



(“the Company”)

MINUTES OF THE ANNUAL GENERAL MEETING OF THE COMPANY HELD ELECTRONICALLY ON THURSDAY, 30TH JULY 2020 AT 10:00AM.

Present:

1. Peter Nduati - Chairman
2. Dan Awendo - Managing Director
3. Mbugua Gecaga - Director
4. Caroline Kigen - Director
5. Peter Mungai - Director
6. Luke Kinoti - Director
7. Kendi Ogamba - Director
8. Bertha Navuri Mvati - Director
9. Frida Owinga - Director
10. Registered Shareholders joining electronically - 595 representing 10.30% of the total issued share capital of the Company.

In Attendance (in person):

1. Jayne Nyokabi - Chief Finance Officer
2. Beth Murugi - Human Resource & Administration Manager
3. Asif Chaudhry - Representative, PKF Kenya
4. Kerry-Ann Makatiani - Representative, C&R Group
5. Madren Oluoch-Olunya - Company Secretary (Azali Certified Public Secretaries)
6. Charity Asige - Azali Certified Public Secretaries

The Chairman called the meeting to order at 10:00am and welcomed members and observers to the Annual General Meeting (AGM) which was being held virtually for the first time. A word of prayer was said by Mr. Jimmy Kidavasi.

The Chairman introduced the Board of Directors, Company Secretary and the representative from PKF Kenya to the members. The Chairman noted that the ongoing COVID-19 pandemic had necessitated the use of electronic means for the AGM. He confirmed that the requisite regulatory approvals had been obtained and that the Company had met all the required conditions with respect to the convening and conducting of the meeting by electronic means. In addition, the AGM documents had been made available on the Company’s website (www.homeafrika.com).

Min. 01/2020 Constitution of the meeting

It was noted at the commencement of the proceedings, there were 595 shareholders attending electronically, in person and by proxy, representing 10.30% of the total issued share capital of the company of 405,255,320 shares.

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. 02/2020 Confirmation of minutes of the previous AGM held on 5th September 2019

The Chairman reported that the minutes of the AGM held on 5th September 2019 were approved by the Board of Directors and had been signed by the Chairman for the Company's records. The AGM minutes had been availed on the Company's website. No questions or comments had been received thereon. The AGM minutes were therefore taken as confirmed by shareholders and adopted as a true record of the proceedings at the meeting.

Min. 03/2020 Chairman's Opening Remarks

The Chairman informed members that the 2019 financial year had been a difficult one for the real estate industry. The decline was attributed to the impact of the slowed growth in the economy in general and real estate sector in particular, together with the depressed valuation of the company's assets in the form of land and buildings. The Company had initiated measures to ensure the company reversed the performance position including reworking the marketing strategy, introducing new revenue streams to improve liquidity such as the sale of 3rd party properties and property management, adopting substantive cost reduction measures and identifying assets for disposal to raise cashflows.

The 2020 outlook was affected by the Covid 19 pandemic and additional measures would continue to be engaged, in case the effects of the ongoing pandemic continued to persist.

Min. 04/2020 Managing Director's Report

The Managing Director, Mr. Dan Awendo presented a report of the Company's performance in 2019. He reported that in 2019, the Company recorded a 233 percent growth in gross revenue, adjusted for percentage of completion, which translated to a growth from Kshs. 109 million in 2018 to Kshs. 363 million in 2019. Despite the increase in revenue, the Company recorded a Kshs. 887 million loss for the period ending 31st December 2019 owing to the depressed valuation of the listed real estate company's land and housing assets.

Home Afrika's actual sales, not adjusted for percentage of completion, grew from Kshs. 582 million in 2018 to Kshs. 645 million in 2019. This meant that the group had sold more property in 2019 than it did in 2018 even in the wake of a depressed economic environment. However, accounting policy only allowed the Company to recognize deposits from sales as revenue once a plot owner completed payment, title had been processed and the project was complete. This meant that the land sold year on year and sales deposits collected were reflected as deferred income liabilities in the accounts thus presenting a negative outlook in the balance sheet position.

Migaa Golf Estate one of the Company's long-term projects was expected to realize its profitability towards the end of the project in approximately four (4) years' time.

Discussions with potential investors, both locally and internationally, continued with a view to raising capital to accelerate the completion of the Company's projects. Discussions were at various stages of engagement.

It was reported that the Covid-19 pandemic had impacted the business adversely but measures had been put in place to mitigate the effects. Better performance was expected in the later part of 2020 driven by the projected re-opening and rebound of the economy.

In conclusion, the Managing Director expressed gratitude to the Board of Directors for their guidance and continued support. He also thanked the shareholders, development and strategic business partners for

entrusting the Company with their resources and the staff for their passion and enthusiasm as they continue to deliver on their areas of responsibility.

Min. 05/2020 Independent Auditor's Report for the year ended 31st December 2019

Mr. Asif Chaudhry from PKF Kenya, the Independent Auditor, presented the report of the Independent Auditor for the year ended 31st December 2019.

He informed the members that PKF Kenya had not expressed an audit opinion on the accompanying consolidated financial statements of the Home Afrika group because of the significance of the matters described in the Basis for Disclaimer of Opinion section of their report (see page 102 of the 2019 Annual Report) as highlighted below:

- 1) The financial statements indicated that the group incurred a net loss of Kshs. 888,808,078 for the year ended 31 December 2019 and of that date, the group had net current liabilities of KShs. 2,333,637, 768 and a deficiency in shareholders funds of Kshs. 1,941,178,255. These conditions indicated that a material uncertainty existed which may cast significant doubt on the group's ability to continue as a going concern.

