



Blantyre Hotels Plc

RIGHTS OFFER

PROSPECTUS



www.blantyrehotels.mw

PROTEA HOTELS.
MARRIOTT
LILONGWE RYALLS

This document and any accompanying documents are important and require your immediate attention.

If you are in any doubt as to the action you should take, you should immediately seek your own financial advice from your stockbroker, investment advisor, investment banker or other appropriate independent financial advisor who is authorised under the Securities Act as read with the MSE Listings Requirements to render financial advisory services with regard to listed securities if you are resident in Malawi or, if not resident in Malawi, from another appropriately authorised financial advisor.

If you sell or have sold or otherwise have transferred your Existing Shares (other than ex-rights) before 5:00 pm (Malawi time) on Friday 15 November 2024 (the **"Record Date"**), please send this Prospectus, together with the Letter of Allocation, if and when received, at once to the stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that, subject to certain exceptions, this Prospectus and the Letter of Allocation must not be sent to any jurisdiction where to do so might constitute violation of local securities laws or regulations. If you sell or have sold or otherwise transferred only part of your holding of Existing Shares (other than ex-rights) before the Record Date, you should refer to the instructions regarding split applications in Part III (*Terms and Conditions of the Rights Offer*) of this Prospectus and in paragraph 4.4 of the Letter of Allocation if and when received.



Blantyre Hotels Plc

(the "Company")
(incorporated on 29 October 1965 in Malawi with registered number 178)
(Share code: BHL)

PROSPECTUS

6 for 1 underwritten Rights Offer of 5,038,504,230 new ordinary shares at K12.38 per share in the capital of the Company to existing shareholders and members of general public.

Joint Lead financial advisors



Legal advisors



Reporting accountants



Sponsoring broker



This Prospectus is issued in compliance with the Companies Act, the MSE Listings Requirements, the Securities Act and Registrations for Securities Act. The directors of the Company (**"Directors"**) whose names appear in paragraph 6.1 of Part IV (*Information on the Company*) of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm having made all reasonable inquiries, that to the best of their knowledge and belief there are no facts the omission of which would make any statement in this Prospectus false or misleading.

Additional copies of the Prospectus can be obtained from the registered office of the Company, the Company's Transfer Secretaries, the MSE, and Continental Capital Limited as well as in electronic form from the Company's website (www.blantyrehotels.mw) from Monday, 25 November 2024.

A copy of this Prospectus has been delivered to the Registrar of Companies (**"RoC"**) for registration, and to the Registrar of Financial Institutions (**"RoFI"**) for his approval. The RoC and the RoFI have not checked and will not check the accuracy of any statements made and accept no responsibility therefor or for the financial soundness of the Company or the value of the shares concerned.

An application has been made to the MSE for permission to list all the securities of the Company that are the subject of this issue. Acceptance of applications will be conditional upon issue of the securities and upon permission being granted to list all the issued securities of the Company. Monies paid in respect of any application accepted will be returned if the said permission is not granted.

Application has been made to the RoFI for registration of the shares proceeding from the Rights Offer

This prospectus is dated Friday, 15 November 2024

CORPORATE INFORMATION AND ADVISORS

Registered Office Ryalls Hotel 2 Hannover Avenue P.O. Box 21 Blantyre Tel: +265 (0) 111 820 955 Email: ryalls@proteamalawi.com	Company Secretary Leonard Chisale Ryalls Hotel 2 Hannover Avenue P.O. Box 21 Blantyre Tel: +265 (0) 111 820 955 Email: leonard.chisale@blantyrehotels.mw	Transfer Secretary NICO Asset Managers Limited Chibisa House 9 Glyn Jones Road P.O. Box 3173 Blantyre Tel: +265 (0) 990 427 536 Email: transfersec@nicoassetmanagers.com
Co-Lead Advisors NICO Capital Limited Michiru House Victoria Avenue P.O. Box 501 Blantyre Tel: +265 (0) 111 8832 085/086 Email: info@nicocapitalmw.com	Co-Lead Advisors Bridgepath Capital Limited Development House, 1st Floor, Suite 106 Cnr Victoria Avenue/Henderson Street P.O. Box 2920 Blantyre Tel: +265 (0) 111 828 355 E-mail: info@bridgepathcapitalmw.com	Legal Advisor Wilson and Morgan Unit House, 4th Floor 12 Victoria Avenue P.O. Box 527 Blantyre Tel: +265 (0) 111 820 988 Email: info@wilsonmorganmw.com Attorneys@globemw.net
Auditors and Reporting Accountant Deloitte PCL House, 1st Floor Kaohsiung Road P.O. Box 187 Blantyre Tel: +265 (0) 111 822 227 Email: ckapenda@deloitte.co.mw vbeza@deloitte.co.mw	Sponsoring Broker Continental Capital Limited Ulimi House, 1st Floor Cnr Sharpe/Glyn Jones Road P.O. Box 1444 Blantyre Tel: +265 (0) 111 830 368 Email: capital@continentalmw.com	Marketing/Public Relations Corporate Graphics Limited 31 Chilembwe Road P O Box 2455 Blantyre, Malawi Tel: +265 87 9135 E-mail: corporategraphicsmw@gmail.com
Receiving Bank National Bank of Malawi Plc NBM Towers Hannover Street P.O. Box 945 Blantyre Tel: +265 (0) 820 622 Email: chiefexecutive@natbankmw.com	Receiving Bank NBS Bank Plc NBS House Masauko Highway, Ginnery Corner P.O. Box 32251 Chichiri Blantyre 3 Tel: +265 (0) 111 876/222/231/218 Email: mapopa.chibambo@nbs.mw	Underwriter NICO Holdings Plc Chibisa House 19 Glyn Jones Road, P.O. Box 501 Blantyre Tel: +265 (0) 111 831 902 Email: lsibande@nicomw.com
Underwriter ICON Properties plc 19 Glyn Jones Road P.O. Box 3117 Blantyre Tel: +265 (0) 111 832 085 Email: kizitokumwenda@eris.mw	Underwriter NICO Asset Managers Limited Chibisa House 19 Glyn Jones Road P O Box 3173 Blantyre Tel: +265 (0) 111 836 696 Email: daniel.dunga@nicoassetmanagers.com	Underwriter Export Development Fund 1st Floor PSPF House, Presidential Way Drive City Centre Post Box 30063, Lilongwe 3 Tel: +265 (0) 992 859 129 Email: edf@edf.mw

ADVISORS' STATEMENT OF RESPONSIBILITY

The joint lead financial advisors, NICO Capital Limited and Bridgepath Capital Limited, the sponsoring broker, Continental Capital Limited, each of which is licenced and regulated by the RoFI and the legal advisors, Wilson and Morgan, who are regulated by the Malawi Law Society and the Reporting Accountant, Deloitte, who are regulated by the Malawi Accountants Board, are all acting exclusively for Blantyre Hotels Plc (the **"Company"**) and no one else in connection with the Rights Offer and will not regard any other person (whether or not a recipient of this prospectus) as a client in relation to the Rights Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients or providing advice in relation to the Rights Offer or any matters referred to in this Prospectus. Save for the sponsoring broker's and the legal advisors' responsibilities under the MSE Listings Requirements, the advisors assume no responsibility whatsoever and make no representation or warranty expressed or implied, in relation to the contents of this Prospectus, including its accuracy, completeness or verification and nothing contained in this prospectus is, or shall be relied upon as a promise or representation in this respect whether as to the past or the future, in connection with the Company or the Rights Offer. Each of NICO Capital Limited, Bridgepath Capital Limited, Continental Capital Limited, Wilson and Morgan and Deloitte accordingly disclaim to the fullest extent permitted by law any responsibility and liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement.

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SUMMARY

1. Purpose of this prospectus

This Prospectus contains information and instructions that will help the Shareholders of the Company ("**Shareholders**") and persons claiming under them in subscribing for the Rights Shares that the Company is offering to Entitled Shareholders or otherwise deal with their rights concerning the Rights Shares offered to them. It also contains information that will help members of the general public who are not shareholders but would like to apply for Rights Shares.

2. Purpose of the Rights Issue

At an extraordinary general meeting of the Company held on 10 October 2024, the Shareholders at the recommendation of the Directors approved that the Company raises further capital of K62.4 billion or thereabouts through a renounceable rights offer to existing shareholders of the Company as at the Record Date ("**Entitled Shareholders**") and to members of the general public who would so acquire Rights Shares not taken up by the Entitled Shareholders. The Shareholders further gave the Directors discretion to over-allot shares in the event of an over-subscription i.e. to exercise a green shoe option ("**GSO**").

3. Use of the proceeds of the Rights Issue

The net proceeds from the Rights Offer will be used to fund the completion of the hotel construction in Lilongwe through investment in Oasis, a special-purpose vehicle for developing the new hotel property. Additionally, the company will use the funds to procure furniture, fixtures, and fittings for the new hotel operations and the current Ryalls Blantyre.

The Company's growth strategy is focused on expanding its hotel portfolio and driving revenue growth through the development of a new four-star hotel in Lilongwe, Malawi. The hotel, expected to open in January 2026, will be operated under the Protea Hotel by Marriott brand, aligning with the Company's commitment to offering high-quality hospitality services. By diversifying its hotel property portfolio, BHL aims to reduce its reliance on a single location and increase its resilience to market fluctuations. The Lilongwe hotel will complement its existing property in Blantyre, enhancing its ability to attract both domestic and international guests.

The hotel's prime location and world-class amenities are expected to attract a significant number of leisure and business travellers. BHL anticipates that the hotel will contribute significantly to its overall financial performance and drive growth in its earnings.

Furthermore, the growth strategy includes initiatives to increase BHL's exposure to international visitors. By leveraging the strength of the Protea Hotel by Marriott brand and the growing popularity of Malawi as a tourist destination, BHL aims to attract a larger number of international guests. This will not only contribute to increased revenue but also provide an opportunity to generate foreign currency earnings, which can help mitigate currency risks.

4. Terms of the Rights Issue

The Company hereby offers a total of 5,038,504,230 or thereabouts Rights Shares upon the terms and conditions set out in this Prospectus, by way of a renounceable fully underwritten rights offer, at a discounted price of K12.38 per Rights Share based on 6 Rights Shares for every 1 existing Ordinary Share of the Company held by shareholders as at the Record Date.

Entitled Shareholders will be entitled to participate in the Rights Offer.

Entitled Shareholders who wish to apply for more Rights Shares in addition to those provisionally allotted to them in terms of the Rights Offer are referred to paragraph 2.2.4 of Part III (Terms and Conditions of the Rights Offer), which sets out the procedure to be followed in applying for additional Rights Shares as provision has been made for application for excess Rights Shares.

Non-Shareholders who wish to apply and pay for the Rights Shares are referred to paragraph 2.2.10 of Part III (Terms and Conditions of the Rights Offer), which sets out the Procedure to be followed by Non-Shareholders that would like to buy the shares as provision has been made for Non-Shareholders to apply for shares in this Rights Offer.

The subscription price is payable in full (in Kwacha for Malawi residents and in the US\$ equivalent for those not resident in Malawi) by Entitled Shareholders or their respective renounees on acceptance of the offer.

The Rights Shares will, upon allotment and issue, rank *pari passu* with all other existing Ordinary Shares in terms of both voting rights and dividends.

The Rights Offer is fully underwritten as detailed in paragraph 1 of Part III (Terms and conditions of the Rights Offer) and paragraph 10 of Part IV (Information on the Company).

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. In the event of the Directors exercising the GSO, the maximum dilution will be 87%.

The Directors expect that the Rights Offer 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 30 June 2024, on a proforma basis, would have been K70 billion – see Part VIII (Unaudited Proforma Financial Information). If the Directors exercise the GSO, adjusting for the receipt of the net proceeds from the Rights Offer as of 30 June 2024, on a proforma basis would have been K79 billion – see Part VIII (Unaudited Proforma Financial Information).

6. Selected financial information on the Company

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

Summary of statements of profit or loss and other comprehensive income

In K'million

	6 months to 30 June 2024	6 months to 30 June 2023 (Unaudited)	Year to 31 December 2023	Year to 31 December 2022
Revenue	3,555	2,190	4,617	3,371
Cost of sales	(1,116)	(803)	(2,011)	(1,505)
Gross profit	2,439	1,387	2,606	1,866
Other income	14	-	26	7
Selling and Administration expenses	(2,041)	(1,122)	(2,640)	(1,868)
Impairment losses	(4)	(2)	(5)	(5)
Profit from operations	407	263	(13)	(1)
Net finance cost	(884)	(541)	(930)	(561)
Loss on disposal of subsidiary	-	-	-	(47)
Share of (loss)/profit in associate	(39)	35	(75)	26
Loss before tax	(515)	(244)	(1,018)	(582)
Taxation	(266)	113	225	116
Profit/Loss for the year	(781)	(130)	(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)
Total other comprehensive income for the year, net of tax	1,516	-	874	448
Total comprehensive income for the year	735	(130)	81	(18)
Loss per share (tambala)				
Basic and diluted loss per share	(93)	(16)	(94)	-

Summary statements of financial position

In K'million

	As at 30 June 2024	As at 31 December 2023	As at 31 December 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	19,544	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)
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

Summary statements of cash flows

	6 months to 30 June 2024	6 months to 30 June 2023	Year to 31 December 2023	Year to 31 December 2022
Net cash from operating activities	(240)	300	(1,268)	75
Net cash outflow to investing activities	(3,377)	(57)	88	(1)
Net cash inflow from financing activities	3,468	-	990	500
Net (decrease)/increase in cash and cash equivalents	(149)	243	(190)	574
Opening cash and cash equivalents	612	683	683	109
Effect of changes in exchange rates	10	-	119	-
Closing cash and cash equivalents	473	926	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

For the half year 2024, the Company recorded a loss after tax of K781 million (2023 full year: K793 million), representing a 2% decrease in loss during the period under review. The performance was attributed largely to:

- 8.1. High selling and administration expenses. Selling and administrative costs account for 57% of the Company's revenue, thus lowering profit margins.
- 8.2. High finance costs. Finance costs amounted to 25% of the revenue that the company generated.
- 8.3. BHL 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 BHL's performance by diversifying its property locations and reducing dependence on a single market. This strategic move is anticipated to significantly improve BHL's financial performance and drive revenue growth. Additionally, by leveraging the Protea brand and Malawi's rising status as a tourist destination, BHL aims to attract more international visitors, boost revenue, and generate foreign currency earnings to help mitigate currency risks.

9. Summary of risk factors

Shareholders and investors should consider the following key risks:-

Risks related to the Company

- 9.1. *Franchise and Brand risks* – These are potential negative impacts on the Company from issues affecting the Marriott International brand, such as scandals or financial difficulties, with which the Company has a long-term management agreement.
- 9.2. *Default risk* - This is the risk of default on financial obligations, such as loans, which could occur if the Company fails to make full and timely payments of principal and interest. This could lead to legal repercussions and damage to the Company's credit rating, potentially affecting future financing options.
- 9.3. *Completion risk* - The potential failure to start commercial operations on schedule and within budget. Factors could include contractor issues, supply chain disruptions, or unforeseen challenges. This can lead to increased costs, lost revenue opportunities, and can affect the overall timeline for achieving projected returns.
- 9.4. *Development risk* – The risk of economic threats encountered when transforming land into a fully operational hotel. This risk encompasses potential setbacks that could negatively impact development costs such as location, design, and construction.
- 9.5. *Foreign exchange risk* - The risk involves the potential impact on the Company's financial performance due to fluctuations in exchange rates. As the Company holds foreign-denominated debt, a depreciation of the Kwacha could lead to increased costs and foreign exchange losses, affecting interest and principal payments.

- 9.6. *Regulatory risk* – This involves the risk of changes in regulations or compliance requirements that could affect the project’s feasibility or operations. Non-compliance can lead to a Stop Work Order, halting construction until issues are resolved.
- 9.7. *Property risk* – It involves potential damage to physical infrastructure from fires or adverse weather, which can disrupt business operations and result in financial losses. The inability to use damaged property may impact investor returns beyond the physical damage.
- 9.8. *Economic risk* – It involves the impact of macroeconomic conditions on a company’s performance. During economic hardships, the Company may face significant declines in both occupancy and revenue, adversely affecting financial returns.

Risks related to the industry

- 9.9. A downturn in international, national, regional, or local political, economic, and market conditions in Malawi may reduce demand for leisure and business travel.
- 9.10. Extreme weather, transportation disruptions, natural disasters, health concerns, terrorism, geopolitical events, rising fuel costs, or other factors could impact travel patterns and decrease the number of business and leisure travellers.
- 9.11. Increased competition in Blantyre and Lilongwe from new hotel supply due to refurbishments, extensions, and upcoming developments could impact market share and profitability.
- 9.12. Changes in travel patterns or the structure of the travel industry, including any increase in taxes on air travel.
- 9.13. Rising operating expenses from inflation, higher personnel, utility, taxes, and insurance costs, along with unforeseen expenses from natural events, may not be fully offset by increased room rates.

Risks related to the Rights Issue and the Rights Shares

- 9.14. The market price of the Company’s shares may fluctuate in response to factors that are outside the Company’s control.
- 9.15. Shareholders who do not, or are unable to, acquire the Rights Shares in the Rights Offer will experience dilution in their ownership of the Company.
- 9.16. If an active trading market in the Nil Paid Rights or the Fully Paid Rights does not develop, their market price may be adversely affected.
- 9.17. Any future issues of the Company’s shares will further dilute the holdings of the Company’s current shareholders and could adversely affect the market price of the Company’s shares.
- 9.18. Shareholders outside Malawi may not be able to subscribe for or to receive the Rights Shares in the Rights Offer or any future issue of shares carried out by the Company.
- 9.19. The ability of non-resident Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited.

10. Action required to be taken by the Entitled Shareholders

- 10.1. If you are in any doubt as to the action you should take, you are recommended to immediately seek your own financial advice from your stockbroker, bank manager, legal practitioner, accountant, investment advisor, investment banker, or other appropriate independent financial advisor who is authorised under the Securities Act as read with the MSE Listings Requirements to render financial advisory services with regard to listed securities if you are resident in Malawi or, if not a resident of Malawi, from another appropriately authorised investment advisor.
- 10.2. An Entitled Shareholder is a person who was registered in the Company’s register of members at the close of business on Friday, 15 November 2024 (“**Record Date**”).
- 10.3. If you are an Entitled Shareholder, a Letter of Allocation, which includes a Form of Subscription Instructions for completion by Entitled Shareholders, is enclosed with this Prospectus, and the relevant procedure for participation in the Rights Offer is set out in paragraph 2 of Part III (*Terms and Conditions of the Rights Offer*).
- 10.4. If you wish to subscribe for all of your rights, you must follow the procedure set out in paragraph 2.2.3 of Part III (*Terms and Conditions of the Rights Offer*) and paragraph 3 of the Letter of Allocation.

- 10.5. If you wish to apply for additional Rights Shares, you must follow the procedure set out in paragraph 2.2.4 of Part III (*Terms and Conditions of the Rights Offer*) and paragraph 5 of the Letter of Allocation.
- 10.6. If you wish to sell all or part of your rights, you must follow the procedure set out in paragraph 2.2.5 of Part III (*Terms and Conditions of the Rights Offer*) and paragraph 4.3 of the Letter of Allocation.
- 10.7. If you wish to renounce your rights in favour of any named person (renounee), you must follow the procedure set out in paragraph 2.2.6 of Part III (*Terms and Conditions of the Rights Offer*) and paragraphs 4.1 and 4.2 of the Provisional Letter of Allocation.
- 10.8. If you wish to subscribe for only some of the Rights Shares and transfer the remainder to different persons, you must follow the procedure set out in paragraph 2.2.7 of Part III (*Terms and Conditions of the Rights Offer*) and paragraph 4.4 of the Letter of Allocation.
- 10.9. Rights Shares comprised in several renounced Letters of Allocation may be registered in the name of one holder (or joint holders) by following the procedure set out in paragraph 2.2.8 of Part III (*Terms and Conditions of the Rights Offer*) and paragraph 4.5 of the Letter of Allocation.
- 10.10. If the required documentation and payment have not been received in accordance with the instructions contained in the Subscription Instructions (either from the Entitled Shareholder or from any person in whose favour the rights have been renounced) by 2:30 pm on 6 December 2024, then the rights to those and subscribed for Rights Shares will be deemed to have declined and the offer to such Entitled Shareholder(s) will have lapsed.

11. Important dates and times

The Offer will open on 25 November 2024 and remain open for 10 days to 6 December 2024. The detailed timetable is shown here below:

Last day to register for the Rights Offer (Record Date)	15 November 2024
Offer opens	25 November 2024
Rights uploaded to CSD with notice to shareholder	25 November 2024
Letters of Allocation listed	25 November 2024
Securities listed ex rights	25 November 2024
Last day for receipt of postal registrations	27 November 2024
Last day for dealing in Letters of Allocation	4 December 2024
Last day for splitting Letters of Allocation (14h30)	5 December 2024
Securities that are the subject of the Rights Offer listed (if granted)	5 December 2024
Offer closes (14h30) (earliest date)	6 December 2024
Last day for postal acceptances of the Rights Offer	10 December 2024
Notification to MSE of conclusion of Rights Offer and approval for listing by the MSE	11 December 2024
Conversion of rights into shares/uploading of rights into CSD	12 December 2024
Fourth announcement giving the results of the Rights Offer. The securities that are the subject of the Rights Offer listed (if granted)	13 December 2024
Listing of shares on stock exchange	16 December 2024
Latest date for refunds	17 December 2024

12. Share capital structure of the Company before and after the Rights Offer

Share capital before the Rights Offer	
12.1 Authorised share capital (nominal value)	K500,000,000
12.2 Authorised share capital (number of Ordinary Shares)	10,000,000,000
12.3 Nominal value of each Ordinary Share	K0.05
12.4 Current issued and fully paid ordinary share capital (number of shares)	839,750,705
12.5 Current issued and fully paid share capital (nominal value)	K41,987,535

Share capital after the Rights Offer	
12.6 Authorised share capital (nominal value)	K500,000,000
12.7 Authorised share capital (number of Ordinary Shares)	10,000,000,000
12.8 Nominal value of each Ordinary Share	K0.05
12.9 Number of Ordinary Shares to be issued in the Rights Offer	5,038,504,230
12.10 Total issued share capital after the Rights Offer (number of shares)	5,878,254,935
12.11 Total issued share capital after the Rights Offer (nominal value)	K293,912,747
Share capital after the Rights with GSO exercised	
12.12 Authorised share capital (nominal value)	K500,000,000
12.13 Authorised share capital (number of Ordinary Shares)	10,000,000,000
12.14 Nominal value of each Ordinary Share	K0.05
12.15 Number of Ordinary Shares to be issued in the Rights Offer	5,794,279,865
12.16 Total issued share capital after the Rights Offer (number of shares)	6,634,030,570
12.17 Total issued share capital after the Rights Offer (nominal value)	K331,705,529

BHL has outstanding debts of K1.336 billion and K2.279 billion to NICO Life and Africap which are convertible into equity at the Issuance Price.

13. Shareholders resident outside Malawi

If you are a resident outside Malawi, your attention is drawn to paragraph 10 of Part I (*Letter from the Chairman of the Company*) and paragraph 2.11 of Part III (*Terms and Conditions of the Rights Offer*).

14. Information from other persons

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

15. Limitation

Neither the delivery of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any impression that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as at any time after its date.

16. Reliance

In making an investment decision, each investor must rely on his examination, analysis, and inquiry of the Company and the terms of the Rights Offer, including the merits and demerits and the risks involved.

17. Contents of the website

The contents of the websites of the Company do not form part of this Prospectus. Certain information about the Company is incorporated by reference as set out in Part XII (*Documents Incorporated by Reference*).

18. Interpretation

Unless the context otherwise requires, capitalized terms used in this prospectus have the meanings ascribed to them in Annex VI (*Definitions and Interpretation*).

19. Reproduction of the Prospectus

Any reproduction or distribution of this Prospectus, in whole or in part, any disclosure of its contents, or use of any information contained in this Prospectus for any purpose other than considering an acquisition of the Rights Shares is prohibited.

20. Where to find help

If you have questions regarding the Rights Offer, please telephone the Shareholder Helpline on the numbers set out below. The Shareholder Helpline is available from 8:30 am to 5:00 pm Monday to Friday and will remain open until 6 December 2024. Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this Prospectus and information relating to the Company register of members and will be unable to give advice on the merits of the Rights Offer or provide financial, investment, legal, or tax advice. The Shareholder Helpline has the following numbers:

323
+ 265 991 323 323

You also can send your inquiry by WhatsApp to either of the said numbers.

RISK FACTORS

The following risks should be considered carefully by shareholders before making any investment decision.

This section addresses the existing and future material risks to the Company's business. The risks below are not the only ones that the Company will face. Some risks are not yet known, and some that are not currently deemed material could later prove to be material. All these could materially adversely affect the Company, its reputation, business, results of operations, and overall financial condition. In such a case, the market price of Ordinary Shares may fall, and shareholders could lose all or part of their investment. Shareholders should read this section in conjunction with Part I (Letter from the Company Chairman) of this Prospectus.

Risks related to the Company

Risk 1. Franchise and Brand Risks

The Company has a long-term management agreement with a renowned luxury hotel management company, Marriott International. The Company benefits from the goodwill, trust, and recognition associated with the Marriott brand and instantly gains credibility in the eyes of potential guests, especially international guests. There is a risk that any issues affecting the Marriott brand (e.g., scandals and financial difficulties) can negatively affect the demand from foreign guests.

Risk 2. Default Risk

At the Company's EGM held on 7 March 2024, the shareholders authorized the Directors to borrow up to US\$15 million to help fund the development of the Lilongwe hotel. As of the date of this Prospectus, up to US\$10.6 million has been accessed from various lenders. This exposes BHL to default risk, which is the probability that BHL fails to make full and timely payments of principal and interest according to the loan agreement terms. This could lead to the enforcement of the security package available to the debt providers and, ultimately, the liquidation of the Company's assets. Subsequently, this will have an impact on the amount of capital invested by the shareholders that could be recovered.

In addition to the loan obligations, BHL is a lessee to Oasis, with lease payments commencing when the Lilongwe hotel opens. However, after the conclusion of the Rights Offer, BHL will hold approximately 65% of the shares in Oasis, such that the net lease payments will be 35% of the lease obligations.

The leverage ratios of BHL will also be lessened by the Rights Offer after the conclusion of the Rights Offer.

Risk 3. Completion Risk

Completion risk refers to the inability of a project to commence commercial operations on time and within the stated cost. Given that the development costs have not been underwritten, the funding gap poses this risk to BHL investors.

However, the combination of debt and the capital raised via the Rights Offer will raise 100% of the development costs, as well as working capital for the Lilongwe hotel.

Risk 4. Development Risk

Development risk is the economic threat that a developer is exposed to upon converting a vacant piece of land or an existing building into a fully operational hotel asset. This risk is the probability that a setback takes place during the development process that hurts the development cost or any aspect that influences the future investment returns (location of the asset, positioning, type of operator, physical characteristics, construction, and design, the timing of completion, capital structuring and so forth). Developing hotels is highly capital intensive and requires the ultimate harmony between all parties involved to secure an economically viable investment. Any setback during the development would severely impact the investment returns.

The project team, however, includes a range of local and international experts who have a wealth of experience in real estate development – this will enable the team to ably navigate any hurdles and setbacks that may arise during development of the hotel property.

Further to this, Oasis is covered by insurance (Contractor's All-Risk Insurance), which has been underwritten by NICO General Insurance Company Limited during the development of the hotel.

Risk 5. Foreign Exchange Risk

Foreign exchange risk is the risk that a business's financial performance or financial position will be impacted by changes in

the exchange rates between currencies. BHL has debt exposures denominated in a foreign currency, and the risk is that a depreciation of the Malawi Kwacha against the major trading currencies would lead to foreign exchange losses from rising interest and principal in local currency terms. BHL has historically earned 55.4% of its revenues in foreign currency over the past eight years, enabling it to partially offset rising costs triggered by local currency depreciation. Further to this, it allows BHL to service debt denominated in foreign currency.

A depreciation of the Kwacha would also increase the development costs in local currency terms. Where possible, BHL will enter into forward currency contracts to partially hedge this risk exposure.

Risk 6. Regulatory Risk

The National Construction Industry Council ("**NCIC**") was established by an Act of Parliament (Cap. 53:05 of the Laws of Malawi) in 1996 to regulate the local construction industry. Section 11(a) of the National Construction Industry Act mandates the NCIC to promote and develop the construction industry in Malawi by giving priority to Malawian firms. Pursuant to this, NCIC has published in the gazette regulations, which provide that any foreign firm intending to provide services in the construction industry in Malawi should provide those services through a joint venture or subcontracting agreement with one or more Malawian firms where the Malawian firm(s) shall be responsible for a minimum of 30% of the works by volume and value in the case of contractors and a minimum of 51% of the services assignment in the case of consultants. Failure to comply with the Act may result in NCIC issuing a Stop Work Order instructing the contractor to halt some or all work on a construction project for a given timeframe or until the Stop Work Order is lifted. The foreign consultants have all duly registered with NCIC.

BHL is also duly registered and licensed by the Tourism and Hotel Board as per Section 5 (1) of the Tourism and Hotels Act. The license is valid from 1 April 2024 to 31 March 2025.

Risk 7. Property Risk

The term property risk refers to risk events that specifically impact an organization's facilities and other physical infrastructure. Risk events such as fires and adverse weather conditions all fall into the category of property risk. When the hotel property is physically damaged, the cost associated with being unable to use that property may go beyond the physical loss. This risk has the potential to create stoppages in business operations, and the hotel may suffer material financial losses to the detriment of investor's returns. Protea Hotel by Marriott Blantyre is covered by property insurance. Oasis is also covered by Contractor's All Risks insurance cover during the construction phase of the project. Protea Hotel by Marriott Lilongwe will also have property insurance coverage when it becomes operational.

Risk 8. Economic Risk

Economic risk refers to the likelihood that macroeconomic conditions may affect an investment or a company's prospects. One possible disadvantage of becoming a hotel investor is the dependency that these investments have on the economy. Most hotel guests are likely to be people enjoying holidays, which requires people to have sufficient disposable income to spend on such luxuries. At times of economic hardship, hotels can experience a significant decline in the number of guests they can attract, and in the prices guests are willing to pay.

Risk 9. Risks related to the Industry

The Company's operations, performance, financial condition, and the results of its operations are subject to factors that are common to the hotel industry and beyond the Company's control, including the following:

- i. A downturn in international market conditions or the national, regional, and/or local political, economic, and market conditions in Malawi may diminish the demand for leisure and business travel;
- ii. The impact of extreme weather conditions, impediments to means of transportation, natural disasters, travel-related accidents, outbreaks of diseases or health concerns, acts of terrorism, geo-political events, rising fuel costs, or other factors that may affect travel patterns and reduce the number of business and leisure travellers;
- iii. Increased competition in Blantyre and Lilongwe. Blantyre and Lilongwe cities have either recently or are about to experience new supply additions due to the impact of hotel refurbishments/extensions, whilst other hotels have recently received planning permission or are currently in planning stages;
- iv. Changes in travel patterns or the structure of the travel industry, including any increase in taxes on air travel and
- v. Increases in operating expenses as a result of inflation, increased personnel costs, higher utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs as a result of acts of nature and their consequences and other factors that may not be offset by increased room rates.

Risks related to the Rights Offer and Rights Shares

Risk 10. The market price of the Ordinary Shares may fluctuate in response to factors which are outside the Company's control

The market price of the Rights Shares, the Nil Paid Rights, the Fully Paid Rights, and/or the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Rights Shares, the Nil Paid Rights, the Fully Paid Rights and/or the Ordinary Shares. The fluctuations could result from national and global economic markets and financial conditions, the market's response to the Rights Offer, market perceptions of the Company, and various other factors and events, including regulatory changes affecting the Company's operations, variations in the Company's business results, business developments of the Company and/or its competitors and liquidity of financial markets. Furthermore, the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Rights Shares, the Nil Paid Rights, the Fully Paid Rights, and/or the Ordinary Shares.

Risk 11. Shareholders who do not, or are unable to, acquire the Rights Shares in the Rights Issue will experience dilution in their ownership of the Company

If Entitled Shareholders do not, or are unable to, take up the offer of the Rights Shares in the Rights Offer, their proportionate ownership and voting interests in the Company will be reduced, and the percentage that their Shares will represent of the total share capital of the Company will be reduced accordingly. Even if an Entitled Shareholder elects to sell his unexercised Nil Paid Rights or such Nil Paid Rights are sold on his behalf, the consideration he receives may be nothing or may not be sufficient to compensate him fully for the dilution of his percentage ownership of the Company's share capital that may be caused as a result of the Rights Offer.

Risk 12. If an active trading market in the Nil Paid Rights or the Fully Paid Rights does not develop their market price may be adversely affected

An application has been made to admit the Rights Shares (nil and fully paid) for trading on the MSE. It is expected that dealings in the Nil Paid Rights and Fully Paid Rights on the MSE will commence at 10.00 am on 25 November 2024.

An active trading market in the Nil Paid Rights or the Fully Paid Rights may not develop on the MSE during the trading period. The Nil Paid Rights are expected to have an initial value that is lower than the Ordinary Shares and will have a limited trading life, which may impair the development of an active trading market. If an active trading market for the Nil Paid Rights does not develop, the limited liquidity may hurt their market price. In addition, because the trading price of the Nil Paid Rights and the Fully Paid Rights depends on the trading price of the Ordinary Shares, the prices of the Nil Paid Rights and the Fully Paid Rights may be volatile and subject to the same risks as noted elsewhere herein.

Risk 13. Any future issues of the Company's shares will further dilute the holdings of the Company's current shareholders and could adversely affect the market price of the Company's shares

Other than the proposed issue of shares under the Rights Offer, the Company has no current plans for an offering of the Company's shares. However, the Company may decide to offer additional shares in the future either to raise capital or for other purposes. If Entitled Shareholders did not take up such an offer of shares or were not invited or eligible to participate in such an offering, their proportionate ownership and voting interests in the Company would be reduced, and the percentage that their shares would represent in the total share capital of the Company would be reduced accordingly. An additional offering or significant sales of the Company's shares by major shareholders could increase volatility and could have a material adverse effect on the market price of the Company's shares as a whole.

Risk 14. Shareholders outside Malawi may not be able to subscribe for or to receive the Rights Shares in the Rights Offer or any future issue of shares carried out by the Company

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Entitled Shareholders in the Rights Offer or any future issue of shares carried out by the Company.

Entitled Shareholders who have a registered address or are resident in, or who are citizens of, countries other than Malawi should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to receive Nil Paid Rights, Fully Paid Rights, Letters of Allocation or the Rights Shares in the Rights Offer.

Risk 15. The ability of non-resident Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited.

The ability of Non-Resident Shareholders to bring an action against the Company may be limited under the law. The Company is a public limited company incorporated in Malawi. All of its assets are located in Malawi. The rights of shareholders are governed by Malawi law and the Memorandum and Articles of Association. These rights differ in certain respects from the rights of shareholders in corporations incorporated under the laws of other countries. A Non-Resident Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers of the Company without first commencing another action in Malawi on such judgment. The majority of the Directors and executive officers are residents of Malawi. Consequently, it may not be possible for a Non-Resident Shareholder to effect service of process upon the Directors and executive officers within the Non-Resident Shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the Non-Resident Shareholder's country of residence based on civil liabilities under that country's Securities laws. There can be no assurance that a Non-Resident Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than Malawi against the Directors or executive officers who are residents of Malawi or countries other than those in which judgment is made. In addition, Malawi courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign Securities law brought against the Company or the Directors in a court of competent jurisdiction in Malawi or other countries.

RIGHTS OFFER STATISTICS

Price per Rights Share (Issue Price)	K12.38
Basis of Rights Offer	6 Rights Shares for every 1 existing share
Number of Ordinary Shares in issue at the date of this Prospectus	839,750,705
Number of Rights Shares to be issued by the Company	5,038,504,230
Number of Ordinary Shares in issue immediately following completion of the Rights Offer	5,878,254,935
Rights Shares as a percentage of enlarged issued share capital of the Company immediately following completion of the Rights Offer	86%
Rights Shares as a percentage of enlarged issued share capital of the Company immediately following completion of the Rights Offer (with GSO exercised)	87%
Estimated net proceeds receivable by the Company after expenses (without GSO)	K59,891,034,088
Estimated net proceeds receivable by the Company after expenses (with GSO)	K69,251,034,088
Estimated expenses of the Rights Offer	K2,508,965,912

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The Offer will open on 25 November 2024 and remain open for 10 days to 6 December 2024. The detailed timetable is shown here below.

Each of the times and dates below is indicative only and may be subject to change.

No.	Activity	Time	Date
1.	Record Date for entitlement to participate in the Rights Issue		Friday, 15 November 2024
2.	Opening of subscription period <ul style="list-style-type: none"> - Dispatch of Letters of Allocation and Prospectus to Entitled Shareholders - Application Forms (for use by non-shareholders) delivered to Receiving Banks and Sponsoring Broker - Rights uploaded to CSD with notice to shareholder - Letters of Allocation Listed - Securities listed ex-rights - Pre-Listing Statement published in the press. 		Monday, 25 November 2024
3.	Last day for receipt of postal registrations		Wednesday 27 November 2024
4.	Last day for dealing in Letters of Allocation		Wednesday, 4 December 2024
5.	Latest time and date for splitting Letters of Allocation, nil or fully paid-up rights (if granted)		Thursday, 5 December 2024
6.	Latest time and date for acceptance, payment in full and registration of renunciation of Letters of Allocation	2:30pm	Friday, 6 December 2024
7.	Closing of subscription period	2:30pm	Friday, 6 December 2024
8.	Last day for receiving subscription for the Rights Shares made through the post		Tuesday, 10 December 2024
9.	Notification to the MSE on the conclusion of the Rights Offer and request for approval for listing by the MSE.		Wednesday, 11 December 2024
10.	Conversion of rights into shares/ uploading of rights into CSD		Thursday, 12 December 2024
11.	Expected date of announcement of results of the Rights Offer. The securities that are subject to the Rights Offer are listed (if granted)		Friday, 13 December 2024
12.	Listing of shares on the stock exchange		Monday, 16 December 2024
13.	Latest date for refunds		Tuesday, 17 December 2024
14.	GSO consideration		Wednesday, 18 December 2024

Note: If there is a change in the times and dates of the event in the timetable, the expected timetable will be adjusted accordingly, and the revised dates will be set out in the public announcements upon approval by the MSE.



PROTEA HOTEL
RYALA

IMPORTANT INFORMATION

Presentation of financial information

The financial information presented in several tables in this Prospectus has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information before rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

International Financial Reporting Standards

As required by the Companies Act, the financial statements of the Company are prepared following the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the Institute of Chartered Accountants in Malawi ("ICAM") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB as adopted by ICAM.

Forward-looking statements

This Prospectus also contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking, and they include information concerning the Company's financial condition, results of operations and business, strategy, plans, and objectives. Words such as "anticipates," "expects," "intends," "plans," "believe," "seeks," "estimates," "targets," "may," "continue," "project," and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements do not guarantee of the Company's future performance and are subject to assumptions, risks, and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements. Many of these assumptions, risks, and uncertainties relate to facts that are beyond the Company's ability to control or estimate precisely, such as changes in laws or regulations and decisions by governmental bodies or regulators; breaches of, or changes in, environmental, climate change and health and safety laws or regulations; performance against regulatory targets and standards, including delivery of costs and efficiency savings; customers and counterparties failing to perform their obligations; and unseasonable weather affecting agricultural production. Other factors that could cause actual results to differ materially from those described in this Prospectus include fluctuations in exchange rates, interest rates, commodity price indices, deflation or inflation; the loss of key personnel or the inability to attract, train, or retain qualified personnel; new or revised accounting standards, rules, and interpretations, including changes of law and accounting standards that may affect the Company's effective rate of tax; incorrect assumptions or conclusions underpinning business development activity, and any unforeseen significant liabilities or other unanticipated or unintended effects of such activities and the performance of the Company's subsidiaries. For a more detailed description of some of these assumptions, risks, and uncertainties, together with any other risk factors, please see the section titled "Risk Factors." The effects of these factors are difficult to predict. New factors emerge from time to time, and the Company cannot assess the potential impact of any such factors on the Company's activities or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

These forward-looking statements speak only as of the date of this Prospectus. Except as required by the RoFI, the MSE, the MSE Listings Requirements, or applicable law, the Company does not have any obligation to update or revise any forward-looking statement publicly, whether as a result of new information, further events, or otherwise. Except as required by the RoFI, the MSE Listings Requirements, or applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Considering these risks, uncertainties, and assumptions, the forward-looking events discussed in this Prospectus might not occur.

Notice to all Investors

Any reproduction or distribution of this Prospectus and any Letter of Allocation, in whole or in part, and any disclosure of its contents or use of information in this Prospectus for any purpose other than considering an investment in Nil Paid Rights, the Fully Paid Rights or the Rights Shares is prohibited. By accepting delivery of this Prospectus, you agree with the foregoing.

The distribution of this Prospectus and the Letter of Allocation and/or the transfer of the Nil Paid Rights, the Fully Paid Rights, and the Rights Shares into jurisdictions other than Malawi may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken by the Company or the Advisors that would permit an offer of the Nil Paid Rights, the Fully Paid Rights, or the Rights Shares or rights thereto or possession or distribution of this Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in Malawi.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or the Advisors. Neither the delivery of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as at any time after its date.

The investors also acknowledge that: (i) they have not relied on the Advisors or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision, and (ii) they have relied only on the information contained in this Prospectus, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the Nil Paid Rights, the Fully Paid Rights and the Rights Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Advisors.

In making an investment decision, each investor must rely on their own examination, analysis, and inquiry of the Company and the terms of the Rights Offer, including the merits and risks involved.

The contents of the websites of the Company do not form part of this Prospectus.

Certain information concerning the Company is incorporated by reference into this Prospectus as set out in Part XII (*Documents Incorporated by Reference*) of this Prospectus.

Unless the context requires otherwise, capitalised terms used in this Prospectus have the meanings ascribed to them in Annex VI (*Definitions and Interpretation*).

General notice

Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting, or other professional advice. This Prospectus is for your information only, and nothing in this Prospectus is intended to endorse or recommend a particular course of action. None of the Company's Advisors or any of their respective representatives is making any representation to any offeree or purchaser of the Nil Paid Rights, the Fully Paid Rights, and the Rights Shares regarding the legality of an investment in the Nil Paid Rights, the Fully Paid Rights and the Rights Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. You should consult with an appropriate professional for specific advice rendered based on your situation.

In connection with the Rights Offer, each of the Advisors and any of their respective affiliates, acting as an investor for its own account, may take up Rights Shares and, in that capacity, may retain, purchase, or sell for its own account such securities and any Rights Shares or related investments and may offer or sell such Rights Shares to any of the Advisors or any of their respective affiliates acting in such capacity. None of the Advisors intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

The Nil Paid Rights, Fully Paid Rights, Letter of Allocation, and the Rights Shares are not transferable except in accordance with the restrictions set out in paragraphs 2.5 and 2.6 of Part III (*Terms and Conditions of the Rights Offer*) of this Prospectus."

PART I

Letter from the Chairman of the Company

Dear Shareholder,

1. Introduction

I am writing to you today at a critical juncture in the history of the Company. The past few years have been challenging for the entire hospitality industry. Our Company has not been immune to these difficulties. We have faced unprecedented disruptions, from economic downturns to changes in travel behaviour, all of which have put pressure on our financial performance.

However, despite these challenges, we have made substantial progress on key strategic initiatives, including the development of our new hotel in Lilongwe. The new hotel property is owned by Oasis Hospitality Limited, a special purpose vehicle limited liability company incorporated in March 2019 by BHL. The Company has a substantial equity interest in Oasis. Oasis will lease the hotel buildings to the Company, which will, in turn, operate the hotel.

Construction works commenced in November 2022, and we are now in the final phase of the construction program, which is the completion of the building, purchase, and fitting of tiles, mechanical and service installations, electrical works, roofing works, and finishing. The hotel is expected to officially open its doors to the public in January 2026.

2. Overview of the Lilongwe Hotel

The site of the hotel is set on the lushly planted Lilongwe Golf Course on 3.271 hectares of land. This will be a four-star, 180-room hotel with a conferencing capacity of 300 guests, situated adjacent to the Lilongwe Golf Club property.

The site has a strong golfing legacy. The Lilongwe Golf Course is the only 18-hole PGA-rated golf course in the country. It boasts of well-kept fairways and greens framed by century-old trees. The golfing facilities can be accessed independently from the rest of the hotel complex.

Like your Protea Hotel by Marriott in Blantyre, your hotel in Lilongwe will be operated under a long-term management agreement with the leading luxury hotel management company in the world, Marriott International, under the brand name Protea Hotel by Marriott Lilongwe.

The completion of this hotel is central to our future growth strategy and our ability to return to financial stability. To complete this critical project, the Board of Directors has approved the issuance of new shares to existing shareholders as of 15 November 2024. The offer has been opened up to the general public, who are entitled to apply and pay for the Rights Shares. They will be allocated Rights Shares not taken up by Existing Shareholders. The issuance of new shares will be via a renounceable rights offer ("**Rights Offer**"). The capital raised by subscribing to these new shares is essential to ensuring the completion of the new hotel and positioning BHL for a return to profitability and growth.

3. Why the Rights Offer is Necessary

As many of you are aware, BHL has faced significant financial pressures as a result of the global economic environment and industry-specific challenges. We have taken decisive steps to manage costs, improve operational efficiency, and adapt to the current market, but further investment is needed to complete the new hotel and unlock its potential.

The rights offer is necessary for the following reasons:

- (a). Finalizing construction:** The new hotel is at an advanced stage of development, and this Rights Offer will provide the necessary funds to finalize construction, outfit the hotel with world-class amenities, and provide working capital to prepare it for opening.
- (b). Capitalizing on market opportunities:** Lilongwe is a high-demand market, and we believe this new hotel will capture significant revenue from both leisure and business travellers. Once operational, it is expected to significantly enhance our cash flow and financial performance, contributing to the recovery of BHL.
- (c). Strengthening our financial position:** Completing this hotel will allow us to realize the returns on the investment we have made to date, ensuring that we can generate new revenue streams while reducing the financial strain caused by incomplete projects.

4. Benefits to shareholders

This Rights Offer presents an important opportunity for our existing shareholders. By participating, you will have the chance to purchase additional shares at a favourable price, increasing your ownership stake in BHL. More importantly, your investment will help complete a project that we believe will be instrumental in turning the company around and returning it to profitability.

