensive and holistic approach to addressing global issues and are centred around five key themes: people, planet, prosperity, peace, and partnership. The SDGs were adopted by all United Nations member countries, including Nigeria, in 2015 as a universal action point to eradicate poverty, protect the environment, and advance global social and economic development.

Two of Nigeria’s long-standing and front-burner issues are the overwhelming need for affordable housing and job creation. Recognising this challenge, Family Homes

Funds Limited (FHFL) was established to provide sustainable solutions by financing housing construction, home ownership, and job creation. By implication, FHFL operates in the housing construction industry, working with developers and mortgage institutions to facilitate the supply and demand of housing services in the real estate value chain. However, this sector is often associated with globally recognised sensitive environmental and social issues, such as biodiversity loss, greenhouse gas emissions, resource depletion, child and forced labour, health and safety concerns, and other problems.

FHFL is spearheading a positive transformation in Nigeria’s housing sector and directly contributing to two Sustainable Development Goals (SDGs): SDG 11 (Sustainable Cities and Communities) and SDG 8 (Decent Work and Economic Well-being). Leveraging its influence as a finance lending institution, FHFL places a high priority on sound investment practices and mandates its beneficiaries to adhere to global best practices in human rights, social inclusion, environmental responsibility, and ethical standards. This commitment creates opportunities for FHFL to achieve more positive outcomes embodied in the SDGs, such as poverty alleviation, gender equality, climate action, resource efficiency, and strategic partnerships.





### OUR MATURING ESG JOURNEY AND IMPACT IN HOUSING DEVELOPMENT

FHFL’s mandate is to finance housing construction and contribute to the socio-economic development of Nigeria through job creation and other social impacts. This mandate is achieved by providing credit facilities to public and private institutions in the housing value chain. However, to enhance the impact of our mandate and facilitate other benefits that transcend housing and job creation, FHFL is giving attention to ESG and sustainability considerations in its business transactions, and promoting these with the people and institutions it works with.

FHFL is committed to ensuring that all

financed projects have sustainable outcomes that contribute to the social, economic, and environmental well-being of local communities. To achieve this, all proposed financing projects must meet FHFL’s ESG requirements as well as applicable national environmental and social regulations and standards before disbursement decisions are made. Therefore, all financing proposals are carefully reviewed at the point of investment origination for their inherent risks and readiness to comply with our E&S governance framework.

By the nature of our mandate and the stakeholders that seek credit facilities from FHFL, our ESG framework focuses on areas of environmental and social risks associated with

those of the Real Estate sector. These risks range from environmental issues such as climate vulnerability risks, biodiversity loss, and pollution, and include social issues such as the health and safety of employees, project host communities, child and forced labour, and physical and economic displacement of people. Premised on this, the priority in 2023 was to drive awareness and sensitization internally and to our business stakeholders around our E&S governance expectations. This drive has gotten a good head start with an in-house ESG Officer onboarded to coordinate and oversee the integration of ESG principles in the organisation’s lending cycles and day-to-day operations.

ESG Focus Areas		
Environment	Social	Governance
Environmental compliance	Employee engagement and Well-being	Enterprise Risk Management Framework
Climate Change	Diversity, Equity and Inclusion	Business Ethics Codes
Waste and hazardous substance management	Labour conditions, health and safety	Lending Policies
Energy and resource efficiency	Stakeholder and Community Engagement	Internal Audit/Internal Control
		Reporting and Disclosures
		Anti-corruption and Whistleblowing Policy

### FHFL’S SUSTAINABILITY EFFORTS AND PROGRESS

We are an organisation committed to fostering a work environment that encourages growth and development while maintaining a commitment to diversifying our workforce and promoting inclusivity. Therefore, we prioritize maintaining a workforce that is highly engaged, motivated, and healthy, and has access to all the necessary resources to perform at their best. As an equal opportunity organisation, we embrace individuals with the right attitude, regardless of their background, disabilities, or ethnic group. Hence, we pride ourselves in our diverse workforce, with representation from all geographical zones in Nigeria.

In 2023, we made progress in increasing the number of female employees within our workforce to 21% (from 19% in 2022), and our goal is to reach 30% by 2024. It was a productive year for staff development, with opportunities for training, conferences, and workshops locally and internationally. FHFL made its presence

in international conversations with world and business leaders in two significant events in 2023: the inaugural Africa Climate Summit and Climate Week in Nairobi, Kenya September 4th to 6th and the 39th conference and Annual General Meeting (AGM) of the Africa Union Housing Finance in Namibia.

FHFL is committed to creating a workplace that fosters collaboration, friendship, trust, and mutual respect among its staff. To achieve this, the office layout is designed in a way that groups all levels of staff in a workspace cluster, which enables cross-functional communication, knowledge-sharing, problem-solving, and collaboration. Additionally, motivational quotes and writings are included in visible sections of the workspace and walkways to create a positive and inspiring office environment. Likewise, weekly motivational quotes are posted, covering broader themes such as work-life balance, family, purpose, and positive values, with the aim of stimulating a positive mindset among the staff.



FHFL undertook community initiatives aimed at social inclusion, economic empowerment, and financial literacy among construction workers and vulnerable women group. A notable initiative was the training of over 70 youths in Kaduna in skill acquisition, economic empowerment, and health and safety awareness. Also, during the year, FHFL in collaboration with the Federal Ministry of Budget and National Planning (FMBNP) consolidated plans to partner with the Adashe Women Society to finance subsidized social housing for vulnerable women groups in Kaduna State. The beneficiaries are expected to include internally displaced victims of insurgency and banditry in the region. Aside from the provision of shelter, this initiative is expected to enhance the livelihoods of the beneficiaries through job creation.

FHFL has implemented a robust and well-defined governance framework that outlines the roles and responsibilities of all team members. Our unwavering commitment to ethical business practices is reinforced by comprehensive policies and procedures that cover various aspects such as anti-corruption,

anti-bribery, data protection, customer privacy standards, and more. Our Human Resource Department, Internal Audit Department, and ESG Specialist work collaboratively to provide our employees with regular training on these governance policies to ensure that they remain current with the best practices.

Our focus is on developing robust systems and processes that enable thorough risk assessments based on environmental, social, and governance parameters, beyond the minimum compliance requirements. We strive to adopt the best business practices and go the extra mile to ensure that we exceed industry standards. By doing so, we can take proactive measures to mitigate any potential risks and protect our stakeholders' interests.

### **CHALLENGES AND OPPORTUNITIES FOR GROWTH**

ESG is relatively still an ambiguous conversation in Nigeria, and particularly in the housing construction sector. Consequently, a major challenge has been getting the buy-in of Developers and their Contractors to comply with our ESG expectations and



targeted sustainability outcomes in the projects we finance. This has necessitated that we become more innovative and strategic in creating awareness and engaging among our stakeholders. We have also become more intentional in setting a checklist of the minimum ESG requirements for Developers and Contractors, as well as provide support and capacity for those that meet our criteria.

A measure of the value creation and performance of finance provided for project development is measurable from the ESG targets met. However, tracking and collating consistent and accurate ESG and sustainability data is complex because of the peculiarity of the housing construction industry. To address this, we are working on improving our capacity and expertise to track and collate ESG data. In addition, FHFL is in the process of adopting a sustainability framework to help streamline our data with disclosures that are industry specific.

We understand that dealing with environmental and social issues in the housing construction industry is a complicated matter that requires ongoing development of internal capacity.

It also demands consistent advocacy and awareness of ESG principles to stakeholders while collaborating with relevant institutions. Therefore, we have decided to adopt a mindset of continuous improvement to ensure that we achieve better ESG outcomes in the mid- to long-term. FHFL is committed to enhance its ESG framework and implementation strategy to achieve this objective.

Finally, we are particularly optimistic about increasing the number of climate-resilient and green initiatives in our pipeline of projects. Additionally, we aim to pursue collaborations and partnerships with private and public stakeholders to drive more environmentally friendly and socially viable housing financing in 2024.

### **ESG HIGHLIGHTS IN 2023**

As a housing financing institution, we measure our impact created by our mandate against the target areas of the Sustainable Development Goals.



- Job creation has surpassed 85,000
- Skill acquisition training for over 70 youths



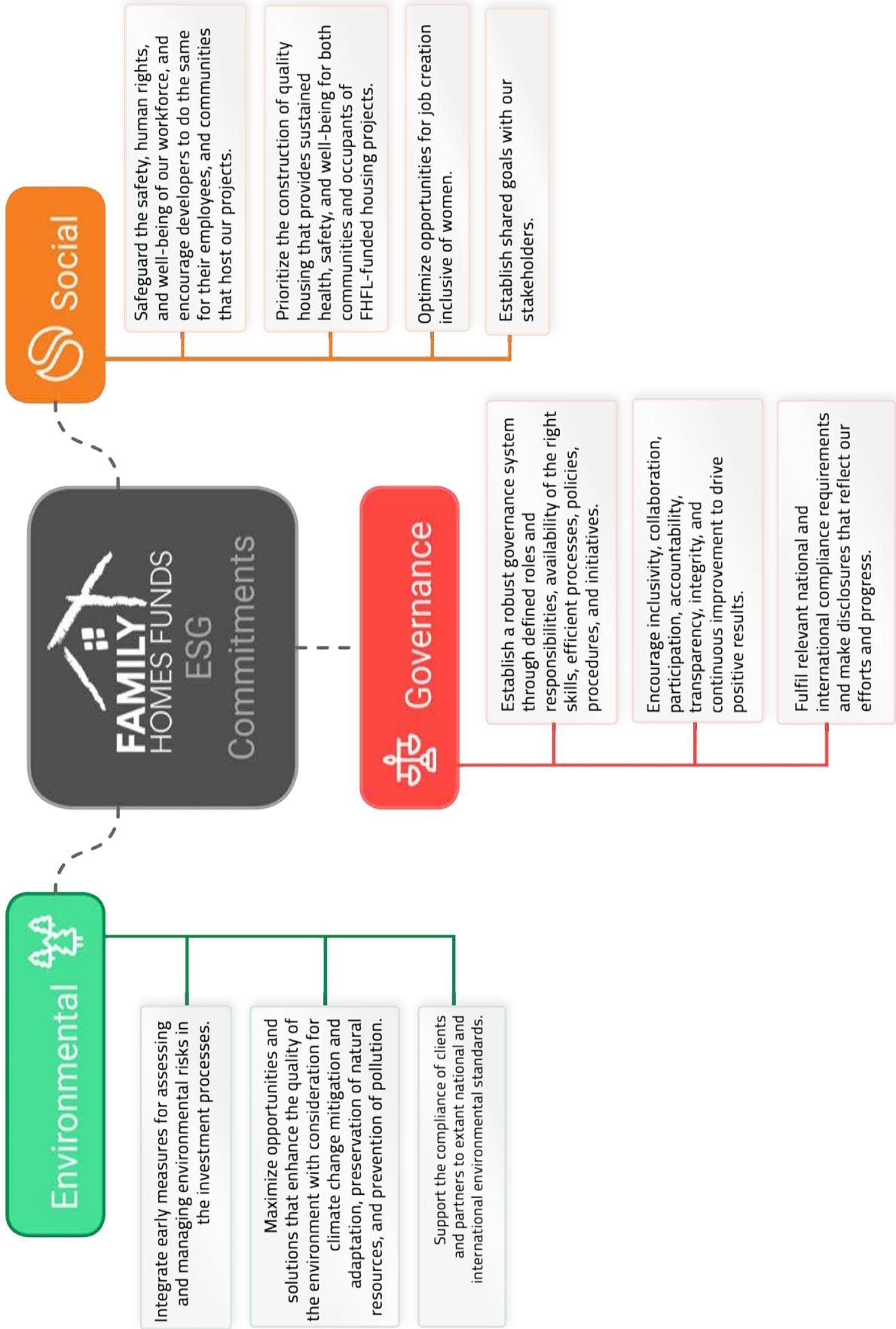
- Achieved 97.6% staff retention rate.
- Grew female workforce to 21% from 19% in 2022.
- Maintained staff representation from the 6 geopolitical zones in Nigeria.
- Partnership with Adashe Women Society to help over 100 vulnerable women become homeowners.
- Health and safety and emergency response training for employee.
- Access to quality health facility to staff across the federation



- Achieved funding to finance up to 15,000 mortgage loans for first-time house owners.
- 15,000+ homes financed and over 10,000 completed and habitable.
- Driving the delivery of targeted ESG outcomes in housing investment through effective monitoring and reporting schedules.



- Strengthened environmental and social safeguards and eligibility criteria for borrowers that include ESG minimum requirements.
- Joined the inaugural Africa Climate Summit in Nairobi, Kenya.
- Drafted a FHFL Green and Climate Action Policy
- Established a technical partnership with the National Agency for Science and Engineering Infrastructure (NASENI) to explore alternative building technologies.





## **Our Commitment to Strong Internal Controls, Ethical Practices, Transparency & Governance**

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**Samuel Ekanem**  
Head, Internal Audit & Control

In line with good practices, FHFL implements an effective Internal control framework. The framework incorporates the key components of the Committee of Sponsoring Organizations of the Treadway Commission's (COSO's) Integrated Framework for Internal Control. Implementation of the internal control framework is a demonstration of the commitment of the Board and Management to the operation of a strong control environment in FHFL as specified in one of the strategic objectives of the Company. Strong internal controls are embedded in the policies and processes of the company and these controls are regularly tested for adherence and continued relevance by an independent internal audit function. Clear structures, reporting lines, and appropriate policies have been established in the pursuit of the Company's objectives, while every employee and director is held accountable for their internal control responsibilities.

These responsibilities and their importance to the achievement of FHFL's objectives are adequately and promptly communicated to all employees.

As a leading Housing finance Institution in Africa, FHFL is not only interested in the performance of the loans extended to public and private sector entities but is also interested in the implementation of the projects financed. In this regard, independent project managers (IPMs) are engaged to monitor the projects to ensure that they are delivered in line with the terms of the loans and that payments are made on the achievement of specific milestones. This control ensures that projects financed by FHFL impact lives through residential housing delivery and job creation. The controls in FHFL's lending process have positively impacted the quality of its loans.

As part of the measures for strengthening the internal controls in the Company, the major risks to the achievement of the company's objective have been identified and analysed. A risk register showing the various risks, controls/mitigants, responsibility, and accountability has been established and continually updated. Various management committees (ALCO, MCC, PMC, EMT) have been established and operating effectively to further strengthen the control environment and put in measures in place to mitigate the risk exposures resulting from changes in the operational environment.

The committees include:

1. Executive Management Committee – (EMT).
2. Asset and Liability Management Committee – (ALCO)
3. Management Credit Committee – (MCC)
4. Project and Portfolio Review Committee – (PPRC)

The company's commitment to integrity and ethical values and transparency is demonstrated in the Company's comprehensive code of ethics and business conduct which every Director and employee undertakes to observe and periodically reconfirm adherence to. The Board and management continue to uphold

zero tolerance for any infraction of ethics in the conduct of the company's business activities. Compliance with the code is continually monitored and any breach attracts appropriate sanctions in accordance with the sanctions and grievance policy and procedure of the company.

In a demonstration of its commitment to transparency in the conduct of its business, the Company has also implemented a whistleblowing policy that enables both internal and external stakeholders to report any incidence of unethical conduct, with utmost confidentiality without fear of retribution. The policy further provides protection and incentives for persons who blow the whistle out of good faith and their reports are investigated and found to be valid.

**Anti-fraud policy** has also been established to promote the Company's zero tolerance for fraud, corruption, and every form of misconduct. The policy provides appropriate tools for the prevention, detection and reporting of fraud and sanctions. Fraud risk assessment awareness sessions are regularly held to build the capacity of employees to check fraud and not get involved in such acts. Failure to report any case of fraud of which an employee is aware is treated as concealment/suppression of information and gross negligence. It is subject to appropriate sanctions in line with the provisions of FHFL's sanction grid, including referral to the relevant law enforcement agency for prosecution, as applicable.

A **Compliance Management Framework** has also been developed to ensure that all legal, regulatory, and statutory obligations are identified, documented, monitored, and reported for compliance through a comprehensive compliance matrix. The Company is committed to conducting its business following the highest standards of integrity and in line with applicable laws, regulations, and standards. The goal is to ensure that the company does not suffer any avoidable fines, penalties and reputational damage arising from non-compliance, given its commitment to observing best compliance practices.

