

TPS EASTERN AFRICA PLC

MINUTES OF THE FORTY SEVENTH ANNUAL GENERAL MEETING HELD AT THE AMPHITHEATRE, KENYATTA INTERNATIONAL CONFERENCE CENTRE, NAIROBI, ON TUESDAY, 25 JUNE, 2019 AT 11.00 A.M.

PRESENT

F.O. Okello	(Chairman)
A. Kassim-Lakha	(Director)
M. Jan Mohamed	(Managing Director)
M. Manji	(Director)
G. Ainache	(Director)
N. Hirjani	(Chief Financial Officer)
J. Du Chalard	(Director)
T. Mapunda (Mrs)	(Director)
A. Sharma	(Alternate to Jean-Louis Vinciguerra)

502 members were present at the meeting representing 118,797,484 shares (65% shareholding); and 94 proxy appointments as at the close of the Proxy Register representing 69,899 shares (0.0004% shareholding), the aggregate of which represented 65% of the total shareholding.

BY INVITATION

R. Njoroge	(PricewaterhouseCoopers, Auditors)
S. Gikonyo	(PricewaterhouseCoopers, Auditors)
L. Kibet	(Image Registrars)

IN ATTENDANCE

D. Ng'ang'a (Company Secretary)
Members of the TPSEAP Management team present at the Meeting

GLOSSARY

AGM	Annual General Meeting
BBK	Barclays Bank of Kenya
CMA	Capital Markets Authority
DSH	Dar es Salaam Serena Hotel
KSHU	Kampala Serena Hotel Uganda
NSH	Nairobi Serena Hotel
PwC	PricewaterhouseCoopers
PROPARCO	Societe de Promotion et de Participation Pour la Cooperation Economique
TIL	Tanruss Investment Limited
TPSEAP	TPS Eastern Africa PLC
TPS (OP)	TPS (OP) Limited
TPS (T)	Tourism Promotion Services (Tanzania) Limited
TPS (K)	Tourism Promotion Services (Kenya) Limited
TPS (U)	TPS (Uganda) Limited

01/19 Prayer session

Ms. Rebecca Owoko led all the shareholders present in the opening prayer.

02/19 Notice of the Meeting

The Secretary read out the Notice convening the meeting.

There being a quorum, the Chairman welcomed the shareholders present and declared the meeting as duly convened and constituted.

The Chairman introduced the Directors present. The Chairman also introduced Mr. Richard Njoroge and Ms. Serah Gikonyo the representatives of the Company's Auditor (PwC); and Mr. Lawrence Kibet of Image Registrars, the Company's Registrars. The Managing Director, Mr. Jan Mohamed, introduced members of the Management team present at the meeting.

ORDINARY BUSINESS

03/19 Confirmation of the Minutes of the previous Annual General Meeting

The Chairman tabled the minutes of the forty-sixth AGM held on 26th June, 2018, which had been circulated to all Directors and shareholders for confirmation and approval.

Mr. Geoffrey Maoga proposed and Mr. Aloyce Chami seconded the proposal:

That Minutes of the AGM held on 26th June, 2018 be and are hereby approved.

The minutes were approved unanimously and were thereafter signed by the Chairman.

04/19 Annual Report and Audited Accounts for the Year ended 31 December, 2018

THE ANNUAL REPORT AND AUDITED ACCOUNTS, TOGETHER WITH THE DIRECTORS' AND AUDITORS' REPORTS THEREON PREVIOUSLY CIRCULATED TO MEMBERS, WERE TABLED.

The Chairman called upon Mr. Richard Njoroge, representing the Company's Auditors, PricewaterhouseCoopers, to read the Auditor's Report. Mr. Njoroge read out the Auditor's Report to the shareholders.

The Chairman invited the shareholders to ask any questions related to the Financial Statements. The Chairman further explained that there would be an opportunity for the shareholders to raise questions of a non-financial nature, i.e. general nature, towards the end of the proceedings. The following observations and questions were raised by the shareholders in relation to the Financial Statements: -

Mr. Aloyce Chami congratulated the Board and Management for achieving encouraging financial results during the year ended 31st December, 2018 and for receiving national and international Awards and Accolades for various excellence awards. He further sought to know why the Company was proposing to pay a dividend equal to what was paid in 2017, of KShs 0.35 per share?

