

(“the Company”)

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE COMPANY
HELD AT THE KENYA INSTITUTE OF CURRICULUM DEVELOPMENT,
DESAI ROAD - OFF MURANGA ROAD, NAIROBI ON THURSDAY, 14TH JUNE
2018 AT 10.00AM.**

Present:

- | | | |
|-------------------|---|---|
| 1. Linus Gitahi | - | Chairman |
| 2. Dan Awendo | - | Managing Director |
| 3. Ketan Shah | - | Director |
| 4. Caroline Kigen | - | Director |
| 5. Rachel Mbai | - | Director |
| 6. Mbugua Gecaga | - | Director |
| 7. Members | - | 396 members present in person and 7 proxies in attendance – list attached |

In Attendance:

- | | | |
|-------------------------|---|---|
| 1. Joshua Kihoro | - | Chief Finance Officer |
| 2. Bruno Obodha | - | Commercial Manager – Direct Sales |
| 3. Brian Mawanda | - | Commercial Manager – Indirect Sales |
| 4. Natasha Murgor | - | HR & Administrative Manager |
| 5. Anita Wanaswa | - | Marketing Manager |
| 6. Asif Chaudhry | - | Representative, PKF Kenya |
| 7. Rina Hicks | - | Representative, Faida Investment Bank Limited |
| 8. Madren Oluoch-Olunya | - | Company Secretary |

Absent with apologies:

- | | | |
|-----------------|---|----------|
| 1. Peter Nduati | - | Director |
|-----------------|---|----------|

The Chairman called the meeting to order at 10.10 am and welcomed members. A word of prayer was said by Florence Silvy Gor.

The Chairman introduced the Board of Directors, Company Secretary, representatives from PKF Kenya and Faida Investment Bank Limited to the shareholders after which the Managing Director introduced members of the Company’s Management Team present.

Min. 01/2018 Constitution of the Meeting

It was noted that as at the commencement of proceedings, there were 396 members present in person and further, that as at the close of the proxy register, seven (7) proxies covering a total of 197,600 shares had been received representing 0.05% of the issued share capital of the Company.

A quorum being present, the Chairman then declared the meeting as duly convened and constituted.

The notice convening the meeting was taken as read and adopted.

Min. 02/2018 Confirmation of minutes of the previous AGM held on 15th June 2017

On a proposal by Mr. Alois Wafula Chami and seconded by Mr. Isaac Kiarie, **it was unanimously resolved** that the minutes of the meeting held on 15th June 2017 be adopted as a true record of the proceedings at the meeting and signed by the Chairman.

Min. 03/2018 Report of the Managing Director

The Chairman invited the Managing Director to give his report to members.

Managing Director's report

The Managing Director gave a report on the Company's performance with the following highlights;

1. He pointed out that in the year 2017, the operating environment in the country was somewhat challenging for most companies due to; capping of interest rates, widespread drought, rising political temperatures and the prolonged electioneering period that adversely impacted the economy triggering a slowdown in business performance.
2. He noted that despite these challenges, the Company delivered a solid performance as evidenced by the sustained growth in sales, value of inventory, deferred income and deposits from sale of plots and units.
3. The political handshake was expected to bring about economic stability and growth in the country. Through this initiative, businesses were expected to thrive and consumers could then purchase properties being sold by the Company. Additionally, foreign investors had shown interest in investing in the country and the GDP was expected to grow to 5.8% in 2018.
4. The Gross Sales of the Company in 2017 increased by 8% to Kshs. 921 Million from Kshs. 849 Million in 2016. This improvement was attributed to efforts by the Company's sales and marketing teams coupled with the results of restructuring the group's business model and diversification of revenue streams that the Company had embarked on in 2016. New activities included the purchase, subdivision and sale of residential plots such as Kerobi Plains and Sidai Plains. The redeveloped strategy and new teams were expected to continue delivering positively to unlock the substantial sales and cash flow potential of the Company's projects.

