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INVESTMENTS

Cytonn Investment Partners Three LLP
Restated Annual Financial Statements
for the year ended December 31, 2017

General Information

Country of incorporation and domicile	Kenya
Partners	Edwin H. Dande (In trust for Cytonn Investments Management PLC) Cytonn Investments Management PLC
Registered office	3rd Floor, Liaison House State House Avenue P.O. Box 20695-00200 Nairobi
Bankers	Standard Chartered Bank Limited Chiromo Branch P.O. Box 30003-00100 Nairobi Diamond Trust Bank Kenya Limited Lavington Curve Branch P.O. Box 61711-00200 Nairobi
Independent auditor	Grant Thornton Certified Public Accountants (Kenya) 5th Floor, Avocado Towers Muthithi Road, Westlands P.O. Box 46986-00100 Nairobi
Secretary	Patricia N. Wanjama
Partnership registration number	LLP/2014/104
Tax reference number	P051533461E
Date of incorporation	September 26, 2014

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The reports and statements set out below comprise the restated annual financial statements presented to the partners:

Partners' Report

The partners have pleasure in submitting their report on the restated annual financial statements of Cytonn Investment Partners Three LLP for the year ended December 31, 2017.

1. Nature of business

Cytonn Investment Partners Three LLP was incorporated in Kenya with interests in the real estate sector. The partnership operates principally in Kenya.

The principal activities of the partnership is development of properties for sale.

There have been no material changes to the nature of the partnership's business from the prior year.

2. Review of financial results and activities

The restated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Limited Liability Partnership Act of 2011. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the partnership are set out in these restated annual financial statements.

3. Dividends

The partners do not recommend payment of a dividend for the year ((2016: Nil).

4. Financial statement restatement

During the period under review, the management and the board made some clarifications to the business model of the group some of which have resulted in the need to restate these financial statements. Full details of the impact of this amendement of the business model on the financial statements is disclosed in Note 27.

5. Partners

The partners in office at the date of this report are as follows:

Partners
Edwin H. Dande (In trust for Cytonn Investments Management PLC)
Cytonn Investments Management PLC

There have been no changes to the partners for the year under review.

6. Special resolutions

No special resolutions, the nature of which might be significant to the partners in their appreciation of the state of affairs of the partnership were made by the partnership during the period covered by this report.

7. Events after the reporting period

The partners are not aware of any material event which occurred after the reporting date and up to the date of this report.

8. Going concern

The partners believe that the partnership has adequate financial resources to continue in operation for the foreseeable future and accordingly the restated annual financial statements have been prepared on a going concern basis. The partners have satisfied themselves that the partnership is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The partners are not aware of any new material changes that may adversely impact the partnership. The partners are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the partnership.

Partners' Report

9. Statement of disclosure to the company's auditor

With respect to each person who is a partner on the day that this report is approved:

- There is, so far as the person is aware, no relevant audit information of which the partnership's auditor is unaware; and
- The person has taken all the steps that he/she ought to have taken as a partner to be aware of any relevant audit information and to establish that the partner's auditor is aware of that information.

10. Terms of appointment of the auditor

Grant Thornton, the partnership's auditors continue in office in accordance with the Limited Liability Partnership Act of 2011. Included in profit for the year is the agreed auditors' remuneration of K Sh 696,000. Partners wishing to inspect a copy of the terms on which the partnership's auditors is appointed and remunerated may do so by contacting the Statutory Manager.

11. Relevant audit information

The partners in office at the date of this report confirm that;

a) There is no relevant audit information of which the partnership's auditor is unaware; and

b) Each of the partners has taken all the steps that they ought to have taken as a partner so as to be aware of any relevant information and to establish that the partnership's auditor is aware of that information.

12. Approval of financial statements

The restated annual financial statements set out on pages 3 to 31 were approved at a meeting by the board of directors on May 15, 2018, and were signed on its behalf by:

Partner

Liz

Statement of Partners' Responsibilities on the Financial Statements

The partners are required in terms of the Limited Liability Partnership Act of 2011 to maintain adequate accounting records and are responsible for the content and integrity of the restated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the restated annual financial statements fairly present the state of affairs of the partnership as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. They are also responsible for safeguarding the assets of the partnership. The external auditors are engaged to express an independent opinion on the restated annual financial statements.