# 03

## Development Impact







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# Delivering Impact in Challenging Times



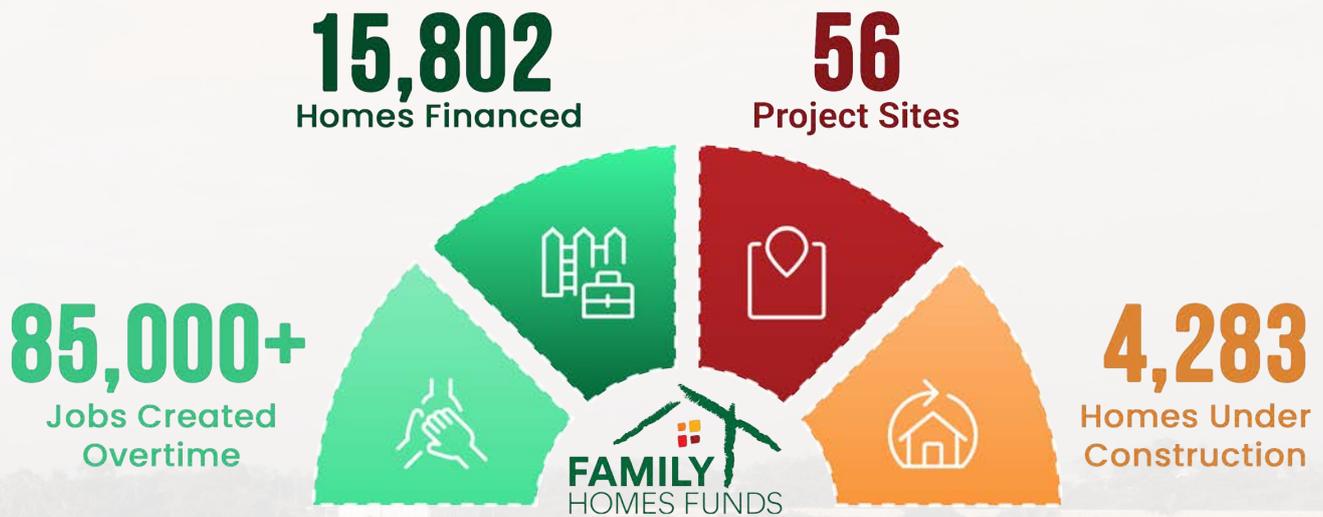
**Hadiza Bobbo Dahiru**

Head, Project Pre-Development

Family Homes Funds Limited was established with the mission to provide affordable, safe, and sustainable housing for low- to moderate-income families in Nigeria. With a strong commitment to this vision, FHFL recognizes the urgency in addressing the nation's housing deficit, which has left millions of Nigerians living in inadequate conditions and vulnerable to forced evictions.

Through a combination of strong leadership and innovative approaches, FHFL tackles this critical challenge by focusing on four key areas: core financing, strategic partnerships, innovation, and mobilising public support. As a vital facilitator in the housing sector, FHFL leverages its financial and technical resources to deliver impactful solutions and inspire hope in families across Nigeria.

In strengthening this mandate, project approvals were granted in 2023 for the commencement of 288 new units, and construction of additional 2,000 student housing bed spaces beginning in the second quarter of



2024. Our project portfolio encompasses loan projects, legacy projects, and private-sector obligors, all managed by our dedicated Independent Project Managers (IPMs) under the careful supervision of FHFL's Project Schedule Officers (PSOs).

To ensure our projects align with contemporary sustainability standards, we are prioritising green building initiatives and alternative construction techniques. We are exploring the use of eco-friendly materials, such as compressed earth bricks, polystyrene technology, recycled concrete, and sustainable wood. Additionally, we are gradually shifting towards energy-efficient designs, including passive solar heating, green roofs, and natural ventilation systems. These initiatives reflect our commitment to reducing environmental impact while providing cost-effective housing. We continue to prioritise project proposals that integrate these sustainable practices.

### CONTENDING WITH PROJECT DELIVERY CHALLENGES

The successes we have recorded as an institution are not because of the absence of challenges, but they are in spite of the attendant challenges in the operating environment. One

of such includes price volatility in construction, which can significantly impact various aspects of a project, creating uncertainty in budgeting and complicating financial planning. Getting around this has involved budget adjustments as project managers reallocate funds or seek additional financing to cover unexpected cost overruns. In some cases, contractors face increased risks with fixed-price contracts, leading to contract renegotiations in order to meet our set targets.

Another significant challenge we experience in housing development in Nigeria is capacity. Despite the country's growing population and urbanisation, the sector continues to struggle with inadequate skilled labour, limited technical expertise, and a lack of modern building practices. This shortage of capacity has led to substandard construction, project delays, and an inability to meet the growing demand for affordable housing. The ripple effect of this is felt across the economy, as the housing deficit contributes to the proliferation of informal settlements and poor living conditions for millions of Nigerians.

FHFL recognises that addressing the housing deficit requires more than just financial investment; it demands a concerted effort to build and enhance capacity within the sector.



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To this end, FHFL has initiated various capacity-building programs aimed at training, upskilling, and empowering individuals and organizations involved in housing development.

One of FHFL's key initiatives is the training of artisans, builders, project managers and other professionals in modern construction techniques and best practices. By providing hands-on training and technical support, FHFL is helping to improve the quality of housing projects, ensuring that they are both sustainable and affordable. This approach not only enhances the skills of those directly involved in the construction process but also creates job opportunities, contributing to economic growth.

We have had to also contend with the problem of insecurity and underdeveloped infrastructure in some parts of the country that have led to more costs, delays in the delivery of construction materials, constrained working hours and complex logistical hurdles. This is more pronounced in FHFL's projects in Borno and Yobe in the North-East, Zamfara and Kaduna in the North-West, Niger in the North-Central and Enugu in the South-East.

In spite of these challenges, we have been able to create significant impact, completing a

substantial number of housing units, bringing vital relief to Internally Displaced Persons (IDPs) in need of secure and affordable accommodation. We have been able to do this through strategic partnerships and innovative project management approaches, ensuring that we continue to progress despite the obstacles.

Overall, the Project Management Department, in collaboration with the Supply Chain team is continually exploring methods to ensure that the majority of FHFL's projects are completed within a minimal variation from the original cost projections and within agreed-upon scheduled timelines. This rigorous approach to cost and time management helped us achieve our objectives while delivering high-quality homes.

Despite the economic challenges posed by price volatility, we have implemented measures to maintain project timelines and manage costs effectively. A key initiative in this regard has been the Bulk Purchase Initiative (BPI), which has proven invaluable in ensuring cost control, quality assurance, and consistent delivery of construction materials. This strategic approach has helped us navigate economic uncertainties and keep our projects on track.



## **INNOVATING THROUGH EFFECTIVE SUPPLY CHAIN MANAGEMENT**

In FHFL, Supply Chain plays a crucial role in the housing construction sector in Nigeria by ensuring the efficient and timely delivery of materials, equipment, and services required for housing development. The incorporation of Supply Chain into our project management system is boosting project construction speed, controlling costs, and improving overall project quality.

## **THE ROLE OF SUPPLY CHAIN IN OUR PROJECT DELIVERY**

### **1. Material Purchasing:**

One of the primary functions of the supply chain is material procurement. We have introduced the Bulk Purchase Initiative on all our projects, which involves sourcing and purchasing of construction materials such as cement, steel, roofing sheets, windows, doors, and fittings from suppliers. Through this arrangement, we procure high-quality materials at competitive prices, which is essential for maintaining project budgets and timelines.

### **2. Logistics and Transportation:**

The logistics and transportation aspect of the FHFL Supply Chain is essential for ensuring the timely delivery of materials to the construction site. We developed a framework where suppliers and OEMs deliver directly to the site. Proper coordination of transportation services helps avoid disruptions and keeps construction projects on schedule.

### **3. Inventory Management:**

FHFL Supply Chain works closely with developers to effectively manage inventory by maintaining accurate inventory levels and monitoring the flow of materials. This is to mitigate against stockouts, reduce excess inventory costs, and improve overall project efficiency.

### **4. Supplier Relationship Management:**

FHFL Supply Chain is building strong relationships with Key suppliers to ensure smooth supply chain processes. This involves negotiating favorable terms, ensuring timely payments and delivery of material to sites, and collaborating closely with suppliers to address any issues that may arise during the construction process. By working closely with suppliers, we leverage better pricing, improved

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quality control, and reliable delivery schedules.

### 5. Quality Control:

The FHFL Supply Chain plays a significant role in ensuring delivery of good quality materials and components used in projects. By working closely with suppliers and conducting quality checks at various stages of the supply chain, our projects can maintain high standards of construction and deliver housing units that meet regulatory requirements and customer expectations.

### 6. Cost Management:

The FHFL Supply Chain helps control costs in our projects by optimising purchasing processes, reducing wastage, and minimizing project delays. By streamlining the flow of materials and resources, construction companies can improve cost efficiency and maximize profitability in a competitive market like Nigeria.

### 7. Sustainability Practices:

We adhere to promoting sustainability practices by sourcing eco-friendly materials, implementing energy-efficient technologies, and reducing waste. Supply Chain contributes to creating more environmentally friendly and sustainable construction projects in Nigeria.

## EMBRACING AND PROMOTING ALTERNATIVE BUILDING TECHNOLOGIES

In alignment with the Renewed Hope Agenda of the Federal Government of Nigeria to revitalise the country's economy through several initiatives including housing development, Family Homes Funds Limited is filling a natural role of supporting the actualisation of this worthy dream by deploying innovative strategies in not only reducing the housing deficit but ensuring that the opportunity is available for families on low-to-middle income who need it the most.

Towards this, FHFL is developing a sustainable

framework in which the use of Alternative Building Technologies is being explored with technical partner, the National Agency for Science and Engineering Infrastructure (NASENI). Following a series of studies and engagements, we are prioritising the adoption of local materials in advancing Alternative Building Technologies in our projects. We ensure that these Alternative Building Technologies meet these four critical components:

- Speed in delivery
- Cost reduction
- Quality and the use of Local materials
- Ability to train and transfer skills



FHFL as part of the MOU with NASENI collaborated to build four sample houses in Adashe, Kaduna State, and in Grand Luvu, Nasarawa State. The selected Alternative Building Technologies are Prefabs Polystyrene, Compressed Earth Bricks, Hydra Aerial Bricks, and Precast Modular Frames.

Each of the sample houses was completed in 21 working days, while at full scale, over 100 of them can be completed in 90-120 days. These sample houses have been explored and reviewed by key stakeholders and intended off-takers, and provided positive feedback, especially on the use of green initiative design and the lower use of energy in the construction of the houses.

However, like every experimental initiative, technical and research recommendations have been made to improve on the challenges and have all been taken well.



*Alternative building technology Sample houses in Adashe, Kaduna State, and Grand Luvu, Nasarawa State*

In furtherance, Family Homes Funds Limited and NASENI signed an MOU with ADHI to train, domesticate and build-operate-transfer (BOT) its Light steel and Light concrete technology. Where NASENI and ADHI will develop and domesticate the technology and train Nigerians on the new technology building skills, FHFL will serve as an offtake of the houses. This landmark initiative strengthens FHFL's quest in delivering sustainable houses across Nigeria and sub-Saharan region.

### **AN IMPACTFUL JOURNEY**

FHFL's journey has been challenging and rewarding, navigating through the attendant challenges in the delivery of housing for the average Nigerian family. Recognising the journey ahead in meeting the huge housing need in Nigeria, we also acknowledge the impact we have made. Our projects have boosted affordable housing numbers, particularly for low-income earners, helping to reduce the housing deficit. This increase in housing stock has driven job creation and economic growth, fostering self-sustaining communities, providing employment for skilled and unskilled workers within the project community

while opening opportunities for contractors, architects, engineers, and suppliers. The use of local materials is encouraged, supporting domestic industries, and reducing reliance on imports.

Additionally, these projects have contributed to community development by improving infrastructure, such as roads, water supply, electricity, and sewage systems. These enhancements not only lead to a reduction in informal settlements but also foster a safer and more stable environment for residents. The improved conditions contribute to social stability and may help lower crime rates, fostering better community relations.

By focusing on affordability, FHFL's projects make home ownership accessible to more low-income families, helping to promote social stability and reduce inequality. This approach allows more families to own their homes, strengthening community cohesion and enhancing quality of life.

Overall, our journey demonstrates how the blend of resilient strategies and innovation in the face of challenges can lead to positive impact in housing development, social prosperity and environmental sustainability.

# Confronting Nigeria's Housing Deficit Through Innovative Financing



**Olufunsho Gbodi**

Head, Affordable Housing Fund

Available statistics and indicators clearly show the depth of housing need in Nigeria. From our point of view, the public and private sector players must work together to mobilise funds, deploy creative financing mechanisms into place, and support sustainable housing development strategies that will eventually provide all Nigerians with decent, affordable housing.

The huge housing gap in Nigeria requires multi-dimensional solutions that contributes incrementally to reducing that gap. In the following paragraphs, we discuss some innovative strategies for sustainable financing of housing projects in Nigeria that we are exploring and believe in:

## 1. PUBLIC-PRIVATE PARTNERSHIPS

Fostering PPPs enables the mobilisation of resources towards the development of housing projects. Private sector investors, developers and lenders mobilise

financial resources to supplement public resources such as the provision of land, enabling environment and in some cases public funds. Private sector participation can help bridge funding gaps and increase the overall investment pool available for housing development.

The National Student Housing Programme exemplifies the collaboration between public and private sector partners towards the delivery of student accommodation in Nigerian tertiary institutions. The programme is financed by a private sector developer, FHFL and the tertiary institution, facilitated by TETFUND. The tertiary institution also provides land and enabling environment for the project. This strategy will see to the delivery of over 35,000 bedspaces in Nigeria.

## 2. GREEN AND SUSTAINABLE FINANCE

As the world embraces sustainability, FHFL is committed to prioritising environmental responsibility by developing energy-efficient, eco-friendly, and socially responsible housing solutions. This initiative will seek to promote the adherence to green building certification programmes and standards, such as EDGE (Excellence in Design for Greater Efficiencies). These certification programmes assess and certify buildings based on their environmental performance, resource efficiency, and sustainability features. Financing incentives to reward compliance include lower interest rates, extended loan terms offered to developers and homeowners who achieve green building certification or meet specified sustainability criteria.

## 3. MORTGAGE CO-FINANCING SOLUTIONS

The mortgage penetration rate in Nigeria remains extremely low, with less than 1% of the population having access to mortgage loans. This is largely due to the limited availability of affordable mortgage products, such as NHF loans, and the difficulties associated with accessing them. Mortgage banks face significant liquidity challenges in providing long-term mortgage financing, while commercial banks exhibit minimal interest in offering mortgage products.





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Innovations like FHFL's Help to Own Fund are designed to revitalise the housing finance system by fostering sustainable and affordable mortgage solutions. This initiative seeks to strengthen the linkages between mortgage lenders and stimulate the availability of long-term local currency mortgage financing for eligible households, facilitated through a risk-sharing mechanism and refinancing opportunities for primary mortgage lenders.

#### **4. MICROFINANCING HOUSING SCHEME**

This scheme offers a range of tailored financial products designed to meet the specific needs of intending homeowners, low and middle-income individuals and informal sector workers. It will also rapidly increase the growth process for the housing sector for low-income earners, both employees and microentrepreneurs. Microfinancing products include microloans, housing microfinance, home improvement loans and payment services to facilitate homeownership, housing upgrades, and new construction projects. These financial products are often structured with flexible terms, low interest rates, and simplified application processes to improve accessibility for borrowers.

The FHFL initiative in this area is the Incremental Housing Product, geared towards supporting low- and middle-income earners who typically have limited funding available for acquisition of a home especially those of the informal sector. The product is to complement other housing efforts, by exploring a progressive system of housing construction that allows the target population to improve their habitable space progressively over a period and according to their needs.

#### **5. SECURITISATION OF CASHFLOWS FROM INCOME GENERATING ASSETS**

Securitisation involves pooling income-generating assets, such as rental properties, commercial real estate loan repayments, and issuing asset-backed securities (ABS) collateralised by the cash flows generated by these assets. This provides access to capital markets and alternative sources of financing for housing projects, allowing fund raising from a broader pool of investors beyond traditional bank loans or equity financing. By tapping into capital markets, developers can access longer-term financing, lower interest rates, and greater flexibility in structuring debt.



By leveraging securitisation, FHFL optimised funding efficiency and unlocked N30 billion from the capital market through the issuance of the first Corporate SUKUK in Nigeria, while SUKUK holders gain access to attractive investment opportunities backed by tangible income-generating assets. Securitisation promotes financial innovation, enhances market liquidity, and fosters sustainable growth in the housing sector.