The Chairman informed the shareholders that the tourism sector had continued to be competitive within the East African region as there had been an over-supply of rooms given fewer tourist arrivals. This led to an unprecedented discounting of accommodation rates. Moreover, TPS Serena had embarked on a renovation and refurbishment programme of both NSH and KSHU which adversely impacted short-term profits available for distribution as the Company was investing internally generated funds to partly finance its renovation and refurbishment plans for longer term success. He re-assured the shareholders that once market sentiment returned, the Board was confident that business prospects would similarly improve, thus position the Company to positively review its dividend payout rate.

Mr. Nzau Jones commented that the level of borrowings had increased and thus finance costs had further impacted profitability of the Company. He added that with healthy retained earnings, the Board should consider declaring bonus shares to shareholders.

The Chairman requested the Chief Financial Officer, Mr. Nooren Hirjani to respond to the questions. Mr. Hirjani responded that in financing the renovations and refurbishment programmes at both NSH and KSHU, the Company had borrowed funds within its debt management strategy and thus it was inevitable that financing costs would increase in the short term until such a time as the properties were redeveloped for future growth. He commented that the renovations and refurbishment

was thus necessary to safeguard future earnings of the two iconic city hotels. Mr. Hirjani commented that though the issuance of bonus shares had a dilution effect on the existing shareholders, the TPSEAP Board would review the matter and give appropriate directions in the best interests of the Company.

Mr. Geoffrey Maoga congratulated Management for maintaining products and services of the highest quality within the hospitality sector. He cited the ongoing renovations and refurbishment of NSH as visionary and geared towards the provision of better facilities in terms of guest satisfaction. He suggested that in future, senior Management profiles and photographs be included in the Annual Report.

Mr. Geoffrey Maoga referred the shareholders to Note 28 (vi), page 88 of the Annual Report and sought to know what kind of guarantee TPSEAP had provided.

The Chairman requested the Chief Financial Officer, Mr. Nooren Hirjani to respond to the question. Mr. Hirjani responded that TPSEAP had provided a corporate guarantee of KShs 651.3 mio to TIL for a commercial loan to facilitate the acquisition of TIL, an associate of TPSEAP. A substantial proportion of the loan has been repaid with a balance of approximately KShs 80 mio outstanding as at May 2019. He added that additional corporate guarantees of: KShs 3.286 billion, KShs 65 mio, KShs 413.2 mio and KShs 826.4 mio had been provided to TPS (K), TPS (OP), TPS (T) and TPS (U) respectively.

Mr. Eric Omwena sought clarification on whether TPSEAP had defaulted on loan repayments to PROPARCO and BBK as had been reported in some sections of the media.

The Chairman requested the Chief Financial Officer, Mr. Nooren Hirjani to respond to the question. Mr. Hirjani responded that on 14th December 2018, TPSEAP received PROPARCO's pre year-end waiver as requested given TPSEAP's inability to meet certain financial ratios under PROPARCO's loan facility to TPS (K), where TPSEAP is Guarantor. At the time of providing such pre year-end waivers, PROPARCO also introduced two new conditional covenants that were subject to year-end audited results. In April 2019, following completion of the audit it became evident that one of the new conditions of PROPARCO's covenant would not be met. Consequently, the accounting treatment for disclosure of the KShs 2.038 billion loan from PROPARCO in the 'non-current' portion of the loan, was to be reclassified under IFRS as a 'current' liability. Mr. Hirjani clarified that this reclassification was purely on technical basis and indeed on 18th April, 2019, PROPARCO provided a further waiver in mitigation of this breach based on the audited accounts. However, despite TPSEAP receiving the waiver letter on 18th April, 2019, TPSEAP and TPS (K) were nevertheless in technical breach of its loan covenants as at 31st December, 2018 as the accounting date. Mr. Jan Mohamed added that Management had since year end managed to positively negotiate a rescheduling of both PROPARCO and BBK loans.

