

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.



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

CIRCULAR TO SHAREHOLDERS

Regarding:

- Proposed increase in the authorized share capital of the Company from K35 million to K250 million by increasing the number of authorized shares from 140,000,000 to 1,000,000,000 of par value 25 tambala per share.
- Proposed issuance of 38,757,725 bonus shares from retained earnings of K1,085,216,300 at a price of K28.00 per share by issuing 3 (three) new ordinary shares for every 10 (ten) ordinary shares held in the Company.
- Proposed issuance of 671,800,564 shares through a share split of 1 (one) share held in the Company after the bonus issue into 5 (five) shares held in the Company, resulting in a decrease in the par value from 25 Tambala per share to 5 Tambala per share and increase of authorized number of shares to 5,000,000,000 of par value 5 Tambala per share.



Transaction Advisor/
Transfer Secretary



Sponsoring Broker

Deloitte.

Independent Financial
Advisor



DESTONE & CO.

Legal Advisor

Disclaimer

The transaction advisor, transfer secretary, sponsoring broker, independent financial advisor and the legal advisor 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 advisor, transfer secretary, sponsoring broker, independent financial advisor and the legal advisor, respectively, nor for providing advice in relation to the proposed transactions.

CORPORATE INFORMATION

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Chartered Accountants
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Transaction Advisor/Company

Secretary/Transfer Secretary

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DEFINITIONS

“The Company”	Blantyre Hotels Plc
AGM	Annual General Meeting
BHL	Blantyre Hotels Plc
Bonus Issue	Provision of additional 3 shares for every existing 10 shares to shareholders in the register on the record date
CAGR	Compound Annual Growth Rate
EPS	Earnings Per Share
K	Malawi Kwacha
MSE	Malawi Stock Exchange
NAML	NICO Asset Managers Limited
PAT	Profit After Tax
Proposed Transactions	Change in share capital, issue of bonus share and share split
Record Date	The last date for shareholders to be eligible for the bonus issue or share split
Share Split	The splitting of 1 (one) share held in the Company after the bonus issue into 5 (five) shares.
t	Tambala
The Board	The Board of Directors of Blantyre Hotels Plc

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PART 1
CHAIRMAN'S LETTER TO SHAREHOLDERS



Incorporated in Malawi
Company Registration 178

3 April 2018

Board of Directors

Mr. V.M. Kumwenda (Chairman)

Mr. P.T. Daniel (Independent and Non-Executive Director)

Mr. M.S Mtila (Independent and Non-Executive Director)

Ms. R. Mkandawire (Independent and Non-Executive Director)

Mr. E.A. Malion (Non-Executive Director)

To: Shareholders

Dear Sir/Madam

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL, BONUS ISSUE AND SHARE SPLIT

1. INTRODUCTION

Blantyre Hotels plc has performed exceptionally well over the past six years with profit after tax growing by a CAGR of 33% per annum from K90 million in 2012 to K506 million in 2017. However, as your directors, we believe that your share value has not really grown in line with the growth in profitability of the company. Directors have a sentiment that your shares have not gained much value as a result of the smaller float available to the public leading to fewer trades per year. BHL has 129 million shares in issue and only 9 million shares are available to the public. It is against this background that the Board thought of increasing the number of shares available through this bonus issue and share split. The Directors believe that the capital restructuring will improve the liquidity of these shares on the market.

2. THE PROPOSED TRANSACTION

As the Board of Directors, we propose the following transaction whose details are provided in this circular:

- a) Increase authorized share capital from the current K35 million to K250 million by increasing the number of authorized shares from 140,000,000 to 1,000,000,000 of par value per share of 25 tambala.
- b) To issue 38,757,725 bonus shares from retained earnings of K1,085,216,300 at a price of K28.00 per share by issuing 3 (three) new ordinary shares for every 10 (ten) ordinary shares held in the Company.
- c) To issue 671,800,564 shares through a share split of 1 (one) share held in the Company after the bonus issue into 5 (five) shares held in the Company, resulting in a decrease in the par value of the authorized shares of the company from 25 tambala per share to 5 tambala per share and increase of authorized number of shares to 5,000,000,000 of par value 5 tambala per share.

3. OBJECTIVES OF THE PROPOSED TRANSACTION

The main objectives of the proposed bonus issue and share split are as follows:

- a) To improve the trading liquidity of the shares.
- b) To align BHL to further strategic growth by ensuring that the available share capital can support future company strategies.