## 6. SUPPLY CHAIN INTERVENTIONS

To attain economies of scale and cost savings, supply chain interventions entail aggregated and bulk procurement of building supplies. Developers can negotiate advantageous pricing, discounts, and terms with suppliers, lowering procurement costs and increasing project profitability, by combining demand from several housing projects. To support small and medium-sized businesses (SMEs), boost local economic development, and enhance domestic supply chains, supply chain interventions encourage local sourcing and supplier development activities. To strengthen local economies and provide jobs, developers place a high priority on sourcing labour and materials locally and working with craftsmen,

contractors, and suppliers in the area.

At FHFL, the Supply Chain team seeks to continuously facilitate the procurement of building input directly from the manufacturers, eliminating the middlemen thereby reducing the cost of required input. FHFL also seeks to execute forward purchase agreements with funded manufacturers, effectively guaranteeing offtake of manufactured building input. This will promote local manufacturing of building materials, with a view to creating jobs, enhancing local manufacturing capacity and conserving foreign exchange.

Generally, there is a great deal of potential to alleviate Nigeria's housing need and generate long-term socioeconomic effects through the application of creative financing techniques for housing projects. Through the utilisation of strategies like supply chain interventions, green and sustainable finance, microfinance and housing finance institutions, securitisation of cash flows, and other options, stakeholders can increase investment opportunities, foster affordability, and enhance the availability of high-quality housing for millions of Nigerians. For us at FHFL, this is already the way to go.

# Leveraging Strategic Partnerships for Housing Development

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**Ifeanyi Chris-Nwoji**

Head, Rental Housing Fund

Achieving our ambitious goal of supporting the provision of affordable housing in Nigeria requires not only internal capacity and resources but also strategic partnerships that amplify impact, drive innovation, and ensure sustainability.

Strategic partnerships are essential for FHFL as they enable the organisation to leverage the expertise, resources, and networks of like-minded entities. By collaborating with financial institutions, international development agencies, and government bodies, FHFL can access additional capital, share knowledge, and deploy innovative housing solutions at scale.

For instance, FHFL's partnerships with the Federal Ministry of Finance (FMOF) and the African Development Bank (AfDB) have been instrumental in securing the financial resources needed to expand affordable housing projects. These collaborations have also facilitated capacity-building initiatives, such as training

programmes for local artisans and construction workers, ensuring that the homes built are not only affordable but also of high quality.

Additionally, FHFL’s engagement with the private sector, including real estate developers and construction companies, has been crucial in bridging the gap between housing supply and demand. By working closely with these partners, FHFL can ensure that housing projects are delivered efficiently, meet the needs of Nigerian families, and contribute to economic growth.

In the following paragraphs, we highlight the nature of our relationship with some of our key partners.



### 1. African Development Bank (AfDB)

The FHFL-AfDB collaboration seeks to stimulate the provision of sustainable and affordable mortgage financing while deepening the housing finance system and strengthening linkages between primary and secondary mortgage markets. This partnership aims to catalyse the provision of long-term local currency mortgage financing by primary mortgage lenders to target households. The Help to Own Mortgages created under this partnership will deliver affordable mortgages to the end beneficiaries while creating jobs.

The partnership with AfDB includes a technical assistance grant for the Youth Entrepreneurship and Innovation (YEI) Multi-Donor Trust Fund, through which AfDB will support a complementary skills acquisition and apprenticeships program for youth artisans to promote their uptake of gainful employment in the housing value chain. The collaboration will promote gender equality through affirmative measures to encourage uptake of mortgage finance by women or on joint ownership as well as on participation in artisanal trades in

housing value chain by young women, with a target of at least 10% of the mortgagors and 30% of the artisans being female.



### 2. National Agency for Science and Engineering Infrastructure (NASENI)

FHFL is in partnership with NASENI to develop a sustainable framework in which the use of Alternative Building Technologies is explored. In line with our sustainability drive, we are prioritising the adoption of local materials in advancing Alternative Building Technologies in our projects. Through this partnership, we would be able to advance studies and strong propositions on Alternative Building Technologies that saves time, reduce cost, improve quality and are transferable.



### 3. Shelter Afrique

The partnership between Family Homes Funds Limited and Shelter Afrique – the pan-African housing institution – is to facilitate the delivery of more housing units across Nigeria. This partnership aims to provide a framework of cooperation within which Shelter Afrique and FHFL shall collaborate to help the Nigerian government achieve its housing agenda for all. FHFL and Shelter Afrique will leverage each other’s strengths in advancing innovative housing programmes.



### 4. Federal Mortgage Bank of Nigeria (FMBN)

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This collaboration leverages the unique strengths of both institutions to create impactful solutions, driving the development of affordable homes for low- to middle-income Nigerians. By aligning their goals and pooling resources, FHFL and FMBN are actively contributing to a more inclusive housing finance system, where more Nigerians can realize the dream of homeownership.

This partnership exemplifies the power of inter-agency collaboration in tackling one of the country's most pressing challenges. Together, FHFL and FMBN are enhancing mortgage lending and scaling up housing development projects, which will have a lasting impact on job creation, economic growth, and the overall improvement of living conditions for millions of Nigerian families.



### 5. Real Estate Developers Association of Nigeria (REDAN)

The Real Estate Developers Association of Nigeria are an important association in the housing sector, and FHFL recognises the importance of building a strong relationship with the body to enhance partnership with its accredited developers. Beyond being an association, REDAN also has housing goals like RHUI – 774 initiative – seeking to provide affordable housing across the 774 local governments in Nigeria.



### 6. Agence Française de Développement (AFD)

FHFL, in partnership with Agence Française de Développement (AFD) aims to promote a

programme of student housing across Nigerian Universities. Through the partnership, FHFL will support Nigerian Universities to increase supply of good quality affordable housing for students through the development of up to 20,000 bedspaces across the country.



### 7. Mortgage Banking Association of Nigeria (MBAN)

Family Homes Funds Limited (FHFL) values its strategic partnership with the Mortgage Banking Association of Nigeria (MBAN) as a key collaborator in advancing affordable mortgage in Nigeria, especially FHFL's Help-to-Own mortgage. Through this relationship, FHFL is working closely with MBAN and its members to promote this innovative mortgage solution and others that cater to the needs of low- to middle-income earners. This collaboration exemplifies FHFL's commitment to building strong alliances that create lasting impact in the Nigerian housing ecosystem.



### 8. Nigeria Sovereign Investment Authority (NSIA)

Family Homes Funds Limited (FHFL) enjoys a robust partnership with the Nigeria Sovereign Investment Authority (NSIA), a collaboration rooted in our shared commitment to addressing Nigeria's housing deficit. Through NSIA's financial backing and expertise, FHFL has been able to implement impactful housing projects that prioritise affordability and accessibility for low- to middle-income families.



# CHANGING **LIVES** CREATING OPPORTUNITIES

At Family Homes Funds Limited, we are Changing Lives—creating pathways to brighter futures, one home at a time. We believe that everyone deserves a place to call home, and with every brick we lay, we're not only building houses, but creating opportunities for families to thrive.



**50+ PARTNERS**



**15,000+ HOMES**



**85,000+ JOBS**



**4 HOUSING PRODUCTS**



[www.fhfl.com.ng](http://www.fhfl.com.ng)



FHFLNigeria



## Help-to-Own: Kicking Off an Era of Affordable Mortgage in Nigeria

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**Monsurat Muhammed**

Head, Help-to-own Fund

The mortgage landscape in Nigeria has been challenging for many aspiring homeowners. With traditional mortgage products often carrying high interest rates and stringent qualification requirements, the path to homeownership has remained out of reach for a large segment of Nigeria's population, particularly low- to middle-income families. A high rate of urbanization in major cities across Nigeria further complicates the situation, with demand for affordable housing consistently outpacing supply.

Today, among other things, effective mortgage demand is constrained by:

- a. Affordability challenges due to low income for majority of underserved households.
- b. Limited supply of suitable mortgage products (short tenured loans and high equity

- requirements)
- c. Banking sector largely funded by short term deposits and limited access to secondary mortgage market.
- d. Gender inequality contributing to a low rate of women home ownership due to various socio-cultural factors.

Recognising these gaps, and in tandem with the Federal Government’s identification of access to housing and finance as a focal economic sustainability plan, Family Homes Funds Limited took a bold step in 2023 with the launch of the Help to Own (HTO) product—a groundbreaking initiative designed to empower Nigerians, especially first-time homeowners, to realise their dream of owning a home.

### STRATEGIC PARTNERSHIP WITH AFRICAN DEVELOPMENT BANK (AFDB)

The successful rollout of the Help to Own product in 2023 was made possible through FHFL’s strategic partnership – through the Federal Government of Nigeria – with the African Development Bank (AfDB). This partnership secured critical financial backing, providing the initial capital needed to drive the product’s implementation and reach. The AfDB’s support signals a significant vote of confidence in FHFL’s mission, lending both

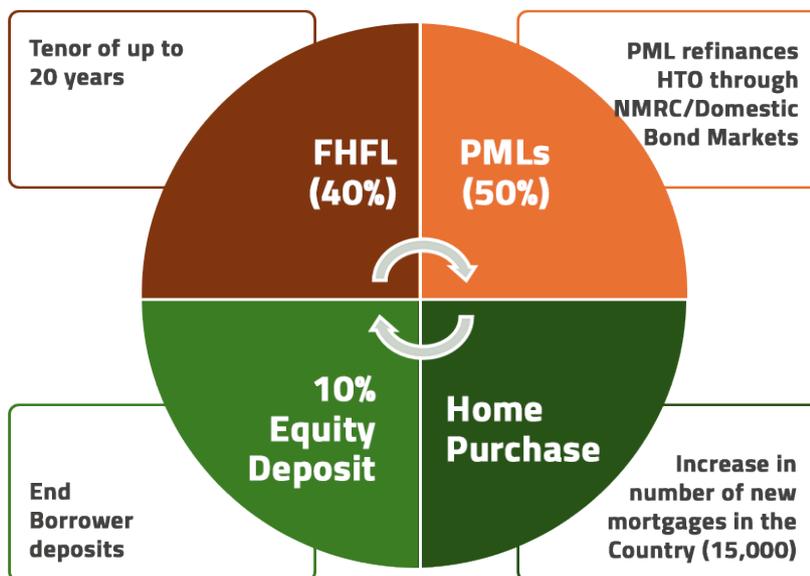
credibility and momentum to the Help to Own initiative.

This backing has enabled FHFL to introduce an affordable and more flexible financing model, breaking down the primary barriers to homeownership. By making entry costs lower and payment structures more accessible, FHFL is reimagining housing finance in Nigeria. This strategic partnership with the AfDB goes beyond just funding; it is a shared commitment to creating lasting social impact and economic inclusion within Nigeria’s housing sector.

The AfDB is complementing the Federal Government of Nigeria, the World Bank and other development partners to promote creation of a sustainable mortgage finance market and expand access to mortgage financing products by facilitating increased primary and secondary mortgage market activity and stimulating private sector investment.

### THE OPERATIONALITY OF HELP TO OWN

The Help-To-Own Fund caters to the demand side of the housing finance, which invariably supports the supply of affordable housing through an effective mortgage uptake by end beneficiaries. However, the mortgage industry in Nigeria faces a significant funding gap, as banks struggle to secure long-term funding



**The fund is supported by a sovereign debt of \$60m from the African Development Bank through the Federal Ministry of Finance.**



© FHFL Project Gallery

that aligns with mortgage tenures. Banks are generally reliant on short-term deposits, making it difficult for them to provide long-term loans needed for mortgages, and end-beneficiaries on the other hand are constrained.

The Help-To-Own Mortgage product of Family Homes Funds Limited supports the demand side activities through a risk sharing partnership under a blended finance structure with Primary Mortgage Lenders (PMLs) by stimulating effective demand for affordable housing for the underserved first-time home buyers from the low- and middle-income households.

The product operates on a risk sharing framework as described below:

The product aims to catalyse the provision of long-term local currency mortgage financing by primary mortgage lenders to eligible households through a risk sharing mechanism by:

- Stimulating the provision of sustainable and affordable mortgage financing to eligible lower middle to middle income households.
- Deepening the housing finance system and strengthen linkages between primary and secondary mortgage markets (Mortgage debt as a percentage of GDP)
- Boosting job creation in Nigeria through the housing value chain.
- Supporting a complementary skills

acquisition and apprenticeships programme for youth artisans to promote gainful employment in the housing value chain.

The Help-to-Own Mortgage product seeks to provide solutions to the challenges faced by first time home buyers in Nigeria by:

- Providing long tenor mortgage (Maximum 20 years)
- Affordable Interest Rates (Blended rate with partnered mortgage lenders).
- Efficient processing turn-around time.
- Stimulate adequate supply of affordable houses.

The Programme promises to improve economic development of Nigeria through:

- Addressing the challenge of inadequate availability of long-term mortgage finance.
- Promoting development of a functional mortgage market in Nigeria.
- Strengthening the mortgage sector sustainability.
- Increased employment generation through the housing value chain.
- Youth skill acquisition and empowerment.
- Improved sustainable cities and urban settlement.
- Improved standard of living for the low and middle-income household



## **THE PROMISE OF HELP TO OWN: OPENING DOORS TO AFFORDABLE HOMEOWNERSHIP**

The Help to Own product is crafted with a clear purpose: to make homeownership more achievable and sustainable for Nigerians, particularly those navigating the challenging first steps toward purchasing their first home. At the core of HTO's design is a low initial deposit requirement, followed by favourable repayment terms that are both flexible and affordable. This approach alleviates the financial burden that has traditionally discouraged many Nigerians from even considering homeownership.

For the first time, families who would otherwise have been excluded from the property market can envision a stable, secure future in their own homes. HTO is a transformative step toward reducing Nigeria's housing deficit, providing accessible housing options while fostering community stability and economic mobility. Additionally, the program's commitment to transparency and simplicity in the application process ensures that homeowners are supported every step of the way.

## **THE FUTURE OF HELP TO OWN IN NIGERIA**

As Help to Own gains traction, FHFL envisions this product expanding nationwide, fostering inclusive communities and creating a legacy

of affordability within Nigeria's housing sector. The success of HTO, bolstered by the AfDB partnership, underscores FHFL's commitment to its mission of delivering sustainable housing finance solutions for Nigerians. With continued support, strategic growth, and an unwavering dedication to accessibility, FHFL and the Help to Own product will continue to reshape Nigeria's housing landscape, making homeownership a reality for all.

The fund promises to be catalytic in the improvement of the mortgage sub sector in Nigeria through capital mobilisation. Mortgage securitisation will serve as a potent driver of the growth of the Real Estate Industry and Housing Finance generally in Nigeria.

We are calling on all housing finance stakeholders and development Finance institutions to collaborate on providing affordable housing finance fund for the low- and middle-income household in Nigeria.

Although the mortgage sub-sector is experiencing some challenges now, the Help-To-Own product holds significant promise in addressing these challenges by creating a more sustainable approach for mortgage provision in Nigeria.



## Driving Homeownership and Inclusion: **Lessons and Testimonials**



**Ibiyemi Ayeni**

Ag. Head, Portfolio & Asset Management

As an institution, our mission goes beyond constructing houses — it entails building dreams, creating hope, and transforming lives. The true measure of our success lies in the stories of the families we have helped move into their first homes, turning what once seemed impossible into a reality.

In this feature, we will hear firsthand from proud homeowners who have benefited from FHFL's affordable housing initiatives. From single parents finally providing a stable home for their children to young families creating roots, these testimonies reflect the heart and impact of our work. Their journeys are a testament to how accessible housing finance and innovative programmes like Installment Payment change lives forever.



© FHFL Project Gallery

These stories remind us that homeownership is more than just owning a house—it's about creating security, pride, and a sense of belonging. As you read their experiences, we hope you feel inspired by the difference that affordable homes can make in real lives, and why we are committed to making this dream a reality for even more Nigerians.

As told in the earlier sessions of this report, our affordable housing journey started with developments in five (5) states across Nigeria – Delta state, Kaduna state, Kano state, Ogun state, and Nassarawa state. These are the Legacy Estates, which we directly financed and developed before our venture into project finance. The experience of financing and developing offered us an opportunity to learn a lot about the market, the inherent challenges and how to navigate them for impact.

Before the impact stories from beneficiaries, we would like to first share our experience in delivering these homeownership opportunities and what we learnt.

## SHARING OUR EXPERIENCE AND LESSONS

Some challenges became obvious when we began sales of our legacy estates across the above-mentioned states. Prominent among the challenges FHFL had to contend with is the issue of income for those who need homes but cannot afford them. One of the recent reports by the Nigerian Bureau of Statistics (NBS) have poignantly revealed that 83 million Nigerians earn less than N137,430 per annum. With a reality like this, even homes that are judged below the current market pricing remain quite unaffordable for many families.

In the early years up to 2020, despite the development of homes with prices as low as N3 million, there were limited number of low-income families that could purchase the homes. While interest in homes were always high, a lot of people needed some support to fulfil their home ownership dreams.

With the study of this pattern, FHFL began to support the low-income families by partnering with selected mortgage banks to introduce



*Resident of Family Homes Estate*

payment options like installment and flexible long-term mortgages. The result was a spike in sales.

With our first batch of off-takers, we noticed over 82% of the homeowners were adult men, while the remaining 18% were women and young people. To promote inclusion, we engaged with more women and young people about our homeownership opportunities that offered flexible payment options – a critical step forward in limiting the barriers to homeownership for women and young people. Today, through the installment payment programme, more than 30% of the homeowners in our legacy estates are women, while about 10% are young people.

What we have seen from our journey is that inclusive homeownership is a catalyst for change – positively shaping communities and futures. This is the story that is being told here by the families now living in our communities across Nigeria.

### **GRAND LUVU ESTATE – NASARAWA STATE**

Rita Bernard and her young family thought it was too good to be true, but the Family Homes Estate in Grand Luvu is both an affordable offering and a comfort place. Today, she is happy to have followed through with the journey,

having her children in a spacious, well laid out community in Nasarawa – an opportunity to bloom.

“When I first came here alone to see the community, I wasn’t so sure about making the journey to become a homeowner. However, the first time I brought the children here, they were so ecstatic about everything – the basketball court, the football field – their excitement encouraged me to proceed with the journey as I want to provide them with the best life has to offer”, she said.

Juliet Akuba – another resident in our community – said she never dreamt of becoming a homeowner until the Family Homes Funds programme was mentioned to her. “They worked with me to create an installment plan, and with that I now have a place I can call my own”, she said.

Naomi Luka, or Landlady, as we fondly call her is the first resident of the Grand Luvu Estate. A single mother with so much to live for.

“I was the first to move into the community, despite that, I sleep peacefully. This my home is like my own small London”. Many years after, she is still enamoured by the serenity, vegetation, neatness and the amenities available in the estate. She feels assured by our commitment to ensuring the well-being of residents.

The inclusion of young people in homeownership is profoundly impactful, as Sylvester Phaidon, a resident of the Luvu estate can attest.

“As a young adult, the prospect of owning a home seemed daunting, given the challenges of entering the housing market. However, with the invaluable support offered by Family Homes Funds Limited, I successfully navigated the complexities of homeownership and transformed my dreams into reality;” said the passionate sports enthusiast.

Sylvester’s testimonial underscores the significance of homeownership in fostering stability, pride, and accomplishment among young individuals, facilitating their integration into their communities.

Okeke Ifeanyichukwu is one of the older male homeowners, whom have had to endure so many years as a struggling tenant in an uncomfortable apartment. This now comes as a huge accomplishment to him. "There is nothing as calming as knowing that you have a place you can call yours after retirement, that is what FHFL offers us", he said.

### **FAMILY HOMES ESTATE, DELTA STATE**

For Mrs Judith Uduje Ogbolu, a resident of our affordable housing Estate in Asaba, the story is no different – there is an immeasurable sense of stability and security.

In her words, "Owning a home has brought a sense of stability and security into my life that renting never could. No longer am I at the mercy of fluctuating rental prices or the whims of a landlord. Instead, I have the freedom to personalize my space, make improvements, and truly put down roots in a community I love. Thank you, Family Homes Funds for a dream come true."

### **FAMILY HOMES ESTATE, NEW MAKUN, OGUN STATE**

Abimbola Comfort Olutayo is a homeowner at Family Homes Estate, New Makun, Ogun State. She is a single mother of four (4) and a first-time house buyer. She was able to achieve her dream of becoming a homeowner through FHFL's Rent till Mortgage package in 2021 and has currently been upgraded to an instalment payment plan while her mortgage processing is still on going.

In her words, "Becoming a first-time homeowner is an experience that has profoundly impacted my life in ways I could never imagine. The journey from dreaming of a home as a single mother to finally stepping into it as a proud owner is a testament to dedication, perseverance, and the realization of a lifelong dream.

"The moment I received the keys to my new home, a flood of emotions overwhelmed me – excitement, joy, and even nervousness. It

was a tangible symbol of my hard work and determination. Thanks to the flexible payment plan by Family Homes Funds, my children and I finally have a place we could truly call our own and create lasting memories".

Her narrative embodies the struggles and triumphs of countless women in surmounting social marginalisation to secure stable housing. Customarily, our team takes the pain and time to walk potential homeowners like Abimbola through the processes that would secure their dreams.

### **FAMILY HOMES ESTATE, DARMANAWA, KANO STATE**

The story is not different in Kano. According to Alhaji Gambo Diri, the Chairman of the resident's association of the Family Homes Estate in Darmanawa, Kano, the feeling is great for the families living in comfort at the modern estate.

"There are very few places like this in Kano, where affordability meets with comfort. We are grateful for the dedication and commitment of the FHFL team for investing in such an important project where many low-income families like mine can have a decent and happy life".

Our journey towards inclusive homeownerships for all is just beginning. We recognise that the path to progress is an ongoing one that requires collaboration, adaptability, and an unwavering commitment to excellence. Despite the prevailing challenges, we remain steadfast in our dedication to listening, learning, and evolving in our pursuit of making homeownership a reality for every individual and family.



# 04

## **Our Stakeholders Engagement Initiatives**





## **Our Stakeholders** **Engagement Initiatives**

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Building thriving communities starts with meaningful engagement—both with the external stakeholders who benefit from our initiatives and the internal teams that drive our vision forward.

This section of our annual report highlights the diverse ways in which FHFL has actively engaged with communities, government bodies, financial partners, and our own staff. From partnering with local governments to deliver housing projects that transform

neighborhoods to hosting internal celebrations and employee recognition programmes, these initiatives reflect our commitment to building not just homes, but resilient and connected communities.

Our external engagements focus on inclusivity, ensuring that the voices of those we serve are heard and their needs met. Meanwhile, our internal programs emphasise teamwork, diversity, and professional growth, cultivating a culture of excellence within FHFL.





*FHFL Team with Stakeholders at the 2023 Africa International Housing Show*

## Engaging Stakeholders at the Africa International Housing Show

### ENGAGING WITH CRITICAL STAKEHOLDERS

FHFL's participation at AIHS 2023 facilitated high-level interactions with a wide range of stakeholders, including policymakers, financial institutions, developers, and construction professionals. These engagements allowed us to share insights on the challenges and opportunities within Nigeria's housing sector, particularly in the areas of affordable housing and financing. FHFL took the opportunity to strengthen relationships with government partners, explore new collaborations with private sector stakeholders, and reinforce our leadership in delivering affordable housing solutions across Nigeria.

### LEADING CONVERSATIONS ON ALTERNATIVE BUILDING OPTIONS

As part of our commitment to innovation, FHFL convened a specialised conference

session at the AIHS, focusing on alternative building options. This session highlighted the need for more cost-effective, sustainable, and scalable housing solutions that address Nigeria's housing deficit. By showcasing advanced building methods such as modular construction, prefabricated materials, and green technologies, FHFL positioned itself at the forefront of housing innovation, driving conversations on how these alternatives can contribute to a more sustainable housing future.

The session attracted a diverse audience, including architects, developers, and policymakers, all of whom engaged in discussions on the practicality, affordability, and environmental benefits of these alternative approaches. FHFL's leadership in this space further reinforced our commitment to pushing boundaries and finding more efficient ways to deliver quality homes to Nigerians.

## BUILDING BRAND AWARENESS AND NETWORKING



Throughout the event, FHFL leveraged the platform to increase awareness about our mission, products, and ongoing projects. Our exhibition booth drew significant interest, allowing us to directly engage with potential customers, partners, and industry stakeholders. The visibility we gained at AIHS 2023 helped further position FHFL as a trusted leader in the affordable housing space, while reinforcing our brand's commitment to transparency, quality, and community development.

Additionally, FHFL used the AIHS networking opportunities to explore new partnerships and strengthen existing relationships. We connected with primary mortgage banks, construction companies, and international investors, with a view to expanding our capacity to deliver affordable housing projects at a larger scale. These interactions also helped FHFL gain valuable insights into emerging trends and challenges in the housing sector.

## AWARD: AFFORDABLE HOUSING COMPANY OF THE YEAR

A highlight of FHFL's participation at AIHS 2023 was being honoured with the prestigious Affordable Housing Company of the Year award. This recognition underscores FHFL's leadership role in addressing Nigeria's housing deficit and delivering on our promise to provide high-quality, affordable homes for low-income families.

Winning this award is a testament to the hard work, innovation, and dedication of the FHFL team, as well as the success of our strategic initiatives, such as the Affordable Housing Fund, and the Help to Own (HTO) programme. The award also highlights our consistent focus on social impact, job creation, and community building, further solidifying our position as a leading force in the affordable housing sector.

FHFL's participation at the 2023 Africa International Housing Show was not only an opportunity to showcase our achievements but also a platform to lead critical conversations on the future of affordable housing in Nigeria. By engaging with stakeholders, advocating for innovative building technologies, and raising awareness about our brand, FHFL continues to push the boundaries of what is possible in affordable housing. Winning the Affordable Housing Company of the Year award was a significant moment, reinforcing our commitment to making homeownership accessible to all Nigerians.



Through initiatives like this, FHFL remains focused on fulfilling its mission to deliver sustainable, affordable housing that improves lives and strengthens communities.



*Cross section of FHFL Team Members at the 2023 HR week*

## Employee Development and Well-being Programmes



**Abubakar Bello**

Head, Corporate Services

As we reflect on another year of progress, it is inspiring to witness how Family Homes Funds Limited continues to strengthen its position as a leader in affordable housing finance while staying deeply committed to serving the needs of our stakeholders—both within and beyond the organisation. This journey has been driven by an unwavering focus on excellence and the determination to make a tangible difference in the lives of Nigerian families.

Our team at FHFL places immense value on building a workplace that thrives on integrity, inclusivity, and shared goals. Internally, we have worked diligently to foster a supportive environment that encourages growth, collaboration, and innovation. Through ongoing professional development



programmes, open channels for feedback, and structured wellness initiatives, we prioritise the well-being and career progression of our employees. These efforts reflect our understanding that a resilient and motivated workforce is fundamental to meeting our broader organisational objectives.

Externally, FHFL's commitment to sustainable development has been affirmed by our continuous engagement with global best practices and the positive partnerships we have built across the housing finance ecosystem. Our partnerships with financial institutions, government bodies, and non-governmental organisations highlight our focus on shared values and complementary goals, allowing us to expand our reach and impact. This year, we worked tirelessly to improve our processes, embracing more technology

driven solutions and aligning with leading industry standards to enhance efficiency and accountability.

Additionally, FHFL has made strides in Environmental, Social, and Governance (ESG) integration, understanding that the highest standard of corporate responsibility is necessary to build enduring value. By embedding sustainability into every layer





## HR WEEK

The HR Week was a dedicated period where various activities and workshops were conducted to educate and engage employees on human resource-related topics. This initiative included sessions focused on instigating change from within and exploring the cascading effects of accountability and

of our operations, we continue to uphold our responsibility to Nigeria's economic development and the stewardship of the communities we serve.

Looking forward, we remain committed to pushing the boundaries of what is possible in affordable housing finance, driven by a clear vision and guided by the principles that form the bedrock of our organisation. Together, as we journey into the future, FHFL will remain steadfast in our commitment to upholding best global practices and fulfilling our mission with integrity, purpose, and dedication to lasting impact.

In 2023, The staff engagement initiatives played a crucial role in establishing a positive and productive work environment. The company's focus on health, recognition, and continuous engagement successfully nurtured a culture of excellence, collaboration, and well-being. These initiatives not only improved employee well-being but also significantly contributed to the overall success and growth of the organization.

Employee Appreciation.

## HEALTH CHECKS AND MENTAL WELLBEING TALK

Employees underwent full body health checks, followed by an informative session focused on mental wellbeing and productivity. This initiative highlighted the company's commitment to the health and wellness of its staff, helping to reduce stress and improve overall morale.

## FHFL POSITION ON SUSTAINABILITY INITIATIVES

As an organization dedicated to making a transformative impact in the lives of Nigerians and aspiring to be the foremost leader in interactive social housing, FHFL's position on sustainability and diversity initiatives are





programs, mentorship initiatives, and career advancement pathways ensure that employees have the tools and support they need to excel and thrive within our organization, FHFL strategic focus on staff training has remained a selling point for talent attraction and retention, the company have invested hugely over the last 4years to ensure staff are well train and equipped to deliver quality work.

paramount to our mission and vision.

Our dedication to sustainability goes beyond building homes; it includes developing thriving, resilient communities that prioritize environmental stewardship. We incorporate sustainable practices into every aspect of our operations, from using eco-friendly materials to implementing energy-efficient designs. By promoting green building practices and engaging with local communities, our goal is to create sustainable housing solutions that contribute to a healthier, greener future for Nigerians.

### DIVERSITY, EQUITY, AND INCLUSION (DEI)

We believe in the power of diversity to drive innovation, foster creativity, and create a more inclusive society. Our organization is committed to cultivating a diverse, equitable, and inclusive workplace where every voice is valued and respected. Through proactive recruitment strategies, inclusive policies, and ongoing DEI training, we aim to build a workforce that reflects the rich diversity of Nigeria and promotes, gender equality and offers ground leveling opportunity for all. Together, we are building a brighter, more inclusive future for Nigeria.

### STAFF ATTRACTION, RETENTION, AND TRAINING

Attracting and retaining top talent is crucial to our success. We offer competitive benefits, prioritize work-life balance, and provide opportunities for professional growth and development. Our training

### YOUNG ELITE PROFESSIONAL PROGRAMME

Our Young Elite Professional Program aims to discover, support, and empower the next generation of leaders in the social housing sector. We seek out talented young professionals and offer them customized training, mentorship, and practical experience to fast-track their career advancement. By investing in the development of young talent, we are not only cultivating a pool of future leaders but also fostering innovation and excellence in the housing industry.

FHFL is committed to making a meaningful impact in the lives of Nigerians through our sustainability initiatives, diversity, equity, and inclusion efforts, staff attraction, retention, training, and the young elite professional program. We aim to create sustainable communities, promote diversity and inclusion, empower our employees, and nurture the next generation of leaders through our holistic approach to social housing. Together, we are building a brighter, more inclusive future for Nigeria.



An aerial photograph of a residential development. The image shows several rows of houses with red and blue roofs, interspersed with green lawns and trees. A multi-lane road runs diagonally across the scene. The overall layout is organized and planned.

# 05

**2023:  
A Significant  
Year of Events**



# Commissioning of 469 Housing Units in Kano State: A Milestone in Affordable Housing Delivery



*His Excellency, Former President Muhammadu Buhari, Commissioning 469 Housing Units at Family Homes Funds Estate, Darmanawa, Kano State*

In January 2023, Family Homes Funds Limited (FHFL) marked a significant achievement with the successful commissioning of 469 housing units in Kano State. This milestone project, designed for families on low to middle incomes, was officially commissioned by President Muhammadu Buhari, reinforcing FHFL's commitment to providing affordable housing solutions across Nigeria.

## A LANDMARK PROJECT FOR LOW- TO MIDDLE-INCOME FAMILIES

The Kano housing project is part of FHFL's broader mission to bridge the housing deficit for Nigeria's underserved populations. These 469 units, built to high standards of quality and affordability, are aimed at households on low to middle income, who traditionally face

significant barriers to homeownership. The development features a mix of one-, two-, and three-bedroom units, catering to the needs of a diverse group of beneficiaries. Each unit is designed with functionality and comfort in mind, ensuring that residents can enjoy a dignified and stable living environment. By offering flexible payment terms through mortgage finance products like FHFL's Help to Own (HTO) programme, the project also enables families to move into their homes with as little as a 10% down payment.

## PRESIDENTIAL COMMISSIONING: A HISTORIC MOMENT

The commissioning ceremony, led by President Muhammadu Buhari, was a proud moment for FHFL and the people of Kano State. During his

address, the President commended FHFL's efforts in making affordable housing a reality for Nigerians, particularly those in low- to middle-income brackets. He highlighted the government's support for initiatives like FHFL, which contribute to economic growth, job creation, and improved living standards.

