



(Incorporated in Malawi on 29 October 1965)
(Company Registration Number 178)
(Share code: BHL)

Abridged Circular to Shareholders

1. The purpose of this Abridged Circular

The purpose of this abridged Circular to Shareholders (this "Circular") is to provide additional information in respect of the Notice of Extraordinary General Meeting ("EGM") of Blantyre Hotels plc (the "Company"), which was published on 12 September 2024, proposing the following resolutions: (i) A resolution adopting the Company's audited Financial Statements for the six (6) months period to 30 June 2024; (ii) A resolution authorizing the increase of the Company's authorized share capital and (iii) A resolution approving that the Company carries out a renounceable underwritten Rights Offer of up to 7,000,000,000 new Ordinary Shares to existing Shareholders and new investors option for Directors' liberty to exercise a green shoe option (i.e., over-allot). To advise Shareholders of the Board's recommendation regarding the proposed Rights Offer.

2. Purpose of the Rights Offer

On 6 September 2024, the Board of Directors resolved that the Company should offer to Entitled Shareholders of up to 7,000,000,000 Rights Shares for subscription at a ratio of a given number of Rights Shares for every one (1) existing ordinary share already held at such price as the Directors may determine, payable in full on acceptance. The capital raised through the Rights Offer will amount to K62.4 billion or thereabouts.

3. Use of the proceeds of the Rights Issue

The proceeds from the Rights Issue of K62.4 billion will be used to fund the completion of the hotel construction in Lilongwe through investment in Oasis Hospitality Limited, the special purpose vehicle responsible for property development. Additionally, the funds will be used by BHL to source furniture, fixtures, and fittings.

4. Salient terms of the Rights Offer

The detailed terms of the proposed Rights Offer will be set out in the Rights Offer prospectus. For purposes of this Circular and enabling Shareholders to make up their minds as to how to vote at the EGM in respect of the proposed Rights Offer resolutions, mention of the following proposed terms suffice:

- 4.1. The Company (if approved by the Shareholders, the High Court, and the RoFI) will offer up to 7,000,000,000 new ordinary shares to existing Shareholders and the general public.
- 4.2. The company will raise approximately K62.4 billion through the Rights Offer.
- 4.3. Entitled Shareholders will be offered renounceable rights to subscribe for 6 Rights Shares for every one (1) ordinary share held by the Entitled Shareholder on the Record Date at the Issue Price. The Rights will take the form of Letters of Allocation, which will be issued to Entitled Shareholders recorded in the Company's Register of members at the close of trade on the Record Date.
- 4.4. Entitled Shareholders who hold Letters of Allocation can elect, in whole or in part, to:
 - 4.4.1. Allow their Letters of Allocation to lapse, in which case they will be taken to have renounced their rights generally and
 - 4.4.2. Take up their pro rata share of the Rights Shares at the Offer Issue Price based on their holding of Letters of Allocation on the Record Date.
- 4.5. Some entities have underwritten the Rights Offer as detailed in paragraph 7 of the Circular.
- 4.6. The Rights Offer Shares will, upon allotment and issue, rank pari passu with all other existing Ordinary Shares and shall be fully paid and freely transferable.

5. Financial Effects of the Rights Offer

Entitled Shareholders who take up their pro rata Rights Shares in full will maintain their interest in the Company. Entitled Shareholders who do not take up any of their rights to subscribe for the Rights Shares will suffer an immediate dilution of up to a maximum of 86% of their interest in the Company.

The Directors expect that the Rights Issue will make a positive contribution in the years ending 31 December 2024 and onward. Adjusting for the receipt of the net proceeds from the Rights Offer, the Company's illustrative net assets as of 31 December 2024, on a pro forma basis, would have been K69.3 billion – details will be contained in the Prospectus.

6. Selected financial information on the Company

The financial summary set out below has been extracted without material adjustment from the audited consolidated financial statements of the Company for the half year ended 30 June 2024 and the two years ended 31 December 2023 and 2022. The summary financial information should be read together with the financial statements. The consolidated financial statements for the years ended 31 December 2021, and 2020 are each incorporated by reference into this abridged Circular.