The new hotel, once fully operational, is expected to generate strong returns, and we are confident it will become a flagship property in our portfolio, attracting both local and international guests. Your participation in this rights issue will directly contribute to our ability to deliver this success. Set to operate under the globally recognized Protea Hotel by Marriott brand, this development is already at an advanced stage of construction. This expansion represents a significant leap for BHL, moving beyond its single-hotel operation in Blantyre and positioning itself as a key player in Malawi's growing hospitality industry.

5. Principal terms of the Rights Offer

The Company is proposing to offer 5,038,504,230 Rights Shares by way of a Rights Offer. The Rights Shares will be offered to Entitled Shareholders. The Rights Offer is expected to raise approximately K60 billion (net of expenses). The Issue Price represents an 8.36% discount to the market price of the Company's shares traded on 27 September 2024.

The Rights Offer will be made based on 6 Rights Shares for every 1 Existing Share held by Entitled Shareholders on the Record Date (being the close of business on 15 November 2024) at K12.38 per Rights Share.

Entitlements to Rights Shares will be rounded to the nearest whole number.

The Rights Offer is fully underwritten by the Underwriters pursuant to and subject to the terms and conditions of the Underwriting Agreements, the principal terms and conditions of which are summarised in paragraph 10 of Part IV (*Information on the Company*).

The Rights Offer will result in 5,038,504,230 Rights Shares being issued (representing 86% of the enlarged issued share capital immediately following the completion of the Rights Offer).

The Rights Offer is conditional, *inter alia*, upon:

- i. The Underwriting Agreements having become unconditional in all respects (save for the condition relating to the listing of the Rights Shares on the MSE) and not having been rescinded or terminated in accordance with its terms before listing; and
- ii. Listing becoming effective by not later than 10:00 am on 16 December 2024 (or such later time and date as the Company and the Underwriters may agree).

An Application will be made to the MSE for the Rights Shares to be admitted to the MSE's list and for trading on the MSE.

Some questions and answers, together with details of further terms and conditions of the Rights Offer, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in Part II (*Some Questions and Answers about the Rights Offer*) of this Prospectus and Part III (*Terms and Conditions of the Rights Offer*) of this Prospectus and, where relevant, will also be set out in the Letter of Allocation.

Non-Resident Shareholders should refer to paragraph 2.11 of Part III (*Terms and Conditions of the Rights Offer*) of this Prospectus for further information on their ability to participate in the Rights Offer.

6. Green Shoe Option ("GSO")

Should there be an oversubscription for the Rights Shares, the Directors may exercise the GSO and issue up to 755,775,635 new ordinary shares in the share capital of the Company at the Issue Price over and above the 5,038,504,230 Right Shares.

7. Financial Effects of the Rights Issue

Entitled Shareholders who take up their pro rata Rights Shares in full will suffer no dilution to 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 86% of their shareholding in the Company. In case the GSO is exercised, the immediate dilution will be 87%.

Adjusting for the receipt of the net proceeds from the Rights Offer, the Company's illustrative net assets as of 30 June 2024,

on a proforma basis, would have been K70 billion – see Part VIII (*Unaudited Proforma Financial Information*) of this Prospectus.

8. Current trading and prospects

For the half year 2024, the Company recorded a loss after tax of K781 million (2023 full year: K793 million), representing a 2% decrease in loss during the period under review.

BHL's growth strategy is focused on expanding its hotel portfolio and driving revenue growth through the development of a new four-star hotel in Lilongwe, Malawi. The hotel, expected to open in January 2026, will be operated under the Protea Hotel by Marriott brand, aligning with BHL's commitment to offering high-quality hospitality services. By diversifying its hotel property portfolio, BHL aims to reduce its reliance on a single location and increase its resilience to market fluctuations. The Lilongwe hotel will complement its existing property in Blantyre, enhancing its ability to attract both domestic and international guests.

The hotel's prime location and world-class amenities are expected to attract a significant number of leisure and business travellers. BHL anticipates that the hotel will contribute significantly to its overall financial performance and drive growth in its earnings.

Furthermore, the growth strategy includes initiatives to increase BHL's exposure to international visitors. By leveraging the strength of the Protea Hotel by Marriott brand and the growing popularity of Malawi as a tourist destination, BHL aims to attract a larger number of international guests. This will not only contribute to increased revenue but also provide an opportunity to generate foreign currency earnings, which can help mitigate currency risks.

9. Dividends and dividend policy

The Company has not paid a dividend in the years ending 31 December 2023 and 31 December 2022. The Company aims to distribute up to 50 percent of its annual net profit as dividends. Dividends in a given financial year will only be distributed if BHL realizes positive net profit and positive retained earnings.

Dividends are expected to be paid on an annual basis, aligned with the Company's financial year-end, and subject to approval by the Board of Directors and ratification of members in a general meeting. However, if cash flow permits, interim dividends may also be declared and paid during the year.

The Company is unlikely to declare dividend for the year ending 31 December 2024. Nevertheless, dividend payments are expected to resume in the medium term.

10. Non-Resident Shareholders

The attention of Non-Resident Shareholders who have registered addresses outside Malawi, or who are residents or located in countries other than Malawi, and any person who is holding Ordinary Shares for the benefit of such persons (including, without limitation, a custodian, nominee or trustee) or who has a contractual or legal obligation to forward this Prospectus, or any Letter of Allocation, if and when received, or other document to a jurisdiction outside Malawi, is drawn to the information in paragraph 2.11 of Part III (*Terms and Conditions of the Rights Offer*).

In particular, Entitled Shareholders who are Non-Resident Shareholders should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements to the Rights Offer.

Rights Shares will be provisionally allotted (nil paid) to all Entitled Shareholders, including Non-Resident Shareholders. However, subject to certain exceptions, the sending of the Letter of Allocation and this Prospectus does not constitute an offer to a Non-Resident Shareholder and any such shareholders will not be entitled to take up or transfer rights in the Rights Offer unless such action would not result in the contravention of any legislation or other legal requirement in their respective jurisdictions.

Notwithstanding any other provision of this Prospectus or a Letter of Allocation, the Company reserves the right to permit any Entitled Shareholder to take up his rights if the Company, in its absolute discretion, is satisfied that the transaction in question will not violate applicable laws.

The provisions of paragraph 2.9.3 of Part III (*Terms and Conditions of the Rights Offer*) dealing with rights not taken up by Entitled Shareholders will apply generally to Non-Resident Shareholders who cannot or do not take up the Rights Shares provisionally allotted to them.

11. Taxation

Certain information about taxation about the Rights Offer is set out in Part X (*Taxation*) of this Prospectus. If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than Malawi you should consult your own independent tax advisor without delay.

12. Action to be taken

- (a). If you are in any doubt as to the action you should take, you are recommended to immediately seek your own financial advice from your stockbroker, bank manager, legal practitioner, accountant, fund manager or other appropriate independent financial advisor, who is authorised under the Securities Act as read with the MSE Listings Requirements to render financial advisory services concerning listed securities if you are in Malawi or, if not, from another appropriately authorised financial advisor.
- (b). An Entitled Shareholder is a person who was registered in the Company's register of members as at the close of business on 15 November 2024.
- (c). If you are an Entitled Shareholder, a Letter of Allocation with the Form of Subscription Instructions for completion by Entitled Shareholders is enclosed with this Prospectus and the relevant procedure for participation in the Rights Issue is set out in paragraph 2 of Part III of this prospectus: (*Terms and Conditions of the Rights Offer*) and the Letter of Allocation.
- (d). If you are not an Entitled Shareholder but would like to apply for the Rights Shares an Application Form for use by Non-Shareholders with subscription instructions is enclosed with this Prospectus and the relevant procedure for applying and paying for the shares is set out in paragraphs 2.2.10 of Part III (*Terms and Conditions of the Rights Offer*) and the Application Form (for use by Non-Shareholders).

13. Further information

Your attention is drawn to the further information set out in Parts II to XI of this Prospectus. Entitled Shareholders should read the whole of this Prospectus and not rely solely on the information set out in this letter. Shareholders should consider fully and carefully the risk factors associated with the Company and the Rights Offer set out in the section titled "Risk Factors".

14. Commitment to our future

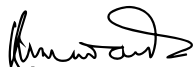
I want to personally assure you that the Board and management are fully committed to overcoming the challenges we currently face. We have made difficult decisions to protect the long-term interests of our shareholders and the Company, and the completion of this hotel marks a key turning point for our recovery strategy.

While we acknowledge the difficulties we have endured, we firmly believe that BHL is poised for a strong rebound once this project is complete. The hospitality industry is already showing signs of recovery, and our new hotel is strategically positioned to benefit from this resurgence.

I invite you to take part in this important Rights Offer and join us in building a brighter future for BHL.

Thank you for your continued trust and support.

Yours sincerely,



Vizenge Kumwenda
Chairman

PART II

Some questions and answers about the Rights Offer

The questions and answers provided in Part II are intended for general information only. For detailed instructions on the actions you should take, please refer to Part III, "Terms and Conditions of the Rights Offer," in this Prospectus. If you are uncertain about the appropriate course of action, it is advisable to promptly seek financial advice from your stockbroker, bank manager, legal practitioner, accountant, or another independent financial advisor. If you reside in Malawi, ensure that the advisor is authorized under the Securities Act; if you live outside Malawi, consult a similarly authorized independent advisor.

This Part II deals with general questions relating to the Rights Offer and more specific questions relating to Ordinary Shares held by persons resident in Malawi only. If you are a Non-Resident Shareholder, you should read paragraph 2.11 of Part III (Terms and Conditions of the Rights Offer), and you should take professional advice as to whether you are eligible and/or need to observe any formalities to enable you to take up your rights.

If you need more information, please call the Shareholder Helpline on 323 (from within Malawi) or WhatsApp + 265 991 323 323 (from outside Malawi) between 8:30 am and 4:30 pm on any weekday (excluding Malawi bank holidays). Due to legal constraints, the Shareholder Helpline cannot offer advice on the merits of the Rights Offer or provide financial, investment, legal, or tax guidance.

1. What is a Rights Offer?

An Issue of Shares to existing shareholders as on the Record Date is called a Rights Offer. The rights are offered in a ratio to the number of shares or convertible securities held by the shareholder as of the Record Date.

If you hold Ordinary Shares on the Record Date, you will be an Entitled Shareholder. Entitled Shareholders will be entitled to buy Rights Shares under the Rights Offer. If you are an Entitled Shareholder your entitlement will be set out in your Letter of Allocation.

2. How does a Rights Offer work?

Rights issues are a way for companies to raise additional money from their shareholders, who have the right (but not the obligation) to purchase more shares in a company.

3. I hold Existing Shares. How do I know if I am able to acquire Rights Shares under the Rights Offer?

If you receive a Letter of Allocation, then you should be eligible to participate in the Rights Offer as long as you have not sold all of your Existing Shares by Friday, 15 November 2024

4. What is a Letter of Allocation?

This is a letter telling someone how many shares they are being offered when new shares are being made available to buy.

If you are an Entitled Shareholder, a Letter of Allocation with the Form of Subscription Instructions is enclosed with this Prospectus, and the relevant procedure for participation in the Rights Offer is set out in paragraph 2 Part III (*Terms and Conditions of the Rights Offer*).

You must read the Letter of Allocation and the Form of Subscription Instructions therewith carefully.

5. I hold Existing Shares. What do I need to do in relation to the Rights Offer?

If you hold your Existing Shares at the Record Date, you will be sent a Letter of Allocation that shows:

- 5.1 How many Existing Shares you held at the close of business as of the Record Date;
- 5.2 How many Rights Shares you are entitled to buy, and;
- 5.3 How much you need to pay if you want to take up your right to buy all the Rights Shares provisionally allotted to you in full.

6. What are the options available to an Eligible Equity Shareholder in a rights offer?

The Letter of Allocation will clearly indicate the number of Rights Shares that the Entitled Shareholder is entitled to.

If the Entitled Shareholder applies in the Issue, then such Entitled Shareholder can:

1. Apply for his Rights Shares to the full extent of his rights entitlements; or
2. Apply for his Rights Shares to the extent of part of his rights entitlements (without renouncing the other part); or
3. Apply for Rights Shares to the extent of the part of its rights entitlements and renounce the other part of his rights entitlements; or
4. Apply for his Rights Shares to the full extent of his rights entitlements and apply for additional Rights Shares; or
5. Renounce his rights entitlements in full.

If you wish to subscribe for all of your rights, you must complete Part A of the Form of Subscription Instructions in accordance with instructions contained in paragraph 3 of the Letter of Allocation and paragraph 2.2.3 of Part III (*Terms and Conditions of the Rights Offer*).

7. How can I apply for additional Rights shares?

If you wish to apply for additional Rights Shares, you must complete Part A of the enclosed Form of Subscription Instructions in accordance with the instructions contained in the Letter of Allocation and paragraph 2.7.2 of Part III (*Terms and Conditions of the Rights Offer*).

8. Can I sell all or part of my rights?

If you wish to sell all or part of your rights, you must complete Part B of the enclosed Form of Subscription Instructions in accordance with the instructions contained in paragraph 4.3 of the Letter of Allocation and paragraph 2.2.5 of Part III (*Terms and Conditions of the Rights Offer*).

9. How can I renounce your rights in favour of a named person?

If you wish to renounce your rights in favour of any named person (renounee), you must complete Part C of the enclosed Form of Subscription Instructions and the renounee must complete Part D in the enclosed Form of Subscription Instructions in accordance with instructions contained in paragraphs 4.1 and 4.2 of the Letter of Allocation and paragraph 2.2.6 of Part III (*Terms and Conditions of the Rights Offer*).

10. Can I take up part of my rights and renounce the remainder in favour of my chosen renounees (splitting your rights)?

If you wish to subscribe for only some of the Rights Shares provisionally allotted to you and transfer the remainder to different persons, you may apply for split Letters of Allocation, for which purpose you must complete and sign Part C of the enclosed Form of Subscription Instruction and deliver the whole Letter of Allocation to the Transfer Secretaries for cancellation and exchange for the split Letters of Allocation required. The application must be in the form of a covering letter, which must state the number of split Letters of Allocation required in accordance with the instructions contained in paragraph 4.4 of the Letter of Allocation and paragraph 2.2.7 of Part III (*Terms and Conditions of the Rights Offer*).

11. Is there an Application Fee?

No

12. Can an application be made by cash/cheque?

No

13. Can the broker collect the Application form and submit the application?

No

14. Can an application be made by visiting the Company, Registrar, or the MSE?

No

15. How will an investor know if the Rights Entitlement Shares have been allocated?

The Transfer Secretary will email allotment advice to the successful investors who have received an allocation.

16. What happens to the Rights Entitlements which are not subscribed nor renounced on before the Issue Closing Date?

Entitlements lapse and are extinguished by 2:30pm on the Closing Date.

17. I acquired my Existing Shares before the “Ex-Rights Date.” What if I do not receive a Letter of Allocation?

If you do not receive a Letter of Allocation, this probably means that you are not eligible to participate in the Rights Offer.

If you do not receive a Letter of Allocation but think that you should have received one, please contact the Shareholder Helpline on 323 or - 0 991 323 323 (from within Malawi) or WhatsApp + 265 991 323 (from outside Malawi) between 8:30 am and 4:30 pm on any weekday (excluding Malawi holidays).

18. If I buy Shares after the Record Date, will I be eligible to participate in the Rights Offer?

No. However, Non-Shareholders are allowed to apply and pay for Rights Shares using the Application Form (for use by Non-Shareholders).

19. What if the number of Rights Shares to which I am entitled is not a whole number: am I entitled to fractions of Rights Shares?

Your entitlement to Rights Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive a fraction of a Rights Share, and your entitlement will be rounded to the nearest whole number.

20. Will I get a refund, if any?

In case of non-Allotment or partial Allotment, surplus Application Money shall be refunded to the Investor after finalization of the Basis of Allotment in consultation with the MSE. Non-allotment or partial Allotment will only occur if you exercise your rights after the Offer closes or if you wish to purchase any additional shares outside of your allotment.

21. Will I be taxed if I take up or sell my rights or if my rights are sold on my behalf?

Certain information about taxation is contained in Part X (Taxation). If you are in any doubt as to your tax position or are subject to tax in a jurisdiction other than Malawi, you should consult an appropriate professional advisor as soon as possible. Please note that the Shareholder Helpline will not be able to assist you with taxation issues.

22. I understand that there is a period when there is trading in the Nil Paid Rights. What does this mean?

If you do not want to buy the Rights Shares being offered to you under the Rights Offer, you can instead sell or transfer your rights (called “Nil Paid Rights”) to those Rights Shares and receive the net proceeds of the sale or transfer in cash. This is referred to as dealing “nil paid.” This means that, during the Rights Offer period, a person can either purchase Ordinary Shares (which will not carry any entitlement to participate in the Rights Offer) or can purchase the Nil Paid Rights.

23. What if I want to sell the Rights Shares which I have paid for?

Provided the Rights Shares have been paid for, and you have requested the return of the receipted Letter of Allocation, you can transfer the Fully Paid Rights by completing Part C of the Form of Subscription Instructions on the receipted Letter of Allocation by the instructions contained in paragraphs 4.1 and 4.2 of the Letter of Allocation and paragraph 2.2.7 of Part III (Terms and Conditions of the Rights Offer) not later than 4 December 2024. After that time, you will be able to sell your Rights Shares in the normal way.

24. Whether any persons who are not existing shareholders of the Company on the Record Date can apply and pay for shares under the Rights Offer?

Yes. Persons who are not Shareholders of the Company on the Record Date can apply and pay for Rights Shares by completing the Application Form (for use by Non-Shareholders) and paying for the shares applied for.

25. What should I do if I live outside Malawi?

Your ability to take up rights to Rights Shares may be affected by the laws of your country of residence. You should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your rights. Your attention is drawn to the information in paragraph 2.11 of Part III (Terms and Conditions of the Rights Offer).

26. What should I do if I think my holding of Shares is incorrect?

If you have bought or sold Ordinary Shares shortly before 15 November 2024, your transaction may not be entered on the register of members in time to appear on the register at the Record Date. If you are concerned about the number of Ordinary Shares attributed to you as shown in the Letter of Allocation or otherwise concerned that your holding of Ordinary Shares is incorrect, please contact the Transfer Secretaries.

27. What should I do to be allocated shares arising from the exercise of the GSO?

Entitled Shareholders who would like to be allocated shares arising from the exercise of the GSO must apply for excess shares. Non-Shareholders who would like to be allocated shares from the GSO must simply apply and pay for the number of shares of the Company that they desire to buy.

28. Where can I find further information on the Rights Offer?

For further information on the Rights Offer, please contact the Shareholder Helpline on **323** (from within Malawi) or WhatsApp at +265 991 323 323 (from outside Malawi) between 8:30 am and 4:30 pm on any weekday (excluding Malawi bank holidays). For legal reasons, the Shareholder Helpline will only be able to provide information contained in this Prospectus (and, in addition, information relating to the Company's register of members) and will be unable to give advice on the merits of the Rights Offer or to provide financial, investment, legal or tax advice.

PART III

Terms and Conditions of the Rights Offer

1. Introduction

The Company is proposing to raise proceeds of approximately K62.4 billion by way of a Rights Offer of 5,038,504,230 Rights Shares. Subject to the fulfilment of the conditions of the Underwriting Agreements, the Rights Shares will be offered by way of rights at K12.38 per Rights Share, payable in full on acceptance by Entitled Shareholders based on 6 Rights Shares for every 1 Existing Share held on the Record Date (and so in proportion for any other number of Existing Shares then held) and otherwise on the terms and conditions as set out in this Prospectus and the Letter of Allocation.

Non-shareholders free to participate

Non-Shareholders may also apply and pay for the Rights Shares at the same price of K12.38 per Rights Share.

Entitled Shareholders

Entitled Shareholders are holders of Ordinary Shares appearing on the Company's register of members at the close of business on the Record Date. Entitled Shareholders will be entitled to take up the Rights Shares represented by their entitlements to Nil Paid Rights.

Timetable dates in this Part have been included based on the Expected Timetable set out in the section titled **"Expected timetable of principal events."**

Issue Price

The Issue Price of K12.38 per Rights Share represents an 8.36% discount to the market price of the Company's shares traded on 27 September 2024. The Issue Price also entails a premium of K12.33 per share over the par value of K0.05 per share.

Dilution of shareholding if not participating

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. Those Entitled Shareholders who take up their rights in full will, subject to rounding of fractions, have the same proportionate voting and distribution rights as held on the Record Date.

The Nil Paid Rights, also described as Rights Shares (nil paid), are entitlements to acquire the Rights Shares subject to payment of the Issue Price. The Fully Paid Rights are entitlements to receive the Rights Shares for which a subscription and payment have already been made.

Entitlements to Rights Shares will be rounded down or up to the nearest whole number, and no fractions of Rights Shares will be allotted to Entitled Shareholders.

This Prospectus constitutes the offer of Rights Shares to all Entitled Shareholders and Non-Shareholders resident in Malawi and all Non-Resident Shareholders for whom this Prospectus and the Letter of Allocation do not constitute a violation of the laws of their jurisdiction.

The attention of Non-Resident Shareholders or any person (including, without limitation, custodians, nominees, and trustees) who has a contractual or other legal obligation to forward this Prospectus outside Malawi is drawn to paragraph 2.11 of this Part. The offer of Rights Shares and the Rights Offer may not be legal in certain jurisdictions.

The Rights Offer is conditional, *inter alia*, upon:

- i. The Underwriting Agreements having become unconditional in all respects (save for the condition relating to the listing of the Rights Shares on the MSE) and not having been rescinded or terminated in accordance with their terms before listing; and
- ii. Listing becoming effective by not later than 10:00 am on Monday, 16 December 2024 (or such later time and date as the Company and the Underwriters may agree).

The Underwriting Agreements are conditional upon certain matters being satisfied or not breached prior to listing and may be terminated by the Underwriters prior to listing upon the occurrence of certain specified events, in which case the Rights Offer will not proceed. The Underwriting Agreements are not capable of termination following listing. A summary of certain terms and conditions of the Underwriting Agreements is contained in paragraph 10 of Part IV (*Information on the Company*). The Underwriters will be paid an underwriting commission.

The Underwriters may engage in trading activity in connection with their role under the Underwriting Agreements and, in that capacity, may retain, purchase, sell, offer to sell, or otherwise deal for their account in shares of the Company and related or other securities and instruments (including Ordinary Shares, Nil Paid Rights and Fully Paid Rights). Except as required by

the Applicable Law, the Underwriters do not propose to make any public disclosure concerning such transactions. The Company will not proceed with the Rights Offer if any of the Underwriting Agreements is terminated at any time before listing and commencement of dealings in the Nil Paid Rights.

Subject, inter alia, to the conditions referred to above being satisfied (other than the condition relating to listing) and save as provided in paragraph 2.1 of this Part, it is intended that:

- (i) Letters of Allocation in respect of Nil Paid Rights will be dispatched to Entitled Shareholders on or about 25 November 2024.
- (ii) Application Forms (for use by Non-Shareholders) will be made available at the Branches and Agencies of the Receiving Banks from 25 November 2024.
- (iii) The Rights Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Shares.

All documents, including Letters of Allocation (which constitute temporary documents of title) and to, by, or from Entitled Shareholders and/or their transferees or renounees (or their agents, as appropriate), will be posted at their own risk.

2. Action to be taken

2.1 General

Letters of Allocation are expected to be dispatched to Entitled Shareholders on or about 25 November 2024. Each Letter of Allocation will set out:

- 2.1.1 The holding at the Record Date of Existing Shares on which an Entitled Shareholder's entitlement to Rights Shares has been based;
- 2.1.2 The aggregate number and cost of the Rights Shares which have been allocated to that Entitled Shareholder;
- 2.1.3 The procedures to be followed if an Entitled Shareholder wishes to dispose of all or part of his entitlement; and
- 2.1.4 Instructions regarding acceptance of and payment for the Rights Shares, the additional Rights Shares, and instructions for splitting the entitlement to the Rights Shares and registration of renunciation of the Rights Shares to a named nominee.

If the Rights Offer is delayed so that Letters of Allocation cannot be dispatched on 25 November 2024, the expected timetable will be adjusted accordingly, and the revised dates will be set out in the Letters of Allocation and public announcements approved by the MSE. All references in Part III should be read as being subject to such adjustment.

2.2 Procedure for acceptance and payment

- 2.2.1 If you are in any doubt as to the action you should take, you are recommended to immediately seek your financial advice from your stockbroker, bank manager, legal practitioner, accountant, fund manager, investment bank, or other appropriate independent financial advisor, who is authorised under the Securities Act as read with the MSE Listings Requirements to render financial or investment advisory services with regard to listed securities if you are in Malawi or, if outside Malawi, from another appropriately authorised financial advisor.
- 2.2.2 If you are an Entitled Shareholder, a Form of Subscription Instructions for completion by Entitled Shareholders is enclosed with this Prospectus. The relevant procedure for participation in the Rights Offer is set out in paragraphs 2.2 to 2.13 of this Part.
- 2.2.3 If you wish to subscribe for all of your rights in terms of the enclosed Form of Subscription Instructions, you must complete boxes 5, 6, and 9 of Part A of the Form of Subscription Instructions in accordance with instructions contained therein and lodge the completed form, together with a deposit slip showing that the amount due in Kwacha in respect of the Rights Shares has been deposited to the Receiving Bank Account to the BHL Shares Desk Officer at the Branch or Agency of the Receiving Bank.

The particulars of the Receiving Bank Accounts are as follows:

National Bank of Malawi Plc

Local account

Account number	:	1011547601
Account name	:	Blantyre Hotels Rights Offer
Branch	:	Ginnery Corner
Bank	:	National Bank of Malawi Plc

International account

Account number	:	1011556527
Account name	:	Blantyre Hotels Rights Offer
Bank	:	National Bank of Malawi Plc

NBS Bank PLC

Local account

Account number	:	24943879
Account name	:	BHL Plc Rights Issue
Branch	:	Ginnery Corner
Bank	:	NBS Bank PLC

United States Dollars account

Correspondence Bank	:	CITIBANK New York
SWIFT Code	:	CITIUS33
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943874
Branch	:	Ginnery Corner

British Pounds account

Correspondence Bank	:	CITIBANK London
SWIFT Code	:	CITIGB2L
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943862
Branch	:	Ginnery Corner

Euros account

Correspondence Bank	:	CITIBANK London
SWIFT Code	:	CITIGB2L
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943869
Branch	:	Ginnery Corner

South African Rands account

Correspondence Bank	:	ABSA BANK LIMITED
SWIFT Code	:	ABSAZAJJ
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943871
Branch	:	Ginnery Corner

Additionally, it is possible (for Non-Shareholders only) to send money from MPAMBA and Airtel Money to the NBM and NBS accounts.

For MPAMBA, the procedure is as follows:

1. Dial *444#,
2. select 2 (send money),
3. then select 4 (banks),
4. then select 1 for NBM and 7 for NBS,
5. then enter the account number,
6. and proceed to the end.

For Airtel Money, the procedure is:

1. Dial *211#,
2. then select 6 (banks),
3. then select 4 for NBS and 6 for NBM,
4. then select 1 to send money to the bank account and
5. proceed to the end.

- 2.2.4 If you wish to apply for additional Rights Shares, you must complete boxes 7, 8, and 9 in Part A of the enclosed Form of Subscription Instructions and follow the instructions contained in paragraph 3.3 of the Letter of Allocation. Note that the number of additional Rights Shares to be allocated to you is at the absolute discretion of the Directors and dependent on some Entitled Shareholders not taking up their rights. Any sum of money paid in respect of additional Rights Shares that are not ultimately allotted to you will be refunded to you by the Company by 17 December 2024 without interest.
- 2.2.5 If you wish to sell all or part of your rights, you must complete Part B in the enclosed Form of Subscription Instructions and return it to your stockbroker or the Transfer Secretaries or any branch or agency of any of the Receiving Banks to be received by the Transfer Secretaries not later than 6 December 2024. Note that your stockbroker or the Transfer Secretaries will endeavour to procure the sale of your rights on the MSE on your behalf and remit the net proceeds therefor, in accordance with your instructions. In this regard, your stockbroker, the Transfer Secretaries, and the Company will not have any obligation or be responsible for any loss or damage whatsoever about or arising from the timing of such sales, the price obtained, or the failure to procure the sale of the rights.
- 2.2.6 If you wish to renounce your rights in favour of any named person (renounee), you must complete Part C in the enclosed Form of Subscription Instructions and the renounee must complete boxes 5,6 and 9 in Part A as well as Part D in the enclosed Form of Subscription Instructions and follow the instructions contained in paragraph 3.3 of the Letter of Allocation.

The Company reserves the right to refuse to register any renunciation in favour of any person in respect of which the Company believes such renunciation may violate applicable legal or regulatory requirements.

- 2.2.7 If you wish to subscribe for only some of the Rights Shares and to transfer the remainder to different persons, you may have the Letter of Allocation split. To split your Letter of Allocation, you must complete and sign Part C in the Form of Subscription Instructions. The Letter of Allocation with Part C so completed in the Form of Subscription Instructions must be delivered to the Transfer Secretaries by not later than 2:30 pm on Friday, 6 December 2024, to be cancelled and exchanged for the split Letters of Allocation required. The number of split Letters of Allocation required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split letter should be stated in an accompanying letter. Part C on the split Letters of Allocation will be marked 'Original Duly Renounced' before issue.

The Company reserves the right to refuse to register any renunciation in favour of any person in respect of which the Company believes such renunciation may violate applicable legal or regulatory requirements.

- 2.2.8 Rights Shares comprised in several renounced Letters of Allocation may be registered in the name of one holder (or joint holders) if Part E in the Form of Subscription Instructions is completed on one Letter of Allocation (the 'Principal Letter') and all the Letters of Allocation are delivered in one batch. Details of each Letter of Allocation (including the Principal Letter) should be listed in Part E, and the allotment number of the Principal Letter should be entered in the space provided in Part E on each of the other Letters of Allocation.
- 2.2.9 If the required documentation and payment have not been received in accordance with the instructions contained in the enclosed form of subscription instructions (either from the Entitled Shareholder or from any person in whose favour the rights have been renounced) by 2:30 pm on 6 December 2024, then the rights to those unsubscribed for Rights Shares will be deemed to have been declined and the offer to such Entitled Shareholder(s) will have lapsed.
- 2.2.10 Application and payment by a Non-Shareholder through cash, electronic funds transfer, or mobile transfer will be accepted as a form of payment. If you are a Non-Shareholder and you want to apply for the Rights Shares, you must complete the Application Form (for use by Non-Shareholders) included in this Prospectus or obtain the CSD Form from the BHL Shares Desk Officer at any of the Branches and Agencies of a Receiving Bank and pay for the number of Rights Shares you want. After payment, lodge the completed Form and deposit slip with the BHL Shares Desk Officer.

2.3 Payments

All payments made by Malawi residents must be in Kwacha and must be deposited directly into any of the Receiving Bank Accounts at any branch or agency of the Receiving Banks or may be sent through an electronic funds transfer. In that event, a duplicate copy of the deposit slips duly stamped by the receiving cashier should be dispatched together with the subscription forms. No interest will be paid on payments made before they

are due. It is a term of the Rights Offer that cheques are not acceptable as a mode of payment. All documents sent through the post will be sent at the risk of the sender.

Non-resident shareholders are required to make their payments in the Dollar equivalent and remit their payments into any of the international Receiving Bank Accounts, the particulars of which appear in paragraph 2.2.3 of this Part.

2.4 Anti-money Laundering Regulations

It is a term of the Rights Offer that, to ensure compliance with provisions of the Financial Crimes Act (hereinafter referred to as "**Anti-Money Laundering Regulations**"), the Receiving Banks may require verification of the identity of the person by whom or on whose behalf a Letter of Allotment is lodged with payment (which requirements are referred to below as the "**verification of identity requirements**"). The person(s) (in this paragraph 2.4, the "**acceptor(s)**") who, by lodging a Letter of Allocation with payment, as described above, accept(s) the allotment of the Rights Shares (in this paragraph 2.4, the "**relevant shares**") comprised in such Letter of Allocation shall thereby be deemed to agree to provide the Transfer Secretaries or the Receiving Bank with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements.

If the Transfer Secretaries or the Receiving Bank determines that the verification of identity requirements apply to an acceptance of an allotment and the verification of identity requirements have not been satisfied (which the Transfer Secretaries or the Receiving Bank shall in their absolute discretion determine) by 6 December 2024 the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the acceptance as invalid or may confirm the allotment of the relevant shares to the acceptor but (notwithstanding any other term of the Rights Offer) such shares will not be issued to him or registered in his name until the verification of identity requirements have been satisfied (which the Transfer Secretaries or the Receiving Bank shall in their absolute discretion determine). If the acceptance is not treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is dispatched to the acceptor, as the Company may in its absolute discretion allow, the Company will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the acceptor). Any proceeds of the sale (net of expenses) of the relevant shares, which shall be issued to and registered in the name of the purchaser(s) or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the acceptor, subject to the requirements of the Anti-Money Laundering Regulations. The Transfer Secretaries or the Receiving Bank are entitled in their absolute discretion to determine whether the verification of identity requirements apply to any acceptor and whether such requirements have been satisfied. The Company will not be liable to any person for any loss suffered or incurred as a result of the exercise of any such discretion or as a result of any sale of relevant shares.

Return of a Letter of Allocation with the appropriate remittance will constitute a warranty from the acceptor that provisions of the Anti-Money Laundering Regulations will not be breached by acceptance of such remittance. If the verification of identity requirements apply, failure to provide the necessary evidence of identity may result in the acceptor's acceptance being treated as invalid or in delays in the dispatch of a receipted fully paid Letter of Allocation or a share certificate.

The verification of identity requirements will not usually apply:

- 2.4.1** If the acceptor is a stockbroker or other intermediary financial institution which is itself required to comply with provisions of the Anti-money Laundering Regulations on the prevention of the use of the financial system for money laundering and terrorist financing; or
- 2.4.2** If the aggregate subscription price for the relevant shares is less than K5 million.

Where the verification of identity requirements apply, please note the following, as this will assist in satisfying the requirements. Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- (a)** If the Letter of Allocation is lodged with payment by an agent that is an organisation of the kind referred to in paragraph 2.4.1 above or which is subject to Anti-money Laundering Regulations, the agent should provide a written confirmation with the Letter of Allocation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to the RoFI, or the Financial Intelligence Authority ("**FIA**"), or the relevant authority; or
- (b)** If a Letter of Allocation is lodged by hand by the acceptor in person, he should ensure that he has his evidence of identity bearing his photograph (for example, his National ID card, passport, or driver's licence) and evidence of his address.

To confirm the acceptability of any written assurances referred to in (b) above or any other case, the acceptor should contact the Receiving Bank.

2.5 Dealings in Nil Paid Rights

Dealings in the Nil Paid Rights on the MSE are expected to commence at 10:00 am on 25 November 2024. A transfer of Nil Paid Rights can be made by renunciation of the Letter of Allocation following the instructions printed on it and delivery of the letter to the transferee. The latest time and date for acceptance, payment in full, and registration of renunciation of Letters of Allocation is expected to be 2:30 pm on 6 December 2024.

2.6 Dealings in Fully Paid Rights

After acceptance of the Letter of Allocation and payment in full following the provisions set out in this Prospectus and the Letter of Allocation, the Fully Paid Rights may be transferred by renunciation of the relevant Letter of Allocation and delivering it, by post or (during normal business hours only) by hand to the Transfer Secretaries or the Receiving Bank not later than 2:30 pm on 6 December 2024. To do this, Entitled Shareholders will need to have their fully paid Letters of Allocation returned to them after acceptance has been affected by the Transfer Secretaries. However, fully paid Letters of Allocation will not be returned to Entitled Shareholders unless their return is requested by ticking the appropriate box on the Letter of Allocation. After 12 December 2024, Rights Shares will be converted into shares and uploaded into the CSD and become transferable in the usual way (see paragraph 2.8 below).

2.7 Registration in names of persons other than Entitled Shareholders originally entitled

2.7.1 Registration in names of Entitled Shareholders

An Entitled Shareholder who wishes to have all the Rights Shares registered in his name must accept and make payment for the Rights Shares provisionally allotted to him per the provisions set out in this Prospectus and the Letter of Allocation but need take no further action. The Entitled Shareholder's shares will be registered in CSD by no later than 12 December 2024.

2.7.2 Registration of additional Rights Shares in the name of Entitled Shareholders

An Entitled Shareholder who wishes to have additional Rights Shares registered in his name must complete boxes 7, 8, and 9 in Part A of the Form of Subscription Instruction on the Provisional Letter of Allocation and make payment for the Rights Shares provisionally allotted to him plus all the additional Rights Shares he has applied for. Note that the number of additional Rights Shares to be allotted to an Entitled Shareholder who has applied and paid for additional Rights Shares is at the absolute discretion of the Directors and dependent on some Entitled Shareholders not taking up their rights. Any sum of money paid in respect of additional Rights Shares that are ultimately not allotted to the Entitled Shareholders will be refunded to him by 17 December 2024.

2.7.3 Registration in names of persons other than Entitled Shareholders originally entitled

To register Fully Paid Rights in the name of someone other than the Entitled Shareholder(s) originally entitled, the renouncee or his agent(s) must complete Part D of the Form of Subscription Instructions in the Letter of Allocation and deliver the entire Letter of Allocation, when fully paid, by post or (during normal business hours only) by hand to the BHL Shares Desk Officer at the Branch or Agency of a Receiving Bank, by not later than the latest time for registration of renunciations, which is expected to be 2:30 pm on 6 December 2024. Registration cannot be effected unless and until the Rights Shares comprised in a Letter of Allocation are fully paid.

2.7.4 A Non-Shareholder who wishes to buy the Rights Shares must complete the Application Form (for use by Non-Shareholders), complete the CSD Form, and pay for the shares applied no later than 2:30 pm on 6 December 2024.

2.8 Conversion of rights into shares and uploading of converted rights into the CSD

Conversion of rights into shares and uploading of converted rights into the CSD is expected on or about Thursday, 12 December 2024. It is expected that dealings in the shares proceeding from the Rights Offer on the MSE will commence on Monday, 16 December 2024.

2.9 Procedure in respect of rights not taken up

2.9.1 Procedure in respect of Rights Shares not taken up

If an entitlement to Rights Shares is not validly taken up by 2:30pm on 6 December 2024, following the procedure laid down for acceptance and payment, then the allocation will be deemed to have

been declined and will lapse. The Rights Shares not subscribed for by Entitled Shareholders or their renounees will be subscribed for by Entitled Shareholders who have applied for excess shares, if any, remaining and Non-Shareholders and of any remain by the Underwriters at the Issue Price under the terms of the Underwriting Agreements.

2.9.2 Effect of transactions undertaken pursuant to 2.9.1

Any transactions undertaken under paragraphs 2.9.1 above shall be deemed to have been undertaken at the request of the persons entitled to the lapsed provisional allotments or other entitlements, and none of the Company or the Underwriters or any other person procuring subscribers shall be responsible for any loss or damage (whether actual or alleged) arising from the terms or timing of any such acquisition, any decision not to endeavour to procure subscribers or the failure to procure subscribers on the basis so described. The Underwriters will be entitled to retain any brokerage fees, commissions, or other benefits received in connection with these arrangements.

2.9.3 Allotment of Rights Shares not taken up by Entitled Shareholders and their renounees

On 6 December 2024, the Directors shall allot Rights Shares not taken up by Entitled Shareholders to those shareholders as shall have applied for additional Rights Share. If there is an oversubscription for such shares, the Directors shall decide the manner of allotment at their absolute discretion. If the applications for additional Rights Shares do not exhaust the Rights Shares not taken up by Entitled Shareholders, the Underwrites shall subscribe for the said remaining Rights Shares not taken up.

2.10 Taxation

The information contained in Part X (*Taxation*) is intended only as a general guide to the current tax position in Malawi, and Entitled Shareholders should consult their tax advisors regarding the tax treatment of the Rights Offer in light of their circumstances. Entitled Shareholders or other investors who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate advisor as soon as possible.

2.11 Non-Resident Shareholders

This Prospectus has been approved by the MSE, being the competent authority in Malawi.

2.11.1 General

The making or acceptance of the proposed offer of Nil Paid Rights, Fully Paid Rights, and/or Rights Shares to persons who have registered addresses outside Malawi or who are residents, or located in, or citizens of, countries other than Malawi may be affected by the laws of their respective jurisdictions. Those persons should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

It is the responsibility of any person (including, without limitation, custodians, nominees, and trustees) outside Malawi wishing to take up the rights under the Rights Offer or to transfer their rights to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. Any Non-Resident Shareholder who is in doubt as to his position should consult his professional advisor without delay.

2.11.2 Receipt of Prospectus and Letter of Allocation, not an offer

Receipt of this Prospectus and a Letter of Allocation will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and the Letter of Allocation must be treated as sent for information only and should not be copied or redistributed.

2.11.3 Provisional allotment of Rights Shares

Rights Shares will be provisionally allotted (nil paid) to all Shareholders on the register at the Record Date, including Non-Resident Shareholders. However, Letters of Allocation will not be sent to Shareholders with registered addresses outside Malawi or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

2.11.4 Restriction as to distribution or transfer of the Prospectus and Letter of Allocation

Persons (including, without limitation, custodians, nominees, and trustees) receiving a copy of this Prospectus and a Letter of Allocation should not, in connection with the Rights Offer, distribute or send the same or transfer Nil Paid Rights or Fully Paid Rights in or into any jurisdiction where to do so would or might contravene local security laws or regulations. If a Letter of Allocation or a credit of

Nil Paid Rights or Fully Paid Rights is received by any person in any such territory or by his agent or nominee, he must not seek to take up the rights referred to in the Letter of Allocation or this Prospectus or renounce the Letter of Allocation or transfer the Nil Paid Rights or Fully Paid Rights unless such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees, and trustees) who does forward this Prospectus or a Letter of Allocation or transfer Nil Paid Rights or Fully Paid Rights into any such territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 2.12.

2.11.5 Right reserved to the Company

The Company reserves the right to treat as invalid and will not be bound to allot or issue any Rights Shares in respect of any acceptance or purported acceptance of the offer of Rights Shares which:

- (i) Appears to the Company or its agents to have been executed, effected, or dispatched from a country where such action would be illegal; or
- (ii) In the case of a Letter of Allocation, provide an address for delivery of the share certificates in which it would be unlawful to deliver such a Letter of Allocation.

Despite any other provision of this Prospectus or a Letter of Allocation, the Company reserves the right to permit any Entitled Shareholder to take up rights on the terms and conditions set out in this Prospectus if the Company, in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

2.11.6 Procedure for Accepting Rights Shares

Non-resident shareholders who wish and are permitted to take up their entitlement should note that payments must be made as described in paragraphs 2.2 to 2.9 of this Part.

Non-resident shareholders should note that all subscription monies must be paid in US\$ electronically into the international Receiving Bank Account details, which appear in paragraph 2.2.3 above.

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

2.12 Waiver

The provisions of paragraph 2.11 and other terms of the Rights Offer relating to Non-Resident Shareholders may be waived, varied, or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of paragraph 2.11 supersede any terms of the Rights Offer inconsistent herewith. Reference in paragraph 2.11 to Shareholders shall include references to the person or persons executing a Letter of Allocation and, in the event of more than one person executing a Letter of Allocation, the provisions of paragraph 2.11 shall apply to them jointly and to each of them.

2.13 Times and dates

The Company shall, in its discretion and after consultation with its financial and legal advisors, be entitled to amend the dates that Letters of Allocation are dispatched or dealings in Nil Paid Rights commence or amend or extend the latest date for acceptance under the Rights Offer and all related dates set out in this Prospectus and in such circumstances shall notify the MSE and make an announcement approved by the MSE and, if appropriate, to Shareholders but Entitled Shareholders may not receive any further written communication.

2.14 Governing law

The terms and conditions of the Rights Offer and any non-contractual obligation arising out of or about the Rights Offer as set out in this Prospectus and the Letter of Allocation shall be governed and construed by the laws of Malawi.

2.15 Jurisdiction

The courts of Malawi are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the Rights Offer, this Prospectus, or the Letter of Allocation. By accepting rights under the Rights Offer by the instructions set out in this Prospectus and, in the case of Entitled Shareholders only, the Letter of Allocation, Entitled Shareholders irrevocably submit to the jurisdiction of the courts of Malawi and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART IV

Information on the Company

1. Name, address, and other particulars

The Company is a public company limited by shares incorporated and domiciled in and operating under the laws of Malawi. Its full particulars are as follows:

Name	Blantyre Hotels Plc
Trading name	Protea Ryalls Hotel
Registered address	Chibisa House, 19 Glyn Jones Road, Blantyre
Transfer office	Transfer Secretaries, NICO Asset Managers Limited, Chibisa House, 19 Glyn Jones Road, Blantyre
Date and place of incorporation	29 October 1965, Blantyre
Date of conversion into a public company	1996

Share capital

Authorised share capital (Nominal value)	K500,000,000
Authorised share capital (number of Ordinary Shares)	10,000,000,000
Nominal value of each Ordinary Share	K0.05
Current issued and fully paid ordinary Share capital (number of shares)	839,750,705
Current issued and fully paid share capital	K41,987,535

2. Overview

BHL is a company that operates in the hospitality industry in Malawi with one hotel, Protea Hotel Ryalls, based in Blantyre. It has embarked on a project to expand its portfolio of hotels to Lilongwe.

Pursuant to the above, a special purpose vehicle, Oasis, was incorporated in March 2019, which will own the hotel buildings. Oasis will lease the hotel buildings to BHL, who will operate the hotel.

The hotel will be operated under a long-term management agreement with a leading widely known luxury hotel management company, Marriott International, under the brand name Protea Hotel by Marriott. The hotel will be a four-star Hotel.

3. History

BHL currently operates Ryalls Hotel, which is one of the oldest and longest-established hotels in Malawi. Opened in 1921, The Protea Blantyre was the first boutique hotel in Malawi and, to this day, continues to enjoy the highest-profiled branded hotel in the country. The hotel has 117 rooms (86 Deluxe, 26 Classic & 5 Suites). The hotel offers three dining options and a fitness centre.

It was listed on the MSE in March 1997. One hundred and twenty-nine million ordinary shares were issued at an introductory price of K0.84 per share. Since then, its share price has grown to K14.55 per share, growing its market capitalization from K108 million on a listing date to K12.22 billion as of 15 November 2024.

To expand its footprint in Malawi, the Company incorporated Oasis on 12 March 2019 as a special-purpose vehicle for the construction of a new hotel for the construction of a new hotel in Lilongwe. Until March 2022, Oasis was a single shareholder company. In the run-up to March 2022, other investors were interested in the property side of the investment only and not the hotel business part. The Company allowed these investors to contribute equity to Oasis.