President Buhari's presence at the event underscores the importance of strategic investments in tackling Nigeria's housing challenges. The Kano housing project is a clear example of how collaboration between the Federal Government, state governments, and FHFL can deliver impactful and sustainable housing solutions for millions of Nigerians.

### **IMPACT BEYOND HOUSING: JOB CREATION AND ECONOMIC GROWTH**

Beyond delivering homes, the Kano housing project has had a significant socio-economic impact on the local community. During the construction phase, the project generated over 1,500 jobs, directly benefitting artisans, labourers, and local businesses involved in the supply of materials and services. These jobs not only provided income for local families but also contributed to skill development in the construction sector.

Furthermore, the commissioning of these housing units has catalysed economic activity in the surrounding area, boosting demand for local services such as markets, schools, and healthcare facilities. This ripple effect demonstrates the far-reaching impact of FHFL's affordable housing projects on local economies and livelihoods.



# 2023 IN PICTURES



FHFL PARTICIPATION AT THE AFRICA INTERNATIONAL HOUSING SHOW 2023



FHFL PARTICIPATION AT THE AFRICA INTERNATIONAL HOUSING SHOW 2023



FHFL PARTICIPATION AT THE AFRICA INTERNATIONAL HOUSING SHOW 2023

# 2023 IN PICTURES



**FHFL TEAM MEETING WITH SHELTER AFRIQUE**



**FHFL TEAM MEETING WITH SHELTER AFRIQUE**



**FHFL AT THE WORLD BANK 9TH GLOBAL AFFORDABLE HOUSING CONFERENCE, WASHINGTON DC, USA**

# 2023 IN PICTURES



FHFL PARTICIPATION AT 2023 AUHF CONFERENCE, NAMIBIA



FHFL PARTICIPATION AT 2023 AUHF CONFERENCE, NAMIBIA



FHFL PARTICIPATION AT 2023 AFRICA CLIMATE SUMMIT, KENYA

# RATINGS & AWARDS



Family Homes Funds Limited Rating Upgraded to **A(NG)/A1(NG)** from **BBB+(NG)/A2(NG)** by GCR with **Stable Outlook**



UPGRADES FHFL'S RATING TO "**A+**" WITH STABLE OUTLOOK

**A+**



FHFL AWARDED AFFORDABLE HOUSING PROVIDER OF THE YEAR AT AFRICA INTERNATIONAL HOUSING SHOW 2023

# 06

## Financial Statements





## GENERAL INFORMATION

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### COUNTRY OF INCORPORATION

Nigeria

### COMPANY REGISTRATION NUMBER

RC1360519

### DIRECTORS

Chairman

Mr. Ademola Adebise

Managing Director

Mr. Abdul Mutallab Mukhtar

Executive Director

Dr. Emeka Henry Inegbu

Executive Director

Mr. Abdullahi Musa

Non-Executive Director

Dr. Eniang Essien Nkang

Non-Executive Director

Mrs. Bilikisu Usman

Non-Executive Director

Mr. Sam N. Okagbue, FCARB

Non-Executive Director

Arc. Musa Ahmed

Non-Executive Director

Mrs. Ijeoma Taylaur (Representative of NSIA Property Investment Company)

Non-Executive Director

Mr. Abdulqawil Bello (Representative of Federal Ministry of Finance Incorporated)

### COMPANY SECRETARY

Mr. Franklin J. Eseagwu

3rd Floor Sinoki House

Samuel Ademulegun Avenue

Central Business District 900211

Abuja

### REGISTERED OFFICE

3rd Floor Sinoki House

Samuel Ademulegun Avenue

Central Business District 900211

Abuja

### AUDITORS

Ernst & Young

10th & 13th Floor UBA House

57 Marina, Lagos.

### COMPANY SOLICITORS

Banwo & Ighodalo

Plot 2669, Afri-Investment House

50 Aguiyi Ironsi Street, Wuse Abuja

### PRINCIPAL BANKERS

CBN Treasury Single Account

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

The directors are pleased to present their annual report on the affairs of Family Homes Funds Limited (“the Company”), together with the auditors’ report for the year ended 31 December 2023.

### LEGAL FORM

The Company was incorporated as a private limited liability company in Nigeria under the Companies and Allied Matters Act 2020 as Family Homes Funds Limited in 8 September 2016.

### PRINCIPAL ACTIVITY

The Company is established to invest in and to purchase, acquire, hold, develop, work and turn to account any land (of any tenure), landed property or real estate of any kind whatsoever (including proprietary rights) including but not limited to homes, housing estates, buildings, properties and all manner of real property in Nigeria and related infrastructure and equipment. The Company also provide funding for building of low-cost houses for low-income earners.

### STATE OF AFFAIRS

In the opinion of the directors, the state of the Company’s affairs is satisfactory and there has been no material change since the reporting date, which would affect the financial statements as presented.

### RESULT FOR THE YEAR

	<b>2023</b>	<b>2022</b>
	N’000	N’000
Revenue	6,351,492	5,104,077
	=====	=====
Profit before taxation	4,059,362	2,049,627
Taxation	(396,108)	(599,398)
	.....	.....
Profit after taxation	3,663,254	1,450,229
	=====	=====
Total comprehensive profit for the year	3,663,254	1,450,229
	=====	=====

### DIVIDEND

At the board meeting on 14th August 2024, the board of directors proposed a final dividend of 5% on profit after taxation amounting to N183,162,700 (2022: N72,511,450). The dividend is subject to withholding tax at appropriate rate.

### PROPERTY, PLANT AND EQUIPMENT

Information relating to movement in property, plant and equipment is as shown in note 11 to the financial statements. In the opinion of the Directors, the market value of the Company’s assets is not less than the value shown in the financial statements.

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

### DIRECTORS

The names of the Directors at the date of this report and of those who held office during the financial year are as follows;

Chairman**	Mr. Adebola Adebise
Chairman*	Mr. Suleiman Barau
Managing Director	Mr. Abdul Mutallab Mukhtar
Executive Director**	Dr. Emeka Henry Inegbu
Executive Director**	Mr. Abdullahi Musa
Non-Executive Director*	Mr. Chiweze Allen Ukwuoma
Non-Executive Director*	Mr. Mohammed Rashid Umar
Non-Executive Director*	Ambassador Muhammadu Adamu Jumba
Non-Executive Director**	Dr. Eniang Essien Nkang
Non-Executive Director**	Mrs. Bilikisu Usman
Non-Executive Director**	Mr. Sam N. Okagbue, FCARB
Non-Executive Director**	Arc. Musa Ahmed
Non-Executive Director**	Mrs. Ijeoma Taylaur (Representative of NSIA Property Investment Company Limited)
Non-Executive Director**	Mr. Abdulqawil Bello (Representative of Federal Ministry of Finance Incorporated)
Non-Executive Director*	Mr. Aminu Umar-Sadiq (Representative of NSIA Property Investment Company Limited)
Non-Executive Director*	Aisha Shehu Omar (Representative of Federal Ministry of Finance Incorporated)

### DIRECTORS INTEREST IN CONTRACTS

None of the directors has notified the Company for the purpose of section 303 of the Companies and Allied Matters Act, 2020 of any declarable interest in contract in which the Company was involved during the year ended 31 December 2023.

### DIRECTORS INTEREST IN SHARES

For the purpose of section 301 of the Companies and Allied Matters Act, 2020, none of the directors hold shares in the company.

### BENEFICIAL OWNERSHIP

The issued shares of the Company as at 31 December 2023 were beneficially held as follows:

Shareholder	Number of Shares	%
NSIA Property Investment Company Limited	490,000	49
Ministry of Finance Incorporated	510,000	51
	1,000,000	100
	=====	===

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

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### CHARITABLE AND OTHER DONATIONS

In compliance with sections 43 of the Companies and Allied Matter Acts, 2020, the Company did not make any donation or gift to any political association or for any political purpose during the year.

### EMPLOYMENT OF DISABLED PERSONS

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. No disabled person was in the employment of the Company as at 31 December 2023.

### HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organized to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

### EMPLOYEE INVOLVEMENT AND TRAINING

The Company encourages participation of employees in arriving at decisions in respect

of matters affecting their wellbeing. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsor's its employees for various training courses both in Nigeria and abroad.

### EVENTS AFTER REPORTING PERIOD

As stated in Note 32, the Directors are not aware of any matters of circumstances arising since the end of the reporting date, not otherwise dealt with in the annual financial statements which materially affect the financial statements of the Company.

### AUDITORS

The auditor, Ernst & Young, having indicated their willingness, will continue in office as the auditor in accordance with Section 401(2) of the Companies and Allied Matters Act 2020.

BY ORDER OF THE BOARD



COMPANY SECRETARY

**Mr. Franklin J. Eseagwu**

30th August 2024

## STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2023

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The Companies and Allied Matters Act, 2020, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

- a. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position and financial performance of the Company in accordance with the International Financial Reporting Standards, compliance with the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria (Amendment) Act, 2023;
- b. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards issued by International Accounting Standards Board, Financial Reporting Council of Nigeria (Amendment) Act, 2023 and the requirements of the Companies and Allied Matters Act, 2020.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its financial performance for the year ended 31 December 2023. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.



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**Abdul Mutallab Mukhtar**  
Managing Director  
FRC/2023/PRO/DIR/003/100126



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**Ademola Adebise**  
Chairman  
FRC/2013/ICAN/00000002115

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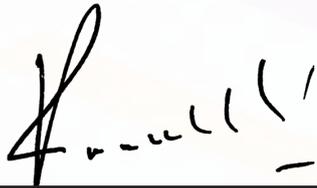
30th August 2024

# STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## Certification Pursuant to Section 405(1) of Companies and Allied Matter Act, 2020

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended December 31, 2023 that:

- a. We have reviewed the audited financial statement, and based on our knowledge:
  - i. the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading;
  - ii. the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the periods covered by the audited financial statements.
- b. We are responsible for establishing and maintaining internal controls and we have:
  - i. designed internal controls to ensure that material information relating to the Company is made known to us during the year ended 31 December 2023;
  - ii. evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of the audited financial statements; and
  - iii. presented in the report our conclusion about the effectiveness of our internal controls based on evaluation as that date.
- c. We disclosed to the auditor of the Company:
  - i. that there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data; and has identified for the Company's auditor, any material weaknesses in internal controls; and
  - ii. that there are no fraud, whether or not material, that involves management or other employees who have a significant role in Company's internal control; and
- d. That there were no significant changes in internal controls or in other factors that significantly affected internal controls subsequent to the date of evaluation, including any corrective actions with regard to significant deficiencies and material weakness.



**Abdul Mutallab Mukhtar**  
Managing Director  
FRC/2023/PRO/DIR/003/100126



**Nkeiru Arum FCA**  
Chief Finance Officer  
FRC/2019/ICAN/00000019990

30th August 2024



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAMILY HOMES FUNDS LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinion**

We have audited the financial statements of Family Homes Funds Limited ("The Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Family Homes Funds Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Family Homes Funds Limited Annual Financial Statements for the year ended 31 December 2023", which includes the Report of the Directors, Statement of Directors' Responsibilities in Relation to the preparation of the Financial Statements, Statement of Corporate Responsibility for the Financial Statements, and Other National Disclosures, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.



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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting



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estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and material audit findings, including any material deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- in our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books; and
- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

A handwritten signature in black ink, appearing to read 'Funmi Ogunlowo', written over a white background.

**Funmi Ogunlowo FCA**

FRC/2013/PRO/ICAN/004/00000000681

For Ernst & Young

Lagos, Nigeria

30th August 2024

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## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

		<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>₦ 000</b>	<b>₦ 000</b>
Revenue	5	6,351,492	5,104,077
Finance Income	6.1	4,474,542	2,696,960
Other income	6.2	19,075	88,573
Operating and administrative expenses	7	(3,049,391)	(3,828,880)
Finance cost	7.1	(3,736,357)	(2,011,103)
		-----	-----
<b>Profit before tax</b>	<b>9</b>	<b>4,059,362</b>	<b>2,049,627</b>
Income tax expense	10	(396,108)	(599,398)
		-----	-----
<b>Profit for the year</b>		<b>3,663,252</b>	<b>1,450,229</b>
		-----	-----
Other comprehensive income		-	-
		-----	-----
Total comprehensive profit for the year		3,663,252	1,450,229
		=====	=====
<b>Basic earnings per share (Naira)</b>	<b>21.1</b>	<b>3,663</b>	<b>1,450</b>
		=====	=====

*See notes to the financial statements*

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

Assets	Notes	₦ 000	₦ 000
<b>Non-current assets</b>			
Property plant and equipment	11	232,335	176,196
Intangible assets	12	174,388	142,722
Right of use Asset	13	78,556	57,445
Investment properties	14	1,259,966	1,259,966
Sinking fund investment	23.2	5,557,888	6,253,845
Loan receivables	15	67,729,377	69,137,600
Deferred tax asset	10	22,760	-
		75,055,270	77,027,774
<b>Current assets</b>			
Property inventories	16	21,743,116	19,796,384
Trade and other receivables	17	2,668,705	1,887,553
Cash and cash equivalents	18	54,988,845	30,595,711
		79,400,666	52,279,648
<b>Total assets</b>		154,455,936	129,307,422
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	19	1,000	1,000
Capital grant	20.1	89,000,000	85,500,000
Retained earnings	21	7,227,166	3,636,424
<b>Total equity</b>		96,228,166	89,137,424
<b>Non-current liability</b>			
Loans and borrowings	23.1	40,959,309	26,139,442
Deferred Income Grant	20.2	5,880,645	4,800,000
Deferred tax liability	10	-	3,602
<b>Total non-current liability</b>		46,839,954	30,943,044
<b>Current liabilities</b>			
Trade and other payables	22	6,294,962	4,322,618
Loans and borrowings	23	4,514,768	4,248,684
Income tax payable	10	578,086	655,652
<b>Total current liabilities</b>		11,387,816	9,226,954
<b>Total liabilities</b>		58,227,770	40,169,998
<b>Total Equity and Liabilities</b>		154,455,936	129,307,422

The financial statements were approved by the Board of Directors on 30<sup>th</sup> August 2024 and signed on its behalf by:



Ademola Adebise  
Chairman  
FRC/2013/ICAN/0000002115



Abdul Mutallab Mukhtar  
Managing Director  
FRC/2023/PRO/DIR/003/100126



Nkeiru Arum FCA  
Chief Finance Officer  
FRC/2019/ICAN/00000019990

See notes to the financial statements

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	<b>Share Capital</b>	<b>Capital Grant</b>	<b>Accumulated Profit</b>	<b>Total Equity</b>
	<b>₹ 000</b>	<b>₹ 000</b>	<b>₹ 000</b>	<b>₹ 000</b>
<b>2022</b>				
At 1 January 2022	1,000	78,500,000	2,428,872	80,929,872
Capital grant inflow	-	7,000,000	-	7,000,000
Profit for the year	-	-	1,450,229	1,450,229
Dividend for the year 2021	-	-	(242,677)	(242,677)
<b>At 31 December 2022</b>	<b>1,000</b>	<b>85,500,000</b>	<b>3,636,424</b>	<b>89,137,424</b>
	=====	=====	=====	=====
<b>2023</b>				
At 1 January 2023	1,000	85,500,000	3,636,424	89,137,424
Capital grant inflow	-	3,500,000	-	3,500,000
Profit for the year	-	-	3,663,253	3,662,253
2022 Final dividend	-	-	(72,511)	(72,511)
<b>At 31 December 2023</b>	<b>1,000</b>	<b>89,000,000</b>	<b>7,227,166</b>	<b>96,228,166</b>
	=====	=====	=====	=====

*See notes to the financial statements*

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	Note	¥ 000	¥ 000
<b>Operating activities</b>			
Profit before tax		4,059,362	2,049,627
<b>Adjustments to reconcile profit before tax to net cash flow:</b>			
Depreciation of property, plant and equipment	11	91,434	91,455
Depreciation of Right of use Asset	13	59,572	36,594
Amortization of intangibles	12	40,375	26,237
Loss on disposal of property, plant and equipment	7	8,856	6,122
Interest income	6	(4,474,542)	(2,696,960)
Loan receivables	15	1,417,668	(28,428,926)
Finance cost	7.1	3,736,357	2,011,103
Impairment of loans (recovered)/expense	15	(9,446)	402,563
		<b>4,929,636</b>	<b>(26,502,185)</b>
<b>Working capital adjustments:</b>			
Increase in inventories		(1,946,731)	(2,063,198)
Increase in trade and other receivables		(781,151)	(1,181,798)
Increase in trade and other payables		2,023,599	2,602,565
		<b>4,225,353</b>	<b>(27,144,616)</b>
Interest received	6	4,474,542	2,696,960
Income taxes paid	10	(500,037)	(217,577)
Dividend paid	22.2	(123,765)	(118,912)
Net cash flow used in operating activities		<b>8,076,093</b>	<b>(24,784,145)</b>
<b>Investing activities</b>			
Purchase of intangible assets	12	(72,041)	(94,978)
Purchase of property, plant and equipment	11	(163,780)	(67,768)
Sales proceed on disposal of property, plant and equipment		7,349	-
Right-of-use assets	13	(80,683)	(70,899)
Lease rental paid on bonds	23.3	(3,880,720)	(1,270,139)
Net received/(payment) on sinking funds investment		695,957	(4,462,754)
Net cash flow used in investing activities		<b>(3,493,918)</b>	<b>(5,966,538)</b>
<b>Financing Activities</b>			
Capital grant	20.1	3,500,000	7,000,000
Deferred income grant	20.2	1,080,645	4,800,000
Loan obtained	23.1	18,142,200	20,000,000
Principal repayment on bond	23.1	(2,911,886)	(948,671)
Net cash flow from financing activities		<b>19,810,959</b>	<b>30,851,329</b>
Net increase in cash and cash equivalents		24,393,134	100,646
Cash and cash equivalents at 1 January		30,595,711	30,495,065
Cash and cash equivalents at 31 December	18	<b>54,988,845</b>	<b>30,595,711</b>

See notes to the financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

#### 1.1 Description of business

Family Homes Funds Limited was incorporated as a private limited liability Company in Nigeria on 8 September 2016. The Company is owned by Nigeria Sovereign Investment Authority and Ministry of Finance Incorporated. The Company is established to invest in and to purchase, acquire, hold, develop, work and turn to account any land (of any tenure), landed property or real estate of any kind whatsoever (including proprietary rights) including but not limited to homes, housing estates, buildings, properties and all manner of real property in Nigeria and related infrastructure and equipment.

