

CENTUM INVESTMENT COMPANY PLC.

MINUTES OF THE 53RD ANNUAL GENERAL MEETING HELD AT TWO RIVERS, LIMURU ROAD, NAIROBI ON FRIDAY 18TH SEPTEMBER 2020 AT 11:00 AM.

PRESENT

Dr. L. Macharia	Acting Chairperson (by physical attendance)
Dr. J. Mworia	Chief Executive Officer (by physical attendance)
Dr. D. Kaberuka	Board Chairman (by virtual attendance)
Dr. M. Ikiara	Director (by virtual attendance)
Mrs. M. Ngige	Director (by virtual attendance)
Mr. W. Haggai (Alternate to ICDC)	Director (by virtual attendance)
Dr. C. Kirubi	Director (by virtual attendance)
Mrs. C. Igathe	Director (by virtual attendance)
Mr. A. Kasirye	Director (by virtual attendance)
Mrs. S. Wakhungu Githuku	Director (by virtual attendance)

MEMBERS PRESENT

In person	2,504 (by virtual attendance)
By proxy	55 (by virtual attendance)
Total	2,559

IN ATTENDANCE

Mr. M. J. Mbogo	Company Secretary
Mr. W. Kimeu	Chief Financial Officer
Mr. F. Murimi	Managing Director, Centum Capital Partners Limited
Mr. S. Kariuki	Managing Director, Centum Real Estate Limited
Mr. M. Mugasa	Partner, PricewaterhouseCoopers LLP

MIN.1/AGM/2020 - CONSTITUTION OF THE MEETING

a. Appointment of a Chairperson

In the absence of the Chairman of the Board of Directors, Dr. Laila Macharia was appointed as the Chairperson by the members of the Board. Following her appointment, Dr. Laila Macharia (the "Chair") called the meeting to order at 11:20 AM.

b. Welcoming Remarks

The Chair welcomed the members and appreciated their continued commitment to Centum by attending the Annual General Meeting.

c. Opening Prayer

The Chair invited Mr. Fred Murimi to make the opening prayer.

d. Introduction of Directors Joining Online

The Chair informed members that the Chairman of the Board of Directors, Dr. Donald Kaberuka, had recorded a message for the shareholders, which was played during the meeting.

The Chair then informed members that although the other Directors were not present physically, they were nevertheless attending the meeting virtually. The Chair noted that the following Directors were in attendance virtually: Dr. Donald Kaberuka, Dr. Christopher John Kirubi, Dr. Moses M'Ikiara, Mrs. Susan Wakhungu-Githuku, Mrs. Catherine Igathe, Mrs. Mary Ngige, Mr. William Haggai and Mr. Andrew Kasirye.

The Chair further informed members that Dr. Christopher Kirubi had also recorded a message for the shareholders, which was played during the meeting.

e. Quorum

The Chair then called on the Company Secretary to confirm that the meeting was properly constituted. The Company Secretary confirmed that the 2,559 members present, both in person and by proxy, being 57.32% of the shareholders of the Company, constituted a quorum for the Annual General Meeting. The Chair then declared the meeting convened and constituted.

f. Notice

Following confirmation that the meeting was quorate, the Chair called on the Company Secretary to read the Notice and Agenda for the 53rd Annual General Meeting of Centum Investment Company Plc, which had been published in the national dailies and uploaded on the Company's website. The Company Secretary read the Notice and the Agenda, which was adopted as circulated, and thereafter thanked the Chair.

MIN. 2/AGM/2020 - CONFIRMATION OF MINUTES

The Chairperson requested members to confirm the minutes of the 52nd Annual General Meeting of the Company held on 13th September 2019, which had also been uploaded on the Company's website. The minutes were proposed by Alois Chami and subsequently seconded by Paul Njenga, following which the members RESOLVED that the minutes be adopted as being a true and accurate account of the proceedings of the said meeting.