4. EFFECTS OF THE TRANSACTIONS

The effects of these transactions have been fully discussed in sections 2.4 and 2.5 of Part 2 of the circular attached. Please refer to these sections for full details.

5. PURPOSE OF THE CIRCULAR

The purpose of the enclosed circular is to provide you with the relevant information on the proposed bonus issue and the share split as well as to set out the Board's recommendation on these proposed transactions; and to seek your approval for the resolutions pertaining to the proposed bonus issue and share split to be tabled at the forthcoming AGM.

We advise you to read and consider the contents of the circular carefully before voting on the resolutions pertaining to the proposed transactions to be tabled at the forthcoming AGM.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders and/or persons connected with them has any interest, direct or indirect, in the proposed transactions save for their respective entitlements as shareholders, the rights of which are also available to all other shareholders.

NICO Asset Managers Limited, the transaction advisor and transfer secretaries, is a 100% owned subsidiary of NICO Holdings plc. NICO Holdings plc owns 51% of NICO Life Insurance Company which has 34% shareholding in Blantyre Hotels plc.

7. CONDITIONALITY

The proposed bonus issue and share split are not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

8. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Board expects the proposed transactions to be completed by end of May 2018.

9. NOTICE OF THE AGM

The AGM will be held on 2 May 2018 and proxy forms are included in the documents sent with this circular.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the proposed transactions including their rationale and effects, is of the opinion that the proposed transactions are in the best interest of the Company. Accordingly, the Board recommends that you vote in favor of the resolution pertaining to the Bonus Issue and Share Split at the forthcoming AGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders are required to attend the AGM on 2 May 2018, in person or through proxy, and to vote most preferably in favor of the proposed transactions.

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

Enclosed with this Circular is a Form of Proxy for use by Shareholders in connection with the General Meeting. Shareholders should complete and return the Form of Proxy in accordance with the instructions printed on it as soon as possible and in any event so that it may be received by the Company Secretary, by no later than 3.00 p.m. on 30 April 2018.

Appointment of a proxy will not preclude a Shareholder from attending and voting at the General Meeting if they wish to do so and are so entitled.

12. FURTHER INFORMATION

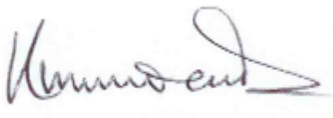
You are advised to read the whole document and ensure that you understand all matters in this circular. The Shareholders who remain in doubt as to what action to take are encouraged to seek appropriate independent professional advice.

All the Directors of the Company, whose names appear on page 4 of this circular, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors who have taken all reasonable care to ensure that the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information.

Where any or all of the shares have been sold or transferred by the addressee, the Circular and any other relevant documents should be passed to the broker through whom the sale or transfer was effected for transmission to the purchaser or transferee.

For more information, please do not hesitate to consult the Sponsoring Broker or the Company Secretary.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'Vizenge Kumwenda', is written over a light blue horizontal line.

Vizenge Kumwenda
BOARD CHAIRMAN

PART 2

THE CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION

Blantyre Hotels Plc, operating Ryalls Hotel which is under the management contract of Protea Hotels International Limited owned by Marriott International Inc. 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 per share 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 in issue. Shareholders can calculate the number of bonus shares allocated to them by using the formula below:

$$\text{Bonus Shares Allocated} = \frac{3 \times \text{Total Number of Existing Shares Held}}{10}$$

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 Equity Account Before and After the Bonus Shares as at 30 September 2017

Below is the summarized equity account before and after the bonus issue:

EQUITY ACCOUNT AS AT 30 SEPTEMBER 2017		
	Pre-Bonus	Post-Bonus
	K' Million	K' Million
Issued capital	32	42
Share premium	265	1,340
Revaluation reserves	3,518	3,518
Retained earnings	1,332	247
Total equity	5,147	5,147
No of Shares in issue	129,192,416	167,950,141

2.4 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 five (5) ordinary shares in exchange 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.