#### Shareholders' information

Shareholder	Number of Shares	%
NSIA Property Company Limited	490,000	49
Ministry of Finance Incorporated	510,000	51
	----- 1,000,000 =====	

#### 1.2 Composition of financial statements

The financial statements are drawn up in Naira, the functional currency of Family Homes Funds Limited, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the provision of the Companies and Allied and Matters Act, CAP 20 and the Laws of the Federation of Nigeria 2004 as applicable accounting presentation. The financial statements comprise:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the Financial Statements

#### 1.3 Basis for preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the provision of the Companies and Allied and Matters Act, 2020 as applicable. The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the Company in preparing its consolidated financial statements:

### a. Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

#### A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### b. Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is material to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is material to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is material to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is material to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

### **c. Foreign Currency transactions**

The Company's financial statements are presented in Naira, which is also the Company's functional currency.

#### **i. Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## **2.1 Revenue Recognition**

Revenue recognition from contract with customers

### **2.1 Revenue from contract with customers**

The Company is in the business of financing the acquisition, development, sale and management of commercial and residential accommodation and retail space. These contracts are divided into two major revenue streams namely:

- Interest income and management fees earned from loans
- Sales of Goods - Sale of property stock

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of material accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 5. The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has been able to take a reasonable approach to determine the portfolios that would be representative of its types

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of customers and business lines. This has been used to categorise the different revenue stream detailed below.

### **Interest income and Management fees earned from loans**

The revenue from the interest and management fees on loans is recognized once income is earned at the end of each period, generally on the loan facility. The Company considers whether the promises in the contract have been fulfilled, to which a portion of the transaction price (i.e., interest and management fees) needs to be allocated. In determining the transaction price for the interest income, the Company considers the effects of variable consideration, the existence of material financing components, noncash consideration, and consideration payable to the customer (if any).

### **Sale of goods - Sale of Property Stock**

Revenue from Sale of Property Stock is recognised at the point in time when control of the asset is transferred to the customer, generally on transfer of the property. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of property, the Company considers the effects of variable consideration, the existence of material financing components, noncash consideration, and consideration payable to the customer (if any).

### **Material financing component**

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a material financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

### **Contract Balances**

#### **Trade Receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

#### **Contract Liabilities**

"A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract."

**Contract revenue** — Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

**Contract costs** — Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise; site Labour costs (including site supervision); costs of materials used in construction; costs of design, cost of depreciation on plant and machinery and technical assistance that is directly related to the contract.

The company contracts are typically negotiated for the construction of a single asset or a group

of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Assets covered by a single contract are treated separately when:

- a. The separate proposals have been submitted for each asset
- b. Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset
- c. The costs and revenues of each asset can be identified

A group of contracts are treated as a single construction contract when:

- a. The group of contracts is negotiated as a single package;
- b. The contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin,
- c. The contracts are performed concurrently or in a continuous sequence

The three criteria must be met before combination can occur.

Losses on contracts are recognised in the period in which they first become foreseeable. Contract losses are determined to be the amount by which estimated direct and indirect costs of the contract exceed the estimated total revenues that will be generated by the contract. During the period until the percentage of completion calculation is completed, all contract costs are accumulated in contract work in progress.

The costs of the contract attributable to the stage of contract completion are transferred to cost of sales. Where the costs incurred plus recognised profits are greater than the sum of the recognised losses and progress billings, then this amount is shown in debtors as amounts due from customers for contract work. Where the sum of recognised losses and progress billings is greater, then this amount is shown in creditors as amounts due to customers for contract work.

## 2.2 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Profit or Loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

## 2.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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### 2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes direct costs, appropriate allocations of materials and other overheads associated with the production of the assets, professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Furniture and fittings	25%
Motor Vehicles	25%
Equipment	25%

Expenses on repairs and maintenance for instance day to day service cost and on-going maintenance cost are recognized in profit or loss immediately. Major repairs and overhaul costs are capitalized if it will result in future economic benefits. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Losses or gains on disposals of assets are recognized in the statement of profit or loss and other comprehensive income under other gains and losses. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 2.5 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

### 2.6 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is based on standard costing that comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## 2.7 Taxation

Taxation represents the sum of income tax payable and deferred tax.

### 2.7.1 Income and deferred tax for the year

Income and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where income tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 2.7.2 Income tax

Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Company's liability for current tax is calculated based on Finance Act 2022 and tax rates that have been enacted or substantively enacted by the end of the reporting date.

### 2.7.3 Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the differences between the net book value of qualifying property, plant and equipment and their corresponding tax written down values. Also, consideration is given for provision for retirement benefit which have not been paid in the year.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realized based on the tax rates enacted by the end of the reporting period.

## 2.8 Foreign currencies

All transactions in foreign currencies are recorded in Naira at the rate of exchange ruling at the dates of the transactions. Monetary items are converted to Naira at the rates of exchange ruling at the reporting date. All differences arising there from are taken to the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## 2.9 Dividends

Dividends on ordinary shares to shareholders are recognized in equity in the period in which they are paid or, if earlier, approved by the shareholders at the Annual General Meeting.

## 2.10 Retirement benefits

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### 2.10.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation and sick leave, bonuses and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### 2.10.2 Defined contribution plan

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. Retirement benefit plans for members of staff are structured through a defined contributory pension scheme, which is independent of the Company's finances and is managed by Pension Fund Administrators. The scheme, which is funded by contributions from both employer and employees at each 10% and 8% respectively, is consistent with the Pension Reform Act 2014.

### 2.10.3 Defined benefit plan

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out periodically so that a provision for the present value of the estimated cost for liabilities due at the reporting date in respect of employees' terminal gratuities based on qualifying years of service and applicable emoluments as per operating collective agreement is being made in the statement of financial position.

## 2.11 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### 2.11.1 Financial assets

Purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### 2.11.1.1 Amortized cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently

at amortised cost. Interest income is recognised in profit or loss and is included in the “investment income” line item.

#### **2.11.1.2 Classification of financial assets**

The Company’s financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, ‘available-for-sale’ (AFS) financial assets and ‘loans and receivables. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### **2.11.1.2.1 Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. The assets in this category include trade and other receivables, contract receivables and retentions, cash and cash equivalents.

##### **2.11.1.2.2 Trade and other receivables**

Trade and other receivables are initially recognized at fair value, and are subsequently classified as loans and receivables and measured at amortized cost using the effective interest rate method. The provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at reporting date. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

##### **2.11.1.2.3 Contract receivables and retentions**

Contract receivables and retentions are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method. Contract receivables and retentions comprise amounts due in respect of certified or approved certificates by the client or consultant at the reporting date for which payment has not been received, and amounts held as retentions on certified certificates at the reporting date. Contract receivables are stated after deduction of specific allowance for any debt considered doubtful of collection. The allowance for bad and doubtful debts is based on the estimated irrecoverable amount which is determined based on the ageing of the receivable balance and historical experience.

##### **2.11.1.2.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an immaterial risk of changes in value. Bank overdrafts are not offset against positive bank balances unless a legally enforceable right of offset exists, and there is an intention to settle the overdraft and realise the net cash simultaneously, or to settle on a net basis. All short-term cash investments are invested with major financial institutions in order to manage credit risk.

##### **2.11.1.2.5 Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign

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currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore, for financial assets that are classified as at FVTPL, the foreign exchange component is recognized in profit or loss; and for foreign currency denominated debt instruments measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the financial assets and are recognized in the 'other gains and losses' line item in the statement of profit or loss.

### 2.11.1.2.6 Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- Material financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 2.11.1.2.7 De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### **2.11.2 Financial liabilities**

#### **Financial liabilities subsequently measured at amortized cost.**

The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### **2.11.2.1 Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the 'other gains and losses' line item in the statement of profit or loss and other comprehensive income. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

#### **2.11.2.2 De-recognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### **2.12 Provisions**

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

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The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### 2.13 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 2.14 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The company assesses assets or group of assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level (Cash generating unit) at which there are identifiable cash flows that are largely independent of the cash flows of other group of assets. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods can be reversed up to the original carrying amount, had the impairment loss not been recognised. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### 2.15 Leases

Policy prior to 1 January 2022

**(a) The company is a lessee****(i) Operating lease**

Leases in which a material portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**(ii) Finance lease**

Leases of assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and noncurrent borrowings. The interest element of the finance cost is treated as borrowing costs (see Note 2.18) and expensed/capitalised over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Investment properties recognised under finance leases are carried at their fair value.

**(b) The company is a lessor****(i) Operating lease**

Policy from 1 January 2022

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for its lease.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases. The company also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

**i. Right-of-use assets**

The Company recognises right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use asset includes the initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as shown below:

Residential buildings	2 Years
Plant and machines	2 Years

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If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

### ii. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### (a) New and amended standards and interpretations

The nature and effect of the changes as a result of the adoption of these new accounting standards are described below. The amendments and interpretations apply for the first time in 2023, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standard, interpretation or amendment that have been issued but are not yet effective.

#### i) IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Company's financial statements.

#### ii) Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements.

#### iii) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

**iv) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12**

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Company's financial statements.

**v) International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12**

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

## **4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE**

**i) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

**ii) Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement?
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability does not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent

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on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

### iii) **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

## 4a. **Material accounting judgements, estimates and assumptions**

### i. **Judgments**

When the Company determines that a performance obligation is satisfied over time, the standard requirement is to select a single revenue recognition method for the relevant performance obligation to measure progress.

The Company uses the output method which recognises revenue on the basis of direct measurements of the value to the customers of the building or civil work transferred to date relative to the remaining goods or services promised in to. Output methods include survey of performance completed to date, appraisals of results achieved, milestones reached and time elapsed and units produced or units delivered.

### ii. **Investment properties**

The Company uses external experts in valuing its investment properties. For an analysis of the properties valued using each of these refer to Note 14.

For external valuations, professional valuers' make use of the following key assumptions:

1. That the interests held by the company as evidenced by title deeds are good and marketable;
2. That the properties are free from onerous restrictions and charges;
3. That the properties are not adversely affected by or subject to compulsory acquisition, road widening, planning restrictions or urban renewal schemes
4. That the properties are free from structural, infestation or concealed defect conditions and show no sign of impairment.

### iii. **Useful lives for property, plant & equipment**

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of property, plant and equipment will have an impact on the carrying value. See Note 11 for further details.

#### iv Financial Instruments

##### Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, and customer type).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a material estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 5 and 15.

#### vi Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide contract relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective bodies. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

#### vii Review of the useful lives of tangible assets

Another major assumption made by directors in the preparation of the financial statements is the determination of the useful life of the plant property and equipment. These estimates are made from judgments based on past experience with similar assets, technological obsolescence and declining residual values.

<b>5</b>	<b>Revenue from contracts with customers</b>	<b>2023</b>	<b>2022</b>
5.1	Disaggregated revenue information	N'000	N'000
i.	Total revenue from contracts with customers	6,351,492 =====	5,104,077 =====
ii.	Geographical markets		
	Within Nigeria	6,351,492	5,104,077
	Outside Nigeria	-	-
	Total revenue from contracts with customers	----- 6,351,492 =====	----- 5,104,077 =====

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	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
The revenue of the company was earned from the following streams:		
Interest income earned from loans to state governments and others*	5,905,900	4,765,325
Loan management fees*	445,592	338,752
Total revenue from contracts with customers	----- 6,351,492 =====	----- 5,104,077 =====

\*During the year, the Company gave out housing development loans to Nine (9) (2022:10) States Government and three (3) private firms in Nigeria. Therefore, the interest and management fees earned on the loans are treated as revenue.

\*\* Management made fee income from loan disbursed to states and private developers during the year.

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
<b>6.1 Finance income</b>		
Interest from fixed deposit	4,328,524	2,609,905
Interest from investment in sinking fund	146,018	87,455
	----- 4,474,542 =====	----- 2,696,960 =====
<b>6.2 Other income</b>		
Interest from staff Mortgage loan	8,524	5,263
Penalties and other fee	1,105	2,470
Due diligence	-	19,000
Reversal on impairment of trade receivable	9,446	-
Profit from Sales of houses***	-	61,840
	----- 19,075 =====	----- 88,573 =====

\*\*\*Profit from sales of Housing unit is made up of the income derived from the sales of housing inventory in the Family Homes Funds Legacy Estates.

**7. Operating and administrative expenses**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Amortization	40,375	26,237
Audit fee	15,000	15,000
Bank charges	857	901
Depreciation (Note 8b)	151,006	128,049
Directors' emoluments (Note 8a.3)	162,409	126,182
Donations	46,003	69,926
Loan charges*	144,898	652,377
Loss on disposal of property, plant and equipment	8,856	6,122
Loss on sales of house	4,572	-
Impairment provision on loans	-	402,563
Insurance	12,444	6,156
Marketing expenses	2,271	7,911
Office supplies	26,933	15,276
Office running expenses	61,165	39,477
Other expenses	87,651	207,373
Personnel expense (Note 8a.3)	479,775	632,577
Printing and stationeries	36,353	28,078
Professional and consultancy Fees**	1,483,243	1,316,300
Rent	64,258	33,643
Travel expenses	190,379	99,352
Vehicle expenses	30,943	15,380
	-----	-----
	3,049,391	3,828,880
	=====	=====

\*Loan charges represent management fees, trustee fees and other annual, biannual quarterly charges on the Sukuk Bond.

\*\*Professional and Consultancy fees include all project management expenses, media, and legal fee.

