



*Hon. Matu Wamae, EBS*

## Chairman's Report 2020

### INTRODUCTION

Let me begin by thanking the Almighty God for keeping us alive and healthy to participate in today's proceedings, in spite of the raging COVID -19 pandemic.

As all members are aware, the year 2020 was unusual year due to COVID-19 pandemic which upto date has caused significant harm to humanity and disrupted life and businesses globally. It has been challenge to all of us, our families and staff, the business we run, and economies we operate in.

The company was unable to hold the AGM for the year ended 31st December 2019 due to Government restrictions on public gatherings, a measure taken to stop the spread of Covid-19 virus. Despite the tough operating environment, the company was able to keep its doors open. The management and members of staff have also shown great commitment and resilience in serving our members during these challenging times including having to wear masks throughout and sometimes forcing members to wear their masks before being served which is a way of caring and protecting one another.

On behalf of the Board of Directors, it is my great pleasure to present to you the Group's Annual Report and Audited Financial Statements for two years ended 31st December 2019 and 2020.

### FINANCIAL PERFORMANCES

The company made profit before tax of **Kshs. 38,722,937** in 2020 and **Kshs 61,926,648** in 2019. Compared to year 2019 the profits dropped by **Kshs. 23,203,711**. The drop in profit is attributed to impact of COVID-19 pandemic on businesses as already explained above. As at 31st December 2020 the net worth of your company was **Ksh.4.6 Billion**.

### AGRHO HOUSE – MOI AVENUE INVESTMENT PROPERTY

Agrho House, the company's flagship continues to offer rental space to small shop traders, Beauty Salons, offices, food court, medium size SMES and colleges. It is now a multi-user commercial and educational building in the Nairobi Central Business District.

**Agrho House** faced many challenges in the years 2019 and 2020. The anchor tenant Nazarene University opted to leave due to low university admissions after the collapse of the private students parallel degree programme. Another challenge was the novel COVID-19 pandemic.

To fill the vacated space the Board and the Management embarked on an aggressive tenant recruitment drive to get other tenants to replace Nazarene. This efforts bore fruits and brought in new tenants:-

1. Vision Institute of Professional Studies
2. Nairobi Institute of Business Studies(NIBS)
3. Vera Beauty College.

The Company will keep on with aggressive campaign to sell the remaining space to other educational and commercial enterprises. The management is confident that in post COVID -19 pandemic; Agrho House will achieve its occupancy of 95-100%. Agrho House is an investment for AIH Ltd that should be retained for prosperity.

### **CLAY CITY APARTMENTS - INVESTMENT**

ClayCity Apartments are owned by ClayCity Ltd company, a joint Venture Company between Clayworks Ltd (subsidiary of AIH Ltd) and HF Development and Investment Ltd-HFDI-(subsidiary company of HFCK Bank), ClayCity Apartments is a residential housing Estate on the 24.5acres that was previously occupied by Clayworks Ltd in Kasarani Nairobi County. Originally this parcel was master planned for the construction of the two and three bedroom apartments with amenities in a gated community to attract the medium class earners.

In total Claycity Ltd obtained an approval from the Government to construct 5,200 Units (Two and Three bedrooms) to be built in phases. Phase IA comprising of 80 Units of 3 bedrooms, is fully constructed and some of the units the owners have taken possession and are happily living there. Due to the low demand for medium class houses, the Claycity Ltd Board decided to change the development plan to affordable housing, this decision was driven by the demonstrated demand of affordable housing and the need to support the Government affordable housing agenda.

The Claycity Ltd has been prequalified as a strategic partner for the development of affordable housing under certificate No.016/AHP/20 issued by the ministry of housing. This means the project and the buyers of the affordable housing will enjoy enormous tax benefits. Furthermore all buyers will get guaranteed mortgage finance from the government's corporation incorporated, for that purpose the Kenya mortgage refinance company.

Claycity Ltd Board has approved the construction of affordable housing as follows:-

<b>Type</b>	<b>Size/Sqm</b>	<b>Units</b>	<b>Selling Price per Unit (Kshs)</b>
3 bedroom	75	1560	4,875,000
2 bedroom	60	2080	3,900,000
1 bedroom	34	780	2,380,000
Studio	22	780	1,540,000

Looking at the prices shown above, the houses will attract buyers of all levels of income.

The project can be implemented in five independent phases so that each phase will be evaluated independently and approved prior to any engagement to reduce risks associated with agreements with contractors and consultants. The actual construction work will commence in the third quarter of year 2021. The Company will continue our partnership with HF Group but subject to review depending on prevailing circumstances

#### **SUB-DIVISION OF LAND (KEKOPEY & NAROK RANCH)**

Pursuance to the resolution you passed at an Annual General Meeting on 2nd April 1989 under Minute No.6/89, it was resolved that the two Ranches (Kekopey and Narok), should be sub-divided into suitable plots. Many of you have been allocated the plots. There are many members who have not collected their titles despite the company effort to register these titles. Secondly there are members who have not paid for the titles registration fees, are being reminded to do so.

#### **KEKOPEY RANCH:**

All the Land at Kekopey is fully subdivided except a parcel of 50 acres at JICA which the company donated for public utility. On it sits a Secondary school, Primary school, Police post, churches and water collection points. It is the intention of the company to survey the land and issue titles to the above mentioned institutions occupying the land. I urge the members who own plots next to this public utility to cooperate with the surveyor and offer support whenever called upon.

#### **NAROK RANCH:**

The Company continues to encourage our shareholders to take possession of their Sub divided land in Narok Ranch- Rumuruti. Many shareholders have shown interest by their personal visits to the ranch and about 90% have paid and have already collected their title deeds. The Board will keep on talking to both National and County Governments to improve security and infrustructure to make Narok ranch habitable for members.

## **BALLOTING FOR PLOTS DEADLINE**

Due to high running costs, the company has been forced to cut down the costs. In this regard members who have not yet balloted for plots have been given three (3) months up to 31st October 2021 to do so. After 31st October 2021 the company will no longer conduct balloting for plots.

## **LAND ISSUES SUB-COMMITTEE**

The board formed a sub-committee of members shown below chaired by director Joseph M Gichuru to handle members land issues.

- i. Director Joseph M Gichuru
- ii. Director Rev. Joseph Kihara
- iii. Director Dr. Patricia W Gathia
- iv. General Manager Michael K Wandegwa

## **LAND GRABBERS AND CONMEN**

As mentioned in the past, the big challenge the company is having is that of land grabbers and conmen. The company is forced to spend a lot of money to protect company land and also attend court for land dispute cases.

### ***Corporate Social responsibilities: -***

1. The Company donated 20-acre plot to the National Police Service to build a security response Centre that will oversee security in the whole area and environs of Narok Ranch.
2. The construction of the massive Neema AIC church and school built by the Koreans Missionary Department on land donated by AIH Ltd.
3. Establishment of a shopping centre next to Mary Mother School.
4. Local security given by the DC, the Kenya Police and the AP's.
5. Establishment of 5 schools.
6. Director Rev. Joseph Kihara continues to oversee the Ranch on behalf of the Board. Members are encouraged to consult him on issues of locating their land and any other issues or suggestion and even compliment.

## **FAMILY BANK SHARES - INVESTMENT**

The company investment in Family Bank Shares still stands at a total of **788,800** shares at a cost of **Ksh. 19,393,600**. The Family Bank group improved performance in 2019. Dividend received for year 2019 was **Ksh. 179,846.40**.

## **CLAYCITY GARDENS PLOTS KENYATTA ROAD, GATUNDU- INVESTMENT**

The company acquired 30 acres of land from Karunguru Coffee Estate Ltd, which were subdivided in sizes 100 by 100 plots and were sold out and project handed over to the owners. The company is looking for other similar investments.

## **APATANA INVESTMENTS LTD - INVESTMENT**

The operations of Apatana Investment Ltd were adversely affected by COVID-19 pandemic. The company offer catering services to airlines such as KLM Airline, Martin Air, Lufthansa International Airline just to mention a few. However due to the outbreak of COVID- 19 pandemic which heavily affected UK, Germany and generally the European Union, that caused lock downs and the reduction of passengers by 33% per aircraft as COVID- 19 containment measures, the operation of the kitchen was adversely affected by more than a half and as I write this report the management of LSG Sky Chefs Kenya Ltd is looking for alternative customers for survival e.g. catering for schools, outside catering etc.

## **COMPANY SHARES**

The company had a policy that put a ceiling of share ownership at 100 shares with nominal value of Ksh.10, 000 per member. Members in the year 2014 AGM you approved to open so that members can buy more share to enable the Company to expand. At the appropriate time your Board will inform you when to buy.

## **OVER THE COUNTER TRADING - AIH SHARES**

The Board has indentified a stock broker to carry on this activity but due to the COVID-19 pandemic the exercise has delayed. It is expected that in year 2022 the selling and buying of shares will commence.

## **REPLACEMENT OF OLD SHARE CERTIFICATES / BONUS SHARES**

The company is undergoing transformation and it is in the process of updating members' register. The Company declared Bonus shares in 2014 and therefore the old share certificates need to be changed to reflect the correct number of shares. The old share certificates are being replaced with New share certificates. Members are being requested to exchange old share certificates with new certificates at the Company Secretary's office whose physical address is shown here below:-.

***Leading Secretaries***

***Portal Place House***

***1st floor suite 10, Muindi Mbingu Street***

***P.O Box 6399-00300 Nairobi***

***Tel: 0739-604756 / 0771-264157***

## **ROBUST MEMBERS' INFORMATION MANAGEMENT SYSTEM (MIMS)**

As already mentioned, the company is undergoing transformation and want to come up with a robust members, information management system (MIMS). In the last AGM I reported that the company is going digital. It was expected that Members Information Management System (MIMS) would be ready and operational from year 2020 but this did not happen due to technical challenges from side of the system developer Velafrica Communications Limited. We ask members to bear with us while we are still working on the system, better late and have a good system that can meet all members and company requirements. The company is keen to keep abreast with technology as indicated below:

- Members can get company information on our company website, [www.aih-plc.com](http://www.aih-plc.com).
- Company Mpesa pay bill **Account No.921776, account number your phone number** is now operational.

### **Virtual Company Meeting.**

- As you are all aware of COVID-19 pandemic, the company has been forced to hold virtual meetings to comply with the Ministry of Health protocols. This is the reason why we are holding virtual AGM this year.

## **PAYING TRIBUTE TO LATE DIRECTOR DAVID N. MBOGO**

Last year 2020 was bad year for the company, we lost one of our directors David Nyaga Mbogo. On behalf of the board of directors, the management and staff and members of the company I wish to pay tribute to late director for his contribution in the development of the company. God bless his soul.

## **COMPANY HEAD OFFICE - KASARANI/NAIROBI**

All members with issues are welcome at the company office at Kasarani but are requested to observe Covid- 19 Ministry of health rules.

## **DIRECTORS**

Our company is lucky it has directors with wealth of experience and knowledge in corporate affairs of companies. As earlier mentioned we have projects going on and I have received a lot of support from the Directors. It can't go without saying, the Vice chairman Hon Ngengi has been of very much help to the company during difficult times. Personally I thank them very much. It is my wish to once more, kindly request you to retain this Board to continue with the development agenda of your company.

## **FUTURE OF THE COMPANY**

The company is undergoing transformation to keep up with the changes in the business world. With the investments mentioned above the Board is confident that the company is headed on the right direction with prospects for growth in terms of profit and capital gains.

## **CONCLUSION**

On behalf of the Directors and myself, I would like to thank you all for your cooperation and understanding for all that we have gone through since the last Annual General Meeting. We still appeal for your continued support and understanding in future.

May I take this opportunity to urge all members to continue observing COVID 19 prevention protocols for our well-being and that of our loved ones. Wishing you good health and success in all of your endeavors. God bless us all.



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HON. ELUID MATU WAMAE E.B.S  
CHAIRMAN.