All the questions in respect of the financial statements having been answered satisfactorily, the Chairman requested one member to propose, and another to second adoption of the Audited Accounts and the Directors' and Auditors' Reports thereon.

Mr. Peter Gachuki proposed and Mr. David Katiku seconded and it was unanimously RESOLVED:

That the Audited Accounts of the Company for the year ended 31 December 2018, together with the Directors' and Auditors' Reports thereon, be and are hereby received and adopted.

05/19 Approval of the Final Dividend

The Chairman informed the shareholders that the Board had recommended a modest final dividend for the year 2018 of KShs 0.35 per share of par value KShs 1.00 each, subject to withholding tax, where applicable, such dividend to be paid on or about 25 July, 2019, to all members whose names appeared on the Register of Members as at the close of business on 25 June, 2019. The Chairman explained that the Company was paying a modest dividend due to reduced profitability of the Company which was chiefly attributable to the challenging business conditions and competition experienced during 2018.

Mr. Geoffrey Maoga proposed and Mr. Aleke Dondo seconded and it was unanimously RESOLVED:

That a final dividend for the year ended 31 December, 2018 of KShs 0.35 per share, subject to withholding tax, where applicable, be and is hereby approved and that the same be paid on or about 25 July, 2019 to all those members whose names appeared on the Register as at the close of business on 25 June, 2019.

06/19 Re-election of Directors

The Chairman informed the shareholders that in filling a casual vacancy, Mr. Jean-Benoit Du Chalard was appointed a director by the Board on 12th November, 2018, and that, being his first Annual General Meeting after his appointment, Mr. Chalard was due for retirement by rotation under Article 110 of the Company's Articles of Association. The Chairman further noted that, being eligible, Mr. Chalard had offered himself for re-election. The shareholders were referred to Mr. Chalard's brief profile on page 19 of the Annual Report.

Mrs. Florence Sylvia proposed and Mr. Peter Gichure seconded that Mr. Jean-Benoit Du Chalard be re-elected as a director.

The Chairman informed the shareholders that, in accordance with Articles 111, 112 and 113 of the Company's Articles of Association, and pursuant to sections 131 and 287 of the Companies Act 2015, Mr. Ameer Kassim-Lakha who was over 70 years old was due for retirement by rotation and, being eligible, had offered himself for re-election. The shareholders were referred to Mr. Kassim-Lakha's brief profile on page 18 of the Annual Report.

Mrs. Zachia Mohammed proposed and Mrs. Susan Gichuru seconded that Mr. Ameer Kassim-Lakha be re-elected as a director.

The Chairman proposed that the resolutions for the re-election of the directors as noted above be voted on in a single resolution as permitted by Section 132 of the Companies Act 2015. He enquired as to whether there was any objection to the proposal to consider the re-election of the retiring directors through a single resolution as proposed.

There being no such objection to a single resolution for the re-election of the retiring directors, the Chairman proposed and Mr. David Katiku seconded and it was unanimously RESOLVED:

That Mr. Jean-Benoit Du Chalard, and Mr. Ameer Kassim-Lakha, be and are hereby re-elected as directors in accordance with Section 132 (1) of the Companies Act 2015.

The Chairman on behalf of the re-elected directors and the Board thanked the shareholders for showing confidence in the Board by re-electing the directors as noted above.

07/19 Non-Executive Directors' Fees

It was noted that as reflected under Note 28 (iv), page 86 of the Annual Report, the Non-Executive Directors' fees for the year ended 31 December, 2018 amounted to KShs 1,159,000/= in aggregate as compared to KShs 1,338,000/= in 2017.

The Chairman informed the shareholders that due to the low business volumes over the recent years as occasioned by increased competition, the level of fees paid to the Non-Executive Directors was generally pitched at a level lower than the fees paid by other publicly listed companies. This was evident in the aggregate fees of KShs 1.16 mio paid per annum for a total of seven Non-Executive Directors. He added that measures had been put in place to review Non-Executive Director's fees once the business conditions and financial performance of the Company improved.

After the above clarification, Mr. Stephen Mwangagi proposed and Mr. Bernard Anyango seconded and it was unanimously RESOLVED:

That the Non-Executive Directors' fees for the year ended 31 December, 2018 of KShs 1,159,000/= (2017: KShs 1,338,000/=) be and is hereby approved.

08/19 Appointment of Auditors

The Chairman stated that the Company's Auditors, PricewaterhouseCoopers, being eligible, had indicated their willingness to continue in office in accordance with Section 721(2) of the Companies Act 2015.

Mrs. Sarah Mazerah proposed and Mr. Dan Were seconded and it was unanimously RESOLVED:

That PricewaterhouseCoopers, being eligible, continue in office in accordance with Section 721(2) of the Companies Act 2015.

09/19 Auditors' Remuneration

It was noted that, as reflected under Note 6, page 67 of the Annual Report, the Auditors' remuneration for the year ended 31 December, 2018 amounted to KShs 2,949,767/= (2017: KShs 2,891,929/=) for the Company and KShs 18,362,000/= (2017: KShs 17,512,000/=) for the Group.

Mr. Irungu Kimani proposed and Mrs. Mary Walker seconded and it was unanimously RESOLVED:

That the Auditors' remuneration for the year ended 31 December, 2018 of KShs 2,949,767/= for the Company, and KShs 18,362,000/= for the Group be and is hereby approved; and that the Directors be, and are hereby authorised to negotiate the Auditors' remuneration for the year 2019.

10/19 Appointment of Audit Committee Members

The Chairman informed the shareholders that in accordance with Section 769 (1) of the Companies Act 2015, the shareholders were required to appoint the members of the Audit Committee annually. The Company had three (3) Audit Committee members namely: Mr. Ameer Kassim-Lakha, Mr. Mahmood Manji, and Mr. Guedi Ainache.

The Chairman informed the shareholders that the Audit Committee had continued to discharge its statutory responsibilities diligently and to the entire satisfaction of the Management and the Board.

Mrs. Peninah Osore proposed and Mrs. Florence Sylvia seconded and it was unanimously RESOLVED:

That the Audit Committee members which comprised Mr. Ameer Kassim-Lakha, Mr. Mahmood Manji, and Mr. Guedi Ainache be and are hereby appointed.

11/19 GENERAL QUESTIONS AND ANSWERS

The Chairman invited shareholders to ask questions of a general nature.

Mr. Peter Gachuhi requested the Board to consider giving branded gifts or shopping vouchers to the shareholders at future AGMs. Mrs. Ruth Nzau concurred and added that gift vouchers were desirable instead of the Company providing lunches. Mr. Gachuhi reminded the directors that an open day for all the shareholders was yet to be conducted.

Mr. Jan Mohamed informed the shareholders that given the reduced profitability, the Company was unable to provide branded gifts, however the issue would be reviewed by the Board in 2019. He added that despite NSH having been extended, renovated and refurbished, the ballroom capacity of 400 persons was simply insufficient to host the Company's Annual General Meeting. Mr. Jan Mohamed further explained that an

open day for all shareholders was likely to disrupt the flow of business at NSH. Mr. Jan Mohamed added that in order for shareholders to familiarize themselves with Serena properties, special concessionary rates have been developed to cater for the shareholders.

Mr. Samuel Muturi commended the Board and Management for the development impact generated by TPS Serena over the years as reflected in the Annual Report; together with its achievements under the Sustainable Development Goals. However, he observed that though gender parity was a key Sustainable Development Goal, it was not adequately addressed by the TPSEAP Board given the single female Board representative on the Board.

The Chairman in acknowledging Mr. Muturi's compliment on achievement of the Sustainable Development Goals indicated that gender parity on the Board was being reviewed by TPSEAP Board to ensure compliance within the broader agenda of Board diversity and inclusion.

Mr. Goeffrey Maoga commended the Company's Registrars Messrs, Image Registrars for handling their work efficiently and professionally to the satisfaction of shareholders.

12/19 It was noted that the Company had not received notice of any other ordinary business to be transacted at the AGM and therefore the Chairman declared the meeting officially closed at 1.40 p.m. While closing the meeting, the Chairman thanked all the shareholders present for their attendance, positive feedback received, and the active participation during the AGM. Ms. Rebecca Owoko conducted the closing prayers.

CONFIRMED

CHAIRMAN

DATE