As of the date of this Prospectus, shareholders in Oasis are:

Name of shareholder	Number of shares	Percentage shareholding
Blantyre Hotels Plc	516,129	20.8%
ICON Properties plc	1,096,774	44.3%
Public Service Pension Trust Fund	645,161	26%
Limbe Leaf Tobacco Company Limited Pension Scheme	51,613	2.1%
Associated Pensions Trust Limited	64,516	2.6%
SUCOMA Group Pension Scheme	103,226	4.2%
Total	2,477,419	100%

The share certificate for PSPTF is being completed after paying their contribution in June 2024.

Shareholding in Oasis after Rights Offer

Name of shareholder	Number of shares	Percentage shareholding
Blantyre Hotels Plc	4,057,383	67.4%
ICON Properties plc	1,096,774	18.2%
Public Service Pension Trust Fund	645,161	10.7%
Limbe Leaf Tobacco Company Limited Pension Scheme	51,613	0.9%
Associated Pensions Trust Limited	64,516	1.1%
SUCOMA Group Pension Scheme	103,226	1.7%
Total	6,018,673	100%

4. Business carried on by the Company and its subsidiary

The hotel is operated under a long-term management agreement with a leading widely known luxury hotel management company, Marriott International, under the brand name Protea Hotel by Marriott.

Marriott International, Inc. (Marriott) is a leading global lodging company with over 6,000 properties in 122 countries and territories. Marriott's select-service brand Protea Hotels has over 60 hotels across nine countries, with an additional 10 set to open over the next two years. This will include five in South Africa and debuts in Kenya, Malawi, and Angola.

Until the end of March 2022, BHL had 100% ownership of Oasis, an entity registered to build a four-star hotel in Lilongwe. Oasis is in the process of constructing a hotel on a piece of land purchased from Lilongwe Golf Club. Phase 2 of the construction is in progress. Following a shareholders' agreement executed in March 2022, other investors came into Oasis, and capital contributions are being made into Oasis in phases in line with the capital calls. Consequently, BHL's shareholding in Oasis reduced to 28% as of 31 December 2022, and the investment is accounted for as an associate from April 2022. The shareholding in Oasis is currently at 20.8%.

The Company does not intend to diversify into other lines of business in the foreseeable future. It will focus on expanding its footprint in the hospitality industry, carrying on the hotel business.

Competitive landscape

The new Protea Hotel Ryalls Lilongwe will be the only internationally branded hotel in Lilongwe, located on the only PGA-rated golf course in Malawi. The hotel will enter a competitive market with both established and emerging hospitality players. Lilongwe is currently served by several high-end hotels, including the Sunbird Capital, Umodzi President Hotel, Golden Peacock, Crossroads Hotel, and some boutique hotels like Latitude 13, which cater to business travellers, international delegates, and government officials. Additionally, other boutique hotels, guesthouses, and serviced apartments are on the rise, reflecting the city's growing tourism and business activity.

While the existing hotels focus on either business or leisure, the Protea Hotel Ryalls Lilongwe will position itself as a premium, full-service offering managed by Marriott, integrating both business amenities and leisure experiences. Its proximity to Lilongwe's financial and diplomatic districts, combined with the appeal of the golf course, gives it a

competitive edge for corporate clients, conference delegates, and high-net-worth leisure travellers. This dual-purpose positioning will meet the increasing demand for international-standard facilities in the capital.

Given the forecasted growth in tourism and business travel under Malawi's Growth and Development Strategy III, the market dynamics favour well-managed hotels with strong brand associations and superior service standards. The completion of the new Protea Hotel Ryalls in January 2026 will enhance the city's hospitality landscape by providing an internationally recognized brand with superior conference, dining, and leisure facilities—filling a gap between high-end accommodation and business services currently underserved in Lilongwe.

This new development will also benefit from Lilongwe's strategic importance as Malawi's political and administrative capital, which hosts major international organizations, embassies, and NGOs, further increasing year-round occupancy potential. As the city expands and tourism improves, the hotel is poised to capitalize on rising demand for quality accommodations and event facilities, making it a key asset in the evolving hospitality market.

The combined group strengths

Blantyre Hotels Plc's (BHL) combined group strength lies in its strategic partnerships, operational expertise, and expanded asset base, positioning it for sustainable growth and market leadership in Malawi's hospitality sector.

a. Strategic partnership with Marriott International

BHL benefits from a long-term management agreement with Marriott International, a globally recognized leader in hospitality. This partnership enhances BHL's operational efficiency and brand visibility, ensuring the delivery of premium services under the Protea Hotels by Marriott brand.

b. Geographic diversification and market expansion

The addition of the Protea Hotel Ryalls Lilongwe strengthens BHL's footprint by diversifying operations between Blantyre and Lilongwe. This reduces reliance on a single location and positions the group to capture demand from both business and leisure travellers in Malawi's two most important cities.

c. Strong operational framework

With Marriott managing both the Ryalls Blantyre and the upcoming Lilongwe hotel, BHL benefits from standardized global best practices in hotel operations, pricing, and service delivery. This allows the group to achieve operational synergies and consistently deliver high-quality experiences to guests.

d. Enhanced revenue streams and forex generation

BHL generates a significant portion of its revenue in foreign currency through international travellers, offering a hedge against Malawi's currency volatility. The new hotel in Lilongwe will further increase forex revenue, providing stability in a challenging economic environment.

e. Strengthened financial position

The funds raised through the Rights Offer and the potential Green Shoe option will fortify BHL's balance sheet, reduce debt reliance, and provide necessary capital for growth. This financial flexibility will enable the group to pursue further opportunities and remain competitive in the evolving hospitality landscape.

Directors opinion as to prospects

The Board of Directors of Blantyre Hotels Plc (BHL) is confident in the company's long-term growth prospects, underpinned by the strategic expansion into Lilongwe with the development of the new Protea Hotel Ryalls. The Directors believe that the completion of this project, scheduled for January 2026, will significantly enhance BHL's market position by diversifying its operations across Malawi's two major cities—Blantyre and Lilongwe.

The Directors are optimistic that the affiliation with Marriott International, one of the world's leading hospitality brands, will attract high-value business and leisure travellers, boosting occupancy rates and revenue. Additionally, the Directors expect the new hotel to generate substantial foreign currency income, strengthening the company's ability to navigate local currency volatility and the ongoing forex challenges in Malawi.

With the Malawi Growth and Development Strategy III identifying tourism as a key pillar for national development, the Directors are confident that BHL is well-positioned to benefit from the projected growth in business and leisure travel, particularly in the capital, Lilongwe.

The Directors view the rights issue as a crucial step toward enhancing BHL's financial strength, reducing reliance on debt, and ensuring the timely completion of the new hotel. This strategic initiative is expected to unlock significant value for shareholders, foster sustained profitability, and consolidate BHL's position as a market leader in Malawi's hospitality sector.

5. Organizational structure

The Company is in the hospitality industry. It carries on a hotel business at a self-owned hotel property in Blantyre-styled Ryalls Hotel.

6. Directors of the Company

- 6.1. The business of the Company is overseen by a board of directors ("**Board**"). The Board is chaired by Mr Vizenge Kumwenda, and its composition is as follows:

Name and citizenship	Former or other names	Occupation	Residential address	Business address
Vizenge Kumwenda (Malawian)	None	Group Managing Director (NICO Holdings plc)	Plot LE 53, Newlands, Limbe	P.O. Box 501, Blantyre
Chikondi Ng'ombe (Malawian)	None	Country Director	Plot Number 9/109, Area 9, Lilongwe	Area 29. Kanengo Industrial Site Lilongwe
Elias Azele Malion (Malawian)	None	Head of Finance and Administration	Plot Number 47/5/186. Area 47, Sector 5, Lilongwe	Press Trust, Kang'ombe House, Lilongwe
Andrew Katimba (Malawian)	None	General Manager	Plot Number NY/302, Saunders Road, Nyambadwe, Blantyre	CFAO Mobility Malawi Limited, Along Chipembere Highway, Maselema, Blantyre
Thokozani Unyolo (Malawian)	None	Chief Executive Officer	Plot No. 46/2097, Area 46, Lilongwe	Air Cargo Malawi Ltd. Kamuzu International Airport.
Robert Scharar (American)	None	Chief Executive Officer	1202, Briarbrook, Houston, Texas, TX, 77042, USA	791 Town & Country Blvd, Suite 250, Houston, Texas

- 6.2. The Company has a secretary in terms of section 223 of the Companies Act whose particulars are:

Name	Former or other names	Occupation	Residential address	Business address
Leonard Chisale	None	Company Secretary	Plot No. BW1014, Manyowe, Blantyre	P.O. Box 21, Namiwawa, Blantyre

- 6.3. The summarised information on the qualifications and experience of the Directors and Secretary of the Company is as follows:

Mr. Vizenge Kumwenda FCCA, CA (M), ACII, MSc (Finance), BCom

Mr Kumwenda is the Chairman of the Board of the Company. He has been the Managing Director of NICO Holdings Plc since January 2016. He served as Deputy Managing Director of NICO Holdings Plc from January 2012 to December 2015 and as Finance Director from January 2005 to 31 December 2011. Mr Kumwenda has also worked for Continental Discount House Limited, Continental Asset Management Limited, Deloitte, Malawi College of Accountancy, and Malawi Institute of Management. Mr Kumwenda holds a Bachelor's Degree in Commerce (Accountancy) and a Diploma in Business Studies from the University of Malawi. He holds a Master of Science (Finance) degree from the University of Strathclyde, Glasgow Scotland. He is a Fellow Chartered Accountant and Associate of the Chartered Insurance Institute (UK).

He currently chairs the Board of NBS Bank Plc and is a Director on the Boards of some NICO Holdings subsidiaries. Mr Kumwenda was appointed to the board of the Blantyre Hotels Plc on 6 September 2024. He became the Chairman of the Board with effect from 27 September 2024.

Mr Kumwenda has not been the subject of any bankruptcy or insolvency proceedings. Likewise, he has never had to make individual voluntary compromise arrangements with his creditors or been a subject matter referred to in paragraph 4.14(1)(h)-(m) of the MSE Listings Requirements.

Ms. Chikondi Ng'ombe ACIM, MPhil (Development Finance), BBA

Ms. Chikondi Ng'ombe holds a Master's Degree in Development Finance from the University of Stellenbosch and is a seasoned marketing professional. She is currently the Country Director for Bayer Crop Science Malawi. From March

2005 to December 2017, she rose through the ranks in Unilever Malawi to become its Country Manager from August 2013 to May 2016 and then Country Manager for Unilever Zambia to December 2017. She brings to the Board a wealth of experience in business strategy development and marketing management.

Ms. Chikondi Ng'ombe has not been the subject of any bankruptcy or insolvency proceedings. Likewise, she has never had to make individual voluntary compromise arrangements with her creditors or been a subject of the matter referred to in paragraph 4.14(1)(h)-(m) of the MSE Listings Requirements.

Mr. Elias Azele Malion FCCA, CA, MBA, BAcc

Mr. Malion is a chartered accountant (CA) with extensive experience in financial management, accounting, treasury management, administration and human resources management. He is a Fellow of The Association of Chartered Certified Accountants (FCCA). He has a Master of Business Administration degree and a Bachelor of Accountancy degree (with Distinction), both obtained from the University of Malawi. He is a member of the Institute of Chartered Accountants in Malawi (ICAM). Mr. Malion is currently the Head of Finance and Administration of Press Trust, Malawi's foremost local charitable institution. His career spans more than 20 years, having also previously worked for Malawi Posts Corporation and Deloitte.

Apart from being a Director for Blantyre Hotels Plc, Mr. Malion also serves as a non-executive director on the boards of Mwaiwathu Private Hospital Limited and CDH Investment Bank Limited.

Mr Malion has not been the subject of any bankruptcy or insolvency proceedings. Likewise, he has never had to make individual voluntary compromise arrangements with his creditors or been a subject of the matter referred to in paragraph 4.14(1)(h)-(m) of the MSE Listings Requirements.

Mr. Andrew Katimba FCCA, MBA

Mr. Katimba holds a Master of Business Administration degree from the University of Derby. He is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Katimba has worked with CFAO Mobility Malawi (formerly Toyota Malawi) as its Finance Director/Head of Finance from 2005 to 2012 and from 2012 to 2016, he was the General Manager (Aftersales). He is currently the General Manager (Corporate) of CFAO Mobility Malawi. Mr. Katimba served as Chairman of Blantyre Sports Club from 2010 to 2012; and Director on the Board of Malawi Bureau of Standards from 2013 to 2014. He is currently the Chairman of the Toyota Malawi Pension Trustees Board, a position he has held since 2013; and serves as a Director on the Board of Marsh Malawi Limited. He brings to the Board a wealth of experience in entrepreneurship and business innovation.

Mr. Katimba has not been the subject of any bankruptcy or insolvency proceedings. Likewise, he has never had to make individual voluntary compromise arrangements with his creditors or been a subject matter referred to in paragraph 4.14(1)(h)-(m) of the MSE Listings Requirements.

Mrs. Thokozani Unyolo, MBA, BBA

Mrs. Thokozani Unyolo serves as the CEO of Air Cargo Malawi Ltd and is a seasoned, award-winning Pan African Marketing and Business Executive with over 20 years of deep, invaluable expertise in building Brands and Business with an outstanding track record of excellence in execution and success in a competitive multinational landscape across 12 African nations such as Kenya, South Sudan, Ethiopia, Malawi, Eswatini, Tanzania, DRC, Gabon, Rwanda, Sierra Leone, Ghana, and Uganda in both Anglophone and Francophone speaking markets. She has worked in multiple key sectors of the economy with a demonstrated history of working in Diversified Industries, including Financial Services, Telecommunications, Fast Moving Consumer Goods and Services, and Technology organizations of International and local brands. Thokozani studied for a Bachelor of Business Administration at the University of Namibia and holds a Master of Business Administration ("MBA") from Gordon of Institute and Science ("GIBS"), a Digital Marketing Certificate from Stellenbosh University and a Strategic Client Relationship Management Certificate from the University of Cape Town.

Mrs. Thokozani Unyolo has not been the subject of any bankruptcy or insolvency proceedings. Likewise, she has never had to make individual voluntary compromise arrangements with her creditors or been a subject matter referred to in paragraph 4.14(1)(h)-(m) of the MSE Listings Requirements.

Mr. Robert Scharar JD, CPA, MBA

Robert is the President of FCA Corp, which provides financial planning and investment advisory services to individuals, closely held businesses, and investment entities. Mr. Scharar graduated from Polk Junior College with an Associate

of Arts degree in Accounting in 1968, followed by a Bachelor of Science degree in Accounting from the University of Florida in 1970. In 1971, he received a Master's in Business Administration from Northeastern University. In 1974, Mr. Scharar graduated from the North-eastern University Law School with a Juris Doctorate and further went on to receive a Master's Degree of Law in Taxation from Boston University School of Law in 1979. Since 1977, Mr. Scharar has been a Director of the American Academy of Attorneys-Certified Public Accountants, Inc. and served as President. He serves as a Trustee of Florida Southern College. Mr. Scharar serves on numerous corporate boards throughout the United States and abroad, including Real Estate Investment Trusts and a mutual fund group.

Robert has not been the subject of any bankruptcy or insolvency proceedings. Likewise, he has never had to make individual voluntary compromise arrangements with his creditors or been a subject matter referred to in paragraph 4.14(1)(h)-(m).

6.4. The Board of the Company has the below sub-committees. The names, responsibilities, and composition of the committees are as follows:

Finance and Audit Committee

- | | | |
|----------------------------|---|-------------|
| (a) Mr. Elias Azele Malion | - | Chairperson |
| (b) Mr. Andrew Katimba | - | Member |
| (c) Mrs Thokozani Unyolo | - | Member |

The Finance and Audit Committee is responsible for reviewing annual reports and annual financial statements. This Committee also monitors the adequacy of accounting and internal control systems. Both external and internal auditors report to the Board of Directors through the Finance and Audit Committee. The Committee consists of two (2) non-executive Directors.

6.5. **Term of office for a Director**

One-third of the Directors retire at every annual general meeting of the Company. Directors who retire are the ones who have served the longest on the Board. A director who reaches the age of 70 years is not eligible for re-election at the next annual general meeting.

6.6. **Provisions in the Articles of Association on qualifications, remuneration, powers, dividend policy, and retirement and age limit of directors**

Qualification of Directors

This is covered by Article 98. For a person to be appointed Director (and continue to be Director, he/she must:

- (i) Not be bankrupt or must not have made any arrangement or composition with his creditors generally;
- (ii) Be eighteen (18) of age or above but not more than seventy (70) years of age;
- (iii) Be of sound mind; and
- (iv) Not have a conviction of an offence involving dishonesty or fraud (including forgery, perjury, money laundering, or any similar offence)

Remuneration of Directors (Article 82)

- 6.6.1 The remuneration of non-executive directors of the Company shall be such sum as shall from time to time be decided by the Company in general meeting, and such remuneration shall be deemed to accrue from day to day;
- 6.6.2 Executive directors of the Company shall receive such remuneration (whether by way of salary, commission, or participation in profits, pensions, or otherwise) and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension, or allowance as the board of directors may determine. Such remuneration shall be confirmed by the Company in the general meeting; and
- 6.6.3 The Company shall reimburse any director reasonable travelling, hotel, and other expenses properly incurred by the director in attending and returning from meetings of the directors or any committee of the directors or general meeting of the Company or in connection with the exercise of their powers and the discharge of their responsibilities about the business of the Company.

Special remuneration for a Director (Article 83)

Any director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which, in the opinion of a disinterested quorum of directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration as a disinterested quorum of the directors may determine.

Dividend Policy (Articles 138 to 144)

The Company aims to distribute up to 50 percent of its annual net profit as dividends. Dividends in a given financial year will only be distributed if BHL realizes a positive net profit and positive retained earnings. Dividends are expected to be paid on an annual basis, aligned with the Company's financial year-end, and subject to approval by the Board of Directors and ratification of members in a general meeting. However, if cash flow permits, interim dividends may also be declared and paid during the year. No dividend can be declared unless it is recommended by the Directors.

Voting on contracts in which the director is significantly interested (Articles 91 to 95)

A Director is required to declare his/her interest in a contract or arrangement to be voted on by the Board and is not allowed on such matters.

Borrowing powers exercisable by the Directors (Article 86)

Borrowing powers of the Directors and the Company are provided for in Article 86 – see full text quoted in paragraph 15.15 of this Part.

6.7. Aggregate remuneration to Directors for 18 months to 30 June 2024

Type of remuneration	Paid to Executive Directors	Paid to Non-Executive Directors (MK)	Total (MK)
Directors' fees	N/A	16,006,000	16,006,000
Sitting allowance	N/A	12,284,000	12,284,000
Salary	N/A	N/A	N/A
Pension	N/A	N/A	N/A
Bonuses	N/A	N/A	N/A
Total	N/A	28,290,000	28,290,000

6.8. Managers

6.8.1 The current members of the Company's senior management are as follows:

Name and citizenship	Former or other names	Occupation	Residential address	Business address
Farrukh Maqbool (Pakistani)	None	General Manager	Staffordshire Road, Mandala, Blantyre	Protea Ryalls Hotel, 21 Hannover Avenue, P.O. Box 21, Blantyre
Beatrice Mangulenje (Malawian)	Fumba	Human Resources Manager	Mpemba New Lines, Blantyre	Protea Ryalls Hotel, 21 Hannover Avenue, P. O. Box 21, Blantyre
Leonard Chisale (Malawian)	None	Corporate Services Manager	Plot No. BW 1014, Manyowe, Blantyre	Protea Ryalls Hotel, 21 Hannover Avenue, P. O. Box 21, Blantyre
Chikondi Msosa (Malawian)	None	Finance Manager	Plot Number LK219, Namiwawa, Blantyre	Protea Ryalls Hotel, 21 Hannover Avenue, P. O. Box 21, Blantyre

6.8.2 The summarised information on the qualifications and experience of the members of executive management is as follows:

Farrukh Maqbool

General Manager

Farrukh is a seasoned hotel manager, having worked for Marriott International in several capacities in a career that spans twenty-three (23) years as a renowned hotel operator. He was appointed General Manager of Protea Hotel Blantyre Ryalls in July 2021 and has been instrumental in ushering the hotel towards recovery following the coronavirus pandemic. He has held many roles in the hospitality industry in different regions across the globe, including London, Pakistan, Nigeria, and now Malawi. Farrukh holds a Bachelor of Commerce degree from Karachi University as well as a Hospitality Management Certificate from Cornell University.

Mr. Farrukh Maqbool has not been the subject of any bankruptcy or insolvency proceedings. Likewise, he has never had to make individual voluntary compromise arrangements with his creditors or been a subject of matters referred to in paragraph 4.14(1)(h)-(m) of the MSE Listings Requirements.

Beatrice Mangulenje

Human Resources Manager

Beatrice is a seasoned, driven, and self-motivated Human Resource professional with 16 years of experience in Human Resource Management, 4 of which were acquired from different Hotels in the United Kingdom. Before joining Blantyre Hotels Plc, she worked as a Senior Human Resources Manager for Amaryllis Hotel in Blantyre and, before that, worked with Old Mutual Malawi as a Human Resource Consultant. She is an accomplished public speaker and the immediate past president of Blantyre Toastmasters International Club. She holds a Bachelor of Arts Degree in Human Resource Management from Chancellor College, University of Malawi. She is an Associate Member of the Association of Business Executives (ABE) in the United Kingdom. She is a member of the Institute of People Management Malawi (IPMM) and also sits on the Finance and Administration Committee for the Employers Consultative Association of Malawi ("ECAM").

Beatrice has not been the subject of any bankruptcy or insolvency proceedings. Likewise, she has never had to make individual voluntary compromise arrangements with his creditors or been a subject of the matters referred to in paragraph 4.14(1)(h)-(m) of the MSE Listings Requirements.

Chikondi Msosa

Finance Manager

Chikondi is a qualified and seasoned accountant with over 20 years of experience, 15 years of which have been with an audit firm, having worked with Graham Carr, a certified public accountants' firm and a member of Nexia International. Before joining BHL, she worked as a Finance Manager for Entyre Limited, a trading and manufacturing company. She holds a Master of Business Administration Degree from the Eastern and Southern Africa Management Institute (ESAMI), a fellow of the Association of Chartered Certified Accountants (FCCA,) and a Certified Public Accountant (CPA) with the Institute of Chartered Accountants of Malawi.

Chikondi has not been the subject of any bankruptcy or insolvency proceedings. Likewise, she has never had to make individual voluntary compromise arrangements with his creditors or been a subject of the matters referred to in paragraph 4.14(1)(h)-(m) of the MSE Listings Requirements.

7. Leonard Chisale FCCA, CA, B.Acc., Company Secretary

Mr Chisale has over eighteen (18) years' experience in auditing and mainstream financial accounting roles, having worked for Deloitte, one of the top 4 firms in Malawi, for six (6) years up to Assistant Manager. He then joined the media giant Blantyre Printing and Publishing Company (now Times Group) as Group Chief Accountant/Financial Controller for six (6) years. Thereafter, he joined Alliance One Tobacco Malawi Ltd (a subsidiary of a New York Stock Exchange listed company) as Finance Manager for over two (2) years. Then joined PwC Malawi, another top 4 audit firm, as an Audit and Advisory Services Manager. He spent nine (9) years, during which he rose to the position of Senior Manager and then Team Leader responsible for Advisory Services before joining the Company as a Corporate Services Manager. He then transitioned to being appointed as the Company Secretary.

Mr. Chisale has not been the subject of any bankruptcy or insolvency proceedings. Likewise, he has never had to make individual voluntary compromise arrangements with his creditors or been a subject of the matters referred to in paragraph 4.14(1)(h)-(m) of the MSE Listings Requirements.

8. Auditors, legal practitioners, Bankers, Stockbrokers and underwriters

8.1. General particulars

General particulars of the Company for this Rights Offer transaction have been provided in the section titled "**Corporate Information and Advisors**".

8.2. Retained legal practitioners

The retained legal practitioners for the Company are Messrs GK Associates of 2nd Floor, Suite 2C, HTD House, P.O. Box 31852, Chichiri, Blantyre 3.

8.3. External auditors

The external auditors of the Company, Deloitte, are registered practitioner public accountants with the Institute of Chartered Accountants in Malawi and Malawi Accountants Board.

8.4. Bankers of the Company

- a) **National Bank of Malawi Plc**
7 Henderson Street
P O Box 945
Blantyre
- b) **NBS Bank Plc**
NBS House
Corner Chipembere Highway & Johnstone Roads
Ginnery Corner
P O Box 32251
Chichiri, Blantyre 3
- c) **Standard Bank Plc**
P O Box 1111
Blantyre
- d) **CDH Investment Bank**
CDH House
5 Independence Drive
P O Box 1444
Blantyre

NBS Bank Plc and National Bank of Malawi Plc are Receiving Banks for BHL in this Rights Offer transaction.

8.5. Principal Registrar/Transfer Secretaries

CDH House
5 Independence Drive
P O Box 1444
Blantyre

9. Amounts payable to Promoters

In the past three (3) years, the Company has not entered into agreements with promoters.

10. Shareholder commitments and underwriter commitments

10.1. The Company has received commitments from existing shareholders who will follow their rights as follows:

No.	Name	Number of Take-up Shares	Amount payable (MK)
1	NICO Life	1,494,153,926	18,497,625,604
2	Africap	987,081,735	12,220,071,879
	Total	2,481,235,661	30,717,697,483

10.2. The Company has entered into underwriting agreements with the following parties:

No.	Name	Number of Take-up Shares	Amount payable (MK)	Commission (MK)
1	NICO Holdings	3,229,134,278	39,976,682,362	599,650,235
2	EDF	323,101,777	4,000,000,000	60,000,000
3	ICON	807,754,443	10,000,000,000	150,000,000
4	NICO Asset Managers	678,513,732	8,400,000,000	126,000,000
	Total	5,038,504,230	62,376,682,362	935,650,235

10.3. The Company has, in aggregate, received a commitment from the Underwriters to underwrite the Rights Offer in respect of all Rights Shares not taken up by some Shareholders in terms of the Rights Offer ("**Take-up Shares**"). This commitment amounts to K62.4 billion.

10.4. The Underwriting Agreements are all conditional upon the following:

- 10.4.1 All the relevant consents and approvals being obtained from the regulatory authorities, including the MSE and the RoFI, as the case may require, in connection with the Rights Offer by the relevant time that each consent and approval is required, including without limitation, clearance of the timetable for the Rights Offer by the MSE;
- 10.4.2 The RoFI approving the respective Underwriting Agreements, the Rights Offer, the Prospectus and registering the Rights Shares by no later than the Offer Date;
- 10.4.3 The MSE approving to list the ordinary shares proceeding from the Rights Offer for public trading by no later than the Offer Date;
- 10.4.4 The delivery to the MSE and the Registrar of Companies approval and registration, as the case may be, respectively of the requisite number of copies of each of the Rights Offer Documents duly approved by a resolution of the Board (and with all other documents required to be attached thereto under the Companies Act and the Securities Act) not later than the Prospectus Posting Date and otherwise in compliance with the MSE Listings Requirements and the Companies Act;
- 10.4.5 The posting of the Rights Offer Documents to the Entitled Shareholders on the Prospectus Posting Date (or such later date as the Company and the Underwriters may agree in writing);
- 10.4.6 The Listing Committee of the MSE granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked, the listing of, and permission to deal in the Rights Shares in nil-paid and fully-paid forms, before 8:00 a.m. on Wednesday, 4 December 2024, being the expected date of commencement of dealings in the nil-paid and fully-paid Rights Shares (or such other date as may be agreed between the Company and the Underwriter);
- 10.4.7 The Rights Shares remaining listed on the MSE at all times up to and including the current listing of the Company's ordinary shares not having been withdrawn or the trading of the Company's ordinary shares not having been suspended for a consecutive period of more than ten (10) trading days (other than any suspension pending clearance of the announcement of the Rights Offer) and no indication is received before the Latest Time for Termination from the MSE to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Offer or in connection with the terms of this Agreement or for any other reason; and
- 10.4.8 The representations and warranties contained in the respective Underwriting Agreements being true and accurate and not misleading in any respect, and no such undertakings being breached on and as of the date of this Agreement and at any time before Termination, as though they had been given and made at such time by reference to the facts and circumstances then subsisting, and no matter having arisen which has given rise to, or would reasonably be expected to give rise to, any breach of such warranties, representations or undertakings or claim or action in respect of such warranties, representations or undertakings on and as of the date of this Agreement or at any time before Termination.

10.5. In terms of the Underwriting Agreements, an underwriter will receive a Commission from the Company equal to 1.5% of the committed amount.

10.6. The Commission of 1.5% is lower than the prescribed maximum of 5%, and in the opinion of the independent non-executive Directors, the underwriting commission payable to the underwriters is not greater than market rates charged by independent underwriters.

- 10.7 Save as disclosed above, there have been no commissions, discounts, or brokerages paid or payable in respect of or in connection with the issue of the shares of the Company.
- 10.8 Corporate particulars of the Underwriters NICO Holdings, EDF, ICON, and NICO Asset Managers are set out in Annex IV (*Corporate Particulars of Underwriters*).

11. Preliminary expenses and issue expenses

- 11.1. The total costs, charges, and expenses payable by the Company in connection with the Rights Offer are estimated to be K2.508 billion, being 4.01% of the amount to be raised.

No	Description	Amount (K'million)	As a % of proceeds
1	Transaction legal advisors – Wilson and Morgan	111	0.18
2	Sponsoring stockbrokers – Continental Capital Limited	52	0.08
3	Transfer secretaries – NICO Asset Managers Limited	10	0.02
4	Receiving banks:		
	(i) NBS Bank Plc	20	0.03
	(ii) National Bank Plc	20	0.03
5	Regulator's fees and expenses - Malawi Stock Exchange	41	0.07
6	Lead Advisors:		
	(i) NICO Capital Limited	621	1.00
	(ii) Bridgepath Capital Limited	472	0.76
7	Underwriters:		
	(i) NICO Holdings	600	0.96
	(ii) EDF	60	0.10
	(iii) ICON	150	0.24
	(iv) NICO Asset	126	0.20
8	Reporting accountants – Deloitte	85	0.14
9	Marketing and public relations	140	0.21
10	Total	2,508	4.02

- 11.2. Save as disclosed at paragraph 11.1 above, there have been no other preliminary expenses incurred about a proposed Rights Offer within the past three (3) years that have not been disclosed in the Company's AFSs for the relevant financial years.

12 Interest of Directors and Promoters

There has been no Director or Promoter that has received money or a material benefit in the promotion of the Company.

13 Directors' interests in the shares of the Company

As of 31 December 2024, no Director of the Company had in aggregate the direct and indirect interests over 1% of the Company's share capital. The position has remained the same to the date of this Prospectus.

14 Directors' interest in transactions

No Director of the Company has or has had any interest in transactions which are or were unusual in nature or conditions or are or were significant to the business of the Company and which were affected by the Company during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

15. Share capital of the Company

15.1. Authorised share capital (nominal value)	K500,000,000
15.2. Authorised share capital (number of Ordinary Shares)	10,000,000,000
15.3. Nominal value of each Ordinary Share	K0.05
15.4. Current issued and fully paid ordinary share capital (number of shares)	839,750,705
15.5. Current issued and fully paid share capital (nominal value)	K41,987,535

15.6. Share premium

The share premium account as of 30 June 2024 was K1,340,153,000.00.

The premium per ordinary share trading on the MSE as of 27 September 2024 is K13.46.

15.7. Preferential rights attaching to shares

No preferential rights with regard to conversion and exchange rights, voting or dividends, or any other kind of preference attached to shares of the Company.

15.8. Consents necessary to variation of rights attaching to shares of the Company

Clause 4 of the company's Memorandum of Association gives the Company power to vary rights attaching to shares of the Company. The variation has to be done following the Company's Articles of Association. Clause 4 of the Memorandum of Association of the Company provides that rights attaching to a particular class of shares may be varied with the written consent of 75% of the members of that class or with the sanction of a special resolution passed at a separate general meeting of the shareholders of that class.

15.9. Prior rights issues

The Company has not issued or offered shares in the immediate past five (5) years.

15.10. Issues and offers of shares of Oasis in the past five (5) years

The details of the shareholding in Oasis are as in Part IV, section 3 above.

Name of shareholder	Address	Percentage shareholding
Blantyre Hotels Plc	2 Hanover Avenue P.O. Box 21 Blantyre	20.8%
ICON Properties plc	19 Glyn Jones Road, P.O. Box 3117, Blantyre	44.3%
Public Service Pension Trust Fund	P.O. Box 30146, Lilongwe 3	26.0%
Limbe Leaf Tobacco Company Limited Pension Scheme	P.O. Box 40044, Kanengo, Lilongwe 4	2.1%
Associated Pensions Trust Limited	P.O. Box 2864, Blantyre	2.6%
SUCOMA Group Pension Scheme	P.O. Box 580, Limbe	4.2%
Total		100%

No shares were issued at a discount.

The Company, as the founding shareholder, has been inviting other entities privately to invest in the project.

15.11. Consolidations and subdivisions of the Company's shares

In 2017, the ordinary shares of the Company with a par value of 25t were split into shares of 5t each.

15.12. Control of unissued authorised share capital

Shareholders in a general meeting control issue or disposal of the unissued authorised share capital of the Company.

15.13. Other classes of the Company's shares

Apart from the ordinary shares issued and listed on the MSE, the Company has not issued shares of any other class.

15.14. Capital of the Company under option

The shareholder loans have a convertible option, and the issuers have expressed an intention to exercise the option through participation in taking up their right.

15.15. Loan capital and borrowings

15.15.1 The Company's borrowing powers are provided for in Article 86, which provides:

The directors may, from time to time at their discretion, raise and borrow or secure the payments of any sum or sums of money for the purposes of the company, save that the directors shall procure that the aggregate amount for the time being remaining undischarged of money borrowed by the company and its subsidiaries (exclusive of inter-company borrowing and apart from temporary loans obtained from the company's bankers and deposits received from the public in the ordinary course of banking business) shall not, without the sanction of the company in general by ordinary resolution, exceed the amount of the share capital of the company for the time being issued and the directors will procure that the aggregate amount at any time owing in respect of monies borrowed by the company (including creditors) will not exceed the said limit, but nevertheless, no lender or other person dealing with the company shall be concerned to see or enquire whether this limit is observed.

15.15.2 The borrowing powers of Oasis are provided for in section 38 of the Companies Act, which provides as follows:

Subject to the Act and to any other enactment, a Company shall have, both within and outside Malawi-

- (a) Full capacity to carry on or undertake any business or activity, do any act, or enter into any transaction, and*
- (b) For the purposes of paragraph (a), full rights, powers and privileges.*

There are no explicit provisions in the Articles of Association of Oasis providing for borrowing powers.

15.15.3 All foreign currency-denominated borrowings by the Company and Oasis have to comply with the Exchange Control Regulations – *see Regulation 10 of the Exchange Control Regulations.*

Details of borrowings/loan capital of the Company and Oasis

15.15.4 Oasis has no borrowings or loan capital. The Company's borrowings/loan capital are detailed in the tables below:

Table of loan capital and borrowings

Lender	How the loan arose	Amount	Type of loan	Details of security	Terms and conditions	Interest rate	Conversion rights
National Bank of Malawi Plc	BHL's initial equity contribution into Oasis	K4 billion	Medium term (7 years)	Charge over Title Number Blantyre West 132 belonging to BHL	Repayable in 7 years inclusive of a 24 month moratorium	6.1% above reference rate per annum	N/A
National Bank of Malawi Plc	Contribution towards completion of the new hotel in Lilongwe	US\$5 million (US\$2 million drawn so far)	Medium term (7 years)	Further Charge over Title Number Blantyre West 132 belonging to BHL	Repayable in 7 years inclusive of a 24 month moratorium	8.5% per annum	N/A
NBS Bank Plc	Contribution towards completion of the new hotel in Lilongwe	US\$7 million (US\$4 million drawn so far)	Medium term (7 years)	Charge over Title Number Njewa 3/1041 belonging to Oasis	Repayable in 7 years inclusive of a 24 month moratorium	11.5% per annum	N/A
NICO Holdings	Underwriting commitment	K4 billion (US\$2.1 million)	Short term (3 months)	None	Conversion into equity. foreign currency linked facility	8.5% per annum	N/A

Shareholders Loans							
NICO Life	Contribution towards completion of the new hotel in Lilongwe	K1.336bn	Short term	N/A	Repayable by 30 September 2025.	Average 364 day Malawi Government Treasury Bill Rate	NICO Life can convert the loan into shares during the Rights Offer upon giving 14 days' notice.
Africap	Contribution towards completion of the new hotel in Lilongwe	K2.279bn	Short term	N/A	Repayable by 30 September 2025.	Average 364 day Malawi Government Treasury Bill Rate	Africap can convert the loan into shares during the Rights Offer upon giving 14 days' notice.

15.15.5 Loans and overdrafts payable within twelve months

BHL does not have overdraft facilities. However, as at 30 June 2024, BHL had the following loans that were due within 12 months:

Loan Facility	Amount (MK'000)
NICO Life	1,336
Africap LLC	2,279
NBM	364
TOTAL	3,979

16. Working capital and cash flow

- 16.1. The Directors believe that, after taking into account the existing available bank and other facilities and the net proceeds of the Rights Offer, the Company has sufficient working capital for its present requirements, that is, for at least the next eighteen (18) months from the date of this Prospectus.
- 16.2. The Directors believe that, after taking into account the existing available bank and other facilities and the equity injection by BHL from the proceeds of the Rights Offer, Oasis has sufficient working capital for its present requirements, that is, for at least the next eighteen (18) months from the date of this Prospectus.

17. Options or preferential rights

The Company and Oasis have not entered into any contracts or arrangements whereby any option or preferential right of any kind has been (or is proposed to be) given to any person to subscribe for the shares of the Company or of Oasis except the following:

- 17.1. NICO Life can convert its K1.336 billion loan plus interest thereon into equity during this Rights Offer.

The loan is governed by a shareholder's convertible loan agreement amongst Africap, NICO Life and BHL dated 6 September 2003. The principal amount borrowed is K1,110,000,000.00. In terms of clause 7 read with clause 1.1.5 of the agreement, in the event that a rights offer of shares is made by BHL at any time during the tenor of the loan, the lenders may convert all or part of the unpaid principal and interest into ordinary shares of BHL. However, the lender must give BHL a prior written notice of at least fourteen (14) days before exercising the option of conversion. The conversion price is the price at which the outstanding principal and accrued interest may be converted into ordinary shares of BHL, which shall be the offer price set by BHL for its ordinary shares at the time of the rights issue. In this case, the current price for an ordinary share is K12.38.

- 17.2. Africap can convert its K2.279 billion loan plus interest thereon into equity during this Rights Offer.

The loan is governed by a shareholder's convertible loan agreement amongst Africap, NICO Life and BHL dated 6 September 2003 read with a shareholder's convertible loan agreement between Africap and BHL dated 29 November 2023. The combined principal amount borrowed is K1,925,000,000.00. In terms of clause 7 read with clause 1.1.5 of both the agreements, in the event that a rights offer of shares is made by BHL at any time during the tenor of the loan, the lenders may convert all or part of the unpaid principal and interest into ordinary shares of BHL. However, the lender must give BHL a prior written notice of at least fourteen (14) days before exercising the option of conversion. The conversion price is the price at which the outstanding principal and accrued interest may be converted into ordinary shares of BHL, which shall be the offer price set by BHL for its ordinary shares at the time of the rights issue. In this case, the current price for an ordinary share is K12.38.

18. Major and controlling shareholders of BHL before and after the rights Offer

Before the Rights offer

- 18.1. As at the date of this Prospectus shareholders with an interest of more than 5% in the share capital of the Company are as follows:

Name	Number	% of total
Africap	269,979,852	32.15
NICO Life	263,420,793	31.37
Press Trust	220,854,435	26.30

The shareholding of NICO Life as a separate legal entity is 31.37%. The circulars to shareholders and other publications indicate a combined shareholding of 34.34%, which includes a combined shareholding of other NICO Life-related entities.

NICO Life will follow its rights to the extent of as disclosed in 10.1 above.
Africap will follow its rights to the extent as disclosed in 10.1 above.

Press Trust will not be exercising its rights nor underwriting the Rights Offer.

After the Rights offer

- 18.2. After the Rights Offer and Listing, the shareholders set out below will have the indicative shareholding if they exercise their rights as outlined below:

Name	Number of shares pre-offer	Pre-offer %	Number of shares post-offer	% of total post-offer	% of total with green shoe
NICO Life	263,420,793	31.37	1,757,574,665	29.90	23.98
Africap	269,979,852	32.15	1,257,069,260	21.39	18.95
NICO Holdings	0	0.00	757,298,465	12.88	11.42
EDF	0	0.00	323,101,777	5.49	4.87
Press Trust	220,854,435	26.3	220,854,435	3.76	3.34

Press Trust ceases to be a major shareholder after the Rights Offer.

The Rights Shares being offered to existing BHL shareholders will, upon their issue, rank *pari passu* in all aspects with the existing ordinary shares of the Company from the date of their issue. The Rights Shares will be eligible for participation in any dividends declared henceforth.

19. Timing of the major events in the Rights Offer

A complete timetable of major events in the Rights Offer is given on page 20 in the Section titled *Expected Time Table of Principal Events*.

20. Minimum subscription

To complete the new hotel project, K62.4 billion is required. However, if the Rights Offer raises at least K38.6 billion, it will be considered successful. The total estimated requirement to bring the project to completion (i.e., upon the new hotel for business) is K88.7 billion. Out of the K88.7 billion, about K26.3 billion will be raised through foreign currency-denominated loans to ensure that the importation of construction materials is not derailed.

21. Adequacy of internal controls

The Board of Directors of Blantyre Hotels Plc (BHL) confirms that the company has established robust internal control systems designed to safeguard assets, ensure accurate financial reporting, and maintain compliance with regulatory requirements. These controls are regularly reviewed and updated to align with industry best practices and the evolving operational needs of the business, particularly in preparation for the launch of the new Protea Hotel Ryalls Lilongwe.

BHL's internal control framework includes risk management policies, financial oversight mechanisms, and operational audits to monitor performance across its expanding portfolio. The company has instituted segregation of duties, automated financial processes, and reporting systems to prevent mismanagement and detect any irregularities promptly. Additionally, BHL benefits from the Marriott International operational framework, which provides an added layer of oversight and control, ensuring adherence to global hospitality standards.

In addition, BHL has engaged an external internal auditor to perform routine audits of controls and operations.

The Board believes that these systems are adequate and effective in managing the risks associated with both the existing Blantyre hotel and the development of the new Lilongwe property. With the rights issue providing additional capital, the company will ensure the continued enhancement of internal controls to support its growth trajectory, protect shareholder interests, and maintain high standards of corporate governance.

22. Capital commitments

- 22.1. In the past three years, the Company has committed its capital to the following capital items:

Capital item	Total amount	2024	2023	2022
Shares in Oasis	K74 billion	K70 billion	K800 million	K3.2 billion
Plant and equipment	Nil	Nil	Nil	Nil

The K70 billion for 2024 includes proceeds from the Rights Offer that BHL will inject into Oasis.

22.2. In the past three years, Oasis has committed its capital to the following:

Capital item	Total amount	2024	2023	2022
Land acquisition	K2.1 billion	Nil	Nil	K2.1 billion
Building construction	K22.6 billion	K8.3 billion	K7.8 billion	K6.5 billion

The current estimated valuation of land and buildings to which Oasis committed its capital is K24.7 billion, broken down into the following:

i. Land	=	K2.1 billion
ii. Buildings	=	K22.6 billion
Total	=	K24.7 billion

22.3. To complete the hotel project Oasis needs a further K70 billion which is being secured as follows:

Equity injection (outstanding shareholders Agreement)

	2024	2023	2022
BHL	K70 billion	nil	nil

Shareholders loans

None.

Loans from banks

None.

23. Disposal of property

The Company and Oasis have not disposed of any material property within the past three years.

24. Corporate Governance (Compliance with Code of Best Practice for Corporate Governance in Malawi)

24.1. Commitment

The Company is committed to principles of sound governance and application of appropriate business ethics and standards in the conduct of its business and affairs. The Board is committed to the principles of diligence, honesty, integrity, transparency, accountability, responsibility and fairness. The Directors accept full responsibility for the application of these principles to ensure that the principles of good corporate governance are effectively practiced throughout the Group. Furthermore, the Board understands and accepts its responsibility to safeguard and represent the interests of the stakeholders of the Company in perpetuating a successful and sustainable business that ensures the achievement of the Group's strategic objectives.

24.2. Approach

The Company has a unitary responsibility for ensuring that the Company complies with all of its statutory obligations as specified in the Company's Articles, the Companies Act, the MSE Listings Requirements, and all other regulatory requirements. The Directors endorse the Malawi Code II of Best Practice for Corporate Governance in Malawi (the "**Code**") and recognise the need to conduct the affairs of the Company with integrity and by generally accepted corporate practices. In discharging this responsibility, the intention is to apply the principles of the Code in both letter and spirit. The Directors recognise that they are ultimately responsible for the financial performance of the Company. The Directors have, to the best of their knowledge, taken steps to ensure compliance with the Companies Act, the MSE Listings Requirements, and the application of the principles of the Code. A full analysis of the steps taken by the Group to apply the principles in the Code is set out in Part XI (*Additional Information*).

24.3. Chairperson, Chief Executive Officer, and lead independent Director

The Chairperson of the Board is always one of the non-executive Directors. The chairperson is responsible for providing leadership to the Board and overseeing its efficient operation and has been tasked with ensuring effective corporate governance practices.

The lead independent Director, Andrew Katimba, acts as lead Director in all matters where there may be an

actual or perceived conflict, and it would be inappropriate for the chairperson to deal with the matter concerned.

The Board has satisfied itself that Director Andrew Katimba acts with the independence of mind and judgment, and no interest, position, association, or relationship is likely to influence unduly or cause bias in decision-making in the best interests of the Company. The Board made this determination as to Director Andrew Katimba's independence having regard to several factors, including consideration of his educational professional qualifications and the levels at which he has served in other companies, and determined that Director Andrew Katimba is best placed to fulfil the role as the lead independent Director.

The CEO, Farrukh Maqbool, is responsible for leading the implementation and execution of the approved strategy, policy, and operational planning of the Company, as well as ensuring that the day-to-day affairs of the Company are appropriately supervised and controlled.

The size and composition of the Board is determined by the Shareholders, subject to the Company's Articles, applicable legislation and regulatory requirements, and the Code. The Board consists of six (6) Non-executive Directors, three (3) of whom are independent. The Board composition reflects a majority of non-executive Directors. According to the abovementioned composition and the policies set out in the Board Charter, no Director has unfettered powers of decision-making.

