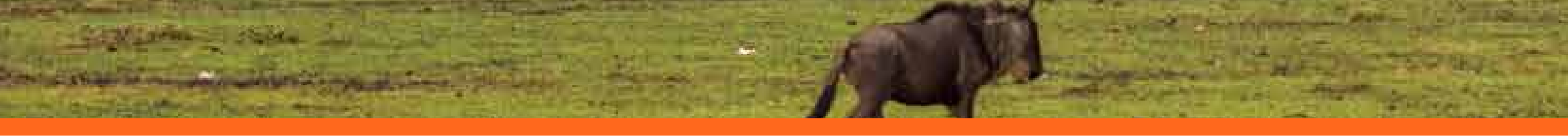
TPS EASTERN AFRICA PLC

SERENA HOTELS
SAFARI LODGES AND CAMPS
HOTELS • RESORTS

2023 Annual Report & Financial Statements

Content



Directors and Administration

BOARD OF DIRECTORS

Francis Okomo-Okello	(Chairman)
Mahmud Jan Mohamed	(Managing Director) (Retired 21.07.23)
Ashishkumar Sharma	(Managing Director) (Appointed 21.07.23)
Nooren Hirjani**	(Chief Financial Officer)
Guedi Ainache*	
Mahmood Pyarali Manji	
Alkarim Jiwa	
Audrey Maignan* (Mrs)	
Rachel Dumba*** (Mrs)	
Donald Mhaiki****	(Appointed 29.08.23)
Azizuddin Boolani*****	(Appointed 21.07.23)

BOARD AUDIT COMMITTEE

Mahmood Pyarali Manji	(Chairman)
Guedi Ainache*	
Alkarim Jiwa	
Azizuddin Boolani*****	

BOARD NOMINATION AND REMUNERATION COMMITTEE

Guedi Ainache*	(Chairman)
Mahmood Pyarali Manji	
Rachel Dumba*** (Mrs)	

*French **British ***Ugandan ****Tanzania *****Canadian

COMPANY SECRETARY

Dominic K. Ng'ang'a

Directors and Administration

PRINCIPAL OFFICERS

Catherine Waruhiu (Mrs)	Director of Human Resources E.A.
Christopher Karuru	Group Financial Controller
Mugo Maringa	Operations Director E.A.
Rosemary Mugambi (Ms)	Director of Sales and Marketing E.A.
Daniel Sambai	General Manager - TPS (T)
Shenin Virji (Mrs)	Director, Office of the Global Head of Serena Hotels
Abdulkadir Rahim	Group Engineer E.A.
Wilfred Githinji	Internal Audit Manager E.A.
Hasnain Jagani	Group ICT Manager
Khilan Shah	Group Purchasing Manager
Nephig Wakhanu	Head of Risk & Compliance E.A.
Sarah Teko (Mrs)	Head of Legal E.A.

TOURISM PROMOTION SERVICES (KENYA) LIMITED [TPS (K)]

Anthony Chege	General Manager	- Nairobi Serena Hotel
Alphaxad Chege	General Manager	- Serena Beach Resort and Spa, Mombasa
David Shitakha	Manager	- Amboseli Serena Safari Lodge
Kathurima Mburugu	Manager	- Mara Serena Safari Lodge
Dan Chahenza	Manager	- Sweetwaters Serena Camp
Henrietta Mwangola (Mrs)	Manager	- Kilaguni Serena Safari Lodge
Lameck Kimaru	Manager	- Lake Elmenteita Serena Camp

TOURISM PROMOTION SERVICES (TANZANIA) LIMITED [TPS (T)]

Simon Magaigwa	Manager	- Kirawira Serena Camp
Dismas Simba	Manager	- Lake Manyara Serena Safari Lodge
Nickson Kanyika	Manager	- Serengeti Serena Safari Lodge
Vincent Matei	Manager	- Ngorongoro Serena Safari Lodge
Satish Sharma	Ag. Manager	- Arusha Serena Hotel
Alex Maboko	Manager	- Mbuzi Mawe Serena Camp
Alex Babu	Manager	- Serena Mivumo River Lodge

TOURISM PROMOTION SERVICES (ZANZIBAR) LIMITED [TPS (Z)]

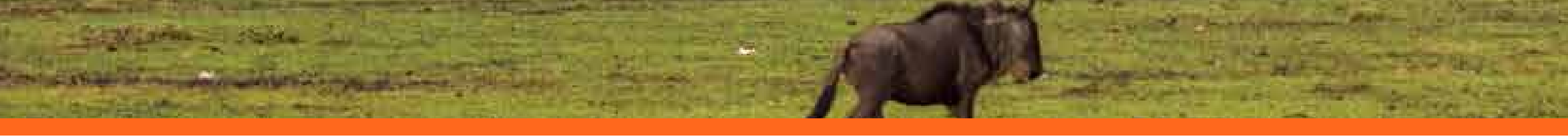
Wilfred Shirima	General Manager	- Zanzibar Serena Hotel

TPS (UGANDA) LIMITED [TPS (U)]

Daniel Kang'u	General Manager	- Kampala Serena Hotel, Uganda

OTHER PROPERTIES

Duncan Lewa	General Manager	- Lake Victoria Serena Resort, Uganda
Frankline Nyakundi	General Manager	- Kigali Serena Hotel, Rwanda
Johnathan Cheres	General Manager	- Lake Kivu Serena Hotel, Rwanda
Anderson Mburugu	Ag.General Manager	- Polana Serena Hotel, Mozambique
Chales Mbuya	Ag.General Manager	- Dar es Salaam Serena Hotel, Tanzania
James Nzavwala	General Manager	- Goma Serena Hotel, DR Congo



Operating Subsidiaries and Properties

TOURISM PROMOTION SERVICES (KENYA) LIMITED

Nairobi Serena Hotel

Serena Beach Resort and Spa, Mombasa

Amboseli Serena Safari Lodge

Mara Serena Safari Lodge

Kilaguni Serena Safari Lodge

Sweetwaters Serena Camp

Lake Elmenteita Serena Camp

TOURISM PROMOTION SERVICES (ZANZIBAR) LIMITED

Zanzibar Serena Hotel

Operating Associated Companies and Properties

TANRUSS INVESTMENT LIMITED / TPS (D) LIMITED (25%)

Dar es Salaam Serena Hotel

TOURISM PROMOTION SERVICES (RWANDA) LIMITED (20%)

Kigali Serena Hotel - Rwanda

Lake Kivu Serena Hotel - Rwanda

TOURISM PROMOTION SERVICES (TANZANIA) LIMITED

Kirawira Serena Camp

Lake Manyara Serena Safari Lodge

Serengeti Serena Safari Lodge

Ngorongoro Serena Safari Lodge

Arusha Serena Hotel

Mbuzi Mawe Serena Camp

Serena Mivumo River Lodge

TOURISM PROMOTION SERVICES (SOUTH AFRICA) (PROPRIETARY) LIMITED

Sales and Marketing office in Johannesburg, South Africa

TPS (UGANDA) LIMITED

Kampala Serena Hotel - Uganda

OTHER PROPERTIES MANAGED BY SERENA

Lake Victoria Serena Resort - Uganda

Polana Serena Hotel - Mozambique

Goma Serena Hotel - Democratic Republic of Congo

Elephants at Amboseli National Park

Other Corporate Information

REGISTERED OFFICE
4th Floor, Williamson House
4th Ngong Avenue
P.O. Box 48690-00100
Nairobi, Kenya
Telephone 254 (20) 2842000
E-mail: admin@serenahotels.com
Website: www.serenahotels.com

AUDITORS
PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way/Chiromo Road, Westlands
P.O. Box 43963-00100
Nairobi, Kenya

PRINCIPAL BANKERS
ABSA Bank Kenya PLC
P.O. Box 30120-00100
Nairobi, Kenya

REGISTRAR
Image Registrars Limited
5th Floor, ABSA Towers
Loita Street
P.O. Box 9287-00100
Nairobi, Kenya

Serena Hotels – Mission Statement

"Our Mission is to create outstanding facilities faithfully reflecting ethnic design that offer the highest standards of service and product and to provide management and our staff with an environment which enables all of us to deliver operating standards beyond the level of our guests' expectations, resulting in satisfactory returns to our stakeholders."

Serena Hotels Environmental - Mission Statement

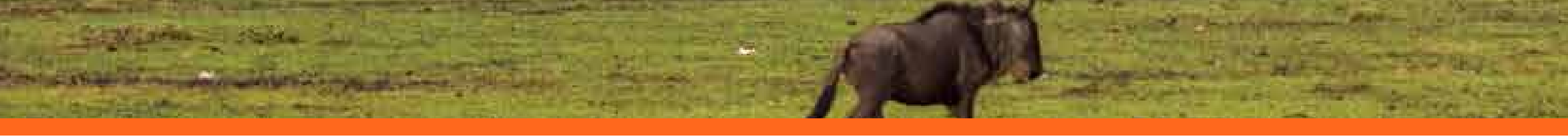
We are committed to developing projects which pay the highest regard to environmental concerns in design, planning construction and operation.

We will be sensitive towards the monitoring of the interest of the local population including their traditions, culture and future development.

We will practice a responsible attitude towards energy conservation; reducing and recycling waste; control of sewage disposal, air-emissions and pollutants; reduce use of unfriendly products such as CFC's, pesticides and other toxic substances; reduce noise and visual pollution.

We will be sensitive to the conservation of environmentally protected or threatened areas, species and scenic aesthetics and to achieving landscape enhancement where possible, with indigenous plant material enforcement.

We must conserve rather than exploit nature.



Notice of Annual General Meeting

Notice is hereby given that the Fifty-second Annual General Meeting of the Company will be held via electronic communication, on Thursday 27th June 2024, at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Fifty-first Annual General Meeting held on 27th June 2023.
2. To receive, consider and, if thought fit, adopt the accounts for the year ended 31st December 2023, together with the Directors' and Auditors' Reports thereon.
3. To approve and note that Directors had not recommended payment of a dividend for the year 2023.
4. To elect Directors:
    a. Mr. Donald Mhaiki was appointed on 29th August, 2023 to fill a casual vacancy. He retires by rotation in accordance with Article No. 111 of the Company's Articles of Association and being eligible, offers himself for re-election.

    b. Mr. Francis Okomo-Okello retires by rotation in accordance with Articles No. 112, 113 & 114 of the Company's Articles of Association. Special notices have been received by the Company pursuant to section 287 of the Companies Act 2015 and subject to section 131 of the Act that if thought fit, the following resolutions be passed:

    "That Mr. Francis Okomo-Okello (a Director retiring by rotation) who is over 70 years, be and is hereby re-elected as a Director of the Company".

    c. Mr. Mahmood Pyarali Manji retires by rotation in accordance with Articles No. 112, 113 & 114 of the Company's Articles of Association. Special notices have been received by the Company pursuant to section 287 of the Companies Act 2015 and subject to section 131 of the Act that if thought fit, the following resolutions be passed:

    "That Mr. Mahmood Pyarali Manji (a Director retiring by rotation) who is over 70 years, be and is hereby re-elected as a Director of the Company".
5. To approve the Directors' remuneration for 2023.
6. To appoint KPMG Kenya as the Company's Auditors, in accordance with Section 721 (2) of the Companies Act 2015. KPMG Kenya have been nominated as the Company's auditors replacing PricewaterhouseCoopers.
7. To approve the Auditors' remuneration for 2023 and to authorise the Directors to fix the Auditors' remuneration for 2024.
8. To appoint the Audit Committee members which comprises Mr. Mahmood Manji, Mr. Guedi Ainache, Mr. Alkarim Jiwa and Mr. Azizuddin Boolani in accordance with section 769 (1) of the Companies Act 2015.
9. To transact any other Ordinary Business of an Annual General Meeting.

By Order of the Board.

Dominic K. Ng'ang'a
COMPANY SECRETARY

Dated at Nairobi this 23 April, 2024

Notice of Annual General Meeting (continued)

NOTE:

1. TPSEAP has convened and is conducting this virtual Annual General Meeting following an amendment of its Articles of Association to allow the holding of the Annual General Meeting through Electronic Communication (Virtual meeting).

2. Shareholders wishing to participate in the AGM should register by dialling *483*809# on their Safaricom, Airtel or Telkom mobile telephone and following the various prompts regarding the registration process. Shareholders will not incur any charges by contacting the helpline number (+254) 709 170 000 from 9.00am to 4.00pm, Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register.

3. Registration for the AGM commences on 5th June, 2024 at 9.00am and will close on Tuesday 25th June, 2024 at 12.00pm. Shareholders will not be able to register after Tuesday 25th June, 2024 at 12.00pm.

4. In accordance with Section 283 (2) (c) of the Companies Act, 2015, the following documents may be viewed on the Company's website www.serenahotels.com (i) a copy of this notice and the proxy form, (ii) minutes of the last AGM held on 27th June, 2023, and (iii) the Company's audited financial statements and annual report for the year 2023.

5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:

    (a) Sending their written questions by email to agmquestions@serenahotels.com; or

    (b) To the extent possible, physically delivering their written questions with a return postal address number or email address to the registered office of the Company at Williamson House, 4th Floor, 4th Ngong Avenue, or to Image Registrars offices situated at 5th Floor, ABSA Towers (formerly, Barclays Plaza) Loita Street, Nairobi; or

    (c) Sending their written questions with a return postal address number or email address by registered post to the Company's address using P.O. Box 48690 0010 Nairobi.

    (d) Shareholders must provide their full details (Full name, ID/Passport Number/CDSC Account Number when submitting their questions and/or clarifications.

    (e) All questions and /or clarifications must reach the Company on or before Sunday 23rd June, 2024 at 12.00pm.

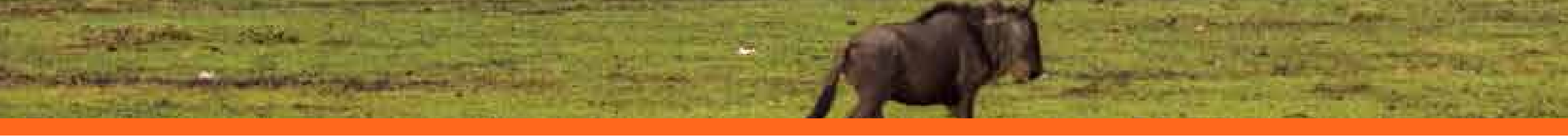
    (f) Following the receipt of the questions and /or clarifications, the directors of the Company shall provide written responses to the questions received to the return postal address number or email address provided by the shareholder not later than 12 hours before the start of the AGM. A full list of all questions received and the answers thereto will be published on the Company's website not later than 12 hours before the start of the AGM.

6. A Shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. The appointed proxy will need to have access to a mobile telephone. A proxy form is attached to this Notice and is available on the Company's website www.serenahotels.com. Physical copies of the proxy form are also available at Image Registrars Limited's offices on 5th floor ABSA Towers (formerly, Barclays Plaza), Loita Street, P.O Box 9287 00100 Nairobi. To be valid, a proxy form must be duly signed by the member. If the member is a body corporate, the proxy form shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. The completed proxy form should be emailed to info@image.co.ke or sent/delivered to Image Registrars Limited, 5th floor ABSA Towers (formerly, Barclays Plaza), Loita Street, Nairobi so as to be received not later than Sunday, 23rd June, 2024 at 11.00am. Any person appointed as a proxy should submit his/her mobile telephone number to the Company not later than Sunday, 23rd June, 2023 at 11.00am. Any rejected proxy registration will be communicated to the shareholder concerned not later than 26th June, 2024 to allow time to address any issues.

7. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second (SMS/USSD) prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the livestream.

8. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the Agenda and vote when prompted by the Chairman via the USSD prompts.

9. Results of the AGM shall be published within 24 hours following conclusion of the AGM.



Notisi Kuhusu Mkutano Mkuu wa Pamoja wa Mwaka

Notisi inatolewa hapa kwamba, mkutano wa 52 wa pamoja wa mwaka wa Kampuni utafanyika kwa mfumo wa kielekroniki siku ya Alhamisi Juni 27, 2024 kuanzia saa tano asubuhi ili kuangazia maswala yafuatayo ya kibiashara;

SHUGHULI ZA KAWAIDA

1. Kuthibitisha kumbukumbu za mkutano wa 51 wa pamoja wa mwaka uliofanyika Juni 27, 2023.
2. Kupokea, kuzingatia na endapo itakubalika kupitisha hesabu kwa kipindi cha mwaka uliomalizika Desemba 31, 2023 pamoja na ripoti kutoka kwa Wakurugenzi na Wakaguzi wa Pesa.
3. Kupitisha na kutambua kwamba, wakurugenzi hawakuwa wametoa pendekezo la malipo ya mgawo wa faida kwa kipindi cha mwaka 2023.
4. Kuwachagua wakurugenzi
    a. Bw. Donald Mhaiki aliteuliwa Agosti 29, 2023 ili kujaza pengo la nafasi lililoyoachwa wazi. Anastaafu kwa mujibu wa sehemu nabari 111 ya sheria za makampuni na kwa kuwa hali inamruhusu amaejitokeza ili achaguliwe tena.

    b. Bw. Francis Okomo-Okello anastaafu kwa zamu kwa mujibu wa sehemu nambari 112, 113 na 114 za sheria za kampuni. Notisi maalumu imepokelewa na Kampuni kwa mujibu wa sehemu ya 287 ya sheria za makampuni ya mwaka 2015 na kwa kuegemea sehemu ya 131 ya sheria hiyo na endapo itakubalika, kifungu kifuatacho kipitishwe;

    "kwamba Bw. Mr. Francis Okomo-Okello (Mkurugenzi anayestaafu kwa zamu) aliye na umri uliopita miaka 70 achaguliwe tena kama Mkurugenzi wa kampuni".

    c. Bw. Mahmood Pyarali Manji anastaafu kwa zamu kwa mujibu wa vifungu namabri 112, 113 na 114 vya sheria za kampuni. Notisi maalumu imepokelewa na Kampuni kwa mujibu wa sehemu ya 287 ya sheria za makampuni ya mwaka 2015 na kwa kuegemea sehemu ya 131 ya sheria hiyo na endapo itakubalika , kifungu kifuatacho kipitishwe;

    "kwamba Bw. Mahmood Pyarali Manji (Mkurugenzi anayestaafu kwa zamu) aliye na umri uliopita miaka 70 achaguliwe tena kama Mkurugenzi wa kampuni".
5. Kupitisha marupurupu ya wakurugenzi kwa kipindi cha mwaka 2023.
6. Kuteua KPMG kama wakaguzi wa pesa za kampuni kwa mujibu wa sehemu 721 (2) ya sheria za makampuni ya mwaka 2015. KPMG wameteuliwa kama wakaguzi wa pesa za Kampuni na kuchukua nafasi ya Pricewaterhousecoopers.
7. Kupitisha marupurupu ya wakaguzi wa pesa kwa kipindi cha mwaka 2023 na kuwapa uhuru wakurugeni kuamua kiwango cha malipo ya wahasibu mwaka 2024.
8. Kuteua kamati ya uhasibu ambayo inajumuisha Mabw.Mahmood Manji, Guedi Ainache, Alkarim Jiwa na Bw. Azizuddin Boolani kwa mujibu wa sehemu ya 769 (1) ya sheria za makampuni ya mwaka 2015.
9. Kuendesha shughuli nyingine za kibiashara za Mkutano Mkuu wa Pamoja wa Mwaka.