Summarised statements of profit or loss and other comprehensive income in K'million

	6 months to 30 June 2024	Year to 31 Dec 2023	Year to 31 Dec 2022
Revenue	3,555	4,617	3,371
Cost of sales	(1,116)	(2,011)	(1,505)
Gross profit	2,439	2,606	1,866

Other income	14	26	7
Selling and Administration expenses	(2,041)	(2,640)	(1,868)
Impairment losses	(4)	(5)	(5)
Profit from operations	407	(13)	(1)
Net finance cost	(884)	(930)	(561)
Loss on disposal of subsidiary	-	-	(47)
Share of(loss)/profit in associate	(39)	(75)	26
Profit/Loss before tax	(515)	(1,017)	(582)
Taxation	(266)	225	116
Profit/Loss for the year	(781)	(793)	(466)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of land & buildings	2,128	1,145	587
Deferred tax on revaluation surplus	(612)	(271)	(139)
Other comprehensive income for the year, net tax	1,517	874	447
Total comprehensive income for the year	736	81	-19

Summarised statements of financial position in K'million

	30 June 2024	31 Dec 2023	31 Dec 2022
ASSETS			
Property, plant and equipment	12,451	10,362	9,256
Intangible Assets	6	7	11
Investment in associate	7,087	3,842	3,908
Total Non-Current Assets	19,543	14,212	13,175
Current assets			
Inventories	396	399	381
Trade and other receivables	898	464	385
Tax recoverable	139	113	99
Amount due from related parties	149	29	-
Cash and cash equivalents	580	612	686
Total Current Assets	2,162	1,617	1,551
Total assets	21,706	15,829	14,726
EQUITY AND LIABILITIES			
Equity			
Share capital	42	42	42
Share premium	1,340	1,340	1,340
Revaluation reserves	7,973	6,490	5,691
(Accumulated losses)/Retained earnings	(1,734)	(987)	(269)
Equity attributable to equity holders	7,621	6,885	6,804
Total equity	7,621	6,885	6,804
Non current liabilities			
Borrowings	6,047	2,045	2,419
Deferred tax liabilities	2,954	2,077	2,030
Total Non-current liabilities	9,001	4,122	4,449
Current liabilities			
Trade and other payables	878	771	764
Borrowings	3,979	4,050	2,686
Bank overdraft	107	-	3
Amounts due to related parties	120	-	20
Total Current Liabilities	5,084	4,822	3,473
Total liabilities	14,085	8,943	7,922
Total equity and liabilities	21,706	15,829	14,726

Summarised statements of cashflows in K'Million

	6 months to 30 June 2024	Year to 31 Dec 2023	Year to 31 Dec 2022
Net cash from operating activities	(240)	(1,268)	75
	(3,377)		
Net cash outflow to investing activities		88	(1)
Net cash inflow from financing activities	3,468	990	500
Net (decrease)/increase in cash and cashequivalents	(149)	(190)	574
Opening cash and cash equivalents	612	683	109
Effect of changes in exchange rates	10	119	-
Closing cash and cash equivalents	473	612	683

7. Dividends and dividend policy

The Company will maintain a policy of paying a dividend of up to 50% of profits after tax. The Company is unlikely to declare a dividend for the year ending 31 December 2024. Nevertheless, dividend payments are expected to resume in the medium term.

8. Current trading and prospects

8.1. For the half year 2024, the Company recorded a loss after tax of K438 million (2023: K494 million), representing an 11% decrease in loss from the corresponding period in the previous year. The performance was attributed largely to:

8.8.1. High selling and administration expenses. Selling and administrative costs took up 59% of the revenue that the Company created, thus lowering profit margins and

8.8.2. High finance costs. Finance costs amounted to 25% of the revenue that the company generated.

8.2. The Company is set to expand its hotel portfolio with the development of a new four-star hotel in Lilongwe, Malawi, scheduled to open in January 2026 under the Protea Hotels by Marriott brand. This expansion is expected to enhance the Company's performance by diversifying its property locations and reducing dependence on a single market.

9. The EGM and Shareholders' Resolutions

Notice of the EGM to be held on Thursday, 10 October 2024, at Protea Ryalls Hotel, 2 Hannover Avenue, Blantyre, from 2:30 pm (previously circulated to Shareholders and carried in the newspapers). A summary and explanation of the Resolutions is set out below, but please note that this does not contain the full text of the Resolutions. You should read this section in conjunction with Resolutions in the Notice of the EGM. A summary of the actions you should take is set out in Section 10 (Action to be taken in respect of the EGM) of this Circular and the Form of Proxy that accompanies the full Supplemental Circular dated 4 October 2024 ("Supplemental Circular").

A detailed EGM Notice has been sent to shareholders.

Agenda Item No. 1 – Adoption of the Company's audited Financial Statements to 30 June 2024

The MSE Listings Requirements require a company intending to carry out a rights offer to disclose financial information, including audited financial statements that are in respect of a period entered not earlier than six (6) months. As the Company's financial year end is 31 December, the audited financial statements of the Company currently available are for the FYE 31 December 2023, older than six (6) months. Directors caused the Company's external auditors to audit the Company's financial statements for the six (6) months period to 30 June 2024. Once shareholders adopt these audited financial statements, the Company will have the requisite audited financial statements on which basis the Rights Offer can be proceeded with.

Item No. 1 in the EGM Notice seeks the Shareholders' resolution adopting the Company's audited financial statements to 30 June 2024.

Agenda Item No. 2 – Increase of the share capital

At the moment, the Company's authorized share capital is K250,000,000.00 divided into 5,000,000,000 ordinary shares. Out of the 5,000,000,000 ordinary shares, 839,750,705 ordinary shares have already been issued. The unissued share capital is, therefore, 4,160,249,295 ordinary shares, which are inadequate for the new ordinary shares that will be offered in the Rights Offer. It is, therefore, imperative that the share capital of the Company be increased to accommodate the proposed Rights Offer and other future issues of capital. The power to increase the share capital of the Company is with the Shareholders.

Item No. 2 in the EGM Notice seeks the Shareholders' approval to increase the Company's share capital to K500,000,000.00 divided into 10,000,000,000 ordinary shares of 5 tambala each and authorizing Directors to do all such acts attendant to carrying the resolution into effect.

Agenda Items No. 3 – Rights Offer to all Shareholders

The Company, as the sponsor of the New Hotel Project in Lilongwe, needs to raise K62.4 billion or thereabouts for completion of the project. At the Board Meeting of 6 September 2024, the Directors recommended that the Company raises the K62.4 billion by way of a renounceable underwritten Rights Offer to all Shareholders of the Company, which is also opened up to members of the public to apply for Rights Shares not taken up by entitled Shareholders. The Directors further recommended that the Rights Offer should give the Directors liberty to over-allocate new ordinary shares up to a maximum of 15% above the Rights Offer size (Green Shoe Option) in the event of an over-subscription.

Item No. 3 in the EGM Notice seeks a resolution of the Shareholders to approve the renounceable underwritten Rights offer with a Green Shoe Option.

10. Action to be taken with respect to the EGM

The EGM will be held at Protea Ryalls Hotel, 2 Hannover Street, Blantyre, on Thursday, 10 October 2024, from 2:30 pm.

10.1. Attendance, representation, and voting at the EGM in person

You may attend and vote at the EGM in person. Alternatively, you may appoint a proxy to represent you at the EGM by completing the attached Form of Proxy following the instructions contained therein, which form must be received by the Company Secretary not less than 48 hours before the time appointed for the meeting or as the case may be, the adjourned meeting.

10.2. Virtual attendance and voting at the EGM

To enable the widest participation in the EGM, the Directors sought permission from Shareholders who wished to attend the EGM virtually. Electronic meeting facilities will be available at the EGM, enabling all participants to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the EGM. Voting via the electronic facility will be available to Shareholders. The electronic facility will be accessible by using a smartphone, tablet, or computer.

Shareholders (or a representative or proxy for a Shareholder) who wish to participate in the EGM will be required to register their details, as contemplated in the link below, to enable them to participate in the EGM. Such registration must be completed as soon as possible but no later than 4:30 pm on Tuesday, 8 October 2024, using the website www.blantyrehotels.mw. Following successful completion of the aforesaid registration process. Shareholders (or a representative or proxy for a Shareholder) who wish to participate in the EGM should connect to the EGM by using the website www.blantyrehotels.mw and follow the prompts on that website.

If any Shareholder (or a representative or proxy for a Shareholder) experiences any difficulty with (i) the registration process contemplated above or (ii) logging into the EGM (by 2:30 pm on Thursday, 10 October 2024 such Shareholder (or a representative or proxy for a Shareholder) should request an agent of the Transfer Secretaries to assist such Shareholder (or a representative or a proxy for such Shareholder) with such difficulty by sending an e-mail to transfersec@nicocassetmanagers.com.

IMPORTANT NOTE: Shareholders (or a representative or proxy for a Shareholder wishing to participate in the EGM are advised that they will also be able to register to participate by sending a notice by e-mail to the Transfer Secretaries at transfersec@nicocassetmanagers.com by no later than 2:30 pm on Tuesday, 8 October 2024 that they wish to participate in the EGM.

Shareholders must also provide reasonably satisfactory identification before participating in the EGM. This must be included with the electronic notice and shall include:

- (i) If the Shareholder is an individual, a copy of his/her original Malawi identity documents and/or passport and/or Malawi driver's license; or
- (ii) If the Shareholder is not an individual, a copy of a resolution by the relevant entity and a copy of the Malawi identity document and/or passports of the persons who passed the relevant resolution, which resolution must set out who from the relevant entity is authorised to represent the relevant entity at the EGM via electronic communication; and
- (iii) In all cases, a valid e-mail address and/or mobile telephone (the contact email address/number).

11. Directors' recommendation

The Directors recommend that Shareholders vote in favour of all the resolutions to be proposed at the EGM.

12. Important dates and times

EGM	10 October 2024
High Court PPROVAL	14 October 2024
Last day to register for the Rights Offer	25 October 2024
Offer opens	28 October 2024
Offer closes (14h30) (earliest date).	22 November 2024
Fourth announcement giving the results of the rights offer	29 November 2024
Listing of shares on stock exchange	02 December 2024

13. Share capital structure of the Company

13.1 Authorised share capital (nominal value)	K250,000,000
13.2 Authorised share capital (number of Ordinary Shares)	5,000,000,000
13.3 Nominal value of each Ordinary Share	K0.05
13.4 Current issued and fully paid ordinary share capital (number of shares)	839,750,705
13.5 Current issued and fully paid share capital (nominal value)	K41,987,535

Continued...

14. Shareholders resident outside Malawi

Non-resident Shareholders are advised that issue of Rights Shares to non-resident Shareholders is subject to Exchange Control Regulations and, therefore, the Reserve Bank of Malawi may decline its approval to issue the Rights Shares to any non-resident Shareholder of whom the Reserve Bank of Malawi does not approve.

15. Information from other persons

No person has been authorised to give any information or make any representations other than those contained in this abridged Circular, and if given or made, such information or representations must not be relied upon as having been authorised by the Company or the Advisors.

16. Limitation

The transaction Joint Lead Advisors and the Legal Advisor are acting exclusively for BHL. No one else in connection with the proposed transaction will be responsible to anyone other than BHL for providing the protections afforded to clients of the joint Lead Advisors and the Legal Advisor, respectively, nor for providing advice concerning the proposed transactions.

BHL does not accept responsibility and shall not be held liable for any action of or omission by any broker or agent, including, without limitation, any failure on the part of the broker or agent of any beneficial owner of the shares to notify such beneficial owner of the details set out in this Circular.

17. Contents of the website

The contents of the websites of the Company do not form part of this abridged Circular unless expressly incorporated by reference in this Circular.

18. Interpretation

Unless the context otherwise requires, capitalized terms used in this Circular have the meanings ascribed to them in Part 1 (Definitions and interpretation) in the full Supplemental Circular.

19. Directors' responsibility statement

19.1. The Directors of the Company (whose names are listed in paragraph 18.3) collectively and individually accept full responsibility for the accuracy of the information contained in this abridged Circular and certify that to the best of their knowledge and belief, no facts have been omitted from this abridged Circular which would make any statement herein false or misleading and that they have made all reasonable inquiries to ascertain such facts.

19.2. The Directors also confirm that the abridged circular includes all such information within their knowledge for which it would be reasonably expected to find to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Company and of the rights attaching to which the abridged Circular relates.

19.3. The Directors for the Company at the time of issue of this abridged Circular were: Mr. Vizenge Kumwenda, Mr. Andrew Katimba, Ms. Chikondi Ng'ombe, Mr. Elias Azele Malion, Mrs. Thokozani Unyolo and Mr. Robert Scharar.

20. Documents and consents available for inspection

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of the Company Secretary or can be requested via email from Friday, 27 September 2024, up to and including Thursday, 10 October 2024.

- 20.1 Memorandum and Articles of Association of the Company.
- 20.2 Memorandum and Articles of Association of the SPV.
- 20.3 Sub-lease agreement with Oasis Hospitality Limited for all the land and buildings on Plot Number 1041 Area 3 Lilongwe
- 20.4 Audited Financial Statements of the Company for the years ended December 2021, December 2022, December 2023, and the period to 30 June 2024.
- 20.5 This Circular dated 20 September 2024.
- 20.6 The Supplemental Circular dated 4 October 2024.
- 20.7 This abridged Circular.
- 20.8 Letters of consent are referred to in paragraph 13 above.

21. Additional information

Your attention is drawn to Part 3 (Additional Information) of the full Supplemental Circular for further information that is being disclosed in compliance with the MSE Listings requirements to enable you to make an informed decision at the EGM.

Signed on behalf of the Blantyre Hotels plc



Leonard Chisale
Company Secretary

 NICO Capital Joint Lead Advisor	 Bridgepath Capital Invest to Achieve Joint Lead Advisor
 WILSON & MORGAN Legal Advisor	 CONTINENTAL CAPITAL Sponsoring Broker