The restated annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The partners acknowledge that they are ultimately responsible for the system of internal financial control established by the partnership and place considerable importance on maintaining a strong control environment. To enable the partners to meet these responsibilities, appropriate standards for internal control aimed at reducing the risk of error or loss in a cost effective manner have been set. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the partnership and all employees are required to maintain the highest ethical standards in ensuring the partnership's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the partnership is on identifying, assessing, managing and monitoring all known forms of risk across the partnership. While operating risk cannot be fully eliminated, the partnership endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The partners are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the restated annual financial statements. They are, also, of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the partnership and of its operating results as at December 31, 2017. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The partners have reviewed the partnership's cash flow forecast for the year to December 31, 2018 and, in the light of this review and the current financial position, they are satisfied that the partnership has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the partnership's restated annual financial statements. The restated annual financial statements have been examined by the partnership's external auditors and their report is presented on pages 6 to 7.The restated annual financial statements set out on pages 9 to 31, which have been prepared on the going concern basis, were approved by the board of directors on May 15, 2018 and were signed on its behalf by:

Partner	**Partner (Representing Cytonn Investments Management PLC)**
Liz	EHD

Independent Auditor's Report

To the partners of Cytonn Investment Partners Three LLP

Report on the Audit of the Restated Annual Financial Statements

Opinion

We have audited the Restated Annual Financial Statements of Cytonn Investment Partners Three LLP set out on pages 8 to 31, which comprise the Statement of Financial Position as at December 31, 2017, 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 Restated Annual Financial Statements, including a summary of significant accounting policiesand other explanatory information.

In our opinion, the Restated Annual Financial Statements present fairly, in all material respects, the financial position of Cytonn Investment Partners Three LLP as at December 31, 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Limited Liability Partnership Act of 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Restated Annual Financial Statements section of our report. We are independent of the partnership in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the opinion and we have fulfilled our ethical responsibilities in accordance with the IESBA code.

Other information

The partners are responsible for the other information. The other information comprises the Partners' Report as required by the Limited Liability Partnership Act of 2011 which we obtained prior to the date of this report.

Our opinion on the Restated Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Restated Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Restated Annual 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 partners for the Restated Annual Financial Statements

The partners are responsible for the preparation and fair presentation of the Restated Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Limited Liability Partnership Act of 2011, and for such internal control as the partners determine is necessary to enable the preparation of Restated Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Restated Annual Financial Statements, the partners are responsible for assessing the partnership'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 partners either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so. The partners are responsible for overseeing the partnership's finacial reporting process.

Auditor's responsibilities for the audit of the Restated Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Restated Annual 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 International Standards on Auditing 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 Restated Annual Financial Statements.

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

- Identify and assess the risks of material misstatement of the Restated Annual 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 partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the partners.
- Conclude on the appropriateness of the partners' 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 partnership'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 Restated Annual 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 partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Restated Annual Financial Statements, including the disclosures, and whether the Restated Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

As required we report to you, based on our audit, that:
a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
b) In our opinion proper books of accounts have been kept by the partnership, so far as appears from our examination of those books;
c) In our opinion, the financial information given in the partners' report for the year ended December 31, 2017 is consistent with the partnership's annual financial statements; and
d) The partnership's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of accounts.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA D. V. Shah - P/No. 1729.