Kwa Amri ya Halmashauri.

Dominic K. Ng'ang'a
KATIBU WA KAMPUNI

Imenukuliwa Aprili 23, 2024

Notisi ya Mkutano Mkuu Wa Pamoja Wa Mwaka (kuendelea)

NUKUU:

1. TPSEAP imeitisha na inaendesha Mkutano huu wa Pamoja wa Mwaka kufuatia kufanyiwa mabadiliko kwenye sheria za ushirika ili kuruhusu kutekelezwa kwa hilo kupitia njia za mawasiliano ya kielektroniki (usio wa mija kwa moja).

2. Wanahisa wanaotaka kushiriki Mkutano wa Pamoja wa Mwaka wajisajili kwa kupiga nambari *483*809# kupitia mtandao wa Safaricom, Airtel au Telkom na kufuata maagizo mbali mbali ya hatua za usajili. Wanahisa hawatatozwa ada yoyote kwa kupiga simu kupitia nambari ya usaidizi (+254) 709 170 000) kuanzia saa tatu asubuhi hadi kumi jioni Jumatatu hadi Ijumaa. Mwanahisa yeyote aliye nje ya Kenya apige simu ya usaidizi ili kupata asaidiwe kuhusu usajili.

3. Usajili wa Mkutano wa Pamoja wa Mwaka utaanza Juni 5, 2024 saa tatu asubuhi na kufungwa Jumanne Juni 25, 2024 saa sita adhuhuri. Wanahisa hawataweza kusajiliwa baada ya Jumanne ya Juni 25, 2024 saa sita Adhuhuri.

4. Kwa mujibu wa sehemu 283 (2) (c) ya sheria za makampuni, ya mwaka 2015, stakabadhi zifuatazo zinaweza kukaguliwa kupitia wavuti wa kampuni ambao ni www.serenahotel.com (i) nakala ya notisi hii pamoja na fomu ya uwakala, (ii) kumbukumbu za mkutano uliopita wa pamoja wa mwaka tarehe Juni 27, 2023 na (iii) taarifa za kifedha za kampuni zilizofanyiwa ukaguzi pamoja na ripoti ya mwaka 2023

5. Wanahisa wanaotaka kuuliza maswali yoyote au ufafanuzi kuhusiana na Mkutano wa Pamoja wa Mwaka wanaweza kufanya hivyo kwa;-

   (a) Kutuma maswali yao waliyoandika kupitia barua pepe kwa; agmquestions@serenahotels.com ; au
   (b) Pale inapowezekana, kutuma moja kwa moja maswali yao na kuambatanisha na anwani ya kurudisha majibu au anwani ya barua pepe kwa ofisi ya Kampuni iliyosajiliwa katika jumba la Williamson House, Orofa ya nne , barabara ya 4th Ngong Avenue, au kwa ofisi za Image Registrars zilizoko orofa ya tano jumba la ABSA Towers (zamani Barclays Plaza) Loita Street, Nairobi; au;
   (c) Kutuma maswali yao waliyoandika na kuambatanisha na anwani ya kurudisha majibu au barua pepe kupitia Sanduku ya Posta lililosajiliwa, SLP 48690 0010 Nairobi.

   Ni lazima kwa wanahisa kutoa maelezo yao kamili (Jina kamili, Kitambulisho/ nambari ya Paspoti/ Nambari ya akaunti ya CDSC wakati wa kutuma maswali au ufafanuzi.

   Maswali yote au ufafanuzi lazima yafike kwa ofisi ya Kampuni kabla au ifkikapo Jumapili Juni 23, 2024 saa sita adhuhuri.

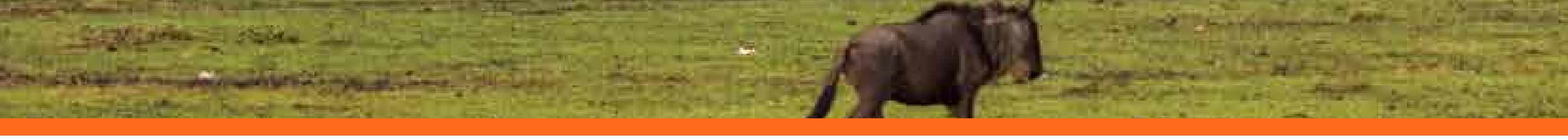
   Kufuatia kupokelewa kwa maswali/ ufafanuzi, wakurugenzi wa kampuni watatoa majibu yaliyoandikwa kuhusiana na maswali yaliyopokelewa kupitia anwani ya kutuma majibu au kwa njia ya anwani ya barua pepe iliyotolewa na mwanahisa saa 12 kabla ya kufanyika kwa Mkutano Mkuu wa Pamoja wa Mwaka. Orodha kamili ya maswali yaliyopokewa na maswali yake zitachapishwa kupitia wavuti wa kampuni saa 12 kabla ya kuanza kwa Mkutano wa Pamoja wa Mwaka.

6. Mwanachama aliye na ruhusa kuhudhuria mkutano na kupiga kura ana uhuru kumteua wakala wake kumwakilisha na kupiga kura kwa niaba yake. Si lazima kwa wakala huyo kuwa mwanachama wa kampuni. Itabidi kwa wakala aliyeteuliwa kuwa na nambari ya simu ya mkononi. Fomu ya wakala imeambatanishwa na notisi hii na inaweza kupatikana kupitia wavuti wa kampuni www.serenahotels.com. Pia, nakala za fomu ya wakala inapatikana kupitia ofisi za Image Registrars Limited’s orofa ya 5 jumba ABSA Towers (zamani, Barclays Plaza),barabara ya Loita Street, Slp 9287 00100 Nairobi. Ili kukubaliwa, fomu ya wakala iwe na sahihi kamilifu ya mwanachama. Endapo mwanachama ni shirika, fomu ya uwakala iwe imepigwa mhuri wa kawaida au iwe na sahihi ya afisa aliyeidhinishwa na mwanasheria wa shirika kama hilo. Fomu ya wakala itumwe kupitia barua pepe; info@image.co.ke au itumwe / ipokelewe na Image Registrars Limited, orofa ya 5 jumba la ABSA Towers (zamani, Barclays Plaza), barabara ya Loita Street, Nairobi na kupokelewa kabla ya Jumapili Juni 23, 2024 saa tano asubuhi. Mtu yeyote aliyeteuliwa kama wakala awasilishe nambari yake ya simu ya mkononi kwa kampuni kabla ya Jumapili Juni 25, 2024 saa tano asubuhi. Usajili wowote wa wakala uliokataliwa utajulishwa kwa mwanahisa mhusika kabla ya Juni 26, 2024 ili kutoa nafasi ya kushughulikia swala lolote.

7. Mkutano wa pamoja wa mwaka utaendeshwa moja kwa moja kupitia njia ya kielektroniki (live stream) ambao kiunganishi chake kitatolewa kwa wanahisa ambao watakuwa wamejisajiliwa kuhudhuria. Wanahisa waliosajiliwa kikamilifu na mawakala watapokea ujumbe mfupi wa kuwakumbusha (SMS/USSD) kupitia nambari zao za simu za mkononi saa 24 kabla ya kuanza kwa mkutano. Ujumbe wa pili mfupi (SMS/USSD) utatumwa saa moja kabla ya kuanza kwa mkutano ili kuwakumbusha wanachama waliosajiliwa kikamilifu na mawakala kuwa mkutano wa pamoja wa mwaka utaanza chini ya muda wa saa moja na kuwapa kiunganishi cha kuwaruhusu kuufuatilia matukio kwa njia ya kielektroniki.

8. Wanahisa waliosajiliwa kikamilifu pamoja na mawakala wanaweza kufuatilia matukio ya mkutano moja kwa moja kwa njia ya kielektroni na kuweza kupata agenda na kupiga kura watakapoepwa ishara na mwenyekiti kupitia jumbe mfupi wa USSD.

9. Matokeo ya mkutano mkuu wa pamoja wa mwaka yatachapishwa chini ya muda wa saa 24 baada ya kukamilika kwake.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of TPS Eastern Africa PLC (TPSEAP/ the Company/ the Group), I am delighted and honoured to present to you the Annual Report and Financial Statements of the Group for the year ended 31 December 2023.

As anticipated, market sentiment remained buoyant throughout 2023, signalling a consistent return of confidence in the foreign leisure and corporate market segments within the Serena Hotels portfolio across the Eastern African region. This was further complemented by significant growth in business volumes from both domestic and regional markets spanning leisure, corporate travel, events, and functions. Notably, Serena city hotels continued to be preferred venues for high-profile events and governmental and diplomatic functions. This trend is expected to gain further momentum in 2024.

During the year under review, TPSEAP achieved a 40% increase in turnover compared to previous year to stand at Shs 9.7 billion (2022: Shs 6.9 billion), and 'Profit before depreciation, finance income / (costs), results of associates and income tax expense' recorded a 48% growth compared to previous year, to stand at Shs 2.7 billion (2022: Profit of Shs 1.8 billion).

This improved performance demonstrates the effectiveness of our strategic initiatives, strengthened by the regional presence of the Serena brand. By aligning our strategies to engage customers and anticipate and exceed their expectations, the management team has not only navigated volatile market conditions with agility but also capitalized on emerging opportunities. Our proactive risk management approach has ensured resilience across our business landscape, while maintaining financial discipline to sustain our position amidst uncertainties. Moreover, the concerted efforts of our teams have been instrumental in sustaining the Company's growth momentum and achieving notable milestones throughout the year.

The depreciation of the Kenya Shilling against the US Dollar led to increased interest costs by Shs. 148.2 million and non-cash unrealized exchange losses by Shs. 408.4 million on the Company's US Dollar-denominated debt compared to the same period last year. However, it is important that on behalf of the Board, I reassure our shareholders and other stakeholders that the Company's revenue streams in US Dollars are sufficient to discharge our US Dollar loan obligations due in 2024 and beyond, thereby providing a solid foundation for financial stability moving forward.

It is worth noting that challenges including political demonstrations in Kenya, anti-LGBTQ legislation in Uganda, and the insecurity in the Eastern Democratic Republic of Congo, impacted 2023 performance.

The Group will continue to navigate a complex landscape in 2024. This includes political uncertainty, security concerns, high interest rates, currency fluctuations, inflation, and increasing energy costs. These challenges are compounded by broader macroeconomic factors encompassing economic instability, health concerns, climate resilience, and evolving geopolitical instability. To thrive amidst these complexities, the Group will continue to pursue strategies related to yield optimization, enhancing cost efficiency, and managing funds prudently.

The Board of Directors does not recommend the payment of a dividend for the year ended 31 December 2023. This decision is informed by prioritizing substantial investments now required in product upgrades and improved technology including enhancement of business resilience measures. It is important to appreciate that these investments were put on hold due to the pandemic.

The Company and its subsidiaries contributed to the revenues of the governments of Kenya, Tanzania, and Uganda in 2023. During the year, the Group contributed, in aggregate, the equivalent of: Shs 2.4 billion (2022: Shs 2.2 billion) in direct and indirect taxes as well as Shs 469 million (2022: Shs 374 million) in royalties and rents to the revenues of counties and local authorities in the various jurisdictions in which we have a presence within the Eastern Africa region.

Even as the sector faces the evolving challenges indicated above, various reports including that from our representatives in the source markets indicate that the optimism and growth momentum in tourism and travel will continue throughout 2024 and that, with the re-entry of Chinese travellers, volumes would be expected to further improve in 2024 and 2025.

As noted on the East African Community website, the tourism sector in East Africa stands out as a significant force in the realization of East Africa's economic growth potential. Recognizing this potential, the Board and Management continue to evaluate the mid-term strategy of TPSEAP to thrive within the recovering market. We do not take the continued patronage of our guests for granted, particularly in an environment where one is spoilt for choice. Aligning with global trends that emphasize authentic eco-

connections and wellness, Serena Hotels reaffirms its dedication to enhancing products, services, and experiences throughout its portfolio to ensure that our guests relish exceptional stays. With confidence in the long-term growth of tourism, we intend to resume expansion efforts in strategic locations, thereby further solidifying Serena's position as a leading hospitality brand across East Africa.

The Group remains committed to enhancing its Human Resource Management (HRM) practices as detailed on page 18 under the Chief Executive Officer's Statement and advancing robust Sustainability programs that align with our short to medium-term strategic objectives. Concurrently, the Company persists in pursuing new business opportunities that resonate with its diversification strategy, which includes strengthening marketing and sales efforts targeting both traditional and emerging source markets.

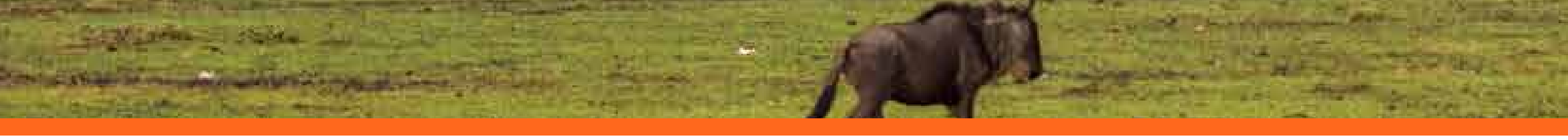
For over 50 years, Serena Hotels has pioneered responsible business practices. These practices are embedded in everything we do, from daily interactions with guests to operational decisions and business processes. We believe that responsible business goes hand-in-hand with sound environmental practices. Throughout our value chain, we therefore strive to create shared value for our business, the communities around us, and the wider ecosystems we operate within. Our commitment to sustainability ensures that our portfolio of hotels, resorts, safari lodges and camps stimulate local economic activity, fostering development and long-term growth in the surrounding areas. We are guided by Environmental, Social, and Governance (ESG) principles and the Aga Khan Development Network (AKDN) Environmental and Climate Commitment Statement (the Statement). The Statement is a policy document that frames and articulates the Network's policy on environment and climate change. It publicly commits the Network's operations across all agencies (which includes Serena Hotels being the tourism arm) and institutions to the Paris Agreement on Environmental Conservation and commits the agencies and institutions to have net zero carbon emissions by 2030. Further information on our Sustainability programs and initiatives can be found on pages 29 to 37 of this Annual Report.

During the year 2023, Serena Hotels were proud recipients of several national and international awards and accolades as included on page 38 of this Annual Report.

On behalf of the Board and Management, I extend our sincere appreciation to the respective East African governments for their unwavering commitment to support the East African tourism sector. We recognize the significant challenges faced by the industry and we are deeply encouraged by the measures being taken to anchor East Africa as a tourism destination. The inherent strengths of East Africa's tourism offerings – from stunning wildlife safaris to breath-taking landscapes and rich cultural and eco experiences, position us for an encouraging recovery in the coming years. We look forward to continuing to work together with the other stakeholders to create a vibrant and thriving future for this vital sector.

The Board and Management are incredibly grateful for the unwavering support, loyalty, and trust we have received from our stakeholders. This includes our shareholders, our dedicated associates (staff), our valued customers, and various regulatory bodies. We also extend our gratitude to industry colleagues and related sectors. Your invaluable loyalty and support have been significant in navigating the Company's recovery. We look forward to your continued support as we move forward in 2024 and beyond.

Kigali Serena Hotel



Chairman statement (continued)

I would also like to acknowledge, with appreciation, the critical support that I received from my colleagues on the Board in successfully steering the Group's business activities and strategies during the year 2023. To this end, it would be appropriate to note that Mr. Mahmud Jan Mohamed retired as the Managing Director / Chief Executive Officer (CEO) with effect from 21 July 2023. Mr. Jan Mohamed has played a very critical part in the success of the Group and leaves an indelible mark on the hotel industry, particularly in Africa, being the longest serving CEO.

