



(“the Company”)

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE COMPANY HELD VIRTUALLY/
VIA ELECTRONIC MEANS ON THURSDAY, 30TH SEPTEMBER 2021 AT 10:00AM.**

Present:

1. Mr. Peter Mungai - Chairman
2. Mr. Dan Awendo - Managing Director
3. Mr. Mbugua Gecaga - Director
4. Mr. Luke Kinoti - Director
5. Ms. Bertha Navuri Mvati - Director
6. Ms. Frida Owinga - Director
7. Mr. Nelson Ashitiva - Director
8. Ms. Jayne Nyokabi - Director
9. Registered Shareholders joining electronically - 614 representing 26% of the total issued share capital of the Company.

In Attendance:

1. Asif Chaudhry - Representative, PKF Kenya
2. Madren Oluoch-Olunya - Company Secretary (Azali Certified Public Secretaries)
3. Hellen Macharia - 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. A word of prayer was said by the Company Secretary.

The Chairman introduced the Board of Directors, Company Secretary, and the representative from PKF Kenya to the members.

It was noted that the AGM documents had been made available on the Company’s website (www.homeafrika.com).

Min. 01/2021 Constitution of the meeting

It was noted at the commencement of the proceedings, there were 614 shareholders attending electronically, in person and by proxy, representing 26% (103,766,284 shares) of the total 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 the agenda was adopted.

Min. 02/2021 Confirmation of minutes of the previous AGM held on 30th July 2020

The Chairman reported that the minutes of the AGM held on 30th July 2020 had been availed on the Company's website. No questions or comments had been received thereon.

Upon a proposal by Mr. Stephen Irungu Kimani and seconded by Mr. Gabriel Njeru M'Kwenda, it was **unanimously resolved** that the minutes of the previous Annual General Meeting held on 30th July 2020 be adopted as a true record of the proceedings of the meeting and signed by the Chairman.

Min. 03/2021 Chairman's Opening Remarks

The Chairman informed members that the 2020 financial year had been a difficult one as it was the year that the Covid 19 pandemic hit the Country. The pandemic had a negative impact on the global and local market activities. The Company reported significantly reduced losses and increase in absolute sales despite the negative effects of the Covid-19 pandemic. The Board had put in place a turnaround strategy that would focus on additional revenue streams to boost topline revenue, completion of existing projects, additional cost rationalization and reduction as well as capital raising. The strategy would ensure that the Company improved its performance and created value for all stakeholders.

The Board had put in place mitigation measures in response to the effects of the Covid-19 pandemic. The measures included developing sales and marketing strategy for buyers with depressed disposable income, cost and/or salary reductions and introduction of virtual tours to the various property sites while providing Personal Protective Equipment (PPE) for the physical site visits and increasing digital market presence.

From a governance perspective, the Company had complied with the Capital Markets Authority Corporate Governance Code that enabled it to run the organization professionally and smoothly to meet stakeholder objectives.

Min. 04/2021 Managing Director's Report

The Managing Director, Mr. Dan Awendo presented a report of the Company's performance for the year ended 31st December 2020. The group reported a 15-fold growth in its gross profit for the year ending 31st December 2020, compared to the same period in 2019, growing its gross profits by 1,344% from Kshs. 3.6 million to Kshs. 52.4 million.

Home Afrika's actual sales, not adjusted for percentage of completion, increased by 4% during the year from Kshs. 645 million in 2019 to Kshs. 672 million in 2020. The increase of actual sales by the Company came against a backdrop of depressed economic activity and the significant negative effects of Covid-19 pandemic. It was reported that the IFRS accounting policies 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 net asset value on the balance sheet.

In addition to growth in actual sales and gross profit thereof, the group reported a 62% decrease in loss before tax for the period ending 31st December 2020 of Kshs. 338 million down from Kshs. 887 million posted in 2019. The book value of the group's sellable land and other inventory stood at Kshs. 3.6 billion in 2020.

It was reported that the Company was offering Smart Plots, Private Developments, Migaa Land and Developments, Property Letting services, Short Stay rentals, Property Management Division and Land

Survey Division. Digital marketing had been a critical communication channel. Virtual tours and social media posts played an important role in showcasing the products in the market.

Progress of discussions with various potential investors, both locally and internationally, were greatly affected by the Covid-19 pandemic, noting that some of the potential investors' businesses were affected, and they had to cease the engagement. Furthermore, the internationally based investors could not visit the country due to the Covid-19 protocols put in place by the Ministry of Health, which included travel restrictions.

It was reported that a more positive outlook for the real estate industry was expected in 2021, especially following the global roll-out of the vaccine which raised hope for the containment of the Covid-19 pandemic. However, investors were asked to be mindful that most businesses may be restructuring and downsizing their operations to survive another year of uncertainty prior to the 2022 general elections in Kenya, thus affecting real estate uptake.

In conclusion, the Managing Director expressed gratitude to the Board of Directors for their guidance and continued support. He also thanked the shareholders, stakeholders 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. 05/2021 Independent Auditor's Report for the year ended 31st December 2020

Mr. Asif Chaudhry from PKF Kenya, the Independent Auditor, presented the report of the Independent Auditor for the year ended 31st December 2020.

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 104 of the 2020 Annual Report) as highlighted below:

- 1) The financial statements indicated that the group incurred a net loss of Kshs. 340,250,370 for the year ended 31 December 2020 and of that date, the group had net current liabilities of Kshs. 2,725,831,483 and a deficiency in shareholders' funds of Kshs. 2,281,428,625. 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 was a receivable from related parties amounting to Kshs. 343,520,531 which arose on the sale of certain inventory to the related party. The auditor had not obtained sufficient appropriate audit evidence in respect of the measurement and recoverability of these transactions and balances. In addition, there was an unreconciled variance of Kshs 3,897,428 between inter group companies with an aggregate debit balance of Kshs. 23,011,717 and credit balances of Kshs. 19,114,289 for which no reconciliation had been done hence they were

unable to obtain sufficient appropriate audit evidence whether the balances and transactions were valid.

- 3) Included within Work In Progress were 2 properties; sports facility and club house with a cumulative cost of Kshs. 28,285,376 for which the title was not in the name of the Company. No impairment for the properties had been made in the financial statements.
- 4) Included within deposit from plot buyers were balances reflected as receivable from plot buyers amounting to Kshs.57,272,454. The auditor had not obtained sufficient appropriate audit evidence on the recoverability of these transactions and balances in the absence of supporting documentation.
- 5) As described in Note 15 to the financial statements, included in the inventory were residential apartment blocks that were currently under construction with a carrying value of Kshs. 570 million, and which were a subject of repossession by a bank as collateral to a loan facility. The auditor was unable to obtain sufficient appropriate audit evidence as to the adequacy of provision impairment given the uncertainties in completion of the project as reflected Note 15.

Mr. Chaudhry also noted that there were no key audit matters to be reported 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.

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.

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 which, he together with the Managing Director, responded to.

Questions were received from the shareholders who dialed into the meeting. The questions asked related to the Financial Statements and various aspects of the 2020 Annual Report. Questions that had been sent in advance were responded to and uploaded onto the company's website.

Upon 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 of the AGM.

Min. 06/2021 Audited Consolidated Financial Statements for the year ended 31st December 2020

The Audited Consolidated Financial Statements for the year ended 31st December 2020 were tabled. It was noted that the Directors did not recommend the payment of a dividend for the year ended 31st December 2020.

Upon a proposal by Mr. Gabriel Njeru M'kwenda and seconded by Mr. Isaac Ayekha Mudoga, it was **unanimously resolved** that the Audited Consolidated Financial Statements for the year ended 31st December 2020, together with reports of the Directors' and the Auditor's thereon be and are hereby adopted.

Min. 07/2021 Election of Directors

a) In accordance with Articles 92 and 93 of the Company's Articles of Association, the following Directors were due for retirement by rotation and being eligible, individually offered themselves for re-election:

i) Mr. Mbugua Gecaga

It was proposed by Mr. Geoffrey Bethuel Maoga and seconded by Mr. Thomas Barongo Oeri, and **unanimously resolved** that Mr. Mbugua Gecaga, a Director due for retirement by rotation and being eligible, be and is hereby re-elected as a Director of the Company.

ii) Mr. Luke Kinoti

It was proposed by Mr. Geoffrey Bethuel Maoga and seconded by Mr. Isaac Owuor Onyango, and **unanimously resolved** that Mr. Luke Kinoti, a Director due for retirement by rotation and being eligible, be and is hereby re-elected as a Director of the Company.

iii) Mr. Peter Mungai

It was proposed by Mr. Alex Mbithi Irungu and seconded by Mr. Geoffrey Bethuel Maoga and **unanimously resolved** that Mr. Peter Mungai, a Director due for retirement by rotation and being eligible, be and is hereby re-elected as a Director of the Company.

b) It was 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) Ms. Jayne Nyokabi

It was proposed by Mr. Alex Mbithi Irungu and seconded by Mr. Geoffrey Bethuel Maoga, and **unanimously resolved** that Ms. Jayne Nyokabi, having been appointed as additional Director on the Board, be and is hereby elected as a Director of the Company.

ii) Mr. Nelson Ashitiva

It was proposed by Mr. Titus Nathaniel Njuguna Njoroge and seconded by Mr. Francis Kariuki Muigai, and **unanimously resolved** that Mr. Nelson Ashitiva having been appointed as additional Director on the Board, be and is hereby elected as a Director of the Company.

c) 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) Ms. Frida Owinga

iii) Mr. Nelson Ashitiva

It was proposed by Mr. Pascal Mweha Mwangi and seconded by Ms. Francisca Wambui Muthubi and **unanimously resolved** that in accordance with Section 769 of the Kenyan Companies Act 2015, Mr. Luke Kinoti, Ms. Frida Owinga and Mr. Nelson Ashitiva be and are hereby elected to serve as members of the Board's Audit, Risk and Compliance Committee.

Min. 08/2021 Approval of Directors' Remuneration

The Directors' Remuneration report had been published on page 89 to 95 of the Company's 2020 Annual Report showing the remuneration paid to each director.

Upon a proposal by Mr. William Muigai Mwathi and seconded by Mr. David Fuja Magio, it was **unanimously resolved** that the Directors' Remuneration Report for the year ended 31st December 2020 be and hereby approved and that the Board be authorized to fix the remuneration of the Directors for the ensuing year.

Min. 09/2021 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. GMK Accountants LLP, had expressed their willingness to be appointed as the Independent Auditors of the Company.

It was proposed by Mr. Josphat Kariuki Munyi and seconded by Mr. David Fuja Magio and **unanimously resolved** that Messrs. GMK Accountants LLP having expressed their willingness in accordance with the provision of Section 721(2) and 724 of the Companies Act 2015 and to authorize the Board to fix their remuneration for the ensuing financial year be and hereby appointed as the Company's Auditor.

The Chairman thanked PKF Kenya for their good service during their term.

Min. 10/2021 Any other Business

The Chairman thereafter thanked all the Shareholders and participants for attending the meeting and wished them well.

There being no other business, the Chairman declared the meeting closed at 11.45 am.

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

Chairman:

Date: