



TWIN HUTS LIMITED
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TWIN HUTS LTD
10TH ANNUAL GENERAL MEETING 6TH MAY 2017

CHAIRMAN'S REPORT

INTRODUCTION

Dear Shareholders,

It is with great pleasure that I welcome you all to this auspicious 10th Annual General Meeting of Twin Huts Ltd. I am honoured to present this report on the condition of our beloved company in the year 2016. This has been a year characterized by aggressive efforts by the Board to attain one of our main goals, Organisational Excellence towards our Vision of being the investment vehicle of choice.

As a Board we acknowledge the importance a supportive and collaborative culture has in the organization success, where individual behavior and cohesiveness are as important as the result. To drive performance culture, the company needs to ensure that we have the right capabilities and experience to support our growth ambitions.

The Board that served you in 2016 is as follows:-

1. Myself - Chairman (Medical Doctor, Aviation and Properties Investor).
2. Samuel Gitau – Vice Chair (Architect, Properties Investor).
3. George Wakaria - Treasurer (Vice president Citibank –Nairobi).
4. David Mngolia – Chair, Investments (Senior Tourism Operator).
5. Nehemiah Ndeti – Board Secretary (Philanthropist in children education).
6. Joyce Wangari – Board Logistics (Auditor).
7. Samuel Karima – Former THL Chair (Senior Business Consultant).

The company secretarial services was handled by Lawrence Mugambi (Lawyer/CPS).

This Board has Financial, Administrative and Quitesential business Professionals whose agenda is transformative sacrificial service. I thank the entire Board for their dedication and passion throughout this year.

Directors:

M. Kinuthia (Chairman), G. Wakaria (Treasurer), S. Gitau Mwangi (V Chairman)
S.M. Karima, N Ndeti, J Wanjiru, D. Mngolia (All Kenyans)
Company Secretary: M, L Mugambi

I would also like to sincerely thank the Board members retiring on rotation for their immense contribution in the founding and success of THL.

Twin Huts Ltd. has 3,082 fully paid up Shares with a par value of Ksh.30.8 Million. There has been no new share sale drive as the Board deemed it wise to first build on organizational excellence which will in turn nurture a strong easy-to-sell product.

THE ENVIRONMENT WE OPERATE IN

As an investment company, THL has endeavored to have diverse activities ranging from financial to property investments in the year 2016. The NSE has continued to underperform and the property markets have been undergoing a slow burst in the high-end zones.

While our transformation initiatives especially robust Corporate Governance, realistic Strategic Plan, Accountability, Teamwork, and Agility are gaining momentum, our key business line, investment in properties, continue to be characterized by deflation, oversupply and unfair competition.

I am confident that the implementation of the 10 year Strategic Plan will support us in meeting these challenges and point us toward other viable business lines with better returns.

On behalf of the Board I take this opportunity to thank all our shareholders for your continued support as we navigate this process of change for the long-term success of THL.

SETTING OUR COURSE

Over the last year 2016, the BOD has had meetings fortnightly and worked as a team to sharpen our strategies and ensure that there is alignment in our aspirations and goals. The result has been a review and amendment of our Governance structure as we build on an existing strong foundation. Board members now have more specific and expedient subcommittee roles and targets.

The 10-year Strategic Plan has been finalized and with it we shall have improved on efficient delivery of service with timed and measurable success.

New business lines especially in Energy Sector (Solar) and low income housing has been a major point of discussion. THL needs to be agile in seeking out new investment avenues.

The Quarterly Board bulletins have ensured that the shareholders are kept current with the Board Activities and enhance accountability and inclusivity in investment decisions.

TWIN HUTS PROJECTS UPDATES

a) Syokimau Project

This is a 5.4 Acre project along Mombasa Road that was acquired through an SPV – Gatkeyland Ltd. between the year 2014 – 2016. The project was divided into 40 equity units and THL owns 10 units or 25% of the project. 37 of these units have been sold to individual THL shareholders mostly. The idea of a Gated Community is still the prominent feature consisting of 330 apartments of 1,2 and 3 bedrooms, a Business Hub, Club House and a common swimming pool.

Amalgamation of the initial plots has been ongoing but with unforeseen bottlenecks occasioned by changes and inefficient bureaucracy at the Lands Ministry.

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The Board has deliberated on various activities on the plot specifically Fencing, transfer of high voltage KPLC poles and perimeter drainage. All these, despite structuring, awarding contracts and availing funds, have been held back by the amalgamation process which will enable approvals for the development to proceed.

The Board has met and had very fruitful discussions with Proposed Financiers of the project, especially Bora Capital, where different models of financing with between 16%-20% IRR have been tabled.

A meeting of the shareholders of Gatkeyland was held late in 2016 and deliberated on matters related to the future of the project.

b) NEWGATE ESTATE (WINDSOR)

In the year 2016, Twin Huts Ltd. continued to hold 60% shareholding in Planning Development Co. Ltd. which owns 2.4 acres of this Estate. There has been no forward movement of the 2015 development plans and therefore our goal of exiting the project in 2016 has not been realized. THL still plans to exit so as to bridge the financial gap in developing the Syokimau Project and other income generating projects.

c) NSE

THL has maintained the invested Ksh.1 Million in the 12 yr Kenya Government Bond. Due to the poor showing of the NSE in the financial markets, the Board made a conscious decision to stay clear of further involvements in this sector.

d) DENNIS PRITT ROAD PROJECT

This property was highlighted as a target for acquisition by the THL Board in November 2016. The property was valued at Ksh.180 Million and a negotiated price of Ksh.130 Million (all inclusive) had been reached. We were to acquire the property (0.27 Acres) with eight 2 bedroom Apartments and a monthly rental income of about 0.5 Million, as a future opportunity for a Guest House in a prime location and meanwhile have a secretariat base and regular flow of income.

There was poor response from the shareholders and due to the property being a hot cake, the opportunity was lost. Other properties and opportunities like this will present in future, and we shall have to be financially ready.

e) 10 YEAR STRATEGIC PLAN (2017-2027)

In the year under review, the Board deliberated, had a retreat and engaged a very able consultant to facilitate delivery of a 10 year strategic plan. The final Strategy Paper is now ready and shall be highlighted by the consultant at the AGM. I commend the Board for a job well done in delivery of this long awaited project.

WAY FORWARD 2017

The Board looks forward to 2017 with excitement. There will be a paradigm shift from heavy reliance in investment in properties to other business lines with real potential, especially in the Energy, Agribusiness, Education and Health Sectors.

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The realization of the 10yr Strategic Plan has been a real milestone for the Board. Its implementation will improve efficiency in Governance and Investments will be achievable, timebound and measurable. The new business lines envisioned in the paper will be pursued aggressively. Our main Goal is organizational Excellence, Financial Excellence and Shareholder focus. I, together with the Board are committed to ensuring the successful implementation of the 10yr Strategic Plan.

In 2017 income generating projects especially in low income housing has been identified as essential in solidifying our financial foundation but also assure a steady cash flow to support the goals within the Strategic Paper. A proposed Project in the Kikuyu region will be highlighted at the AGM.

A 10MW Solar Power Project at Kiboko region along Mombasa Road is in the offing. This is shovel-ready and the Board has held several discussions with the Proponent. A peek preview will be presented at the AGM.

The Board has also identified Capital Mobilisation as a key factor in the support of the Strategic Plan, as strategy with no resources is pointless. This will be achieved through cash calls and rights issue.

Finally the Board plans to exit the Windsor Project to raise funds primarily to fund the 25% stake in the Syokimau Project, whose amalgamation and final transfer to investors is envisioned by the end of 2017.

On behalf of the THL Board 2016, I thank you all for participating in this AGM and for your continuous support in ensuring Twin Huts Ltd. remains the investment vehicle of choice.



Dr. Moses Kinuthia
BOARD CHAIRMAN
TWIN HUTS LTD.

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