Grant Thornton

Grant Thornton
Certified Public Accountants

Grant Thornton
Certified Public Accountants (Kenya)
Nairobi

C/120/1217/202/0518/AUD
15 MAY 2018

Statement of Financial Position as at December 31, 2017

	Note(s)	2017 K Sh	Restated 2016 K Sh	Restated 2015 K Sh
Assets				
Non-Current Assets				
Intangible assets	4	206,100	-	-
Current Assets				
Development properties for sale	5	596,150,829	400,579,109	348,701,497
Trade and other receivables	6	110,207,846	89,559,919	21,047,610
Investments	7	2,911	176,919,631	304,127,037
Prepayments	8	50,614,370	50,219,964	53,312,051
Cash and cash equivalents	9	11,641,619	7,153,472	3,038,052
		768,617,575	**724,432,095**	**730,226,247**
Total Assets		**768,823,675**	**724,432,095**	**730,226,247**
Equity and Liabilities				
Equity				
Partners account		131,205,256	95,341,500	62,855,619
Liabilities				
Non-Current Liabilities				
Land owners contribution	10	175,000,000	175,000,000	175,000,000
Other financial liabilities	11	8,107,251	-	-
		183,107,251	**175,000,000**	**175,000,000**
Current Liabilities				
Trade and other payables	12	33,510,371	121,662,981	47,461,039
Borrowings	13	-	332,427,614	444,909,589
Other financial liabilities	11	421,000,797	-	-
		454,511,168	**454,090,595**	**492,370,628**
Total Liabilities		**637,618,419**	**629,090,595**	**667,370,628**
Total Equity and Liabilities		**768,823,675**	**724,432,095**	**730,226,247**

The restated annual financial statements and the notes on pages 3 to 31, were approved by the board of directors on the May 15, 2018 and were signed on its behalf by:

Partner

Liz

Partner (Representing Cytonn Investments Management PLC)

EHD.

The accounting policies on pages 12 to 18 and the notes on pages 19 to 31 form an integral part of the restated annual financial statements.

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2017 K Sh	Restated 2016 K Sh	Restated 2015 K Sh
Revenue	14	151,205,539	191,358,460	16,530,000
Cost of sales	15	(109,904,588)	(176,780,296)	(19,976,753)
Gross profit (loss)		**41,300,951**	**14,578,164**	**(3,446,753)**
Other income	16	448,949	250,910	-
Operating expenses	17	(6,347,016)	(7,913,136)	(2,424,623)
Fair value gains	19	-	-	55,479,452
Operating profit		**35,402,884**	**6,915,938**	**49,608,076**
Investment revenue	18	460,872	25,569,943	13,247,543
Profit for the year		**35,863,756**	**32,485,881**	**62,855,619**
Other comprehensive income		-	-	-
Total comprehensive income for the year		**35,863,756**	**32,485,881**	**62,855,619**

The accounting policies on pages 12 to 18 and the notes on pages 19 to 31 form an integral part of the restated annual financial statements.

Statement of Changes in Equity

	Retained income K Sh	Total equity K Sh
Balance at January 01, 2016	**62,855,619**	**62,855,619**
Profit for the year	32,485,881	32,485,881
Other comprehensive income	-	-
Total comprehensive income for the year	**32,485,881**	**32,485,881**
Balance at January 01, 2017	**95,341,500**	**95,341,500**
Profit for the year	35,863,756	35,863,756
Other comprehensive income	-	-
Total comprehensive income for the year	**35,863,756**	**35,863,756**
Balance at December 31, 2017	**131,205,256**	**131,205,256**

The accounting policies on pages 12 to 18 and the notes on pages 19 to 31 form an integral part of the restated annual financial statements.

Statement of Cash Flows

	Note(s)	2017 K Sh	Restated 2016 K Sh	Restated 2015 K Sh
Cash flows from operating activities				
Net cash used in operations	20	(269,312,254)	(36,179,954)	(381,471,495)
Interest income	18	460,872	25,569,943	13,247,543
Fair value gain	19	-	-	55,479,452
Net cash (used in) operating activities		**(268,851,382)**	**(10,610,011)**	**(312,744,500)**
Cash flows from investing activities				
Purchase of intangible assets	4	(257,625)	-	-
Purchase of financial assets	7	-	-	(304,127,037)
Proceeds from sale of financial assets	7	176,916,720	127,207,406	-
Net cash generated from/(used in) investing activities		**176,659,095**	**127,207,406**	**(304,127,037)**
Cash flows from financing activities				
Proceeds from borrowings	13	96,680,434	-	444,909,589
Repayment of borrowings	13	(429,108,048)	(112,481,975)	-
Movement in other financial liabilities		429,108,048	-	-
Land owners contribution	10	-	-	175,000,000
Net cash generated from/(used in) financing activities		**96,680,434**	**(112,481,975)**	**619,909,589**
Cash and cash equivalents movement for the year		**4,488,147**	**4,115,420**	**3,038,052**
Cash and cash equivalents at the beginning of the year	9	7,153,472	3,038,052	-
Cash and cash equivalents at end of the year	9	**11,641,619**	**7,153,472**	**3,038,052**