MIN. 3/AGM/2020 - REPORT OF THE AUDITORS, DIRECTORS AND PRESENTATION OF THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

The Chair presented the Board Chairman's Statement and a report on the financial statements of the Company, which had been published on the Company's website, and recommended that the reports be taken as read. The Chair concluded her statement and invited the Group CEO, Dr. James Mworira, to make his presentation to the members.

The CEO thanked the members for their continued support and conveyed greetings from the Company's management team. The CEO further noted that the Company's financial statements would be presented by the Group CFO, Mr. Wambua Kimeu, who had rejoined the Company from Almasi Beverages Limited. The CEO noted that Mr. Wambua Kimeu had been instrumental in the Almasi exit, which contributed Kes 19.5 billion in revenues. The CEO further introduced Mr. Fredrick Murimi, the Managing Director of Centum Capital Partners Limited, who would present on the private equity portion of the report and Mr. Samuel Kariuki, the Managing Director of Centum Real Estate Limited, who would present the real estate report.

The CEO informed members that the Company was at the beginning of the new strategic period Centum 4.0 FY2020-FY2024 and highlighted the Company's goals under each focus area over the strategic period, which were noted to be as follows:

- i. Return and Dividend Payout by generating a minimum return on equity of 20% through value-creating activities and optimization of dividend pay-out to the higher of 30% of the cash annuity income (excluding capital gains) and the previous year's dividend pay-out, as well as realization of Kes 4.6 Billion in net profit and a target year-on-year growth of 12%;
- ii. Capital Structure & Liquidity through balance sheet strengthening through complete repayment of all long-term debt obligations and doubling of the book value of shareholder funds to Kes 100 Billion by FY2024;
- iii. Maintain a maximum operating cost-to-cash annuity income ratio of 30%;
- iv. Organizational effectiveness; and
- v. Portfolio focus through restructuring the portfolio to focus on three key business units, namely:
 - Real Estate by targeting asset allocation of 45-55%;
 - Private Equity by targeting asset allocation of between 30-40%; and
 - Marketable Securities by targeting asset allocation of between 10-20%.

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The CEO noted that the book value of shareholder funds had declined by 10% in the period largely on account of an impairment charge of Kes 3.58 Billion in respect of provisions in the power development portfolio where a 100% impairment was passed in respect of the Company's investment in Amu Power Company following the decision of the National Environmental Tribunal to revoke the Environmental Impact Assessment that had been issued to the Amu Power Company. The CEO noted that although the decision was being appealed at the High Court, it was prudent to make a full provision of the investment.

The CEO informed members that the Company's private equity portfolio had declined in value and weight during the year due to completion of the exit of Almasi Beverages, Nairobi Bottlers and King Beverage, which generated proceeds of Kes 19.6 Billion that were subsequently partly applied towards reduction of the Company's long-term debt thus de-leveraging the Centum balance sheet and strengthening the Company's liquidity. The CEO further noted that marketable securities and cash balances had increased largely as a result of the exits.

The CEO noted that the Centum share price had a strong relationship with the NSE index and had kept up with index, which was noted to have declined. The CEO then noted that Net Asset Value per share had continued to increase and that the Company had endeavoured to close the gap through finding ways to enhance dividend payout, such as through the payment of the higher of the previous year's dividend or 30% annuity. The CEO further noted that the paid loan had reduced finance costs which in turn provided shareholders with enhanced dividend, which the CEO noted was among the highest dividend payouts in the market. Share price was noted to have closed at 21 as at close of year. The CEO noted that the gap between the value of assets and market valuation would be closed through increased performance of underlying assets.

The CEO further informed members that the Company had closed FY2019/2020 with various transactions at advanced stages which had enabled the Company to unlock up to Kes 6 Billion from the real estate asset class. The CEO recommended dividend payment of Kes 1.20 per share, which was noted to be the higher of 30% annuity.

The CEO noted that the Company had engaged in various Corporate Social Responsibility engagements in the period and highlighted the Ajiry Zero Contact Distribution System which had been adopted by ten partners. The CEO further informed members that the Ajiry platform developed by Tribus-TSG Limited, a subsidiary of the Company, with the aim of alleviating youth unemployment, had been rolled out with a launch conducted in May 2019 and Ajiry Centres in 14 counties nationwide established.

The CEO then presented a summary of the Covid-19 pandemic mitigation measures implemented by the Company, noting that the Company had taken steps to stand with the community during the crisis. The CEO noted that the Company had provided access to clean water from Two Rivers Development to 10,000 families living in the Githongoro informal settlement neighbouring Two Rivers. The CEO further noted that the Company had donated foodstuff to families in the Githongoro informal settlement following a successful food collection drive and distribution initiative undertaken by the Company. The CEO further noted that the Company had made donations to the Covid-19 task force.

In conclusion, the Group CEO noted that the Company remained committed to the UN Sustainable Development Goals, reporting that the Company had made efforts to address UN SDG 4 (Quality Education) through provision of scholarships, UN SDG 6 (Clean Water and Sanitation) by provision of clean water in the Two Rivers and Vipingo communities and UN SDG 8 (Decent Work and Economic Growth) through onboarding of NYS graduates on the Ajiry application.

The CEO then invited Mr. Fredrick Murimi to make his presentation. Mr. Murimi thanked the CEO and noted that the Company had taken a step back in its investment activities in the onset of the Covid-19 pandemic in March 2020. Mr. Murimi noted that the Company's marketable securities portfolio had been supervised by Mr. Pius Muchiri, the Managing Director of Nabo Capital Limited. Mr. Murimi noted that asset allocation within the marketable securities portfolio had mainly been deployed in fixed income securities, which had not been highly impacted by the effects of the Covid-19 pandemic.

Mr. Samuel Kariuki made a presentation to the members on developments in the infill projects. Mr. Kariuki noted that the business had attained receivables of Kes 5.8 Billion and that receivables had been maintained greater than cost. Mr. Kariuki further informed members that Awali in the Vipingo precinct and Mirabella in Uganda had been delivered ahead of schedule. Mr. Kariuki further noted that Centum Real Estate had made sales of bulk land and development rights to third party co-developers which would save on capital deployment. The members were informed that the business had been able to attain

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new tenants despite the Covid-19 pandemic. The members were further informed that real estate performance had slowed down in April and May, against previous year performance, due to the effects of Covid-19 but that there had been significant growth experienced in June, July and August.

It was noted that seven out of eight portfolio companies were profitable during the period. The members were informed that the Company strategy was focused on growing value and exiting at optimum value as opposed to staying in for dividend because of the volatility inherent in dividend generation. Members were further informed that the revenue from the exits was deployed towards deleveraging of the Company's book. It was noted that a differential of Kes 6.4 Billion had been obtained due to increased revenue from marketable securities and that the dividend was not being paid out from exits but from recurrent income hence the need for the 30% dividend policy so as to ensure that dividend payout is sustainable over time. The members were then informed that the Centum bond had been repaid at the end of June 2020.

The Group CFO then presented the financial statements for the year ending 31st March 2020. The CFO noted that trading profit had decreased following the disposal of Almasi Beverages Limited and Nairobi Bottlers Limited due to deconsolidation of the Company's stake in Almasi Beverages Limited. The CFO noted that investment income was largely attributable to gains on disposal and interest from marketable securities as well as forex gains. The CFO further noted that operating income was mainly attributable to the performance of some of the Group subsidiaries, namely, Sidian Bank, Zohari Leasing Limited and Nabo Capital Limited, which recorded profits. The Group CFO noted that the Company had achieved other income through services rendered to third parties. Finance costs were noted to have increased due to paying down of the RMB in 2019 and the Bond in 2020 but that less spending was expected in future. Income tax was noted to have been mainly driven by Capital Gains Tax on disposals with Net Profit reported at Kes 4.6 Billion.

The CFO proceeded to present the consolidated statement of financial position and noted that following the disposal of Almasi Beverages Limited, intangible assets in terms of goodwill had decreased against 2019 values while deferred income tax assets had increased. The CFO noted that right of use assets (leases) had been introduced and that cash and cash equivalents had increased. Government securities were also noted to have increased. The CFO reported that assets had remained stable at Kes 101 Billion. The CFO noted that borrowings had decreased. The members were informed that the Net Asset Value of the Company had decreased due to impairment and that investment in subsidiaries had decreased. Unquoted investments were further noted to have increased in the period.

The Group CEO then made a presentation on the Company's outlook for the period FY2020/2021. The Group CEO noted the unprecedented times occasioned by the Covid-19 pandemic and informed members that management's decisions during the past 2 years had served to place the Company in a stronger position. The CEO noted that the marketable securities portfolio had focused on capital preservation and optimization of cash returns by redeployment in higher yielding investments. The CEO further noted that adverse effects of the Covid-19 pandemic on some listed companies in the private equity portfolio had been countered by profit from marketable securities investments. The CEO informed members that the real estate team had continued to sell and collect payments and that the pace of construction had largely been maintained with business interest keen on bulk land and new projects. The CEO assured the members that the Company maintained 30% minimum presale before construction and that although profits had not been booked from the sale of infill units, it was anticipated that profits would be achieved and distributed to the shareholders.

The Chair then invited Mr. Michael Mugasa, the representative of the Company's external auditors, PricewaterhouseCoopers, to read their report and opinion with respect to the audited financial statements for the year ended 31st March 2020.

The adoption and approval for the Audited Accounts for the Financial year that ended on 31st March 2020, together with the Directors' and the Auditors' Reports, was proposed by Mr. Samuel Mwaniki and seconded Ms. Mary Gituthi, after which the motion was put to poll.

On conclusion of the poll, the votes were tallied by the Company's share registrars, C&R Group. The results of the poll were as follows:

Motion	Votes For	Votes Against	Votes Withheld	Total Number of votes cast	Resolution passed (Yes/No)
To receive, consider and adopt the Consolidated Audited Financial Statements for the financial year ended 31 st March 2020 together with the accompanying reports	365,728,208	1,210	8,182	365,737,600	Yes.
% of votes	100%	0.00%	0.00%	100%	

The poll results confirmed that the Audited Accounts for the financial year that ended on 31st March 2020, together with the Directors' and Auditors' Reports were adopted and approved by the members.

MIN. 4/AGM/2020 - DECLARATION OF DIVIDENDS

The Chair tabled the motion of a first and final dividend of Kes 1.20 per ordinary share for the year ended 31st March 2020. The approval of the declaration for a first and final dividend for the financial year ended 31st March 2020 was proposed by Ms. Elly Nyakone and seconded by Ms. Lillian Karanja, after which the motion was put to a poll.

On conclusion of the poll, the votes were tallied and verified by C&R Group. The results of the poll were as follows:

Motion	Votes For	Votes Against	Votes Withheld	Total Number of votes cast	Resolution passed (Yes/No)
To approve the Directors recommendation to declare a first and final dividend of Kes 1.20 per ordinary share for the financial year ended 31 st March 2020	365,589,883	146,558	1,159	365,737,600	Yes.
% of votes	99.96%	0.04%	0.00%	100%	

The poll results confirmed that the declaration of first and final dividend for the financial year that ended on 31st March 2020 was approved.

MIN.5/AGM/2020 - REMUNERATION OF DIRECTORS

The Chairman tabled the motion on the remuneration of directors. The approval of the remuneration of directors for the financial year ended 31st March 2020 was proposed by Ms. Dorcas Orwenyo and seconded by Mr. Boaz Chimasia Nabwera, after which the motion to put to poll.

On conclusion of the poll, the votes were tallied and verified by C&R Group. The results of the poll were as follows:

Motion	Votes For	Votes Against	Votes Withheld	Total Number of votes cast	Resolution passed (Yes/No)
To approve the directors' remuneration report for the financial year ended 31 st March 2020 in accordance with the Companies Act, 2015	362,709,245	19,591	2,954,564	365,683,400	Yes.
% of votes	99.18%	0.01%	0.81%	100%	

The poll results confirmed that the directors' remuneration for the financial year that ended 31st March 2020 was approved.

MIN.6/AGM/2020 - Directors Retiring by Rotation

The Chairman tabled the motion for approval for re-election of Mrs. Susan Wakhungu Githuku, Hon. William Byaruhanga and Dr. Donald Kaberuka, Directors retiring by rotation.

The approval of the appointment of Mrs. Susan Wakhungu Githuku, as a Director due to retire by rotation was proposed by Ms. Florence Sipalla and seconded by Mr. Samuel Mbure, after which the motion to put to poll.

The approval of the appointment of Hon. William Byaruhanga, as a Director due to retire by rotation was proposed by Mr. Peter Karong'e and seconded by Ms. Regina Muthamia, after which the motion to put to poll.

The approval of the appointment of Dr. Donald Kaberuka, as a Director due to retire by rotation was proposed by Ms. Lillian Bucheche Mukoya and seconded by Mr. Brian Ochieng, after which the motion to put to poll.

On conclusion of the poll, the votes were tallied and verified by C&R Group. The results of the poll were as follows:

Motion	Votes For	Votes Against	Votes Withheld	Total Number of votes cast	Resolution passed (Yes/No)
To re-elect Mrs. Susan Wakhungu Githuku, a Director retiring by rotation and being eligible, offers herself for re-election	365,434,591	51,395	197,414	365,683,400	Yes.
% of votes	99.93%	0.02%	0.05%	100%	
To re-elect Hon. William Byaruhanga, a Director retiring by rotation and being eligible, offers himself for re-election	365,429,582	48,258	204,555	365,682,395	Yes.
% of votes	99.93%	0.01%	0.06%	100%	
To re-elect Dr. Donald Kaberuka, a Director retiring by rotation and being eligible, offers himself for re-election	365,481,780	41,707	158,908	365,682,395	Yes.
% of votes	99.95%	0.01%	0.04%	100%	100%

The poll results confirmed the re-election of Mrs. Susan Wakhungu Githuku, Hon. William Byaruhanga and Dr. Donald Kaberuka as Directors retiring by rotation was approved.

MIN.7/AGM/2020 - APPOINTMENT AND REMUNERATION OF EXTERNAL AUDITORS

The Chair informed the meeting that the Board recommended the appointment of PricewaterhouseCoopers LLP as the Company's auditors. The appointment of PricewaterhouseCoopers as external auditors for the Company for the financial year beginning 1st April 2020 was proposed by Mr. Job Ngure and seconded by Ms. Angelyne Mutindi Ngumbi, after which the motion was put to poll.

The Chair tabled the motion to authorize the directors to fix the auditors' remuneration. The approval to authorize the directors to fix the auditors' remuneration was proposed by Nirav Premchand Nagda and seconded by Ms. Laura Origa, after which the motion to put to poll.

On conclusion of the poll, the votes were tallied and verified by C&R Group. The results of the poll were as follows:

Motion	Votes For	Votes Against	Votes Withheld	Total Number of votes cast	Resolution passed (Yes/No)
To appoint PricewaterhouseCoopers (PwC) as Auditors for the Company in accordance with section 721 (2) of the Companies Act, 2015	365,588,587	3,698	90,110	365,682,395	Yes.
% of votes	99.97%	0.00%	0.03%	100%	
To authorize the Board of Directors to fix the Auditors' remuneration	365,665,332	4,660	12,403	365,682,395	Yes.
% of votes	100%	0.00%	0.00%	100%	

The poll results confirmed that members authorized directors to appoint PricewaterhouseCoopers as the Company's external auditors for the financial year beginning 1st April 2020 and fix their remuneration.

MIN. 8/AGM/2020 - ANY OTHER BUSINESS

The Chair informed the members that they had until 1pm to vote, after which the results would be published on the Company's website and in the national dailies within 48 hours. The Chair then invited questions from the members and informed the members that their questions and the responses would be posted on the Company's website within 24 hours of conclusion of the meeting.

Mr. Atelu Paul noted that there was a wide perception that the reason the Company was trading at a discounted price to book value was because the public did not trust the Company's financial reports and sought clarification from management. In response, the Group CEO informed the members that all of the Company's financial reports were prepared in accordance with prevailing accounting standards, laws and regulations. The Group CEO noted that the Company's financial reports were audited every year and that for the year ended 31st March 2020, PricewaterhouseCoopers had provided an unqualified audit opinion on the financial reports. The Group CEO further noted that almost all the exits that the Company had made had been at prices exceeding their carrying values thus underscoring the business' conservative approach to the valuation of its assets. It was further noted that the Company's share price trend had remained in line with the overall stock market performance over the past years.

Mr. Atelu Paul then asked why the Company was paying unproportionate dividend as compared to the massive profits reported. In response, the Group CEO noted that due to the nature of the Company's business, profits were made up of two key investments, being capital gains upon sale of an investment and annuity cash income. The CEO reiterated that in the current strategic period, dividend would be paid out of annuity cash income and capital gains would be preserved for future investments so as to ensure that the Company grows its asset base without heavy borrowing.

Mr. Julian Echessa Watanya inquired on the uptake of the new real estate projects that had been announced in the year (265 Elmer One and 365 Pavilion Place). In response, management noted that the two projects had been launched recently thus it was still quite premature to conclusively assess their performance. However, management noted that similar projects at the Vipingo and Entebbe sites had sold out thus underscoring the unmet demand for the market segment. Management informed the members that a comprehensive update regarding all the Company's projects would be provided at the next results announcement.

Mr. Joseph Muteithia Gathu asked whether there was any dividend payable for the year ended 31st December 2020. In response, the Group CEO noted that the directors had recommended the payment of Kes 1.2 per share for the year ended 31st March 2020 and that the payments would be made in the coming months subject to approval by shareholders.

Professor Mwakio Tole inquired on the status of the Lamu Coal energy project and whether the Company planned to abandon the coal option and generate environmentally friendly energy in Lamu. In response, the Group CEO noted that the project company had appealed the decision of the National Environmental Tribunal to withdraw its EIA license. The CEO then noted that in the interest of prudence, the Company had decided to fully impair the value of its investment in the project. It was further noted by the Group CEO that the project had been initiated by the Government of Kenya to be initiated under a Public Private Partnership, thus only the government had the prerogative to make any fundamental changes.

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Professor Mwakio Tole further inquired on the strategy/policy on payment of dividend. In response, the Group CEO reiterated that the current policy was to pay the higher of 30% of annuity income or prior year dividends. The CEO informed members that in order to increase future dividends, management had decided to fully repay all its long-term debt and save approximately Kes 1.8 Billion in annual finance costs, which would gradually be partly used to increase dividend payments to shareholders.

Mr. Isaac Waciira Thandi asked management how Centum was managing the slow-down in real estate/middle class housing and possible decrease in disposable income in target groups. In response, the Group CEO informed members that the real estate business had adopted a sales-led approach to ensure that they were developing products that are market validated and whose demand exists. The CEO further informed members that the business only broke ground where 30% presales had been achieved and that the business had seen higher sales and collections in the period as compared to the previous year despite the impact of Covid-19.

Ms. Catherine Gitere asked whether members would be getting gift vouchers. In response, the Group CEO informed members that due to the circumstances occasioned by Covid-19, the AGM had to be held virtually and thus the Company was not able to issue vouchers to attending shareholders. The CEO noted, however, that being able to maintain dividend payment despite the tough times was a great gift to all the Company's shareholders.

Mr. Clement Ngugi Muhoro requested clarification on what it means to say that the Company's share is undervalued. In response, the Group CEO noted that the Company's net asset value per share as at 31st March 2020 stood at Kes 71.30 whereas the share price ranged between Kes 20-31 over the past 12 months, further noting that the gap could be what leads to the conclusion that the Company is undervalued by the market.

Mr. Ndungu Ndungu and Mr. Alfred Nyaga asked whether management had any immediate plan for a share buyback considering that the stock is trading at a huge discount to the net asset value. In response, the Group CEO informed members that the regulation governing share buybacks in Kenya had not been finalized yet by the market regulators thus the option was not available yet.

Mr. Nelson Mwangi asked how one could buy shares online. In response, the Group CEO asked Mr. Mwangi to kindly contact any of his nearest stock market brokers to assist with trading.

Mr. John Muhumuza Kamara noted a Business Daily article that was published on 4th September 2020 and which stated that Centum had agreed to pay CCBA about Kes 3.7 Billion in compensation for tax liabilities arising from a tax case lost by the bottlers Centum sold to CCBA, and asked management to elaborate on what had transpired as well as the timelines for payment. In response, the Group CEO informed members that the reporter had gotten the facts wrong on the matter and that the tax case was still in the supreme court awaiting determination as such no requirement for compensation by Centum had arisen.

Mr. John Muhumuza Kamara further inquired on the options that the Board had discussed in the event that Centum had not been able to close the sale of the bottlers at the time that it did. In response, the Group CEO informed members that management was already focused on retiring all of the Company's long-term debt using internally generated cashflows as at the commencement of the Centum 4.0 strategy in April 2019 thus when management announced the signing of the share purchase agreement with respect to the transaction, there were no doubts about completion of the sale in good time. The CEO note that the completion of the sale in September 2019 was nine months ahead of the scheduled bond retirement.

Mr. J. M. Kamara inquired on how much Gulf Energy had invested in Amu Power to date and whether they had also impaired the value of the project in their own books. In response, the Group CEO informed members that Gulf Energy was an independent privately owned entity thus Centum was not privy to the financial statements of Gulf Energy and therefore could not comment on the value at which they carry their investment nor how the same had been accounted for in their books.

Mr. J. M. Kamara asked management to kindly explain why some property assets had registered FV gains while others FV losses in FY20, noting that TR Development Ltd and Pearl Marina had registered FV losses while Vipingo had registered a FV gain. In response, the Group CEO informed the members that Centum had acquired its real estate assets in different periods and at different cost levels. The assets were revalued periodically with various factors driving their carrying value, such as, the level of infrastructure development around the property and stages of development and the general performance of the property market which may vary from one location to another.

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Mr. J. M. Kamara asked how much cash had been received from the bulk land sales of Kes 2.8 Billion as mentioned in the FY20 report and from which land banks the sales were made as well as who the typical buyers of such bulk land were. In response, the Group CEO informed members that more than Kes 300 Million had been collected on the land sales and that the balances were expected to be received upon completion of the transfer of property to the purchasers. The CEO further informed members that the sales had been achieved across all of the Company's sites with the bulk of it coming from Vipingo and noted that the buyers were typically third-party developers who were seeking to put up complementary developments such as retail and entertainment centres, petrol stations, logistics infrastructure e.g. warehouses and light manufacturing hubs.

Mr. J. M. Kamara asked management what it means when Kes 7.8 Billion is reported in pre-sold units and whether this means that units worth Kes 7.8 Billion had been booked for purchase with deposit or whether sales worth Kes 7.8 Billion had been made as well as what amount is required to book a unit. In response, the Group CEO informed members that that meant that units worth Kes 7.8 Billion had been sold and deposits collected on booking with the balance of purchase price progressively collected during the construction period. The CEO further informed members that booking a unit typically required payment of 10% deposit on signing a letter of offer and another 10% upon signing the sale agreement.

Mr. J. M. Kamara asked how much cash was needed to fully complete the 1,442 units under construction across the projects and where the funding would come from. In response, the Group CEO informed members that the projects were funded by debt, equity and deposits collected during construction in suitable combinations for each project and noted that so far, all the advanced projects had not had to utilize debt as deposits collected and equity funding had been sufficient to finance their development.

Mr. J. M. Kamara inquired on the possibilities of exit or value addition for the stakes in minority interests such as Isuzu and NasAir and how management felt about these investments. In response, the Group CEO noted that the two assets were performing well and management's view was that their future prospects would be very good.

Mr. J. M. Kamara asked when Centum bought 25% interest in UAP financial services in Uganda and what the expected strategy was. In response, the Group CEO informed members that the company was set up in FY2012 to serve as a special purpose investment vehicle and noted that as of 31st March 2020, the entity did not hold any investment and that the carrying value related to capitalized set costs which had been fully expensed during FY2020 thus now had a carrying value of zero.

Mr. J. M. Kamara inquired on the value of the Company's current liquidity available for deployment. In response, the Group CEO informed the members that as of 31st March 2020, the Company held cash and marketable securities worth Kes 8.9 Billion.

Mr. J. M. Kamara asked what exactly annuity income was and how was it calculated. In response, the Group CEO noted that annuity income was the more regular stream of income made up of dividends and interest received from portfolio companies as opposed to capital gains which were lumpy and realized upon conclusion of an exit.

Mr. J. M. Kamara inquired on management's thoughts on share buybacks versus special dividends as a way of increasing returns to shareholders. In response, the Group CEO noted that there was no existing framework by the market regulators on share buybacks, noting that the alternative of enhanced future dividend payment was the viable option management had to consider.

Mr. J. M. Kamara asked whether management would exit a private business with high returns on investment and little capex required for growth even if it meant getting multiples of cost/price paid. In response, the Group CEO informed members that several factors came into play in the decision whether to hold or exit a company and that generally, Centum would be looking to exit any company where it was felt that the opportunity therein as a financial investor had been maximized for value creation.

Mr. J. M. Kamara asked management to elaborate on the bonus payment structure/scheme that was currently in place. In response, the Group CEO noted that staff bonus was earned where the Company's cash returns on the opening value shareholder for a given period exceeded the set minimum return of 15% (called the hurdle rate). The CEO further noted that for private equity and marketable securities, bonus was computed at 20% of the excess return.

The Chair then opened the floor to shareholders who were on call.

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Professor Mwakio Tole from Mombasa congratulated management on the Company's performance and thanked management for holding a virtual meeting, noting that the same allowed shareholders outside of Nairobi to participate easily, and asked management to consider continuing with virtual meetings post Covid-19. Professor M. Tole asked management to clarify the dividend policy and expressed that he had hoped that dividend would be closer to Kes 3.00 per share as Kes 1.20 per share meant that shareholders who had bought shares at Kes 30 per share would require 40 years to achieve return on investment. In response, the Group CEO informed members that the dividend policy was 30% of recurrent income. The CEO noted that a large proportion of the gains from the previous year had been capital gains, which were one-off and were not factored into the dividend amount so that the income could be reinvested to ensure sustainable dividends. The CEO further informed members that it was management's intention to sustainably increase dividend through increasing recurrent income. The CEO noted that in the past, there were no dividend contributions coming from real estate but that real estate was now contributing to dividend, further noting that the Company did not want to borrow to pay dividend.

The Chair then informed members that it was now voting time and that a tutorial would be played for the members with instructions on the voting process. The Chair thanked the members for their attendance and implored the members to take care and be safe in light of the prevailing Covid-19 pandemic.

There being no other business to transact, the meeting was concluded and declared officially closed at 12:12 PM.

CONFIRMED BY: _____

CHAIRPERSON

DATED: _____