

RELISA HOUSING CO-OPERATIVE SOCIETY LIMITED
CHAIRMAN'S REPORT TO THE 18TH ANNUAL GENERAL
MEETING TO BE HELD ON THE 21ST APRIL, 2016
AT SIX EIGHTY (680) HOTEL, NAIROBI.

The Chief Guest,
Distinguished Guests,
Fellow Delegates,
Ladies and Gentlemen.

With much humility, I wish to request that I be allowed on behalf of the Management Committee and the entire fraternity of Relisa Housing Co-operative Society Limited to welcome you to our 18th Annual General Meeting.

I feel much privileged being a servant of the Society to have the opportunity of standing before you to yet again present the Annual Report and Accounts for the year ended 31st December, 2015.

The Guest of Honour, I wish to acknowledge the fact that it is indeed both a great honour and privilege for this occasion to be graced by your presence in that despite the busy schedule that you normally have and coupled with the overbooked diary, especially at this moment that the Cooperative Societies are endeavouring to beat the deadline as per their calendar, you still have managed to avail yourself for the same.

Following the most recently conducted Branch Education Meetings, it is my considered view that all the Delegates here present are well versed with the formation of Relisa Housing Co-operative Society Limited and therefore, it will not be in anyway harmful to skip its history this time.

The Honoured Guest, having said that, it would now be quite appropriate at this juncture to want to take note of the following points:-

1. a) MEMBERSHIP:

The size of our membership has continued to vary as had always been anticipated following in-house sales and purchases by the Shareholders

themselves and also coupled with the constant updating that take effect following the data Analysis at the time of Dividends payments.

As at 31/12/2016 we had 12,174 Shareholders (12,179 Shareholders in 2015). This is still bound to vary further. The Board will be constantly kept abreast as such variations occur.

b) SHARE CAPITAL:

Our Ordinary Share Capital stands at **Kes. 19,809,660/=** since inception.

2. TITLE DEED AND REGISTRATION CERTIFICATE:

These very valuable articles of the Society are deposited in a Rented Bank Safe held with the Cooperative Bank of Kenya who are our appointed Bankers at their Upper Hill Premises. However, it is proper to clarify that from time to time as the need to borrow some approved funds from the said Bank arises, the Title Deed is normally used as a Collateral and remains charged and kept at the Bank's Head Office. Sooner that the granted loan is fully repaid, the said Title Deed gets discharged and returned to the Rented Bank Safe.

3. LAND RATES/RENTS:

The usual procedure always is that the Rates and Rents applicable should be commensurate with the value of the property as entered in its books. We have always ensured that payments in this respect are made to the relevant authorities as per the requirements in place as this will go a long way in ensuring the safety of the property.

4. INCOME AND EXPENDITURE:

a) Income:

In the year under review which commenced on 1st January and ended on 31st December, 2016, the Total Revenue earned was **Kes. 20,678,031** compared to **Kes, 23,242,980** earned in the previous year thus causing a reduction by **11% - Kes.2,564,949**. This reduction is attributed to **Kes. 1,218,000** previously earned on the KBC Plots Acquisition project and a further **Kes. 3,000,000** received in respect of the Loss of (Rental) Income compensation from our Insurers following the Fire Incident of May 2015. Further, note that we also wrote-off rentals amounting to **Kes. 1,700,000** in respect of the tenants whose businesses were badly affected following the Fire Incident. Hence, the balance of **Kes. 106,089** has been derived from the Annual Rental Increments.

b) Administration expenses:

Our Administration expenses reduced by **29%- Kes. 1,859,480** from **Kes. 6,499,009** in the year 2015 to **Kes. 4,639,529** which is due to the building redecoration (painting) - **Kes. 1,475,000** and Valuation of property **Kes. 800,000** which never recurred in the year 2016.

c) Governance Expenses:

Our Governance expenses remained almost the same - **Kes. 6,645,476** in current year under review and **Kes. 6,619,831** in the year 2015 and therefore a slight variance of **0.4% - Kes. 25,645**. The Board is currently pursuing ways of cutting down on Governance expenditures if not maintaining it at the same level.

d) Depreciation:

It is the Policy of the Society to carry out a valuation of its property in every five (5) years and NIL depreciation is charged in the year of valuation. No depreciation is charged on Leasehold land while depreciation is charged on the additional Fixtures & Fittings in the succeeding years after and until the next year of valuation. The last valuation was in 2015. Thus an increment by **747% - Kes. 145,357** i.e. from **Kes. 19,456** in the year 2015 to **Kes. 164,813** in the current year under review due to the additional capital expenditure on Fixtures & Fittings.

However, while looking at the Audited Accounts and Report in its entirety, you will appreciate that we registered an impressive performance and still maintained a much improved revenue earning despite the Fire Incident and the many economic challenges that prevailed then and even currently.

I want to still state that the prudent Realty management which is firmly in place and which has seen us this far in our performance will not only be maintained but will also be further improved.

Our capacity during the year under review remained at **70 Units** whose occupancy continues to fluctuate from time to time depending on the sound economic status of every individual tenant. Following the Fire Incident, three (3) tenants vacated on their own, while another (3) were vacated due to rent payment difficulties.

A list of tenants in respect of this information is availed separately.

The finer details pertaining to both the Income and Expenditure will be obtained from the Audit report.

5. DIVIDENDS:

I still want to reiterate that as regards the future payments of Dividends, the decision will continue to remain within the province of the Board of Delegates and of course will also always have to be determined by the realized **NET SURPLUS**.

After obtaining the Board's authority today, the Management Committee will then put in place suitable modalities with a view to effecting the dividends payments by mid October, 2016.

I want to yet once again strongly urge all of the delegates here present and particularly those who will be charged with the responsibilities of payments of dividends to ensure that there are no double payments and also that sooner that the payments have been done, returns are made and filed with the office in good time so as to enable further recoupments to be done without undue delay. This will go a long way in ensuring proper accountability and also smooth operations at the grassroots level.

6. HONORARIA:

Fellow Delegates, as we prepare to pay Dividends to members to the tune of **Kes. 5,000,000** you would wish to acknowledge that this is a clear indication of the sense of dedication, diligence and total commitment to the call of duty by both the Management and Supervisory Committees.

A provision therefore of **Kes. 300,000/=** has been made for payments as Honoraria to the officials for the services rendered in the year under review, if approved by this Board.

7. EDUCATION:

Education being a very vital component for both the enlightenment of the general membership and the development of the Society, much importance is being attached to it and is being conducted for both our Members and Delegates equally. We did conduct very successful Education Programme recently in all the Ten Branches of the Society and I want to salute all of the Branch Officials for the good job that they performed in ensuring that the exercise succeeded. I also want to appreciate the members who attended the said Education meetings in large numbers and also for their high sense of maturity and integrity in all the deliberations.

8. VALUE OF THE PROPERTY:

The policy in place requires that properties such as ours be valued every five years. This being the case, the recent valuation of the property was done in the month of December, 2015 and the current value of the Building and Land is **Kes. 210 Million** i.e Building Kes. 140million and Land **Kes. 70million** and a Premium Cover is in place with the Co-operative Insurance Company in case of any calamity that may befall the property.

9. NOMINATION:

I am most pleased that this very vital issue which in the past tended to be either ignored or overlooked is now yielding very good results following the emphasis made on it during the Education programmes. I want to yet again request all the Delegates here present to ensure that the Shareholders within our areas of jurisdiction obtain Nomination Forms, name their nominees and return the duly filled in forms to the Head Office in good time for appropriate action.

This will not only take care of the inheritance of the shares but will also ensure continuity in the affairs of the Society.

10. MANPOWER UTILISATION:

In line with our current Core Business of Real Estate Management and also considering the size of our Organization, we still have Three enlisted members of staff in the positions of the House Manager and Two Office Assistants on renewable contractual terms.

I cannot fail to mention that the Executive Committee continued to accord their unreserved support to the Society without which the Society cannot effectively operate. I want to highly commend them for the same.

11. SHARE/BONUS SHARE CERTIFICATES:

I wish to restate that the issuance of both the Share and Bonus Share Certificates will remain an ongoing process in that most of our Shareholders are quite elderly and are also spread all over the country and cannot therefore be all reached at the same time. Moreover, a good number of them are living their Bonus Life and their Shares will therefore have to be transferred to their prospective Nominees come the ultimate hour.

Even though, we have since covered a huge number, I want to very humbly appeal to all of us here present to reach all the Shareholders and their surviving kins who are known to us wherever they are and update them appropriately.

12. GROUP PERSONAL ACCIDENT/LAST RESPECT COVERS:

In recognition of the risks that the delegates are faced with in rendering service to our general membership across the country and which also involve a lot of travelling, I am pleased to report that the Management Committee still found it appropriate to accord its blessings for the renewal of the Group Personal Accident and Last Respect Covers. The same is now effectively in place. This arrangement has gone a long way in according the delegates a lot of peace in the course of their duties.

13. NACHU AND CIC MEMBERSHIP:

I am pleased to inform the Board that we as an entity are still a shareholder of NACHU which is our Apex Organization. We had to reduce our then shareholding of **Kes. 310,000/=** by **Kes. 50,000/=** in order to acquire shareholding at the Prestigious NACHU Plaza which is currently under construction and is nearing completion. Should our financial position get sound enough in the near future, we will restore our initial shareholding and even increase the same in line with the Management Committee's resolution so that we accumulate more shares that would eventually enable us borrow from NACHU for future development of the Society as per the current Strategic Plan in place.

The Board will be appraised on the same sooner this will have been implemented.

We have a good number of NACHU Shareholders drawn from our Management and Supervisory Committees and also from the Staff and General membership in their individual capacities and who have been able to obtain school fees and development loans from time to time.

I want to yet again very humbly plead with the Delegates to positively consider becoming NACHU Shareholders so that together we may improve our Socio-Economic Status which is the primary objective for which all the Cooperative Societies and or Credit Unions were established globally.

Some of the Committee Members are also CIC Shareholders.

14. UNPAID DIVIDENDS, BOMB BLAST COMPENSATION AND MONEY OWED TO RELISA BY RELI SACCO:

In the year 2014, I gave an elaborate position of this matter stating that Reli Sacco were to prove their case by availing the required relevant documentations. To date we have not received any valid information. I still very much believe that the issue at hand is in a very able and competent hand and what is needed is Reli Sacco's cooperation in the same. I want to yet again plead with the Board to accord another chance so that the matter is addressed to the logical conclusion.

All is not lost yet for there are still other avenues that can be explored by either side should there be a stalemate. Thank you for indulging me.

15. STRATEGIC PLAN:

The Strategic Plan that we currently have in place and whose term expires at the end of this year incorporates the Plots Acquisition Project.

In the previous conventions, I had pleaded with you to indulge me so that I may give a comprehensive report on all the Three Phases of the Plots Acquisition Projects and which you positively granted. Today, I am pleased to reciprocate and yet again honour my promises by giving you a detailed and complete report on the Plots Acquisition Projects as follows;

a) Phase I - Mavoko Town Block 2/5460 and Phase III - K.B.C. - Donyo Sabuk Block 1/24539:

Phases I & III which covered Mavoko and KBC had conclusively been dealt here in the last convention, realizing an additional surplus of about **Kes. 1,280,000** and which was utilized in the improvement of dividends to **Kshs. 350** from **Kshs. 300** for every Kes. 800 worth of shareholding.

b) Phase II - Ruai -Nairobi 9363/105: (Year of Acquisition - 2004)

As pointed out in our last convention, the issue of Title Deeds processing was re-visited with the Purchasers who had agreed to pay **Kes. 200,000** per plot so as to fully meet the then costs of processing the titles and the deadline for payment of the same was fixed for 30/09/2016.

By the end of the set deadline, 49 out of the 64 Purchasers had either paid in full and or made substantial payments and their Titles were processed and handed over to them in a colourful ceremony witnessed by Madam **Roseline Nyamache** from the Starehe Sub-County Co-operatives Offices on **09/11/2016**.

The 15 number of Plots whose purchasers did not pay for the Title Deeds were re-possessed and these titles were registered in the name of the Society. Relisa having incurred the cost of processing these titles have already placed them on sale at **Kes. 2.0m** and **Kes. 2.5m** for members and non-members respectively with a view to recovering the costs and profits, which will then be reported here when the sale is concluded, just in the same manner I did with the Phases I & III.

c) Remarks

In that this should be an on-going project and now that this project has proved to be viable coupled with the experience and demand from members and outsiders, I wish to suggest that this convention grants my Board authority to go ahead to venture into the next phase of the project and where possible to decentralize to the Branches.

I wish to point out that this request has received tremendous support from our Branches as witnessed during the just concluded Branch Education Meetings and Resolutions which will be tabled to you later under the Memos.

Fellow Delegates, this project which is now in demand can only restart and proceed if you will further consider and approve the Borrowing of Funds for it so as to satisfy the aspirations of our members and also improve on their Socio-Economic Status which is the main objective for which this Society was formed. The same will also go a long way in supplementing our day to day operations which is rental collections and ultimately improve the Dividends Payments.

In order for us to succeed in this venture, our desire for success should be greater than our fear of failure.

16. FIRE INCIDENT:

Just soon after our last Annual Convention in the early hours of May 17, 2015 fire broke out on the ground floor of our Building thus seriously affecting our Meter Room and the first and second floors and throwing the entire Building into total darkness.

Following this, the Executive Committee urgently assembled with a view to addressing the issue at hand.

It became apparently necessary to bring on Board some Professionals for advice on the way forward. After a series of consultative meetings solutions were found and the urgent works commenced and eventually we became fully operational once again.

We are most grateful to The Almighty God in that there was no life lost and also that there were no injuries suffered.

17. ELECTIONS BY ROTATIONS:

In order to conform with the directives as per the set Rules governing Elections, Three members of the Central Management Committee and One member of the Supervisory Committee have their three year term ending today but they are eligible for re-election.

I want to wish those facing elections All the Best.

18. COMPLAINT LETTER:

Sometime in the year 2014 a few disgruntled members formed a group and teamed up with non shareholders with a view to instigate the sale of the House in an un-procedural manner at wrong forums and also by doing circulars to that effect. We were able then to contain the situation by giving proper education to the general membership at the Branch meetings whereby resolutions had been passed that the House should not be sold. We had also advised the said elements to desist from their negative activities and observe the Rules that govern Relisa failing which appropriate action would apply.

In the recent past they re-grouped again and this time even went further to elect an Interim Committee whereas Relisa has a substantive one in place.

In that there is a procedure to be followed in instituting such a Committee, our position is that whatever they have done is irregular.

Following this, in the recently conducted Branch Education Meetings, the members resolved that the House should not be sold and also that those agitating for its sale should be advised to sell their Shares to the other shareholders on willing seller willing buyer basis. It was further resolved that should these disgruntled members continue with their negative activities, then they should be addressed individually to show cause why appropriate action should not be taken against them.

In respect of the Complaint Letter addressed to the relevant authorities by the said Interim Committee, I wish to inform this Board that we have since responded to the same as having been requested to do.

In that the Branches have for the third time consecutively resolved that the House should not be sold, we need to reaffirm the position by taking a

vote to that effect at this Convention which is the Supreme Organ of Relisa Housing

19. CONCLUDING REMARKS:

My Beloved, as I take the last lap of the report, I feel duty bound to make some remarks and also pleas as follows:-

When we took over the Administration of Relisa, we had hope in the midst of despair for we had already established that the best is not in the past but rather in the future. We had then to devise the methods that would enable us succeed in our mission which was to invest in new ideas to create economy for us all. This then called for both courage and bravery which had to reside in our hearts and the same was also to be enhanced by cooperation which is what works in the real World.

Much has since been realized towards this end but in that a job is much more than a pay cheque, I wish to call upon all of us to want to render services with dignity, dedication, honesty, diligence and devotion while walking together, pulling one another and sharing our views together and having compassion for our members as a preference.

Finally, for us to succeed in all of our ventures, we always need to plan well in advance otherwise we will be planning to fail ourselves.

We will succeed even the more as we acknowledge that it is just not simple enough to assemble at the Annual General Meetings and fail to serve the grassroots.

20. APPRECIATION AND THANKSGIVING:

The Chief Guest,

May I now on behalf of the Central Management Committee, once again express our most sincere appreciation for the support, cooperation and advice that we had been privileged to enjoy as we partnered with your Predecessor and your Officers in rendering services to our Shareholders during the period under review. We most hopefully look forward to the continuation of the same in future.

I cannot forget to pay tribute to my fellow diligent and dedicated Central Management Committee Members for their wise and timely counsel as I

render services to the Society. May The Almighty God reward them abundantly. I am confident that this unreserved support will continue in future for the good of our Society.

I cannot forget to commend the Supervisory Committee Members for their maturity and also for the manner in which they have continued to approach and handle their responsibilities at all given times. May they want to keep that spirit alive always.

I cannot forget to mention the Society's Attorneys for being readily available with timely advice even at very short notice.

I also want to register our ample gratitudes with our Apex Organization, NACHU for being there for us at all the times of need.

My ample gratitudes also go to all the Delegates for the good performance in line of service in their respective areas of jurisdiction. I feel much blessed to be in the service of the Society with them.

My Thanksgiving goes to The Almighty God who has been our guide, strength, comfort and the best companion ever, since the inception of Relisa.

Despite all the difficulties and frustrations, He has always been available by our sides with Divine Favour, Proper Guidance, Sufficient Grace, Adequate Protection and all the other Blessings that we have needed.

Let us be appreciative by serving with Thanksgiving to The Most High, Most Merciful and Most Gracious.

My beloved, as I take this opportunity to very gladly invite you to settle down for the business of the day for the benefit of our most treasured Shareholders, I want to assure you of my utmost humility and obedience as I serve the Board.

Be pleased to now want to allow me to resume my seat and proceed with the rest of the business of the day.

May The Almighty God Bless You and Your Families, Preserve, Protect and Watch Over You, Favour You with Good Health and Strength, Grant You Peace and also Provide Enough For You and Your Dependants.

Always Be Rest Assured Of My Love, Care and Treasure For You.

THANK YOU AND GOD BLESS KENYA AND RELISA.

MICHAEL SANDE DALLAH
NATIONAL CHAIRMAN
RELISA/AGM/2016