



Blantyre Hotels plc, "The Company" Incorporated in Malawi Company Registration 178

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 71ST ANNUAL GENERAL MEETING OF BLANTYRE HOTELS PLC IS SCHEDULED TO BE HELD AT RYALLS HOTEL IN BLANTYRE ON 2 MAY 2018 FROM 2:00 PM AT WHICH THE FOLLOWING BUSINESS WILL BE TRANSACTED:

A. Ordinary Business

1. Financial Statements

To receive and consider the Audited Financial Statements for the year ended 30th September 2017, together with the reports of the Directors and Auditors thereon.

2. Election of Directors

3.1 Re-election of Director

To consider re-electing Ms. Rosemary Mkandawire who retires in terms of Articles 59 and 60 of the Articles of Association of the Company, and who, being eligible, offers herself for re-election.

3.2 Retirement and Appointment of Director

Mr. MacArthur Mtila who retires in terms of Article 59 of the Articles of Association has not offered himself for re-election as Director of the Board.

The Board recommends to the shareholders the appointment of Mr. Rob Scharar as Director of Blantyre Hotels Plc to replace Mr. MacArthur Mtila pursuant to Article 61 of the Articles of Association of the Company.

Mr. Robert Scharar holds a degree in Business Accounting from University of Florida. He received his Associate Arts degree in Accounting from Polk Community College. He has a Master's Degree in Business Administration and a Juris Doctor degree in Law from Northeastern University and a Masters of Laws (LLM) degree in Taxation from Boston University Law School. Mr. Scharar is a member of the Florida and Massachusetts Bars and is a Certified Public Accountant (Florida). He is the President and Director of FCA Corp, based in Houston Texas, and has worked in this capacity since 1975 (including its predecessor firm). His current directorships include a seat on the Africap LLC Board, the Commonwealth International Series Trust, a US mutual fund group and NICO Holdings Plc. He brings to the Board a combination of finance and legal skills.

3. Non-Executive Directors' Fees and Sitting Allowances

To approve an increase in the fees and the sitting allowances of the Chairman and Non-Executive Directors with effect from 1 October 2017 as follows:

(2017: K100,000.00).

Directors' Fees

Chairman: K1,754,000.00 per annum (2017: K1,538,000.00)

Non-Executive Directors: K1,578,000.00 per annum (2017: K1,384,000.00)

Sitting Allowances:

Chairman: K123,000.00 per sitting (2017: K108,000.00).

Non-Executive Directors: K114,000.00 per sitting (2017: K100,000.00).

4. Appointment of Auditors

To approve the appointment of Deloitte as Auditors for the 2017/2018 Financial Year and to authorize Directors to fix the Auditors' remuneration.

5. Dividend

To declare a final dividend of K19.4 million representing 15 tambala per share for the year ended 30 September 2017 as recommended by the Board of Directors. A first Interim Dividend of K64.6 million (or 50 tambala per share) was paid on 5 July 2017 followed by a second interim dividend of K64.6 million (or 50 tambala per share) which was paid on 29 December 2017. If the proposal to pay a final dividend is approved, the total dividend for the year will be K148.6 million or K1.15 per share (2016: K129.20 million or K1.00 per share).

B. Special Business

6. Proposal to Increase Authorized Share Capital, Issue Bonus Shares and Share Split

To consider and if thought fit, pass the following resolution:

THAT on the recommendation of the Directors:

6.1 The authorized share capital for the Company be increased from K35,000,000.00 (Thirty Five Million Kwacha) to K250,000,000.00 (Two Hundred and Fifty Million Kwacha) by increasing authorized shares from 140,000,000 (One Hundred and Forty Million) shares of 25t (Twenty Five Tambala) each to 1,000,000,000 (One Billion) shares of 25t (Twenty Five Tambala) each.

6.2 The sum of MK1,085,216,300 (One Billion Eighty Five Million Two Hundred Sixteen Thousand and Three Hundred Kwacha) being part of the company's retained earnings be capitalized, and accordingly that the same be applied in paying up in full at a price of K28.00 per share of 38,757,725 (Thirty Eight Million Seven Hundred and Fifty Seven Thousand Seven Hundred and Twenty Five) ordinary shares of par value 25t (Twenty Five Tambala) each required for such capitalization and that all such shares be allotted, issued and distributed fully paid up to and among the holders of the said ordinary shares of the Company as at 18 May 2018 at the rate of 3 (Three) ordinary shares for every 10 (Ten) shares held and the directors shall give effect to this resolution and shall have full power to do such acts and things as are required to give effect to the said capitalization, allotment, issue and distribution, including the power to round up to the nearest whole number.