The auditor had not obtained sufficient appropriate audit evidence in respect of the basis and assumptions used by the directors to prepare the financial statements on a going concern basis as the discussions and negotiations with existing lenders and prospective investors as well as transactions related to sale of inventories had not been concluded as of the date of the audit opinion. As a result, the auditor was unable to determine whether the use of the going concern assumption was appropriate and if applicable, to determine whether any adjustments might have been found necessary to the amounts reported in the financial statements, should the going concern not be appropriate.

- 2) Included within trade and other receivables were amounts receivable from related parties amounting to Kshs. 343,520,531 which arose on the sale of certain inventory to the related party (recognized a revenue of Kshs. 177,050,481 and deferred income of Kshs. 166,470,049). The auditor had not obtained sufficient appropriate audit evidence in respect of the measurement and recoverability of these transactions and balances.

Mr. Chaudhry also noted that there were no key audit matters to be highlighted due to the significance of the matters described in the basis for the disclaimer of opinion section and the auditor's consequential disclaimer of opinion.

At this juncture, the Chairman informed the meeting that shareholders had been given an opportunity to ask questions and seek clarifications with respect to the financial statements and the resolutions contained in the notice and agenda of this meeting, prior to the Annual General Meeting. Responses were provided to all the shareholders who had asked questions and sought clarifications prior to the AGM. Over 15 questions were responded to. He explained that the responses to the questions raised were classified into thematic areas and had been uploaded on the Company's website.

The Chairman also explained to the shareholders that voting on all resolutions put forward to the meeting would be conducted by poll and that the results of the voting would be published on the Company's website within 24 hours following the conclusion of the AGM. (The results of the voting form part of these minutes).

He urged shareholders to vote for the various resolutions as the meeting progressed. A video with the guidelines on how shareholders could cast their votes for the resolutions placed before the AGM and which were summarized in the Notice of the meeting, was played. The Chairman, thereafter, gave an opportunity to shareholders to ask additional questions of which, he together with the Managing Director, responded to.

The questions were from the shareholders who dialed into the meeting as well as those who had asked questions on the livestream. The questions asked were on the Financial Statements and various aspects of the Annual Report.

Upon all the questions being addressed satisfactorily, the Chairman moved to the next order of business which was consideration and passing of the resolutions listed under Ordinary Business and Special Business of the AGM.

Min. 06/2020 Audited Consolidated Financial Statements for the year ended 31st December 2019

The Audited Consolidated Financial Statements for the year ended 31st December 2019 were tabled. It was noted that the Directors did not recommend the payment of a dividend for the year ended 31st December 2019.

It was **resolved by a majority** that the audited financial statements for the year ended 31st December 2019 and reports of the Directors and Independent Auditor be received and adopted.

Min. 07/2020 Election of Directors

- a) The Chairman stated that in accordance with the provisions of the Companies Act 2015 and Article 115 of the Company's Articles of Association, the following directors having been appointed as additional Directors on the Board to hold office until the conclusion of the next Annual General Meeting, were due for retirement and being eligible offered themselves for re-election:
- i) Mrs. Kendi Ogamba
 - ii) Mr. Peter Mungai Ndungu
 - iii) Ms. Frida Owinga
 - iv) Ms. Bertha Mvati Navuri

It was **resolved by a majority** that Mrs. Kendi Ogamba, Mr. Peter Mungai Ndungu, Ms. Frida Owinga and Ms. Bertha Mvati be elected as Directors of the Company.

- b) The Chairman stated that in accordance with the provisions of Section 769 of the Kenyan Companies Act 2015 the following directors, who serve as members of the Board's Audit, Risk and Compliance 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 Committee:
- i) Mr. Luke Kinoti (Chairperson)
 - ii) Mrs. Kendi Ogamba
 - iii) Ms. Caroline Kigen

It was **resolved by a majority** that in accordance with Section 769 of the Kenyan Companies Act 2015, Mr. Luke Kinoti, Mrs. Kendi Ogamba and Ms. Caroline Kigen be elected to continue serving as members of the Board's Audit, Risk and Compliance Committee.

Min. 08/2020 Approval of Directors' Remuneration

The Directors' Remuneration report had been published on page 82-95 of the Company's 2019 Annual Report showing the remuneration paid to each director.

It was **resolved by a majority** that the Directors Remuneration Report for the year ended 31st December 2019 be approved and the Board be authorized to fix the remuneration of the Directors for the ensuing year.

Min. 09/2020 Appointment and Remuneration of Auditors

The Chairman stated that in accordance with the Company’s Articles of Association and Section 721(2) and 724 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 31st December 2019 was indicated in the Audited Consolidated Financial statements and shown on page 147 of the 2019 Annual Report.

It was **resolved by a majority** that the Auditors remuneration for the year ended 31st December 2019 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 Auditor of the Company and that the Board be authorized to fix their remuneration for the ensuing year.

Min. 10/2020 Special Business

The Chairman informed members that in light of the effects of the Covid-19 pandemic and subsequent Public Health Regulations and Government directives restricting movement of persons and public gatherings, it was necessary to modernize the Company’s Articles of Association to allow for the holding of virtual general meetings.

It was **resolved by a majority** to pass a Special Resolution to amend Section 62 of the Articles of Association of the Company and create a new Article 62A as follows:

“62A. In the case of any general meeting, the Directors may make arrangements for simultaneous attendance and participation by electronic means allowing persons not present together at the same place to attend and speak and vote at the meeting. The provisions of these Articles relating to proceedings of Members apply in so far as they are capable of application mutatis mutanda to such meeting.”

Min. 11/2020 Any other Business

The Chairman thereafter thanked all the Shareholders and participants for attending the meeting and wished them well. He invited Mr. Jimmy Kidavasi to offer a closing prayer.

There being no other business, the Chairman declared the meeting closed at 11.05 am.

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

Chairman:

Date: