



بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



Fahi Dhiriulhun Corporation Limited
Male, Maldives.
Minutes of the Annual General Meeting (2022)

Venue: Microsoft Teams (online)
Date: 12th October 2023
Time: 1400hrs

Attendees:

- | | |
|-------------------|-------------------|
| 1. Mohamed Azim | Chairman |
| 2. Salfiyya Anwar | Managing Director |
| 3. Ibrahim Nizam | Director |
| 4. Mariyam Nazima | Director |
| 5. Ahmed Musid | Director |
| 6. Ahmed Ameen | Company Secretary |

Shareholder Representative from the Government of Maldives:

- | | |
|-----------------------|---|
| 1. Uz. Ashraf Rasheed | Senior Legal Counsel, Ministry of Finance |
|-----------------------|---|

Representative from Auditor General's Office

- | | |
|--------------------------------|--|
| 1. Fathimath Firushana Rasheed | Manager, Financial and Compliance Audit, AGO |
|--------------------------------|--|

Representative from External Auditor:

- | | |
|------------------|--|
| 2. Ahmed Samweez | Manager, Audit & Assurance, Crowe Maldives LLP |
|------------------|--|

Invitees from FDC

- | | |
|---------------------------|-------------------------------|
| 1. Aminath Nashwa Hameed | Chief of Operations |
| 2. Ali Jinah Shareef | Chief Financial Officer |
| 3. Ahmed Shamool Abdullah | Manager, Business Development |

Agenda

1. Inauguration by the Chairman.
2. Approving the Minutes of the Annual General Meeting 2020 held on 30th June 2022.
3. Presenting and approving the Annual Report of FDC for 2022.
4. Presenting and Approving the Audited Financials of FDC for 2022.
5. Appointment of External Auditor.
6. Strategic Action Plan of FDC for 2022 to 2027.
7. Annual Budget of FDC for 2023.
8. Any other matters.



The meeting was commenced by the Chairman, Mohamed Azim at 14:00hrs.

1. Agenda Item Number 1: Inauguration by the Chairman

The Chairman of FDC inaugurated the meeting by welcoming all the participants.

He informed that the Annual General Meeting (AGM) being held is the 4th AGM of the Corporation.

2. Agenda Item Number 2: Approving the Minutes of the Annual General Meeting 2020 held on 30th June 2022.

The Company Secretary presented the minutes.

No comments were made by the representative of the Shareholder regarding the minutes.

The Minutes were approved as presented.

3. Agenda Item Number 3: Presenting and approving the Annual Report of FDC for 2022.

Summary

This item was presented by Ahmed Shamool Abdullah / Manager, Business Development and Corporate Affairs. Shamool mentioned that the Annual Report had already been shared with and approved by the Board of Directors and noted the following in his presentation:

Shamool noted that the main goal of the Corporation was to carry on what was initiated in the year 2021, and within that scope the operations of the Corporations have expanded such as hiring more staff compared to the previous year, starting operations in Hulhumale', increasing staff training, and improving the staff recreation activities. For the purpose of sustainability, more financing had been acquired for the current activities as well as proposals for new projects were evaluated.

Board of Directors

- Two new directors, Najeel Ahmed and Mariyam Nazima were appointed to the Board of Directors.

Management

- Management structure remained the same as before.

Human Resources and Administration

- For the purposes of recreational activities of the staff and to improve teamwork, Fahi Recreation Club (FRC) was established. The main objection was to improve teamwork, morale, and give an official capacity to FDC in competitions held between different corporations.
- Several staff development activities were conducted through the FRC.



Project Progress

- There was a significant deal of progress with regard to the project with JMC, whose name has now changed to KPIL.
- Project performance of NBCC (India) Limited up to the end of the year 2022, ground level works were completed for four towers and piling had begun for three towers. A considerable amount of progress has been made since then.
- For the purpose of inspecting the materials to be used by NBCC and KPIL for the projects, the Management team met with the contractors' management teams.
- Project performance of KPIL up to the end of the year 2022, a great deal of progress can be noted such as ground level works for six towers being completed, concrete works were completed up to the sixth floor of Tower 12, the rest of the towers had been constructed up to fifth, third, and second storeys. Groundwork and piling had been completed for all the KPIL towers. Rafting was also done and for most towers the ground floor was complete. A great deal of progress was made by KPIL in the previous year, and we are working within the current timeline and delivery schedule.

Discussion

The Chairman initiated the voting process for the Shareholder to approve the Annual Report of FDC for the year 2022.

Decision

The Annual Report of FDC for 2022 was approved by the Shareholder.

4. Agenda Item Number 4: Presenting and Approving the Audited Financials of FDC for 2022.

Summary

This item was presented at the AGM by Ali Jinah Shareef / Chief Financial Officer. Jinah noted the following in his presentation:

Income Statement

- The Corporation is operating at a Net Loss. Compared to the previous year (2021) there has been an 88% increase in Net Loss.
- In 2021 9.5 Million had been recorded as Net Loss and in 2022 there is an increase to 17.8 Million. Operating Expenses is attributed to be the biggest cost. It has increased by 86% from 9.3 Million in 2021 to 17.3 Million in 2022.
- Finance Cost has increased by 189% and for 2022 the lease liability finance costs have been included.

Operating Expenses

- The biggest expense this year also has gone to HR Remuneration, which is approximately 69% and is 11.9 Million for the year.
- Depreciation costs come to around 13% coming to 2.2 Million.



Balance Sheet or Statement of Financial Position

- Total Assets which were at 696 Million have now increased to 1.5 Billion. The work-in-progress of the two projects recognized as inventory amounting to 56 Million in 2021 has increased to 915 Million in 2022.

Statement of Cash Flows

- Cash and Cash Equivalents at the end of the year has been recorded at 24.4 Million, and the entire inflow is from the Government's capital and equity contribution.

Audit Highlights

- Received an unqualified opinion issued by the External Auditors, Crowe Maldives LLP (Crowe Maldives).
- Financial statements are presented fairly, in all material aspects.

Financial Outlook from 2022 to 2023

- Profitability: Revenue generation is expected to initiate in late 2023 or early 2024. Although this will improve the profitability of the company, a longer term will still be required for the company to breakeven.
- Financial Leverage: Operational expenses are financed by equity injections from the Government. With revenue generation commencement in 2023/2024, FDC can rely more on operational cashflows to meet daily operations.

Discussion

Chairman informed that the land title transfer process is ongoing with regard to the land wherein the 4000 social housing units are being developed. The title has been transferred from Housing Development Corporation/Urbanco to the Ministry of Finance and the process of transferring the same to FDC is currently in process.

Ashraf inquired if it can be estimated that revenue generation will begin in the first quarter of 2024 in the financial outlook.

Jinah stated that around six towers are complete and ready for allocation, and if those units are handed over, FDC will be able to generate revenue from those tenants. Additionally, if the commercial units in the finished towers are allocated, revenue can be generated within the first quarter of 2024.

The Chairman initiated the voting process for the Shareholder to approve the Audited Financials of FDC for 2022.

Decision

The Audited Financials of FDC for 2022 was approved by the Shareholder.



5. Agenda Item Number 5: Appointment of External Auditor.

Summary

This item was presented at the AGM by Ali Jinah Shareef / Chief Financial Officer. Jinah noted the following in his presentation:

- Crowe Maldives were the External Auditors for 2021.
- FDC made an announcement to submit proposals/bids to provide External Audit services for the year 2022 to 2024 as per the recently approved Audit and Accountability Regulation of SOEs.
- Tender Evaluation Committee of FDC carried out the evaluation of the bids submitted, and the bid winner was Crowe Maldives as they were the only party that fulfilled all the requirements of the bid.
- The bid was for three years, and Crowe Maldives had bid MVR 108,711.00 for 2022, MVR 116,806.50 for 2023, and MVR 125,711.55 for 2024.
- Audit for the year 2023 will be carried out by Crowe Maldives.

Discussion

Chairman asked if this matter had received Board approval.

Jinah answered in the affirmative.

Ashraf inquired if there are any restrictions pertaining to hiring one firm audit firm consecutively in the regulation.

CS stated that three or five years is the limit provided in the regulation.

Ashraf asked if the term will not fall outside the limit.

CS assured that it does not, and it was done as per regulation.

The Chairman initiated the voting process for the Shareholder to approve the appointment of the External Auditor.

Decision

The Appointment of the External Auditor was approved by the Shareholder.

6. Agenda Item Number 6: Strategic Action Plan of FDC from 2023 to 2027

Summary

This item was presented at the AGM by Ahmed Shamool Abdullah / Manager, Business Development. Shamool noted the following in his presentation:

- In the past four years, the main goal of FDC was to carry out the work of developing social housing as mandated by the Government.
- The main objectives of the previous Strategic Action Plan have been achieved and commitment had been made to additional social housing projects other than the current 4000 social housing scheme.
- Going forward there are seven strategic goals to be achieved within the next four years.



- Subtasks of some of the objectives are already being carried out operationally in FDC.

Goal 1: Provide Social Housing Solutions

- This is an objective that is already being followed.
- The current scheme is for the development of affordable housing units, and certain things must be incorporated into the main contract for the project as separate segments such as garbage chute, parking, security system, parking, etc., and the purpose of getting more finance for the same is in furtherance of this goal.
- Making housing models for social housing for atolls, test the feasibility, find out the most appropriate and suitable housing model in atolls, and aligning the strategic goal as per Government mandate, if any.

Goal 2: Property & Asset Management

- It is anticipated that by the end of 2023 or beginning of 2024, some of the units will be handed over and work is being done towards allocation of the same.
- It is our strategic objective to develop the commercial units and establish a system to manage the housing units.

Goal 3: Establish Strong IT Infrastructure

- Development of IT infrastructure and create a platform to provide the necessary services to the tenants.
- Creation of a portal and improving employee productivity by ensuring internal departmental information flow.
- This strategic action plan focuses on setup and integration of building information modelling software into the current workflow of FDC and establishing a resilient network.
- Improve cyber security.

Goal 4: Improve Finances of the Corporation

- Research and explore alternative project financing models with concessional cost of financing.
- Diversify the revenue streams and seek new revenue generation alternatives.

Goal 5: Establish Research & Development Function

- Carry out detailed research on the housing market to assist in the formulation of national housing policies.
- Look into the housing needs, population statistics, disposable income levels in atolls from councils, and so on.
- Develop different housing models such as weather or disaster resilient housing and models that incorporate water storage and water harvesting, etc.

Goal 6: Strengthen Marketing & Public Relations Functions

- Establish and strengthen relations with internal and external stakeholders.
- Strengthen FDC's brand image.



- Establish and strengthen relationships with customers.
- Strengthen media relations.
- Strengthen tenant relationships and improve community outreach.

Goal 7: Operational Efficiency for Quality Improvement

- Implement an organizational structure that best aligns with FDC's mandate.
- Establish and strengthen internal controls. This is already being carried out by way on Internal Audit and Risk Management as of now.
- Strengthen organizational capacity building and staff development.
- Strengthen compliance with national and international best practices and standards.
- Staff recruitment and retention to achieve a skilled workforce.

Discussion

Chairman asked if this matter had received Board approval.

CS answered in the affirmative.

Ashraf inquired if these seven goals can be achieved without changing the object clause.

Shamool stated that the objectives in the Strategic Action Plan are assigned to the departments and to operationally implement the same the tasks have been handed over to the heads of related departments of related functions, and operations plans are being made and discussed at weekly management meetings.

Ashraf asked if these tasks can be carried out within the scope of the Memorandum of Association without amending it.

Shamool answered in the affirmative.

Ashraf inquired further regarding Risk Management and mitigation and its inclusion in the goals.

Shamool stated that the function of risk management has been included and operationally management wise, and even project wise risk registers are maintained, and risk management is executed.

CS added that the Strategic Action Plan aligns with the object clause in the Memorandum of Association and there is no need for amending the same.

Nashwa added that Strategic Action Plan was made as per the object clause for the purpose of achieving the general corporate mandate, and it focuses on the tasks and actions needed to achieve the same functionally and operationally.

CS stated that in the previous year with the help of a risk management consultant a risk management policy/framework was made which was approved by the Board and now a risk management unit has been established, and risk registers are being prepared and compiled at department and unit levels.

Ashraf further asked if there will be an annual review of the Strategic Action Plan as it is for five years.

Nashwa stated that when items related to the Strategic Action Plan are presented to the Board, it is stated in the board papers under which goal they fall under. Starting from this year the staff evaluations and department evaluations are done based on KPI measures. Every year department objectives and KPIs are set



and will be reviewed. If anything has to be added, then the same will be presented to the Board for approval. There will be periodic reviews and will be carried out systematically.

The Chairman initiated the voting process for the Shareholder to approve the Strategic Action Plan of FDC from 2023 to 2027.

Decision

The Strategic Action Plan of FDC from 2023 to 2027 was approved by the Shareholder.

7. Agenda Item Number 7: Annual Budget of FDC for 2023.

Summary

This item was presented at the AGM by Ali Jinah Shareef / Chief Financial Officer. Jinah noted the following in his presentation:

- As a corporate governance requirement, the Annual Budget needs to be disclosed in the AGM.

2023 Budget Proposal & Funding

- Initially in January it was forecasted that revenue will be generated in 2023, and the estimated revenue collection in 2023 was MVR 44,156,996.04.
- The Government budget for 2023 was MVR 26 Million.
- The unutilized budget of 2022 was MVR 23,582,707.30.
- The estimated funds available for spending in 2023 were MVR 93,739,703.33.

Planned Activities for 2023

- Existing Projects: 4000 social housing units contracted with NBCC and KPIL.
- Planned Hulhumale' Projects: Expected 2000 social housing units with Ashoka.
- Greater Male' Housing Projects: 2 projects.
- Expected Housing Projects in Atolls: 2000 social housing units.

Expected Spending in 2023

- The total budgeted operational expenditures is MVR 91,883,101.68. It is estimated that it will change.
- Total HR & Board Remuneration Cost is MVR 53,380,434.60; Total Administrative Expenses is MVR 16,847,679.20; Total Capital Expenditure is MVR 14,879,339.10; and Total Utility Expenses is MVR 6,775,648.78.
- Budgeted Investment Properties amount to MVR 118,288,235.30, and it includes the development costs for provision of ancillary services on the land and buildings in which the social housing units will be located, and FDC will need to obtain additional funds from either the Government or external sources to finance this.

HR Recruitment Plan for the Year

- Staff strength was expected to rise by 222% with 60% local staff and 40% expatriate staff.



- By year end it was forecasted that there would be overall 216 staff but as of September there are 101 staff.
- Majority of the hires were expected to be for Planning and Projects Management department.
- More hires were also expected for Property Management and Legal Affairs as the initiation of the Property Management function required more staff.
- Hires for additional departments were also budgeted.
- Staff welfare expenses were the highest in Administrative Expenses.

Project Financing

- Budget was made with project financing for the current four projects and future projects in mind.
- Government equity of 219,982,874.38 and India Exim Bank loan of 1,231,286,069.25.
- Expected total amount budgeted for project financing was MVR 1,523,268,943.62.

Changes to Stockholder's Equity

- In January it was estimated that the Stockholder would suffer a net loss of MVR 17,599,294.21.
- Expected change in equity was that MVR 418,671,815.45 would be added.

Recommendations

- Based on the planned activities for the year 2023, 2023 Budgeted Expenditures (Monthly Breakdown), 2023 Budgeted Income Statement (Monthly Breakdown), 2023 Budgeted Cashflow Statement (Monthly Breakdown), 2023 Budgeted Statement of Financial Position (Monthly Breakdown) would need the endorsement of the Shareholder.

Discussion

Prior to the presentation CS noted that the budget was revised in September and certain amendments had been made.

After the presentation Ashraf inquired about the actuals presently in the fourth quarter of 2023 compared to before. He also requested to include it in the presentation.

Jinah stated that the budget until quarter 2 had been shared with Privatization and Corporatization Board (PCB) in the form of a Budget Variance Report. It showed that 50% of the budgeted amount was utilized, 50% was utilized for capital expenditures. Expenses were not incurred for some projects that were forecasted, such as the hiring of more staff. The budget was also revised by the end of the second quarter, and there are some differences compared to the original budget considering the present expenses. The revised budget was endorsed by the Board.

Ashraf asked which party would cover the insurance of the 4000 social housing units.

Jinah stated that in the Defects Liability Period, the contractor would cover the insurance of the project, and after that the Corporation would cover. Under the law, a condominium society can be created, and such a condominium society can insure the units.

Ashraf inquired whether FDC would not have to bear the cost of insuring as an expenditure.



Nashwa stated that FDC would have to bear the cost after the Defects Liability Period and until condominium society is set up. Some regulations related to the Strata Act have not been passed yet and immediate non-implementation is thus foreseeable. In which case, FDC will be insuring.

Ashraf inquired if it would be right to assume that it will be reflected in the budget for 2024.

Jinah answered in the affirmative.

Ashraf stated that if there are unit users by the first quarter of 2024, the unit will be insured by FDC upon handover.

Jinah mentioned that it will fall under the Defect Liability Period.

The Chairman initiated the voting process for the Shareholder to approve the Annual Budget of FDC for 2023.

Decision

The Hiring of the Annual Budget of FDC for 2023 was approved by the Shareholder.

8. Agenda Item Number 8: Any other matters.

Summary

Land Title Transfer

The Shareholder's representative, Uz. Ashraf Rasheed noted that the transfer of land title is the most urgent matter at hand. Ashraf further asked if there is anything to be shared by FDC to the Shareholder with regard to the transfer of title.

Nashwa stated that the manner in which FDC operates is that progressive payments to contractors are made with Government injections and that process is quite lengthy and gets delayed quite often, and because of that not being able to meet contractual obligations is a constant concern. This concern has been raised on many platforms with the Ministry of Finance as well as Ministry of National Planning Housing and Infrastructure. Nashwa further requested to expedite the process without blockages or delays and ensure the injections are provided smoothly and in a timely manner.

CS added regarding the land transfer process that if it is expedited through the court as soon as possible, it would be beneficial for FDC. 17 plots are complete but there is still court process for 2 plots of land. CS requested that the Shareholder settle the matter in a swift manner.

The Chairman acknowledged that the titles for the 17 plots of land have been transferred to the Ministry of Finance. The next step would be to transfer the title to FDC, including the necessary court process. Additionally, the Chairman mentioned that FDC has entered into a new agreement this year for the Ashoka Project. However, implementation has not yet been achieved, and solutions need to be sought in that regard.



Closing remarks by the Chairman

Chairman expressed his gratitude and thanked the representative of the Shareholder, representative from the External Shareholder, representative from the Auditor General's Office, the Board of Directors, and Management for attending the 4th Annual General Meeting of FDC.

The meeting concluded at 14:56 hrs.

END