2.5 Theoretical Effects of share split on Share Price

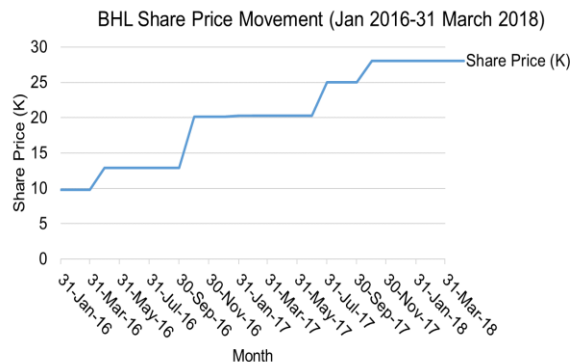
In theory, the share split does not change the market capitalization. This means the total market value of BHL is not expected to change when implementing the share split. The result is that this increase in number of shares should reduce the share price in order to keep the market capitalization constant. 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. HISTORICAL SHARE PRICES

Below are the share prices of BHL for the last 24 months:

Date	Share Price (K)
31 March 2018	28.00
28 February 2018	28.00
31 January 2018	28.00
31 December 2017	28.00
30 November 2017	28.00
31 October 2017	28.00
30 September 2017	25.00
31 August 2017	25.00
31 July 2017	25.00
30 June 2017	20.25
31 May 2017	20.25
30 April 2017	20.25
31 March 2017	20.25
28 February 2017	20.25
31 January 2017	20.25
31 December 2016	20.10
30 November 2016	20.10
31 October 2016	20.10
30 September 2016	12.90
31 August 2016	12.90
31 July 2016	12.90
30 June 2016	12.90
31 May 2016	12.90
30 April 2016	12.90
31 March 2016	9.80
29 February 2016	9.80



4. 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.

5. 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.

6. IMPACT ON THE COMPANY EQUITY

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

7. IMPACT ON DIRECTORSHIP AND MANAGEMENT

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

8. 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.

9. EXTERNAL ADVISORS

The following are the external advisors of the Company in the proposed transaction:

- Transaction Advisor: NICO Asset Managers Limited, 19 Glyn Jones Road, Chibisa House, P.O. Box 3173, Blantyre
- Transfer Secretary: NICO Transfer Secretaries, 19 Glyn Jones Road, Chibisa House, P.O. Box 3173, Blantyre
- Sponsoring Broker: Continental Capital Limited, P.O. Box 1444, Blantyre
- Independent Financial Advisors: Deloitte, Chartered Accountants, P.O. Box 187, Blantyre
- Legal Advisor: Destone & Co. Legal Practitioners, 7 Victoria Avenue, Chayamba Building, 2nd floor, North Wing, P.O. Box 31315, Blantyre 3

10. CONSENTS OF EXTERNAL ADVISORS

NICO Asset Managers Limited have, at the date of issue of this circular, given their consent to the inclusion of their name as transaction advisor to the transaction.

Deloitte have, at the date of issue of this circular, given their consent to the inclusion of their name as independent financial advisor to the transaction.

Destone and Co. Legal Practitioners have, at the date of issue of this circular, given their consent to the inclusion of their name as legal advisor to the transaction.

Continental Capital Limited have, at the date of issue of this circular, given their consent to the inclusion of their name as sponsoring broker to the transaction.

11. TRANSACTION FEES

Below is a list of fees payable to advisors for the transactions:

TRANSACTION FEES (K)	
Party	Fees
Transaction Advisor	20,000,000.00
Sponsoring Broker	7,000,000.00
Independent Financial Advisor	5,000,000.00
Legal Advisor	5,000,000.00
MSE Listing Fees	6,687,577.68
Printing Costs	360,000.00
Total	44,047,577.68

12. 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 2 May 2018.

13. ANNUAL GENERAL MEETING

An Annual General Meeting ("AGM") will be held at Ryalls Hotel, Blantyre, Malawi on 2 May 2018 at 2:00 pm 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.

14. ACTION TO BE TAKEN

1. 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.
2. 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 Part 2 of this circular for issuance of share certificates.

3. 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.

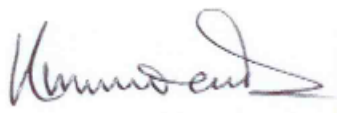
15. TIMETABLE OF EVENTS

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

16. 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,



Vizenge Kumwenda
CHAIRMAN

PART 3:
INDEPENDENT EXPERT REPORT



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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:

- a) Increase authorized share capital from the current 140 million shares of 25 Tambala each to 5 billion shares of 25 Tambala each.
- b) To issue bonus shares at a ratio of 3 new shares for every 10 existing shares.
- c) 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.
- d) 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:

1. 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;
2. 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;
3. 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 ;

4. We have reviewed the draft notice to be released to the general public on 3 May 2018 after the Annual General Meeting;
5. 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;
6. We have reviewed the Malawi Stock Exchange daily stock news published on 9 February 2018;
7. We reviewed the Company's Memorandum and Articles in particular Clause 17 and 19 which deal with the current transaction; and
8. 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