Under his leadership that spans over 25 years, he has been pivotal in the success of the Group's vision and ambition. His contribution included navigating and leading the Group through unprecedented challenging times. With the collective efforts of dedicated Board of Directors, and talented associates (staff), Mr. Jan Mohamed left TPSEAP in good standing, well positioned for credible growth into the future. Key achievements under his stewardship include: listing of TPSEAL on the Nairobi Securities Exchange on 15th March, 2006; expansion of the Serena Africa portfolio of hotels/ lodges/camps/resorts from the original 5 in Kenya to the current 22 within Tanzania, Zanzibar, Mozambique, Uganda, Rwanda and DR Congo; inspiring, coaching and mentoring local manpower that has led to fulfilling careers and preparation of a generation of Senior and Middle Managers; and pioneering eco-tourism initiatives - the holistic approach towards Environmental, Social, Economic and Governance (ESG) practices that has enabled Serena Hotels to receive numerous national and international awards and accolades. The TPSEAP Board extends its gratitude and appreciation for the professionalism, dedication and exemplary commitment to duty that has been exhibited by Mr. Jan Mohamed during the entire period that he served as the Managing Director / CEO. The Board wishes him and his family good health during his well-deserved retirement.

To this end, I welcome Mr. Ashish Sharma as the Managing Director / Chief Executive Officer of TPSEAP with effect from 21 July 2023. Mr. Sharma has experience spanning over 34 years in diverse business portfolios including tourism & hospitality in the developing world covering strategic growth and development. Prior to this appointment, he gained valuable hands-on experience in hotel development and opening of new properties, licencing of the Serena brand, e-commerce, operations, human resources, and sales and marketing. Please refer to page 22 for more details on Mr. Sharma's profile. The TPSEAP Board joins me in wishing Mr. Sharma success on his appointment.

May I also take this opportunity to welcome Mr. Aziz Boolani and Mr. Donald Mhaiki as new members of the TPSEAP Board. Mr. Boolani is the Chief Executive Officer, Serena Hotels, South and Central Asia, since 2000 and has been appointed as the Global Head of Tourism Department (Serena Hotels) for the Aga Khan Fund for Economic Development (AKFED) from August 2023. Mr. Boolani has over 38 years of experience in the hospitality and tourism sector. Mr. Mhaiki is currently the Director of Information Technology at the National Social Security Fund, Tanzania, a position that he has held since 2021. Please refer to page22 and23 for more details on Mr. Boolani's and Mr. Mhaiki's profiles.

Lastly and most notably, I want to express my gratitude to our Management and associates (staff). Their unwavering diligence, commitment, and dedication during the recovery phase have been truly remarkable, and a key factor in the Company's resilience.

FRANCIS OKOMO-OKELLO MBS, EBS

CHAIRMAN

Lake Kivu Serena Hotel

TAARIFA YA MWENYEKITI

Kwa niaba ya Halmashauri ya Wakurugenzi wa TPS Eastern Africa PLC (TPSEAL/ Kampuni/ Kundi), ni fahari yangu kuwaletea ripoti ya Pamoja ya Mwaka na Taarifa za Matumizi ya Pesa za Kampuni kwa kipindi cha mwaka uliomalizika Desemba 31, 2023.

Kama ilivyoratajiwa, hisia katika masoko zilisalia kuwa juu kipindi chote cha mwaka 2023 na kuashiria kuendelea kurejea kwa imani katika soko la starehe la kimataifa na kitengo cha mashirika katika Hoteli za Serena katika ukanda mzima wa Afrika Mashariki. Hali hii iliongezewa nguvu na ishara za ukuaji wa viwango vya biashara kutoka masoko ya humu nchini na kanda katika starehe, usafiri wa mashirika, matukio na sherehe. Hasa, hoteli za mijini za Serena ziliendelea kupendelewa kwa matukio makubwa na shughuli za kidplomasia kutoka kwa Serikali. Mwenendo huu unatarajiwa kupata kasi zaidi mwaka 2024.

Wakati wa kipindi hiki cha mwaka unaongaziwa, TPSEAP ilipata ongezeko la asilimia 40% la mapato kwa jumla ikilinganishwa na mwaka uliopita na kuzoa jumla ya Ksh bilioni 9.7 (mwaka 2022 zilikuwa Kshs.bilioni 6.9) na faida kabla ya hasara kutokana na ubadilishanaji wa pesa usiotarajiwa , kushuka kwa thamani, matokeo ya washirika tanzu na ushuru ya asilimia na kurekodi asilimia 48% ya ukuaji ikilinganishwa na mwaka uliotangulia na kusimamia Kshs bilioni 2.7 (faida mwaka 2022 ilikuwa Kshs bilioni 1.8)

Kuimarika huku kwa mapato kunaashiria ufanisi wa mipango yetu ya kimkakati na kuongezewa nguvu na uwepo wa bidhaa za Serena katika kanda. Kwa kuweka pamoja mkakati wetu na kuwahusisha wateja na kuzidisha matarajio yao, timu ya usimamizi haijafanya tathmini ya hali masoko tete yaliyo mepesi lakini pia imetumia vyema nafasi zinazojitokeza. Njia zetu za kukabiliana na athari zimehakikisha ustahimilivu kwenye mazingira ya biashara yetu huku tukidumisha nidhamu katika matumizi ya pesa na kudumisha nafasi yetu katika hali ya wasi wasi. Zaidi ya hayo, juhudi za pamoja kutoka kwa timu yetu zimekuwa muhimu kudumisha kasi ya ukuaji wa Kampuni na kufikia hatua muhimu kipindi chote cha mwaka mzima.

Kushuka kwa dhamani ya shilingi ya Kenya dhidi ya Dola ya Marekani kulipelekea kupanda kwa gharama za riba za Kshs. milioni 148.2 na hasara zisizotokana na fedha za Kshs. milioni 408.4 za ubadilishaji wa madeni yanayomilikiwa na Kampuni kwa Dola ya Marekani ilinganishwa na kipindi sawa mwaka uliotangulia. Hata hivyo, kwa niaba ya wakurugenzi ni muhimu kutoa hakikisho kwa wanahisa wetu na wadau kuwa, mikondo ya mapato ya kampuni kwa mfumo wa Dola ya Marekani inatosha kutekeleza majukumu yetu ya mkopo wa Dola mwaka 2024 na zaidi kutoa msingi imara wa uthabiti wa fedha kuendelea mbele.

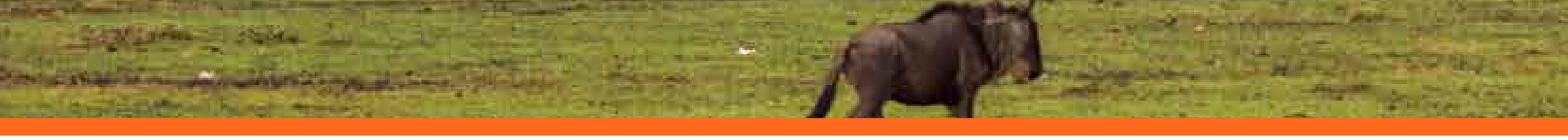
Ni muhimu kutambua kuwa, changamoto zikiwemo maandamano ya kisiasa nchini Kenya na usajili wa mashoga na wagasaji (LGBTQ) nchini Uganda na hali ya ukosefu wa usalama ukanda wa Kaskazini mwa Jamhuri ya Kidemokrasia ya Congo ziliathiri matokeo mwaka 2023.

Kampuni za TPS zitaendelea kupitia mazingira magumu mnamo 2024. Hii ni pamoja na hali ya taharuki ya kisiasa, maswala ya usalama, viwango vya juu vya riba, mabadiliko ya sarafu na ongezo la gharama ya kawi. Changamoto hizi zinachangiwa na ukosefu mkubwa wa utulivu wa maswala ya chumi ndogo kuhusiana na ukosefu wa utulivu wa kiuchumi, maswala ya kiafya, ustahimilivu wa hali ya hewa na ongezeko la ukosefu wa utulivu wa kijiografia. Ili kufanikiwa kwenye matatizo haya, kundi litazidi kutekeleza mikakati ya kuongeza mapato, kuboresha matumizi mazuri ya gharama na utekelezaji wa usimamizi mzuri wa fedha.

Kwa kuzingatia changamoto zinazotokana na mabadiliko ya hali kama ilivyotajwa hapo juu, Halmashauri ya wakurugenzi haitoi pendekezo la malipo ya mgawo wa faida kwa kipindi cha mwaka uliomalizika Desema 31, 2023. Uamuzi huu umeafikiwa kutokana na haja ya kampuni kuendelea kuzingatia kuongeza uwekezaji kwa uboreshaji wa bidhaa na kuimarisha mikakati ya ufufuzi.

Kampuni na washirika wake tanzu walichangia kwenye mapato ya Serikali za Mataifa ya Kenya, Tanzania na Uganda mwaka 2023. Wakati wa kipindi hiki cha mwaka, kundi lilitoa malipo sawa na Kshs. bilioni 2.4 (2022 zilikuwa Kshs.bilioni 2.2) kama ushuru wa moja kwa moja au usio wa moja kwa moja na Kshs milioni 469 (mwaka 2022 ulikuwa Kshs milioni 374) kama malipo ya nia njema na mapato kwa serikali za kaunti na halmashauri za utawala katika maeneo mbali mbali ya usimamizi ambako tunatekeleza shughuli kanda ya Arika Mashariki.

Huku sekta ikikabiliwa na changamoto ibuka kama ilivyoonyeshwa hapo juu, ripoti mbali mbali zikiwemo kutoka kwa waakilishi wetu kwenye masoko ya biashara zinaonyesha matumaini na kasi ya ukuaji kwa sekta ya utali na usafiri kuendelea kipindi chote cha



Taarifa ya Mwenyekiti (kuendelea)

mwaka 2024 na kwamba, kuingia kwa wasafiri kutoka taifa la Uchina kutachangia kuongezeka kwa idadi hii zaidi na kuimarika mwaka 2024 na 2025.

Kama iliyofahamika katika wavuti wa umoja wa Arika Mashariki, sekta ya utalii Afrika Mashariki inachukua nafasi kubwa ya kupatikana kwa ukuaji wa uchumi. Kwa kutambua nafasi hii muhimu, Halmashauri na Usimamizi wataendelea kutathimni mkakati wa muda wa kadri wa TPSEAL kustawi katika soko linalofufuka. Hatuchukui kwa mzaha mchango tunaoendelea kupata kutoka kwa wageni wetu na hasa katika mazingira yenye chaguzi nyingi. Ili kujiweka sawa na mienendo ya dunia inayosisitiza uhusiano wa mazingira na ustawi, Hoteli za Serena zinatoa hakikisho kujitolea kwake kuimarisha bidhaa, huduma, na uzoefu kokote waliko na raslimali zake kuhakikisha kuwa wageni wanapata huduma za kipekee. Huku tukiwa na matumani kuhusu ukuaji wa muda mrefu wa utalii, tunatarajia kurejelea juhudi za upanuzi maeneo muhimu na kuongeza udhibiti wa nafasi ya Serena kama kiongozi wa bidhaa za hoteli kote Afrika Mashariki.

Kundi litaendelea kujitolea kwake kuimarisha mpango wake wa usimamizi wa wafanyakazi (HRM) kama ilivyoelezewa kupitia ukurasa 20 wa taarifa Afisa Mkuu Mtendaji na kuendeleza mipango thabiti ya uendelevu inayoenda sambamba na malengo ya mkakati wetu wa muda mfupi na mrefu. Wakati huo, kampuni inatafuta mbinu na nafasi mpya za kibiashara zinazolingana vyema na mkakati wake wa upanuzi ambao unahusu kuimarisha uvumishaji na juhudi za mauzo kwa kulenga masoko ya kawaida na yale yanayoibuka.

Kwa kipindi cha zaidi ya miaka 50, Hoteli za Serena zimekuwa waanzilishi wa biashara zinazowajibika. Mazeoa haya yanahusishwa na kila jambo tunalofanya kuanzia uhusiano wa kila siku na wateja hadi maamuzi ya utekelezaji wa taratibu za biashara. Tunaamini kuwa biashara inayowajibika inaenda sambamba na mazingira mazuri ya utekelezaji. Kwa sababu hiyo, kupitia mfumo wetu sote tunajitahidi kutafuta thamani kwa biashara yetu, jamii zinazoishi karibu na mfumo pana wa ekolojia tunakotekeleza shughuli zetu. Uwajibikaji wetu unahikisha kuwa hoteli zetu, maeneo ya mapumziko, hoteli za safari na kampi zinachochea shughuli za kiuchumi za jamii, kuleta maendeleo na ukuaji wa muda mrefu katika maeneo yanayozunguka. Tunaongozwa na maadili ya mradi wa Environmental, Social, and Governance (ESG) na mtandao Aga Khan Development Network (AKDN) ambazo ni taarifa kuhusu mazingira na uwajibikaji wa hali ya hewa (taarifa).Taarifa hii ni hati ya sera inayoelezea kuhusu sera za mtandao wa mazingira na mabadiliko ya hali ya hewa. Hati hii inaunganisha wazi uwajibikaji wa shughuli za mtandao kwa mawakala wake wote (wakiwemo Hoteli za Serena kama kiungo cha utalii) na taasisi katika mkataba wa makubaliano ya utuzaji wa mazingira wa Paris na kuwaamrisha mawakala na taasisi kumaliza uchafuzi wa hewa ifikiapo mwaka 2030. Maelezo ya kina kuhusu mipango endelevu inaweza kupatikana kupitia ukrasa 29 hadi 37 wa taarifa hii ya mwaka.

Wakati wa kipindi cha mwaka 2023, Hoteli za Serena zilipata fahari kupokea matuzo mbali mbali ya kitaifa na kimataifa kama ilivyoonyeshwa kupitia ukurasa 38 wa ripoti hii ya mwaka.

Kwa niaba ya Halmashauri ya bodi na wakurugenzi, ningependa kutoa shukrani za dhati kwa Serikali husika za Afrika kwa kujitolea kwao kusaidia sekta ya utalii Afrika Mashariki. Tunatambua changamoto zinazokabili sekta hii. Hata hivyo, tunapata nguvu kutokana na juhudi zinazofanywa kuongoza Afrika Mashariki kama kituo cha Utalii. Juhudi za matoleo makubwa kwenye Utalii Afrika Mashariki kuanzia safari za wanyama pori hadi mandhari za kuvutia pamoja na turathi za utamaduni zinatuweka kwenye nafasi bora ya kuinuka miaka inayokuja. Tunatarajia kuendelea kufanya kazi pamoja na washika dau wengine ili kujenga mustakabali mzuri na unaostawi kwa sekta hii muhimu.

Jet ski at Goma Serena Hotel

Taarifa ya Mwenyekiti (kuendelea)

Halmshauri na usimamizi zinatoa shukrani zao za dhati kutokana na mchango usio na kifani, imani na uaminifu ambao tumepokea kutoka kwa wadau wetu. Hawa ni pamoja na wana hisa, washirika wetu (wafanya kazi), wateja wetu na makundi mbali mbali ya udhibiti. Uaminifu na mchango wako zimekuwa muhimu sana kuendesha kampuni kuinuka. Tunatarajia kuendelea kupata msaada wako tunapoendelea na mwaka 2024 na hata zaidi.

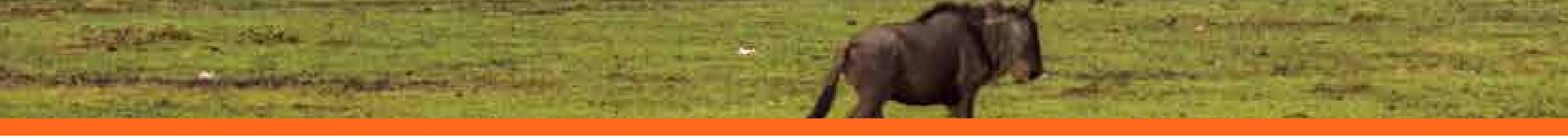
Pia, ningependa kutambua kwa dhati mchango dhabiti ambao nimepata kutoka kwa wenzangu kwenye halmashauri kuendesha shughuli za biashara na mikakati mwaka 2023.Kufikia sasa, itakuwa ni muhimu kutambua kuwa Bw. Mahmud Jan Mohamed alistaafu kama Meneja Mkurugenzi/ Afisa Mkuu Mtendaji (CEO) kuanzia Julai 21, 2023 . Bw. Mahmud Jan Mohamed alitekekeleza nafasi muhimu sana kwa ufanisi wa Kundi na ameacha nyuma alama isiyofutika kwenye biashara ya utalii hasa bara la Afrika kwa kuwa Afisa Mkuu Mtendaji aliyefanya kazi hiyo kwa muda mrefu zaidi. Chini ya Uongozi wake uliochukua zaidi ya miaka 25, amekuwa kiungo muhimu cha ufanisi wa ndoto na malengo ya kundi. Mchango wake wa pamoja ulihusu kuongoza kundi kupitia nyakati zilizo na changamoto zisizotarajiwa. Kupitia juhudi za pamoja na Halmashauri ya wakurugenzi na washirika wenye tajriba pevu (wafanyakazi), Bw.Jan Mohamed aliondoka TPSEAP ikiwa imesimama imara, iliyo jiweka katika nafasi zuri kwa ukuaji siku za usoni. Mafanikio makubwa chini ya usimamizi wake ni pamoja na; kuisajili TPSEAL kwenye soko la hisa Machi 15, 2006 , upanuzi wa raslimali za hoteli / hoteli za kulala/ Kampi/ maeneo ya starehe ya Serena barani Afrika kutoka idadi ya awali ya 5 nchini Kenya hadi ya sasa ya 22 nchini Tanzania, Zanzibar, Mosambiqe, Uganda, Rwanda na Jamhuri ya Kidemkrosia ya Congo; kuhamasisha; mafunzo na kutoa nasaha kwa wafanyakazi wa humu nchini ambazo zimepelekea kutimiza mafunzo na maandalizi kwa vizazi vya wasimamizi wa ngazi za juu na wa kadri na kusimamia mradi wa utalii wa ekolojia ambao ni mtazamo wa jumla wa mazingira, jamii, uchumi na utawala (ESG) na kuwezesha hoteli za Serena kupokea matuzo mbali mbali ya kitaifa na kimataifa. Halmashauri ya TPSEAP inatoa shukrani zake kwa utawala wa kitaaluma, kujitolea na uwajibikaji ambao umedhihirishwa na Bw. Jan Mohamed wakati wa kipindi chake chote alipohudumu kama Meneja Mkrugenzi/Afisa Mkuu Mtendaji. Halmashauri inamtakia yeye na familia yake afya zuri wakati huu wa kustaafu kwake.