The accounting policies on pages 12 to 18 and the notes on pages 19 to 31 form an integral part of the restated annual financial statements.

Accounting Policies

Corporate information

Cytonn Investment Partners Three LLP is a limited liability partnership incorporated and domiciled in Kenya.

For reporting purposes, the balance sheet is represented in these restated annual financial statements by the Statement of Financial Position and the profit and loss account by the Statement of Profit or Loss and Other Comprehensive Income.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these restated annual financial statements are set out below.

1.1 Basis of preparation

The restated annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these restated annual financial statements and the Limited Liability Partnership Act of 2011.

The restated annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Kenyan Shillings, which is the partnership's functional currency, and rounded off to the nearest Shilling.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of restated annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Trade receivables

The partnership assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the partnership makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment (or loss allowance) for trade receivables is calculated on a portfolio basis, except for individually significant trade receivables which are assessed separately. The impairment test on the portfolio is based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

Several assets and liabilities of the partnership are either measured at fair value or disclosure is made of their fair values.

A valuation committee was established in order to determine the appropriate valuation techniques and inputs for each valuation. The committee reports to the financial controller. Significant valuation issues are reported to the audit committee.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The partnership reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Transfers to or from investment property shall only be made when there is a change in use evidenced by one or more of the following:

a) Commencement of owner occupation.
b) Commencement of development with a view to sell.
c) End of owner occupation.

Any change in use shall be accounted for in the period in which it falls.

For a transfer of investment property carried at fair value to inventory, the fair value at the close of change of use is the deemed cost of of the propertyunder inventory.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Rate (%)
Computer Software	20%

Accounting Policies

1.5 Financial instruments

Classification

The partnership classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the partnership becomes a party to the contractual provisions of the instruments.

The partnership classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the partnership has transferred substantially all risks and rewards of ownership.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the partnership establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Accounting Policies

1.5 Financial instruments (continued)

Impairment of financial assets

At each reporting date the partnership assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the partnership, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the partnership's accounting policy for borrowing costs.

1.5 Financial instruments (continued)

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the partnership has the positive intention and ability to hold to maturity are classified as held to maturity.

1.6 Development properties for sale

Development properties for sale are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of development properties for sale comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the development properties for sale to their present location and condition.

The cost of development properties for sale of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When development properties for sale are sold, the carrying amount of those development properties for sale are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Impairment of assets

The partnership assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the partnership estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the partnership also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.7 Impairment of assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Revenue

The company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The company recognises revenue in accordance with this core proncipal by applying the following steps:

1. Identifying the contract with the customer - A contract is an agreement between the company and other parties that creates impossible rights and obligations.
2. Identifying the performance obligations in the contracts - Contracts should include promises to transfer goods or services to a customer.
3. Determining the transaction price - The transcation price is the amount if consideration in the contract to which the company expects to be entitled in exchange for tranfering promised goods or services to a customer.
4. Allocating the traction price to the performance obligations in the contracts - The company typically allocatesd the transction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
5. Recognising revenue when (or as) the company satisfies a performance obligation - The company recognised revenue when (or as) it satisfies a performance obligation by transfering a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognised is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time or over time. For performance obligations satisfied over time, the company recognises revenue over time by selecting an appropriate method for measuring the company's progress towards complete satisfaction of that performance obligation.

Sale of development properties:
The partnership recognises revenue over time on the basis that the partnership's performance does not create an asset with an alternative use to the partnership and the partnership has an enforceable right to payment for performance completed to date.