6.3 THAT the total of 671,800,564 (Six Hundred Seventy-One Million Eight Hundred Thousand Five Hundred Sixty Four) shares be allotted, issued and distributed fully paid up to and among the holders of the ordinary shares of the Company as at 18 May 2018 by splitting every 1 (One) ordinary share held in the company into 5 (Five) ordinary shares, such shares being a split of the total sum of all existing shares allotted, issued and distributed after the bonus shares to and among the holders of the ordinary shares of the Company as at 18 May 2018, and the directors shall give effect to this resolution and shall have full power to do such acts and things as are required to give effect to the said share split, allotment, issue and distribution.

7. Amendment of Memorandum of Association

THAT in view of the above increase in authorized share capital, bonus issue and share split, it is proposed that pursuant to **Section 35 of the Companies Act, 2013** and other applicable provisions of the Companies Act, **Clause 4 of the Memorandum of Association** of the Company be and is hereby amended and substituted by the following:

*"4. The share capital of the Company is **TWO HUNDRED AND FIFTY MILLION KWACHA (K250,000,000.00)** divided into **FIVE BILLION (5,000,000,000.00) SHARES of par value FIVE TAMBALA (5t)** each with power to increase, reduce or vary the same from time to time and to divide the shares in the capital, whether original or increased, into several classes and to attach thereto respectively any preferential, deferred qualified or special rights, privileges or conditions as may be determined at the time of issue by or in conformity with the regulations of the company for the time being"*

C. Other Business

To transact any other business prior notice of which shall have been given to the Company Secretaries by members of the Company not less than 21 days before the date of the Annual General Meeting.

Dated 3 April 2018

BY ORDER OF THE BOARD

NICO ASSET MANAGERS LIMITED

COMPANY SECRETARIES

Registered Office

Chibisa House

19 Glyn Jones Road

P.O. Box 3173

BLANYRE

THE CIRCULAR TO SHAREHOLDERS

THIS CIRCULAR IS VERY IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, banker, legal advisor, accountant or other professional advisors immediately.

This circular has been prepared in compliance with Section 90 of the Companies Act 2013, Articles 17 to 19 of Articles of Association of Blantyre Hotels Plc, and MSE Listing Requirements

1. INTRODUCTION

Blantyre Hotels Plc, operating Ryalls Hotel which is under the management contract of Protea Hotels International Limited owned by Marriott. BHL was listed on the Malawi Stock Exchange on 25 March 1997. 129 million shares were issued at an introductory price of K0.84 per share. Since then, its share price has grown to K28 per share growing its market capitalization from K108 million on listing date to K3.6 billion as at 31 March 2018.

The strategic plan of the Company includes expansion of the existing hotel and development of new facilities in the medium to long term. To achieve this effectively, the Directors believe that the Company's share capital needs to be changed to reflect the new strategic goals. It is in this light that the Directors recommend to the shareholders the capital restructuring through bonus issue and share split to increase the number of shares in issue. The Directors believe that implementing this capital restructuring will improve the liquidity of the shares on the market.

2. KEY FEATURES OF THE CIRCULAR

This circular has the following key features:

2.1 Capital Restructuring

The current authorized share capital of the Company is K35 million divided into 140 million shares at par value of 25 Tambala per share. The issued and fully paid up capital is K32 million divided into 129 million shares at par value of 25 Tambala per share.

In order to accommodate the bonus shares and the share split below, it is necessary that the Company increases its authorized share capital. The Directors recommend the increase in the authorized share capital of the Company from K35,000,000 (Thirty Five Million Kwacha) being 140,000,000 (One Hundred and Forty Million) shares at par value of 25t (Twenty Five Tambala per share to K250,000,000 (Two Hundred and Fifty Million Kwacha) being 1,000,000,000 (One Billion) shares at par value of 25t (Twenty Five Tambala).

2.2 Bonus Shares

2.2.1 Introduction

The Directors propose that the Company should utilize retained earnings of K1.09 billion as at 30 September 2017 to issue bonus shares to existing shareholders at the record date indicated in the timetable which is included in this circular.

2.2.2 Basis of Allotment

The directors recommend that the Company move K1.09 billion from the retained earnings account to the share capital and share premium accounts through an issue of 38,757,725 ordinary shares of par value 25 Tambala each at a price of K28.00 per share.

2.2.3 Formulae for Calculating Bonus Shares

The board recommends that 3 new shares be allocated to shareholders for every 10 shares held in the company. Fractional entitlements of 0.5 and above will be rounded up to the nearest whole number and fraction of less than 0.5 will be rounded down to the nearest whole number. When shareholders approve the bonus issue above, 38,757,725 new shares will be issued to shareholders.

2.3 Share Split

The Board is aware that investors have had difficulty in investing in the shares of the Company. The Board believes that splitting the shares will improve their accessibility, thereby enhancing liquidity and marketability. The Board proposes a share split of one (1) ordinary share into five (5) ordinary shares of the Company. If the relevant resolution is approved, each shareholder will receive four (4) additional ordinary shares for each existing ordinary share held after the bonus issue.

Below is the effect of the share split on the number of shares for BHL:

IMPACT OF SHARE SPLIT ON THE NUMBER OF SHARES FOR BHL			
	Pre-Transaction	Post-Transaction	
	Actual	Pre-Share Split	Post- Share Split
Authorized Shares	140,000,000	1,000,000,000	5,000,000,000
Issued Shares	129,192,416	167,950,141	839,750,705
Par Value (t)	25	25	5
Nominal Issued Share Capital (K)	32,298,104	41,987,535	41,987,535
Nominal Authorized Share Capital (K)	35,000,000	250,000,000	250,000,000

The par value of the shares after the share split will decline to 5 Tambala from 25 Tambala per share and the authorized shares will increase from 1,000,000,000 (One billion) to 5,000,000,000 (Five billion) as a result of the share split.

2.4 Theoretical Effects of share split on Share Price

In theory, the share split does not change the market capitalization. This means the total market value of BHL is not expected to change when implementing the share split. The result is that this increase in number of shares should reduce the share price in order to keep the market capitalization constant. After the share split, the share price of BHL is theoretically expected to decline to K4.31 per share on the assumption that the share price remains at K28.00 at the time of the transaction. However, the total value of shares held by all shareholders at the time of the share split will not be affected. See the table below for details:

Theoretical Share Prices Post Transaction			
	Pre-Transaction	Post-Transaction	
	(Actual)	Bonus Issue	Share Split
Market Share Price (K)	28.00	21.54	4.31
No of Shares in Issue	129,192,416	167,950,141	839,750,705
Market Capitalization (K)	3,617,387,648	3,617,387,648	3,617,387,648
Earnings Per Share (t)	392	302	60

3. SHARE CERTIFICATES

New share certificates will be issued to all shareholders after the transaction is concluded. Shareholders will be requested to complete a share exchange form and submit their old certificates in order to collect the new share certificates. Shareholders who have lost their certificates are requested to file indemnities through the Transfer Secretary in order to replace these certificates and collect the new share certificates.

4. MSE LISTING

The Company will make an application to the MSE to amend the current listing particulars of the Company and to list the shares resulting from the proposed bonus issue and the share split; and will be listed in accordance with the timetable contained in this Circular.

5. IMPACT ON THE COMPANY EQUITY

The proposed transaction does not impact the total equity of the Company.

6. IMPACT ON DIRECTORSHIP AND MANAGEMENT

The proposed transaction does not change the existing Directorship and management.

7. IMPACT ON DIVIDENDS

The proposed transaction does not affect dividend payments of the Company. BHL will continue paying dividends to its shareholders as approved at its Annual General Meetings.

8. TRANSACTION AND LISTING FEES

Transaction and listing fees payable for this transaction are estimated to be K44.04 million excluding any taxes payable for the transaction.

9. DIRECTORS' RECOMMENDATION

The Board believes that the proposed transactions will unlock your value in the Company and position the Company for strategic growth. The Board therefore unanimously recommends that you vote in favor of the proposed bonus issue and the share split at the Annual General Meeting to be held on 27 March 2018.

10. ANNUAL GENERAL MEETING

An Annual General Meeting ("AGM") will be held at Ryalls Hotel, Blantyre, Malawi on 2 May 2018 at 1400 hours at which ordinary and special business will be transacted. The proposed transactions will be part of this special business to be transacted.

A notice of the meeting and a form of proxy are enclosed, and if you will not be able to attend the meeting, you are requested to complete the proxy form and return it to the Transfer Secretary of the Company at NICO Transfer Secretaries, Chibisa House, 19 Glyn Jones Road, Blantyre, Malawi as soon as possible and in any event so as to be received at least 48 hours before the time appointed for holding the meeting.

The completion and return of the proxy form will not preclude you from attending and voting at the meeting should you find yourself able to do so.

11. ACTION TO BE TAKEN

- You are entitled to vote at the AGM to be held on 2 May 2018 in person or by proxy as outlined in the relevant AGM Notice to Shareholders.
- Ordinary shares arising from the bonus issue and share split will automatically be allocated to shareholders as at the Record Date. Refer to Section 4 of this circular for issuance of share certificates.
- This Circular has been sent to shareholders in the register of shareholders as of close of business on 11 April 2018. If you have disposed of all or any of your BHL shares, please forward this document, together with the enclosed Proxy Forms, to the purchaser of such shares or the broker or other agent through whom you disposed of such shares.

12. TIMETABLE OF EVENTS

Activity	Indicative Completion Date
AGM Notice published in the press	5 April 2018
Circular published in the press	5 April 2018
Circular and AGM Notice posted to shareholders	11 April 2018
AGM	2 May 2018
Announcement of AGM results	3 May 2018
Registration of the issued shares with the Registrar of Companies	8 May 2018
Closure of register for bonus and share split ("Record Date")	18 May 2018
Application for listing the maximum number of securities that could be issued	18 May 2018
Existing shares listed ex entitlement	18 May 2018
Allotment of bonus shares and share split	21 May 2018
Listing of the Bonus and split shares on MSE	28 May 2018
Commencement of issuance of share certificates to shareholders	4 June 2018

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility of the accuracy of the information contained in this Circular and certify that to the best of their knowledge and belief, no facts have been omitted from this Circular which would make any statement herein false or misleading, and that they have made all reasonable enquiries to ascertain such facts.

For and on behalf of the Board,

Vizege Kumwenda
CHAIRMAN

INDEPENDENT EXPERT REPORT

Deloitte.

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NTU/nm

3 April 2018

The Board of Directors
Blantyre Hotels Plc
P.O. Box 21
BLANTYRE

Dear Directors

INDEPENDENT EXPERT REPORT ON BLANTYRE HOTELS PLC'S BONUS ISSUE AND STOCK SPLIT TRANSACTION

The Transaction

Blantyre Hotels Plc proposes to undertake the following transactions:

- Increase authorized share capital from the current 140 million shares of 25 Tambala each to 5 billion shares of 25 Tambala each.
- To issue bonus shares at a ratio of 3 new shares for every 10 existing shares.
- To split the shares in the ratio of 1 share held in the Company after the bonus issue into 5 shares held in the Company.
- Decrease the nominal value of the Company's authorized shares from 25 Tambala each to 5 Tambala each as a result of the stock split

The proposed bonus issue and stock split do not require any form of cash payment by shareholders.

Deloitte in its capacity as an independent financial advisor has been engaged to issue an independent expert's report in respect of the above-proposed transaction. Specifically, we have been requested to indicate whether we believe the bonus issues, the share split is fair and reasonable, and we report as follows:

- We have reviewed the Board of Directors resolution for the bonus issue and stock split, duly approved and adopted by the Directors on 02 February 2018;
- We have reviewed the draft circular to be issued on 03 April 2018 in respect of the bonus issue and stock split and we confirm that the draft circular is consistent with the transaction details;
- We have reviewed the draft notice of the Annual General Meeting (AGM) scheduled to take place on 2 May 2018 and the agenda of the meeting includes proposals to increase authorized share capital, issue bonus shares and stock split. We understand that the notice of the AGM will be published in the press on 5 April 2018 ;
- We have reviewed the draft notice to be released to the general public on 3 May 2018 after the Annual General Meeting;
- We have reviewed the computation of the number of shares to be issued to shareholders under the bonus issue and stock split as of 9 February 2018 and it has been done in accordance with the resolution of the Board of Directors;
- We have reviewed the Malawi Stock Exchange daily stock news published on 9 February 2018;
- We reviewed the Company's Memorandum and Articles in particular Clause 17 and 19 which deal with the current transaction; and
- We have reviewed the Blantyre Hotels Plc financial statements for the year ended 30 September 2017.

In our opinion, after due consideration of the relevant factors, we believe that the basis of the transaction is fair and reasonable based on the current information provided by management. Should there be any material changes our opinion may be amended to reflect such information.

Deloitte has no interest, direct or indirect in Blantyre Hotels Plc or associated companies save for professional fees for services rendered in connection with normal commercial transactions.

Yours faithfully

Chartered Accountants
Nkondola Uka
Partner



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Disclaimer

The transaction advisors, transfer secretaries, sponsoring brokers, independent financial advisors and the legal advisors are acting exclusively for Blantyre Hotels Plc, and no one else in connection with the proposed transaction and will not be responsible to anyone, other than Blantyre Hotels Plc, for providing the protections afforded to clients of the transaction advisors, transfer secretaries, sponsoring brokers, independent financial advisors and the legal advisors, respectively, nor for providing advice in relation to the proposed transactions.