Kwa sasa, namkaribisha Bw. Ashish Sharma kama Meneja Mkurugenzi/ Afisa Mkuu mtendaji (CEO) wa TPSEAP kuanzia Julai 21, 2023. Bw. Sharma ana tajriba ya miaka 34 kwenye nyadhifa mbali mbali za biashara ikiwemo utalii na hoteli katika ulimwengu unaokua. Hii ni pamoja na kuendesha mkakati wa ukuaji na maendeleo. Kabla ya kuteuliwa kwa wadhifa huu, alipata tajriba ya maendeleo ya hoteli na ufunguzi wa raslimali mpya, usajili wa bidhaa za Serena, biashara ya mtandao, utekelezaji, usimamizi wa kitengo cha wafanyakazi, mauzo na uvumishaji. Tafadhali rejelea ukurasa wa 22 kwa maelezo zaidi kuhusu tajriba ya Bw. Sharma. Halmashauri ya TPSEAP inajiunga nami kumtakia ufanisi Bw. Sharma kufuatia uteuzi wake.

Nachukua fursa hii kuwakaribisha Mabw. Mr. Aziz Boolani na Donald Mhaiki kama wanachama wapya kwenye Halmshauri ya TPSEAP. Bw. Boolani ni Afisa Mkuu Mtendaji mpya wa hoteli za Serena Kusini na Kati mwa Asia kuanzia mwaka 2000 na ameteuliwa kama msimamizi wa Idara ya utalii ulimwenguni (Hoteli za Serena) katika wakfu wa Aga Khan Fund for Enocomic Development (AKFED) kuanzia Agosti 2023. Bw. Boolani ana tajriba ya zaidi ya miaka 38 katika sekta ya hoteli na utalii. Kwa sasa Bw. Mhaiki ni mkurugenzi wa teknolojia ya mawasiliano katika hazina ya kitaifa ya uzeeni (NSSF) nchini Tanzania wadhifa ambao amekuwa akiushikilia tangu mwaka 2021. Tafadhali rejelea ukurasa wa 22 na 23 kwa maelezo zaidi kuhusu Mabw. Boolani na Mhaiki.

Mwisho na mhimu sana, ningependa kutoa shukrani zangu kwa usimamizi wa washirika wetu (wafanyakazi).Bidii yao isiyo na kifani, uwajibikaji na kujitolea kwao wakati wa awamu ya ufufuzi inatambuliwa kikamilifu kama kiungo muhimu cha uthabiti wa Kampuni.

FRANCIS OKOMO-OKELLO MBS, EBS
MWENYEKITI



THE CHIEF EXECUTIVE OFFICER'S REPORT

I am honoured to present to you the Chief Executive Officer's report for 2023, a year where resilience, adaptability and unwavering commitment were evident as TPS Eastern Africa PLC (TPSEAP/ the Company/ the Group), with its portfolio of 22 Hotels, Resorts, Safari Lodges and Camps within the Eastern Africa Region, not only endured but also regained its footing.

During the year 2023, the Group delivered by engaging sales and marketing campaigns, adopting creative and pro-active strategies in response to the rapid changes in market dynamics and customer trends and preferences. These were imperative in pursuit of retaining the valued customers, building on emerging source markets, increasing brand outreach; and driving repeat and incremental business.

To complement the growth in business volumes from the regional corporate and domestic market segments for leisure and corporate travel, the Group witnessed a notable resurgence in experiential travel from the foreign leisure and corporate market segments. Leveraging our well-established brand presence, strategic initiatives, prudent decision making, targeted marketing campaigns, exceptional service standards, and enriching meetings, safari, wellness, and eco-experiences, we successfully capitalized on the upswing in demand, resulting in encouraging performance across our properties.

All TPS entities delivered positive EBITDA (Earnings before Interest, Taxation, Depreciation & Amortization) results for the year 2023. TPSEAP achieved a 40% increase in turnover during the year 2023 compared to previous year to stand at Shs 9.7 billion (2022: Shs 6.9 billion), and 'Profit before depreciation, finance income / (costs), results of associates and income tax expense' recorded a 48% growth compared to previous year, to stand at Shs 2.7 billion (2022: Profit of Shs 1.8 billion). Despite the uncertainties in the global landscape as covered under the Chairman's Statement, the concerted efforts of our dedicated associates (staff), coupled with prudent management decisions, have been instrumental in driving TPSEAP forward and delivering encouraging results for the year 2023.

Our Associate Companies, Tourism Promotion Services (Rwanda) Limited (which operates Kigali Serena and Lake Kivu Serena Hotels); and TPS (D) Limited, (which operates the Dar es Salaam Serena Hotel), also delivered satisfactory results in 2023.

Given the encouraging business levels in 2023 and the evolving nature of the challenges outlined under the Chairman's Statement, the Board and Management have maintained a balanced perspective, combining caution with optimism, regarding the Company's potential for the expected significant growth in 2024. To thrive amidst these complexities, our strategy will continue to encompass a blend of short-term tactical measures and medium-term transformative initiatives. The enhanced efforts will continue to be directed towards: yield optimization, upgrading the technological infrastructure, developing human resource capacity, enhancing guests' facilities and comfort while investing in renovation and refurbishment of various unit's guest rooms and public areas, fostering equitable relationships with suppliers of business to ensure seamless business transactions, re-engineering internal processes to optimize operational efficiency, managing funds prudently and continuously monitoring and refining the business model to align with the evolving business environment. Our aim is to adapt proactively to market changes and maximize on profitability by adopting cost efficient processes.

While business from our traditional source markets continues to perform well, there is significant potential in leveraging the increasing affluence of emerging source markets. Management intends to capitalize on this potential by strategically appointing marketing representatives in key emerging markets. We deeply appreciate the crucial support from our local and regional market segments, who patronize the Serena portfolio for both leisure and corporate travel, which remains integral to our strategy. To complement this, our focus in 2024 and beyond will be to strengthen customer retention, experience and connection with the Serena brand whilst also enticing new customers through the revitalization of the Serena Prestige Club loyalty program by investing and enhancing the digital customer journey. To this end, management is expected to launch the enhanced Serena Prestige Club loyalty program, including a Plus program, by early Q3 2024. This enhancement will extend its benefits to cover the entire Global Serena portfolio, aiming to elevate the perceived value of the program for its members. The Plus program specifically targets local leisure and corporate residents, offering incentives on services such as food and beverage, Maisha health club, and laundry services, catering to a significant revenue-generating segment.

In 2024, priority will be given to meeting the anticipated market demand for the Meetings, Incentives, Conferences, and Events (MICE) segment at our Serena City Hotels portfolio to maintain competitiveness. Despite new market entrants providing increased competition, all Serena City hotels performed well and hosted high profile guests and events in 2023. Concurrently, efforts will be directed towards enhancing and improving facilities across the rest of the portfolio, ensuring that Serena maintains its highest standards of guest satisfaction, comfort, hygiene, safety, product, and service. In 2023, the installation of a heating system has enabled our guests

The Chief Executive Officer's Report (continued)

to use the swimming pools at Lake Elementeita Serena Camp, Mara Serena Safari Lodge, and Amboseli Serena Safari Lodge throughout all seasons; and has been well received by our guests and suppliers of business.

The Company will continue investing in and developing human resource capacity, because its associates (staff) are pivotal for mutual long-term sustainable success, growth, and the reputation of its brand values. Anticipating evolving guest expectations, we are committed to enhancing and sustaining the trust and confidence of our guests, by upholding Serena's quality service standards. To achieve this, we will continue to invest in training, development, and welfare programs.

We actively integrate Environmental, Social, Economic, and Governance (ESG) practices into our daily business operations to align with our medium to long-term business strategy. By incorporating the United Nations Sustainable Development Goals, we've been able to make meaningful impacts across the Eastern Africa region. This includes promoting eco-tourism, addressing climate change, conserving water, and energy, utilizing treated sewage water, participating in reforestation efforts, installing solar energy systems, preserving biodiversity, respecting local traditions, culture, and heritage, supporting education, and contributing to public health initiatives in communities around our operations.

Given the significant risk climate change poses to the hospitality industry, especially for safari lodges and camps in ecologically sensitive areas, recognizing and addressing these risks is paramount for our long-term sustainability. Through implementing climate-resilient practices, Serena Hotels not only safeguards its own business and those auxiliary to it but also plays a role in conserving the natural environments upon which we and the supporting communities around us rely on.

We look forward to the continued efforts between public and private sectors on working together to address key challenges and investment in promotional initiatives across various platforms, aimed at rebuilding confidence in travel and revitalizing the regional tourism industry. Together, we aim to reposition and enhance the appeal of destination East Africa.

I would like to express my profound gratitude to the governments of East Africa for their efforts in supporting the recovery of the tourism sector. Heartfelt thanks are also extended to all our customers for their loyalty and valuable feedback. We appreciate our associates (staff), whose hard work and dedication have been instrumental in steering the Company through its recovery. As we progress into 2024 and beyond, we look forward to your continued support.

I extend sincere gratitude on behalf of the associates (staff) and Management to the Board of Directors for their unwavering guidance, diligence, and invaluable support throughout the year 2023. Additionally, I wish to acknowledge with deep appreciation the ongoing support, confidence, loyalty, and trust that Serena Hotels has consistently received from its shareholders, associates (staff), customers, regulatory authorities, and other stakeholders.

ASHISH SHARMA
CHIEF EXECUTIVE OFFICER

Wildebeest crossing the Mara river

TAARIFA KUTOKA KWA AFISA MKUU MTENDAJI

Ni fahari yangu kuwaletea ripoti ya Afisa Mkuu Mtendaji kwa kipidi cha mwaka uliomalizika Desemba 2023. Huu ulikuwa ni mwaka uliotoa ushahidi kuwa, uthabiti, mabadiliko na kujitolea kwa dhati kuliandaa njia ya biashara yetu yenye hoteli 22 katika maneneo ya mapumziko, hoteli za safari na kampi ukanda wa Afrika Mashariki.

Wakati wa kipindi cha mwaka 2023, kundi lilifanikiwa kupitia juhudi za kampeini kuhusu mauzo na uvumishaji kuzingatia ubunifu na mikakati imara kukabiliana na mabadiliko ya haraka ya masoko na mienendo ya wateja na mambo wanayopendelea. Hatua hizi zilikuwa muhimu katika juhudi za kuendelea kuthibiti wateja, kuinua ufahamu katika vianzio vya masoko mapya, kupanua upeo wa bidhaa na kuongeza mazoea ya biashara kutoka wateja kawaida.

Ili kuongezea nguvu ukuaji wa viwango vya biashara kutoka mashirika ya kanda na vitengo vya safari za nyumbani kwenye masoko ya starehe na usafiri wa kimashirika, TPS Eastern Africa PLC (TPSEAP/ Kampuni/ Kundi) ilishuhudia kufufuka kwa safari za kawaida kutoka masoko ya kigeni na mashirika. Kwa kutumia vyema sifa za bidhaa zetu, mipango ya kimkakati, kufanya uamuzi wa busara, kufanya kampeini zinazolenga, utoaji wa viwango vya huduma za kipekee na ongezeko la mikutano, safari, ustawi, uzoefu wa ekolojia tulifaulu kutumia vyema ongezeko la mahitaji na kupelekea kupatikana kwa matokeo ya kuridhisha katika raslimali zetu zote.

Hoteli zote za Serena zilizalisha mapato ya kufana kabla ya riba, ushuru, kushuka kwa thamani na upunguzaji wa madeni (EBITDA) kwa matokeo ya mwaka 2023. TPSEAP ilipata ongezeko la asimilia 40% kwenye mapato ya jumla kipindi hiki cha mwaka 2023 ikilinganishwa na mapato ya Kshs bilioni 9.7 mwaka uliotangulia. (2022 Kshs bilioni 6.9) na faida kabla ya hasara isiyokadirika kutokana na ubadilishanaji, riba, kushuka kwa thamani, matokeo ya washirika tanzu na ushuru zilisajili ukuaji wa asilimia 48% ikilinganishwa na mwaka uliotangulia ya Kshs bilioni 2.7 (2022 faida ya Kshs. billion 1.8) Licha ya taharuki za ulimwengu kama ilivyoelezewa kupitia taarifa ya Mwenyekiti, juhudi za pamoja kutoka kwa washirika wetu tanzu (wafanyakazi) na pia kupitia maamuzi ya busara kutoka usimamizi, tumeweza kupeleka TPSEAL mbele na kupata matokeo ya kuridhisha mwaka 2023.

Washirika wetu tanzu, Tourism Promotion Services (Rwanda) Limited (inayoendesha Kigali Serena na Lake Kivu Serena Hotels) na TPS (D) Limited (inayoendesha Dar es Salaam Serena Hotel) pia zilisajili matokeo ya kufana mwaka 2023.

Kutokana na viwango vya kuridhisha vya biashara mwaka 2023 na changamoto zinazoibuka kama zilivyoelezewa kupitia taarifa ya Mwenyekiti, Halmashauri na Usimamizi zimeweza kudumisha mtazamo ulio sawa unaojumuisha tahadhari na matumaini kulingana na uwezo wa kampuni kuhusiana na ukuaji muhimu mwaka 2024. Huku tunapolenga siku za usoni, mkakati wetu unahusisha hatua za mda mfupi na wa kadri wa mipango ya mabadiliko. Juhudi hizi zinaelekezwa uboreshaji muundo misingi wa kiteknolojia, kuimarisha uwezo wa wafanyakazi, kuimarisha vifaa vya wateja, faraja na uwekezaji kwenye vifaa vipya, kukuza uhusiano na wadau wa biashara na kutoa hakikisho la huduma za mawasiliano ya moja kwa moja, kuboresha ufanisi wa utendaji na kuendelea kufuatilia na kupiga msasa mfumo wa biashara ili kwenda sambamba na mazingira yake yanayobadilika. Lengo letu ni kubadilika kwa taratibu kulingana na mabadiliko ya soko na kuongeza faida kwa kuchukua njia za gharama nafuu.

Huku masoko ya kawaida ya biashara yakiendelea kufanya vyema, kuna umuhimu mkubwa kutumia vyema ongezeko la ushawishi kutoka masomo ibuka. Usimamizi unanuia kutumia vyema nafasi hii kwa kuwateua waakilishi wa mauzo kwenye masoko muhimu yanaoibuka. Tunatambua kwa dhati msaada muhimu kutoka vitengo vya masoko ya humu nchini na kanda vinavyotetea bidhaa za Serena kwenye masoko ya safari za starehe na mashirika ambayo ni kiungo muhimu cha mkakati wetu. Kuongezea nguvu swala hili, mtazamo wetu mwaka 2024 na hapo mbele utakuwa kuimarisha uhifadhi wa wateja, matamanio na kuwaunganisha na bidhaa za Serena huku tukiwashawishi wateja wapya kupitia mpango wa utoaji matoleo wa Serena Prestige Club na wakati huo kuwekeza ili kuimarsiah safari za kidijiteli. Kufikia hapa, usimamizi unatarajiwa kuzindua mpango wa Serena *Prestige Club Loyalty* pamoja na Plus Program kipindi cha miezi mitatu ya kwanza ya mwaka 2024. Uimarishaji huu utapanua faida zake na kuhusisha bidhaa zote za Serena ulimwenguni huku ukiwa na malengo ya kuinua thamani ya mpango kwa wanachama wake. Hasa, mpango wa *Plus Program* unalenga soko la humu nchini la starehe na wateja wa mashirika kwa kuwapa motisha kuhusiana na bidhaa kama vile chakula na vinywaji, *Maisha Health Club* na huduma za ufuaji na upishi kwenye kitengo muhimu cha uzalishaji mapato.

Mtazamo mkuu mwaka 2024 utaangazia kwa kina kufikia matarajio ya soko kuhusiana na vitengo vya mikutano, hamasisho, mikutano na halfla (MICE) kwenye hoteli zetu za miji ili kudumisha ushindani. Licha ya kuingia kwa washindani wapya na kuongeza ushindani, hoteli zote za Serena maeneo ya mijini yalisajili matokeo mazuri na

kuwapokea wageni wa hadhi za juu na matukio mwaka 2023. Wakati huo huo, juhudi zitaelekezwa kuboresha na kuimarisha vifaa kote kwenye raslimali na kuhakikisha kuwa Srena inadumisha viwango vyake vya hali ya juu ili kukidhi mahitaji ya wateja wake. Mnamo mwaka 2023, mtambo wa joto umewazesha wageni wetu kutumia dimbwi la kuogelea katika hoteli za Lake Elmenteita Serena Camp, Mara Serena Safari Lodge na pia Amboseli Serena Safari Lodge katika vipindi vyote hali ambayo imepokelewa vyema na wageni wetu na wadau wa biashara.