Interest income is recognised, over time, using the effective interest rate method.

1.9 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Notes to the Restated Annual Financial Statements

2. New Standards and Interpretations (continued)

- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Partnership as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessor must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessee accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessor continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessee recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after January 01, 2019.

The partnership expects to adopt the standard for the first time in the 2019 consolidated annual financial statements.

Notes to the Restated Annual Financial Statements

2. New Standards and Interpretations (continued)

It is unlikely that the standard will have a material impact on the partnership's restated annual financial statements.

Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle

The amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards deleted certain short term exemptions concerning disclosures of financial assets, employee benefits and investment entities from IFRS 1.

The effective date of the amendment is for years beginning on or after January 01, 2018.

The partnership adopted the amendment for the first time in the 2018 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the partnership's restated annual financial statements.

2.4 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the partnership's accounting periods beginning on or after January 01, 2018 or later periods but are not relevant to its operations:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

The partnership does not envisage the adoption of the amendment until such time as it becomes applicable to the partnership's operations.

It is unlikely that the amendment will have a material impact on the partnership's restated annual financial statements.

Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle

An entity such as a venture capital organisation, mutual fund or similar institution may elect to measure investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 rather than by applying the equity method. The amendment to IAS 28 Investments in Associates and Joint Ventures now specifies that the election must be made separately per associate or joint venture and at the time of initial recognition of such investment.

Further, if an entity is not an investment entity, but has interests in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement of the associate or joint venture. The amendment now provides that such election must be made separately for each investment entity associate or joint venture.

The effective date of the amendment is for years beginning on or after January 01, 2018.

The partnership does not envisage the adoption of the amendment until such time as it becomes applicable to the partnership's operations.

It is unlikely that the amendment will have a material impact on the partnership's restated annual financial statements.

Transfers of Investment Property: Amendments to IAS 40

The amendment deals specifically with circumstances under which property must be transferred to or from investment property. The amendment now requires that a change in use of property only occurs when the property first meets, or ceases to meet, the definition of investment property and that there is evidence of a change in use. The amendment specifies that a change in management's intentions for use of the property, do not, in isolation, provide evidence of a change in use.

The effective date of the amendment is for years beginning on or after January 01, 2018.

Notes to the Restated Annual Financial Statements

2. New Standards and Interpretations (continued)

The partnership does not envisage the adoption of the amendment until such time as it becomes applicable to the partnership's operations.

It is unlikely that the amendment will have a material impact on the partnership's restated annual financial statements.

Foreign Currency Transactions and Advance Consideration

The interpretation applies to circumstances when an entity has either paid or received an amount of consideration in advance and in a foreign currency, resulting in a non-monetary asset or liability being recognised. The specific issue addressed by the interpretation is how to determine the date of the transaction for the purposes of determining the exchange rate to use on the initial recognition of the related asset, expense or income when the non-monetary asset or liability is derecognised. The interpretation specifies that the date of the transaction, for purposes of determining the exchange rate to apply, is the date on which the entity initially recognises the non-monetary asset or liability.

The effective date of the interpretation is for years beginning on or after January 01, 2018.

The partnership does not envisage the adoption of the interpretation until such time as it becomes applicable to the partnership's operations.

It is unlikely that the interpretation will have a material impact on the partnership's restated annual financial statements.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendment now specifies the treatment of vesting and non-vesting conditions with regards to cash-settled share-based payment transactions. The treatment is essentially similar to the treatment of such conditions for equity-settled share-based payment transactions. That is, non-market vesting conditions are taken into consideration when estimating the number of awards which are expected to vest (and which ultimately vest), while market conditions and other non-vesting conditions are taken into consideration when determining the fair value of the share based payment liability, both initially and subsequently.

The amendment also provides for share-based payment transactions with a net settlement feature for withholding tax obligations. Essentially, where the entity is required to withhold part of the equity instruments equal to the tax obligation, the entity is required to account for the payment to tax authorities as a reduction in equity, except to the extent that the payment exceeds the fair value of the equity instruments withheld at net settlement date. The entity should also disclose the amount that it expects to transfer to tax authorities in terms of such transactions.