The Board's responsibilities include providing the Company with clear strategic direction, ensuring that there is adequate succession planning at senior levels, reviewing operational performance and management, and reviewing policies and processes that seek to ensure the integrity of the Company's risk management and internal controls. The Board is ultimately responsible for the management of the Company's business, strategy, and key policies. The Board is also responsible for approving the Company's financial objectives and targets. In addition, it is the Board's responsibility to ensure compliance with all statutory and regulatory requirements, and in particular, the Companies Act and the MSE Listings Requirements.

The Board determines and approves, from time to time, the levels of authority for the CEO and the various members of Senior Management. The Finance and Audit Committee and the Remuneration and Appointments Committee monitor compliance with the levels of authority.

The non-executive Directors bring an independent view to the Board's decision-making. None of the Directors, other than the Executive Directors, has a fixed term of appointment, and one-third of the non-executive Directors are subject, by rotation, to retirement and re-election by Shareholders at least every annual general meeting, following the Company's Articles. The mandatory retirement age for a Director is 70 years, at which time the Director shall vacate office at the end of the annual general meeting next after the Director attains the age of seventy (70) years.

Each Director will be identified and selected by the Board, as assisted by the Remuneration and Appointments Committee, the recommendation of which shall be subject to final approval by the Board. Directors shall be appointed and removed following the applicable provisions of the Company's Articles Association and the Companies Act.

The Board will comprise a balance of non-executive and Executive Directors, with a majority of non-executive Directors. The Board will further comprise an appropriate mix of knowledge, skills, experience, diversity, and independence to provide the necessary breadth and depth of knowledge and experience to meet the Board's responsibilities and objectives objectively and efficiently, which will annually be assessed by the chairperson of the Board in consultation with the Remuneration and Appointments Committee. The Remuneration and Appointments Committee will follow a transparent and formal process in recommending suitable candidates for the Board's consideration.

The Board meets as often as required but at least four times annually. Information relevant to a meeting must be supplied on a timely basis to the Board, ensuring Directors can make informed decisions. The Directors have unrestricted access to information about the Company and its Senior Management and, where appropriate, may seek independent advice on matters within the Board's mandate at the Company's expense.

Directors and members of Board committees must recuse themselves from discussions and decisions in which they have an interest, and the processes as set out in the Companies Act regarding conflicts of interest should be followed.

24.4. Board committees

As provided for in the Company's Articles, the Board is supported and assisted by the Finance and Audit Committee and Remuneration and Appointments Committee, which have clear mandates and oversight responsibility for various aspects of the Business. The responsibilities delegated to each committee are formally documented in the terms of reference for that committee, which have been approved by the Board and are reviewed at least annually. The current composition of each of the committees is set out below.

24.4.1 Finance and Audit Committee

Mr. Elias Azele Malion	-	Chairperson
Mr. Andrew Katimba	-	Member
Mrs. Thokozani Unyolo	-	Member

The Finance and Audit Committee is responsible for reviewing annual reports and annual financial statements. This Committee also monitors the adequacy of accounting and internal control systems. Both external and internal auditors report to the Board of Directors through the Finance and Audit Committee. The Committee consists of two non-executive Directors.

24.4.2 Remuneration and Appointments Committee

Miss Chikondi Ng'ombe	-	Chairperson
Mr. Robert Scharar	-	Member
Mr. Gibson Ngalamila	-	Member

The Remuneration and Appointments Committee acts as an independent Board Committee for issues relating to appointments of, and remuneration of, Directors, management, and staff. It consists of one non-executive Director and two alternate non-executive Directors.

24.5. Conflicts of interest

In dealing with conflicts of interest, legislation will apply in the first instance. Members of the Board will comply with the policy, which must be approved by the Board. Directors are obliged to disclose promptly all direct or indirect conflicting and personal financial interests that are held by them and inter-related persons as contemplated in section 187 of the Companies Act. Full disclosures should be made in writing and be submitted to the Company's Secretary, who will submit it to the Board at the first subsequent Board meeting thereafter. Enduring material conflicts of interest are regarded by the Board as incompatible with the fiduciary duties of Directors.

Any possible conflict of interest shall at all times be declared (in the manner prescribed by law, if applicable, and in the Company Articles as soon as a Director becomes aware of the conflict (and in any event prior to the consideration of the matter to which the conflict relates, at any Board meeting)) and the Director concerned shall not participate in a discussion or vote on the subject matter and will leave the meeting immediately after making the requisite disclosure.

24.6. Company Secretary

A suitably qualified, competent, and experienced candidate is appointed company secretary and is appropriately empowered to fulfil duties with regard to assistance to the Board. The Remuneration and Appointments Committee is responsible for recommending a suitable candidate for appointment as the company secretary and reviews the competence, qualifications, and experience of the company secretary annually and reports on whether or not it is satisfied therewith. The Remuneration and Appointments Committee has determined that it is satisfied with the company secretary's competence, qualifications, experience, independence, and suitability.

The company secretary of the Company is required to provide the Directors, collectively and individually, with guidance as to their duties, responsibilities, and powers. The company secretary is also required to ensure that the Directors are aware of all laws and legislation relevant to, or affecting, the Company and to report to the Board any failure on the part of the Company or a Director to comply with the Company Articles, the Company's governance framework or other applicable legislation and regulatory requirements. The company secretary acts as an adviser to the Board and plays a pivotal role in ensuring compliance with statutory regulations and the Company's governance framework, the induction of new Directors, tabling information on relevant regulatory and legislative changes, and giving guidance to the Directors regarding their duties and responsibilities.

The company secretary is not a Director of the Company, and the Board, having specifically considered the matter, has an arm's length relationship with the Board, who can also remove the company secretary from office by the recommended practice of the Code. The company secretary assists the Remuneration and Appointments Committee with the appointment, induction, and training of Directors, guides the Boards' duties and good governance, and ensures that Board and Board Committee charters are kept up to date. The company secretary prepares and circulates Board papers and assists with obtaining responses, input, and feedback for Board and Board committee meetings. Assistance is also provided concerning the preparation and finalisation of Board and Board committee agendas based on annual work plan requirements. The company secretary assists with the annual evaluations of the Board, Board committees, and individual Directors.

The company secretary is also required to ensure that there are minutes of all Shareholders' meetings and that Directors' meetings and any committee meetings of the Directors are properly recorded in accordance with provisions of the Companies Act.

24.7. Shareholders communication

In all communications with Shareholders, the Board aims to present a balanced and understandable assessment of the Company's position. This is done through adhering to principles of openness and substance over form and striving to address material matters of significant interest and concern to all Shareholders. The Company will prepare and distribute to Shareholders an annual integrated report as a primary form of communication with Shareholders following applicable law. The Board will encourage Shareholders' attendance at general meetings and, where appropriate, will provide full and understandable explanations of the effects of resolutions to be proposed. Subject to the applicable law, communication with institutional Shareholders and investment analysts will be maintained through periodic presentations of financial results, one-on-one visits, trading statements, and press announcements of interim and year-end results, as well as the proactive dissemination of any information considered relevant to Shareholders. The Board will use its best endeavours to familiarize itself with issues of concern to its relevant stakeholders and should strive to achieve the appropriate balance between the legitimate interests and expectations of the various relevant stakeholder groups in its decision-making in the best interests of the Company.

PART V

Regulatory Environment

1. Overview

The Company operates in the hospitality sector, which is primarily regulated by the Tourism and Hotels Act and subsidiary legislation made thereunder. The Tourism and Hotels Act sets the framework within which the Company's business is carried out. Additional pieces of legislation that regulate the Company's business are the Companies Act and the Securities Act.

2. Regulation under the Tourism and Hotels Act

Carrying on a hotel business requires a licence from the Tourism and Hotels Board, which is mandated to control and regulate the tourism industry – see sections 5 and 6 of the Tourism and Hotels Act. Under section 7 of the Act, before the Board grants a hotel licence, an applicant must fulfil several conditions relating to the character of the applicant, the suitability of premises as well as the efficient management of operations. The Tourism and Hotels Board may attach conditions such as additional conditions to a licence as it may, at its discretion, deem expedient. The Tourism and Hotels Board has powers under section 10 of the Act to classify or re-classify a licensed hotel in a class or grade conformable with the standard with which the hotel is kept, managed, or conducted. Further, the Tourism and Hotels Board has powers to vary, suspend or cancel a licence and to close hotel premises in cases where a licensee has contravened the provisions of the Act or the conditions attached to a hotel licence – see sections 9 and 9A of the Act.

Subsidiary legislation under the Tourism and Hotels Act

Pursuant to the powers given by section 15 of the Tourism and Hotels Act, the Minister has promulgated a number of subsidiary legislation, including (i) Hotels Regulation, (ii) Tourism and Hotels (Minimum Standards) Regulations, (iii) Tourism and Hotels (Enterprises) Regulations; (iii) Tourism and Hotels (Licensing of Hotels) Regulations; (iv) Tourism and Hotels (Grading) Regulations; and (v) Tourism and Hotels (Marketing Fund) Regulations.

Hotels Regulations

In summary, these regulations prescribe, among others, the forms and procedure for licence applications; how the Tourism and Hotels Board considers licence applications, forms of licences; factors that are considered in the classification of hotels; how hotels fix maximum charges/rates payable by guests; regulatory inspections by the Board; and offenses and penalties applicable in cases of contravention of the regulations.

Tourism and Hotels (Minimum Standards) Regulations

These regulations essentially regulate the conditions that must be satisfied before a licence may be granted by the Board and, in relation to a licence granted by the Board, the conditions subject to which the licence is granted. The conditions relate to, among other matters: (i) maintenance, cleanliness, and ventilation of premises; (ii) means of communication and electric lighting; and (iii) specifications for bedrooms, bathrooms, dining rooms, lounges, bars, kitchens, reception, laundry, staff quarters, gardens, fire-fighting equipment, etc.

Tourism and Hotels (Enterprises) Regulations

These regulate enterprises that are associated with tourism and hotels. The enterprises include restaurants, tour operations, car hires, and any other enterprises as designated by the Minister.

Tourism and Hotels (Licensing of Hotels) Regulations

Similar to the Hotels Regulations stated above, these regulations prescribe (i) forms of application for a licence, including renewals and transfers of licences; (ii) grounds for a refusal to issue, renew, or transfer licences; (iii) regulatory inspections, investigations by the Board; (iv) procedures for the Tourism and Hotels Board in the hearing of applications; (v) classification of hotels; (vi) suspension and revocation of licences; and (vii) licensees' requirements to keep records and registers of guests.

Tourism and Hotels (Grading) Regulations

These regulate matters relating to the grading of serviced accommodation and the grading criteria that are applied in grading. Serviced accommodations eligible for grading are establishments that cater to the travelling public, meet minimum regulations for their accommodation category, and comply with tourism, statutory, and local government regulations. Again, the Tourism and Hotels Board is responsible for grading serviced accommodation.

Tourism and Hotels (Marketing Fund) Regulations

These regulations establish the Tourism and Marketing Fund, the purpose of which is to provide funding for marketing Malawi's tourism attractions and facilities to ensure the fullest possible utilization of the facilities. The fund is administered by the Director of Tourism, subject to approvals by the Tourism Marketing Committee established under regulation 8. The fund consists of, among others, money received from levies on all tourism activities that are offered by tourism enterprises, including hotels.

3. Regulation under the Companies Act and the Securities Act

Companies Act

The amendment of a company's memorandum and articles of association requires a special resolution of the company's shareholders – section 35(1)(b) of the Companies Act. In the case of a public company listed on the MSE, approval of the proposed amendment must be obtained from the MSE prior to submission of the proposed amendment to a meeting of the shareholders.

Part VIII (i.e., sections 135 to 157) of the Companies Act regulates share certification and share transfers. Division I covers securities by written instrument. Division II covers securities without a written instrument.

Part IX (i.e., sections 158 to 228) of the Companies Act regulates officers of a company. Divisions I and III define directors and the board of directors. It also prescribes powers of directors as to the management of the company, substantial transactions, and delegation of powers. Division II regulates appointments and removal of directors. Divisions IV and V prescribe standards for disclosure obligations in transactions involving directors' safe interests. Division VII prescribes directors' liabilities, and Division VIII deals with appointment and qualifications for secretaries for public companies.

Part X (i.e., sections 229 to 256) of the Companies Act deals with accounting requirements for companies. The sections cover (i) requirements to keep accurate and complete records, (ii) place where accounting records shall be kept, (iii) appointment of auditors, (iv) auditor's fees and expenses, (v) appointment of a partnership as auditors, (vi) qualifications of auditors, (vii) approval of auditors, (viii) automatic reappointment of auditors, (ix) appointment of first auditor, (x) replacement of auditors, (xi) auditor not seeking reappointment or giving notice of resignation, (xii) conflict of interest regarding auditors, (xiii) auditor's report, (xiv) auditor's access to information, (xv) auditor's attendance at shareholders' meetings (xvi) content and form of financial statements, (xvii) financial statements to be presented, (xxviii) presentation of group financial statements, (xix) content and form of group financial statements, (xx) right of debenture holder of a public company to copies of financial statements and reports, (xxi) obligation to prepare an annual report and accounts, and (xxii) sending to shareholders, (xxiii) consequences of failure to send an annual report and accounts and (xxiv) filing of annual report and accounts. Further, section 252 of the Companies Act provides that a director's report is required for all public companies.

Section 252(1) requires that the report must be in writing and should set out:

- (a)** So far as the board reasonably believes it is material for the shareholders to have an appreciation of the state of the company's affairs and is not harmful to the business of the company or any of its subsidiaries, any change during the accounting period in – (i) the nature of the business of the company or any of its subsidiaries; or (ii) the classes of business in which the company has an interest, whether as a shareholder of another company or otherwise; and
- (b)** (i) the names of the persons who, at any time during the financial year, were directors of the company; (ii) particulars of entries in the register of interests made during the accounting period; (iii) with respect to the accounting period, the amount which represents the total of the remuneration and benefits received, or due and receivable, from the company by:
 - (aa)** executive directors of the company engaged in the full-time or part-time employment of the company, including all bonuses and commissions receivable by them as employees; and
 - (ab)** in a separate statement, non-executive directors of the company.
- (iv) In the case of a holding company, with respect to the accounting period, the amount which represents the total of the remuneration and benefits received, or due and receivable, from the parent company and from its subsidiaries by: -
 - (aa)** executive directors of the parent company engaged in the full-time or part-time employment of the holding company, including all bonuses and commissions receivable by them as employees; and
 - (ab)** in a separate statement, non-executive directors of the holding company;
- (c)** State the total amount of donations made by the company and any subsidiary during the accounting period;
- (d)** State the amounts payable by the company to the person or firm holding office as auditor of the company as audit fees and, as a separate item, fees payable by the company for other services provided by that person or firm; and
- (e)** Be signed on behalf of the board by two directors of the company or, where the company has only one director, by that director.

Under section 252(2), the information to be disclosed under subsection (1) (b) shall be:

- (a) the term of the director's service contract with its date of expiry;
- (b) any notice period for termination of the contract; and
- (c) particulars of any provisions for predetermined compensation on termination exceeding one year's salary and any benefits, including benefits in kind.

According to section 252(3), a company that is required to include group financial statements in its annual report shall include, in relation to each of its subsidiaries, the information specified in paragraphs (b) to (e) of subsection (1).

Part XI (i.e., sections 257 to 260) of the Companies Act deals with the public offering of securities. Section 260 requires a prospectus to contain all such necessary information as investors and their professional advisors would reasonably require and reasonably expect to find there to make an informed assessment of:- (a) the assets and liabilities, financial position, profits and losses, and prospectus of the issuer of the securities; and (b) the rights attaching to the securities, and "necessary information" means information which a person considering acquiring the securities of the kind in question would be likely to need in order not to be misled about any material facts which he needs to know to make an informed assessment. The prospectus has to contain information or documents as may be necessary in respect of: (i) the terms of the offer including, the identity of any underwriter and the method of the offer, (ii) information about the business and operations of the issuer, (iii) the identity of directors, senior management, promoters and auditors, (iv) capitalisation and indebtedness of the issuer, (v) risk factors, (vi) securities market data regarding any trading history of the issuer's shares; (vii) use of the proceeds of the offer; (viii) details of pending litigation; (ix) management discussion and analysis of the financial condition and results of the company's business operations, (x) a forecast of estimated profit or loss for the year ending immediately after the date of the prospectus; (xi) a certificate from the issuer's auditor stating any changes in directors and auditors during the last three years indicating the reasons for any changes; and (xii) audited financial statements for the years and periods as required by the Registrar of Financial Institutions. It also requires that the prospectus be signed by the company's senior management or persons permitted similar functions accompanied by a duly verified resolution on the board of directors. Any written consent of an expert named as having certified any part of the prospectus or any document used in that connection must also be delivered to the Registrar of Financial Institutions.

Part XII (i.e., sections 261 to 328) of the Companies Act deals with arrangements, compromises and reconstructions, and mergers and takeovers.

Part XIII (i.e., sections 329 and 330) of the Companies Act deals with the winding up of companies.

Part XIV (i.e., sections 331 to 356) of the Companies Act deals with remedies and enforcement.

Part XV (i.e., sections 357 to 371) of the Companies Act deals with foreign companies.

Part XVI (i.e., sections 372 to 377) of the Companies Act deals with the service of documents.

Part XVI (i.e., sections 378 to 383) of the Companies Act has miscellaneous provisions.

Securities Act

The Securities Act provides for the regulation of capital and securities markets and persons transacting business in or through the capital and securities markets. Section 28(1) of the Act states that no person shall sell, offer to sell, or enter into a contract to sell any security required to be registered under section 27 unless such sale, offer, or contract is preceded or accompanied by a prospectus, containing the information required to be contained in a prospectus. Section 260(1) of the Companies Act outlines the information that has to be contained in a prospectus. To be compliant, a prospectus must contain all such necessary information as investors and their professional advisors would reasonably require and reasonably expect to find in a prospectus to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the issuer of the securities; and the rights attaching to the securities and "necessary information" means information which a person considering acquiring the securities of the kind in question would be likely to need in order not to be misled about any material facts which he needs to know to make an informed assessment.

Securities (Registration Requirements for Securities) Directive, 2024

The objective of the directive is to prescribe registration requirements for securities. As regards the registration of securities, paragraph 4 of the directive provides:

- (1) A security intended to be publicly traded or offered to the public shall be registered with the Registrar.**
- (2) The issuer shall register the security with the Registrar before publishing a prospectus.**
- (3) An application for registration of securities shall be made by an issuer and shall consist of the following: (a) an application letter to the Registrar signed by duly authorised officer of the issuer whose securities are subject of the application for registration, in the form set out in the First Schedule; (b) a prospectus that complies with the content requirements set out in the Second Schedule and Third Schedule; (c) a recommendation letter from the stock exchange; (d) an investor education plan, which shall include specific messages, activities, delivery channel, places and dates for implementation; (e) the following supporting documents: (i) a certified copy of its certificate of incorporation, (ii) a certified copy of the memorandum of association and articles of association, (iii) the audited annual report and accounts for three completed financial years of the issuer and its subsidiaries, if any, immediately preceding the application or such shorter period as may be accepted by the Registrar, (iv) a certified copy of the resolution of the issuer in general meeting authorising the issue of all securities for which registration is sought, (v) a resolution of the board of directors authorising the issue all securities for which registration is sought, (vi) a certified copy of any resolution of the issuer in a general meeting and of the board of directors authorising any alterations in the share capital of the company, or any mergers or amalgamations, within the period of five years preceding the date of the application for registration, (vii) in the case of debt securities, a copy of the trust deed or other document securing or constituting the debt securities, and (viii) such other documentation as may be required by the Registrar.**

Paragraphs 4(3)(b) and 7(3) of the Securities Directive prescribe the minimum information to be contained in a prospectus. The paragraphs provide that a prospectus shall contain the specific items of information specified in the Second Schedule and Third Schedule to the Securities Directive. In the Second Schedule to the Securities Directive, the minimum information requirements for equity securities are contained in Section A. The Third Schedule to the Securities Directive sets out the detailed requirements for accountants' reports on the profits and losses, assets and liabilities of, and other financial information on an issuer, which must be contained in a prospectus.

4. Regulation under the Local Government Act and the Local Government (Lilongwe City Council) (Sanitary Arrangements) By-laws, 2019

The Local Government Act establishes local government areas which are there for the administration of local government – section 4 (1) of the Act. The Council (local government authority) has been given a mandate under the Act to make by-laws for its relevant local government area.

The Lilongwe City Council has enacted various by-laws and of particular relevance are the Local Government (Lilongwe City Council) (Sanitary Arrangements) By-laws, 2019, hereinafter referred to as the "Sanitary Arrangements By-laws" and the Local Government (Lilongwe City Council) (Waste Management) By-laws, 2019 hereinafter referred to as the "Waste Management By-laws". In terms of By-laws 4(1) of the Sanitary Arrangement By-laws, the hotel, as an owner or occupier of premises, must ensure that the hotel is provided with sanitary accommodation as provided for in the By-laws. Failure to do so constitutes a criminal offence. Premises such as the hotel must provide sanitary accommodation where 50% of the latrines provided for shall be for females and 50% for males, of which a third shall be urinals- By-law 5(2) of the Sanitary Arrangement By-laws. As a minimum standard, hotels and other lodging houses must have at least one toilet for every six rooms, and the male toilet must have a urinal. The hotel must also ensure that it has enough appropriate sanitary facilities that are easily accessible by persons with disabilities- By-law 5(3) of the Sanitary Arrangement By-laws. Where workmen are employed in any building operation, temporary sanitary accommodation must be provided on-site- By-law 7(1) of the Sanitary Arrangement By-laws. If the hotel contravenes any of the provisions of the By-laws, it commits a criminal offence with a penalty of a fine or imprisonment- By-law 12(1) of the Sanitary Arrangement By-laws.

Under the Waste Management By-laws, the hotel must provide and maintain receptacles for depositing waste in such numbers as the Council may prescribe from time to time- By-law 6 of the Waste Management By-laws. The approved standard receptacle is of an appropriate shape, made of hard plastic or any other permissible material, which has a capacity of not more than 0.4 m³ and has a tight-fitting lid that is capable of keeping out rain and persistent offensive odour and may include a sanitary plastic bag of legally accepted thickness- By-law 7 of the Waste Management By-laws. These receptacles and their lids must be clean and maintained in a satisfactory condition. It is the responsibility of the hotel to ensure that all waste from therein is deposited in the waste receptible and not elsewhere for collection by the Council's collection service or other authorized person- By-law 8(1) of the Waste Management By-laws. The hotel shall not place any rubble, grass, or tree toppings, among others, in a receptible, and it shall be the hotel's responsibility to handle and dispose of this waste- By-law 8(3) of the Waste Management By-laws. The hotel also bears the responsibility to sort out the waste generated at its premises into (a) organic waste, (b) paper and plastic waste, and (c) glass and metal waste- By-law 17 of the Waste Management By-laws. Every person is prohibited from depositing any waste, rubble, or any liquid injurious to health into a stream, river, or any reservoir- By-law 18 of the

Waste Management By-laws. A person who contravenes any provision of these By-laws commits an offence and shall be liable to penalties such as a fine, imprisonment, or revocation of a license issued by the Council- By-law 30(1) of the Waste Management By-laws.

The National Construction Industry Act aims to provide for the establishment of the National Construction Industry Council of Malawi ("**NCIC**") and the promotion and development of the construction industry in Malawi, among other things. Under section 11(a) of the Act, the NCIC is mandated to promote and develop the construction industry in Malawi by giving priority to Malawian firms. Pursuant to this, NCIC be published in the gazette regulations, which provide that any foreign firm intending to provide services in the construction industry in Malawi should provide those services through a joint venture or subcontracting agreement with one or more Malawian firms where the Malawian firm(s) shall be responsible for a minimum of 30% of the works by volume and value in the case of contractors and a minimum of 51% of the services assignment in the case of consultants. Failure to comply with the Act may result in NCIC issuing a Stop Work Order instructing the contractor to halt some or all work on a construction project for a given timeframe or until an injunction is rectified.

5. Regulation under the Physical Planning Act

The Physical Planning Act of 2016 ("**PPA**") provides a framework for the orderly and progressive development of land in both urban and rural areas in Malawi. The Act applies to all types of physical development, whether done by a person or Government- Section 3 of the Act.

Developments listed under the first schedule to the Act are permitted developments, and these are exempt from development permission- Section 44(1) of the Act. These include:

- (i) The building by the lessee or licensee of or under which the plot is held and any rules regulating building operations within a traditional housing area;
- (ii) minor repairs which do not result in any extension of the external dimensions of a building and which do not materially affect either the use of the building or its external appearance;
- (iii) any changes of use of land within the same class of uses; and
- (iv) the display of an advertisement on a building or on-site which serves to achieve certain purposes which have been outlined by the Act- First Schedule to the PPA.

For developments that do not appear in the first schedule, one must apply for development permission. Section 46 of the Act outlines how an application for development permission may be made. The application must be made to a local government authority in the case of a development falling within its area of jurisdiction or to the Commissioner in every other case. The application must be in a prescribed form, accompanied by a prescribed fee payable to the Government, and must include all such other information as the local government authority or commissioner may require.

The application must be submitted by a registered physical planner being an agent of the applicant- section 46 (2). Where the development permission applied for is of national interest, the local government authority shall forward the application to the Physical Planning Council for approval. In some cases, the responsible local government authority may require an applicant to either publish details of his application in a manner specified by the authority or to give details of his application to persons and authorities in a manner specified by the authority- section 46 (4). An applicant will be notified of the responsible authority's decision on the application for development permission in writing within 30 days of applying, and where no decision has been made, the applicant will also be notified of the progress of the application and the likely date by which a decision will be made- section 46(8). Where development permission is granted, such notification shall indicate the conditions, if any, on which the permission has been granted and, where permission is refused, brief reasons for the refusal- section 46(7).

Where development permission has been granted, the development to which it relates must be commenced within 2 years from the date of the grant of the development permission. Otherwise, it ceases to have any effect if development has not commenced- section 51(1). The responsible Authority also has power, in terms of section 52(1) of the Act, to revoke in whole or in part a grant of development permission by way of written notice. The notice must contain the reasons for the revocation, directions relating to the cessation of any development that has been commenced, and information on any claim to compensation that may be made in respect of the revocation. It must be emphasized that the grant of development permission is personal to the person to whom it has been made, and where that person ceases to have interest in the land which would entitle him to undertake building operations without the permission of any person, the development permission shall lapse unless it is transferred following the Act- section 53(1).

In cases where a person has commenced development without first obtaining development permission, section 60 (1) of the Act grants power to the responsible Authority to serve a written notice to the owner or occupier of the land where the unauthorized development is taking place, requiring that person to apply for a grant of development permission. It is a criminal offence to commence any development without a grant of development permission where such permission is required- section 98 (h). On conviction, a natural person shall be liable to a fine of K500,000 and

imprisonment for a term of 1 year and, in the case of a continuing offence, a further fine of K2,000 for each day the offence continues. In the case of a legal person, it shall be liable to a fine of K2,000,000.00 – section 98 provision (a) and (b).

6. Regulation under the Environmental Management Act

The Environment Management Act 2017 ("**EMA**") establishes a regulatory framework aimed at safeguarding the environment while enabling development. For construction projects, this Act is particularly relevant due to its provisions on Environmental and Social Impact Assessments ("**ESIAs**") and environmental audits, pollution control, and sustainable resource management.

In terms of section 31 of the Act, projects listed in a Gazette published by the Minister cannot be implemented without conducting an ESIA. This assessment evaluates the potential impacts of the project on both the environment and society. It is an offence for any person to carry out a project requiring an ESIA without an ESIA license or to give false information in an ESIA- section 99 of the Act. A person cannot undertake a project for which an ESIA is required without the written approval of the Malawi Environment Protection Authority ("**MEPA**") except per the conditions imposed in that approval. Further, no other Authority can grant a permit or license for a project requiring an ESIA unless MEPA grants approval for the project or the said Authority grants a permit subject to MEPA's approval being granted.

Under section 32 of the Act, MEPA has the power to conduct or cause to be conducted periodic environmental audits of any project for purposes of enforcing provisions of the Act. Owners or operators of projects for which ESIAs were made have an obligation to keep records and make annual reports to MEPA describing how far the project conforms in operation with the statements made in the ESIA. A developer is also required to take reasonable measures for mitigating any undesirable effects on the environment arising from the implementation of a project that could not reasonably be foreseen in the process of conducting the ESIA and must report to MEPA on the effects and measures taken.

In terms of environmental standards, construction projects are required to adhere to established standards for air, water, soil quality, and noise and vibration- Part VII of the Act. However, where these matters are already dealt with under other rules, regulations, or standards under other written laws, MEPA shall not establish separate standards but still has the power to supervise, monitor, or enforce the said standards. Any person who violates these standards commits an offence- section 101 of the Act.

Waste management is another crucial aspect covered by the Act. According to section 55, BHL must manage waste generated by its activities or those of persons working for it in a manner that does not cause ill health to other persons or damage to the environment and minimize waste through treatment, reclamation, and recycling. Failure to do so is an offence- section 103 of the Act. Proper waste management practices must be implemented, particularly for the disposal of hazardous waste. Handling and disposal of such substances require a specific license to ensure they are managed safely and responsibly.

Pollution control measures are also emphasized. BHL must take steps to control emissions and air, water, and noise pollution. Under section 61 of the Act, no person shall discharge effluent into water except under a license issued by MEPA. Similarly, under section 62, no person shall emit gas or other pollutant that causes air pollution except following the Act. Further, section 63 prohibits persons from emitting noise over the noise emission standards set by the Act. Non-compliance with these measures can result in criminal offences and penalties, underscoring the importance of adhering to pollution control regulations.

Finally, the Act grants MEPA the authority to issue environmental protection orders against any person whose acts or omissions have or are likely to have adverse effects on the protection of the environment- section 72(1) of the Act. These orders can halt or modify construction activities that are causing significant environmental harm. Failure to comply with these orders can lead to legal action. Any person who fails to comply with any order by MEPA commits an offence and is liable to administrative penalties such as written warnings and directions to do specified acts or refrain from doing specified acts- section 106 of the Act.



PART VI

Financial information on the Company

The financial statements of the Company included in the Annual Reports and Accounts for the years ended 31 December 2022 and 2023, respectively, together with the audit reports thereon, are incorporated by reference into this Prospectus. Deloitte issued unqualified audit opinions on the financial statements of the Company included in the Annual Reports and Accounts. The audit opinion for the financial statements for the year ended 31 December 2023 is set out on page 37 of the 2023 Annual Report. See Part XII (*Documentation Incorporated by Reference*) of this Prospectus for further details about information that has been incorporated by reference into this Prospectus.

The tables below set out selected Company audited financial information for the half-year ending 30 June 2024 and the year ending 31 December 2023.

Statements of comprehensive income

K'million

	6 months to 30 June 2024	6 months to 30 June 2023	Year to 31 December 2023	Year to 31 December 2022
Revenue	3,555	2,190	4,617	3,371
Cost of sales	(1,116)	(803)	(2,011)	(1,505)
Gross profit	2,439	1,387	2,606	1,866
Other income	14	-	26	7
Selling and Administration expenses	(2,041)	(1,122)	(2,640)	(1,868)
Impairment losses	(4)	(2)	(5)	(5)
Profit from operations	407	263	(13)	(1)
Net finance cost	(884)	(541)	(930)	(561)
Loss on disposal of subsidiary	-	-	-	(47)
Share of(loss)/profit in associate	(39)	35	(75)	26
Profit/Loss before tax	(515)	(243)	(1,017)	(582)
Taxation	(266)	113	225	116
Profit/Loss for the year	(781)	(130)	(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	(130)	81	(19)

Statements of financial position
K'million

	As at 30 June 2024	As at 31 December 2023	Year to 31 December 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	19,544	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 ies	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)
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

Statements of cash flows

See page 13 of the 2024 half-year financials.

Significant accounting policies and notes to the Accounts

See paragraph 3.2 of Part XIV (*Independent Reporting Accountant's Report on the historical financial information included in the Prospectus of Blantyre Hotels Limited Plc*).

Retirement benefits information

The Company operates a defined contribution pension fund. It does not have retirement benefit liability except to the extent of employer contributions due but not yet remitted for the time being. The Company is up-to-date with remittance of employer contributions to the pension fund.

Auditor's opinion, whether qualified or not

The opinion of Deloitte, external auditors of the Company, on the financial statement of the Company for the half-year ended 30 June 2024 was not qualified. The opinion is on page 6 of the audited financial statements for the half year ended 30 June 2024, incorporated into this Prospectus by reference.

Dividend policy

See paragraph 7 of the Summary in this Prospectus and paragraph 9 of Part I (*Letter from the Chairman of the Company*).

Proforma balance sheet before and immediately after the Rights Offer

See Part VIII (*Unaudited Proforma Financial Information*).

Effect of the Rights Offer on the net asset value per share

See an audited proforma financial information in Part VIII (*Unaudited Proforma Financial Information*) of this Prospectus.

Management discussion and analysis of the financial condition and results of the Company's business operation

For the year ended 31 December 2023, the Company made a loss after tax of K792.76 million (2022: K466.23 million), representing a 70% worsening of the loss from the corresponding period in the previous year. The performance was attributed largely to:

- i. Increases in the cost of sales and administration expenses that outpaced the increase in revenue; and
- ii. Increase in finance costs, which exacerbated the Company's loss position.

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:

- i. High Selling and administration expenses. Selling and administrative costs took up 59% of the revenue that the company creates, thus lowering profit margins; and
- ii. High finance costs. Finance costs amounted to 26% of the revenue that the company generated.

PART VII

Capitalization and Indebtedness

The following table shows the capitalisation and indebtedness of the Company as of 30 June 2024 and has been extracted, without material adjustment, from the accounting records underlying the audited financial statements for the period ended 30 June 2024, which are incorporated by reference into this Prospectus as set out in Part XII (*Documentation Incorporated by Reference*).

The following table shows the capitalisation and gross indebtedness of the Company as of 30 June 2024.

	As at 30 June 2024
	K'000
Total current and non-current debt	
Balance at the beginning of the year	6 095 542
Additions	3 467 667
Accrued interest for the year	908 841
Repayments	(446 167)
Balance as at end of the year	10 025 883
Total debt	
Current	3 978 956
Non-current	6 046 927
Total	10 025 883
Total gross indebtedness	10 025 883
Shareholder's equity	
Share capital	41 988
Share premium	1 340 153
Revaluation reserve	7 972 653
Accumulated losses	(1 733 768)
Total equity	7 621 026

The total non-current debt is comprised as follows: -

Loan facility	30 June 2024	31 December 2023
	K'000	K'000
NBM	6,046,927	2,045,056

Notes:

1. In 2021, a loan of K4 billion was obtained by the Company from NBM and attracts interest at 6.1% above the reference rate and is repayable over 7 years, inclusive of a 24-month moratorium, which came to an end in the year, on both principal and interest re-payment. The loan is secured by a legal charge of K4 billion over the Company's property title number Blantyre West 132, BHL. The property, valued at K11.9 billion as of 30 June 2024 (December 2023: K9.8 billion), is included as part of the property and equipment as detailed in note 7 to the financial statements.
2. In 2024, the Company secured a USD5 million facility with NBM. As at 30 June 2024, the Company had made a drawdown of USD2 million. The loan was granted as part of the Company's contribution towards the completion of the Lilongwe Hotel Project and attracts interest at 8.5% per annum. The loan is repayable over a 5-year period after the 24-month moratorium and is secured by a charge of K4 billion over property under title number Blantyre West 132.
3. Shareholders' loans amounting to K3 billion were obtained from Africap and NICO Life for the purpose of servicing the NBM loan facility. These loans are repayable by 30 September 2024, hence their classification as current liabilities in the financial statements as of 30 June 2024. The repayment period has been extended to 30 September 2025. They attract interest at an average 364-day Malawi Government Treasury bill rate. NICO Life and Africap have elected to convert the outstanding amounts as at Offer Close Date into equity in this Rights Offer transaction.

PART VIII

Unaudited Proforma Financial Information

Unaudited Proforma Statement of Net Assets of the Company

The unaudited proforma statement of net assets of the Company set out below has been prepared to illustrate the effect of the Rights Offer on the assets and liabilities of the Company as if the Rights Offer had taken place as of 30 June 2024. The unaudited proforma statement of net assets, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results. The unaudited proforma statement of net assets has been prepared on the basis set out in the notes below:

	Balances as of 30 June 2024				
	Actual 30-Jun-24	Adjustment without GSO	Proforma Total 30-Jun-24 without GSO	Adjustment with GSO	Proforma Total 30-Jun-24 with GSO
	<i>K'million</i>	<i>K'million</i>	<i>K'million</i>	<i>K'million</i>	<i>K'million</i>
Equity					
Share capital	42	252	294	252	294
Revaluation reserve	7,973	-	7,973	-	7,973
Share premium	1,340	62,148	63,488	71,508	72,848
Accumulated losses	(1,734)	-	(1,734)	-	(1,734)
Capital & Reserves	7,621	62,400	70,021	71,760	79,381
Liabilities					
Trade and other payables	878	-	878	-	878
Short term borrowings	3,979	(3,979)	-	(3,979)	-
Amounts due to related parties	120	-	120	-	120
Bank overdraft	107	-	107	-	107
Deferred tax	2,954	-	2,954	-	2,954
Long term borrowings	6,047	(2,545)	3,502	(2,545)	3,502
Total liabilities	14,085	(6,524)	7,561	(6,524)	7,561
Total liabilities and equity	21,706	55,876	77,582	65,236	86,942
Assets					
Cash and cash equivalents	580	7,459	8,039	16,819	17,399
Inventories	396	-	396	-	396
Trade and other receivables	898	-	898	-	898
Tax recoverable	139	-	139	-	139
Amounts due from related parties	149	-	149	-	149
Property and equipment	12,451	13,808	26,259	13,808	26,259
Intangible assets	6	-	6	-	6
Investment in associate	7,087	(7,087)	-	(7,087)	-
Investment in subsidiary	-	41,696	41,696	41,696	41,696
Total assets	21,706	55,876	77,582	65,236	86,942
Number of ordinary shares	840		5,878		6,634
Net asset value per share	9.08		11.91		11.97

Notes

- (1) The financial information has been extracted, without material adjustment, from the audited financial statements of the Company for the period ended 30 June 2024, which are prepared in accordance with IFRS.
- (2) The adjustments reflect the net proceeds of the rights issue receivable by the Company of K62.4 billion being the gross proceeds on the basis that the Company issues 5,038,504,230 new ordinary shares at the issue price of K12.38 per share for the issue.
- (3) The adjustment reflects the application of the net proceeds of the rights issue against the cash and cash equivalents balance as at 30 June 2024.
- (4) The pro forma financial information does not constitute statutory accounts within the meaning of section 229 of the Companies Act.

PART IX

Extended Profit Forecast for the periods Ending 31 December 2024 to 31 December 2030

Estimate and Forecast Statement of Comprehensive Income

K' millions	2024	2025	2026	2027	2028	2029	2030
Revenue	7,555	10,105	34,459	43,403	54,543	68,214	85,177
Cost of goods sold	(2,447)	(3,537)	(13,784)	(17,651)	(22,160)	(27,689)	(34,545)
Gross profit	5,108	6,568	20,675	25,752	32,382	40,525	50,631
Operating costs	(2,859)	(3,611)	(13,285)	(15,517)	(17,844)	(20,521)	(23,599)
Management controllable profit	2,249	2,958	7,391	10,236	14,538	20,004	27,032
Other income	41	55	67	79	94	110	130
Other costs	(233)	(194)	(340)	(399)	(469)	(549)	(645)
Profit Before Management fees	2,058	2,819	7,117	9,916	14,163	19,565	26,517
Management fees	(246)	(328)	(953)	(1,266)	(1,679)	(2,217)	(2,768)
Profit after Management fees	1,812	2,491	6,164	8,650	12,484	17,348	23,749
Incentive fees	(220)	(597)	(1,943)	(1,466)	(1,885)	(2,688)	(3,426)
Profit after Management fees and Incentive fees	1,592	1,894	4,221	7,185	10,599	14,661	20,323
Dividend income from Oasis	0	0	283	297	328	351	325
EBITDA	1,592	1,894	4,504	7,481	10,927	15,012	20,648
Depreciation of Plant Property and Equipment	(262)	(288)	(1,991)	(2,153)	(2,331)	(2,524)	(2,735)
Lease Rentals	0	0	(867)	(1,128)	(1,458)	(1,874)	(2,396)
Finance costs	(2,641)	(4,712)	(5,883)	(2,755)	(2,730)	(2,635)	(2,450)
Profit before tax	(1,311)	(3,106)	(4,237)	1,445	4,409	7,980	13,067
Income Tax Charge	393	932	1,271	(433)	(1,323)	(2,394)	(4,573)
Profit after Tax	(918)	(2,174)	(2,966)	1,011	3,086	5,586	8,493
Earnings Per Share (K)	(0.16)	(0.37)	(0.50)	0.17	0.53	0.95	1.44

NOTE: Deloitte has reported on the profit forecast for the year ending 31 December 2024 and profit forecast for the years ending 31 December 2025 and 2026 only in terms of the MSE Listings Requirements.

1. Principal Assumptions Underpinning Financial Projections

a. Revenue

Total revenue mostly comprises accommodation, food and beverage revenue as follows:

Accommodation Revenue

Protea Ryalls Blantyre Hotel	2024	2025	2026	2027	2028	2029	2030
Room inventory	117	117	117	117	117	117	117
Average room rate (\$)	135	135	139	143	148	152	157
Occupancy rate	51.0%	52.0%	53.0%	54.0%	55.0%	55.5%	56.0%
Total (K' millions)	5,231	7,495	9,048	10,920	13,174	15,747	18,820

Protea Ryalls Lilongwe Hotel	2024	2025	2026	2027	2028	2029	2030
Room inventory			180	180	180	180	180
Average room rate (\$)			139	143	148	152	157
Occupancy rate			40.0%	43.5%	47.0%	50.5%	54.0%
Total (K' millions)			11,333	14,741	19,048	24,478	31,305

Food and Beverage Revenue

Protea Ryalls Blantyre Hotel	2024	2025	2026	2027	2028	2029	2030
Conferencing capacity	150	150	150	150	150	150	150
Total (K' millions)	2,235	2,584	3,137	3,516	3,939	4,372	4,853

Protea Ryalls Lilongwe Hotel	2024	2025	2026	2027	2028	2029	2030
Conferencing capacity			300	300	300	300	300
Total (K' millions)			10,195	13,260	17,135	22,019	28,160

Key assumptions for Protea Hotel Ryalls Blantyre, such as occupancy rates and average daily rates, have been based on recent historical performance data adjusted to reflect prudent expectations in the current market environment.

For Protea Hotel Ryalls Lilongwe, the revenue projections have been intentionally conservative, reflecting cautious assumptions regarding market demand and revenue growth. We have factored in industry trends and competitive pressures to ensure that the estimates are grounded and prudent. More precisely, the financial projections for the hotel have been calculated using the lower end of key competitors' rates for occupancy and average daily rates. This conservative outlook ensures that the estimates remain realistic and achievable even in a less-than-optimal business environment. This provides a buffer for market uncertainties while allowing for upside potential if actual performance exceeds these baseline assumptions.

b. Cost of Goods Sold

The Cost of Goods sold has been assumed as a percentage of revenue at the Protea Ryalls Hotel Blantyre (35%) as a benchmark against historical performance. For the Protea Ryalls Hotel Lilongwe, this has been assumed to be 40% of revenue.

c. Operating Costs

Operating costs have been projected to escalate at the projected inflation as follows:

	2024	2025	2026	2027	2028	2029	2030
Inflation	34.3%	26.3%	24.1%	16.8%	15.0%	15.0%	15.0%

d. Management fees

These are based on the Management Agreement with Marriott.

Management fees	2024	2025	2026	2027	2028	2029	2030
Ryalls Hotel Blantyre	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Ryalls Hotel Lilongwe			2.50%	2.75%	3.00%	3.25%	3.25%

2. Incentive Fees

These are based on the Management Agreement with Marriott and are based on a percentage of the hotel's net revenue as follows (where net revenue equals the hotel's gross profit less management fees and license fees less operating expenses).

Incentive fees	2024	2025	2026	2027	2028	2029	2030
Ryalls Hotel Blantyre			10.00%	10.00%	10.00%	10.00%	10.00%
Ryalls Hotel Lilongwe			8.00%	8.00%	8.00%	10.00%	10.00%

3. Depreciation of PPE

Depreciation has been calculated at the historical depreciation rate from 2016 to June 2024

4. Lease Rentals

Lease payments paid to Oasis equal to 13% of gross hotel revenue for the Lilongwe operations. It is assumed that BHL will own 67.4% of Oasis. Therefore, the net interest payments with respect to the lease are equal to 31% of 13% of gross hotel revenue.

5. Finance Costs

Finance costs relate to the following:

BHL will by 2024-year end contract debt of up to US\$15 million. The loans will have a 2-year moratorium, and thereafter, the loan shall be repaid after 5 years. The finance costs relate to interest costs paid or expensed as a result of these foreign currency loan obligations as well as exchange rate movements. Although the finance costs have suppressed the overall financial performance of the Company, they are an important component of the capital raise such that the shareholders have to put less than what is required to fund the project. Furthermore, it will allow BHL to access foreign currency in a market that is facing acute foreign currency shortages, noting that there are foreign currency needs in the short term to fund the construction of the new hotel in Lilongwe.

PART X

Taxation

The comments set out below are based on Malawi law as of the date of this Prospectus, which is subject to change, possibly with retrospective effect. They are intended as a general guide and apply only to Shareholders resident and, in the case of individuals, ordinarily resident, for tax purposes in Malawi (except insofar as express reference is made to the treatment of non-residents), who hold Shares in the Company as an investment and who are the absolute beneficial owners thereof. The discussion does not address all possible tax consequences relating to an investment in the Shares. Certain categories of Shareholders, such as traders, brokers, dealers, banks, financial institutions, insurance companies, investment companies, collective investment schemes, tax-exempt organisations, persons connected with the Company, Shareholders who are not domiciled or not ordinarily resident in Malawi, Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment, and Shareholders who are or have been officers or employees of the Company, may be subject to special rules and this summary does not apply to such Shareholders. Shareholders who are in any doubt about their tax position or who are resident or otherwise subject to taxation in a jurisdiction outside Malawi should consult their professional advisors immediately.