**7.1 Finance cost**

	<b>2023</b>	<b>2022</b>
Lease rental expenses on Sukuk bonds (Note 23.3)	3,736,357	2,011,103
	-----	-----
	3,736,357	2,011,103
	=====	=====

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### 8a. Staff costs and employee numbers

8a.1 The number of employees of the Company other than directors who earned more than N500,000 in the year;

		<b>2023</b>	<b>2022</b>
		<b>Number</b>	<b>Number</b>
N500,000	- N1,000,000	-	-
N1,100,000	- N2,000,000	5	5
N2,100,000	- N3,000,000	0	4
N3,100,000	- N4,000,000	5	2
N4,100,000	- Above	32	32
		-----	-----
		42	43
		===	===

**8a.2 The average number of employees in the Company's employment during the year**

**42**  
**===**                      **43**  
**===**

**8a.3 Staff cost relating to the above**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Wages and salaries	454,295	597,851
Defined benefit pension schemes	25,480	34,726
	-----	-----
	479,775	632,577
Directors' emolument	162,409	126,182
	-----	-----
	642,184	758,759
	=====	=====

**8b. Depreciation**

Depreciation of property, plant and equipment	91,434	91,455
Depreciation of Right of use asset	59,572	36,594
	-----	-----
	151,006	128,049
	=====	=====

<b>9. Profit before taxation</b>	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Profit before taxation has been arrived at after charging:		
Amortization	40,375	26,237
Auditors' remuneration	15,000	15,000
Depreciation of property, plant and equipment	91,434	91,455
Depreciation of Right of use asset	59,572	36,594
Personnel cost	981,310	758,759
Directors' emolument	162,409	126,182
	=====	=====
<b>10 Taxation</b>		
<b>10.1 Income tax recognized in profit or loss</b>		
Current tax	376,119	573,304
Education tax	46,274	52,716
Deferred tax charge for the year	(26,362)	(26,727)
Police trust fund levy	77	105
Total income tax expense recognized in the current year	----- --- 396,108 =====	----- ----- 599,398 =====
<b>10.2 Amount recognized in the statement of financial position</b>		
Current tax liabilities		
At 1 January	655,652	247,104
Minimum tax	-	-
Education tax	46,274	52,716
Company income tax	376,119	573,304
Police trust fund levy	77	105
	-----	-----
At 31 December	1,078,122	873,229
Payments during the year	(500,037)	(217,577)
	-----	-----
	<b>578,085</b>	<b>655,652</b>
	=====	=====

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
<b>10.3 Reconciliation of effective tax rate</b>		
Profit before tax	4,059,362	2,049,627
	=====	=====
Income tax at 30%	1,217,809	614,888
Non-deductible expenses	78,514	203,560
Income exempts from tax	(833,584)	(185,819)
Effect of capital allowance	(86,620)	(59,325)
Effect of minimum tax	-	-
Effect of education tax levy	46,274	52,716
Effect of police trust fund	77	105
Deferred tax effect	(26,362)	(26,727)
	-----	-----
	396,108	599,398
	=====	=====
Effective tax rate	10%	29%

10.4 Provision for Education Tax has been computed at the rate of 3% (2022: 2.5%) on the assessable profit in accordance with Finance Act, 2023

**10.5 Deferred Taxation**

Deferred taxation has been computed using the liability method resulting into deferred tax asset of N22,760,000 (2022; liability: N3,602,000).

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Deferred taxation asset/ (liability)		
At 1 January	(3,602)	(30,329)
Charge for the year	26,362	26,727
	-----	-----
At 31 December	22,760	(3,602)
	=====	=====

## 11 Property, plant and equipment

	Motor Vehicles	Office Furniture & fittings	Equipment	Total
Cost	N'000	N'000	N'000	N'000
At 1 January 2022	219,814	47,812	57,915	325,541
Additions	-	27,126	40,642	67,768
Disposal	(57,225)	-	(771)	(57,996)
At 31 December 2022	162,589	74,938	97,786	335,313
At 1 January 2023	162,589	74,938	97,786	335,313
Additions	139,696	20,584	3,499	163,780
Disposal	(42,893)	(550)	(1,080)	(44,523)
<b>At 31 December 2023</b>	<b>259,393</b>	<b>94,972</b>	<b>100,205</b>	<b>454,570</b>
<b>Depreciation and Impairment</b>				
At 1 January 2022	68,068	24,234	27,235	119,537
Charge for year	54,879	14,780	21,796	91,455
	(51,264)	-	(611)	(51,875)
At 31 December 2022	71,683	39,014	48,420	159,117
At 1 January 2023	71,683	39,014	48,420	159,117
Charge for the year	54,499	16,593	20,342	91,435
Disposal	(27,701)	(120)	(495)	(28,317)
<b>At 31 December 2023</b>	<b>98,480</b>	<b>55,487</b>	<b>68,266</b>	<b>222,235</b>
<b>Net book value</b>				
At 31 December 2023	160,912	39,485	31,939	232,335
<b>At 31 December 2022</b>	<b>90,906</b>	<b>35,924</b>	<b>49,366</b>	<b>176,196</b>

There are no restrictions on title to the items of property, plant and equipment. No Property, Plant and Equipment was pledged as security for any liability as at 31 December 2023 (2022: Nil). However, there was no revaluation on the Property, plant and equipment during the year.

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12.	Intangible assets - Software	N'000
	<b>Cost</b>	
	At 1 January 2023	182,730
	Additions	72,041
	At 31 December 2023	----- 254,771 -----
	<b>Accumulated Amortization</b>	
	At 1 January 2023	40,008
	Charge for the year	40,375
	As at 31 December 2023	----- 80,383 -----
	As at 31 December 2023	80,383
	<b>Net book value</b>	----- <b>174,388</b> =====
	At 31 December 2022	142,722 =====

13.	Right of use assets	
	Cost	N'000
	At 1 January 2023	151,400
	Additions	80,683
	At 31 December 2023	----- 232,083 -----
	<b>Accumulated Depreciation</b>	
	At 1 January 2023	93,955
	Charge for the year	59,572
	At 31 December 2023	----- 153,527 -----
	<b>Net book values</b>	
	At 31 December 2023	78,556 =====
	At 31 December 2022	57,445 =====

		2023	2022
14.	Investment Properties	N'000	N'000
	Cost of investment properties is categorized as follows:		
	At 31 December	1,259,966 =====	1,259,966 =====

The Company has elected to value investment properties at cost.

The Company's investment properties comprises of parcels of land in Kano and Ogun States. There are no restrictions on the realisability of its investment properties. The investment properties were revalued by independent professionally qualified valuers who hold recognised relevant professional qualifications and have relevant experience in the location and categories of the investment properties valued. As at 31 December 2023 the fair value of the investment properties is N6.08 billion (2022: N3.901 billion).

#### **Basis of valuation**

The determination of fair market values for the investment properties was based on a combination of methods including Investment/ Income Capitalisation, Direct Market Comparison and Depreciated Replacement Cost methods of valuation on the assumption of continuity in their existing uses. The fair market values are the estimated amounts for which assets should exchange on the valuation date between a willing buyer and a willing seller at arm's length transaction after proper marketing wherein parties had each acted knowledgeably, prudently and without compulsion.

States	Adamawa	Bauchi	Borno	Yobe	Niger	Green Pasture	Zamfara	Akwa-Ibom	Kano	Kebbi	Gombe	Enugu	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January 2023	5,316,522	11,853,864	5,365,235	20,548,830	1,733,656	617,497	5,234,343	5,306,166	3,883,081	4,292,912	4,985,494	-	69,137,600
Additions	1,422,199	3,395,579	-	-	-	452,975	-	-	-	-	-	869,619	6,140,372
Accrued interest	405,014	1,227,802	302,572	1,886,148	161,130	93,839	443,151	438,200	85,762	344,677	445,120	71,744	5,905,159
Accrued management fees	27,159	85,011	-	104,786	17,903	8,292	49,239	48,689	9,529	38,297	49,458	7,972	446,335
Repayment	(647,367)	(2,303,420)	(600,672)	(2,036,040)	(326,201)	(226,880)	(891,870)	(1,126,686)	(3,885,243)	(1,089,753)	(767,430)	(7,972)	(13,909,534)
ECL Provision for the year (Note 15.2)	(2,346)	3,030	22,419	66,485	5,446	(97,034)	7,502	8,878	2,118	8,155	6,785	(21,993)	9,446
<b>At 31 December 2023</b>	<b>6,521,181</b>	<b>14,261,866</b>	<b>5,089,554</b>	<b>20,570,209</b>	<b>1,591,934</b>	<b>848,689</b>	<b>4,842,365</b>	<b>4,675,247</b>	<b>95,247</b>	<b>3,594,288</b>	<b>4,719,427</b>	<b>919,370</b>	<b>67,729,377</b>

During the year ended 31 December 2023, the company issued out loans to Nine (9) State Governments and one (3) private firm as shown above for the purpose of building houses in their various states. All the necessary agreements are duly signed, and disbursement made to the state governments.

#### Adamawa State

A loan of N4.95 billion was disbursed to Adamawa State Government in 2020 at an interest rate of 7.5% with a tenor of 144 months for the building of 1000 units of low-cost houses. The loan has a moratorium of 12 months for interest and 36 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition to the interest, management fee is also applicable at the rate of 0.5% annually payable monthly. Adamawa State government obtained an additional loan facility of N1.4 billion at 14% for a tenure of 118 months during the year.

#### Bauchi State

A total loan of N12 billion was disbursed to Bauchi State Government in 2020 at an interest rate of 7.5% with a tenor of 144 months for the building 2,500 units of low-cost houses. The loan has a moratorium of 12 months for interest and 36 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition to the interest, a management fee is also applicable at the rate of 0.5% annually payable monthly. Bauchi State government loan facility was enhanced by N3.4 billion at 14% within the existing tenor of 144 months during the year, bringing the total loan to N15.4 billion.

#### Borno State

A loan of N5.5 billion was disbursed to Borno State Government in 2020 at an interest rate of 6% with a tenor of 180 months for the building 3200 units of low-cost houses. The loan has a moratorium of 18 months for interest and 18 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition to the interest, management fee is also applicable at the rate of 0.5% annually. The management fee was paid in full for the first year after which it was waived by management.

#### Yobe State

A total loan of N15.96 billion was disbursed to Yobe State Government in 2020 at an interest rate of 9% with a tenor of 120 months for the building 3600 units of low-cost houses. The loan has a moratorium

of 12 months for interest and 48 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition to the interest, management fee is also applicable at the rate of 0.5% annually payable monthly. Yobe State government loan facility was loan enhanced by N5 billion in April 2022 at the same interest rate of 9% bringing the total loan to N20.9 billion.

### **Niger State**

A loan of N 282 million was disbursed to Niger State Government in 2021 which was the first tranche of the loan at an interest rate of 9% with a tenor of 120 months for the building of 1220 low-cost houses. The facility was further enhanced by N1.6 billion in 2022. The loan has a moratorium of 12 months for interest and 24 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition, the loan may be restructured soonest to have adequate funding for the project. The interest is charged accordingly, management fee is also applicable at the rate of 1% annually payable monthly.

### **Green Pastures Loan**

A total loan of N756.5 million was disbursed to Green Pasture (Private loan) in 2021 at an interest rate of 9% with a tenor of 12 months for the building of 1000 low-cost houses. The loan has a moratorium of 9 months for both interest and principal. The same facility was enhanced by N353.9 million in 2022. At the expiration of the moratorium, repayment will be made on a quarterly basis. In addition to the interest, management fee is also applicable at the rate of 1% quarterly. An additional loan of N452.9 million at 12% with a tenor of 18 months was disbursed to Green Pasture in 2023 bringing the total loan amount to N1.56 billion.

### **Kebbi State**

A loan facility of N3.99 billion was disbursed to Kebbi State Government in January 2022 at an interest rate of 9% with a tenor of 96 months for the building of 620 units of low-cost houses. The loan has a moratorium of 12 months for interest and 12 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition to the interest, management fee is also applicable at the rate of 1% annually payable monthly.

### **Akwa-Ibom State**

In March 2022, a loan of N5 billion was disbursed to Akwa-Ibom State Government at an interest rate of 9% with a tenor of 96 months for the building of 650 units of low-cost houses. The loan has a moratorium of 12 months for interest and 12 months for the principal. At the expiration of the moratorium, repayment will be made monthly. In addition to the interest, management fee is also applicable at the rate of 1% annually payable monthly.

### **Kano State**

A loan of N3.81 billion was disbursed to Kano State Housing Cooperation in March 2022 at an interest rate of 9% with a tenor of 12 months for the building of 500 units of low-cost houses. The loan has a moratorium of 12 months for the principal. In addition, interest (9%) and management fee at the rate of 1% annually payable quarterly. The moratorium on the facility expired during the period and the principal repayment of N3.81 billion was made in one lump sum.

### **Zamfara State**

In May 2022, a loan of N5 billion was disbursed to Kebbi State Government at an interest rate of 9% with a tenor of 96 months for the building of 600 units of low-cost houses. The loan has a moratorium of 12 months for interest and 12 months for the principal. At the expiration of the moratorium, repayment will be made monthly. In addition to the interest, management fee is also applicable at the rate of 1% annually payable monthly.

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### Gombe State

Gombe State government was availed a loan facility of N5 billion in November 2022 at an interest rate of 9% with a tenor of 96 months for the building of 600 units of low-cost houses. The loan has a moratorium of 12 months for interest and 12 months for the principal. At the expiration of the moratorium, repayment will be made monthly. In addition to the interest, management fee is also applicable at the rate of 1% annually payable monthly.

### Enugu State

A loan of N0.87 billion was disbursed to Enugu State Housing Development Cooperation in January 2023 at an interest rate of 10% with a tenor of 36 months for the building of 250 units of low-cost houses. The loan has a moratorium of 18 months for the principal and interest. At the expiration of the moratorium, repayment will be made monthly. In addition, interest (10%) and management fee at the rate of 1% annually payable monthly.

## 15.1 ECL Impairment Provision

### A reconciliation of the allowance for impairment losses on loan receivables

As at 31 December 2023, loan receivables impairment provision was N 402,563,000 (2022: N 63,703,000). Movements in the provision for impairment of loan receivables were, as follows

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
<b>At 1 January</b>	1,102,149	699,586
(Recovered)/charge for the year (Note 15)	(9,446)	402,563
	-----	-----
<b>At 31 December</b>	1,092,703	1,102,149
	=====	=====

## 16 Property Inventories

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Properties under construction	15,711,032	13,948,047
Finished properties	6,031,141	5,848,337
	-----	-----
	21,742,173	19,796,384
	=====	=====

All Inventories above are carried at lower of cost and net realizable value.

17. Trade and other receivables	2023	2022
	N'000	N'000
Share capital receivables	510	510
Advances*	166,797	130,177
Staff advances	158,684	107,604
Withholding tax (WHT) receivables**	-	29,296
Interest receivables	1,788,575	1,379,168
Other receivables	554,139	-
Value Added Asset***	-	240,797
	-----	-----
	2,668,705	1,887,553
	=====	=====

\* Advances relates to insurance, service charges and improvement to the building space.

\*\*WHT receivables are attributable to deductions by Access Bank on Interest income earned on placement.

\*\*\*Value Added Asset relates to advance payment made to Federal Inland Revenue Services which is claimable from the customers.

18. Cash and cash equivalents	2023	2022
	N'000	N'000
Cash at hand	57	87
CBN operational account	32,076	3,877
Fixed deposit and treasury bills	36,386,827	29,252,996
CBN treasury single account	427,684	1,338,751
CBN AfDB HTO account	18,142,200	-
	-----	-----
	54,988,845	30,595,711
	=====	=====

For the purposes of the statement of cash flows, cash and cash equivalents include cash at hand and in the banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows is same as in the statement of financial position.

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<b>19 Issued Capital</b>	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
1,000,000 ordinary shares of N1 each	1,000 =====	1,000 =====

### 20.1 Capital grant

At 1 January	85,500,000	78,500,000
Additions	3,500,000	7,000,000
At 31 December	----- 89,000,000 =====	----- 85,500,000 =====

As part of Federal Government of Nigeria's Social Investment Programme, N100 billion was earmarked from the N500 billion Social Intervention Programme Fund for affordable housing. This fund (N100 billion) is to be managed by Family Homes Funds Limited (FHFL) for the development and sale of houses to low/middle income families at low cost. Of the total amount of N100 billion that was approved by the FGN, the Ministry of Finance has released a total of N89 billion at the end of the reporting year.

### 20.2 Deferred Income grant

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January	4,800,000	-
Additions	1,300,000	4,800,000
Disbursements	(219,355)	-
	----- 5,880,645 =====	----- 4,800,000 =====

The Federal Ministry of Finance, Budget and National Planning released an additional sum of N 1.3billion grant during the year for the implementation of National Poverty Reduction with Growth Strategy (NPRGS)". This should be categorized under income grant. However, the grant is deferred until the performance obligations is fulfilled.