Kampuni itazidi kuwekeza ili kuimarisha uwezo wa utenda kazi kwani washirika wake (wafanyakazi) ni kiungo muhimu sana kwa ustawi wa muda mrefu, ukuaji na hadhi kwa thamani ya bidhaa zake. Kwa kutarajia kuendeleza matarajio ya wageni, tumejitolea kuimarisha na kuongeza uaminifu na imani ya wateja wetu kwa kudumisha ubora wa huduma zetu. Ili kuafikia hili, tutaendelea kuwekeza kutoa mafunzo, maendeleo na mipango ya maslahi ya jamii.

Tuliweka pamoja mpango wa Mazingira, Jamii, Uchumi, na Utawala (ESG) kwenye shughuli zetu za kila siku ili kuwa sawa na mkakati wetu wa kadri na muda mrefu wa kibiashara. Kwa kujumuisha malengo ya Umoja wa Mataifa kuhusu udhabiti wa maendeleo (United Nations Sustainable Development Goals) tumeweza kuleta athari za maana katika ukanda wote wa Afrika Mashariki. Hii inahusu utalii wa mimea na wanyama, kujadili mabadiliko ya hali ya hewa, uhifadhi wa maji na kawi, matumizi ya mabwawa ya maji taka yaliyotakaswa, ushiriki katika juhudi za upanzi wa misitu,kuweka mitambo ya maji inayotumia kawi ya jua, kuhifadhi viumbe hai, kuheshimu tamaduni za wakazi, mila na turathi, kusaidia elimu na kutoa msaada kwa miradi ya afya ya umma maeneo tunakotekeleza shughuli zetu.

Kutokana na mabadiliko makali ya hali ya anga yanayokabili biashara ya mahoteli hasa kwenye hoteli za safari, kampi na hasa sehemu zenye changamoto ya ekolojia, ni muhimu kuangazia na kutafuta suluhu letu la kudumu la muda mrefu. Kupitia utekelezaji wa juhudi za kuhimili hali ya hewa, hoteli za Serena haitoi ulinzi wa biashara zake kwa wasaidizi wake tu ila pia linatekeleza jukumu la kulinda mazinigira asili ambayo tunategemea na hata kuzisaidia jamii zinazoishi karibu.

Maelezo ya kina kuhusu maendeleo yetu ya mpango wa Hoteli za Serena kuondoa hewa chafu pamoja na mipango mingine ya kudumu na mbinu yanaweza kupatikana kupitia kurasa xxx na xxx za ripoti hii ya mwaka.

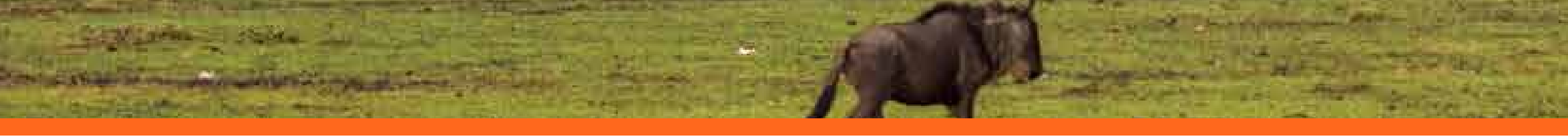
Tunatarajia kuendelea na juhudi za pamoja baina ya umma na sekta za kibnafsi na kufanya kazi pamoja kuangazia changamoto muhimu na uwekezaji kwenye mipango ya uendelezaji kwenye majukwaa mbali mbali ambayo malenga yake ni kurejesha imani ya usafiri na kufufua sekta ya utalii wa kanda. Kwa pamoja, tunalenga kuimarisha na kuiweka kanda ya Afrika Mashariki katika nafasi bora.

Ningependa kutoa shukran zangu za dhati kwa Serikali za Afrika Mashariki kwa juhudi zao za kusaidia ufufuzi wa sekta ya utalii. Shukrani za dhati pia ziwaendee wateja wetu kwa imani na maoni yao muhimu. Tunatambua washirika wetu (wafanyakazi) ambao juhudi zao na kujitolea kwao zimesaidia kuendesha kampuni kwenye safari ya ufufuzi. Huku tunapoendelea na safari ya mwaka 2024 na mbele, tunatarajaia kuendelea kupokea msaada wenu.

Natoa shukrani zangu kwa niaba ya Washirika wetu (wafanyakazi) na Usimamizi wa Halmashauri ya Wakurugenzi kwa mwongozo wao, bidii na mchango usio na kifani kipindi chote cha mwaka 2023. Zaidi ya hayo, ningependa kutambua kwa dhati mchango unaoendelea, imani na uaminifu ambao Hoteli za Serena zimekuwa zikipokea kila mara kutoka kwa Wanahisa wake, Washirika (wafanyakazi), wateja, Halmashauri za utawala na wadau wengine.

ASHISH SHARMA
AFISA MKUU MTENDAJI

Polana Serena Hotel



Board of Directors

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MR. FRANCIS OKOMO-OKELLO – Chairman (1)

Mr. Okello (aged 74yrs) is a qualified lawyer. He holds a Second Upper Class Honors LLB degree from the University of Dar-es-Salaam. He is an Albert Parvin Fellow of the Princeton University, Princeton School of Public and International Affairs (formerly Woodrow Wilson School of Public and International Affairs) (USA) and a Fellow of The Kenya Institute of Bankers (FKIB). He previously served as an independent Non-Executive Director of ABSA Group Limited (formerly Barclays Africa Group Limited), ABSA Bank Limited (South Africa) and the immediate former Chairman of ABSA Bank Kenya PLC (formerly Barclays Bank of Kenya PLC). He is also a Director of the Nation Media Group Limited, among other Companies. He also previously served as a member of the Advisory Board of the Strathmore University Business School (formerly Strathmore Business School) and as a member of the Advisory Committee of the Aga Khan University, Faculty of Arts and Sciences – East Africa. He is currently an Executive Director and Board Advisor at the Industrial Promotion Services Group (East Africa).

Mr. Azizuddin Boolani - Global Head of Serena Hotels (2)

Mr. Azizuddin Boolani (aged 66 years) has been in the hospitality industry for the last 38 years, including 24 years with Serena Hotels. Before being appointed as the Global Head of Tourism Department for the Aga Khan Fund for Economic Development (AKFED) in August 2023, he was the Chief Executive Officer, Serena Hotels, South and Central Asia since 2000. Earlier he worked with Marriott Hotels in Pakistan, from 1986 to 2000, at a senior level, including General Manager of a hotel and later as the Executive Director, responsible for Marriott Hotels and Pearl Continental Hotels across the country. He is a fellow member of the Institute of Cost & Management Accountants and a graduate of the General Manager and Marketing programme from the Holiday Inn University Memphis, USA. He served as the Chairman Pakistan Hotel Association. Mr. Boolani is also the Chairman of the Aga Khan Rural Support Programme, Pakistan.

Mr. Ashish Sharma - Managing Director and Chief Executive Officer (3)

Mr. Ashish Sharma (aged 57 yrs) has experience spanning over 34 years in diverse business portfolios including Tourism & Hospitality in the developing world covering strategic growth and development. He is an Associate of the Institute of Chartered Accountants of England and Wales, and Certified Public Accountant in Canada. He holds a Master of Business Administration in General Management from IESE Business School in Barcelona and is a graduate of the Stanford Executive Leadership Program. He has also worked with the Aga Khan Fund for Economic Development SA (AKFED) for last 20 years, where he held the position of Head of Finance and Strategy for the AKFED tourism & hospitality sector in Asia and Africa, operating as Serena Hotels.

MR. NOOREN HIRJANI - Chief Financial Officer (4)

Mr. Hirjani (Aged 57 yrs) is an Associate of the Institute of Chartered Accountants in England & Wales and holds a BA (Honors) degree from Manchester University. He is a senior finance executive with over 25 years' relevant experience from the United Kingdom, United Arab Emirates, Bahrain, Qatar and East Africa markets. Previously, Mr. Hirjani served in senior positions at Marston's PLC, Carlsberg UK, Merlin Entertainments PLC, Lagan Group, Dubai Holdings, Gulf Finance House; and Qatar Foundation. He is a member of ICPAK.

MR. MAHMOOD PYARALI MANJI - Non-Executive Director (5)

Mr Manji (aged 70 yrs) is a Fellow of the Institute of Chartered Accountants in England and Wales and the Kenyan Institute of Bankers. He is the Chairman of the Aga Khan Schools in Kenya. He is the former Chairman of The Diamond Trust Banks in East Africa and a Director of the Capital Markets Authority in Kenya. In December 2012, Mr Manji was awarded the Order of the Grand Warrior of Kenya (OGW) by His Excellency the President of the Republic of Kenya, in recognition of distinguished services rendered to the nation.

Board of Directors (continued)

MR. GUEDI AINACHE - Non-Executive Director 6

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Mr. Guédi Aïnaché (aged 48 yrs) holds a Masters Degree in Audit and Risk Management from the University of Angers, France and he is also a graduate of Economic Science, from the University of Le Mans, France. Currently he is the Corporate Finance Director at MMD Investments Limited. He has previously worked with Trade and Development Bank as Head of Syndication, based in Nairobi, PROPARCO in Nairobi as Regional Head for East Africa and in Paris as Senior Investment Officer within the Corporate Division handling various large corporate financing transactions across various regions in Africa, Latin America & Asia and as an Associate Director with Crédit Agricole Corporate and Investment Bank in France. He is also a Non-Executive director of Dimaond Trust Bank Kenya Limited.

MRS. AUDREY MAIGNAN – Non-Executive Director 7

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Mrs. Audrey Maignan (aged 36 yrs) holds a Masters in Management and Finance from ESCP Business School in Paris. She is currently the Regional Head of PROPARCO in East Africa. Previously, She was the Regional Head of PROPARCO in Central Africa, served as an Associate – Sovereign Advisory at LAZARD, an Associate – Financial Markets Advisory at BLACKROCK, worked in Financial Advisory and Banking at the WORLD BANK and in investment Banking – Nordic, Dutch & French Corporate Debt Capital Markets at BARCLAYS.

MR. ALKARIM JIWA – Non-Executive Director 8

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Mr. Alkarim Jiwa (aged 54 yrs) is a Fellow of the United Kingdom based Association of Chartered Certified Accountants (ACCA), a member of the Institute of Certified Public Accountants of Kenya (CPA, K), holds a certificate in Management Audits, London School of Economics (2008) and is a member of the Institute of Directors –Kenya. Currently, Mr. Jiwa is the Finance and Strategy Director of Diamond Trust Bank Kenya Limited, as well as a Non-Executive Director of Diamond Trust Bank Burundi S.A., Diamond Trust Bancassurance Intermediary Limited (Kenya), Diamond Jubilee Investment Trust (Uganda) Limited, Network Insurance Agency Limited (Uganda).

MRS. RACHEL DUMBA - Non-Executive Director 9

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Mrs. Rachel Dumba (aged 47 yrs) holds a Masters Degree in Strategic Human Resources Management from Manchester Metropolitan University and is a member of the UK Chartered Institute of Personnel and Development. She is currently the Chief Executive Officer and Partner in charge of Strategy and Human Capital Management at Steadman Global. Mrs. Dumba has worked at senior Management levels at Kenol Kobil, DFCU Bank and Citibank. She is also a Board member of Uganda Breweries Limited (part of Diageo), Sanlam General Insurance Uganda, and Junior Achievement Uganda Boards, as well as several private investment Boards.

Mr. Donald Mhaiki - Non-Executive Director 10

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Mr. Donald Mhaiki (aged 44 yrs) holds Masters Graduate in Information Systems Management from Washington International University. He also holds a Bachelor of Science Degree in Computing and Information Systems from London Metropolitan University and a Diploma in Computer Studies from Institute for Information Technology-Tanzania. Mr. Mhaiki is currently the Director of Information Technology at the National Social Security Fund – Tanzania, a position that he has held since 2021.

MR. DOMINIC K. NG'ANG'A - Company Secretary 11

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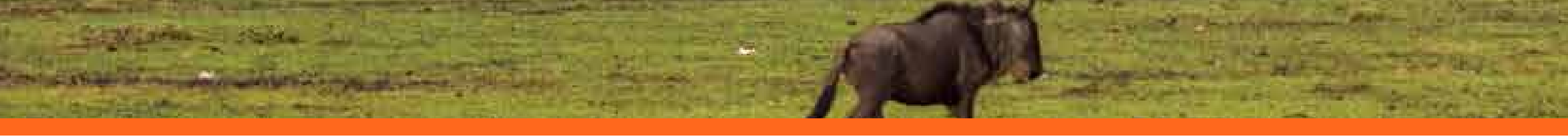
Mr. Ng'ang'a (aged 49 yrs) holds a Bachelor of Commerce (Accounting) Degree from KCA University. He is a CPA finalist and a Certified Public Secretary CPS (K). He is also a member of The Institute of Certified Public Secretaries of Kenya (ICPSK).



Corporate Governance Statement

The Board of Directors of TPS Eastern Africa PLC (TPSEAP/ "the Company") is responsible for the formulation, implementation and oversight of the Company's policies, overall management of the Company's operations, strategic direction, and governance of the Company and its subsidiaries ("TPS Group"). The Board is thus accountable to the Group's shareholders for ensuring that the Company complies with the relevant laws and regulations. The TPS Group is founded on strong corporate governance principles underpinned by consistent application of ethical standards in its relationships with its clients, employees, suppliers and other stakeholders. This is consistent with the TPS Group's core values of effective corporate governance that has led to a strong commitment and resolve to conduct business in accordance with best business practices based on the principles of transparency, accountability, responsibility, sound risk management, and compliance with relevant laws and regulations, appropriate checks and balances, and delivery on its commitments to all stakeholders.

The Company has complied with the Nairobi Securities Exchange (NSE) requirements under the Continuing Listing Obligations and most of the provisions of the revised Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, as issued by the Capital Markets Authority (CMA) (the CMA Guidelines) and gazetted in 2017 save for the exception noted below. In this respect, the Directors of the Company have committed to ensuring that the integrity of internal systems remains sufficiently robust in enhancing the Group's financial performance and sustainability.

BOARD OF DIRECTORS

The Board consisted of eight substantive directors as at 31 December, 2023. The Chairman is a Non-Executive director. A majority of the directors are Non-Executive and independent, a manifestation that the interests of the minority shareholders are taken into consideration. There are two Executive directors, i.e. the Managing Director and Chief Financial Officer. Re-election and appointment of directors is subject to the provisions of the Company's Articles of Association and the CMA Guidelines. The directors have a wide breadth and depth of business and professional skills and experience, and each contributes independently and collectively to the Board's deliberations. The directors meet at least four (4) times a year in accordance with the Board's Charter. In addition, the Board holds special meetings to deliberate on issues of strategic importance, or as required by statute, or in compliance with the requirements of regulatory authorities.

The Board held five (5) scheduled Board meetings in 2023 attended by directors as indicated below:

	NAME OF DIRECTOR	NO. OF BOARD MEETINGS ATTENDED
1	Francis Okomo-Okello	5
2	Mahmud Jan Mohamed	3
3	Guedi Ainache	5
4	Mahmood Manji	5
5	Nooren Hirjani	5
6	Alkarim Jiwa	4
7	Aziz Boolani	2
8	Audrey Maignan	4
9	Rachel Dumba	3
10	Donald Mhaiki	1
11	Ashish Sharma	2

Notes:

1. Five (5) Board meetings were held in 2023 (2022: 5).
2. Mr. Mahmud Jan Mohamed retired as the Managing Director on 21.07.2023 and thus was eligible to attend three (3) Board meetings only.
3. Mr. Ashish Sharma was appointed as the new Managing Director on 21.07.2023 and hence he could only attend two (2) Board meetings.
4. Mr. Aziz Boolani, (Global Head of Serena Hotels) was appointed as a director on 21.07 2023 and hence he could only attend two (2) Board meetings.
5. Mrs. Rachel Dumba was appointed on 22.05.2023 and hence she could only attend three (3) Board meetings.
6. Mr. Donald Mhaiki was appointed on 29.08.2023 and hence he could only attend one (1) Board meeting.

Management provides the directors with adequate notice of Board meetings and timely information so that the directors are duly informed and able to contribute constructively at Board meetings. This also enables the directors to maintain effective oversight and control over strategic, financial, operational, and compliance matters. The separation of the Board's Non-Executive, independent Chairman's role, from that of the Group's Management, obviates the

Corporate Governance Statement (continued)

possibility of conflict between the respective roles of the Chairman and those of the Executive Managing Director. This segregation strengthens the Board's independence and further ensures in-built checks and balances. Consequently, the Board continued to maximize shareholders' value whilst maintaining the long-term sustainability of the TPS Group through active leadership.

The Company's shareholders re-elected Mr. Francis Okomo-Okello, Mrs. Audrey Maignan and Mrs. Rachel Dumba, as directors of TPSEAP Board during the last Annual General Meeting, held on 27th June, 2023.

After a successful career spanning over fourty (40) years at different managerial levels, Mr. Mahmud Jan Mohamed retired as the Managing Director of the TPS Group on 21st July 2023. Mr. Ashish Sharma was appointed by the Board as the new Managing Director of the Group with effect from the same date.

BOARD OF DIRECTORS' OVERSIGHT ROLE

As noted above, the Board provides direction on policy and oversight in respect of the Group's internal controls, strategy, finance, operations, budgets and compliance matters in order to ensure sustainable returns to its shareholders. The Board, in collaboration with Management, carries out periodic reviews comparing actual performance with set targets and takes corrective measures where necessary, to ensure that the Company's business performance is optimized. As at the date of this report i.e. 31.12.2023, the Company had no known trends that would have material effect on the financial position and operations of the Company in the future.