Capital gains tax

For taxation of capital gains, the issue of the Rights Shares should be regarded as a reorganization of the share capital of the Company. Accordingly, you should not be treated as making a disposal of all or part of your holding of existing Ordinary Shares because of taking up all or part of your rights to Rights Shares. No liability to Malawi tax on capital gains in respect of the Rights Shares should arise if you take up your entitlement to Rights Shares in full.

If you sell all or some of the Rights Shares allotted to you, or your rights to subscribe for them, or if you allow or are deemed to have allowed your rights to lapse and receive a cash payment in respect of them, you may, depending on your circumstances, incur a liability to tax on any capital gain realised.

Taxation of dividends

The Company will, as usual, withhold tax at source when paying dividends on the Rights Shares unless a shareholder is exempted under the Taxation Act.

Stamp duty

- a. No stamp duty will be payable on the issue of Letters of Allocation or split Letters of Allocation.
- b. The purchase of rights to Rights Shares represented by Letters of Allocation or split Letters of Allocation (whether nil paid or fully paid) on or before the latest time for registration or renunciation will not be liable to stamp duty.

No stamp duty will be payable on the registration of Letters of Allocation or split Letters of Allocation, whether by the original holders or their renouncees.



PART XI

Additional information

1. Announcement of results

The Company will make an appropriate announcement giving details of the results of the Rights Offer on or about 13 December 2024

2. Articles of association

The summary or extracts of relevant articles of associations are as follows:

2.1 Shares

2.1.1 Alteration of capital: Power to increase – Article 37

The Company may from time to time by ordinary resolution increase the share capital by additional shares of such sum, to be divided into shares of such amount and of such class as the resolution shall prescribe.

2.1.2 Alteration of capital: Increase to be offered to Existing Members – Article 38

New shares shall be offered in the first instant, either at par or at a premium, to all the existing holders of that class of shares, in proportion as nearly as is possible to the amount of the capital or the number of shares of such class held by them respectively, unless the Company shall by ordinary resolution before the issue of any new shares make any provisions as to the issue and allotment of the new shares. Where the Company by ordinary resolution specifically authorises the directors to issue of the new shares as the directors, in their discretion may think fit, such shares shall be issued within twelve (12) months of such resolution.

2.1.3 New shares to rank with original capital – Article 39

Except as far as otherwise provided by the conditions of issue, or by these articles, the creation of new shares shall be considered part of the original capital, and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, surrender and otherwise. Unless otherwise provided in accordance with these articles, the new shares shall be ordinary shares.

2.2 Voting of members:

2.2.1 Right to vote – Article 67

- (a) Subject to any rights or restrictions for the time being attached to any classes of shares, on a show of hands every member present in person or represented by proxy shall have one (1) vote, and on a poll every member present or represented by proxy shall have one (1) vote for each share of which he is the registered voter.
- (b) The voting rights of any preference shares, where the holders of such shares are entitled to vote, shall be the proportion which the nominal value of such shares bears to the nominal value of the ordinary shares in the capital of the company.
- (c) All equity shares shall have an unrestricted right to vote at general meetings of the company.

2.2.2 Voting shares in different ways – Article 68

On a poll, votes may be given either personally or by proxy. A member having more than one (1) share carrying voting rights may appoint separate proxies to represent respectively such number of shares held by him as may be specified by him in their instrument of appointment.

2.2.3 Joint holders – Article 69

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which their names stand in the register of members.

2.2.4 Calls on arrears – Article 70

No member having the right to vote shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

2.2.5 Objection to vote – Article 71

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

2.2.6 Votes by proxy – Article 72

On a poll, votes may be given either personally or by proxy.

2.3 Transfer of certified shares:

2.3.1 Execution of transfer - Article 30.1

Certified shares may be transferred by an instrument in any usual form or any other form approved by the directors, which is executed by or on behalf of (a) the transferor; and (b) if any of the shares is partly paid, the transferee.

2.3.2 Entry of transferee's name in the register – Article 30.4

The transferor remains the holder of a certificated share until the transferee's name is entered in the register of members as holder of it.

2.3.3 Directors may refuse to register transfers – Article 30.5

The directors may refuse to register the transfer of a certified share if:

- (a) the share is not fully paid or the Company has a lien on it;
- (b) the transfer is not lodged at the Company's registered office or such other place as the directors have appointed;
- (c) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;
- (d) the transfer is in respect of more than one class of share; or
- (e) the transfer is in favour of more than four joint transferees.

2.3.4 Notice of refusal – Article 30.6

Where the directors refuse to register the transfer of a share, the instrument of transfer shall be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

2.4 General meetings

2.4.1 Notice and agenda – Article 46

At least twenty-one (21) days written notice shall be given of any general meeting of the Company. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business shall be given, in such manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the Act or articles of the Company entitled to receive such notices from the Company.

An agenda and accompanying materials setting out the business proposed to be transacted at a general meeting shall be circulated to all persons entitled to attend the meeting at the same time as the notice of the meeting. No business shall be transacted at any general meeting of the Company duly convened and held other than that specified in the notice without the prior consent of all members entitled to attend and vote thereat.

Notwithstanding article 46.2 the Company's previous financial year's audited financial statement shall be sent to all members entitled to attend and vote at least thirty (30) days before the general meeting which is held to approve and adopt such audited financial statements.

2.4.2 Short notices – Article 47

A meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in these articles, be deemed to have been duly called if it is so agreed:

- a. in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and
- b. in the case of any other meeting, by a majority in numbers of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per centum (95%) in nominal value of the shares giving that right.

2.4.3 Quorum – Article 51

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as otherwise provided in these articles, a quorum shall be three (3) members present in person or by proxy and having the right to attend and vote upon the business to be transacted.

2.5 Directors

2.5.1 Number – Article 81

The number of directors comprising the board of the company shall be not less than three (3) and not more than nine (9), and a majority of the total shall be residents of Malawi.

Notwithstanding article 81.1 above, the board may by ordinary resolution fix the maximum number of directors as well as the number of directors each shareholder is entitled to have.

Subject to applicable written law any member who holds ten percent (10%) or more in nominal value of the issued share capital of the Company shall be entitled to appoint, remove and/or replace one (1) director in respect of his/its every ten percent (10%) holding in the equity shares of the Company (with no rounding up).

There shall be no aggregation of shareholding by members for the purposes of nominating a director.

2.5.2 Qualification of directors - Article 84

The shareholding qualification of a director may be fixed by the Company in general meeting and unless and until so fixed, no qualification shall be required.

2.5.3 Disqualification of directors - Article 98

The office of a director shall be vacated if a director:

- i. ceases to be a director by virtue of the Companies Act; or
- ii. becomes bankrupt or makes any arrangement or composition with his creditors generally, or assigns his estate; or
- iii. becomes prohibited or disqualified from being a director in terms of section 164(2)(e) of the Companies Act; or
- iv. becomes of unsound mind or physically incapable of acting as a director and remains so for more than three months; or
- v. resigns his office by notice in writing to the Company; or
- vi. has been convicted of an offence involving dishonesty or fraud (including forgery, perjury, money laundering, or any similar offence); or
- vii. is disqualified or suspended from practising any profession on the grounds of professional

misconduct; or

- viii. who was appointed by virtue of being an executive pursuant and ceases to hold such executive office for any reason whatsoever; or
- ix. is directly or indirectly materially interested in any contract or proposed contract with the company and fails to declare the nature of his interest in a manner required by the Act; or
- x. shall have been absent for more than three (3) consecutive meetings of the directors without permission or without a reasonable explanation; or
- xi. Article 93.10 will only apply to existing directors sixty (60) days after the date of adoption of these articles by the Company.

2.5.4 Remuneration of directors - Article 82

The remuneration of non-executive directors of the Company shall be such sum as shall be decided by the Company in general meeting and such remuneration shall be deemed to accrue from day to day.

Executive directors of the Company shall receive such remuneration (whether by way of salary, commission or participation in profits, pensions or otherwise) and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance as the board of directors may determine. Such remuneration shall be confirmed by the Company in general meeting.

The Company shall reimburse any director reasonable travelling, hotel and other expenses properly incurred by the director in attending and returning from meetings of the directors or any committee of the directors or general meeting of the Company or in connection with the exercise of their powers and the discharge of their responsibilities in relation to the business of the Company.

2.5.5 Special remuneration of directors - Article 83

Any director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of a disinterested quorum of directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration as a disinterested quorum of the directors may determine.

2.5.6 Remuneration of managing director and executive directors - Article 132

A managing director and executive directors shall receive such remuneration as directors may determine subject to confirmation by the Company in general meeting.

2.5.7 Pensions - Article 133

The directors, on behalf of the Company, may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company, or to his widow or dependents, and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

2.5.8 Proceedings of the board - Article 109

The directors may decide on when to have meetings (at least once every three months) and how the meetings will be conducted. Decisions by the board shall be by a majority of votes, and the Chairman shall have a casting vote in the case of equality of votes.

2.5.9 Quorum – Article 112

The quorum necessary for the transaction of business of a director's meeting shall be half the number of directors of the Company holding office on the date of the meeting.

2.5.10 Contracts – Article 91

A director who is in any way, whether directly or indirectly, interested in any contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the directors, in accordance with sections 182 and 187 of the Act.

Subject to the other provisions of these articles, a director shall not vote in respect of any contract or arrangement in which he is interested, and if he shall do so, his vote shall not be counted, nor shall he be counted in computing the quorum present at the meeting, but neither prohibition shall apply to:

- a. any arrangement for giving the director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- b. any contract by a director to subscribe for or underwrite shares or debentures of the Company; or
- c. any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by deposit of a security;

and these prohibitions may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract arrangement or transaction by the Company in a general meeting.

2.5.11 Borrowing powers of directors - Article 86

The directors may from time to time at their discretion raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company, save that the directors shall procure that the aggregate amount for the time being remaining undischarged of monies borrowed by the Company and its subsidiaries (exclusive of intercompany borrowing and apart from temporary loans obtained from the Company's bankers and deposits received from the public in the ordinary course of banking business) shall not, without the sanction of the Company in a general meeting by ordinary resolution, exceed the amount of the share capital of the Company for the time being issued and the directors will procure that the aggregate amount at any time owing in respect of monies borrowed by the Company (including creditors) will not exceed the limit, but nevertheless, no lender or other person dealing with the company shall be concerned to see or enquire whether this limit is observed.

2.5.12 Power to delegate powers of directors - Article 120

The directors may from time to time delegate any of their powers or discretions to committees of one (1) or more directors.

2.5.13 Directors' indemnity - Article 168

Subject to paragraph 2 of this article, a relevant director of the company or an associated company may be indemnified out of the company's assets against:

- a. any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company;
- b. any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme; and
- c. any other liability incurred by that director as an officer of the company or an associated company.

This article shall not authorize any indemnity which would be prohibited or rendered void by any provision of the Act or by any other law.

2.5.14 Directors to retire – Article 100

The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who become directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

2.5.15 Retiring director eligible for re-election – Article 101

A retiring director shall be eligible for re-election.

2.6 Dividends

2.6.1 Declaration of dividends - Article 138

The final dividends may only be declared by the Company by ordinary resolution in general meeting on the recommendation of the directors, but no dividend shall exceed the amount recommended by the directors.

2.6.2 Directors' power to declare interim dividends - Articles 139 and 142

The directors may from time to time declare and pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company. If an interim dividend is paid prior to the publication of the annual accounts, the dividend notice given to members will contain a statement of the ascertained or estimated combined net trading profits of the Company or group for the year, and any abnormal receipts or payments, detail appropriation of those profits and also particulars of any amounts appropriated from reserves, capital profits, accumulated profits of the past years or other special source, to provide wholly or partly for the dividend.

If the directors do not recommend a dividend on any class of quoted shares for any year, then the directors shall notify the secretary to the MSE.

2.6.3 Payment of dividends - Articles 144

No dividend shall be paid otherwise than out of profits and in accordance with the provisions of the Companies Act.

Any dividend or interim dividend shall be expressed to be payable to persons registered at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later, as the holders of the shares in respect of which the dividend is declared, notwithstanding that such persons may not be so registered on the date of the declaration. A period of fourteen (14) days at least shall be allowed between the date of declaration or date of confirmation of the dividend, whichever is the later, and the date of the closing of the share registers in respect of such dividend.

2.6.4 Reserve fund - Article 145

The directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at their discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the directors may from time to time think fit. The directors may also without placing the same to reserve carry forward any profits which they may think prudent not to distribute.

2.6.5 Right to dividend and apportionment - Article 147

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share. All dividends shall be apportioned and paid proportionately to the amount paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

2.6.6 Deduction of debts due to company - Article 148

The directors may deduct from any dividend or bonus payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares (other than fully paid shares) of the Company.

2.6.7 Distribution of assets or shares - Article 152

Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value including, without limitation,

shares or other securities in any company.

2.6.8 Interest - Article 153

No dividend shall bear interest against the Company unless otherwise provided by- (a) the terms on which the share was issued; or (b) the provisions of another agreement between the holder of that share and the Company.

2.6.9 Unclaimed dividends - Article 155

Any dividend, interest or other monies payable to a shareholder in cash in respect of shares which shall remain unclaimed for a period of seven years after the date when payment became due shall be paid by the Company to the credit of the Consolidated Fund in line with the provisions of Part VI of the Public Finance Management Act and the Company shall thereupon be relieved of all further liability in respect of the money so paid, provided however, that the shareholder may, pursuant to section 49 of the Public Finance Management Act claim the money from the Consolidated Fund by lodging a claim thereto with the Secretary to the Treasury within six years of it being deposited into the Consolidated Fund by the Company.

3. Directors' interests

Save as set out in paragraphs 3.1 and 3.2 below, no director has any interest (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.

3.1 Directors' shareholdings

As at 15 November 2024 (being the latest practicable date prior to the publication of this prospectus), the interests (all of which are beneficial unless otherwise stated) of the directors (as well as their immediate families) in the share capital of the Company together with such interests as are expected to be held immediately following completion of the Rights Offer are as follows:

Director	Number of Existing Shares	Number of shares after Rights Offer
Vizenge Kumwenda	0	0
Robert Scharar	0	0
Elias Azele Malion	0	0
Andrew Katimba	0	0
Chikondi Ng'ombe	0	0
Thokozani Unyolo	0	0

None of the Directors have interest in shares or debt securities of Oasis.

The Directors are not aware of any person with interest in the Company or a company that is a member of NICO Group of companies contemplated by paragraph 22(2) of the Registration Requirements for Securities.

3.2 Directors' options and awards

There are no options and awards to directors.

3.3 Directors' records (criminal, bankruptcy, sanctions, disqualifications)

Within the period of five (5) years preceding the date of this publication, none of the directors:

- 3.3.1 has any convictions in relation to fraudulent offences;
- 3.3.2 has been a member of administrative, management, or supervisory bodies or director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of any company at the time of any receivership or liquidation of such company;

- 3.3.3 has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of a company.

3.4 Director's interests in contracts

No director had any contract subsisting at the date this prospectus in which he was materially interested and significant in relation to the business of the Company save as disclosed above in paragraphs 3.1 and 3.2, none of the directors has any potential conflict of interest between their duties to the Company and their private interest or other duties.

4. Remuneration of directors and director's contracts

For the period ended 30 June 2024, the aggregate total remuneration paid (including contingent or deferred compensation) and benefits in kind granted (under any description whatsoever) to the directors by members of the Company was set out on page 3 of the audited financial information for the period ending 30 June 2024, which is incorporated by reference into this prospectus and amounted to K9.5 million.

The remuneration of the directors will not change because of the Rights Offer.

5 Employees

As at 30 September 2024, the Company had 121 employees.

	Average number of employees for the period ended		
	Sept 2024	Dec 2023	Dec 2022
Executive management	4	3	3
Senior management	6	6	6
Staff	111	109	108
Totals	121	118	117

Oasis did not have any employee as of 30 September 2024.

6 Pension benefits

The Company provides non-cash benefits to a post-employment defined contribution plan for key management personnel's benefits. In accordance with the plan, employees contribute 5% of the basic pay while the Company contributes 10% of the basic pay to cover pension and Company life cover. Substantially all employees of the Company are members of a Pension Fund with NICO Pensions Services Company.

7 Litigation

As at 30 June 2024, the Company was not involved in any cases.

8 Significant material and contracts

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company within two (2) years immediately preceding the date of this Prospectus, which are, or maybe, material to the Company:

- 8.1 Sub-lease agreement dated 2 November 2022 with Oasis Hospitality Limited for all the land and buildings on Plot Number 1041 Area 3 Lilongwe. The Company will have to pay rent after the completion of the Hotel.
- 8.2 Hotel Management agreement dated 4 December 2019 with Luxury Hotel International Management BV for the management of Protea Ryalls Blantyre from 1 January 2020 to 31 December 2045 and the management of Protea Ryalls Lilongwe for a term of 25 years.

8.3 **Shareholders' convertible loan agreement between Africap LLC, NICO Life Insurance Company Limited and BHL**

The lenders are Africap LLC of 791 Town and County Boulevard, Houston, Texas, United States of America; and NICO Life Insurance Company Limited of NICO House, 3 Stewart Street, Blantyre, Malawi.

The amount borrowed is K2,110,000,000.00. In the event that a rights offer of shares is made by BHL at any time during the tenor of the loan, the lenders may convert all or part of the unpaid principal and interest into ordinary shares of BHL. However, the lender must give BHL a prior written notice of at least fourteen (14) days before exercising the option of conversion. The conversion price is the price at which the outstanding principal and accrued interest may be converted into ordinary shares of BHL, which shall be the offer price set by BHL for its ordinary shares at the time of the rights issue. In this case, the current price for an ordinary share is K12.38.

The duration of the loan is twelve (12) months from the date of disbursement of funds to BHL. In the event that BHL does not carry out or conclude a rights issue within this period, the said period shall be extended by a further 12 months. The agreement was entered into on 6 September 2023.

8.4 **Shareholders' convertible loan agreement between Africap LLC and BHL**

The lender is Africap LLC of 791 Town and County Boulevard, Houston, Texas, United States of America. The amount borrowed is K925,000,000.00.

If a rights offer of shares is made by BHL at any time during the tenor of the loan, the lender may have the option to convert all or part of the unpaid principal and interest into ordinary shares of BHL. However, the lender must give BHL a prior written notice of at least fourteen (14) days before exercising the option of conversion. The lender has the option of converting the principal and interest into ordinary shares of BHL at the conversion price.

The loan runs from the date of disbursement of funds to BHL to 26 September 2024. Since BHL has not concluded the rights issue within this period, the said period has been extended by a further 12 months. The agreement was entered into on 29 November 2023.

8.5 **Loan agreement between National Bank of Malawi Plc and BHL**

The lender is National Bank of Malawi plc of NBM Towers, 7 Henderson Street, Blantyre Malawi. BHL obtained a long term loan facility of K4,000,000,000.00 and part of that principal was repaid. The current amount outstanding is K2,909,090,909. The loan runs from 31 March 2021 and will expire on 31 March 2028. The period for repayment is thus 7 years including a 24 month moratorium on both principal and interest repayment.

The loan is secured. The security is a legal charge for K4,000,000,000.00 over Blantyre Ryalls Protea Hotel under title number Blantyre West 132, valued at K7,640,000,000.00 on 30 September 2020. There is also an insurance policy with the lender's interest noted over the charged property.

8.6 **Loan agreement between National Bank of Malawi Plc and BHL No.2**

The lender is National Bank of Malawi plc of NBM Towers, 7 Henderson Street, Blantyre Malawi. BHL obtained a long term loan facility of USD 5,000,000.00. The loan facility is set to be repaid over a period of 7 years inclusive of a 2-year moratorium on both principal and interest repayment.

The loan is secured but security is yet to be obtained. The security is a further charge for K2,888,000,000.00 over Blantyre Ryalls Protea Hotel under title number Blantyre West 132, valued at K9,840,000,000.00 in December 2023. There is also a surety charge for K5,612,000,000.00 over the Lilongwe Hotel project under Title number Njewa 3/1041 in Lilongwe. There are shareholder guarantees from NICO Life Insurance Company Limited, Africap LLC, and Press Trust Corporation being the main shareholders of BHL. Further, there is a comprehensive cover with the lender's interest noted over the pledged properties.

8.7 **Loan agreement between NBS Bank Plc and BHL**

The lender is NBS Bank of Malawi Plc of NBS House, Ginnery Corner, Chipembere Highway and Johnstone Road, Chichiri, Blantyre 3, Malawi. On 10 July 2024, BHL obtained a term loan facility of USD 3,000,000.00 from the lender strictly for the purpose of funding its equity contribution to Oasis Hospitality Limited for the construction of a hotel in Lilongwe. Pursuant to a variation agreement between the parties, on 5 September 2024, BHL obtained a further loan facility of USD 1,000,000.00, extending its total exposure to USD 4,000,000.00. The facility would be drawn following BHL obtaining commitments from underwriters

for its rights issue. The loan agreement was varied again on 23 September 2024 where BHL obtained an additional USD 3,000,000.00. Its aggregate exposure now stands at USD 7,000,000.00. The additional USD 3,000,000.00 will be drawn upon public announcement by BHL shareholders of the rights issue at the extra-ordinary General Meeting. The loan facility is for a period of 7 years inclusive of a moratorium period of 2 years on both principal and interest repayments from the first date of disbursement.

The loan is secured. The security is a surety charge for K15,400,000,000.00 over property bearing Title number Njewa 3/1041 in Lilongwe with a market value of K22,100,000,000.00. The charge ranks *pari passu* with National Bank of Malawi's charge which was already registered on the said property. In addition, the lender shall be at equal rank as other financiers of the Lilongwe hotel project on loss claims in the event of fire and perils insurance over the property.

9 Dividends

The following table sets out the dividend per ordinary share paid in respect of each financial year ended 31 December 2023, 2022, 2021 and 2020.

Dividend per Ordinary Share	For the year ended 31 December			
	2023	2022	2021	2020
Interim	K0.00	K0.00	K0.00	K0.00
Final	K0.00	K0.00	K0.00	K0.00
Total	K0.00	K0.00	K0.00	K0.00

10 Working capital and cash flows

he Directors believe that, after taking into account the existing available bank and other facilities and the net proceeds of the Rights Offer, the Company has sufficient working capital for its present requirements, that is, for at least the next eighteen (18) months from the date of this Prospectus.

11 Material changes

There has been no significant change in the trading or financial position of the Company since 30 June 2024 (the date on which the latest financial information of the Company was prepared).

12 Consents of experts

- 12.1 NICO Capital Limited has given at the date of issue of this Prospectus their consent to the inclusion of their name as lead advisor to the transaction.
- 12.2 Bridgepath Capital Limited has given at the date of issue of this Prospectus their consent to the inclusion of their name as lead advisor to the transaction.
- 12.3 Wilson and Morgan have given at the date of issue of this Prospectus their consent to the inclusion of their name as legal advisors to the transaction.
- 12.4 Continental Capital Limited has given at the date of issue of this Prospectus their consent to the inclusion of their name as sponsoring broker to the transaction.
- 12.5 Deloitte, whose report on the balance sheet and profit and loss accounts of the Company, after the issue, is reproduced in Part XIV (*Reporting Accountants' Report the Historical Financial Information*) of this Prospectus, have given at the date of issue of this Prospectus their consent to the inclusion of their report and the reference to their name as auditors to the transaction.

13. Issue Price

The Rights Shares will be issued at K12.38 per share. This represents a premium of K12.33 per Ordinary Share to the nominal value of K0.05 per Ordinary Share. It also represents a discount of 8.36% on the market price of the Company's shares on the MSE on 27 September 2024, the date of the last meeting of the Directors of the Company that could set the Issue Price.

14. Authorisations

- 14.1 At the recommendation of the Directors, the shareholders approved this Rights Offer by ordinary resolution on 10 October 2024. The full text of the resolution is set out here below:

At an extraordinary general meeting of the members of the Company, duly convened and held at Protea Ryalls Hotel in Blantyre on 10 October 2024

IT WAS REPORTED THAT:

- a) *Through Oasis Hospitality Limited ("**Oasis**"), a special purpose limited liability company (SPV), the Company was constructing a new world-class 180-bed golf estate hotel in Lilongwe (the "**Project**") in line with its expansion and growth strategy.*
- b) *The SPV had raised K19.2 billion, which had been utilized for phase 1 of the Project. The capital now required to take the Project to completion is estimated at K88.7 billion.*

Particulars

(i) SPV funding requirement for Project completion	=	K 60,873,608,211.00
(ii) Furniture and fitting	=	K 13,808,352,000.00
(iii) Working capital and retirement of existing Kwacha debt	=	K 11,534,978,876.00
(iv) Costs for raising the debt and equity capital	=	<u>K 2,448,060,912.00</u>
Total	=	<u>K88,665,000,000.00</u>

- c) *It was incumbent on the Company, being the main sponsor of the Project, to see to it that the SPV funding requirement for Project completion was availed to Oasis promptly.*
- d) *On 6 September 2024, the Directors recommended that K62.4 billion (out of the required K88.7 billion) be raised through a renounceable rights offer ("**Rights Offer**") of new ordinary shares ("**Rights Shares**") in the Company's share capital to the Company's existing shareholders and members of the general public ("**New Shareholders**"). The remaining sum of K26.3 billion is to be raised by the Company through foreign currency-denominated loans to ensure that the importation of construction materials is not derailed.*
- e) *To ensure the success of the Rights Offer, the Rights Shares ought to be offered to existing shareholders and New Shareholders at a discount to the price at which the Company's shares are trading at the Malawi Stock Exchange ("**MSE**") on a chosen date.*
- f) *As the funds were required to complete a construction project in an economy characterized by growing inflation and the ever-lingering possibility of further depreciation of the Kwacha against major currencies, no subscription funds should have been paid back to subscribers in the event of an over-subscription. Therefore, the Directors were requesting an option to over-allot (i.e., a green shoe option ("**GSO**") in the event of an over-subscription and that the GSO be capped at 15% of the Rights Offer size.*
- g) *In terms of sections 92 and 102 of the Companies Act, Cap. 46:03, laws of Malawi ("**Companies Act**"), paragraph 4.40 of the MSE Listings Requirements, paragraph 19(1)(a)(i) of the Securities (Registration Requirements of Securities) Directive, 2024 ("**Registration Requirements of Securities**"), and Article 38 of the Company's Articles of Association a resolution of the members was required to approve the Rights Offer. Further, members were required to stipulate the maximum rate of a discount, if any, at which the Rights Shares may be issued.*
- h) *Article 38 of the Company's Articles of Association also required that new shares of the Company be offered in the first instance to existing shareholders of the Company proportionate to their respective shareholdings in the Company ("**Pre-emption Rights**") unless the shareholders by ordinary resolution before the offer of the new shares make provision that the new shares be allotted otherwise.*
- i) *The Rights Offer may not be carried out with the prior approval of the Registrar of Financial Institutions ("**RoFI**"), prior registration of the Rights Shares by the RoFI, and the prior approval of the MSE;*
- j) *The Rights Offer documents must be registered with the Registrar of Companies.*

IT WAS RESOLVED THAT:

1. A renounceable underwritten rights offer (the **"Rights Offer"**) of up to **7,000,000,000** new ordinary shares of 5 tambala each or thereabouts in the capital of the Company (the **"Rights Shares"**), at such price (being at a not more than 10% discount to the price of the BHL Shares on the Malawi Stock Exchange on a chosen date) as the Directors may find appropriate at the time of the issue of the prospectus (the **"Issue Price"**), based on such a number of Rights Shares for every one (1) existing ordinary share of the Company (**"Shares"**) held by shareholders of the Company (the **"Shareholders"**) who are eligible to participate in the Rights Offer (**"Entitled Shareholders"**) and such other new investors (**"New Shareholders"**) as will come forth to subscribe to any Rights Shares not taken up by Entitled Shareholders as at a books closure date announced by the Company (the **"Books Closure Date"**), the Directors having the discretion to exercise a green shoe option (over-allotment), be and is hereby approved.
2. **FURTHER**, authority be and is hereby given to the Directors to:
 - 1.1 Issue such number of Rights Shares as the Directors may determine up to 7,000,000,000 Rights Shares at the Issue Price;
 - 1.2 Provisionally allot and issue up to 7,000,000,000 Rights Shares at the Issue Price for each Rights Share based on such number of Rights Shares for every one (1) existing share held by Entitled Shareholders as at the Books Closure Date;
 - 1.3 Allot and issue the Rights Shares on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
 - 1.3.1 The provisional allotment of the Rights Shares under the Rights Offer shall be made on a renounceable underwritten basis to Shareholders whose names appear in the Register of Members of the Company as at the Books Closure Date based on such number of Rights Shares for every (1) existing Share; and
 - 1.3.2 To aggregate and allot the provisional allotment of the Rights Shares not taken up or allotted for any reason to satisfy excess applications for the Rights Shares by existing shareholders and any remainder after that, to satisfy applications from the general public, over-allotment options, or otherwise dispose of or to deal with such provisional allotment of the Rights Shares and requests for splits in such manner and on such terms and conditions as the Directors may in their absolute discretion deem fit.
3. The Rights Shares, when issued and fully paid up, will rank *pari passu* in all respects with the then-existing Shares save for any dividends, rights, allotments, or other distribution, the record date for which falls before the date of the allotment and issue of the Rights Shares.
4. The Directors be and are hereby authorized to take such steps and do all such acts and things, including but not limited to finalizing, approving, and executing all such documents as may be required in connection with the Rights Offer and the issue of the Rights Shares, and making amendments to the terms and conditions of the Rights Offer (including the Issue Price) and obtaining approvals and waivers of the MSE, the RoFI, and such other authorities as may be necessary and to list the Rights Shares with the MSE and to exercise such discretion as the Directors may in their absolute discretion deem fit or advisable to give full effect to this ordinary resolution and the Rights Offer, and the allotment and issue of the Rights Shares.

Certified true extract of the resolution



Leonard Chisale
COMPANY SECRETARY
10 October 2024

- 14.2 The MSE has approved to list the shares proceeding from the Rights Offer and also allowing trading in Nil Paid Rights and Fully Paid Rights between 25 November 2024 and 5 December 2024.

15 Market value of the Company's shares

As at close of business on 27 September 2024, the shares of the Company were trading at K13.51 per share. The trading history for the past four (4) years from 2020, is as follows:

Yearly	Lowest (price) kwacha	Highest (price) kwacha	Average (price) Kwacha	Aggregate volumes
2020	12.94	12.95	12.94	405,412
2021	11.00	12.94	11.05	664,480
2022	10.97	11.01	11.00	50,000
2023	10.00	13.01	10.54	12,071,312
Year 2022				
1st quarter	11.01	11.01	11.01	2,000
2nd quarter	11.01	11.01	11.01	5,300
3rd quarter	10.99	11.01	11.00	22,200
4th quarter	10.97	10.99	10.98	20,500
Year 2023				
1st quarter	10.96	10.97	10.96	13,742
2nd quarter	10	10.96	10.47	9,339,245
3rd quarter	10.06	10.07	10.06	350,414
4th quarter	10.06	13.01	10.68	2,367,911
Monthly	Lowest price	Highest price	Average price	Aggregate volumes
01 July 2024	13.05	13.05	13.05	-
02 July 2024	13.05	13.05	13.05	-
03 July 2024	13.05	13.05	13.05	-
04 July 2024	13.05	13.05	13.05	-
05 July 2024	13.05	13.05	13.05	-
09 July 2024	13.05	13.05	13.05	-
10 July 2024	13.05	13.05	13.05	-
11 July 2024	13.05	13.05	13.05	-
12 July 2024	13.05	13.05	13.05	-
15 July 2024	13.05	13.05	13.05	-
16 July 2024	13.05	13.05	13.05	-

17 July 2024	13.05	13.05	13.05	-
18 July 2024	13.05	13.05	13.05	-
19 July 2024	13.05	13.05	13.05	-
22 July 2024	13.05	13.05	13.05	-
23 July 2024	13.05	13.05	13.05	-
24 July 2024	13.05	13.05	13.05	-
25 July 2024	13.05	13.05	13.05	-
26 July 2024	13.05	13.05	13.05	-
29 July 2024	13.05	13.05	13.05	265,600
30 July 2024	13.05	13.05	13.05	-
31 July 2024	13.05	13.05	13.05	-
01 August 2024	13.05	13.05	13.05	-
02 August 2024	13.05	13.05	13.05	-
05 August 2024	13.05	13.05	13.05	-
06 August 2024	13.05	13.05	13.05	-
07 August 2024	13.05	13.05	13.05	-
08 August 2024	13.05	13.05	13.05	-
09 August 2024	13.05	13.05	13.05	-
12 August 2024	13.05	13.05	13.05	-
Monthly	Lowest price	Highest price	Average price	Aggregate volumes
13 August 2024	13.05	13.05	13.05	-
14 August 2024	13.05	13.05	13.05	-
15 August 2024	13.05	13.05	13.05	-
16 August 2024	13.05	13.05	13.05	-
19 August 2024	13.05	13.05	13.05	-
20 August 2024	13.05	13.05	13.05	-
21 August 2024	13.05	13.05	13.05	-
22 August 2024	13.05	13.05	13.05	-
23 August 2024	13.05	13.05	13.05	-
26 August 2024	13.05	13.05	13.05	-
27 August 2024	13.05	13.05	13.05	-
28 August 2024	13.05	13.05	13.05	-
29 August 2024	13.05	13.05	13.05	-

30 August 2024	13.05	13.05	13.05	-
02 September 2024	13.05	13.05	13.05	-
03 September 2024	13.05	13.05	13.05	-
04 September 2024	13.05	13.05	13.05	-
05 September 2024	13.05	13.05	13.05	-
06 September 2024	13.05	13.05	13.05	-
09 September 2024	13.05	13.05	13.05	-
10 September 2024	13.05	13.05	13.05	-
11 September 2024	13.05	13.05	13.05	-
12 September 2024	13.05	13.05	13.05	-
13 September 2024	13.05	13.05	13.05	-
16 September 2024	13.05	13.05	13.05	-
17 September 2024	13.05	13.05	13.05	-
18 September 2024	13.50	13.50	13.50	30,000
19 September 2024	13.50	13.50	13.50	-
20 September 2024	13.50	13.50	13.50	-
23 September 2024	13.50	13.50	13.50	-
24 September 2024	13.50	13.50	13.50	-
25 September 2024	13.50	13.50	13.50	-
26 September 2024	13.50	13.50	13.50	-
27 September 2024	13.51	13.51	13.51	33,000

16. Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company at 2 Hannover Street, Blantyre, on any weekday (Saturdays, Sundays, and public holidays excluded) up to and including 6 December 2024:

- 16.1. Memorandum and Articles of Association of the Company.
- 16.2. Letters of consent from experts.
- 16.3. Annual reports, including audited financial statements of the Company for the three (3) financial years ended 31 December 2021, 2022, and 2023, as well as for the half financial year ended 30 June 2024.
- 16.4. Valuation report by Knight Frank for land and buildings comprised in title number Blantyre West 132.
- 16.5. Audited financial statements for Oasis for the years ended 31 December 2022 and 31 December 2023.
- 16.6. Underwriting Agreements.

17. Table of entitlements

The number of Rights Offer shares to which qualifying shareholders will be entitled is set out below, based on the assumption that the Company's shareholders will be entitled to 6 Rights Shares for every 1 Ordinary Share held. Shareholders' entitlements will be rounded up or down, as appropriate, with fractions of 0.5 and above being rounded up, and only whole numbers of rights offer shares will be issued in accordance with the Listings Requirements.

Number of Ordinary Shares held	Number of Rights Shares to which an Entitled Shareholder is entitled	Number of Ordinary Shares held	Number of Rights Shares to which an Entitled Shareholder is entitled	Number of Ordinary Shares held	Number of Rights Shares to which an Entitled Shareholder is entitled
1	6	35	210	69	414
2	12	36	216	70	420
3	18	37	222	71	426
4	24	38	228	72	432
5	30	39	234	73	438
6	36	40	240	74	444
7	42	41	246	75	450
8	48	42	252	76	456
9	54	43	258	77	462
10	60	44	264	78	468
11	66	45	270	79	474
12	72	46	276	80	480
13	78	47	282	81	486
14	84	48	288	82	492
15	90	49	294	83	498
16	96	50	300	84	504
17	102	51	306	85	510
18	108	52	312	86	516
19	114	53	318	87	522
20	120	54	324	88	528
21	126	55	330	89	534
22	132	56	336	90	540
23	138	57	342	91	546
24	144	58	348	92	552
25	150	59	354	93	558
26	156	60	360	94	564
27	162	61	366	95	570
28	168	62	372	96	576
29	174	63	378	97	582
30	180	64	384	98	588
31	186	65	390	99	594
32	192	66	396	100	600
33	198	67	402		
34	204	68	408		

18. Exchange control

Exchange controls are imposed on South African residents in terms of the Exchange Control Regulations. The Reserve Bank of Malawi ("**RBM**") is responsible for the day-to-day administration of the exchange controls. RBM has a wide discretion in which discretion is, however, not exercised arbitrarily but is based upon a set of norms and is subject to the policy guidelines.

Banks in Malawi have been appointed to act as authorised dealers (as defined by the Exchange Control Rules) in foreign exchange. Authorised dealers may buy and sell foreign exchange, subject to conditions and within limits

prescribed by the RBM.

The authorised dealers are also required to assist the RBM in administering the Exchange Control Rules. All applications to the RBM are required to be made through an authorised dealer.

The Exchange Control Rules provide for restrictions on exporting capital from Malawi. Transactions between residents of Malawi, on the one hand, and corporations and persons whose normal place of residence, domicile, or registration is outside Malawi, on the other hand, are subject to Exchange Control Rules.

Currency and shares are not freely transferable from Malawi to any other jurisdiction. These transfers must comply with the Exchange Control Rules as described below.

A non-resident may purchase Shares. All payments in respect of purchases of Shares by non-residents must be made through an authorised dealer in foreign exchange. Such non-residents should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in response to delivered Shares.

Share certificates issued in respect of Shares purchased by non-residents will be endorsed as "non-resident" following the Exchange Control Rules. Holders of dematerialised shares will have their statements endorsed "non-resident" and their accounts at their CSD or broker annotated accordingly.

Provided that the relevant share certificate is endorsed "non-resident" or the relevant account of the Shareholder at the CSD or broker is annotated accordingly, there is no restriction under the Exchange Control Rules on the payment to a non-resident Shareholder of cash dividends from the distributable profits of the Company in proportion to the Shareholder's percentage holding of Shares ("**Cash Dividends**"). Payments to non-resident Shareholders of other dividends and distributions by the Company (including special dividends, dividends in specie, and capitalisation issues) require the consent of the RBM.

Cash Dividends and any proceeds from the sale of Shares by non-resident Shareholders may be freely transferred out of Malawi, subject to being converted into a currency other than the Malawi Kwacha or paid for the credit of a non-resident Malawi Kwacha account.

19. Certificate of Deloitte on changes in directors

We, Deloitte, the External Auditors for Blantyre Hotels Plc, certify that the directors listed in column 1 below left the Board of Blantyre Hotels plc on the dates indicated in column 2 and for the reasons indicated in column 3.

Column 1 Name of Director	Column 2 Date of exit	Column 3 Reasons for exit
Mrs Emily Makuta	3 September 2024	Resignation

Dated 28 October 2024



Vilengo Beza
Partner

20. Statement of management

We, the undersigned members of management of the Company, collectively and individually accept full responsibility for the accuracy of the information given in this prospectus and certify that, to the best of our knowledge and belief, there are no facts the omission of which would make any statement in this Prospectus false or misleading and that we have made all reasonable inquiries to ascertain such facts and that this Prospectus contains all information required by law.

Farrukh Maqbool
General Manager



Chikondi Msosa
Chief Finance Officer



Leonard Chisale
Corporate Services Manager
and Company Secretary



21. Resolution of the Directors

The Rights Offer and the various steps to be taken in the process, including applications to MSE and the RoFI, were approved by the directors of the Company on 18 October 2024. The full text of the extract of the resolution is set here below:

At a meeting of the Directors of the Company, duly convened and held virtually on Friday, 18 October 2024

IT WAS REPORTED THAT:

- 1) *At an extraordinary general meeting of the Company held on 10 October 2024 by ordinary resolution members approved that the Company undertakes:*
 - a) *A renounceable underwritten rights offer (the "**Rights Offer**") of up to 7,000,000,000 new ordinary shares of 5 tambala each or thereabouts in the capital of the Company (the "**Rights Shares**"), at such price (being at a not more than 10% discount to the price of the BHL Share on the Malawi Stock Exchange on a chosen date) as the Directors may find appropriate at the time of the issue of the prospectus (the "**Issue Price**"), based on such number of Rights Shares for every one (1) existing ordinary share of the Company ("**Shares**") held by shareholders of the Company (the "**Shareholders**") who are eligible to participate in the Rights Offer ("**Entitled Shareholders**") and such other new investors ("**New Shareholders**") as will come forth to subscribe to any Rights Shares not taken up by Entitled Shareholders as at a books closure date announced by the Company (the "**Books Closure Date**"), the Directors having the discretion to exercise a green shoe option (over-allotment).*
 - b) *In undertaking the Rights Offer, the Directors have the authority to:*
 - i) *Issue such number of Rights Shares as the Directors may determine up to 7,000,000,000 Rights Shares at the Issue Price;*
 - ii) *Provisionally allot and issue up to 7,000,000,000 Rights Shares at the Issue Price for each Rights Share based on such number of Rights Shares for every one (1) existing share held by Entitled Shareholders as at the Books Closure Date;*
 - iii) *Allot and issue the Rights Shares on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:*
 - aa. *The provisional allotment of the Rights Shares under the Rights Offer to be made on a renounceable underwritten basis to Shareholders whose names appear in the Register of Members of the Company as at the Books Closure Date based on such number of Rights Shares for every (1) existing Share; and*
 - ab. *To aggregate and allot the provisional allotment of the Rights Shares not taken up or allotted for any reason to satisfy excess applications for the Rights Shares by Entitled Shareholders and, any remainder after that, to satisfy applications from New Shareholders, exercise the over-allotment option, or otherwise dispose of or to deal with such provisional allotment of the Rights Shares and requests for splits in such manner and on such terms and conditions as the Directors may in their absolute discretion deem fit;*
 - c) *The Rights Shares, when issued and fully paid up, will rank pari passu in all respects with the then-existing Shares save for any dividends, rights, allotments, or other distribution, the record date for which falls before the date of the allotment and issue of the Rights Shares.*
 - d) *In undertaking the Rights Offer, the Directors are to take such steps and do all such acts and things, including but not limited to finalizing, approving, and executing all such documents as may be required in connection with the Rights Offer and the issue of the Rights Shares, and making amendments to the terms and conditions of the Rights Offer (including the Issue Price) and obtaining approvals and waivers of the MSE, the Registrar of Financial Institutions ("**RoFI**") and such other authorities as may be necessary and to list the Rights Shares with the MSE and to exercise such discretion as the Directors may in their absolute discretion deem fit or advisable to give full effect to this ordinary resolution and the Rights Offer, and the allotment and issue of the Rights Shares.*
- 2) *To ensure the success of the Rights Offer, the optimal price at which the Rights Shares could be offered was K12.38 per Rights Share, which was at a discount of 8.36% to the price of K13.51 at which the Company's shares were trading on the MSE on 27 September 2024.*
- 3) *If the price of K12.38 per Rights Share was approved, the total number of Rights Shares to be offered to raise K62.4 billion was 5,038,504,230 at a ratio of 6 Rights Shares for one existing ordinary share held by an existing shareholder.*

- 4) In terms of the Companies Act, Cap. 46:03, laws of Malawi (the “**Companies Act**”), the Securities Act, Cap. 46:06, Laws of Malawi (the “**Securities Act**”), the Securities (Registration Requirements of Securities) Directive, 2024 (“**Registration Requirements of Securities**”) and the MSE Listings Requirements a resolution of the Directors of the Company was required for application to be made to the MSE to (i) approve the Rights Offer, (ii) to list letters of allocation for dealing in fully-paid and nil-paid rights on the MSE, and (iii) to list the shares proceeding from a Rights Offer. Likewise, a resolution of the Directors of the Company was required for application to be submitted to the RoFI for registration of the Rights Shares before publication of the Prospectus and to approve the Prospectus.
- 5) The following documents, in a form approved by the Directors, were required to be enclosed with the application to the MSE:
- (i) Prospectus
 - (ii) Letter of Allocation
 - (iii) Duly executed consents of the transaction advisors, the reporting accountant, and
 - (iv) Underwriting agreements.
- 6) The following documents, in a form approved by the Directors, were required to be enclosed with the application to the RoFI:
- (i) A prospectus that complies with the content requirements set out in the Second Schedule and Third Schedule to the Registration Requirements of Securities for approval; and
 - (ii) An Investor Education Plan, which includes specific messages, activities, delivery channels, plans, and dates for implementation, for noting.
- 7) The following draft documents were circulated to the Directors for their approval, namely:
- (i) Prospectus;
 - (ii) Letter of Allocation;
 - (iii) Application Form (for use by Non-Shareholders); and
 - (iv) Pre-Listing Statement.

IT WAS RESOLVED THAT:

1. Subject to and conditional upon the MSE and the RoFI granting the requisite approvals, waivers, and exemptions as may be necessary, the Company is authorized to issue, offer, and allot up to **5,038,504,230 Rights Shares** to the Entitled Shareholders of the Company through a rights issue and the shares not taken up by the current shareholders in the rights offer to New Shareholders through an issue of those shares for cash at the price of K12.38 per Rights Share.

Particulars

Ordinary shares numbered 839,750,706 to 5,878,254,935, inclusive.

2. Subject to and conditional upon the MSE and the RoFI granting their approval, the following documents (“**Rights Offer Documents**”) circulated to the Directors are hereby approved:
 - (i) Prospectus;
 - (ii) Letter of Allocation;
 - (iii) Application Form (for use by Non-Shareholders); and
 - (iv) Pre-Listing Statement.
3. Any Director, jointly with the Company Secretary and Continental Capital Limited (the “**Sponsoring Broker**”), be authorized to proceed with an application to the MSE in compliance with paragraph 6.12 (Documents for Rights and Claw-back offers) of the MSE Listings Requirements read with Schedule 3 (Application for the Listing of Securities resulting from Rights or Claw-back offers) for the MSE’s approval of the Rights Offer and the Rights Offer Documents and for the MSE’s recommendation letter to accompany the application to the RoFI.
4. That any Director jointly with the Company Secretary be directed to apply to the RoFI for (i) approval that the said Rights Shares be issued to the Entitled Shareholders and the New Shareholders, as the case may be (with the right of remittance of dividends and repatriation of the invested sums on disinvestment in the case of non-resident subscribers) (ii) registration of the 5,038,504,230 Rights Shares (i.e. ordinary shares numbered 839,750,706 to 5,878,254,935, inclusive); and (iii) approval of the Prospectus.
5. That the Company Secretary, the Transaction Legal Advisor, and the Transfer Secretaries be authorized to do all such things and sign, execute, and file all such documents with the MSE, the RoFI, and the Registrar of Companies (as

necessary) to effect the above-said issue.

6. *Forthwith, upon receipt of the subscription price from any Entitled Shareholder or New Shareholder and receipt of the requisite approvals from the MSE and the RoFI, the Company Secretary and the Transfer Secretaries be directed to register the relevant Entitled Shareholders and New Shareholders, if any, as the holders of the above-said ordinary shares as subscribed for respectively.*
7. *In the event that a green shoe option is not exercised, the Company Secretary and the Transfer Secretaries shall see to the prompt refund of any funds received in excess of the required K62.4 billion to the relevant subscribers in accordance with the calendar approved by the MSE.*

Certified true extract of the resolution



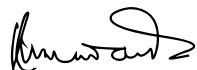
Leonard Chisale
COMPANY SECRETARY
18 October 2024

22. Director's responsibility

We, the undersigned directors of the Company, collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and certify that, to the best of our knowledge and belief, there are no facts the omission of which would make any statement in this Prospectus false or misleading and that we have made all reasonable inquiries to ascertain such facts and that this Prospectus contains all information required by law.

Signed on 15 November 2024, by all of the Directors

Vizenge Kumwenda



Robert Scharar



Andrew Katimba




Elias Azele Malion



Chikondi Ng'ombe



Thokozani Unyolo



PART XII

Documents incorporated by reference

1. Audited financial statements of the Company for the half year ending 30 June, 2024.
2. Annual reports and accounts of the Company for the year ended 31 December, 2023.
3. Annual reports and accounts of the Company for the year ended 31 December, 2022.
4. Litigation list as at 30 September 2024.
5. Profile of Deloitte, external auditors of the Company.

PART XIII

Independent Reporting Accountant's Report on the Profit Forecast for the year ending 31 December 2025 and 31 December 2026

Deloitte.



Blantyre Hotels Plc

Independent Reporting Accountant's Report on Profit Forecast
21 November 2024

The Directors
Blantyre Hotels Plc
2 Hannover Avenue
P.O. Box 21
Blantyre
Malawi

Dear Sirs,

Independent Reporting Accountant's Report on the Profit Forecast for the year ending 31 December 2025 and 31 December 2026

Blantyre Hotels Plc ("**Blantyre Hotels**" or the "**Group**") is issuing a Circular (the "**Circular**") to shareholders in relation to the proposed undertaking of a rights issue in relation to the construction of a state-of-the-art hotel project in Lilongwe, Malawi.

We have undertaken a limited review in respect of the Directors' assumptions used to prepare and present the accompanying forecast Statement of Comprehensive Income and Earnings Per Share of Blantyre Hotels for the financial year ending and 31 December 2025 and 31 December 2026 (collectively "forecast information"), as presented in the Circular dated on or about 21 October 2024.

Directors' Responsibility

The Directors are responsible for the preparation and presentation of the forecast information and for the reasonableness of the assumptions used to prepare the forecast information as set out in the notes to the forecast information in accordance with paragraph 2.4 of the Malawi Stock Exchange ("**MSE**") Listing Rules. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation and presentation of the forecast information based on those assumptions that are free from material misstatement, whether due to fraud or error.

Inherent Limitations

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that these forecasts may not be appropriate for purposes other than described in the purpose of the report paragraph below.

Reporting Accountants' Responsibility

Our responsibility is to provide a limited review conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the forecast information in accordance with the MSE Listing Rules for forecast information, based on the procedures we have performed and the evidence we have obtained.

Reporting Accountant's Responsibility (continued)

We conducted our limited review engagement in accordance with International Standard on Assurance Engagements ("**ISAE**") 3400, The Examination of Prospective Financial Information (ISAE 3400), issued by the International Auditing and assurance about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the forecast information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the Directors' assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources, including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal controls and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumptions, and agreeing or reconciling with underlying records.

Our procedures included evaluating the Directors' best-estimate assumptions on which the forecast information is based for reasonableness.

The procedures performed in a limited assurance engagement vary in nature from and are less in extent than for a reasonable

assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on the forecast information.

Conclusion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention that causes us to believe that, barring unforeseen circumstances, the underlying assumptions do not provide a reasonable basis for the forecast. Further, in our opinion, the forecast is properly prepared on the basis of the assumptions and is presented on a basis consistent with the accounting policies normally adopted by Blantyre Hotels Plc.

Purpose of the Report

This report has been prepared to satisfy the requirements of paragraph 2.4 of the MS Listing Rules and for no other purpose.

Consent

We consent to the inclusion of this report, which will form part of the Circular to be issued on or about 21 October 2024, in the form and context in which it appears.



Deloitte
Vilengo Beza
Partner

21 November 2024

P.O Box 187
Blantyre

The Directors
Blantyre Hotels Plc
2 Hannover Avenue
P.O. Box 21
Blantyre
Malawi

Dear Sirs,

Independent Reporting Accountants' Report On The Profit Estimate Of For The Year Ending 31 December 2024

Introduction

We have reviewed the profit estimate of Blantyre Hotels for the year ending 31 December 2024 ("**Profit Estimates**"), as presented in the Circular dated on or about 21 October 2024, in compliance with the MSE Listing Rules.

Directors' Responsibility

The Directors are responsible for the preparation of the Profit Estimates in accordance with the basis of preparation paragraph included in the Prospectus and the MSE Listing Rules.

Reporting Accountant's Responsibility

Our responsibility is to express a conclusion on the Profit Estimates.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Profit Estimates included in the Prospectus are not prepared, in all material respects in accordance with the MSE Listings Requirements as set out in the basis of preparation paragraph included in the Circular.



Deloitte
Vilengo Beza
Partner

Estimate and Forecast Statement of Comprehensive Income for the periods ending 31 December 2024, 31 December 2025 and 31 December 2026

	Estimate	Forecast	Forecast
MWK'000s	2024	2025	2026
Revenue	7 554 731	10 105 060	34 459 064
Cost of goods sold	(2 447 129)	(3 536 771)	(13 783 625)
Gross profit	5 107 602	6 568 289	20 675 438
Operating costs	(2 858 742)	(3 610 591)	(13 284 876)
Management controllable profit	2 248 860	2 957 698	7 390 562
Other income	41 364	55 327	66 889
Other costs	(232 616)	(193 810)	(340 201)
Profit Before management fees	2 057 607	2 819 215	7 117 250
Management fees	(245 557)	(328 414)	(953 101)
Profit after management fees	1 812 051	2 490 801	6 164 149
Incentive fees	(220 368)	(597 224)	(1 943 123)
Profit after management fees and incentive fees	1 591 682	1 893 577	4 221 026
Dividend income from Oasis	-	-	282 555
EBITDA	1 591 682	1 893 577	4 503 581
Depreciation of Plant Property and Equipment	(262 125)	(287 833)	(1 990 606)
Interest on lease	-	-	(867 456)
Finance costs	(2 640 545)	(4 711 729)	(5 882 732)
Profit before tax	(1 310 988)	(3 105 986)	(4 237 213)
Income tax charge	393 296	931 796	1 271 164
Profit after tax	(917 691)	(2 174 190)	(2 966 049)
Earnings per share (MWK)	(0.16)	(0.37)	(0.50)

NOTE: The estimations have not taken into account the extra proceeds in the event of the Directors exercising the GSO.

1. Principle assumptions that are under the control of the Directors

(a). General:

The principal assumptions utilised in the profit estimate and forecast for the financial years ending 31 December 2024, 31 December 2025, and 31 December 2026, which are considered by Management to be significant or are key factors on which the results of the Blantyre Hotels will depend, are disclosed below.

The assumptions disclosed are not intended to be an exhaustive list. The actual results achieved during the forecast period may vary from the forecast, and the variations may or may not be material.

Further, the forecast statement of comprehensive income for the years ending 31 December 2025 and 31 December 2026 incorporates the proposed construction of the new Ryalls Lilongwe Hotel, which is expected to become operational in 2026. The Blantyre Hotel will operate normally as of 31 December 2025, however, the new Lilongwe Hotel is expected to be incorporated into the main Blantyre Hotel Operations from January 2026, therefore, will be expected to form part of the existing operations as of 31 December 2026 and the Company will comprise the Ryalls Hotel Blantyre ("Ryalls Blantyre") and the Ryalls Hotel Lilongwe ("Ryalls Lilongwe").

(b). Revenue

Total revenue mostly comprises accommodation food and beverage revenue.

Accommodation Revenue

2025: The Ryalls Blantyre currently operates 117 rooms. The occupancy rate is expected to increase to 52% in 2025, in line with budgeted occupancy rates for the year 2024. As of July 2024, the Ryalls Blantyre Hotel's occupancy rates were recorded at 51%.

Average room rates ranged from \$135 to \$150 as of July 2024. Management has opted to use the lower end of this range and, accordingly, estimated an average room rate of \$135 in 2025.

An average exchange rate of \$1/MWK 2500 is expected to be used in 2025.

2026: In 2026, the Ryalls Blantyre's occupancy rates are expected to increase by 1% to a total of 53%. The average room rate is expected to increase by 3%, in line with the estimated US inflation rate.

The Ryalls Lilongwe Hotel, once operational, is expected to operate 180 rooms. Occupancy is expected to launch at 40%, in comparison to similar established competitor hotels, which normally operate at a capacity of between 50% and 60% capacity.

The average room rate for the Ryalls Lilongwe is expected to launch at \$150 due to its modern facilities.

An average exchange rate of \$1/MWK 2500 and \$1/MWK 2875 is expected to be used in 2025 and 2026, respectively.

Operations	2025	2026
Ryalls Hotel Blantyre	7 494 728	9 048 226
Ryalls Hotel Lilongwe	-	11 333 250
Total	7 494 728	20 381 476

Food and Beverage Revenue

2025: Food and Beverage ("F&B") revenue is expected to be derived from various sources as outlined below, based on historical performance for the Ryalls Blantyre. The Ryalls Blantyre has a conferencing capacity of 150 people.

2026: F&B revenue from the Ryalls Blantyre is expected to grow by 29% in 2026, mostly due to an increase in breakfast, fine dining, and conference revenue.

The Ryalls Lilongwe is expected to price its food and beverages in US dollars at a slightly higher rate than the Ryalls Blantyre. However, it is slightly lower than its competitors operating in the same location. The Ryalls Lilongwe is expected to sell more beds on account of higher capacity. The conferencing facilities of the Ryalls Lilongwe will be able to accommodate 300 people.

	2025		2026	
Details (MWK'000s)	Ryalls Blantyre	Ryalls Lilongwe	Ryalls Blantyre	Ryalls Lilongwe
Breakfast	430 302	-	582 260	2 271 667
Lunch	172 655	-	191 207	625 660
Dinner	173 407	-	223 067	1 577 186
Fine dining	731 704	-	853 312	2 910 562
Conference	681 289	-	965 380	1 047 331
Total	2 189 357	-	2 815 226	8 432 406

(c). Cost of Goods Sold

2025: Cost of Goods sold has been projected to increase as a percentage of revenue at Ryalls Blantyre in 2025 (35%) as a benchmark against historical performance.

2026: Total Cost of Goods sold for the Ryalls Blantyre and the Ryalls Lilongwe has been projected at 40% of revenue.

Operations (MWK'000)	2025	2026
Ryalls Blantyre	(3 536 771)	(4 886 643)
Ryalls Lilongwe	-	(8 896 983)
Total	(3 536 771)	(13 783 626)

Gross profit and margins

Both Ryalls Blantyre and Lilongwe Blantyre are expected to contribute 40% Gross margin to the Group's operations by 2026.

Operations (MWK'000)	Revenue	Cost of sales	Gross profit	Gross margin (%)
2025				
Ryalls Blantyre	10 105 060	(3 536 771)	6 568 289	65%
Ryalls Lilongwe	-	-	-	0%
	10 105 060	(3 536 771)	6 568 289	65%
2026				
Ryalls Blantyre	12 216 606	(4 886 643)	7 329 963	40%
Ryalls Lilongwe	22 242 457	(8 896 983)	13 345 474	40%
	34 459 063	(13 783 626)	20 675 437	40%

(d). Operating Costs

2025: Operating costs have been projected to escalate at 8% of the estimated inflation rate of 26.3%. [Subject to change to 100% of the inflation rate; hence, this will cause a slight change in the Opex numbers earlier provided].

2026: Operating costs for the Ryalls Blantyre have been projected to increase as a percentage of the estimated inflation rate in 2026, whereas the operating costs for the Ryalls Lilongwe have been benchmarked against the Ryalls Blantyre's historical performance and have been projected as a percentage of revenue at 40%.

Operations (MWK'000)	2025	2026
Ryalls Hotel Blantyre	(3 610 591)	(4 480 744)
Ryalls Hotel Lilongwe	-	(8 804 132)
Total	(3 610 591)	(13 284 876)

(e). Management fees – These are based on the Management Agreement with Marriott and comprise Management fees and Licensing fees. Management fees are 0.25% of total revenue, and Licence fees are capped at 3% of total revenue respectively.

Operations (MWK'000)	2024	2025	2026
Ryalls Hotel Blantyre	3.25%	3.25%	3.25%
Ryalls Hotel Lilongwe	-	-	2.50%

(f). Incentive fees – Are based on the Management Agreement with Marriott and are earned as a percentage of the Hotel's net revenue as follows (where net revenue equals the Hotel's gross profit less management fees and license fees less operating expenses:

Operations (MWK'000)	2024	2025	2026
Ryalls Hotel Blantyre	10%	10%	10%
Ryalls Hotel Lilongwe	-	-	8%

(g). Depreciation of PPE – Depreciation has been calculated at the average depreciation rate for the historical period from FY2016 to FY2024.

(h). Interest on Lease – Relates to the lease payments that Blantyre Hotels will pay to Oasis Hospitality Limited ("Oasis Hospitality"). Oasis Hospitality is the special purpose vehicle under which the property development is being carried out and will own and lease out the building to Blantyre Hotels.

(i). Finance Costs – Finance costs relate to the following:

- Interest expenses relating to loans obtained from National Bank of Malawi Plc, NBS Bank Plc and shareholder loans.
- Costs associated with raising capital for development of the Ryalls Lilongwe Hotel, which is expected to be obtained from debt and equity sources, including the Rights Issue.

Funding Summary

Details	Blantyre	Lilongwe
Fixtures & fittings	-	13 808 352
Advisory fees	2 448 061	-
NBM loan service & lease rentals	11 534 979	-
Oasis equity investment	-	26 470 106
Working capital	-	8 138 503
Total	13 983 040	48 416 961

Principal assumptions that are not under the control of the Directors

Details	2025	2026
a. USD/MWK average exchange rate	2500	2875
b. Reserve Bank of Malawi Policy Rate (%)	27	26
c. Corporation tax rate (%)	30	30
d. Inflation (%)	26.3	24.1

PART XIV

Independent Reporting Accountant's Report on the Historical Financial Information Included In The Prospectus of Blantyre Hotels Plc



21 November 2024

VB/ZU/cb

The Directors
Blantyre Hotels Plc
2 Hannover Avenue
P.O. Box 21
Blantyre
Malawi

Members of the Board,

Independent Reporting Accountant's Report on the Historical Financial Information Included In The Prospectus of Blantyre Hotels Plc

We have compiled the accompanying historical financial information of Blantyre Hotels Plc based on information you have provided. The historical financial information comprises the statement of financial position as at 30 June 2024, and the statements of profit or loss and other comprehensive income for the six months then ended and for each of the years ended 31 December 2023, 31 December 2022 and 31 December 2021, statements of changes in equity and statements of cash flows and, a summary of significant accounting policies and related explanatory information.

Deloitte, Chartered Accountants (Malawi) of P.O. Box 187, Blantyre were the external auditors of Blantyre Hotels Plc for the six-month period ended 30 June 2024 and the years ended 31 December 2023, 31 December 2022 and 31 December 2021 and reported on the financial statements for the aforementioned years without modification.

The full financial statements from which the financial information has been derived are available for inspection at Blantyre Hotels Plc's registered office at Ryalls Hotel, 2 Hannover Avenue, P.O. Box 21, Blantyre, Malawi.

No financial statements have been made up since the end of the last financial period reported on.

Responsibilities of the Reporting Accountant

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), **Compilation Engagements**.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the historical financial information in compliance with the Malawi Stock Exchange Listing requirements. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile this historical financial information. Accordingly, we do not express an audit opinion or a review conclusion on this historical financial information.

Responsibilities of those charged with Governance

The Directors of Blantyre Hotels Plc are responsible for the preparation of the historical financial statements from which the Reporting Accountant's Report has been prepared. The directors are also responsible for the preparation of the Prospectus to which this report relates and the information contained therein.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the financial statements do not give a true and fair view of the financial position of Blantyre Hotels Plc as of 30 June 2024, 31 December 2023, 31 December 2022 and 31 December 2021 and its financial performance and cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2013.

Consent

We consent to the inclusion of this report which forms part of the Prospectus to be issued on 15 November 2024 in the form and content in which it appears.

A handwritten signature in dark ink that reads "Deloitte".

Chartered Accountants
Vilengo Beza
Partner

REPORTING ACCOUNTANT'S HISTORICAL REPORT

Statement of Financial Position

	Notes	6 months to 30 June 2024	12 months to 31 Dec 2023	12 months to 31 Dec 2022	15 months to 31 Dec 2021
		K'000	K'000	K'000	K'000
ASSETS					
Non-current assets					
Property and equipment	7	12 450 501	10 361 837	9 256 164	14 652 418
Intangible assets	8	5 519	7 467	11 362	-
Investment in associate	9a	7 087 123	3 842 240	3 907 671	-
Deferred tax asset		-	-	-	143 610
Total non-current assets		19 543 143	14 211 544	13 175 197	14 796 028
Current assets					
Inventories	10	396 387	399 038	381 162	292 216
Trade and other receivables	11	897 921	464 000	384 962	381 868
Tax recoverable	19	139 055	112 767	98 566	83 520
Amount due from related parties	20.1	149 383	28 936	-	-
Cash and cash equivalents	12	579 648	612 253	686 233	664 723
Total current assets		2 162 394	1 616 994	1 550 923	1 422 327
Total assets		21 705 537	15 828 538	14 726 120	16 218 355
EQUITY AND LIABILITIES					
Equity					
Share capital	13	41 988	41 988	41 988	41 988
Share premium	14	1 340 153	1 340 153	1 340 153	1 340 153
Revaluation reserve	15	7 972 653	6 490 204	5 691 059	5 314 507
Accumulated losses		(1 733 768)	(986 994)	(268 965)	(203 770)
Total equity		7 621 026	6 885 351	6 804 235	6 492 878
Liabilities					
Non-current liabilities					
Deferred tax	16	2 953 764	2 076 508	2 029 888	2 006 683
Borrowings	18	6 046 927	2 045 056	2 418 889	3 842 162
Total non-current liabilities		9 000 691	4 121 564	4 448 777	5 848 845
Current liabilities					
Trade and other payables	17	878 290	771 137	764 029	1 686 447
Amounts due to related parties	20.1	119 527	-	19 692	29 125
Bank overdraft	12	107 047	-	2 955	27 807
Borrowings	18	3 978 956	4 050 486	2 686 432	2 133 253
Total current liabilities		5 083 820	4 821 623	3 473 108	3 876 632
Total liabilities		14 084 511	8 943 187	7 921 885	9 725 477
Total equity and liabilities		21 705 537	15 828 538	14 726 120	16 218 355

Statement of Profit or Loss and Other Comprehensive Income

		6 months to 30 June 2024	12 months to 31 December 2023	12 months to 31 December 2022	15 months to 31 December 2021
	Notes	K'000	K'000	K'000	K'000
Revenue	21	3 555 162	4 617 375	3 370 851	1 974 975
Cost of sales	22	(1 116 379)	(2 011 410)	(1 504 808)	(1 086 962)
Gross profit		2 438 783	2 605 965	1 866 043	888 013
Other income		13 545	26 016	6 672	6 455
Selling and administration expenses	23	(2 041 100)	(2 640 199)	(1 888 567)	(1 739 026)
Expected credit loss	23b	(4 100)	(4 567)	(5 434)	(420)
Profit /(loss) from operating activities		407 128	(12 785)	(21 286)	(844 978)
Interest from assets at amortised cost	24	4 027	54 251	-	-
Finance income	24	24 450	254 667	156 993	57 308
Finance cost	24	(912 116)	(1 238 831)	(752 489)	(251 596)
Net finance cost		(883 639)	(929 913)	(595 496)	(194 288)
Gain/(loss) on disposal of subsidiary		-	-	323 197	-
Share of (loss)/profit in associate	9a	(38 857)	(74 594)	26 225	-
Loss before taxation		(515 368)	(1 017 292)	(267 360)	(1 039 266)
Taxation	19	(265 532)	224 530	131 450	287 427
Loss for the period/year		(780 900)	(792 762)	(135 910)	(751 839)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Surplus on revaluation of land and buildings		2 128 297	1 145 028	586 698	716 148
Deferred tax on revaluation		(611 722)	(271 150)	(139 431)	(215 871)
Total other comprehensive income		1 516 575	873 878	447 267	500 277
Total comprehensive income for the period/year		735 675	81 116	311 357	(251 562)
Loss per share (tambala)					
Basic and diluted loss per share	5	(93)	(94)	(16)	(90)

Statement of Changes in Equity

	Share capital	Share premium	Revaluation reserve	Accumulated losses	Total equity
	K'000	K'000	K'000	K'000	K'000
30 June 2024					
Opening balance as at 1 January 2024	41 988	1 340 153	6 490 204	(986 994)	6 885 351
Loss for the period	-	-	-	(780 900)	(780 900)
Revaluation surplus	-	-	2 128 297	-	2 128 297
Deferred tax on revalued property	-	-	(611 722)	-	(611 722)
Excess depreciation on revalued assets	-	-	(34 126)	34 126	-
Closing balance as at 30 June 2024	41 988	1 340 153	7 972 653	(1 733 768)	7 621 026
31 Dec. 2023					
Opening balance as at 1 January 2023	41 988	1 340 153	5 691 059	(268 965)	6 804 235
Loss for the year	-	-	-	(792 762)	(792 762)
Revaluation surplus	-	-	1 145 028	-	1 145 028
Deferred tax on revalued property	-	-	(271 150)	-	(271 150)
Excess depreciation on revalued assets	-	-	(74 733)	74 733	-
Closing balance as at 31 December 2023	41 988	1 340 153	6 490 204	(986 994)	6 885 351
31 Dec. 2022					
Opening balance as at 1 January 2022	41 988	1 340 153	5 314 507	(203 770)	6 492 878
Loss for the year	-	-	-	(135 910)	(135 910)
Revaluation surplus	-	-	586 698	-	586 698
Deferred tax on revalued property	-	-	(139 431)	-	(139 431)
Excess depreciation on revalued assets	-	-	(70 715)	70 715	-
Closing balance as at 31 December 2022	41 988	1 340 153	5 691 059	(268 965)	6 804 235
31 Dec. 2021					
Opening balance as at 1 October 2020	41 988	1 340 153	4 903 821	458 478	6 744 440
Loss for the period	-	-	-	(751 839)	(751 839)
Revaluation surplus	-	-	716 148	-	716 148
Deferred tax on revalued property	-	-	(215 871)	-	(215 871)
Excess depreciation on revalued assets	-	-	(89 591)	89 591	-
Closing balance as at 31 December 2021	41 988	1 340 153	5 314 507	(203 770)	6 492 878

Revaluation reserve

This relates to surplus arising on revaluation of land and buildings net of the related tax. The reserve is not distributable until realisation of the revalued land and buildings.

Statement of Cash Flows

		6 months to 30 June 2024	12 months to 31 Dec.2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
	Notes	K'000	K'000	K'000	K'000
Cash flows from operating activities					
Loss before income tax		(515 368)	(1 017 292)	(267 360)	(1 039 266)
Adjust for non-cash items					
Depreciation expense	23	151 625	250 916	164 374	220 242
Amortisation charge	23	1 948	3 895	326	813
Finance income	24	(28 477)	(308 918)	(156 993)	(57 308)
Share of loss/(profit) in associate	9a	38 857	74 594	(26 225)	-
(Gain)/loss on disposal of subsidiary		-	-	(323 197)	-
Foreign exchange losses		-	-	-	150 660
Finance costs	24	908 842	1 095 879	715 503	100 936
Operating profit before working capital changes		557 427	99 074	106 428	(623 923)
Movement in working capital					
Movement in inventories		2 651	(17 876)	(88 946)	(9 087)
Movement in trade and other receivables		(433 921)	(79 038)	21 108	(239 036)
Movement in trade and other payables		107 153	7 108	(397 971)	(289 418)
Movement in related party		(920)	(48 628)	37 166	(125 223)
Cash generated from/(used in) operations		232 390	(39 360)	(322 215)	(707 851)
Interest paid		(446 167)	(1 214 423)	(101 660)	(37 575)
Tax paid	19	(26 288)	(14 201)	(15 259)	(567)
Net cash used in operating activities		(240 065)	(1 267 984)	(439 134)	(745 993)
Cash flows from investing activities					
Purchase of property and equipment	7	(111 992)	(211 561)	(50 699)	(3 199 856)
Purchase of intangible assets		-	-	(11 688)	-
Investment in associate		(3 283 740)	-	-	-
Cash and cash equivalents on loss of control		-	-	(16 492)	-
Finance income	24	18 887	299 755	64 375	57 308
Net cash (used in)/generated from investing activities		(3 376 845)	88 194	(14 504)	(3 142 548)
Cash flows from financing activities					
Loans received	18	3 467 667	3 035 000	500 000	5 500 000
Loan repayments	18	-	(2 044 779)	-	(2 044 477)
Net cash generated from financing activities		3 467 667	990 221	500 000	3 455 523
Net decrease in cash and cash equivalents		(149 243)	(189 569)	46 362	(433 018)
Cash and cash equivalents at the beginning of the period		612 253	683 278	636 916	1 069 934
Effect of changes in exchange rates		9 591	118 544	-	-
Cash and cash equivalents at the end of the period	12	472 601	612 253	683 278	636 916

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Blantyre Hotels Plc is a Company domiciled in Malawi and incorporated under the Malawi Companies Act, 2013. The main business of the Company is the provision of accommodation, conferencing, and catering services. The registered address of the Company is Ryalls Hotel, 2 Hannover Avenue, P.O. Box 21, Blantyre, Malawi. Blantyre Hotels Plc has 20.83% (December 2023: 23.53%) shareholding in Oasis Hospitality Limited, a company incorporated in Malawi whose main business is the same as that of Blantyre Hotels Plc. Accordingly, the investment in Oasis has been accounted for as an associate.

2. Adoption of new and revised International Financial Reporting Standards

2.1. New and amended IFRS Accounting Standards that are effective for the current year

Amendments to IAS 1 Classification of Liabilities as Current or Non-current	<p>The Company has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.</p> <p>The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services</p>
Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants	<p>The Company has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.</p> <p>The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.</p> <p>The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the Company.</p>

2.2 New and revised IFRS Accounting Standards in issue but not yet effective

A number of new standards, amendments to standards and interpretations are issued and effective for annual periods beginning on or after 1 January 2025 and have not been applied in preparing these financial statements. The entity does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2025	Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
Annual reporting periods beginning on or after 1 January 2027	Presentation and Disclosure in Financial Statements (IFRS 18) The new standard, IFRS 18, replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1.
Annual reporting periods beginning on or after 1 January 2026	Amendments to the Classification and Measurements of Financial Instruments (IFRS 9 and IFRS 7) The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.
	Amendments to IFRS 9 and IFRS 7

Except for IFRS 18, Presentation and Disclosure in Financial Statements, the directors anticipate that these Standards and Interpretations in future periods will have no significant impact on the financial statements of the Company.

3. Material accounting policy information

3.1 Basis of accounting

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties that are measured at revalued amounts or fair values at the end of each reporting year, as explained in note 7 to the financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Going concern

The Directors at the time of approving the financial statements, are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

3.2 Investments in associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses.

Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3.3 Property and equipment

Recognition and measurement

All items of property and equipment are initially recognised at cost. Land and buildings are subsequently measured at revalued amounts being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that would be determined using fair values at the end of each reporting year. All other property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Revaluation

Any revaluation increase arising on the revaluation of such property is recognised in other comprehensive income and credited to a non-distributable revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Depreciation on revalued property is charged to profit or loss. On the realisation of revalued property, either through sale or use, the attributable revaluation surplus in the revaluation reserve is transferred directly to retained earnings.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs, and maintenance are expensed as incurred.

Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets i.e. buildings, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values, using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land and properties under construction are not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:-

Freehold buildings	50 years
Motor vehicles	4 years
Furniture and equipment	3-12 years

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting year, with the effect of any change in estimate being accounted for on a prospective basis.

3.4. Intangible assets

Software acquired by the Company is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3.5. Inventories

Inventories consist of items for sale such as foodstuffs, consumables and operating equipment such as crockery and linen. These are measured at the lower of cost and net realisable value, with cost determined on a first-in, first-out basis and is consistent with the prior year. The cost of inventories includes the purchase price plus the costs incurred in bringing each product to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

3.6. Income tax

Income tax expense comprises current and deferred income tax. Current income tax and deferred income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting year, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set-off current tax liabilities and assets, and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at the end of each reporting year, and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.7. Foreign currency translations

Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting year, monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rates prevailing at that date.

Foreign currency gains or losses arising on the settlement of monetary items, and on the translation of monetary items, are included in the profit or loss. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Non-monetary

items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the year in which they arise.

3.8. Employee benefits

Defined contribution plans

Pensions are administered through a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the scheme are included in profit or loss as an expense as they fall due.

Short-term benefits

Short-term employee benefits obligations such as bonuses are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for the service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.9. Revenue

The Company recognises revenue from the sale of rooms for accommodation, food and beverages and conference rooms.

The Company recognises revenue to depict the transfer of promised goods or services to customers (performance obligations are satisfied) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recorded when the performance obligations are satisfied as set out below for the different income streams:

- i. Accommodation – the performance obligation is met when the accommodation service is complete. As such revenue is recognised at a point in time.
- ii. Food and beverage – the revenue is recognised at a point in time when the food and/or beverage is delivered to and accepted by the customer.
- iii. Other revenue – the revenue is recognised at a point in time. This comprises ancillary services and revenue is recognised once the service is complete.

The hotel offers a Marriott Bonvoy loyalty program where members earn points based on the money spend at Marriott hotels. Members earn points that are redeemable against future purchases of the Company's accommodation and related services. The Company claims the discount provided from its parent Company Marriott International.

Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3.10. Finance income and expenses

The Company's finance income and finance costs include:

- i. Interest income;
- ii. Interest expense; and
- iii. The foreign currency gain or loss on financial assets and financial liabilities.

Interest income and expense is recognised using the effective interest method.

Interest income

Interest income from financial assets is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on timely basis, by reference to the principal outstanding and at the effecting rate applicable.

3.11 Borrowing costs

The Company borrowing costs directly attributable to the construction of asset, which necessarily take a substantial period of time to get ready for its intended use, are added to the construction, until such time as the asset is substantially ready for its intended use or sale.

All other borrowing costs are recognised in the profit or loss in the year in which they are incurred.

3.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised in the Company's and Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

3.12.1 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets, other than those designated are classified into amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how group of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company applies the following business models:-

- i. Holding financial instruments for trading to maximize income and reduce losses, and
- ii. Holding financial instruments to maturity. Thus the Company receives only principal and interest from the financial instruments.

Except for trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Debt and loan instruments that are held by the Company whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are measured at amortised cost.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with the basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to the basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

The Company recognises loss allowances for expected credit losses on the financial instruments that are not

measured at FVTPL but are carried at amortised cost. No impairment loss is recognised on equity investments. IFRS 9 eliminates impairment assessment requirements for investments in equity instruments as they are only measured at FVPL or FVTOCI without recycling of fair value changes to profit and loss.

3.12.2 Subsequent measurement of financial assets

Subsequently, financial assets are classified at amortised cost.

i. Financial assets at amortised cost (debt instruments)

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- i. They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- ii. The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant year. For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter year, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting years, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

ii. Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting year. Foreign exchange gains and losses on financial assets measured and at amortised cost, are recognised in profit or loss.

3.13 Impairment of financial instruments

a. Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The entity recognises lifetime expected credit loss for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Lifetime expected credit loss represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast 12-month expected credit loss represents the portion of lifetime expected credit loss that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

i. Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When the customer does not honour its credit terms.
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full.

Irrespective of the above analysis, the Company considers that default has occurred when the customer has defaulted.

ii. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a. significant financial difficulty of the issuer or the borrower;
- b. a breach of contract, such as a default or past due event (see (ii) above);
- c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e. the disappearance of an active market for that financial asset because of financial difficulties.

iii. Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made are recognised in profit or loss.

iv. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default i.e. the magnitude of the loss if there is a default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

3.14 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains and losses arising from a Company of similar transactions.

3.16 Earnings per share

The calculation of basic earnings or loss per share is based on the profit or loss for the year and the weighted average number of shares in issue throughout the year. Where new equity shares have been issued by way of capitalisation or subdivision, the profit is apportioned over the shares in issue after the capitalisation or subdivision and the corresponding figures for all earlier years are adjusted accordingly. Diluted earnings per share is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Refer to note 25 to the financial statements.

3.17 Dividends per share

The calculation of dividend per share is based on the dividends payable to shareholders (inclusive of the related withholding tax) during the year divided by the number of ordinary shares in the register of shareholders at the date of payment. Refer to note 26 to the financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical judgements in applying the Company's significant accounting policies

4.1.1 Valuation of properties

The Company carries out revaluation of its land and buildings with sufficient regularity to ensure that its carrying amount does not materially differ from its fair value. Land and buildings were revalued by Aaron Chalunda and Desmond Namangale of Knight Frank, a registered valuer in Malawi. Refer to note 7 to the financial statements.

4.1.2 Going concern basis

In arriving at the going concern assumption, management has taken into account various assumptions and judgements. Management has calculated the company's budget and forecasted cashflows for the 12 months period from the sign off date using different assumptions and judgements. Management has put in place plans to turn around the performance of the company which are dependant on various things working in favour of the company refer to note 29.

4.1.3 Recognition of deferred tax asset

IAS 12 stipulates that deferred tax asset is recognised for unused tax loss carried forward or unused tax credit if, and only if, it is considered probable that there will be sufficient future taxable profit against which the loss or credit carried forward can be utilised. Section 42 of the Taxation Act restricts utilization of tax losses to a maximum period of 6 years. In coming up with future taxable profits, the Company makes projections of future financial performance. Where future taxable profits are insufficient to be offset against taxable losses, the deferred tax asset relating to the excess or expired tax losses is derecognised in the year the assessment is made. This area requires significant judgement.

4.2 Other judgements and estimates

4.2.1 Provision of expected credit loss on trade and receivables

The carrying amounts of trade and other receivables are presented based on expected credit losses. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Refer to note 5.3 to the financial statements.

4.3 Key sources of estimation uncertainty

Information about assumptions and estimation uncertainties are included in the following notes:

4.3.1 Note 11 – IFRS 9 assessment for receivables key assumptions underlying recoverable amounts, including the recoverability of receivables.

5. Financial risk management

5.1 Categories of financial instruments

	Note	Amortised Cost K'000	Carrying Amount K'000
At 30 June 2024			
Financial assets			
Trade and other receivables	11	761 774	761 774
Cash and cash equivalents	12	579 648	579 648
Amount due from related parties	20.1	149 383	149 383
Total financial assets		1 490 805	1 490 805
Financial liabilities			
Trade and other payables	17	780 097	780 097
Amounts due to related parties	20.1	119 527	119 527
Borrowings	18	10 025 883	10 025 883
Bank overdraft	12	107 047	107 047
Total financial liabilities		11 032 554	11 032 554
At 31 December 2023			
Financial assets			
Trade and other receivables	11	439 997	439 997
Cash and cash equivalents	12	612 253	612 253
Amount due from related parties	20.1	28 936	28 936
Total financial assets		1 081 186	1 081 186
Financial liabilities			
Trade and other payables	17	730 297	730 297
Borrowings	18	6 095 542	6 095 542
Total financial liabilities		6 825 839	6 825 839

	Note	Amortised Cost	Fair value Through P&L	Carrying Amount
		K'000	K'000	K'000
31 December 2022				
Financial assets				
Trade and other receivables	11	304 918	-	304 918
Cash and cash equivalents	12	683 278	-	683 278
Total financial assets		988 196	-	988 196
Financial liabilities				
Trade and other payables	17	764 029	-	764 029
Amounts due to related party	20.1	19 692	-	19 692
Other loan and liabilities	18	5 105 321	-	5 105 321
Total financial liabilities		5 889 042	-	5 889 042
31 December 2021				
Financial assets				
Trade and other receivables	11	201 254	-	201 254
Cash and cash equivalents	12	636 916	-	636 916
Total financial assets		838 170	-	838 170
Financial liabilities				
Trade and other payables	17	1 686 447	-	1 686 447
Amounts due to related party	20.1	29 125	-	29 125
Other loan and liabilities	18	5 975 415	-	5 975 415
Total financial liabilities		7 690 987	-	7 690 987

5.2 Overview of the Company's financial risk management framework

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company,

through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Board oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The audit committee is assisted in its oversight role by an outsourced internal audit function. The outsourced internal audit function undertakes regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

5.3 Credit risk

Credit risk is the risk of the financial loss of the Company if the customer or counterparty to the financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables.

Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting year was as follows:

	Note	6 months to 30 June 2024	12 months to 31 December 2023	12 months to 31 December 2022	15 months to 31 December 2021
		K'000	K'000	K'000	K'000
Trade receivables	11	641 803	321 183	259 480	163 727
Other receivables (excluding prepayments)	11	119 971	118 814	45 438	37 527
Amounts due from related parties	20.1	149 383	28 936	-	-
Cash and cash equivalents	12	579 648	612 253	683 278	636 916
Total		1 490 805	1 081 186	988 196	838 170

The Board established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment terms and conditions are offered. The Company's reviews include bank references and other trade references. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company on a prepayment basis.

Cash deposits are held with Standard Bank Plc, National Bank of Malawi Plc, CDH Investment Bank Limited and NBS Bank Plc. These banks are highly-reputable banks in Malawi and are all licensed by the Reserve Bank of Malawi.

Credit quality of financial assets

Trade and other receivables comprise mainly of balances due from corporate entities, travel agents and tour operators. Rigorous assessment of the credit worthiness of these corporate entities, travel agents and tour operators is undertaken before credit is granted. The Company does not hold any collateral over these balances.

The maximum exposure to credit risk for trade receivables at the end of the reporting year by geographic region was as follows:

	Note	6 months to 30 June 2024	12 months to 31 December 2023	12 months to 31 December 2023	15 months to 31 December 2021
		K'000	K'000	K'000	K'000
Based in Malawi	11	641 803	321 183	259 480	163 727

The movement in the allowance for impairment in respect of trade and other receivable during the period was as follows:

	Note	2024	2023	2022	2021
		K'000	K'000	K'000	K'000
Corporate customers	11	641 803	321 183	259 480	163 727

Impairment losses

The aging of trade and other receivables at the end of the reporting year was as follows:

	Note	2024	2023	2022	2021
		K'000	K'000	K'000	K'000
Trade Receivable		654 835	331 003	265 334	164 147
Impairment	11	(13 032)	(9 820)	(5 854)	(420)
Total	11	641 803	321 183	259 480	163 727

		Estimated gross carrying expected loss	Loss allowance 12 months
		K'000	K'000
30 June 2024			
Current not past due		368 255	-
30 – 60 days past due		176 748	-
60 – 90 days past due		79 117	-
90 – 120 days past due		30 715	(13 032)
Total		654 835	(13 032)
31 December 2023			
Current not past due		141 958	-
30 – 60 days past due		93 708	-
60 – 90 days past due		56 046	-
90 – 120 days past due		39 291	(9 820)
Total		331 003	(9820)
31 December 2022			
Current not past due		149 081	-
30 – 60 days past due	29	77 367	3 896
60 – 90 days past due	8	16 246	818
90 – 120 days past due	5	22 640	1 140
Total		265 334	5 854
31 December 2021			
Current not past due		94 628	-
30 – 60 days past due	29	47 941	244
60 – 90 days past due	8	12 584	65
90 – 120 days past due	5	8 994	111
Total		164 147	420

The movement in the allowance for impairment in respect of trade and other receivable during the period was as follows:

	Note	Net			
		6 months to 30 June 2024	12 months to 31 December 2023	12 months to 31 December 2022	15 months to 31 December 2021
		K'000	K'000	K'000	K'000
Impairment at beginning of the period		9 820	5 854	420	12 235
Change in loss allowance		3 212	3 966	5 434	(11 815)
Balance as at end of the period	11	13 032	9 820	5 854	420

In determining the recoverability of a trade receivable, the Company considers any change in the current quality of the trade receivable from the date credit was initially granted up to the end of the reporting year. The Company believes that the unimpaired amounts that are past due more than 30 days are still collectible based on the historic payment behaviour and extensive analysis of the customer credit risk.

Cash and cash equivalents

The Company held cash and cash equivalents of K579 million (31 December 2023: K612 million) as at 30 June 2024 of which K469 million (31 December 2023: K439 million) was in foreign currency denominated accounts. No provision for expected credit loss for cash and cash equivalent as based on management assessment the amount is immaterial.

5.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with the financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of the financial liabilities, including estimated interest payments.

	Note	Carrying amount	Less than 1 year	After 1 year
		K'000	K'000	K'000
As at 31 December 2022				
Trade payables and other payables	17	764 029	764 029	-
Amounts due to related parties	20.1	19 692	19 692	-
Borrowings	18	5 105 321	2 686 432	2 418 889
Total liabilities		5 889 042	3 470 153	2 418 889
As at 31 December 2021				
Trade payables and other payables	17	1 686 447	1 686 447	-
Borrowings	18	5 975 415	2 133 253	3 842 162
Amount due to related parties	20.1	29 125	29 125	-
Total liabilities		7 690 987	3 848 825	3 842 162

Liquidity of financial instruments

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Refer to going concern note 29 to the financial statement where management has set out plan to manage the liquidity gap.

Weighted average effective interest rate 18%

	Notes	Less than 1 to 4 months	5 – 12 months	1 -2 years	Over 2 years	Total	Carrying amount
		K'000	K'000	K'000	K'000	K'000	K'000
30 June 2024							
Assets							
Trade and other receivables	11	761 774	-	-	-	761 774	761 774
Amounts due from related parties	20.1	149 383	-	-	-	149 383	149 383
Bank and cash balances	12	579 648	-	-	-	579 648	579 648
Total financial assets		1 490 805	-	-	-	1 490 805	1 490 805
Liabilities							
Trade and other payables	17	780 097	-	-	-	780 097	780 097
Amounts due to related parties		119 527				119 527	119 527
Total interest bearing debt	18	3 906 476	1 473 137	4 069 873	12 125 684	21 575 170	10 025 883
Bank overdraft		107 047	-	-	-	107 047	107 047
Total Financial liabilities		4 913 147	1 473 137	4 069 873	12 125 684	22 581 841	11 032 554
Liquidity gap		(3 422 345)	(1 473 137)	(4 069 873)	(12 125 684)	(21 091 039)	(9 541 752)
Cumulative		(3 422 345)	(4 895 482)	(8 965 355)	(21 091 039)	-	-
31 December 2023							
Trade and other receivables	11	439 997	-	-	-	439 997	439 997
Bank and cash balances	12	612 253	-	-	-	612 253	612 253
Total financial assets		1 052 250	-	-	-	1 052 250	1 052 250
Liabilities							
Trade and other payables	17	771 137	-	-	-	771 137	771 137
Total interest bearing debt	18	-	4 050 486	2 640 773	1 831 806	8 523 065	4 050 486
Total Financial liabilities		771 137	4 050 486	2 640 773	1 831 806	9 294 202	4 821 623
Liquidity gap		281 113	(4 050 486)	(2 640 773)	(1 831 806)	(8 241 952)	-
Cumulative		281 113	(3 769 373)	(6 410 146)	(8 241 952)	-	-

Weighted average effective interest rate 18%

	Notes	Less than 1 to 4 months	5 – 12 months	1 – 2 years	Over 2 years	Total	Carrying amount
		K'000	K'000	K'000	K'000	K'000	K'000
31 December 2022							
Assets							
Trade and other receivables	11	304 918	-	-	-	304 918	304 918
Bank and cash balances	12	683 278	-	-	-	683 278	683 278
Total financial assets		988 196	-	-	-	988 196	988 196
Liabilities							
Trade and other payables	17	764 029	-	-	-	764 029	764 029
Total interest bearing debts		1 767 990	918 439	2 602 267	2 360 946	7 649 642	2 686 429
Amounts due to related parties	20.1	19 692	-	-	-	19 692	19 692
Total financial liabilities		2 551 711	918 439	2 602 267	2 360 946	8 433 363	3 470 150
Liquidity gap		(1 563 515)	(918 439)	(2 602 267)	(2 360 946)	7 445 167	(2 481 954)
Cumulative		(1 563 515)	(2 481 954)	(5 084 221)	(7 445 167)	-	(2 481 954)
31 December 2021							
Assets							
Trade and other receivables	11	201 254	-	-	-	201 254	201 254
Bank and cash balances	12	636 916	-	-	-	636 916	636 916
Total financial assets		838 170	-	-	-	838 170	838 170
Liabilities							
Trade and other payables	17	1 686 447	-	-	-	1 686 447	1 686 447
Total interest bearing debt	18	2 133 253	-	3 656 701	3 992 941	9 782 8952	2 133 253
Amount due to related parties	20.1	29 125	-	-	-	29 125	29 125
Total financial liabilities		3 848 825	-	3 656 701	3 992 941	11 498 467	3 848 825
Liquidity gap		(3 010 655)	-	(3 656 701)	(3 992 941)	(10 660 297)	(3 010 655)
Cumulative		(3 010 655)	(3 010 655)	(6 667 356)	(10 660 297)	-	(3 010 655)

5.5 Market risk

The market risk is the risk that changes in market prices such as foreign exchange and interest rates will affect the Company's income or the values of its financial instruments. The objective of the market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

5.5.1 Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in currency other than the functional currency of the Company, which is Malawi Kwacha. The currencies in which these transactions are primarily denominated are United States Dollar and the South African Rand.

Any purchase in USD is paid for using funds in USD account and the same applies to South African Rand. The

Company generates foreign currency through its normal operations but opts to set aside foreign currency funds in FCDA accounts to cover its foreign currency denominated liabilities.

No other hedge is actively taken out for this risk. However, exchange rate exposures are managed mainly using accelerated payments and borrowings in local currency to finance foreign purchases. Accelerated payments of foreign currency payable minimises exposure to foreign currency risk by reducing the amounts due in foreign currency.

The Company's foreign exchange exposures at the reporting date were as follows:

6 months to 30 June 2024

	Assets	Liabilities	Net	Exchange Rate Movement	Impact on profit and equity (net of tax)
	K'000	K'000	K'000		K'000
USD	447 159	-	447 159	10%	44 716
ZAR	883	-	883	10%	88
GBP	7 872	-	7 872	10%	787
EUR	13 362	-	13 362	10%	1 336
	469 276	-	469 276		46 927

12 months to 31 December 2023

	Assets	Liabilities	Net	Exchange Rate Movement	Impact on profit and equity (net of tax)
	K'000	K'000	K'000	K'000	K'000
USD	414 412	-	414 412	10%	41 441
ZAR	472	-	472	10%	47
GBP	8 861	-	8 861	10%	886
EUR	15 622	-	15 622	10%	1 562
	439 367	-	439 367		43 936

As at 30 June 2024, if the Malawi Kwacha had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax loss for the year and equity would have been K49 million (2023: K44million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign currency-denominated financial instruments.

12 months to 31 December 2022

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>	<u>Exchange Rate Movement</u>	<u>Impact on profit and equity (net of tax)</u>
	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>
USD	176 903	-	176 903	10%	12 383
ZAR	496	-	496	10%	34 780
GBP	5 160	-	5 160	10%	361
EUR	8 782	-	8 782	10%	615
	191 341	-	191 341		48 139

15 months to 31 December 2021

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>	<u>Exchange Rate Movement</u>	<u>Impact on profit and equity (net of tax)</u>
	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>
USD	37 360	-	40 718	10%	2 850
ZAR	2 815	-	497	10%	35
GBP	4 728	-	4 304	10%	301
EUR	7 335	-	4 213	10%	295
	52 238	-	49 732		3 481

As at 31 December 2022, if the Malawi Kwacha had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year and equity would have been K20 million (2021: K3.5 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign currency-denominated financial instruments.

5.5.2 Interest rate risk

The Company adopts a policy of ensuring that some borrowings are at fixed rates and others are at variable rates depending on the currency of the borrowings, terms and conditions.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Variable rate instruments

	<u>Note</u>	<u>6 months to 30 June</u>	<u>12 months to 31 December</u>	<u>12 months to 31 December</u>	<u>15 months to 31 December</u>
		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
		<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>
Borrowings	18	10 025 883	6 095 542	5 105 321	5 975 321

Blantyre Hotels plc obtained a loan of K4 billion in 2021 from National Bank of Malawi which attracts interest at the reference rate (17.3% as at the date of issue) plus 6.1%. The loan was obtained to pay for the land consideration and project costs.

Blantyre Hotels plc obtained a shareholders' loan of K3 billion in 2023 and it was used to repay part of the National

Bank Plc loan which was due. The loan attracts interest at an average of 364 (annual) Malawi Government Treasury bill rate.

In 2024 the Company secured a US\$5 million facility with National Bank of Malawi. As at 30 June 2024, the company had made a drawdown of US\$2 million. The loan was granted as part of the Company's contribution towards the completion of the Lilongwe Hotel Project and attracts interest at 8.5% per annum.

Cash flow sensitivity analysis for variable rate instruments

An increase of 5% in interest rates at the reporting date would have increased interest being charged to the profit or loss by K247 million (December 2023: K186 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Fixed rate Instrument

	Note	6 months to 30 June	12 months to 31 December	12 months to 31 December	15 months to 31 December
		2024	2023	2022	2021
		K'000	K'000	K'000	K'000
Borrowings	18	57 802	192 346	455 941	84 705

Cash and cash equivalents earn interest at a rate of 1%-20% (December 2023: 1% -20%).

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial instrument at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

6. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the movements in the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	6 months to 30 June 2024	12 months to 31 December 2023	12 months to 31 December 2022	15 months to 31 December 2021
	K'000	K000	K'000	K'000
Trade and other payables	878 290	771 137	764 029	1 686 447
Borrowings	10 025 883	6 095 542	5 105 321	5 975 415
Bank overdraft	107 047	-	-	-
Amounts due to related parties	119 527	-	19 692	27 956
Total liabilities	11 130 747	6 866 679	5 889 042	7 689 818
Total equity	7 621 026	6 885 351	6 804 235	6 492 878
Gearing ratio	146%	99%	87%	118%

The Company is not subject to any externally imposed capital requirements.

7. Property and equipment

	Freehold land	Buildings	Motor vehicles	Furniture equipment	Capital WIP	Total
	K'000	K'000	K'000	K'000	K'000	K'000
30 June 2024						
Cost/valuation						
1 January 2024	2 257 200	7 582 800	158 616	1 674 531	3 491	11 676 638
Additions	-	-	-	111 992	-	111 992
Revaluation surplus	376 200	1 713 800	-	-	-	2 090 000
At 30 June 2024	2 633 400	9 296 600	158 616	1 786 523	3 491	13 878 630
1 January 2024	-	-	115 723	1 199 078	-	1 314 801
Charge for the period	-	38 297	6 528	106 800	-	151 625
Released on revaluation	-	(38 297)	-	-	-	(38 297)
At 30 June 2024	-	-	122 251	1 305 878	-	1 428 129
Carrying amounts	2 633 400	9 296 600	36 365	480 645	3 491	12 450 501
31 December 2023						
Cost/valuation						
1 January 2023	1 936 000	6 842 000	117 249	1 378 456	129 372	10 403 077
Additions	-	-	41 367	170 194	-	211 561
Transfers	-	-	-	125 881	(125 881)	-
Revaluation surplus	321 200	740 800	-	-	-	1 062 000
At 31 December 2023	2 257 200	7 582 800	158 616	1 674 531	3 491	11 676 638
1 January 2023	-	-	107 493	1 039 420	-	1 146 913
Charge for the year	-	83 028	8 230	159 658	-	250 916
Released on revaluation	-	(83 028)	-	-	-	(83 028)
At 31 December 2023	-	-	115 723	1 199 078	-	1 314 801
Carrying amounts						
At 31 December 2023	2 257 200	7 582 800	42 893	475 453	3 491	10 361 837

	Freehold land	Buildings	Motor vehicles	Furniture equipment	Capital WIP	Total
	K'000	K'000	K'000	K'000	K'000	K'000
31 December 2022						
Cost/valuation						
1 January 2022	3 763 264	6 610 000	117 249	1 327 757	3 895 385	15 713 655
Transfer on loss of control	(2 103 264)	-	-	-	(3 766 013)	(5 869 277)
Additions	-	-	-	50 699	-	50 699
Revaluation surplus	276 000	232 000	-	-	-	508 000
At 31 December 2022	1 936 000	6 842 000	117 249	1 378 456	129 372	10 403 077
Accumulated depreciation						
1 January 2022	-	-	102 294	958 943	-	1 061 237
Charge for the year	-	78 698	5 199	80 477	-	164 374
Revaluation	-	(78 698)	-	-	-	(78 698)
At 31 December 2022	-	-	107 493	1 039 420	-	1 146 913
Carrying amounts						
At 31 December 2022	1 936 000	6 842 000	9 756	339 036	129 372	9 256 164
31 December 2021						
Cost/valuation						
1 October 2020	3 616 264	6 131 000	117 249	1 297 219	2 030 005	13 191 737
Additions	-	7 513	-	30 538	1 865 380	1 903 431
Revaluation	147 000	471 487	-	-	-	618 487
At 31 December 2021	3 763 264	6 610 000	117 249	1 327 757	3 895 385	15 713 655
Accumulated depreciation						
1 October 2020	-	-	90 060	848 596	-	938 656
Charge for the year	-	97 661	12 234	110 347	-	220 242
Reversal on revaluation	-	(97 661)	-	-	-	(97 661)
At 31 December 2021	-	-	102 294	958 943	-	1 061 237
Carrying amount						
At 31 December 2021	3 763 264	6 610 000	14 955	368 814	3 895 385	14 652 418

The registers of land and buildings are available for inspection at the Company's registered office.

Fair value measurement of the Company's freehold land and buildings

The Company's freehold land and building are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's freehold land and buildings as at 30 June 2024 were performed, through a desktop valuation, by Aaron Chalunda and Desmond Namangale (December 2023: Aaron Chalunda) from Knight Frank, an independent firm not related to the Company and has appropriate qualifications and recent experience in the fair value measurement of properties within Malawi and commercial city of Blantyre where Ryalls Hotel is located. The valuation conforms to International Valuation Standards and was based on income method of valuation approach.

Had it been that the Company did not adopt a revaluation policy, the carrying amount of land and buildings for the Company would have been K720 million (2023: K720 million).

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those which would be determined using fair values at the end of each reporting year.

The fair value measurements have been categorised as Level 3 for value based on inputs to the valuation techniques used.

Property and equipment are encumbered as disclosed in note 18 to the financial statements.

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
	Level 3	Level 3	Level 3	Level
	K'000	K'000	K'000	K'000
Land	2 633 400	2 257 200	4 039 264	3 763 264
Buildings	9 296 600	7 582 800	6 842 000	6 610 000
Land and buildings	11 930 000	9 840 000	10 881 264	10 373 264

There were no transfers between levels 1, 2 and 3 during the period.

The following table shows the valuation technique used in measuring the fair values of land and buildings, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
		Sensitivity analysis
The valuation expert adopted an Income Method of Valuation Approach (i.e. fair value). The fair value basis of valuation is interpreted as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.	In valuation of properties in the hospitality industry, use of trading revenue or estimated or reasonably anticipated revenue from the business and operating expenses are made to formulate an opinion of market value.	A 10% increase/decrease in revenue would result into increase/decrease of K 1 170 million (31 December 2023: K950 million) in value of the property.
	The valuation has also taken cognizance of the capitalisation rates applicable to commercial properties linked to the industry the entity operates in.	A 1% increase in the capitalisation rate would result into a decrease in the value of property by K2.0 billion (31 December 2023: K1.8 billion) while a 1% decrease in the capitalisation rate would result into an increase in the value of property by K3.0 billion (31 December 2023: K2.9 billion).

	The valuation has also taken cognizance of the market value of the land taking into account the land location and size.	A 10% increase/decrease in market value of land would result into K395 million (31 December 2023: K339 million) increase or decrease of the value of property.
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8. Intangible assets

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
Software Cost				
At the beginning of the period/year	42 676	42 676	30 988	30 988
Additions	-	-	11 688	-
At the end of the period/year	42 676	42 676	42 676	30 988
Amortisation				
At the beginning of the period/year	35 209	31 314	30 988	30 175
Amortization charge for the period/ year	1 948	3 895	326	813
At the end of the period/year	37 157	35 209	31 314	30 988
Carrying amount at the end of the period/year	5 519	7 467	11 362	-

9. a. Investment in associate

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
Balance as at the beginning of the year	3 842 240	3 907 671	3 686 301	77 500
Additional investment	3 283 740	-	-	3 330 000
Share of profit/(loss)	(38 857)	(74 594)	-	-
Interest on amount awaiting capitalisation	-	9 163	149 315	278 801
Balance as at the end of the period/year	7 087 123	3 842 240	3 835 616	3 686 301
Disposal of the subsidiary in the Company books				
Fair value of remaining holding immediately after loss of control	-	-	3 788 828	-
Cost of investment in subsidiary	-	-	(3 835 616)	-
Loss on disposal (loss of control)	-	-	(46 788)	-

9. b. Analysed as follows:

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
Property, land and equipment	19 774 843	16 446 544	6 103 648	-
Deferred tax	-	-	158 834	-
Trade and other receivables	2 200 757	282 963	7 442	-
Cash and cash equivalents	502 800	396 947	16 492	-
Total assets	22 478 400	17 126 454	6 286 416	-
Liabilities				
Trade and other payables	4 218 716	968 245	602 477	-
Loans and other liabilities	-	52 982	2 218 308	-
Total liabilities	4 218 716	1 021 227	2 820 785	-
Net assets in Oasis as at the end of the year	18 259 684	16 105 227	3 465 631	-
Fair value of remaining holding immediately after loss of control	-	-	3 788 828	-
Gain on disposal of subsidiary	-	-	323 197	-
Balance at 1 April 2022	-	-	3 788 828	-
Company's share 20.83% (December 2023: 23.53%)	3 803 383	3 789 560	26 225	-
Amount awaiting capitalisation	3 283 740	52 680	92 618	-
Balance as at the end of the period/year	7 087 123	3 842 240	3 907 671	-

Blantyre Hotels Plc (BHL) has so far invested in Oasis an amount of K7.3 billion which is made up of K4 billion initial investment, translating to 20.83% shareholding in Oasis, and capital contributions of K3.3 billion which awaits share allotment. The allotment will be made taking into account the values and macro-economic factors at the time of allotment, yet to be determined. Had the shares been allotted at the time of making the contribution, the shareholding of Blantyre Hotels plc in OASIS Hospitality Limited would have been around 32.49%. The Company is expected to invest an additional amount totalling to US\$13 million (K22.8 billion), through debt finance and an undeterminable amount through equity financing, in Oasis Hospitality Limited by the end of the project. BHL as promotor of the project has undertaken to raise all the required additional funding to Oasis to the extent that no other investor comes up. BHL is raising this funding through a debt of US\$15 million in hard currency from various lenders and through a rights issue offering to its shareholders which is expected to conclude in December 2024. The amount to be raised will vary because of devaluation of the local currency and changes in prices. As such BHL is contributing to Oasis whatever funding it raises at various points and at conclusion it will notify Oasis of the additional funding provided. In June BHL provided the Malawi Kwacha equivalent of US\$2 million to Oasis. Based on the planned capital raising timetable the funding to Oasis will be done in tranches as per the board resolution as follows:

- At the conclusion of drawdown of the facility from National Bank of Malawi plc;
- At the conclusion of drawdown of the facility from NBS plc; and
- At the conclusion of the rights issue equity offering.

None of these have been concluded and as a result, the process of issuing shares has not commenced. The amount whose corresponding shares have not been allotted are depicted as amounts awaiting capitalization. As these are capital contributions, they do not attract interest. After period end but before approval of these financial statements

the Company made further contributions of about K11 billion with no corresponding allotment of the shares. As the amounts from various investors are contributed at different times, the Company awaits the determination of the basis for allotment of shares from OASIS Hospitality Limited which is subject to valuation of the business and finalisation of additional contributions by other shareholders. However, using the existing basis of allotment of shares, the contributions made after period end would increase the Company's shareholding to around 55%. If the conditions for the allotment as noted above were to materialise, this would result in BHL having control of Oasis Hospitality Limited from this point, at which time the requirements of IFRS 3 would be applied, as at the time of signing these financial statements the allotment has not been finalised and a business combination in terms of IFRS 3 had not yet taken place.

10. Inventories

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
Food stuff and beverages	32 952	39 468	57 798	44 705
Consumables	120 428	145 258	66 764	80 652
Operating stock	178 739	114 843	243 254	163 081
Goods in transit	64 268	99 469	13 346	3 778
Total inventories	396 387	399 038	381 162	292 216

Operating stocks comprise linen, cutlery, crockery, and glassware plates, which are used over some time.

11. Trade and other receivables

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
Trade receivables	654 835	331 003	265 334	164 147
Expected credit losses	(13 032)	(9 820)	(5 854)	(420)
Net trade receivables	641 803	321 183	259 480	163 727
Sundry receivables	116 720	118 814	43 558	32 549
Staff advances	3 251	-	1 880	4 978
Prepayment	136 147	24 003	80 044	180 614
Total	897 921	464 000	384 962	381 868

The average credit period for trade receivables is 30 days. No interest is charged on the outstanding balance. Refer to note 5.3 to the financial statements for the credit quality of receivables.

The Company has computed lifetime expected credit losses (ECL) allowance for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. This includes applying the default rate on debtors within 30 days as this reflects the economic downturn experience by entities operating in different industries.

12. Cash and cash equivalents

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
Foreign currency accounts	469 698	303 217	191 343	52 238
Current account balances	52 148	116 690	38 949	527 780
Fixed deposits	57 802	192 346	455 941	84 705
Subtotal	579 648	612 253	686 233	664 723
Bank overdraft	(107 047)	-	(2 955)	(27 807)
At the end of the period	472 601	612 253	683 278	636 916

The Company's bank accounts include a deposit with NBS Bank Plc, a related party, amounting to K9.5 million (31 December 2023: K5 million). The rest of the amounts were spread with CDH Investment Bank, National Bank of Malawi Plc and Standard Bank Plc. The current accounts earned interest of up to 1% (2023: up to 1%) and the fixed deposits earned interest of up to 5.5% (2023: up to 20%). The Company does not have overdraft facilities with the financial institutions. The overdrawn amount of K107 million (31 December 2023: Nil) as at 30 June 2024 represents payments effected by the Company but not cleared by the bank. The position was regularised after 30 June 2024.

13. Share capital

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
Authorised capital				
5 000 000 000 ordinary shares at 5 tambala each				
(31 December 2023: 5 000 000 000 ordinary shares at 5 tambala each)	250 000	250 000	250 000	250 000
Issued and fully paid capital 839 750 705				
(31 December 2023: 839 750 705 ordinary shares)	41 988	41 988	41 988	41 988

14. Share premium

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
Share premium	1 340 153	1 340 153	1 340 153	1 340 153

15. Revaluation reserve

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
At the beginning of the year	6 490 204	5 691 059	5 314 507	4 903 821
Increase in revaluation	2 128 297	1 145 028	586 698	716 148
Depreciation on revaluation	(34 126)	(74 733)	(70 715)	(89 591)
Deferred tax	(611 722)	(271 150)	(139 431)	(215 871)
At the end of the period	7 972 653	6 490 204	5 691 059	5 314 507

16. Deferred tax liability

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 months to 31 Dec. 2021
Property, plant and equipment	3 391 418	2 779 695	-	-
Other temporary differences	(437 654)	(703 187)	-	143 610
Total	2 953 764	2 076 508	-	143 610

	Balance at the beginning of the period	Recognised in the profit or loss	Recognised in other comprehensive income/equity	Balance at the end of period
	K'000	K'000	K'000	K'000
30 June 2024				
Property and equipment	2 779 695	-	611 722	3 391 417
Other temporary differences	(703 185)	265 532	-	(437 653)
	2 076 510	265 532	611 722	2 953 764
31 December 2023				
Property and equipment	2 489 457	19 088	271 150	2 779 695
Other temporary differences	(459 569)	(243 618)	-	(703 187)
	2 029 888	(224 530)	271 150	2 076 508
31 December 2022				
Property and equipment	2 199 389	(3 956)	139 431	2 334 864
Deferred tax asset at date of disposal	158 834	-	-	158 834
Other temporary differences	(336 316)	(127 494)	-	(463 810)
	2 021 908	(131 450)	139 431	2 029 888
31 December 2021				
Property and equipment	2 178 851	(169 357)	189 895	2 199 389
Other temporary differences	(244 222)	(118 070)	25 976	(336 316)
	1 934 629	(287 427)	215 871	1 863 073

IAS 12 stipulates that deferred tax asset is recognized for unused tax loss carried forward or unused tax credit if, and only if, it is considered probable that there will be sufficient future taxable profit against which the loss or credit carried forward can be utilized. Section 42 of the Taxation Act restricts the utilization of tax losses to a maximum period of 6 years. The Company assessed, as of 30 June 2024, the age of the tax losses and the years when they are expected to expire. Having considered the projected accounting profits against which to utilize the tax losses, management estimates that K1.3 billion in tax losses will expire before they are utilized. The deferred tax asset arising from tax losses has, therefore, been reduced by the tax effect of the unutilized tax losses.

17. Trade and other payables

	6 months to 30 June 2024	12 months to 31 December 2023	12 months to 31 December 2022	15 months to 31 December 2021
	K'000	K'000	K'000	K'000
Trade payables	316 823	106 044	284 199	1 133 944
Other payables	561 467	665 093	479 830	552 503
Total trade and other payables	878 290	771 137	764 029	1 686 447
Other payables include the following:				
Penalty charge on land acquisition	-	-	-	160 313
Accruals	188 966	246 900	301 328	246 193
Audit fees	41 396	43 560	26 712	26 140
Defined contribution pension accrual	80 120	54 642	30 350	15 416
Gym advance payments	-	296	337	285
Management fees payable	129 876	263 015	61 712	72 823
Advance deposits	9 152	2 076	8 994	320
Unclaimed dividends	13 764	13 764	13 784	13 814
Subtotal	463 274	624 253	443 217	535 304
Other taxes due	42 488	39 620	12 379	9 266
VAT payable	55 705	1 220	24 234	7 933
Total	561 467	665 093	479 830	552 503

The average credit period for trade and other payables is 30 days. No interest is charged on these amounts. The Directors consider that the carrying amounts of trade and other payables approximate to their fair value.

18. Borrowings

	NICO Life Insurance Company	NBM US\$ Loan	Africap LLC	NBM MK Loan	Total
	K'000	K'000	K'000	K'000	K'000
Borrowings					
30 June 2024					
Balance at the beginning of the period	1 177 941	-	2 008 545	2 909 056	6 095 542
Additions	-	3 467 667	-	-	3 467 667
Interest charge for the period	158 536	33 840	270 298	446 167	908 841
Repayments	-	-	-	(446 167)	(446 167)
Balance as at end of the period	1 336 477	3 501 507	2 278 843	2 909 056	10 025 883
31 December 2023					
Balance at the beginning of the year	-	-	-	5 105 321	5 105 321
Additions	1 110 000	-	1 925 000	-	3 035 000
Accrued interest for the year	67 941	-	83 545	772 753	924 239
Repayments	-	-	-	(2 969 018)	(2 969 018)
Balance as at end of the year	1 177 941	-	2 008 545	2 909 056	6 095 542
31 December 2022					
Balance at the beginning of the year	-	-	-	3 842 162	3 842 162
Additions	-	-	-	500 000	500 000
Accrued interest for the year	-	-	-	763 159	763 159
Balance as at end of the year	-	-	-	5 105 321	5 105 321
31 December 2021					
Balance at the beginning of the period	836 527	950 319	-	-	1 786 846
Additions	-	-	2 000 000	3 500 000	5 500 000
Accrued interest for the period	128 723	128 908	133 253	342 162	733 046
Repayment	(965 250)	(1 079 227)	-	-	(2 044 477)
Balance as at end of the period	-	-	2 133 253	3 842 162	5 975 415

Analysed as follows:

	6 months to 30 June 2024	12 months to 31 Dec. 2023	12 months to 31 Dec. 2022	15 Months to 31 Dec. 2021
	K'000	K'000	K'000	K'000
Current	3 978 956	4 050 486	2 686 432	2 133 253
Non-current	6 046 927	2 045 056	2 418 889	3 842 162
Total	10 025 883	6 095 542	5 105 321	5 975 415

National Bank of Malawi loan (NBM)

In 2021, a loan of K4 billion was obtained by the Company from National Bank of Malawi Plc and attracts interest at 6.1% above the reference rate and is repayable over a period of 7 years inclusive of a 24 month moratorium, which came to an end in the year, on both principal and interest re payment. The loan is secured by a legal charge for K4 billion over the Company's property title number Blantyre West 132, Blantyre Hotels plc. The property, valued at K11.9 billion as at 30 June 2024 (December 2023: K9.8 billion), is included as part of the property and equipment as detailed in note 7 to the financial statements.

In 2024 the Company secured a US\$5 million facility with National Bank of Malawi. As at 30 June 2024, the company had made a drawdown of US\$2 million. The loan was granted as part of the Company's contribution towards the completion of the Lilongwe Hotel Project and attracts interest at 8.5% per annum. The loan is repayable over a 5-year period after the 24-month moratorium and is secured by a charge of K4 billion over property under title number Blantyre West 132.

Shareholders' loan

Shareholders' loans amounting to K3 billion were obtained from Africap LLC and Nico Life Insurance Company Limited for the purpose of servicing the National Bank of Malawi loan facility. The loans are payable by 30 September 2024 and attract interest at an average 364 day Malawi Government Treasury bill rate. In the event that a rights offer of shares is made by the borrower at any time during the tenor, the lenders have the option to convert all or part of the unpaid principal and interest into ordinary shares of the Company provided the lenders shall give written notice to the borrower at least 14 days prior to such conversion. The lenders may convert the principal and accrued interest into ordinary shares of the company at the conversion price.

19. Taxation

	6 months to 30 June 2024	12 months to 31 December 2023	12 months to 31 December 2022	15 months to 31 December 2021
Current income tax liabilities				
Balance at the beginning of the period/year	(112 767)	(98 566)	(83 520)	(82 953)
Realised through disposal on loss of control	-	-	213	-
Paid during the period/year	(26 288)	(14 201)	(15 259)	(567)
Balance at the end of the period/year	(139 055)	112 767	(98 566)	(83 520)
Income tax credit				
Income tax payable as assessed at 30%	-	-	-	-
Deferred tax movement (net) (note 16)	265 532	(224 530)	(131 450)	(287 427)
Total income tax charge/(credit)	265 532	(224 530)	(131 450)	(287 427)
Reconciliation of the effective tax rate				
Loss before tax	(476 511)	(1 017 292)	(267 360)	(1 039 266)
Income tax at standard rate of 30%	(142 953) 30%	(305 188) (30)%	80 208 30%	(307 879) 30%
Unutilized tax losses	380 877 (80%)	-	-	-
Permanent differences	27 608 (6%)	80 658 8%	(211 658) (79)%	20 452 2%
Effective tax	265 532 (56%)	(224 530) (22)%	(131 450) (49)%	(287 427) 28%

20. Related party transactions and balances

The Company's major shareholders are NICO Life Insurance Company Limited, Africap LLC and Press Trust.

Services are supplied in the ordinary course of business by the Company to shareholders and by shareholders to the Company at arm's length.

Related party	Relationship	Type of transaction	Value of transactions for 6 month period from 1 January 2024 to 30 June 2024	Balance at period end	Value of transactions from 1 January 2023 to 31 December 2023	Balance at year end
			Jun-24	Jun-24	2023	2023
			K'000	K'000	K'000	K'000
NICO Asset Managers Limited	Common shareholder	<ul style="list-style-type: none"> Accommodation Transfer, secretarial and consultancy fees 	1 311 14 152	1 311 (4 902)	3 628 41 455	- 4 273
Luxury Hotels International South Africa (Pty) Limited	Management Company	<ul style="list-style-type: none"> Management fees Marketing fees Incentive fees Program Services fund 	115 620 53 350 90 068 65 152	(115 620) (53 350) (90 068) (65 152)	150 360 69 397 70 169 51 169	- - - -
		Accommodation	26 007	18 325	20 104	10 352
NICO Life Insurance Company Limited	Shareholder	Pension and Life cover	61 874	(15 577)	104 216	
		Loan		(1 336 477)	1 110 000	
NICO Holdings Plc	Parent of shareholder	Accommodation	17 194	17 194	42 220	8 211
Press Trust	Shareholder	Accommodation			6 502	-
NICO General Insurance Company Limited	Common shareholder	Accommodation	-	-	6 655	-
		Insurance	3 514	3 514	48 081	-
		Lease	-	-	-	-
NICO Technologies Limited	Common shareholder	Accommodation	5 526	5 526	-	-
Africap LLC	Shareholder	Accommodation	64 720	64 720		
		Loan	-	(2 278 843)		
NICO Capital Limited	Common shareholder	Consultancy fee	99 048	(99 048)	70 000	-
NBS Bank Plc	Common Shareholder	Accommodation	38 791	38 791	-	-

The following related party transactions took place during the year:

Related party	Relationship	Type of transaction	Group				Company			
			Value of transactions from/(to)	Balance at year end	Value of transactions from/(to)	Balance at year end	Value of transactions from/(to)	Balance at year end	Value of transactions from/(to)	Balance at year end
			2022 K'000	2022 K'000	2021 K'000	2021 K'000	2022 K'000	2022 K'000	2021 K'000	2021 K'000
NICO Asset Managers Limited	Common shareholder	<ul style="list-style-type: none"> Accommodation Transfer, secretarial and consultancy fees Administrative and financial management service Interest on loan 	1 667 - 38 533 -	- - - -	- - 50 481 -	- - - 29 125	1 687 - 38 533 -	- - - -	- - 50 481 -	- - - -
Luxury Hotels International South Africa (Pty) Limited	Management Group	<ul style="list-style-type: none"> Management fees Marketing fees Incentive fees Program Services fund 	109 806 50 680 45 114 36 724	- - - -	57 813 30 680 (1 736) 24 645	- - - -	109 806 50 680 45 114 36 724	- - - -	57 813 30 487 (1 736) 24 645	- - - -
NICO Life Insurance Company Limited	Shareholder	Accommodation Pension and Life cover	28 875 84 412	- -	- 94 585	- -	28 875 84 412	- -	- 94 585	- -
NICO Holdings Plc	Parent of shareholder	Accommodation	43 022	-	559	-	43 022	-	559	-
Press Trust	Shareholder	Accommodation	8 969	-	2 346	-	8 969	-	2 346	-
NICO General Insurance Company Limited	Common shareholder	Accommodation Insurance Lease	- 34 875 -	- - -	- 44 508 -	- -	- 34 875 -	- -	- 44 508 -	- -
Oasis Hospitality Limited	subsidiary	Investment	-	19 692	3 500 000	-	-	19 692	3 500 000	-
Eris Properties Limited	Common shareholder	Property Development Services	-	-	-	-	-	-	-	-
Africap	Common shareholder	Accommodation	1 989	-	674	-	1 989	-	674	-
NBS Bank Loan	Common shareholder	Loan principal arrangement fees interest	-	-	128 723	-	-	-	-	-
NBS Bank Loan	Common shareholder	Bank balance	-	-	-	(527 780)	-	-	-	-
NICO Capital Limited	Common Shareholder	Consultancy fee	-	-	-	-	-	-	-	-

The amounts in brackets indicate services provided to related party by Blantyre Hotels Plc whilst the others indicate the service acquired from related parties at arm's length.

The balances are interest-free and are payable in the normal course of business.

Nico Asset Managers Nico Asset Managers	Common shareholder Common shareholder	Secretarial, administration and consultancy services Loan guaranteed by Blantyre Hotels Plc
Nico Asset Managers	Common shareholder	Accommodation
Procurement International Limited	Subsidiary of management Company	Guest supplies
NBS Bank Plc	Common shareholder	Bank services

Compensation to key management personnel

In addition to key management personnel's salaries the Company also provides non-cash benefits to a post-employment defined contribution plan for key management personnel's benefits. In accordance with the plan employees contribute 5% (December 2023: 5%) of the basic pay while the Company contributes 10% (December 2023: 10%) of the basic pay to cover pension and Company life cover.

Salaries and cash benefits to key management personnel were as follows:

	6 months to June 2024	12 months to December 2023	12 months to December 2022	15 months to December 2021
	K'000	K'000	K'000	K'000
Short-term employee benefits				
Salaries and bonuses	249 062	324 052	263 650	69 835
Directors' fees	7 900	11 843	10 649	10 649
Other long-term employee benefits				
Pension	14 558	10 326	8 165	7 423

20.1 Amounts due from related parties

	6 months to June 2024	12 months to December 2023	12 months to December 2022	15 months to December 2021
NICO Asset Managers Limited	1 311	4 273	-	-
NICO Life Insurance Company Limited	18 326	10 352	-	-
NICO Holdings Plc	17 195	8 211	-	-
Africap LLC	64 720	6 100	-	-
NICO General Insurance Limited	3 514	-	-	-
NICO Technologies Limited	5 526	-	-	-
Oasis Hospitality Limited	-	-	-	-
NBS Bank plc	38 791	-	-	-
	149 383	28 936	-	-
Amounts due to related parties				
NICO Asset Managers Limited	4 902	-	-	29 125
Oasis Hospitality Limited	-	-	19 692	-
NICO Life Insurance Company Limited	15 577	-	-	-
NICO Capital Limited	99 048	-	-	-
	119 527	-	19 692	29 1925

Fees payable to Management Company – Luxury Hotels International South Africa (Pty) Limited

	6 months to June 2024	12 months to December 2023	12 months to December 2022	15 months to December 2021
Management fees	115 620	150 360	-	-
Marketing fees	53 350	69 397	-	-
Incentive fees	90 068	70 170	-	-
Program Services Contribution	65 152	51 170	-	-
	324 190	341 097	-	-
Bonus payable (included in in accruals under note 17)	26 110	70 028	-	-

Additional related party arrangements are as disclosed in note 31 to the financial statements.

21. Revenue

Disaggregated revenue is reported in the same way as it is reviewed and analysed internally by the chief operating decision makers, primarily, the Executive Directors. The key components of revenue reviewed by the chief operating decision makers are:

	6 months to June 2024	12 months to December 2023	12 months to December 2022	15 months to December 2021
	K'000	K'000	K'000	K'000
Accommodation	2 021 897	2 308 123	1 661 751	842 214
Food and beverages	1 401 097	2 197 351	1 642 424	1 086 047
Other revenues	132 168	111 901	66 676	46 714
Total revenue	3 555 162	4 617 375	3 370 851	1 974 975

- Accommodation – the performance obligation is met when the accommodation service is complete. As such revenue is recognised at a point in time.
- Food and beverage – the revenue is recognised at a point in time when the food and/or beverage is delivered to and accepted by the customer.
- Other revenue – the revenue is recognised at a point in time. This comprises ancillary services and revenue is recognised once the service is complete.

22. Cost of sales

	6 months to June 2024	12 months to December 2023	12 months to December 2022	15 months to December 2021
	K'000	K'000	K'000	K'000
Salaries and wages	387 712	672 607	545 331	487 815
Guest entertainment and supplies + Sundries	66 953	181 074	129 299	75 048
Room cleaning and maintenance + telephone	78 912	216 469	77 192	35 373
Food and beverages costs	525 240	862 513	674 642	409 423
Sundries	57 562	78 747	78 344	79 303
Total cost of sales	1 116 379	2 011 410	1 504 808	1 086 962

23. Selling and administration expenses

	6 months to June 2024	12 months to December 2023	12 months to December 2022	15 months to December 2021
Auditor's fees and expenses-Current period/year	25912	52 000	31 330	31 322
Prior year	-	17 525	-	-
Bank charge	11 393	11 556	11 742	11 214
Board expenses	33 872	26 283	12 017	12 071
Capital raising cost	149 020	101 247	19 320	-
Commission on credit cards	32 217	51 344	46 395	16 115
Computer expenses	52 806	76 894	49 391	57 682
Company secretarial and transfer expenses	14 152	41 455	38 533	50 481
Consultancy fees	-	-	17 475	87 375
Depreciation and amortisation	254 811	164 699	221 054	153 573
Directors' remuneration	9 476	11 843	10 649	10 649
Donation and subscriptions	2 499	6 789	2 618	2 974
Fees to management Company	324 190	341 097	164 550	111 209
Fringe benefit tax	24 704	28 438	30 527	12 121
Interest on land acquisition	-	-	-	160 313
Internal audit expense	8 395	12 764	9 343	2 493
Insurance	31 149	48 081	34 875	44 508
Legal and other professional fees	5 433	10 093	8 168	9 197
Levies, licenses and permits	3 510	7 480	3 953	4 970
Malawi Stock Exchange annual listing fees	19 354	32 502	28 000	32 896
Marketing expenses	51 712	69 919	47 889	42 159
Motor vehicles	21 263	23 269	13 889	8 646
Other staff costs	287 376	377 111	273 477	148 451
Postage	511	1 224	1 412	1 485
Power and lighting	149 484	196 322	174 760	167 411
Promotion	-	-	-16 703	
Printing and stationery	17 245	9 515	6 882	6 836
Rates and taxes	14 507	42 234	26 087	32 802
Repairs and maintenance	153 285	250 347	173 436	90 070
Salaries and wages	309 815	390 663	297 677	240 872
Security	47 265	68 107	45 707	41 263
Sundry expenses	17 444	13 303	8 594	4 801
Telephone	12 854	18 168	11 082	10 858
Travel	13 141	30 628	11 038	8489
Lease rental	-	(51 121)	51 121	-
Water	43 543	68 308	61 931	39 536
Total	2 041 100	2 640 199	1 888 567	1 739 026

	6 months to June 2024	12 months to December 2023	12 months to December 2022	15 months to December 2021
	K'000	K'000	K'000	K'000
23.b Bad debt provision	4 100	4 567	5 434	420

	6 months to June 2024	12 months to December 2023	12 months to December 2022	15 months to December 2021
	K'000	K'000	K'000	K'000
23.1 Fees payable to management Company				
Management fees	115 620	150 360	109 806	57 813
Marketing fees	53 350	69 397	50 680	30 487
Incentive fees	90 068	70 170	45 114	(1 736)
Provident service fund	65 152	51 170	36 724	24 645
Total	324 190	341 097	242 324	111 209

	6 months to June 2024	12 months to December 2023	12 months to December 2022	15 months to December 2021
	K'000	K'000	K'000	K'000
24. Finance income/(costs)				
Interest from assets at amortised cost	4 027	54 251	-	-
Interest income	-	9 163	156 993	57 308
Effects of changes in exchange rate	9 590	-	-	-
Exchange gains (net)	14 860	245 504	-	-
	28 477	308 918	156 993	57 308
Interest expense and other finance costs				
Realised exchange losses	(3 274)	(24 408)	(36 986)	-
Unrealised exchange losses	-	-	-	(150 660)
Effects of changes in exchange rate	-	(118 544)	-	-
Interest on loan and other bank charges	(908 842)	(1 095 879)	(715 503)	(100 936)
	(912 116)	(1 238 831)	(752 489)	(251 596)
Net finance cost	(883 639)	(929 913)	(595 496)	(194 288)

24. Loss per share

The calculation of basic and diluted (loss) per share is based on loss attributable to shareholders of the Company of K781 million (December 2023: K793 million) and the weighted average number of ordinary shares during the year of 839 750 705 (December 2023: 839 750 705).

Loss per share is as follows:-

	6 months to June 2024	12 months to December 2023	12 months to December 2022	15 months to December 2021
	K'000	K'000	K'000	K'000
Loss for the period/year	(780 900)	(792 762)	(135 909)	(751 839)
Weighted average number of shares ('000)	839 750	839 75	839 750	839 750
Basic and diluted loss per Share (tambala)	(93)	(94)	(16)	(90)

25. Dividends

No dividends were declared and paid (2023: Nil) due to the Company's financial performance.

26. Capital commitments and contingent liabilities

The board approved capital commitments relating to refurbishment and equipment costs amounting to K178 million at the end of June 2024 (31 December 2023: K369 million). These costs are to be funded wholly by funds generated internally.

The development costs of the hotel by Oasis Hospitality Limited are estimated at US\$48.7 million (K88.4 billion) and Blantyre Hotels Plc is expected to invest an additional US\$3.3 million (K5.8 billion) for furniture, fittings and equipment. None of this cost has been contracted yet.

27. Reportable segments

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of services provided. The Directors of the Company have chosen to organise the Company around differences in services provided. No operating segments have been aggregated in arriving at the reportable segments of the Company. Specifically, the Company's reportable segments under IFRS 8 are accommodation and food and beverage.

Geographical segment presentation

All operations of the hotel are in Malawi and therefore geographical segment presentation has not been made.

Information about major customers

The Company's customers are many and there is no single customer that individually contributes more than five percent of the Company's total revenues.

	Accommodation	Food beverages	Other	Total
	30 June 30 2024	30 June 2024	30 June 2024	30 June 2024
	K'000	K'000	K'000	K'000
Revenue	2 021 897	1 401 097	132 168	3 555 162
Operating expenses	(127 974)	(64 390)	(2 955 670)	(3 148 034)
Segment profit/(loss)	1 893 923	1 336 707	(2 823 502)	407 128

	Accommodation	Food beverages	Other	Total
	30 June 2023	30 June 2023	30 June 2023	30 June 2023
	K'000	K'000	K'000	K'000
Revenue	2 308 123	2 197 351	111 901	4 617 375
Operating expenses	(422 350)	(1 391 347)	(2 816 463)	(4 630 160)
Segment profit/(loss)	1 885 773	806 004	(2 704 562)	(12 785)
	Accommodation	Food beverages	Other	Total
	30 June 2022	30 June 2022	30 June 2022	30 June 2022
	K'000	K'000	K'000	K'000
Revenue	1 661 751	1 642 424	-	3 304 175
Operating expenses	(314 820)	(1 045 132)	-	(1 359 952)
Segment profit/(loss)	1 346 931	597 292	-	1 944 223
	Accommodation	Food beverages	Other	Total
	30 June 2021	30 June 2021	30 June 2021	30 June 2021
	K'000	K'000	K'000	K'000
Revenue	842 214	1 086 047	-	1 928 261
Operating expenses	(243 752)	(737 091)	-	(980 843)
Segment profit/(loss)	598 462	348 956	-	947 418

Revenue reported above represents revenue generated from external customers.

The segments do not have separately reportable assets and liabilities.

28. Going concern

The Company have incurred a net loss of K781 million (December 2023: K793 million loss) during the 6 months ended 30 June 2024. The Company's current liabilities exceeded current assets by K2.9 billion (December 2023: K3.2 billion).

The Company performance this year has been affected by finance charges accruing from the debt finance obtained by the Company to finance the construction project of the Lilongwe Ryalls Hotel as explained in notes 9 and 18 in the financial statements.

Even though these conditions may cast significant doubts on the Company's ability to continue as a going concern, the Company financial statements have been prepared on a going concern basis as the Directors believe, based on the considerations below, there is no material uncertainty, and the Company is a going concern:

- The Company is in the process of raising additional equity finance through a rights issue scheduled for this year. Out of an estimated K64 billion expected to be raised, commitments amounting to K42 billion have already been secured;
- The Company has adequate support from shareholders who have expressed willingness to participate in the rights issue capital raising exercise. Two main shareholders (NICO life Insurance Company Limited and Africap LLC) have both committed to exercise the majority of their rights;
- To show further confidence to the sustainability of the Company, NICO Holdings plc, which is a related party, extended a credit facility of K8 billion to the Company to act as advance underwriting in the rights issue ahead of the various capital raising efforts by the Company. At the time of approving these financial statements, the Company had already accessed K4 billion out of the K8 billion commitment;
- The Company managed to secure credit facilities amounting to US\$7 million from lending institutions after period end to meet its commitments on the Lilongwe Hotel Project. Such facilities are repayable after 7 years with a moratorium period of 2 years; and
- The Company is able to generate and has access to adequate resources to sustain its operations for the foreseeable future as depicted by the increase in profits from operating activities.

29. Exchange rates and inflation

The average of the period-end/year-end buying and selling rates of the foreign currencies most affecting the performance of the Company are stated below, together with the increase in the National Consumer Price Index, which represents an official measure of inflation.

	6 months to 30 June	12 months to 31 December	12 months to 31 December	15 months to 31 December
	2024	2023	2022	2021
Kwacha/Rand	97	94	62	57
Kwacha/US Dollar	1 734	1 683	1 028	817
Kwacha / British Pound	2 556	2 222	1 274	1 102
Kwacha/Euro	1 909	1 919	1 911	975
Inflation rate (%)	33.7	34.5	27.3	12.1

At the date of approval of the financial statements, the above noted rates had moved as disclosed below:

Kwacha/Rand	102
Kwacha/USD	1 734
Kwacha /British Pound	2 735
Kwacha/Euro	1 994
Inflation rate (%) August 2024	33.9

30. Events after reporting period

The company embarked on a capital raising process through a rights issue. At the time of signing the financial statements, the process was at an advanced stage and a listing date of 2 December 2024 had been agreed with the Malawi Stock Exchange.

The Company accessed the following facilities after period end:

- NBS Bank US\$ facility for US\$4 million – This is a term loan obtained in July 2024 to meet Blantyre Hotel's funding needs in respect of its equity contribution to OASIS Hospitality Limited for the construction of a hotel project in Lilongwe. The facility attracts interest at 11.5% per annum and is repayable over 7 years with a moratorium of 24 months. The whole USD 4 million was drawn by the company. The facility is secured over property number Njewa 3/1041 in Lilongwe belonging to Oasis Hospitality Limited and submission of consent by the property owner, Oasis Hospitality Limited, authorising the borrower to use the aforementioned property as collateral.
- NICO Holdings plc facility of K8 billion – This is short term US\$ currency linked note, being bridging finance to meet immediate project cash requirements and to act as advance underwriting commitment by NICO Holdings plc in the rights issue ahead of the various capital raising efforts by the Company. It attracts interest rate of 8.5% per annum on the US\$ converted amount and will be repaid through proceeds of the rights issue offering. The collateral for the facility is that the Lead Syndicate Bank (NBS Bank) should note NICO Holding's interest in the assets being pledged as collateral until the conclusion of the right issue. The funding is a commitment that NICO Holdings will take up any shares that will not be followed by the shareholders of Blantyre Hotels Plc.



ANNEX I

Letter of Allocation



Blantyre Hotels Plc

Registered in Malawi as Company No. 178

Share code: BHL

LETTER OF ALLOCATION

Important: This document is of value and is negotiable. The offer expires at 2:30 pm on Friday, 6 December 2024.

If you are in any doubt as to the action you should take, you are recommended to immediately seek financial advice from your stockbroker, bank manager, legal practitioner, accountant, investment banker, or other professional advisor. If you have sold or transferred all of your holding of ordinary shares in Blantyre Hotels Plc (the **"Company"**) (other than ex-rights), please send this document at once to the stockbroker, bank manager, or other agents through whom the sale or transfer was effected for the transmission to the purchaser or transferee.

This Letter of Allocation should be read in conjunction with the Rights Offer Prospectus sent to shareholders of the Company on or about 25 November 2024 (the **"Prospectus"**). Words and expressions defined in the Prospectus have the same meaning in this Letter of Allocation. Application has been made to the Malawi Stock Exchange (**"MSE"**) for the admission of the Letters of Allocation to the official list of the MSE. If admission has not become effective by 10:00 am on 25 November 2024, or such a later time and/or date as the Company and the Advisors may agree, this document shall cease to be of any value, and the provisional allocation will be cancelled.

Copies of the Prospectus were delivered to the Registrar of Companies and the Registrar of Financial Institutions (**"RoFI"**). The Registrar of Companies and the RoFI have not checked and will not check the accuracy of the statements made in the Prospectus, and they accept no responsibility therefor or for the financial soundness of the Company or the value of the Rights Shares.

IMPORTANT DATES

Last day to register for the Rights Offer (Record Date)	15 November 2024
Offer opens	25 November 2024
Rights uploaded to CSD with notice to shareholder	25 November 2024
Letters of Allocation listed	25 November 2024
Securities listed ex rights	25 November 2024
Last day for receipt of postal registrations	27 November 2024
Last day for dealing in Letters of Allocation	4 December 2024
Last day for splitting letters of allocation (14h30)	5 December 2024
Securities that are the subject of the Rights Offer listed (if granted)	5 December 2024
Offer closes (14h30) (earliest date)	6 December 2024
Last day for postal acceptances of the Rights Offer	10 December 2024
Fourth announcement giving the results of the Rights Offer	11 December 2024
The securities that are the subject of the Rights Offer listed (if granted)	13 December 2024
Listing of shares on stock exchange	16 December 2024
Latest day for refunds	17 December 2024

This Form of Subscription Instructions must be completed in its entirety and returned to the BHL Shares Desk Officer at a branch or agency of a Receiving Bank (i.e., NBS Bank plc or National Bank of Malawi plc) no later than 2:30 pm on Friday, 6 December 2024.

Letter of Allocation

Dear Entitled Shareholder,

Re: A renounceable Rights Offer of 5,038,504,230 new ordinary shares of K0.50 each ("Rights Shares") to Entitled Shareholders at a subscription price of K12.38 per Rights Share ("Issue Price") in the ratio of 6 Rights Shares for every 1 Existing Share held.

1. The Rights Offer

Entitled Shareholders of the Company are offered rights to acquire Rights Shares at a subscription price of K12.38 per Rights Share, payable in Kwacha. Every Entitled Shareholder is being offered 6 Rights Shares for every 1 Existing Share that he holds in the share capital of the Company.

2. Provisional allocation

The Rights Shares stated in box 3 in Part A have been provisionally allotted for subscription at K12.38 per Rights Share to the Entitled Shareholder whose name is stated in box 1 in Part A.

3. Acceptance and payment

- 3.1 If you are the Entitled Shareholder and wish to accept all the Rights Shares provisionally allotted to you as aforesaid, you must complete boxes 5, 6, and 9 in Part A of the Form of Subscription Instructions. You do not need to complete Parts C and D of the Form of Subscription Instructions. But you must complete the CSD Form that came with this Letter of Allocation (unless your particulars are already in the CSD). Next, you are to follow the instructions outlined in paragraph 3.3 below.
- 3.2 If you are the person(s) in whose favour this Letter of Allocation has been renounced and you wish to subscribe for all the Rights Shares renounced in your favour, you must complete boxes 5, 6, and 9 in Part A and complete and sign Part D of the Form of Subscription Instructions. Then, you must proceed to complete the CSD Form that came with the Letter of Allocation (unless your particulars are already in the CSD). Next, you are to follow the instructions outlined in paragraph 3.3 below.
- 3.3 Once you have completed the Form of Subscription Instructions following paragraph 3.1 or, as the case may be, paragraph 3.2, you must proceed to make payment for the Rights Shares you have applied for. Payment can be made by depositing cash or electronically transferring the funds into the following local accounts (if you are a non-resident by electronically transferring funds into any of the international accounts) at the Receiving Banks.

National Bank of Malawi Plc Account

Local account

Account number	:	1011547601
Account name	:	Blantyre Hotels Rights Offer
Branch	:	Ginnery Corner
Bank	:	National Bank of Malawi Plc

International account

United States Dollars account

Account number	:	1011556527
Account name	:	Blantyre Hotels Rights Offer
Bank	:	National Bank of Malawi Plc

NBS Bank plc Accounts

Local account

Account number	:	24943879
Account name	:	BHL Plc Rights Issue
Branch	:	Ginnery Corner
Bank	:	NBS Bank PLC

International accounts**United States Dollars account**

Correspondence Bank	:	CITIBANK New York
SWIFT Code	:	CITIUS33
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943874
Branch	:	Ginnery Corner

British Pounds account

Correspondence Bank	:	CITIBANK London
SWIFT Code	:	CITIGB2L
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943862
Branch	:	Ginnery Corner

Euros account

Correspondence Bank	:	CITIBANK London
SWIFT Code	:	CITIGB2L
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943869
Branch	:	Ginnery Corner

South African Rands account

Correspondence Bank	:	ABSA BANK LIMITED
SWIFT Code	:	ABSAZAJJ
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943871
Branch	:	Ginnery Corner

- 3.4 Once you have completed the Form of Subscription Instructions in accordance with 3.1 or 3.2 above and effected the payment (except those subscribing via a Wallet), as the case may be, you must deliver the Form of Subscription Instructions to the BHL Shares Desk Officer at the branch or agency of the Receiving Bank into whose account you deposited or transferred the payment. If you prefer you can submit in scanned PDF format the completed and signed (where necessary) Form of Subscription instructions, the completed CSD Form and the proof of payment by e-mail to the Transfer Secretaries at [**transfersec@nicoassetmanagers.com**](mailto:transfersec@nicoassetmanagers.com).
- 3.5 The payment for the Rights Shares in cash, electronic transfer, or a money Wallet will constitute acceptance of the Rights Offer upon the terms and conditions set out in the Prospectus and this Letter of Allocation, subject to the provisions of the Memorandum and Articles of Association of the Company.
- 3.6 If this Letter of Allocation in its entirety, inclusive of the Form of Subscription Instructions together with proof of payment, is not hand-delivered to the BHL Shares Desk Officer at a branch or agency of the Receiving Bank as set out above, then the Rights Offer will be deemed to have been declined, and the right to subscribe for the Rights Shares offered to the Entitled Shareholder or renounced in favour of his renounee will be deemed not to have been accepted, at the discretion of the Directors of the Company.
- NOTE: Those subscribing for the Rights Shares through Money Wallets are not required to hand deliver the Letter of Allocation to the Receiving Bank.**
- 3.7 The number of Rights Shares to which an Entitled Shareholder will become entitled shall be rounded to the nearest whole number.

4. **Renunciation, sale, splitting, and consolidation**

Renunciation

- 4.1 If you are an Entitled Shareholder and you do not wish to subscribe for the Rights Shares provisionally allotted to you in terms of the Rights Offer, you may renounce your rights by completing and signing Part C of the Form of Subscription Instructions. A renouncee who wishes to subscribe for the Rights Shares in terms of the Rights Offer must complete and sign Part D of the Form of Subscription Instructions as well as boxes 5, 6, and 9 in Part A, completed the CSD Form (unless your particulars are already in the CSD) then follow the Instructions outlined in paragraph 3.3 above.
- 4.2 The lodging of this Letter of Allocation, inclusive of the Form of Subscription Instructions with Part C, purporting to be signed by the Entitled Shareholder whose name appears thereon, will be taken to be conclusive evidence of the right of the holder:
- 4.2.1 To deal with this Letter of Allocation; or
- 4.2.2 To have the Rights Shares in question allotted and to be uploaded for those Rights Shares. Therefore, the Company will not be obliged to investigate whether Parts C and D have been properly signed or completed or to investigate any facts surrounding the signing or lodging of either Part.

Sale

- 4.3 If you are an Entitled Shareholder and wish to sell all or part of your Rights Shares provisionally allotted to you, you must complete Part B of the enclosed Form of Subscription Instructions and return it to your stockbroker or the Transfer Secretaries to be received by them not later than 2:00 pm on Wednesday 4 December 2024. Note that your stockbroker or the Transfer Secretaries will endeavour to procure the sale of your rights on the MSE on your behalf and remit the net proceeds following your instructions. In this regard, none of your stockbrokers, the Transfer Secretaries, and the Company will have any obligation or be responsible for any loss or damage whatsoever concerning or arising from the timing of such sales, the price obtained, or the failure to procure the sale of the Rights Shares.

Splitting

- 4.4 This Letter of Allocation may be split on lodging it with the Transfer Secretaries, with Part C duly completed not later than 2:30 pm on Thursday, 5 December 2024. The application, made by way of a covering letter, should state the number of split Letters of Allocation required and the number of Nil Paid Rights or Fully Paid Rights to be comprised in each split Letter of Allocation. Part C on split Letters of Allocation will be marked by the Transfer Secretaries as "Original duly renounced."

Consolidation

- 4.5 The Rights Shares comprised in several renounced fully paid Letters of Allocation may be registered in the name(s) of one holder or joint holders if Parts C, D, and E are completed on one Letter of Allocation (referred to in Part E as "the Principal Letter") and all the Letters of Allocation are lodged together.

5. **Application for additional Rights Shares**

- 5.1 An Entitled Shareholder has the right to apply for Rights Shares above his/her entitlement.
- 5.2 If you are an Entitled Shareholder and wish to apply for additional Rights Shares, you must complete boxes 7, 8, and 9 in Part A of the Form of Subscription Instructions and follow the instructions contained in paragraph 3.3 above. Note that the number of additional Rights Shares to be allocated to you is at the absolute discretion of the Directors and dependent on some Entitled Shareholders not taking up their rights. Any sum of money paid in respect of additional Rights Shares that are not ultimately allotted to you will be refunded to you by the Company by 17 December 2024.

6. **MSE Listings and dealings in rights**

- 6.1 The MSE will list the Letters of Allocation at 10:00 am on Monday, 25 November 2024.
- 6.2 Trading in Nil Paid Rights will commence at 10:00 am on Monday, 25 November 2024, and will close at 2:30 pm on Wednesday, 4 December 2024.

- 6.3 Trading in Fully Paid Rights will commence at 10:00 am on Monday, 25 November 2024, and will close at 2:30 pm on Wednesday, 4 December 2024.

7. Conversion of rights into shares and uploading of converted rights into the CSD

Conversion of rights into shares and uploading of converted rights into the CSD is expected on or about Thursday, 5 December 2024. It is expected that dealings in the shares proceeding from the Rights Issue on the MSE will commence on Monday, 16 December 2024.

8. Documents lodged with the Registrar of Companies and the RoFI

- 8.1 A copy of the Letter of Allocation containing subscription instructions relating to the Rights Shares.
- 8.2 A signed copy of the Prospectus.
- 8.3 Copies of the Underwriting Agreements duly executed by the Underwriters.
- 8.4 The audited financial statements relating to the Company for the half year ended 30 June 2024, including a signed copy of the independent auditors' report on the financial statements.
- 8.5 The letters of consent from the joint Lead Financial Advisors (NICO Capital Limited and Bridgepath Capital Limited), Transaction Legal Advisors (Wilson and Morgan), Transaction Sponsoring Brokers (Continental Capital Limited), and the reporting accountants (Deloitte).
- 8.6 A copy of the Application for Listing of the Rights Shares to be issued under the Rights Issue.
- 8.7 A copy of the letter from the MSE agreeing to the listing of the Rights Shares and the Letters of Allocation.

9. Commitment of the Underwriters

NICO Holdings plc, Export Development Fund, ICON Properties Limited, and NICO Asset Managers Limited have underwritten the whole of the Rights Issue at the Issue Price. The Underwriting Agreements are unconditional, subject only to the approval by the MSE to list the shares proceeding from the Rights Issue. Further information relating to the underwriting is disclosed in paragraph 10 of Part IV (*Information on the Company*) of the Prospectus.

10. General instructions and conditions

10.1 Powers of attorney

If this Form of Subscription Instructions is signed under a power of attorney, then the original or certified copy thereof must be sent to the Company Secretary or Transfer Secretary not later than 2:30 pm on Friday, 6 December 2024, unless it has already been registered with the Company Secretary or the Transfer Secretaries.

10.2 Companies

A company or other body corporate wishing to exercise its rights must send the original or certified copy of the directors', trustees', or members' resolution authorizing the exercise of such rights to the Company Secretary or Transfer Secretaries for noting not later than 2:30 pm on Friday 6 December 2024, unless it has already been registered with the Company Secretary or the Transfer Secretaries.

10.3 Stamp of broking member of the MSE

If any signature to Part C is confirmed by the stamp of a broking member of the MSE, then 10.1 and 10.2 above, as the case may be, will not apply.

10.4 Deceaseds' estates and trusts

Shares will not be allotted in the name of an estate or a trust. Therefore, where the right to the Rights Shares in the Company has accrued to an estate of a deceased holder or a trust, the executor or administrator or trustee (as the case may be) must complete Part C in his representative capacity and Part D must be completed by the person in whose name the Rights Shares are to be allotted without any reference to the estate or trust.

10.5 Joint holders

Where applicable, all joint holders of Letters of Allocation must sign.

10.6 Receipts and documents

No receipts will be given for completed Letters of Allocation and remittances. Documents accompanying applications will be returned by the Transfer Secretaries in due course, at the risk of the applicant.

10.7 Delivery of Letters of Allocation

This Form of Subscription Instructions must be completed in its entirety and returned in its entirety (including all pages 1 to 9) to the BHL Shares Desk Officer at a branch or agency of Receiving Bank no later than 2:30 pm on Friday, 6 December 2024.

10.8 Money laundering regulations

Your attention is drawn to paragraph 2.4 of Part 3 of the Prospectus: 'Terms and Conditions of the Rights Offer', which relate to the Money Laundering Regulations. Submission of a Letter of Allocation constitutes a warranty and undertaking by the acceptor of the Rights Shares to provide promptly to the Transfer Secretaries or the Receiving Bank or the relevant stockbroker such information as may be required for satisfying the Money Laundering Regulations. If satisfactory evidence of identity has not been obtained within a reasonable time, the acceptance will not be valid but without prejudice to the right of the Company to recover any loss suffered by it as a result of the failure to provide satisfactory evidence of identity.

Dated the 4th day of November 2024
By order of the Board

Leonard Chisale
Company Secretary
Blantyre Hotels Plc

Registered Office	Transfer Secretaries
Blantyre Hotels Plc Ryalls Hotel Blantyre 2 Hannover P.O. Box 21 Blantyre, Malawi Tel: + 265 (0)1 820 955 / 195 Fax: + 265 (0)1 827 000 E-mail: ryalls@proteamalawi.com	NICO Asset Managers Limited Chibisa House 19 Glyn Jones Road P.O. Box 3173 Blantyre, Malawi Tel: +265 (0) 1 832 085/086 Fax: +265 (0) 1 821 617 Email: transfersec@nicoassetmanagers.com

**Form of Subscription Instructions
(referred to in the Letter of Allocation and the Prospectus)**

Part A

Name and address of Entitled Shareholder	Reference number
(1)	Enquiries in connection with this Form of Subscription Instructions should be addressed to NICO Asset Managers Limited, Transfer Secretaries, quoting this reference number.

Account number	Number of BHL shares held at the close of business on 25 October 2024	Number of Rights Shares that can be taken up in terms of paragraph 1 on page 3	Amount payable at K12.38 per Rights Share
	(2)	(3)	(4)

Acceptance of shares	Number of Rights Shares accepted	Amount due at K12.38 per Rights Share
<i>(to be completed by acceptors of the Rights Offer, if applicable)</i> <i>(please note that the same or a lesser number of shares as the number mentioned in Box (3) above may be accepted)</i>	(5)	(6) K

Application for additional Rights Shares	Number of additional Rights Shares for which application is made	Amount due at K12.38 per Rights Share
<i>(to be completed by acceptors of the Rights Offer, if applicable)</i>	(7)	(8) K

	Amount of cheque/bank draft
<i>Total sum paid for the Rights Shares subscribed for (including additional Rights Shares if applicable)</i>	(9) K

Part B
Instruction to sell

Please use BLOCK letters

(To be completed and signed by the Entitled Shareholder if the Rights Shares provisionally allotted to him/her are to be SOLD by the Transfer Secretaries on behalf of the Entitled Shareholder)

To: **Transfer Secretaries**

I/We hereby instruct you to sell my/our rights to _____
(insert number of shares) Rights Shares and to pay the proceeds, if any, of the sale of the rights allocated to me/us in terms of this form (less taxes and costs).

Signed

Dated this day of 2024

Payment instructions:

(Please complete appropriate space)

OR

1. By electronic funds transfer to the following bank account:

Name of the account holder

Name of bank

Account number

Branch

Please note that if the above information is not completed or if conflicting instructions are given the proceeds will not be remitted until valid instruction are received by the Transfer Secretaries.

**Stamp and endorsement of
selling broker (if any)
(10.3)**

Part C
Form of renunciation

(To be signed by the Entitled Shareholder named in Box (1) of Part A if the rights to the Rights Shares are to be renounced.)

To: **The Directors of the Company**

I/We hereby renounce my/our rights to _____
(insert number of shares) Nil Paid Rights or Fully Paid Rights comprised in this Letter of Allocation in favour of the person(s) named in the registration application form (Part D below).

Dated this _____ day of _____ 2024

Signature(s) of person(s) _____
whose name(s) and
address(es) is/are set _____
out in Box 1 of Part A

(In the case of joint holders ALL must sign)
(A corporate body should either affix its seal or have two directors or one director and the secretary of the corporate body sign, expressing such to be executed by the corporate body)

Forms of renunciation on split Letters of Allocation will be marked "Original duly renounced"

**Stamp and endorsement of
selling broker (if any)
(10.3)**

Part D
Registration application form

(To be accompanied by a bank cheque or bank draft)

(To be completed by the renounee to whom the Rights Shares are to be issued)
(Once this form has been completed this Letter of Allocation will no longer be negotiable)
(To be signed by the Entitled Shareholder named in Box (1) of Part A if the rights to the Rights Shares are to be renounced)

To: **Transfer Secretaries**

I/We:

- (a) authorize you to procure the issue of the Rights Shares represented by this form in my/our names(s) upon the conditions set out in the Prospectus; and
(b) authorize the Company to place such name(s) on the register of the Company.

Please use BLOCK letters
Surname(s) or name of company/corporate body

Title

First names in full

Registration number of company/corporate body

Postal address (preferably a PO Box address)

Telephone number (office hours) ()

Email address

Signed

Dated this _____ day of _____ 2024

Assisted by me (where applicable) all joint holders must sign

**Stamp of buying broker (if
any) or stamp or name and
address of lodging agent
(10.3)**

Part E
Consolidation listing form

Serial number of Letter of Allocation being consolidated	Total number of rights	Serial number of principal Letter of Allocation
Total number of rights		

Part F
Postal instructions

In line with the current law and practice, no share certificates will be issued to you in respect of the Rights Shares but you will be given a CSD Statement as evidence of ownership. Should you require a certified title to your shares you will be at liberty to arrange for the issue of a physical share certificate after the shares proceedings from the Rights Offer have been listed.

Name

Address

Postal code

(If no specific instructions are given here, the share certificate will be forwarded either to the address shown in Box (1) in Part A or if Part C has been completed to the address shown therein)

Signed

Dated this day of 2024

ANNEX II

BHL Shares Application Form (for use by Non-Shareholders)



Blantyre Hotels Plc

Registered in Malawi as Company No. 178

Share code: BHL

BHL SHARES APPLICATION FORM (for use by Non-Shareholders)

The offer of Rights Shares in Blantyre Hotels Plc ("BHL" or the "Company") expires at 2:30 pm on Friday, 6 December 2024.

If you are in any doubt as to the action you should take, you are recommended to immediately seek financial advice from your stockbroker, bank manager, legal practitioner, accountant, investment banker, or other professional advisor.

This Application Form should be read in conjunction with the Rights Offer Prospectus sent out on or about 25 November 2024 (the "**Prospectus**"). Words and expressions defined in the Prospectus have the same meaning in this Application Form. An application has been made to the Malawi Stock Exchange ("**MSE**") for the admission of the shares proceeding from the Rights Offer to the official list of the MSE. If admission has not become effective by 10:00 am on 25 November 2024, or such later time and/or date as the Company and the Advisors may agree, this document shall cease to be of any use.

Copies of the Prospectus were delivered to the Registrar of Companies and the Registrar of Financial Institutions ("**RoFI**"). The Registrar of Companies and the RoFI have not checked and will not check the accuracy of the statements made in the Prospectus, and they accept no responsibility therefor or for the financial soundness of the Company or the value of the Rights Shares.

IMPORTANT DATES

Last day to register for the Rights Offer.	15 November 2024
Offer opens	25 November 2024
Rights uploaded to CSD with notice to shareholder	25 November 2024
Letters of Allocation listed.	25 November 2024
Securities listed ex rights.	25 November 2024
Last day for receipt of postal registrations.	27 November 2024
Last day for dealing in Letters of Allocation.	4 December 2024
Last day for splitting letters of allocation (14h30).	
Securities that are the subject of the Rights Offer listed (if granted).	5 December 2024
Offer closes (14h30) (earliest date).	6 December 2024
Last day for postal acceptances of the Rights Offer.	10 December 2024
Fourth announcement giving the results of the Rights Offer. The securities that are the subject of the rights offer listed (if granted).	13 December 2024
Listing of shares on stock exchange	16 December 2024
Latest day for effecting refunds	17 December 2024

This Form of Subscription Instructions must be completed in its entirety and returned to the BHL Shares Desk Officer at the Receiving Bank's branch or agency where you deposited or sent your payment not later than 2:30 pm on Friday, 6 December 2024 at the following address:

Letter to Non-Shareholders

Dear Prospective Shareholder,

Re: Renounceable Rights Offer of 5,038,504,230 new ordinary shares ("Rights Shares") by BHL.

1. The Rights Offer

The Rights Offer of 5,038,504,230 new ordinary shares to Entitled Shareholders of the Company is also open to members of the public to apply for shares in the Company. The price is K12.38 per Rights Share and is payable in Malawi Kwacha.

2. Application for the BHL Rights Shares and payment

- 2.1. Any person interested is at liberty to apply for as many Rights Shares as they would like to acquire.
- 2.2. If you wish to apply for Rights Shares, you must complete boxes 1, 2, and 3 in Part A of the BHL Shares Application Form. You must also complete the CSD Form (unless your particulars are already in the CSD) that was given to you with this letter. Next, you must follow the instructions in paragraph 2.3 below.
- 2.3. Once you have completed the Form of Subscription Instructions following paragraph 2.2, you must proceed to make payment for the Rights Shares you have applied for. Payment can be made by depositing cash or electronically transferring the funds into the following local accounts (if you are a non-resident, by electronically transferring funds into any international accounts) at the Receiving Banks.

National Bank of Malawi Plc Accounts

Local account

Account number	:	1011547601
Account name	:	Blantyre Hotels Rights Offer
Branch	:	Ginnery Corner
Bank	:	National Bank of Malawi Plc

International account

United States Dollars account

Account number	:	1011556527
Account name	:	Blantyre Hotels Rights Offer
Bank	:	National Bank of Malawi Plc

NBS Bank Plc Accounts

Local account

Account number	:	24943879
Account name	:	BHL Plc Rights Issue
Branch	:	Ginnery Corner
Bank	:	NBS Bank PLC

International accounts

United States Dollars account

Correspondence Bank	:	CITIBANK New York
SWIFT Code	:	CITIUS33
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943874
Branch	:	Ginnery Corner

British Pounds account

Correspondence Bank	:	CITIBANK London
SWIFT Code	:	CITIGB2L
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943862
Branch	:	Ginnery Corner

Euros account

Correspondence Bank	:	CITIBANK London
SWIFT Code	:	CITIGB2L
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943869
Branch	:	Ginnery Corner

South African Rands account

Correspondence Bank	:	ABSA BANK LIMITED
SWIFT Code	:	ABSAZAJJ
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943871
Branch	:	Ginnery Corner

You can also pay for the Rights Shares through TNM Mpamba and Airtel Money Wallets (the **"Wallets"**). In that case, the whole of your Rights Shares subscription process must be done on your Mpamba App or Airtel Money App.

For **MPAMBA**, the procedure is as follows:

1. Dial *444#,
2. then select 2 (send money),
3. then select 4 (banks),
4. then select 1 for NBM and 7 for NBS,
5. then enter the account number; and
6. proceed to the end.

For **Airtel Money**, the procedure is:

1. Dial *211#,
2. then select 6 (banks),
3. then select 4 for NBS and 6 for NBM,
4. then select 1 to send money to the bank account; and
5. proceed to the end.

- 2.4. Once you have completed the BHL Share Application Form in accordance with 2.2 above and effected the payment (except those subscribing via a Wallet), you must deliver the BHL Share Application Form, the CSD Form, and the deposit slip/proof of payment to the BHL Shares Desk Officer at the branch or agency of the Receiving Bank into whose account you deposited or transferred the payment. If you prefer, you can submit in scanned PDF the completed and signed (where necessary) BHL Share Application Form, the CSD Form if applicable), and the proof of payment to the Transfer Secretaries at transfersec@nicoassetmanagers.com.
- 2.5. Any sum of money paid in respect of the Rights Shares that are not ultimately allotted to you will be refunded to you by the Company by Tuesday, 17 December 2024, provided you completed Part B (instructions as to Refunds).

3. Conversion of rights into shares and uploading of converted rights into the CSD

Conversion of rights into shares and uploading of converted rights into the CSD is expected on or about Thursday, 12 December 2024. It is expected that dealings in the shares proceeding from the Rights Issue on the MSE will commence on Monday, 16 December 2024.

4. Documents lodged with the Registrar of Companies and the RoFI

- 4.1. A copy of the BHL Shares Application Form (for use by Non-Shareholders) containing subscription instructions relating to the Rights Shares.
- 4.2. A signed copy of the Prospectus.
- 4.3. Copies of the Underwriting Agreements duly executed by the Underwriters.
- 4.4. The audited financial statements relating to the Company for the half year ended 30 June 2024, including a

signed copy of the independent auditors' report on the financial statements.

- 4.5. The letters of consent from the joint lead financial advisors (NICO Capital Limited and Bridgepath Capital Limited), transaction legal advisors (Wilson and Morgan), transaction sponsoring brokers (Continental Capital Limited), and the reporting accountants (Deloitte).
- 4.6. A copy of the application for listing of the Rights Shares to be issued under the Rights Issue.
- 4.7. A copy of the letter from the MSE agreeing to the listing of the Rights Shares and the Letters of Allocation.

5. Commitment of the Underwriters

NICO Holdings Plc, Export Development Fund, ICON Properties plc, and NICO Asset Managers Limited have underwritten the whole of the Rights Issue at the Issue Price. The Underwriting Agreements are unconditional, subject only to the approval by the MSE to list the shares proceeding from the Rights Issue. Further information relating to the underwriting is disclosed in paragraph 10 (*Information on the Company*) of the Prospectus.

6. General instructions and conditions

6.1. Delivery of BHL Shares Application Form

The enclosed Form of Subscription Instructions must be completed in its entirety and returned in its entirety (including all pages 1 to 4) together with a completed CSD Form to the BHL Shares Desk Officer at any branch or agency of a Receiving Bank (i.e., National Bank of Malawi plc or NBS Bank plc) not later than 2:30 pm on Friday 6 December 2024.

6.2. Money laundering regulations

Your attention is drawn to paragraph 2.4 of Part III (*Terms and Conditions of the Rights Offer*), which relates to the Money Laundering Regulations. Submission of the BHL Shares Application Form (for use by Non-Shareholders) constitutes a warranty and undertaking by the applicant of the Rights Shares to promptly provide to the Transfer Secretaries or the Receiving Bank or the relevant stockbroker such information as may be required for satisfying the Money Laundering Regulations. If satisfactory evidence of identity has not been obtained within a reasonable time, the acceptance will not be valid but without prejudice to the right of the Company to recover any loss suffered by it as a result of the failure to provide satisfactory evidence of identity.

Dated the 5th day of November, 2024

By order of the Board

Leonard Chisale
Company Secretary
Blantyre Hotels Plc

Registered Office	Transfer Secretaries
Blantyre Hotels Plc Ryalls Hotel Blantyre 2 Hannover P.O. Box 21 Blantyre, Malawi Tel: + 265 (0)1 820 955 / 195 Fax: + 265 (0)1 827 000 E-mail: ryalls@proteamalawi.com	NICO Asset Managers Limited Chibisa House 19 Glyn Jones Road P.O. Box 3173 Blantyre, Malawi Tel: +265 (0) 1 832 085/086 Fax: +265 (0) 1 821 617 Email: transfersec@nicoassetmanagers.com

**BHL Share Application Form
(referred to in the Letter to Non-Shareholders)**

Part A

Name and address of Investor	Reference number
(1)	Enquiries in connection with this Form of Subscription Instructions should be addressed to NICO Asset Managers Limited, Transfer Secretaries, quoting this reference number.

Application for BHL Rights Shares	Number of BHL Rights Shares for which application is made	Amount due at K12.38 per Rights Share
<i>(to be completed by the Investor of the Rights Offer, if applicable)</i>	(2)	(3)
		K

Part B

Instructions as to Refunds

To: Transfer Secretaries

I/We:

authorize you to send any refund arising from any Rights Shares I/we have applied for not being allocated to us to the following bank account (include address):

Please use BLOCK letters

Surname(s) or name of company/corporate body

Title:

Names in full:

Signed:

Dated this day of 2024

E-mail: _____ Date: _____

Note that refunds can only be to accounts bearing the name of the Applicant.

ANNEX III

CSD Form



Reserve Bank of Malawi

SECURITIES ACCOUNT OPENING FORM (CSD)

To be completed in BLOCK LETTERS
APPLICANT PARTICULARS

For Individuals

Full Name..... Gender: Male: ☐ Female: ☐

ID Type*..... ID Number*..... Date of Birth*.....

Foreign/Local Investor*.....

For Joint Applicants

Full Name..... Gender: Male: ☐ Female: ☐

ID Type*..... ID Number*..... Date of Birth*.....

Foreign/Local Investor*.....

For Companies/Institutions:

Company Name: Registration Number*.....

Date of Registration.....

Physical Address*

Postal Address:

.....
.....
.....
.....

.....
.....
.....
.....

Telephone*..... Cellphone*..... Fax:.....

Email Address*.....

Authorised Signatories:.....

NB (*) Denotes required/mandatory fields. Completed forms must be accompanied by certified copy of ID Document

Dividend Disposal Instruction

Bank Name: _____ Bank Branch Code: _____

Account Name: _____ Account Number: _____

DECLARATION

- I. I/We hereby request you to open and maintain a Securities Account in the Central Securities Depository (CSD) in my/our name(s).
 - II. I/We hereby represent and warrant that I/We have good title to such securities that may be held in my/our Securities Account from time to time.
 - III. I/We affirm that the funds to be used for the purchase of Securities through my/our Securities Account will not be funds derived from any money laundering activity or funds generated from terrorists or any other illegal activity.
 - IV. I/We hereby confirm that the undersigned Participant has full authority to intermediate and or conduct business with the Depository on our behalf in keeping with CSD Rules and Procedures that may be in force from time to time.
 - V. I/We agree to be bound by the terms and conditions articulated by the CSD Rules, including any procedures and any other instructions.
 - VI. I/We undertake to notify the under-mentioned Participant of any change of particulars or information provided by me/us in this form.
-

BROKER CONTROLLED ACCOUNT - STOCKBROKERS MANDATE

I/We hereby confirm that I/we appoint _____ to manage my/our CSD Securities Account on our behalf, in accordance with the Terms and Conditions of the Depository in force from time to time". We understand that _____ will be responsible for execution of our trade orders at the Malawi Stock Exchange ("MSE") and recording them on the CSD System while RBM or its agents will be responsible for managing both our cash & scrip settlements on the CSD System. We understand that CSD settlements, once confirmed, are irrevocable and irreversible, and we indemnify _____ against any losses arising as a result of these transactions. No responsibility will be accepted for any errors, omissions, or delays in transmissions arising from circumstances beyond the control of _____.

Primary Applicant Signature: _____ Date: _____

Joint Applicant Signature: _____ Date: _____

FOR PARTICIPANT USE ONLY	FOR CSD USE ONLY
Declaration: We, the undersigned undertake that we have checked the accuracy of the Documents submitted with this application.	Approved <input type="checkbox"/> Declined <input type="checkbox"/>
Verified By: _____	Approved
Signature: _____	By: _____
Securities Account Number: _____	Signature: _____
Account Code: _____	

For Official Use

ANNEX IV

Corporate particulars for Underwriters

1. NICO Holdings

Name of Company	NICO Holdings plc
Registered number	1377
Registered office	Chibisa House, 19 Glyn Jones Road, Blantyre, otherwise of Post Box 501, Blantyre
Date and place of incorporation	Blantyre
Authorised share capital	1,300,000,000 shares of K0.05 each
Issued share capital	1,043,041,096 shares of K0.05 each
Directors	Dr Elias Ngalande Robert Scharar Catherine Lesetedi Dr Candida Nankhumwa Natasha Nsamala Vizenge Kumwenda Sangwani Hara Robert Mdeza
Company Secretary	Angela Kandani
Bankers	National Bank of Malawi Plc 7 Henderson Street P O Box 945 Blantyre NBS Bank plc NBS House Corner Chipembere Highway & Johnstone Roads Ginnery Corner P O Box 32251 Chichiri, Blantyre 3 Standard Bank plc P O Box 1111 Blantyre

2. EDF

Name of Company	Export Development Fund
Registered number	11855
Registered office	Export Development Fund , 1st Floor, PSPF House, Presidential Way Drive, City Centre, Post Box 30063, Lilongwe 3
Date and place of incorporation	2012, Blantyre
Directors	Dr. Neil Nyirongo Chakudza Linje Stella Kang'ombe Martin Siwu Dr. Ted Nakhumwa Martha Etta Kaukonde Fredrick Chanza Louis Sibande Tobias Chinkhwangwa
Company Secretary	Tadala Peggy Chinkwenzule
Bankers	National Bank, Standard Bank

3. ICON

Name of Company	ICON Properties plc
Registered number	COY1010880
Registered office	19 Glyn Jones Road, Blantyre
Date and place of incorporation	4 June 2018, Blantyre
Authorised share capital	10,000,000,000 shares of K1 each
Issued share capital	6,680,000,000 shares of K1 each
Directors	Eric Chapola Dasford Kamkwamba Sangwani Hara Simeon Banda Graham Chipande Joseph Malingamoyo Emily Makuta
Company Secretary	Kizito Kumwenda
Bankers	National Bank of Malawi plc 7 Henderson Street P O Box 945 Blantyre NBS Bank plc NBS House Corner Chipembere Highway & Johnstone Roads Ginnery Corner P O Box 32251 Chichiri, Blantyre 3 Standard Bank plc P O Box 1111 Blantyre

4. NICO Asset

Name of Company	NICO Asset Managers Limited
Registered number	8854
Registered office	19 Glyn Jones Road, Chibisa House
Date and place of incorporation	1 January 2009, Blantyre
Authorised share capital	100,000,000 shares of K0.05 each
Issued share capital	50,000,000 shares of K0.05 each
Directors	Chifundo Chiundira Rute Petautchere Wilson Chirwa Ryan Scharar Kudakwashe Mukushi Dr. Davies Lanjesi Chifundo Chimwaza Mabvuto Hara
Company Secretary	Memory Chipembere
Bankers	National Bank of Malawi plc 7 Henderson Street P O Box 945 Blantyre NBS Bank plc NBS House Corner Chipembere Highway & Johnstone Roads Ginnery Corner P O Box 32251 Chichiri, Blantyre 3 Standard Bank plc P O Box 1111 Blantyre

ANNEX V

Particulars of Details of Receiving Banks

This Annexure shows the particulars of bank accounts that have been designated for receiving the proceeds of the Rights Offer.

National Bank of Malawi Plc

Local account

Account number	:	1011547601
Account name	:	Blantyre Hotels Rights Offer
Branch	:	Ginnery Corner
Bank	:	National Bank of Malawi Plc

International account

Account number	:	1011556527
Account name	:	Blantyre Hotels Rights Offer
Bank	:	National Bank of Malawi Plc

NBS Bank PLC

Local account

Account number	:	24943879
Account name	:	BHL Plc Rights Issue
Branch	:	Ginnery Corner
Bank	:	NBS Bank PLC

United States Dollars account

Correspondence Bank	:	CITIBANK New York
SWIFT Code	:	CITIUS33
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943874
Branch	:	Ginnery Corner

British Pounds account

Correspondence Bank	:	CITIBANK London
SWIFT Code	:	CITIGB2L
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943862
Branch	:	Ginnery Corner

EUROS account

Correspondence Bank	:	CITIBANK London
SWIFT Code	:	CITIGB2L
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943869
Branch	:	Ginnery Corner

South African Rands account

Correspondence Bank	:	ABSA BANK LIMITED
SWIFT Code	:	ABSAZAJJ
Beneficiary Bank	:	NBS Bank PLC
SWIFT Code	:	NBSTMWMW
Beneficiary Customer	:	BHL Plc Rights Issue
Account number	:	24943871
Branch	:	Ginnery Corner

ANNEX VI

Definitions and interpretation

In this Prospectus and all documents related to this transaction, unless the context otherwise requires:

1. 'Accounts' means the audited financial statements of the Company for the half year ended 30 June 2024;
2. 'Advisors' means NICO Capital Limited, Bridgepath Capital Limited, Wilson and Morgan, and Continental Capital Limited, referred to collectively and/or individually as the context may admit;
3. 'Africap' means Africap LLC, a limited liability company incorporated in Huston, Texas, in the United States of America at 791 Town & Country Blvd, Suite 250, Houston, Texas;
4. 'Applicable Law' means the laws of Malawi;
5. 'Articles of Association' means the Company's Articles of Association;
6. 'BHL' means the Issuer of the Rights Share in this Rights Offer transaction;
7. 'Closing Date' means Friday 6 December 2024;
8. 'Companies Act' means the Companies Act, Cap. 46:03, Laws of Malawi;
9. 'Company Secretary' means the company secretary of the Company for the time being;
10. 'Company' or 'BHL' means Blantyre Hotels Plc;
11. 'Directors' means the directors of the Company for the time being;
12. 'Entitled Shareholder' means a shareholder of the Company appearing on the Company's register of members on the Record Date, and 'Entitled Shareholders' has a corresponding meaning;
13. 'Existing Shares' means the issued Ordinary Shares in the share capital of the Company as at close of business on the Record Date, and Existing Share has a corresponding meaning;
14. 'Form of Subscription Instructions' means the form included in the Letter of Allocation for giving instructions to the Company and the Transfer Secretaries concerning the action an Entitled Shareholder or a renouncee takes concerning the Rights Shares offered to an Entitled Shareholder;
15. 'Fully Paid Rights' means Rights Shares in fully paid form provisionally allotted to Entitled Shareholders;
16. 'GSO' means the option given to the Directors to issue further shares over and above the Rights Shares up to 15% of the Rights Shares in the event of an oversubscription for Rights Shares;
17. 'Hotels Regulations' means the Hotels Regulations made under the Tourism and Hotels Act;
18. 'IASB' means the International Accounting Standards Board;
19. 'ICAM' means the Institute of Chartered Accountants in Malawi;
20. 'ICON' means ICON Properties plc, a public limited liability company of 19 Glyn Jones Blantyre, otherwise Post Office Box 3172, Blantyre;
21. 'IFRIC' means the International Financial Reporting Interpretation Committee;
22. 'IFRS' means the International Financial Reporting Standards issued by the IASB;
23. 'Issue Price' means K12.38 per Rights Share;
24. 'K' or 'Kwacha' means Malawi Kwacha, the legal tender of the Republic of Malawi;
25. 'Letter of Allocation' means the renounceable letter of allocation expected to be sent to Entitled Shareholders in respect of the Rights Shares provisionally allotted to Entitled Shareholders under the Rights Offer;

26. 'MRA' means the Malawi Revenue Authority;
27. 'MSE Listings Requirements' means the listings requirements applicable to listed companies promulgated or adopted by the MSE from time to time;
28. 'MSE' or 'Malawi Stock Exchange' means the Malawi Stock Exchange established under the Securities Act;
29. 'NICO Asset' means NICO Asset Managers Limited, a private limited liability company incorporated under the Laws of Malawi of Chibisa House, 19 Glyn Jones Road, Blantyre, otherwise of Post Office Box 3173, Blantyre;
30. 'NICO Holdings' means a public limited liability company incorporated under the Laws of Malawi Chibisa House, 19 Glyn Jones Road, Blantyre, otherwise of Post Office Box 501, Blantyre;
31. 'NICO Life' means a private limited liability company incorporated under the Laws of Malawi of NICO House, 3 Stewart Street, Blantyre, otherwise of Post Office Box 3044, Blantyre;
32. 'Nil Paid Rights' means Rights Shares in nil paid form provisionally allotted to Entitled Shareholders;
33. 'Non-Resident Shareholders' means shareholders who are ordinarily resident outside Malawi;
34. 'Non-Shareholders' means a person who is not an Existing Shareholder of the Company;
35. 'Oasis' means Oasis Hospitality Limited, a limited liability company incorporated under the Laws of Malawi of Ryalls Hotel, 2 Hannover Avenue, Blantyre, otherwise of Post Office Box 21, Blantyre;
36. 'Ordinary Shares' means the ordinary shares of 5 tambala each in the capital of the Company, and "Ordinary Share" or "Share" means any one of them;
37. 'PSPTF' means Public Service Pension Trust Fund, a registered pension fund of Public Service Pension Fund house along Presidential Way Drive, Lilongwe, otherwise of Post Office Box 30146, Lilongwe 3.
38. 'Pension Act' means the Pension Act, Cap. 55:02, Laws of Malawi;
39. 'RBM' means the Reserve Bank of Malawi established under the Reserve Bank of Malawi Act;
40. 'Receiving Bank Account' means any of the accounts maintained at National Bank of Malawi or NBS Bank as detailed in Annex V (Particulars of Receiving Bank Accounts) designated for receiving proceeds of Rights Offer;
41. 'Receiving Banks' means National Bank of Malawi Plc and NBS Bank Plc performing their responsibility as receiving agents, and 'Receiving Bank' means any of them;
42. 'Record Date' means close of business (Malawi time) on 15 November 2024;
43. 'Registration Requirements for Securities' of 'RR' means Securities (Registration Requirements of Securities) Directive, 2024, promulgated by the RoFI pursuant to section 67(1) of the Securities Act;
44. 'Reporting Accountants' means Deloitte, Certified Public Accountants of First Floor, PCL House Top Mandala Kaoshiung Road, Blantyre or otherwise of Post Office Box 187, Blantyre;
45. 'Reserve Bank of Malawi Act' means the Reserve Bank of Malawi Act, Cap.44:02, Laws of Malawi;
46. 'Rights Offer' means the offer of five billion thirty-eight million five hundred and four thousand two hundred and thirty (5,038,504,230) Rights Shares in the Company at the price of the Issue Price to be undertaken by the Company on the terms and conditions contained in this Prospectus and fully underwritten by the Underwriters on the terms and conditions contained in the Underwriting Agreements;
47. 'Rights Shares' means the new ordinary shares of K12.38 each in the share capital of the Company offered to the Entitled Shareholders by way of the Rights Offer, and 'Rights Share' has a corresponding meaning;
48. 'RoFI' means the Registrar of Financial Institutions appointed under the Financial Services Act;
49. 'Securities Act' means the Securities Act, 2010;
50. 'Shareholder' means a shareholder holding ordinary shares in the issued share capital of the Company for the time

being, and 'Shareholders' has a corresponding meaning;

51. 'Shareholder Helpline' means the dedicated telephone numbers 323 and + 265 991 323 323, which shareholders requiring more information or clarification of information on the Rights Offer can call between 08:00 am and 4:30 pm between Monday and Friday (Malawi public holidays excepted), Malawi time;
52. 'Take-up Shares' means the number of the Rights Shares that are not subscribed for in the Rights Offer by Entitled Shareholders as at the Closing Date;
53. 'tambala' means one-hundredths of a Kwacha;
54. 'Tourism and Hotels Act' means the Tourism and Hotels Act, Cap 50:01, Laws of Malawi;
55. 'Tourism and Hotels (Minimum Standards) Regulations' means the Tourism and Hotels (Minimum Standards) Regulations made under the Tourism and Hotels Act;
56. 'Tourism and Hotels (Enterprises) Regulations' means the Tourism and Hotels (Enterprises) Regulations made under the Tourism and Hotels Act;
57. 'Tourism and Hotels (Licensing of Hotels) Regulations' means the Tourism and Hotels (Licensing of Hotels) Regulations made under the Tourism and Hotels Act;
58. 'Tourism and Hotels (Grading) Regulations' means the Tourism and Hotels (Grading) Regulations made under the Tourism and Hotels Act;
59. 'Tourism and Hotels (Marketing Fund) Regulations' means the Tourism and Hotels (Marketing Fund) Regulations made under the Tourism and Hotels Act;
60. 'Transfer Secretaries' means NICO Asset Managers Limited of Chibisa House, 19 Glyn Jones Road, Post Office Box 3173, Blantyre, Malawi;
61. 'Underwriters' means NICO Holdings, EDF, ICON, and NICO Asset referred to collectively, and "Underwriter" means any of them;
62. 'Underwriting Agreements' means the underwriting agreements entered into between (i) the Company and NICO Holdings, (ii) the Company and EDF, (iii) the Company and ICON and (iv) the Company and NICO Asset;
63. 'Underwritten Price' means the price of K12.38 per Rights Share; and
64. 'US\$' means the lawful currency of the United States of America.

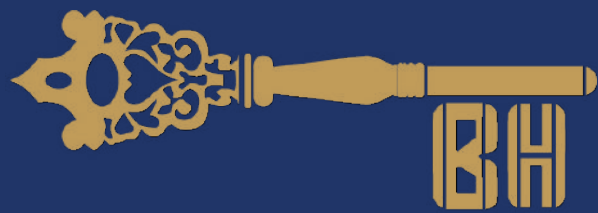
Interpretation

65. The singular includes plural and vice versa;
66. A reference to an individual or person includes a corporation, firm, partnership, authority, and vice versa;
67. A reference to any gender includes all genders;
68. A reference to a recital, clause, or schedule is to a recital, clause, or schedule of or to this document;
69. A reference to any legislation or legislative provision includes any statutory notification or re-enactment of, or legislative provision substituted for, and any subordinate legislation under, that legislation or legislative provision;
70. Where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
71. The words 'including', 'such as', 'particularly', and similar expressions do not imply limitation;
72. If the day on which any act or matter or thing is to be done under or pursuant to this document is not a business day, that act, matter, or thing may be done on the next business day; and

73. The financial information presented in a number of tables in this Prospectus has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information before rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Abbreviations for legislation

CA	Companies Act, Cap. 46:03, Laws of Malawi
LR	Malawi Stock Exchange Listings Requirements, 2024
SA	Securities Act, Cap. 46:06, Laws of Malawi
RR	Securities (Requirements for Registration of Securities) Directives, 2024
RRS1	Refers to a paragraph in the First Schedule (Information to be provided in Letter of Application for Registration of Securities) to the Securities (Requirements for Registration of Securities) Directives, 2024.
RRS2	Refers to a paragraph in the Second Schedule (Information to be contained in a Prospectus) to the Securities (Requirements for Registration of Securities) Directives, 2024.
RR3	Refers to a paragraph in the Third Schedule (Accountants Report) to the Securities (Requirements for Registration of Securities) Directives, 2024.



Blantyre Hotels Plc