### 21. Retained earnings

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January	3,636,424	2,428,872
Profit for the year	3,663,253	1,450,229
2022 final dividend	(72,511)	(242,677)
At 31 December	----- 7,227,166 =====	----- 3,636,424 =====

**21.1. Basic earnings/(loss) per share**

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic EPS computations:

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Profit attributable to owners of the Company	3,663,253 =====	1,450,229 =====
	'000	'000
Weighted average number of ordinary shares for basic EPS	1,000 =====	1,000 =====
Basic earning/(loss) per share (N)	3,663 =====	1,450 =====

**22. Trade and other payables**

Accruals	456,374	476,097
Deferred income	5,597,816	3,255,835
Payroll deduction liabilities	90,276	158,652
Other tax liabilities (Note 22.1)	76,865	245,633
Dividend payable (Note 22.2)	72,511	123,765
Other payables	1,120	62,636
	----- 6,294,962 =====	----- 4,322,618 =====

Deferred income for the current year consists advance received from customers who are yet to complete the payment for intended house.

Payroll deduction includes liabilities in respect of accrued salaries, National Housing fund (NHF) and Employee compensation scheme.

No interest is charged on Trade and other payables. The directors consider that the carrying amount of trade payables approximates to their fair value.

**22.1 Other tax liabilities**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Value added tax	38,676	158,500
Withholding tax payable	38,120	85,513
Personal income tax	69	1,620
	----- 76,865 =====	----- 245,633 =====

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22.2 Dividend Payable	2023 N'000	2022 N'000
At 1 January	123,765	-
Final dividend	72,511	242,677
Cash paid	(123,765)	(118,912)
At 31 December	----- 72,511 =====	----- 123,765 =====
23. Loans and borrowings		
African Development Bank	18,142,000	-
FHFL Sukuk issuance programme bond	27,331,877	30,388,126
	----- 45,474,077 =====	----- 45,474,077 =====
Current	4,514,768	4,248,684
Non-current	40,959,309	26,139,442
	----- 45,474,077 =====	----- 30,388,126 =====
23.1 Movement in loans and borrowings is as shown below:		
At 1 January	30,388,126	10,595,833
Additions	18,142,000	20,000,000
Repayment during the year	(2,911,886)	(948,671)
	----- 45,618,240	----- 29,647,162
Repayment of accrued lease rental	(1,336,597)	(595,833)
Accrued lease rental	1,192,434	1,336,797
At 31 December	----- 45,474,077 =====	----- 30,388,126 =====

### **FHFL Sukuk issuance programme bond**

This represents FHFL Sukuk issuance programme bond of N10 billion @ 13% lease rental rate and N20 billion @ 14% lease rental rate. Family Homes Funds Limited has raised all the series of N30 billion and repayment of both principal and lease rental has commenced. The bond will be repaid over 7 years.

**African Development Bank**

A loan facility of \$60 million dollars at a negotiated rate of 2.74% was secured during the year for the newly established Help-to-Own product. The loan is to be disbursed in three tranches of \$20 million dollars. The first tranche of \$20 million was drawn down in November 2023. This product is primarily meant to help to reduce mortgage rates by contributing forty percent (40%) of the mortgage amount at an average rate of 4.84%. The loan is for a tenure of 25 years and has a 7-year moratorium on interest and principal.

<b>23.2 Sinking Fund Investment</b>	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Investment	5,557,888	6,253,845
	-----	-----
	5,557,888	6,253,845
	=====	=====

The sinking fund investment relates to the amount paid in advance to the joint trustee account which will be used to settle both principal and lease rental on Sukuk bond future repayments. This amount was later re-invested by the trustee @ interest rate of 3%.

<b>23.3 Lease Rental Accrued</b>	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening balance	1,336,797	595,833
Lease rental for the year (Note 7.1)	3,736,357	2,011,103
	-----	-----
	5,073,154	2,606,936
Payment in the year	(3,880,720)	(1,270,139)
	-----	-----
	1,192,434	1,336,797
	=====	=====

**24. Related party information**

<b>Related Party Name</b>	<b>Year</b>	<b>Equity</b>	<b>Loan</b>	<b>Grand Total</b>
		<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
FGN Social Intervention Programme Grant	2023	(89,000,000)	-	(89,000,000)
	2022	(85,500,000)	-	(85,500,000)

**24.1 Remuneration of Key Management Personnel**

The remunerations of the non-executive directors are set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	<b>2023</b>	<b>2022</b>
<b>Short term Benefits</b>	<b>N'000</b>	<b>N'000</b>
Fees	73,013	84,700
Others	89,397	41,482
	----- 162,409 =====	----- 126,182 =====
<b>Broken into:</b>		
The Chairman (Highest paid Director)	31,250	25,610
Other Directors	131,159	100,572
	----- 162,409 =====	----- 126,182 =====

The number of Directors of the Company whose emoluments during the year were within the bands stated.

<b>Emoluments</b>	<b>Number</b>	<b>Number</b>
N1,000,001 and above	6 =====	6 =====

**25. Financial risk management objectives and policies**

The Company's principal financial liabilities comprise of loans and borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Board of Directors provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**a. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include cash and short-term deposits, staff loans and loans and borrowings.

The sensitivity analysis in the following sections relate to the position as at 31 December 2023, 31

December 2022. The sensitivity analysis has been prepared on the basis that the amount of net debt and the proportion of financial instruments in foreign currencies are all constant.

The analysis excludes the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant statement of profit or loss and other comprehensive income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2023 and 2022.

**b. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. If there is any change in interest rate policy, the Company re-negotiates with its banks taking into consideration the Company's targeted margin.

**c. Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenue or expense is denominated in a different currency from the Company's presentation currency. The company has no receivables denominated in foreign currency.

**Foreign currency sensitivity**

This demonstrates the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's loss before tax is due to changes in the fair value of monetary assets and liabilities. The Company has no exposure to foreign currency changes for all currencies as it operates only in Naira.

**d. Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing activities, including cash and short-term deposits, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. A sales representative is attached to each customer and outstanding customer receivables are regularly monitored by the representative. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The company evaluates the concentration of risk with respect to trade receivables as customers consist of reputable state government and private firm that are subjected to financial scrutiny by various regulatory bodies. The company's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

**Cash and short-term deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Surplus funds are spread amongst reputable financial institutions and funds must be within treasury limits assigned to each of the counterparty. Counterparty treasury limits are reviewed by the Company's Chief Financial Officer periodically and

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may be updated throughout the year subject to approval of the Chief Financial Officer. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The company's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

### **Trade receivables**

For trade receivables, the Company applied the simplified approach in computing ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17. The Company does not hold collateral as security.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stage delinquency to write-off. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

### **Expected credit loss measurement - other financial assets**

The Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables and short-term deposits. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a material increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a material increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no material changes in estimation techniques or material assumptions made during the reporting period. The material changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default

when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Analysis of inputs to the ECL model under multiple economic scenarios**

An overview of the approach to estimating ECLs is set out in Note 3 Summary of material accounting policies and in Note 4 Material accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Nigeria Bureau of Statistics, Trading economics, etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Company’s ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company’s base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2023.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for “Subsequent years” represent a long-term average and so are the same for each scenario.

Key drivers	ECL scenario	Assigned probability	2022	2023	Subsequent years
<b>31 December 2023</b>					
Inflation Rate	Upturn	11%	7.64%	27.63%	27.63%
	Based case	80%	10.00%	28.92%	28.92%
	Downturn	9%	13.39%	30.05%	30.05%
Unemployment Rate	Upturn	11%	26.56%	27.92%	27.92%
	Based case	80%	32.00%	30.06%	30.06%
	Downturn	9%	33.73%	32.15%	32.15%
Crude oil Price (USD per barrel)	Upturn	11%	50.48%	40.08%	40.08%
	Based case	80%	40.50%	31.32%	31.32%
	Downturn	9%	32.18%	29.89%	29.89%

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company’s performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company’s policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

**Liquidity risk**

The Company monitors its risk to a shortage of funds. The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of FHFL Sukuk Bond Issuance Programme. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

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The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Contractual Undiscounted cash Flow	On demand	< 3 months	3 to 12 months	2 to 6 years	Carrying value
31 December 2023	N'000	N'000	N'000	N'000	N'000	N'000
Non-interest-bearing loans and borrowings	45,474,077	-	-	4,514,768	40,959,309	45,474,077
Trade and other payables*	6,294,962	-	500,392	5,794,570	-	6,294,962
	----- <b>51,769,039</b> =====	----- - =====	----- <b>500,392</b> =====	----- <b>10,309,338</b> =====	----- <b>40,959,309</b> =====	----- <b>51,769,039</b> =====
31 December 2022						
Non-interest-bearing loans and borrowings	30,388,126	-	-	4,248,684	26,139,442	30,388,126
Trade and other payables*	4,322,618	-	310,911	4,011,707	-	4,322,618
	----- <b>34,710,744</b> =====	----- - =====	----- <b>310,911</b> =====	----- <b>8,260,391</b> =====	----- <b>26,139,442</b> =====	----- <b>34,710,744</b> =====

\*Withholding tax and VAT payables are not considered as financial instruments, hence they were excluded from trade and other payables in the above table.

## 26 Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, (loans and receivables and other financial liabilities) other than those with carrying amounts are reasonable approximations of fair values:

	Carrying amount		Fair Value	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
<b>Financial assets:</b>				
Trade and other receivables	2,668,705	1,907,553	2,668,705	1,907,553
Loan receivable	67,729,377	69,137,600	67,729,377	69,137,600
Cash & short-term deposits	54,988,845	30,595,711	54,988,845	30,595,711
	----- <b>125,386,927</b> =====	----- <b>101,640,864</b> =====	----- <b>125,386,927</b> =====	----- <b>101,640,864</b> =====
<b>Financial liabilities:</b>				
Interest-bearing loans and borrowings	45,474,077	30,388,126	45,474,077	30,388,126
Trade and other payables*	6,294,962	4,322,618	6,294,962	4,322,618
	----- <b>51,769,039</b> =====	----- <b>34,710,744</b> =====	----- <b>51,769,039</b> =====	----- <b>34,710,744</b> =====

The management assessed that cash and short-term deposits, bank overdrafts, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate receivables/ borrowings are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the staff and the risk characteristics of the financed projects. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2023, the carrying amounts of such receivables were not materially different from their calculated fair values.

Fair values of the Company's interest-bearing borrowings and loans are determined by using Discounted Cashflow (DCF) method using discount rate that reflects the Company's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2023 was assessed to be immaterial.

### Fair value hierarchy

As at 31 December 2023, the Company held some financial instruments carried at fair value on the statement of financial position. The company uses the following hierarchy for determining and disclosing the fair value of non-financial assets by valuation technique:

**Level 1:** quote prices in active markets for identical assets or liabilities

**Level 2:** other techniques for which all inputs which have a material effect on the recorded fair value are observable, either directly or indirectly

**Level 3:** techniques which use inputs that have a material effect on the recorded fair value that are not based on observable market data.

	Date of valuation	Level 1	Level 2	Level 3
Quantitative disclosures on fair value measurement hierarchy for the CGU		N 000	N 000	N 000
<b>Financial assets for which fair values are disclosed</b>	31 December 2023		-	
Share capital receivable (Note 17)	Current			510
Loan receivable (Note 15)	Non-current			67,729,377
	<b>31 December 2022</b>			-
	Current	-	-	1,000
	Non-current	-	-	69,137,600
<b>Liabilities for which fair values are disclosed</b>				
Non- interest-bearing loans and borrowings (Note 23)				
	<b>31 December 2023</b>			<b>45,474,076</b>
	<b>31 December 2022</b>	-	-	30,388,126

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### 27. Capital management

For the purpose of the Company's capital management, capital includes issued capital, preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of capital management is to maximise the shareholder value.

In order to achieve this overall objective, capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the Company to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

	<b>2023</b>	<b>2022</b>
	<b>N 000</b>	<b>N 000</b>
Non-interest-bearing loans and borrowings (Note 23)	45,474,077	30,388,126
Trade and other payables (Note 22)	6,294,962	4,322,618
cash and short-term deposits (Note 18)	(54,988,845)	(30,595,711)
Sinking funds investment	(5,557,888)	(6,253,845)
Net (asset)/debt	----- (8,777,694)	----- (2,138,812)
Equity	----- 92,228,166	----- 89,137,424
Capital and net debt	----- 83,450,472 =====	----- 86,998,612 =====
Gearing ratio	(11)% =====	(2) % =====

### 28. Capital Commitments

There were no material capital commitments as at the reporting date (31 December 2022: Nil)

### 29. Guarantees

There were no guarantees on behalf of Directors during the period (31 December 2022: Nil).

### 30. Financial commitments

There were no material financial commitments as at the reporting date (31 December 2022: Nil)

### 31. Contingent liabilities and contingent assets

There were no contingent liabilities as at the reporting date (31 December 2022: Nil).

### 32. Events after the reporting period

The Directors are of the opinion that there were no events after the reporting date that could have a material effect on the financial statements of the Company that had not been adequately provided for or disclosed in these financial statements.

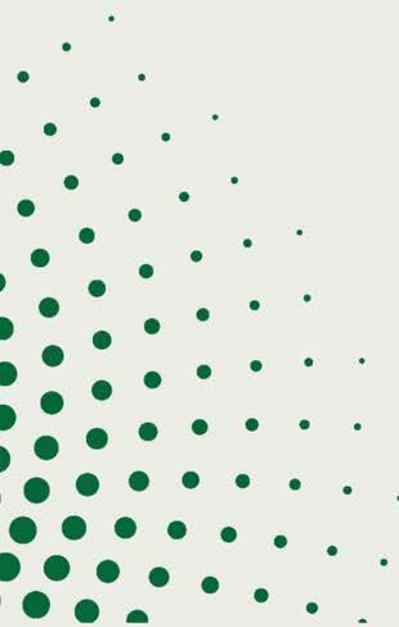
## VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	2023		2022	
	N'000		N'000	
Revenue	6,351,492		5,104,077	
Finance & other income	4,493,617		2,785,533	
	-----		-----	
	10,845,109		7,889,610	
<b>Cost of bought-in-goods and services:</b>				
- local	(1,876,700)		(2,942,562)	
	-----		-----	
<b>Value added</b>	<b>8,968,409</b>		<b>4,947,048</b>	
	=====		=====	
Distributed as follows:				
<b>To pay employees:</b>		%		%
Salaries, welfare and staff retirement benefits	981,310	11	758,759	15
<b>To pay Government:</b>				
Company income tax	422,471	5	599,398	12
<b>To pay Provider of Capital:</b>				
Interest	3,736,357	41	2,011,103	41
<b>To provide for replacement of assets and future expansion of business:</b>				
-Depreciation of property plant and equipment	91,434	1	91,455	2
- Depreciation of right of use asset	59,572	1	36,594	1
- Deferred taxation	(26,363)	(0)	(26,727)	(1)
- Amortisation of intangible assets	40,375	(0)	26,237	1
- Profit for the year	3,663,253	41	1,450,229	29
	-----	----	-----	----
<b>Value added</b>	<b>8,968,409</b>	<b>100</b>	<b>4,947,048</b>	<b>100</b>
	=====	====	=====	====

Value added represents the wealth which the Company has been able to create by its own and its employee's efforts. This statement shows the allocation of that wealth among employees, capital providers, government and that retained for future creation of wealth.

## FIVE-YEAR FINANCIAL SUMMARY

	2023	2022	2021	2020	2019
	N 000				
Share capital	1,000	1,000	1,000	1,000	1,000
Capital grant	89,000,000	85,500,000	78,500,000	65,000,000	20,000,000
Retained earnings	7,227,166	3,636,424	2,428,872	2,098	(616,889)
<b>Total equity</b>	<b>96,228,166</b>	<b>89,137,424</b>	<b>80,929,872</b>	<b>65,003,098</b>	<b>19,384,111</b>
Non-current assets	75,055,270	77,027,774	44,465,418	40,903,388	1,413,608
Non-current liabilities	(46,839,954)	(30,943,044)	(9,081,658)	-	-
Net current assets	68,012,850	43,052,694	45,546,112	24,099,710	17,970,503
<b>Net assets</b>	<b>96,228,166</b>	<b>89,137,424</b>	<b>80,929,872</b>	<b>65,003,098</b>	<b>19,384,111</b>
Revenue	6,351,492	5,104,077	3,313,234	1,813,269	40,583
Profit before tax	4,059,362	2,049,627	2,720,806	626,590	(109,427)
Income tax expense	(396,108)	(599,398)	(294,032)	(7,603)	-
Profit/Loss for the year	3,663,253	1,450,229	2,426,774	618,987	(109,427)
Basic EPS/(LPS) (Naira)	3,663.25	1,450.23	2,426.77	618.99	(109.43)
Basic EPS/(LPS) (Naira)	3,663.25	1,450.23	2,426.77	618.99	(109.43)



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