BOARD COMMITTEES

The Board has set up two main Committees (the Committees) and has delegated specific mandates to each respectively. The Committees, namely, Board Audit Committee and Board Nomination and Remuneration Committee, function under specific written Terms of Reference (ToR). The Board reviews the number of Committees and their respective ToR from time to time so as to plan and proactively respond to the Group's dynamic business environment and comply with the ever-changing relevant legislation and regulations. The Committees meet at least quarterly each calendar year as stipulated in their respective ToR.

BOARD AUDIT COMMITTEE

Members of this Committee comprised: Mr. Mahmood Manji (Chairman), Mr. Guedi Ainache, Mr. Alkarim Jiwa and Mr. Aziz Boolani. The Committee engages closely with the Group's Internal Audit Department, External Auditors and Risk & Compliance function. The Committee plays a critical role in reviewing financial information and ensuring that the system of internal controls is sound, effectively administered and reviewed as necessary. During the year under review, the Committee evaluated significant audit findings identified by both internal and external auditors, and progressed implementation of necessary remedial, and continuous improvement measures.

The Board authorized the Committee to seek direct feedback from the Company's employees and independent professionals, whenever necessary, regarding important information or advice on matters pertaining to its work. The Board reviewed the membership of the Committee during the year under review in accordance with the CMA Guidelines as well as the Committee's own ToR. The Committee held three (3) scheduled meetings during the year under review. External auditors and the Management Team also attended the Committee's meetings as required, to discuss, assess and / or respond to specific matters under review. The Committee also meets with the external auditors independently of the Management Team in assessing key audit and risk management matters.

The Board has adopted the Enterprise Risk Management Policy. This Policy is aimed at addressing inherent business risks given the Company's fast paced operating environment across Eastern Africa. The Board and Management have rolled out a framework for the operationalization and implementation of the Policy and ensure its adherence across the business. This initiative is being spearheaded by the Board Audit Committee through the Risk and Compliance Officer. A revised Enterprise Risk and Compliance Framework is currently under review and consideration.

The Company has a Whistle Blowing Protection & Fraud Prevention Policy and a Code of Conduct and Ethics for employees which are necessary Policy documents in enhancing transparency and ethical / best practices. Copies of the Policies can be downloaded from the Company's website *www.serenahotels.com.*

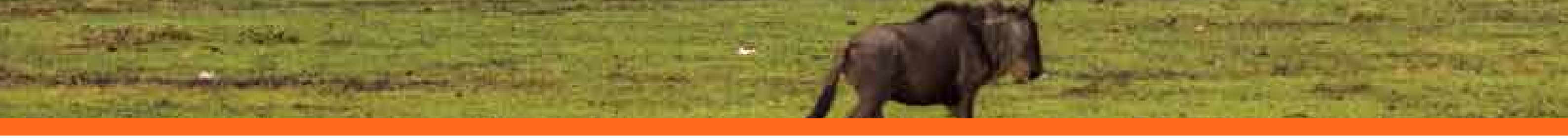
BOARD NOMINATION AND REMUNERATION COMMITTEE

The Committee's membership comprised: Mr. Guedi Ainache (Chairman), Mr. Mahmood Manji, Mrs. Rachel Dumba and Mr. Aziz Boolani. The Board has mandated the Committee to consult independent experts, where necessary, to evaluate the Company's organizational structure and staff establishment and recommend to the Board appropriate Human Resources policies, senior employee's remuneration scales and general talent capacity enhancement. The Committee held three (3) scheduled meeting during 2023.

The Board mandates the Committee to propose nominees for appointment to the Board as may be required from time to time, and to assess the effectiveness of the Board, Committees of the Board, as well as individual directors and make necessary recommendations to the Board to enhance the overall effectiveness of the Board's governance. This is effectively undertaken in liaison with an external consultant. Upon recommendation by the Committee, Mr. Aziz Boolani and Mr. Donald Mhaiki were appointed as a TPSEAP directors.

The Committee liaises with an external Consultant to ensure that a Board evaluation exercise is undertaken every two years to independently assess the performance of the Board and its Committees, the Board Chairman, the Managing Director, individual directors and the Company Secretary. Any areas of improvement recommended in consequence of the evaluation are carefully addressed with a view to improving the Board's overall effectiveness and performance. A Board evaluation exercise was carried out in early 2024.

The Committee engaged an external Consultant to undertake a Governance Audit as per the CMA requirement to assess TPSEAP's compliance with the revised Code of Corporate Governance Practices for Issuers of Securities to the Public 2015. Key recommendations from the Governance audit have been diligently assessed for necessary implementation so as to continuously improve the Group's best practice compliance.



Corporate Governance Statement (continued)

INTERNAL CONTROLS

The Company has an organizational structure with appropriate segregation of duties and responsibilities. The structure is complemented by detailed policies and procedures manuals, which provide the Management team with an effective and robust operational framework. The Company periodically updates its policies and procedures manuals to incorporate relevant changes for continuous improvement and to ensure that they remain relevant to the Group's operational requirements. The Company held monthly credit control, sales and marketing, and finance review meetings focusing on critical aspects of the Company's operations across all its presence markets in East Africa . The internal control function is largely complemented by the Internal Audit function, which undertakes an independent appraisal and review of operations. Key findings and recommendations are discussed at various levels across the Group and actions adopted for continuous improvement as necessary. The Company's ongoing investment is in its long established audit software application – 'TeamMate Audit Management System' which underpins the Company's existing internal audit competencies, thereby harmonizing and strengthening the risk management function, and enhancing the effectiveness of internal control processes across the Group through automation.

COMMUNICATION WITH SHAREHOLDERS AND STAKEHOLDERS

The Company is committed to ensuring that Management provides shareholders, securities & bond markets, and other stakeholders with accurate and timely information as regards the Company's performance. This is achieved by electronic e-mail communication of the TPSEAP Annual Report & Financial Statements at least 21 days before the Annual General Meeting, release of half-year and year-end financial results through print media and regulatory bodies, and issuing of monthly disclosures of shareholding statistics to the Nairobi Securities Exchange (NSE) and the Capital Markets Authority (CMA).

Shareholders and other stakeholders have direct access to the Company's information through the internet and Management responds to all such enquiries in a thoughtful and timely manner. Management also regularly updates the Company's website so as to provide current information regarding the Company's affairs. During the year under review, the Company complied with its obligations under the NSE Continuing Listing Rules and the CMA Act.

The Company ensures that enquiries from shareholders and other stakeholders are addressed expeditiously through its longstanding 'open-door' communication policy both at Board and Management levels.

DIRECTORS' EMOLUMENTS AND LOANS

The aggregate emoluments paid to Non-Executive directors during the 2023 financial year amounted to KShs 4.250 Million (refer to Note 31 to the Financial Statements). Neither at the end of the financial year 2023, nor at any time during the year, did there exist any arrangement under which the TPS Group was a party whereby directors might have acquired benefits to facilitate the acquisition of the Company's shares by such directors. There were no Non-Executive directors' loans during the year.

DIRECTORS' INTEREST

There were no material contracts involving directors' interests during the year ended 31st December 2023 nor indeed in the previous financial year (2022). However, some directors remain longstanding minority shareholders of the Company as at 31st December, 2023 (and 2022) as shown below:

Name of Director	No of Shares	% Shareholding
Francis Okomo-Okello	1,456	0.00080
Mahmood Manji	1,456	0.00080

Corporate Governance Statement (continued)

CONFLICT OF INTEREST

In line with the established corporate governance best practice within the Company, the Directors were required to disclose any areas of conflict(s) of interest during the year 2023. The Directors are also required to refrain from contributing to discussions and voting on matters in which they have, or could have any such conflict. In addition, the directors are required, on an ongoing basis, to notify the Company Secretary of and declare in advance, any potential conflicts of interest whether from other directorships, shareholdings, associations, and/or conflicts arising from any specific transactions. The Company Secretary maintains and updates a register of such interests as part of the Company's corporate records. Management staff and employees involved in Group's procurement of goods and services are duly required to formally review and sign their annual conflict of interest declaration form.

OTHER DISCLOSURES

The Company has a Board Charter, Whistle Blowing Policy and Fraud Prevention Policy, Insider Trading Policy, HR Policy & Procedures Manual and Enterprise Risk Management Policy copies of which can be downloaded from the Company's website *www.serenahotels.com.*

The Company has an extensive Information and Communication Technology Policy in place that safeguards the Assets and data resource of the Company. Additionally, the Company has a robust and up to date Procurement Policy which ensures best practice corporate governance in procurement risk management, and supply chain operations.

As for insider trading dealings, the Board is not aware of any known or reported dealings pertaining to the Group during the year under review.

AREAS OF NON-COMPLIANCE WITH THE NEW CODE OF CORPORATE GOVERNANCE

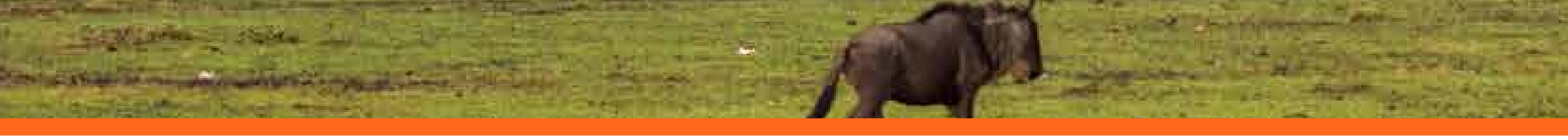
The Company has complied with most of the provisions under the new code of corporate governance to maintain governance structures and processes that are fit for purpose and support good decision making by the Board, save for the legal audit which is under progress for implementation in 2024.

OTHER CORPORATE INFORMATION

The Company and its subsidiaries in Kenya, Uganda, Tanzania, Zanzibar and South Africa had a total of 2451 employees. TPSEAP is the Group's holding Company and did not own any land and buildings during the year under review.

The Company has a fully qualified and registered Company Secretary, Mr. Dominic K. Ng'ang'a, whose office is situated at the Company's registered office at Williamson House, 4th Floor, 4thNgong Avenue, Nairobi, Kenya.

Leopard at Mara National Reserve



Corporate Governance Statement (continued)

SHAREHOLDERS' PROFILE AS AT 31 DECEMBER 2023

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	Aga Khan Fund for Economic Development	182,525,097	64.58%
2	Craysell Investments Limited	13,032,319	4.61%
3	Pyrus Investments Limited	12,509,300	4.43%
4	Societe De Promotion Et De Participation Pour La Cooperation Economique (PROPARCO)	10,892,900	3.85%
5	The Jubilee Insurance Company of Kenya Limited	7,722,106	2.73%
6	Industrial Promotion Services (Kenya) Limited	7,697,088	2.72%
7	Aga Khan University Foundation	6,851,000	2.42%
8	PDM (Holdings) Limited	6,607,440	2.34%
9	Executive Healthcare Solutions Limited	3,294,700	1.17%
10	Jamal Farzeen Zaherali Moledina Nureen	2,538,500	0.90%
11	Others	28,980,129	10.25%
		282,650,579	100.00

DISTRIBUTION OF SHAREHOLDERS AS AT 31 DECEMBER 2023

	NO. OF SHAREHOLDERS	NO OF SHARES	% SHAREHOLDING
Less than 500 Shares	3,359	444,797	0.16
500 - 5000 shares	4,497	5,996,962	2.12
5001 - 10,000 shares	173	1,249,477	0.44
10,001 - 100,000	192	5,306,303	1.88
100,001 - 1,000,000	27	8,500,334	3.01
Over 1,000,000	14	261,152,706	92.39
	8,262	282,650,579	100.00

SHAREHOLDER CATEGORIES

	NO.OF SHAREHOLDERS	NO OF SHARES	% SHAREHOLDING
Foreign Investors	145	217,540,582	76.96
Local Institutions	431	48,460,477	17.15
Local Individuals	7,686	16,649,520	5.89
	8,262	282,650,579	100.00

SERENA HOTELS SUSTAINABILITY FOOTPRINT IN EAST AFRICA

Serena Hotels Programs and initiatives remain fully aligned to achieving the United Nations Sustainable Development Goals (SDGs), and our efforts are aimed to inspire our various stakeholders to take a wider consideration encompassing a long-term view when making business decisions: SDG 1: No Poverty; SDG 2 – Zero Hunger; SDG 3: Good Health and Well-Being for people; SDG 4: Quality Education; SDG 5: Gender Equality; SDG 6: Clean Water and Sanitation; SDG 7: Affordable and Clean Energy; SDG 8: Decent Work and Economic Growth; SDG 9: Industry, Innovation and Infrastructure; SDG 10: Reduced Inequalities; SDG 11: Sustainable Cities and Communities; SDG 12: Responsible Consumption and Production; SDG 13: Climate Action; SDG 14: Life Below Water; SDG 15: Life on Land; SDG 16: Peace, Justice and Strong Institutions; SDG 17: Partnerships for the Goals.

OUR GUIDING PRINCIPALS

For over 50 years, Serena Hotels has been a pioneer in responsible business practices. These principles are integrated into every aspect of our operations, from daily guest interactions to strategic decisions and business processes. We believe that responsible business is inherently linked to sound environmental practices. Throughout our value chain, we strive to create shared value for our business, the communities we serve, and the ecosystems we inhabit. Our commitment to sustainability ensures that our hotels, resorts, safari lodges, and camps stimulate local economic activity, fostering development and long-term growth in the surrounding areas.

Serena Hotels operations are guided by our Sustainability Commitment Statement *[https://www.serenahotels.com/sustainability]*, Environmental Mission Statement *[https://www.serenahotels.com/sustainability/communication]*, and various policies informed by Environmental, Social, and Governance (ESG) principles, alongside the Aga Khan Development Network (AKDN) Environmental and Climate Commitment Statement (the Statement). The Statement outlines the Network's environment and climate change policy and commits all agencies (which includes Serena Hotels being the tourism arm) and institutions to the Paris Agreement on Environmental Conservation and achieving net zero carbon emissions by 2030.

By aligning with the above and the United Nations Sustainable Development Goals (SDGs), Serena Hotels has made significant impacts across Eastern Africa. Our initiatives include promoting eco-tourism, addressing climate change, conserving water and energy, using treated sewage water, participating in reforestation, installing solar energy systems, preserving biodiversity, respecting local traditions and heritage, supporting education, and contributing to public health initiatives in our communities.

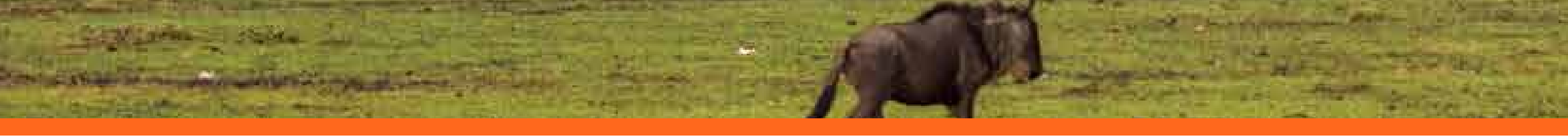
Sustainability is not a journey we can undertake alone. Collaboration is vital and throughout the year, we engaged with a range of stakeholders, recognizing their importance in our long-term success. Our efforts aim to inspire stakeholders to adopt a long-term perspective in their business decisions.

Mapped against the Global Reporting Initiative (GRI) framework standard topics and the United Nations Sustainable Development Goals (SDGs), this report outlines the environmental, social, and economic impact of our responsible stewardship.

ENVIRONMENTAL IMPACT

HARNESSING THE POWER OF THE PLANET

Material Topic	GRI Disclosure	SDG Mapping
Energy	302 Management Approach Disclosure 302-1 Energy Consumption within the Organization 302-4 Reduction of Energy Consumption	
Emissions	305 Management Approach Disclosure 305-1 Direct (Scope 1) GHG Emissions 305-2 Indirect (Scope 2) GHG Emissions 305-5 Reduction of GHG Emissions	



Serena Hotels Sustainability Footprint in East Africa (continued)

We are committed to reducing our reliance on climate change accelerants and believe that using renewable energy not only reduces emissions but also creates jobs and improves public health. Since 2017, Serena Hotels have focused on converting our properties to solar power. Kilaguni Serena Safari Lodge became fully solar powered in 2017, followed by Amboseli Serena Safari Lodge in 2018 and Mara Serena Safari Lodge in 2019. Lake Elmenteita Serena Camp (since 2018), Sweetwaters Serena Camp (since 2018) and Serena Beach Resort and Spa (since March 2024) operate on grid-tied Solar PV systems, while Kirawira Serena Camp, Mbuzi Mawe Serena Camp, Lake Elmenteita Serena Camp, Sweetwaters Serena Camp, Kigali Serena Hotel, Lake Kivu Serena Hotel, and Kampala Serena Hotel utilize Thermal Solar heating systems.

Our operations in Kenya, Tanzania, Uganda, and Rwanda have recorded carbon emissions under Scope 1 (direct emissions from owned and controlled sources) and Scope 2 (indirect emissions from purchased electricity) as defined by the Greenhouse Gas (GHG) Protocol. Serena Hotels has established a decarbonization action plan for these operations, aligning with the latest climate science to limit global warming to 1.5°C above pre-industrial levels. This requires an annual reduction in GHG emissions of at least 4.2% from our 2019 baseline until 2030.

