



TWIN HUTS LIMITED
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12TH ANNUAL GENERAL MEETING 8TH JUNE 2019

CHAIRMAN'S REPORT

INTRODUCTION

Dear Shareholders,

I welcome you to this 12th Annual General Meeting of Twin Huts Ltd. The year 2018 has been relatively calm and hopeful for our company. The company was able to implement the first short term strategy of the low-cost housing. Despite robust macroeconomic policies adopted by the Kenyan government, the economy continued to struggle especially with poor performance in the real estate sector.

The Board that served you in 2018 is as follows: -

1. Dr. Moses Kinuthia - Chairman (Medical Doctor, Aviation and Properties Investor).
2. Nehemiah Ndeti – Vice Chair (Education Philanthropist).
3. George Wakaria - Treasurer (Banker).
4. David Mngolia – Chair, Investments (Senior Tourism Operator).
5. Simon Githuku – Fundraising chair (Educationist).
6. Caroline Nkatha – Board secretary (Accountant).
7. Timothy Kuria – Chair, Board projects (Banker)

The Company Secretarial services were handled by M, L. Mugambi (Advocate/CPS)

The Board, as before has been very cohesive and drove a transformative Agenda. I thank the entire Board for their dedication and sacrificial service throughout this year. I would also like to sincerely thank the Board members retiring on rotation for their immense contribution in the success of THL.

Twin Huts Ltd. has 3,082 fully paid up Shares with a par value of Ksh.30.8 Million in 2018. There was no new share sale as the Board concentrated on the implementation of the short term strategy – low cost Housing which the THL Body Corporate partnered with individual THL members to form LCH Regent Ltd.

THE ENVIRONMENT WE OPERATE

Despite the simmering down of political tension in the country, 2018 has been a very sluggish year and especially for the properties market where we operate. The low-cost housing niche continue to outperform other segments of this sector. We are very hopeful that the LCH project will be a tremendous success moving forward.

TWIN HUTS PROJECTS UPDATE

(a) GATKEYLAND 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 with THL owning 12 units or 32% of the project, the others owned by individuals. Due to the failing property sector in the country in 2018, the Board thought it wise to hold out into the long term. The Book value for this property is Ksh.90M, whereas the market value is about Ksh.250M.

(b) NEWGATE ESTATE (WINDSOR)

In the year 2018, Twin Huts Ltd. continued to hold 60% shareholding in Planning Development Co. Ltd. which owns 2.4 acres of this Estate. There has been some movement at the Nairobi County Government Planning Department but the building plans have not yet been approved. The Book value for THL interest is Ksh.11M, whereas the market value is about Ksh.100M.

(c) NSE

The 12 year 1 Million Treasury Bond at 14% matured in August 2018. The gross earnings from this venture netted THL Ksh.1.68 Million (profit 1.51M net of taxes). At this AGM I wish to canvass to the shareholders to invest in a shorter-term government bond (2 yr bond) so as to maximise on rate charges and to give a free hand to the BOD (which lasts 2 years). I propose to raise Ksh.5M towards this venture with proposed earnings of Ksh.1.2M annually or Ksh.50,000 monthly. This, together with earnings from the low-cost housing project will ensure a steady income stream to run THL affairs smoothly.

(d) LCH REGENT LTD.

In conformity to our short-term strategy in the THL 10-year Strategic Plan, the Board did implement the low-cost housing project. This is located along Waiyaki Way, about 10 Km from the CBD. It consists of 69 (sixty-nine) units of various sizes viz; 58 Bedsitters and 11 one Bedroom Units. The units lie on over 3/8 Acre of land leased for 15 years. The project received instant and overwhelming support by individual shareholders who I would like to specifically thank. The project broke ground in mid July, 2018 and was completed in early April, 2019. LCH Regent Ltd. fully owns the project and THL holds about 20% Shares with its Kenya Shillings Three Million (Ksh.3,000,000/=)

investment. The units are now letting out for Ksh.9,000 for bedsitters (expected to settle at Ksh.8,000/=) and Ksh.14,000/= for one bedroom (expected to settle at Ksh.12,000/=). THL and other investors are expected to earn over 25% annual return on investment in this project. During this AGM, the chair, projects subcommittee will elucidate further on the journey of this project. THL should now have regular monthly income to enable run an executive office and implement further projects.

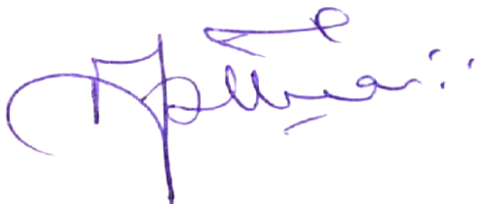
WAY FORWARD 2019

We continue to rely heavily on the 10-year strategic Plan as the roadmap to realising THL's goal of Financial satisfaction and freedom for our shareholders. To this end, the Board has started implementation of the short-term strategy in the low-cost Housing Project. This being a pilot project, we expect to learn and advise if more projects of this nature will fulfil THL's short-term need of a regular income. With the regular income, an executive office housing the secretariat should ease administration and implementation of further THL projects.

As the property market takes a cyclical negative dip, we should be looking for other workable avenues to invest in especially technology-based innovations.

The Board is open and willing to accommodate various inputs from shareholders on any investment niches conforming with our 10 yr Strategic Plan. A comfort zone is a very beautiful place where nothing ever grows therefore let us think out of this (property) box.

On behalf of the THL Board that served you in 2018 I thank you for your unwavering support and your involvement in this AGM.



Dr. Moses Kinuthia
BOARD CHAIRMAN
TWIN HUTS LTD

Directors:

M. Kinuthia (Chairman), G. Wakaria (Treasurer), N. Ndeti (V Chairman)
C. Nkatha, T. Kuria, S. Githuku, D. Mngolia (All Kenyans)

Company Secretary: M, L Mugambi