5. There was an 18% increase in revenues from Kshs. 222 Million in the year 2016 to Kshs. 263 Million in 2017. Cost of sales increased by 43% from Kshs 160 Million in 2016 to Ksh 229 Million in 2017.
6. The group has recorded a net loss of Kshs. 181 Million for the year ended 31st December 2017 as compared to Kshs. 168 Million in 2016. Given the Company's performance, the Board did not recommend the payment of a dividend for the year ended 31 December 2017.
7. Valuation of the Company: Based on its share price, the Company was valued at Kshs. 300 Million at the Nairobi Securities Exchange. This value did not reflect the substantial access to real estate inventory, if it did, the value of the Company, including land, stood at approximately Kshs. 4.5 Billion.
8. Looking forward, the Company aimed at:
 - Creating affordable housing for Kenyans; and
 - Being the Market Leader in real estate not only in Kenya but in Africa.
9. The Managing Director highlighted the following Company projects: Migaa, Moru Ridge, Mugumo Ridge, Kerobi Plains among others and illustrated the sales performance. He urged members to purchase the available properties and market the same to their networks and investment groups.

The Managing Director expressed gratitude to the Board of Directors for their guidance and continued support. He also thanked the shareholders and strategic business partners for entrusting the Company with their resources and the staff for their passion and enthusiasm as they continued to deliver on their areas of responsibility.

Min. 04/2018 Consolidated Financial Statements for the year ended 31st December 2017

Upon invitation by the Chairman, Mr. Asif Chaudhry, the representative from PKF Kenya, the Independent Auditor of the Company, presented the audited consolidated financial statements for the year ended 31st December 2017.

Mr. Chaudhry informed members that the financial statements gave a true and fair view of the consolidated and Company financial position as at 31st December 2017, and of the consolidated and Company cash flows for the year ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act 2015.

The Chairman invited questions from members on the financials and the following matters were then raised:

On a query by Mr. Nguu Jones about contingencies being realised but not recognised in the financial statements, the Chairman responded that the proceeds from the sale of land were only recognised in the accounts upon full payment by the purchaser. The Managing Director reiterated the same position and added that, not all land valuation had been included in the accounts, due to fluctuation in value of land.

Ms. Salome Njoroge and other members inquired why administrative expenses (including employment costs) had increased while the shareholders were not receiving any dividends. The Managing Director responded that the increase in the administration expenses was mainly caused by two reasons; i) increase in sales and marketing teams resulting in increase in sales from Kshs 849 Million to Kshs 921 Million; and ii) long-term projects requiring the Company to invest money in providing services and facilities to enhance sales and impacting liquidity. He informed members that the Management Team proposed to engage in more short-term real estate projects in future to mitigate this. The Chairman added that the current remuneration of the Board of Directors of the Company was one of the lowest among the companies listed on the Nairobi Securities Exchange and the amount would be subject to approval of members. He added that Board expenses have been well managed to avoid unnecessary expenses.

Mr. Irungu Kimani sought to know why shareholders were not informed of the Company's bond issue, while there may be shareholders interested in that type of investment, the Chairman responded that the point was well noted. The Managing Director stated that the Capital Markets Authority had rules relating to information memoranda to ensure that shareholders and stakeholders were well informed on matters relating to corporate bond issues. He also acknowledged that the interest payments on the bond had been delayed but there were on-going negotiations with relevant banks to address this matter.

Ms. Betty Muthoni expressed concern that some members of the Board did not own shares and yet offered their leadership to the Company. She opined that shareholders would have more confidence in the Company if all the directors owned shares. The Managing Director added that Capital Markets Authority required that at least one third (1/3) of the directors of the Company should be independent directors, which meant they should not own shares in the Company.

Mr. Fred Odongo noted that the Company proposed to focus on the provision of affordable housing as a business initiative but from the Managing Director's report, it appeared that the existing properties being sold by the Company were targeted at the high-end members of the society. The Managing Director stated that the Management Team was working on addressing the same to achieve an optimal balance.

Upon all the questions being addressed satisfactorily, the Chairman moved to the next order of business which was adoption of the audited consolidated financial reports.

On a proposal by Mr. Chami and seconded by Mr. Jones, **it was unanimously resolved** that the reports of the Directors and the Independent Auditor and the audited consolidated

financial statements for the year ended 31st December 2017 be and were received and adopted.

Min. 05/2018 Declaration of Dividends

It was noted that the Directors did not recommend the payment of a dividend for the year ended 31 December 2017.

Min. 06/2018 Election of Directors

The Chairman stated that as per Article numbers 92 and 93 of the Company's Articles of Association, three directors, Mr Mbugua Gecaga, Mr Ketan Shah and Mr Peter Nduati were due for retirement by rotation and being eligible, offered themselves for re-election to the Board of Directors of the Company.

On a proposal by Mr. Masamba and seconded by Mr. Irungu Kimani, **it was unanimously resolved** that Mr. Mbugua Gecaga be elected as a director of the Company.

On a proposal by Mr Wilson Kariuki and seconded by Mr. Silas Nderi, **it was unanimously resolved** that Mr. Ketan Shah be elected as a director as a director of the Company.

On a proposal by Ms. Consolata Kamau and seconded by Ms. Rose Olesi, **it was unanimously resolved** that Mr. Peter Nduati be elected as a director of the Company.

Min. 07/2018 Approval of the Board Audit Committee Members

The Chairman stated that in accordance with the provisions of Section 769 of the Kenyan Companies Act 2015 the following directors; Ms. Caroline Kigen (Chairperson), Ms. Rachel Mbai and Mr. Ketan Shah who serve as members of the Board Audit Committee (that performs the function of oversight of the Financial Reporting Process and Internal Accounting Control Systems), be elected to continue serving as members of the said Board committee.

On a proposal by Mr. Nzau Jones and seconded by Mr. Timothy Matobe, **it was unanimously resolved** that in accordance with Section 769 of the Kenyan Companies Act 2015, Ms Caroline Kigen, Ms Rachel Mbai and Mr Ketan Shah be elected to continue serving as members of the Board Audit Committee.

Min. 08/2018 Approval of Directors Remuneration

The Chairman informed members that the directors availed themselves for attendance of the Board and Committee meetings and applied their expertise in guiding the management and offering strategic direction on the affairs of the Company. The Directors' Remuneration report had been published on page 97 of the Company's 2017

Annual Report showing the remuneration paid to each director. This was in accordance with the enactment of the Companies (General Amendment) (No. 2) Regulations 2017.

On proposal by Mr Chami and seconded by Ms Betty Muthoni, **it was unanimously resolved** that the Director's Remuneration Report for the year ended 31st December 2017 be approved and the Board be authorised to fix the remuneration of the Directors for the ensuing year.

Min. 09/2018 Appointment of Auditors

The Chairman stated that in accordance with the Company's Articles of Association and Section 719 of the Kenyan Companies Act 2015, Messrs. PKF Kenya, the Independent Auditors had expressed their willingness to continue in office as Auditors of the Company. The Auditors' remuneration for the year ended 31 December 2017 was indicated in the audited consolidated Financial Statements and shown on page 155 of the 2017 Annual Report.

On a proposal by Ms Florence Silvya Bor and seconded by Mr Geoffrey Maonga, **it was unanimously resolved** that the Auditors' remuneration for the year ended 31 December 2017 be confirmed and that Messrs. PKF Kenya, Certified Public Accountants having agreed to continue in office, be hereby re-appointed to act as the Independent Auditors of the Company and that the Board be authorized to fix their remuneration for the ensuing year.

Min. 10/2018 Any Other Business

There being no other business, the meeting ended at 11.05 am.

Confirmed as a true record of the proceedings at the meeting:

Chairman

Date



HOME AFRIKA

Houses Become Homes

Proxy List

NAME	ID No.	CDSC A/c No.	SHARES	SHAREHOLDING PERCENTAGE
1. Andrew C. Onger Kebabe	2292181	1634395	3,500	0.00%
2. Pauline Nyambura King'e	N/A	1161857	1,400	0.00%
3. Mercy Adego Chevatuza	28731817	15441054	100	0.00%
4. Hebson Chavatuza Busolo	961565	1414364	100	0.00%
5. Paul Githaiga Kiriba	N/A	2950200	188,800	0.05%
6. Beacon Movers Kenya Limited	N/A	20285249	3,400	0.00%
7. Anthony Mativo	13830052	135747	300	0.00%