Greenhouse Gas Emissions (GHG) impact for Serena Hotels operations in East Africa:

- Scope 1 & Scope 2 Emissions [2019 – Baseline Year]: 20,475 tCO2e
- Scope 1 & Scope 2 Emissions [2020]: 10,975 tCO2e
- Scope 1 & Scope 2 Emissions [2021]: 12,685 tCO2e
- Scope 1 & Scope 2 Emissions [2022]*: 17,152 tCO2e
- Scope 1 & Scope 2 Emissions [2023]: 16,870 tCO2e

* Year 2022 emissions are above year 2021 due to recovery in business levels from the pandemic.

In comparison with the baseline year of 2019, TPS operations in East Africa has surpassed the reduction in GHG emissions target of 4.2% per year in: 2020 by 42.2%; 2021 by 33.8%; 2022 by 12% and 2023 by 13.4%.

GHG Emissions per occupied bed [note: emissions avoided from the solar installations have been excluded in line with the GHG protocol]:

- 2019 – Baseline year: 0.039 tCO2e
- 2021: 0.047 tCO2e
- 2022: 0.037 tCO2e
- 2023: 0.032 tCO2e

Solar Installations Impact:

- Clean Energy Generated [2017 – 2023]: 9.4 million KWH
- Greenhouse Gas Emissions avoided [2017 – 2023]: 6,780 tCO2e

PLANT A TREE FOR TOMORROW

SDG Mapping

Since 1991, Serena Hotels has been at the forefront of ecological sustainability in East Africa, engaging our guests, associates and local community school children in reforestation efforts. Each of our properties maintains its own seedling nursery, supplying seedlings to local schools and community groups. We also provide forest tours and insights into the medicinal benefits of trees, inviting our guests to "plant a tree for tomorrow."

Efforts over the last five years to include agroforestry, planting fruit and herb trees to enhance food security and provide new income streams for local communities have been a success. Our chefs maintain organic gardens to ensure the ecological vibrancy of our menus. These initiatives not only help reduce our carbon footprint but also aim to improve local diets and health.

Serena Hotels Sustainability Footprint in East Africa (continued)

Number of trees planted [1991 – 2023] :	6.7 million

THE PRECIOUS RESOURCE OF WATER

Material Topic	GRI Disclosure	SDG Mapping
Water and Effluent	303 Management Approach Disclosure 303-1 Interaction with water as a shared resource 303-2 Management of water discharge related impacts 303-4 Water Discharge 303-5 Water Consumption	6 CLEAN WATER AND SANITATION; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND

We are fully committed to harnessing the ecological benefits of reducing water consumption and recycling wastewater. Across our properties, we have installed technologically advanced laundry systems, advanced hygiene protocols, and bio-efficient waste disposal methods. Treated effluent water is reused for irrigation, and any surplus is responsibly returned to the environment.

In a proactive effort to conserve water, we encourage our guests to participate by reusing towels and bed linens. Additionally, we engage with the local community through educational programs that emphasize the importance of clean drinking water. In many villages, we have installed communal water pumps to ensure access to safe water. Through these initiatives, we strive to make a positive environmental impact and promote sustainable practices.

Serena Hotels Ratio of water consumption in cubic meters per bed occupied [2023]:	2.0 [2022: 2.3]
Water for the local community and livestock - approximate [2023]:	5.4 million litres

BIODIVERSITY AND ENDANGERED SPECIES CONSERVATION

Material Topic	GRI Disclosure	SDG Mapping
Biodiversity	304 Management Approach Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas 304-3 Habitats protected and restored	6 CLEAN WATER AND SANITATION; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND

One of the primary goals of the Sustainable Development Goals (SDGs) is the protection of our planet's wildlife. In Africa, wildlife faces significant threats from hunting, poaching, climate change, environmental degradation, and human encroachment. With many of our properties located in ecologically significant areas, we have a unique opportunity to contribute to biodiversity conservation.

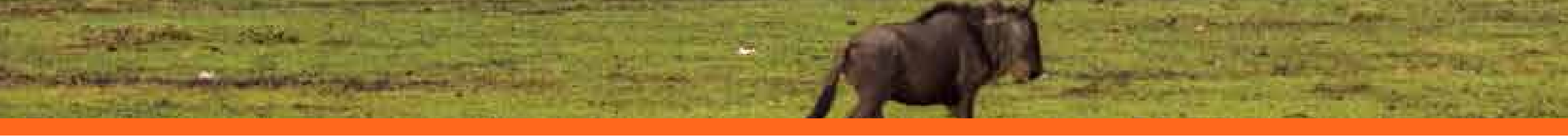
We offer our guests unique insights into the wilderness and its creatures through informed specialist tours and a range of experiences, from guided bush walks to dining. Sustainability is key to our mission, particularly in protecting globally important wetlands (RAMSAR sites). In Kenya, Lake Elmenteita and Lake Nakuru benefit from tourism promoted by Lake Elmenteita Serena Camp and educating guests, children and local community alike on the importance of wetlands has been key.

Our partnerships with environmental specialists include species (mammals and birds) counts, satellite/radio-collar tracking, raptor rescue, and behavioral studies. We also raise awareness of endangered species' ecological plight among our guests. At Lake Elmenteita Serena Camp within the Soysambu Conservancy, guests can visit East Africa's only breeding ground for the great white pelican and encounter the endangered Rothschild's giraffe, with about 10% of the world's population sheltered there. Similarly, Sweetwaters Serena Camp allows visitors to see the last remaining Northern White Rhinos.

In Tanzania's Julius Nyerere National Park, Serena Mivumo River Lodge offers encounters with one of the world's most endangered creatures, the wild dog, as does Kilaguni Serena Safari Lodge in Tsavo West National Park.

Our properties in Rwanda, the Democratic Republic of Congo, and Uganda enable thousands of visitors to encounter endangered mountain gorillas in Volcanoes, Virunga, and Bwindi National Parks. Additionally, the promotion of the Ngamba Island Chimpanzee Sanctuary near Lake Victoria Serena Golf Resort & Spa and the Jane Goodall Chimpanzee Sanctuary adjacent to Sweetwaters Serena Camp has significantly advanced global chimpanzee protection.

Mara Serena Safari Lodge, centrally located in one of the world's most popular reserves, has raised awareness of East Africa's ecological treasures among millions of visitors.



Serena Hotels Sustainability Footprint in East Africa (continued)

Since 1993, Serena Beach Resort & Spa (SBRS) has been a steward for sea turtle conservation. This critical program goes beyond protecting these magnificent creatures – it's a stand for the health of our planet. Marine ecology reports predicted that turtle populations faced extinction within 50 years due to threats like tidal flooding, predators, and human activity. These factors are all intensified by climate change, making sea turtle conservation more important than ever as they play a vital role in maintaining healthy marine ecosystems.

SBRS focuses its conservation efforts on three main sea turtle species, classified by IUCN (The International Union for Conservation of Nature) Red List of threatened species: Hawksbill Turtle (critically endangered), Green Turtle (endangered) and Olive Ridley Turtle (vulnerable). The program safeguards the eggs through the use of protective cages within the SBRS property. Recognizing the disorienting effects of artificial light on hatchlings, SBRS dims beachfront and lawn lights. This allows the turtles to instinctively navigate their way towards the ocean, a crucial step in their survival.

Witnessing the hatchling release is a remarkable experience for our guests, associates and the fisherman. As they crawl across the sand, they imprint a magnetic memory of the beach. This imprinting ensures their return to the same shores to lay their own eggs when they mature. Beyond the release experience, SBRS offers weekly educational talks. By protecting sea turtles, we're protecting a vital part of healthy oceans and a more sustainable future for all.

Serena Beach Resort and Spa hosts one of Kenya's two butterfly sanctuaries, nurturing 67 diverse butterfly species that are bred and later released into their natural habitat. Within the Butterfly Sanctuary, separate enclosures of a butterfly display house; pupa, egg and caterpillar hatchery and female unit are provided. Butterflies play a crucial role in the environment. Not only do they pollinate wild flowering plants while feeding on nectar, but they also contribute to biodiversity by maintaining ecological balance. They serve as indicators of the health of surrounding forests, as their presence or absence can signal changes in specific forest components. The sanctuary serves as an educational hub for school children and offers a source of fascination and learning for our guests, providing valuable insights into the importance of butterfly conservation and ecosystem health.

Turtle Nests Protected [1993 - 2023]:	593
Number of Turtle hatchlings released into the Indian ocean [1993 - 2023]:	65,017
Monetary Incentives to Fisherman (previously poachers but now protectors) [1993 - 2023]:	$20,702
Number of Butterflies released into the environment [2002 -2023]:	407,171

COMBATING SINGLE USE PLASTIC POLLUTION

Material Topic	GRI Disclosure	SDG Mapping
Waste	306 Management Approach Disclosure 306-1 Waste generation and significant waste-related impacts 306-2 Management of waste related impacts 306-3 Waste Generated 306-4 Waste diverted from disposal	

Research indicates that plastic pollution poses a triple threat: it impacts the climate, the oceans, and human health as microplastics infiltrate our food chain. Recognizing the gravity of this issue, Serena Hotels has been proactively working since 2016 to minimize single-use plastics throughout their operations.

To promote responsible waste management, Serena Hotels has implemented clearly labelled and color-coded bins to facilitate waste separation at the source. The properties have established programs to recycle or reuse glass, plastics, metals, and organic waste wherever possible. We support local companies that recycle waste into saleable souvenir items. Additionally, Serena Hotels regularly organizes clean-up initiatives on beaches, in national parks, and within conservancies, ensuring that toxic waste is disposed of correctly.

Serena Hotels Sustainability Footprint in East Africa (continued)

Number of single-use plastic bottles eliminated from Serena bathrooms by transitioning to a re-fillable large format of guest amenities [per annum]:	558,848
Number of single-use plastic mineral water bottles removed from supply chain [per annum]:	1,164,111
Number of plastic straws removed from supply chain [per annum]:	193,780
Litter collected from monthly clean ups (beach and National Park) [2023]:	7,121Kgs [2022: 5,679 Kgs]
Waste Recycled (Nairobi Serena and Dar es Salaam Serena) [2023]:	287,905 Kgs [2022: 301,397 Kgs]
Green House Gas emissions prevented from the environment as a result of above waste recycled [2023]:	395 Tons [2022: 413 Tons]

SOCIAL IMPACT

EMPOWERING LOCAL COMMUNITIES

Material Topic	GRI Disclosure	SDG Mapping
Local Communities	413 Management Approach Disclosure 413-1 Operations with local community engagement, impact assessments and development programs	
Procurement Practices	204 Management Approach Disclosure	

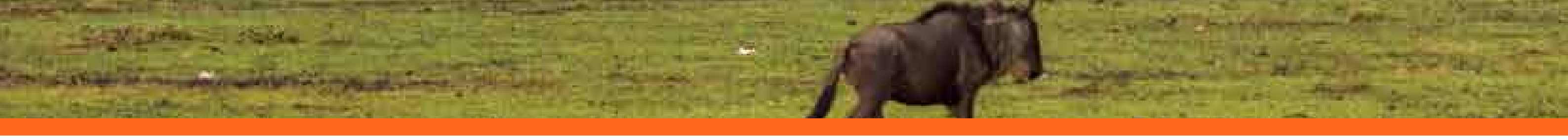
Serena Hotels continues to give priority to the local communities living around our areas of operation so as to ensure economic independence with the end goal to better navigate uncertainty and strive towards sustainable livelihood in the future.

Our procurement strategy emphasizes local sourcing, ensuring that we purchase fresh food and produce from local suppliers. Our properties also support the local economy by selling artifacts and handicrafts from various community groups in our gift shops.

We enhance our guests' experiences by showcasing the rich diversity of local cultures through art, dance, music, and theatrical performances. This not only enriches their stay but also economically empowers the local population.

Additionally, we support the community through various initiatives, including free medical consultations at the 'Serena Clinics', health outreach programs, and the provision of safe drinking water for both people and livestock. We contribute to numerous charitable causes and community programs, offering cash, food, clothing, and visits to orphanages, hospitals, homes for the elderly, and facilities for disadvantaged groups.

In-kind value of the charitable donations [2023]:	$39,202 [2022: $35,016]
Jobs created as a result of our operations in Kenya, Tanzania, Uganda and Rwanda:	
Direct Jobs [2023]:	3,444 (Male: 69%; Female: 31%)
Average Direct Jobs [2013 – 2023]:	3,552
Average Indirect & Induced Jobs [2013 - 2023]:	14,259
Additional persons supported as a result of the above [2013 – 2023]:	78,959



Serena Hotels Sustainability Footprint in East Africa (continued)

COMMITMENT TO EDUCATION

Material Topic	GRI Disclosure	SDG Mapping
Training and Education	404 Management Approach Disclosure	1 No Poverty; 2 Zero Hunger; 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities; 11 Sustainable Cities and Communities; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals
Local Communities	413 Management Approach Disclosure 413-1 Operations with local community engagement, impact assessments and development programs	

We believe it is our responsibility to ensure that our children are well-prepared for the future they will inherit. The provision of schools in wilderness areas can, however, prove a challenge. For this reason, we launched our 'Adopt a School' program a decade ago, enabling all Serena properties to establish relationships with their neighbouring schools.

Our interactions include access to children's libraries, eco-clubs focused on climate change education, tree growing, environmental clean-up, renewable energy, and wastewater recycling. We also address human-wildlife conflict, health outreach programs, infrastructure development, and the provision of learning aids. To promote global understanding, we invite our guests to engage with school children, especially during festive seasons.

Additionally, we empower youth and women by educating them on alternative livelihoods and informing them about children's rights concerning early marriage and forced labour, as well as women's rights.

Through work-training and internship opportunities at Serena Hotels, we equip youth with marketable skills that lead to meaningful employment. This strategy is essential for empowering young people and fostering economic growth and social stability.

Our company continuously invests in developing human resource capacity, as our associates are crucial for mutual long-term success, growth, and upholding our brand values. To meet the evolving guest expectations, we are committed to enhancing and maintaining their trust and confidence by upholding Serena's quality service standards. We will continue to invest in training, development, and welfare programs to achieve this goal.

Internship Hours [2023]:	387,032 hours [2022: 253,614 hours]
In-kind contribution towards providing an enabling environment for the Interns [2023]:	$161,864

HEALTH, SAFETY AND WELLBEING

Material Topic	GRI Disclosure	SDG Mapping
Occupational Health and Safety	403 Management Approach Disclosure 403-1 Occupational Health and Safety management systems 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health	3 Good Health and Well-Being; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 17 Partnerships for the Goals

Serena Hotels is committed to upholding the highest standards of health and safety for all our stakeholders. Our commitment includes comprehensive food safety, hygiene, and sanitation protocols, which undergo regular external audits and comply with stringent regulatory requirements.

We prioritize the health of our guests, associates and local communities. Each Serena property features a 'Serena Clinic' that provides a complete range of medical services free of charge.

Through the Serena wellness program and the Serena clinic nurses, our associates and the local community receive ongoing education on various lifestyle-induced illnesses, with a particular focus on cancer, diabetes, hypertension, addiction, and mental health. This initiative is

carried out in partnership with various medical institutions. Additionally, the program features speakers who cover a wide range of topics, including health issues, financial management and planning, goal setting, stress management, family life skills, and retirement planning.

Impact of free medical and wellness consultations to the local community:

- Beneficiaries [2023]:	2,398 [2022: 1,818]
- Monetary savings (consultation and transport to a close medical facility) [2023]:	$23,616 [2022: $16,293]

ARCHITECTURAL AND CULTURAL CONSERVATION

SDG Mapping

Serena Hotels have always upheld a steadfast commitment to conserving, integrating, and celebrating the cultural and architectural essence of the regions we inhabit. This ethos is exemplified in various facets of our approach: prioritizing local materials and craftsmanship, ensuring design elements harmonize with the regions architectural style to seamlessly blend with the surroundings, and providing immersive experiences for guests, deeply rooted in local culture.

At the Zanzibar Serena Hotel, we invite guests to indulge in a traditional Swahili feast, explore the historic Stone Town through guided tours, performances by Taarab orchestras, and gain insights into ancient crafts like dhow-building, wood-carving, and traditional Swahili plasterwork. Our Serena Tanzania properties proudly showcase the artistry of traditional Makonde wood carving, while the Serena Ugandan properties highlight the ancient craft of Lubugo bark cloth and batik. In Kigali Serena Hotel, the fascinating Intore traditional dance takes center stage in regular performances, while at Lake Elmenteita Serena Camp, we collaborate with local enthusiasts dedicated to preserving East Africa's dance traditions.

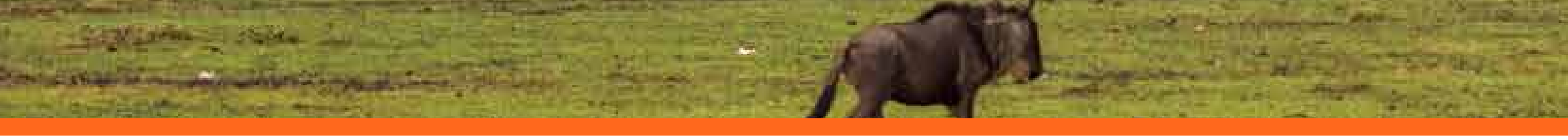
Guests at Nairobi Serena Hotel, Serena Beach Resort & Spa, Kampala Serena Hotel, and Zanzibar Serena Hotel are offered complimentary tours of the property, providing unparalleled access to a collection of East African architectural and cultural heritage.