The amendment further provides guidance in terms of modifications which convert cash-settled share-based payment transactions to equity -settled share-based payment transactions. For such modifications, the equity-settled share based payment transaction is measured by reference to the fair value of the equity instruments granted at modification date, to the extent to which goods or services have been received. The liability for cash-settled share based payment transactions is derecognised on the modification date. Any difference between the two is recognised immediately in profit or loss.

The effective date of the amendment is for years beginning on or after January 01, 2018.

The partnership expects to adopt the amendment for the first time in the 2018 restated annual financial statements.

It is unlikely that the amendment will have a material impact on the partnership's restated annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Notes to the Restated Annual Financial Statements

2. New Standards and Interpretations (continued)

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after January 01, 2018.

The partnership does not envisage the adoption of the standard until such time as it becomes applicable to the partnership's operations.

It is unlikely that the standard will have a material impact on the partnership's restated annual financial statements.

Notes to the Restated Annual Financial Statements

	2017 K Sh	2016 K Sh	2015 K Sh

3. Investment property

Details of property

L.R. No. 5830/7 & 5954/2

	2017 K Sh	2016 K Sh	2015 K Sh
- Purchase price	-	-	175,000,000
- Fair value gain	-	-	55,479,452
- Transfer to inventory	-	-	(230,479,452)
	-	-	-

4. Intangible assets

	2017			2016		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Computer Software	257,625	(51,525)	206,100	-	-	-

	2015		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**
Computer Software	-	-	-

Reconciliation of intangible assets - 2017

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	-	257,625	(51,525)	206,100

5. Development properties for sale

	2017 K Sh	2016 K Sh	2015 K Sh
Work in progress	596,150,829	400,579,109	348,701,497

The above work in progress consists of land transferred from investment properties based on the business case.

	2017 K Sh	2016 K Sh	2015 K Sh
- Transfer from investment property	230,479,452	230,479,452	230,479,452
- Capitalised expenditure	475,575,965	346,879,953	138,198,798
- Transfer to cost of sales	(109,904,588)	(176,780,296)	(19,976,753)
	596,150,829	**400,579,109**	**348,701,497**

6. Trade and other receivables

	2017 K Sh	2016 K Sh	2015 K Sh
Trade receivables	108,913,998	49,649,792	-
Other receivables	1,293,848	38,677,167	19,814,650
Related party receivables (Note 21)	-	1,232,960	1,232,960
	110,207,846	**89,559,919**	**21,047,610**

In the opinion of the partners, the carrying amount of trade and other receivables approximate their fair value.

The carrying amounts of trade and other receivables are denominated in Kenya Shillings.

Notes to the Restated Annual Financial Statements

	2017 K Sh	2016 K Sh	2015 K Sh

7. Investments

Held to maturity			
Cytonn Cash Management Solutions LLP (Note 21)	2,911	176,919,631	304,127,037
Current assets			
Held to maturity	2,911	176,919,631	304,127,037

In the opinion of the partners, the carrying amount of investments approximate their fair value.

The carrying amounts of investments are denominated in Kenya Shillings.

8. Prepayments

Prepayments	50,614,370	50,219,964	53,312,051

The above figures relates to prepayments to residual equity and projects.

In the opinion of the partners, the carrying amount of prepayments approximate their fair value.

The carrying amounts of prepayments are denominated in Kenya Shillings.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	11,641,619	7,153,472	3,038,052

The carrying amounts of cash and cash equivalents are denominated in Kenya Shillings, Euros and US Dollars.

10. Loans from shareholders

Landowners contribution	175,000,000	175,000,000	175,000,000

In the opinion of the partners, the carrying amount of land owners contributions approximate their fair value.

The carrying amounts of land owner contributions are denominated in Kenya Shillings.

11. Other financial liabilities

Cytonn Cash Management Solutions LLP - Loan (Note 21)	429,108,048	-	-

Cytonn Cash Management Solutions LLP has rolling one year investments in special purpose vehicles, with returns to Cytonn Cash Management Solutions LLP of 21.0% per annum.

In the opinion of the partners, the carrying amount of other financial liabilities approximate their fair value.

The carrying amounts of other financial liabilities are denominated in Kenya Shillings.

Notes to the Restated Annual Financial Statements

	2017 K Sh	2016 K Sh	2015 K Sh

12. Trade and other payables

	2017	2016	2015
Trade payables	5,709,316	964,151	27,738,906
Withholding tax payable	16,821,310	1,773,011	1,424,894
Accruals	6,015,869	67,483,172	2,368,094
Deposits received	-	48,869,200	13,470,000
Related party payables (Note 21)	4,963,876	2,573,447	2,459,145
	33,510,371	**121,662,981**	**47,461,039**

In the opinion of the partners, the carrying amount of other payables approximate their fair value.

The carrying amounts of other payables are denominated in Kenya Shillings.

13. Borrowings

Held at amortised cost

	2017	2016	2015
TT Africa	-	332,427,614	444,909,589

Interest shall be payable on any outstanding Notes at a rate of 21% per annum for the first six months and 14% per annum if expressly extended by the Noteholder for a further 15 months and shall be payable at the same time as the principal amount of the applicable.

Interest shall accrue daily at the interest rate and shall be calculated on the basis of a 365-day year and the actual number of days elapsed from the date of issue of the Notes to the date of actual payment.

The loan is secured by a charge over the Partner's interests in the issuer, pursuant to the Partnership and account charge.

Current liabilities

	2017	2016	2015
At amortised cost	-	332,427,614	444,909,589

Reconciliation of borrowings

Reconciliation of borrowings - Company - 2017

	Opening balance	Proceeds	Repayments	Total
Development Bank Limited	322,427,614	-	(322,427,614)	-
Cytonn Cash Management Solutions LLP	-	429,108,048	-	429,108,048
	322,427,614	**429,108,048**	**(322,427,614)**	**429,108,048**

Reconciliation of borrowings - Company - 2016

	Opening balance	Repayments	Total
Development Bank Limited	444,909,589	(122,481,975)	322,427,614

14. Revenue

	2017	2016	2015
Sale of houses	151,205,539	191,358,460	16,530,000

15. Cost of sales

	2017	2016	2015
Development costs	109,904,588	176,780,296	19,976,753

Notes to the Restated Annual Financial Statements

	2017 K Sh	2016 K Sh	2015 K Sh

16. Other income

	2017 K Sh	2016 K Sh	2015 K Sh
Tender fee income	-	239,250	-
Gain on fortfeited capital	400,000	-	-
Realised exchange differences	48,949	11,660	-
	448,949	**250,910**	**-**

17. Operating expense

	2017 K Sh	2016 K Sh	2015 K Sh
The following items are included within operating expenses:			
Advertising and promotions	4,066,843	-	-
Disbursements	1,140,621	421,536	-
Auditors remuneration	696,000	643,000	621,551
Legal and professional fees	150,800	2,435,039	471,000
Office expenses	99,941	62,398	22,930
Bank charges	58,286	85,601	65,539
Land Rates and Rents	50,000	-	-
Advertising and promotions	-	3,682,853	1,054,967
Travelling and entertainment	-	445,560	16,545
Fines and penalties	-	130,000	-
Amortisation charge	51,525	-	-
Electricity and water	-	6,564	74,969
Printing and stationery	30,000	585	31,198
Security	-	-	40,000
Postage	-	-	16,984
Profit and loss on exchange differences	-	-	7,350
Telephone and internet	3,000	-	-
IT expenses	-	-	1,590
	6,347,016	**7,913,136**	**2,424,623**

18. Investment revenue

	2017 K Sh	2016 K Sh	2015 K Sh
Interest revenue			
Interest income (Note 20)	460,872	25,569,943	13,247,543

19. Fair value gains

	2017 K Sh	2016 K Sh	2015 K Sh
Investment property	-	-	55,479,452

This fair value gain represents gains up to the date of change of use of the property.

20. Cash used in operations

	2017 K Sh	2016 K Sh	2015 K Sh
Profit before taxation	35,863,756	32,485,881	62,855,619
Adjustments for:			
Depreciation	51,525	-	-
Interest received	(460,872)	(25,569,943)	(13,247,543)
Fair value gain	-	-	(55,479,452)
Changes in working capital:			
Development properties for sale	(195,571,720)	(51,877,612)	(348,701,497)
Trade and other receivables	(20,647,927)	(68,512,309)	(21,047,610)
Prepayments	(394,406)	3,092,087	(53,312,051)
Trade and other payables	(88,152,610)	74,201,942	47,461,039
	(269,312,254)	**(36,179,954)**	**(381,471,495)**

Notes to the Restated Annual Financial Statements

	2017 K Sh	2016 K Sh	2015 K Sh
21. Related parties			
Related party balances			
Investments in related parties			
Cytonn Cash Management Solutions LLP	2,911	176,919,631	304,127,037
Amounts due from related parties			
Cytonn Cash Management Solutions LLP	-	1,152,960	1,152,960
Mystic Plains LLP	-	80,000	80,000
Amounts due to related parties			
Cytonn Investments Management PLC	303,574	348,769	1,768,975
Cytonn Investment Partners Two LLP	4,583,609	2,147,984	690,170
Cytonn Integrated Project LLP	5,222	5,222	-
Cytonn Investment Partners One LLP	71,472	71,472	-
Borrowings from related parties			
Cytonn Cash Management Solutions LLP	429,108,048	-	-
Related party transactions			
Interest received from related parties			
Cytonn Cash Management Solutions LLP	460,872	25,569,943	13,247,543

The above entities are related through common control.

22. Risk management

Capital risk management

The partnership's objectives when managing capital are to safeguard the partnership's ability to continue as a going concern in order to provide returns for partners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the partnership consists cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the partnership may adjust the amount of dividends paid to partners, return capital to partners, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

Financial risk management

The partnership's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

22. Risk management (continued)

Liquidity risk

The partnership's risk to liquidity is a result of the funds available to cover future commitments. The partnership manages liquidity risk through an ongoing review of future commitments and credit facilities.

At December 31, 2017	Less than 1 year	Between 1 and 2 years
Borrowings	-	429,108,048
Trade and other payables	33,510,371	-

At December 31, 2016	Less than 1 year	Between 1 and 2 years
Borrowings	-	332,427,614
Trade and other payables	121,662,981	-

At Thursday, December 31, 2015	Less than 1 year	Between 1 and 2 years
Borrowings	-	444,909,589
Trade and other payables	47,461,039	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The partnership only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2017	2016	2015
Investments	2,911	176,919,631	304,127,037
Trade and other receivables	110,207,846	89,559,919	21,047,610
Prepayments	50,614,370	50,219,964	53,312,051
Cash and cash equivalents	11,641,619	7,153,472	3,038,052

Foreign exchange risk

The partnership operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The partnership reviews its foreign currency exposure, including commitments on an ongoing basis. The partnership expects its foreign exchange contracts to hedge foreign exchange exposure.

23. Contingencies

There are no contingencies relating to the partnership for the period under review.

24. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the partnership can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Notes to the Restated Annual Financial Statements

25. Fair value

The partners consider that there is no material difference between the fair value and carrying value of the partnerships' financial assets and liabilities where fair value details have not been presented.

26. Comparatives

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

27. Restatement

During the period under review, the management and board made some clarifications to the business model of the group. The impact of these clarifications are shown below:

Statement of Financial Position			
Investment property	-	(187,588,072)	(192,952,109)
Development property	-	208,084,647	209,878,151
Opening retained earnings	20,496,576	16,925,343	-
	20,496,576	**37,421,918**	**16,926,042**

Profit or Loss			
Cost of sales	-	11,428,767	(1,054,109)
Fair value adjustment	-	(15,000,000)	17,979,452
	-	**(3,571,233)**	**16,925,343**

28. Events after the reporting period

The partners are not aware of any material event which occurred after the reporting date and up to the date of this report.