

**CHAIRMAN'S STATEMENT ON THE OCCASION OF THE 9<sup>th</sup> ANNUAL GENERAL MEETING FOR TEMBO VENTURES SACCO HELD AT FAIRWAY SUITES ON 19<sup>TH</sup> APRIL 2024.**

Our Guest of Honour, Co-operatives officials, other distinguished guests, fellow Directors, Supervisory Committee, esteemed Members, Management of Tembo Ventures, all protocols observed. Good afternoon.

It is with great joy that I take this opportunity to welcome you to Tembo Ventures 9<sup>th</sup> Annual General Meeting. I especially want to welcome the Fairway Suites customers as I congratulate you on trusting us and being patient with us as we worked tirelessly to deliver your unit. You will all agree with me despite the delays we have delivered a beautiful and quality masterpiece project.

The Annual General Meeting is an important occasion when the board gives an account of how they steered the Sacco in the last one year. It is also in this forum that we pass important resolutions, as well as exercise our democratic right of electing our leaders. I would like to appreciate you all for finding time to attend this forum. We look forward to your active participation.

We now want to look at the context under which we carried on business in the year under review.

**2023 ECONOMIC REVIEW**

2023 was one of the toughest years from an economic point of view for most Kenyans. The newly elected government imposed additional taxes (PAYE, housing fund and coming soon SHIF) to fund its development agenda as well other austerity measures due to the country's huge debt burden. This has had a huge impact to both employers and especially the employees purchasing power which has further been compounded by the rise in inflation, exchange rates and the costs of commodities.

The year was characterised by high inflation and interest rates and a 26% devaluation of the KES to the USD. This meant higher cost of living and a significant erosion to the consumers purchasing power.

A number of listed companies issued profit warnings occasioned by the tough operating environment. Our mother company was not spared either recording a 22% profit drop.

Besides, some companies, especially multinationals have closed shop due to increased cost of doing business in Kenya and the downturn of the economy. Just to mention a few, GSK, P&G, De la Rue and Africa Oil.

## 2023 SACCO PERFORMANCE REVIEW

Our performance at Tembo Ventures was quite commendable in light of the tough economic environment. We managed to deliver our Fairways suites project and today we handover keys to 16 fully paid-up customers. While we have sold more than half of the units, we project to sell off all units before close of year. We have also continued with our plots selling business alongside the Fairways project venturing into new areas as you will be seeing on the highlights below.

As a result, the Sacco posted exemplary good results as evidence by the statistics below:

- **Total sales grew from 55 million to 107 million (95% growth)**
- **Surplus before Tax from 6.3Million to 15.8 million, net of provisioning. (150% Growth)**
- **Member's deposits and Savings increased from 90 million to 94 million (5% Growth)**
- **The society has continued to be prudent in expenditure with total operating expenses increasing from 9.2M to 10.6M, a growth of 15%**

## KEY HIGHLIGHTS

### LAND CASES

**Juja Case** - Case Name: ELC/152/2018 FELISTAS WAITHIRA WAMBURU (Suing as the legal representative of the Estate of JOHN WAMBURU KAMAU (Deceased) VS TEMBO VENTURES HOUSING CO-OPERATIVE AND THE ATTORNEY GENERAL

We purchased land from James Kamau Njure, and our due diligence and official search confirmed he was the legal owner of the property, after payment the land was transferred to our name but when we put beacons on the land a dispute arose, and above case was lodged. The Court in its judgment found that the land belonged to John Wamburu Kamau and not John Kamau Njure. The court established that the land register was opened illegally by the lands department and therefore cancelled the title issued to James Kamau Njure.

We are trying to pursue the estate of James Kamau Njure (Deceased a few weeks after the sale), the advocate that handled the transfer of the subject parcel, the AG and the Ruiru Land registrar under Case: MCCC/E560/2022- TEMBO VENTURES HOUSING CO-OPERATIVE VS BETH GATHONI MWANGI T/A B.G MWANGI & CO. ADVOCATES, ESTATE OF JAMES KAMAU NJURE, THE ATTORNEY GENERAL & RUIRU LANDS REGISTRAR. While this case is on-going we have been advised to make the necessary bad debt provision given we lost the first case.

**Naivasha Case** - Naivasha/Maraigushu/Block 11 /5406

We got into a transaction to purchase land in Naivasha. The Vendor was being represented by Lawyer Benson Njau Kayai who was in possession of the original title deed and the lawyer confirmed the vendor was known to him. When the due diligence confirmed the Vendor as the owner we went ahead and did sales agreement between his lawyer and our lawyer after which we proceeded to pay Ksh 4M deposit. On

subdivision of the land a dispute arose, and case was referred to Naivasha DCI. The purported vendor couldn't be traced and the Lawyer acting for him disowned knowing his whereabouts. DCI case dragged on and unfortunately the Lawyer also disappeared without trace on 7<sup>th</sup> February 2021. While the matter is still with the DCI, given the circumstances we have been advised to make the necessary bad debt provision.

The bad debt provisions for these 2 cases amounted to Ksh 12.2M.

Despite the good Sacco performance this year these provisions have impacted our profitability and hence the painful decision not to give members dividends this year.

### **TEMBO SACCO INVESTMENT TO TVC**

We are humbled to report that our mother Sacco – Tembo Sacco has made an investment of Ksh 7million to Tembo Ventures, the Sacco is considering injecting further investments in subsequent years as the SASRA ratios allow. This is a great vote of confidence, and we want to thank Tembo Sacco most sincerely for this great support. We continue to draw on Tembo Sacco's support and guidance and we want to thank especially Lydia who is the CEO of Tembo Sacco for standing with us and nurturing this baby.

### **DIVERSIFICATION TO KISUMU**

During the year and following the strong clarion call by our members from the Kisumu brewery, we launched a project in Kisumu dubbed Airport View, A 2-acre piece where we had 22 plots measuring 50X100.

We sold 20 of the 22 plots in a record 10 months and are confident to close the project before 1 year. Given this quick offtake we are looking to launch another project in Kisumu and also from a survey done recently we hope to explore other counties including but not limited to; Nakuru, Eldoret, Diani, Naivasha, Kakamega and any other areas as may be requested by members through the various surveys we continually run.

### **FAIRWAY SUITES**

Fairway Suites is a master-planned family-oriented apartment block undertaken on a 1/4-acre parcel of land, located about 100m from the Eastern by-pass in the vicinity of Northlands city. We deliberately decided to host this AGM at the Fairway suites so that as members, you are able to witness firsthand the tremendous growth along the Eastern bypass area and what a gem of opportunity Fairway suites is for our members.

The project comprises of 20 - one bedroomed units, 32 - 2 bedroomed houses and 5 Shops, so far we have sold all shops, 18 - one bedroomed units and 20 - 2 bedroomed units. We intend to complete the project and handover all units by December 2024. We have a temporary special cash offer of 4M and 5M for a One and Two bedroomed apartment respectively. We urge you all to take up full advantage of the prevailing competitive prices. Get your unit booked today and get the best value for your money!

### **APPOINTMENT OF CEO**

Mr. Benjamin Okumu was appointed the CEO for Tembo Ventures from 1<sup>st</sup> May 2023. Benjamin had previously served the society as a director and Chairman and therefore was the right person who could hit the ground running to play the critical operational role of steering the day-to-day activities of the Sacco. He has added more energy to the team, improved communication to the members, developed high trust from

our customers and partners and improved the engagements with the board and supervisory teams. He has also partnered very closely with our consulting consortium team (SILIKON GROUP) in coordinating the process of developing our new Strategic Plan for the next four years.

## STRATEGIC PLAN

Last year marked the end of our 2019 – 2023 Strategic Plan. The leadership of the Sacco has been hard at work working on an ambitious 2024 – 2027 Strategic plan which we are going to launch today. In a snapshot we envision the following among other areas of growth:

- To grow our Earnings Asset base from the current 130 million to 400 million
- Grow our member Deposits from the current 94 million to 400 million.
- Grow our profit by 30% Year on Year to 50 million by the year 2027
- Increase our membership from 666 to 3,000 members by 2027.

The Vice chair will be covering the strategy outcomes in detail so let me not pre-empt too much but as a board we committed to delivering this strategy, and we call upon all the stake holders to play their roles to ensure its success.

## RESOLUTIONS

In line with the above strategic objectives, some of the resolutions that we will be proposing today include.

- Amendment of by-laws
  - Reduction of the joining fee from 5K to 1K – this will help us recruit aggressively.
  - Minimum 1K monthly contribution – this will ensure our members remain active and we are able to continue building on capital to help the Sacco grow.
  - Directors minimum share capital – As guided by the cooperative officer, we are proposing to remove this clause in the by-laws and cover this in the comprehensive elections policy we will be developing to guide director’s nominations and elections.
  - Board committees – Again as guided by the cooperative officer our committees need to be aligned to housing cooperatives, hence we propose to align as below.
    - From Finance & Investments to **Executive Committee**
    - From Education to **Business Dev, Education and Marketing**
    - From Tender committee to **Procurement and Tender Committee**
    - Introduce a new committee - **Investment Committee**
    - Supervisory – No Change, keep as is.
  - Opening the common bond – currently its restricted to *(Past or current employees of EABL and its affiliates, Tembo Sacco, Tembo Ventures)* we will add a clause allowing any person

above 18 years, of sound mind and of good character that is employed or undertaking an economic activity.

- Proposing the borrowing limit for the Society be amended to a limit of KES. 150 million

The secretary will be detailing these out further when we get into the agenda on resolutions.

## **BOARD & SUPERVISORY COMMITTEE ROTATIONAL PROGRAMME**

Ben Okumu resigned from the board in May 2023 to take up the CEO role, we decided not to co-opt a director for the balance of the year.

Following the rotational programme; Abel Ratemo, Catherine Ngatia and Agnes Ngamini are due for retirement on rotation. Abel and Catherine are not offering themselves for re-election. During their tenure, Abel injected a lot of energy and input into the marketing area and Catherine has been very resourceful especially on the Fairway suites execution giving us that extra eye that ensured delivery of a high-quality product. On behalf of the board and management, I want to thank both Abel and Catherine for their contributions.

## **CONCLUSION**

In conclusion, I would like to register my sincere and deep appreciation to our chief Guest.

I also want to thank my fellow Directors and Supervisory Committee members for their commitment and diligence in serving this great institution. Serving together with you is a pure joy for me and together, we will go far.

I also want to salute the management of Tembo Ventures led by our CEO Ben Okumu. We encourage you to keep doing the right things to ensure that we serve our members well and build a lasting legacy. Well done to the team for a job well done.

To our mother companies and indeed all our stakeholders, we thank you for being worthy partners. Let us keep working together for mutual benefit.

To the members of Tembo Ventures, thank you for believing and patronizing our products. We owe our very existence to you. Be good ambassadors of the Sacco out there. We rely on you for feedback in order to improve our services.

Finally, we thank the Almighty God for being with us this far and continue to trust in His guidance into the future.

**Long Live Tembo Ventures Sacco, Long Live Co-operative movement.**

**God bless us all. Thank you.**