ECONOMIC IMPACT

Material Topic	GRI Disclosure	SDG Mapping
Economic Performance	201 Management Approach Disclosure 201-1 Direct economic value generated and distributed	
Indirect Economic Impact	203 Management Approach Disclosure 203-1 Infrastructure investments and services supported	

THE ECONOMIC IMPACT OF SERENA HOTELS PRESENCE IN EAST AFRICA: YEAR 2013 TO 2023 (11 YEARS)

In the interests of standardizing the recording of TPS Serena Hotels economic footprint so as to align with internationally recognized protocols we have worked with Horwath HTL, the global leader in hotel and leisure consulting whose Economic Development Impact



Assessment System has allowed us to measure the total local economic activity generated in East Africa as a result of the presence of Serena Hotels.

Total Local Economic Activity Generated in East Africa by Serena Hotels presence in Kenya, Tanzania, Zanzibar, Uganda and Rwanda:

Over the last 11 Years (2013 to 2023): Equivalent to approximately USD 2,732 Million

The economic impact of our TPS Serena Hotels East African properties over the last 11 Years i.e. year 2013 to 2023 is tabulated below:

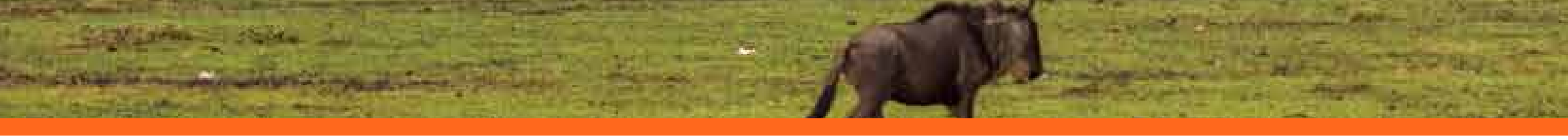
	ECONOMIC IMPACT IN EAST AFRICA (11 Years)					
	Direct	Indirect	Induced	Spillover	TOTAL	Basis Used
Per Annum						
Jobs Created – average per annum	3,552	10,090	3,430	739	**17,811**	Headcount expressed in Full Time Equivalent (FTE) per annum.
Number of People Supported within the Households as a result of the Jobs Created – average per annum	15,446	44,954	15,290	3,269	**78,959**	Headcount multiplied by the Country's average number of people per household.
11 Years (2013 to 2023)						
TOTAL ECONOMIC IMPACT - Contribution to Gross Domestic Product in East Africa - $ Million (Note 1)	1,272	1,340	93	27	**2,732**	Direct, indirect, induced, spillover revenues and tax collection deriving from Serena Hotels operations.
Note 1: The ECONOMIC IMPACT in the line above has been derived from the below and covers 19 Serena properties:						
Value Creation by Guests - $ Million	231	603	-	-	**834**	Value creation at Serena Hotels and non-hotel expenditure during their visit.
Payroll & Related - $ Million	230	292	93	27	**642**	Amounts paid to Serena Direct employees and all along the value chain.
Local Procurement (food, beverage, utilities, repairs & maintenance and other operating costs)- $ Million	498	-	-	-	**498**	Consumption of non-imported goods and services by Serena Hotels operations.
Direct & Indirect Taxes (includes park/ conservancy fees, visas) - $ Million	259	445	-	-	**704**	Taxes collected from Serena Hotels and indirect tax through Serena Hotels supply chain.
Capital Expenditure (renovations, expansions, improvements) - $ Million	54	-	-	-	**54**	Capital investments by Serena Hotels for renovations, expansions or improvements.

Serena Hotels Sustainability Footprint in East Africa (continued)

The explanation below reveals how the figures in the table above was arrived at:

The impact of Serena Hotels operations in East Africa on the local economy is calculated using the Horwath HTL system with relevant quantitative indicators such as monetary amounts injected from each stakeholder (the Serena Properties, Suppliers, Employees, Guests, neighbouring communities) to the economic system and total number of jobs created. The several levels of impacts that the Economic Development Impact Assessment system considers has been summarized below:

- **Direct Impacts:** Local Economic Impacts generated by the operations of Serena Hotels in East Africa. Measured through key indicators such as procurement; wages through direct employment; taxes; concession fees; park/conservancy fees; donations and capital expenditure.
- **Indirect Impacts:** Related to Serena Hotels value chain in East Africa and is the result of expenses incurred by the Serena Hotels direct stakeholders (based on specific macroeconomic and socio-demographic ratios, and limited to the revenues generated from Serena Hotels value chain) which includes: Wages paid by suppliers; average guest spending in the local economies; consumption by Serena Hotels employees in the local economies and the related impact on employment and taxes.
- **Induced Impacts:** Multiplier effect as a result of expenses incurred and jobs created by the indirect impacts described above related to Serena Hotels.
- **Spillover Effect:** This is the result of the various rounds of re-spending in the local economies. Following usual tourism economic principles, each previous impact generates successive waves of revenues for the local economies. Ultimately, this translates into the tourism expenditure multiplier.



National and International Awards and Accolades

Serena Hotels were proud recipients of a number of national and international awards and accolades during year 2023, details of which are below:

Africa Hospitality Investment Forum

Mr. Mahmud Jan Mohamed (retired Managing Director /CEO) received the Leadership Award 2023 at the Africa Hospitality Investment Forum (AHIF) on 12 June 2023. As mentioned by the AHIF Advisory Board, "the Leadership Award is in recognition of Mr. Jan Mohamed's significant impact on the development of the hospitality & tourism sector in Africa".

FiRe Award

TPS Eastern Africa Plc, Serena Hotels received the 2nd Runners Up award for Excellence in Financial Reporting under the Industrial, Commercial and Services category. The FiRe award (Financial Reporting Award), is a joint initiative of the Institute of Certified Public Accountants of Kenya (ICPAK), the Capital Market Authority (CMA) Kenya, and the Nairobi Securities Exchange (NSE). The award is premised on three key objectives: promotion of financial reporting excellence; fostering of sound corporate governance practices; and enhancing corporate investment and environmental reporting. The Award is a result of a rigorous evaluation process using globally accepted principles and best practice standards. These guiding principles include International Financial Reporting Standards (IFRSs), best practices in governance and corporate citizenship as well as other requirements that are specific to a particular reporting entity.

World Travel Awards 2023

At the World Travel Awards Africa & Indian Ocean Gala Ceremony 2023, Serena Hotels emerged as winners in the below categories:

- DR Congo's Leading Hotel 2023: Goma Serena Hotel
- Mozambique's Leading Hotel 2023: Polana Serena Hotel
- Mozambique's Leading Hotel Suite 2023: Presidential Suite at Polana Serena Hotel
- Rwanda's Leading City Hotel 2023: Kigali Serena Hotel
- Rwanda's Leading Hotel Suite 2023: Presidential Suite at Kigali Serena Hotel
- Tanzania's Leading Boutique Hotel 2023: Zanzibar Serena Hotel
- Uganda's Leading Hotel 2023: Kampala Serena Hotel
- Uganda's Leading Hotel Suite 2023: Royal Suite at Kampala Serena Hotel

2023 World Luxury Awards

- Ngorongoro Serena Safari Lodge won the category of the "Country Luxury Safari Lodge".
- Serengeti Serena Safari Lodge won the "Global Best Bush Breakfast" award.

LUXLife Travel & Tourism Awards 2023

Serena Hotels has been named "Hospitality Brand of the Year – East Africa".

Thai SELECT Classic Certification

The Herbs & Spices Restaurant at the Nairobi Serena Hotel attained the prestigious Thai SELECT Classic certification, awarded by the Department of International Trade Promotion, Ministry of Commerce of Thailand, in collaboration with the Minister Consular (Commercial) of the Royal Thai Embassy in Nairobi, Kenya. Thai SELECT is a mark of certification awarded by the Ministry of Commerce, the Royal Thai Government to guarantee the authentic taste of Thai food, products and Thai restaurants in Thailand and overseas.

Eco-Warrior Kenya Awards 2023, Nairobi

Serena Hotels received the below awards at the 2023 Eco-Warrior Awards:

- Serena Beach Resort & Spa:
  - Best accommodation in promoting biodiversity conservation.
  - Best accommodation in promoting heritage and cultural integration.
- Mara Serena Safari Lodge:
  - Best accommodation in addressing climate change through adaptation and mitigation.
- Kilaguni Serena Safari Lodge:
  - First runner-up in addressing climate change through adaptation and mitigation.

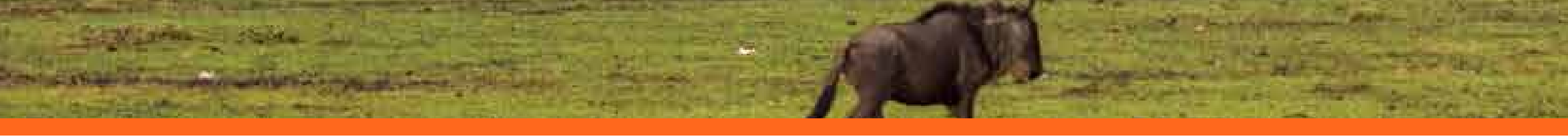
Gold Eco-Rated Properties by Eco-Tourism Kenya

Designed to embrace innovation in responsible resource use, environmental conservation, community empowerment, cultural preservation and promotion; and holistic business practices. The below six Serena Kenya properties retained their Gold Eco-rating Certification (the certification program is recognized by the Global Sustainable Tourism Council):

- Serena Beach Resort & Spa, Mombasa
- Mara Serena Safari Lodge
- Kilaguni Serena Safari Lodge
- Amboseli Serena Safari Lodge
- Lake Elmenteita Serena Camp
- Sweetwaters Serena Camp

National and International Awards and Accolades (continued)

Mr. Ashish Sharma (Third from left), MD and CEO of Serena Hotels Africa, spearheads the triumph as the team collects multiple accolades at the 2023 Eco Warrior Awards.



Directors' Report

The directors submit their report together with the audited financial statements of TPS Eastern Africa PLC (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2023 which disclose the state of affairs of the Company and the Group.

Business review

The principal activity of the Group continues to be to own and operate hotel and lodge facilities in East Africa, serving the business and tourist markets.

The Group's performance

The Group's profit before income tax for the year of Shs 1,073,683,000 (2022: Shs 677,885,000) improved 58%. This was primarily due to a 40% increase in revenue.

The table below highlights some of the key performance indicators:

	2023 Shs 000	2022 Shs 000
Revenue	9,684,612	6,944,306
EBITDA	2,731,895	1,845,283
*EBITDA to revenue ratio (%)	28.2%	26.6%
Profit/(Loss) before income tax	1,073,683	677,885
Profit/ (Loss) before tax (%)	11.1%	9.8%
Earnings / (Loss) per share (Shs)	2.89	1.45
Net current liabilities	871,834	(23,366)

*EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of: taxation, net finance costs, depreciation, amortisation, impairment losses; and reversals related to goodwill, intangible assets and property, plant and equipment and share of associates' results.

Dividend

The profit for the year attributable to equity shareholders of the Company of Shs 816,591,000 (2022: Shs 337,587,000) has been added to retained earnings. The directors do not recommend a final dividend for the year (2022: Nil).

Directors

The directors who held office during the year and to the date of this report were:

Francis Okomo-Okello	Chairman
Nooren Hirjani **	
Mahmood Pyarali Manji	
Guedi Ainache*	
Alkarim Jiwa	
Audrey Maignan*	
Mahmud Jan Mohamed	Resigned 21/07/2023
Aziz Boolani***	Appointed 21/07/2023
Ashish Sharma**	Appointed 21/07/2023
Rachael Dumba****	Appointed 22/05/2023
Donald Mhaiki*****	Appointed 29/08/2023

*French **British ***Canadian ****Ugandan *****Tanzanian

Statement as to Disclosure to The Company's Auditor

With respect to each director at the time this report was approved:

(a) there is, as far as the director is aware, no relevant audit information of which the Company's auditor is unaware; and

(b) the director has taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Terms of appointment of auditor

The term of the audit engagement for PricewaterhouseCoopers is coming to an end after this year's audit work and hence they will cease to be the Group's auditor at the conclusion of the forthcoming Annual General Meeting of the Group on 27 June 2024. The Board will make a recommendation to the shareholders at the Annual General Meeting, to approve the appointment of the new auditor in accordance with the provisions of Section 721 of the Kenyan Companies Act, 2015.

The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration has been charged to profit or loss in the year.

By order of the Board

DOMINIC NG'ANG'A
COMPANY SECRETARY
23rd April, 2024

Directors' Remuneration Report

Information not subject to audit

The Group and Company's remuneration policy and strategy for executive and non-executive Directors are set by the Board Nomination and Remuneration Committee. This Report has been prepared in accordance with the relevant provisions of both the CMA Code of Corporate Governance guidelines on Director's remuneration and the Kenyan Companies Act, 2015.

- The Group's and Company's overall policy and strategy for remuneration of Directors aims to fairly and objectively reward performance in the medium and longer term interests of shareholders. The remuneration structure is designed to recognise the requisite skills, expertise and experience of Directors given market competitive forces and demand.
- Executive Directors remuneration primarily comprises fixed elements including: salary and benefits. Benefits are largely fixed in nature comprising housing, travel, and pension. There is no variable element such as performance based incentive or bonus scheme.
- Terms of service for the directors include fixed term contacts ranging up to four years, with varying notice periods subject to requisite employment law requirements.
- There are no share option arrangements or long term incentive scheme methods used in assessing the performance conditions.
- During the year 2023, there were no significant amendments to the terms and conditions of any entitlement of a director to share options or under a long term incentive scheme.
- Non-Executive Directors receive fees and sitting allowances as shown in the table on the next page.

Significant changes to director's during the year

- Changes to directors are reported in the Director's report on page 40.

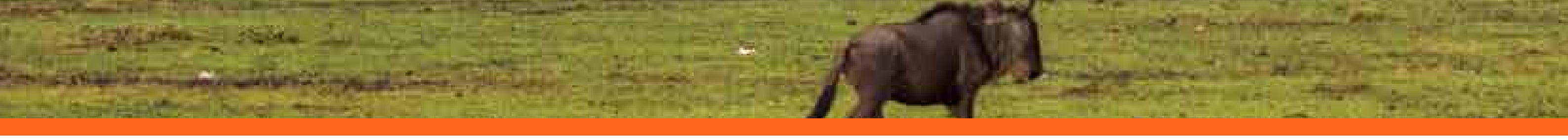
Statement of voting on the Director's remuneration report at the previous Annual General Meeting

- In respect of a resolution to approve the director's remuneration, shareholders voted unanimously by a show of hands having received written notice of their right to vote before the AGM.
- A resolution to approve the director's remuneration will be put to a resolution of shareholders for approval at the forthcoming AGM.

Information subject to audit

The following table shows a single figure remuneration for the Executive Directors, Non-Executive Chairman and Non-Executive Directors in respect of qualifying services for the year ended 31 December 2023 together with the comparative figures for 2022. The aggregate Directors' emoluments are shown at Note 31 (iv).

For the year ended 31 December 2023	Salary Shs 000	Fees Shs 000	Bonus Shs 000	Expense allowances Shs 000	Loss of office/ Termination Shs 000	Pension Shs 000	Estimated value for non-cash benefits Shs 000	Total Shs 000
F. Okomo-Okello, Non-Executive Chairman	-	1,350	-	-	-	-	-	1,350
M. Jan Mohamed, Managing Director	29,406	-	-	-	-	9	1,966	31,381
A. Sharma, Chief Executive Officer	21,125	-	-	-	-	4	-	21,129
N. Hirjani, Chief Financial Officer	42,570	-	-	-	-	1,883	122	44,575
A. Boolani, Non-Executive Director	-	-	-	-	-	-	-	-
A. Jiwa, Non-Executive Director	-	400	-	-	-	-	-	400
M. Manji, Non-Executive Director	-	600						600
G. Ainache, Non-Executive Director	-	750						750
A. Maignan, Non-Executive Director	-	400						400
R. Dumba, Non-Executive Director	-	500	-	-	-	-	-	500
D. Mhaiki, Non-Executive Director	-	250	-	-	-	-	-	250
	93,101	4,250	-	-	-	1,896	2,088	101,335

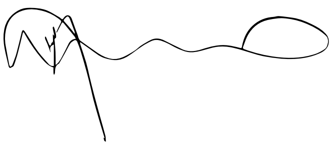


Directors' Remuneration Report (continued)

Information subject to audit (continued)

For the year ended 31 December 2022	Salary Shs 000	Fees Shs 000	Bonus Shs 000	Expense allowances Shs 000	Loss of office/ Termination Shs 000	Pension Shs 000	Estimated value for non-cash benefits Shs 000	Total Shs 000
F. Okomo-Okello, Non-Executive Chairman	-	-	-	-	-	-	-	-
M. Jan Mohamed, Managing Director	18,711	-	-	-	-	148	2,524	21,383
N. Hirjani, Chief Financial Officer	33,368	-	-	-	-	1,277	122	34,767
A. Jiwa, Non-Executive Director	-	-	-	-	-	-	-	-
M. Manji, Non-Executive Director	-	-	-	-	-	-	-	-
G. Ainache, Non-Executive Director	-	-	-	-	-	-	-	-
J-B Du Chalard, Non-Executive Director	-	-	-	-	-	-	-	-
A. Maignan, Non-Executive Director	-	-	-	-	-	-	-	-
	52,079	-	-	-	-	1,425	2,646	56,150

On behalf of the Board



Mr. Nooren Hirjani
Director
23rd April, 2024

Statement of Directors' Responsibilities

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company at the end of the financial year and their financial performance for the year then ended. The directors are responsible for ensuring that the Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and Company, disclose with reasonable accuracy at any time the financial position of the Group and Company; and that enables them to prepare financial statements of the Group and Company that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

(i) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

(ii) Selecting suitable accounting policies and applying them consistently; and

(iii) Making accounting estimates and judgements that are reasonable in the circumstances.

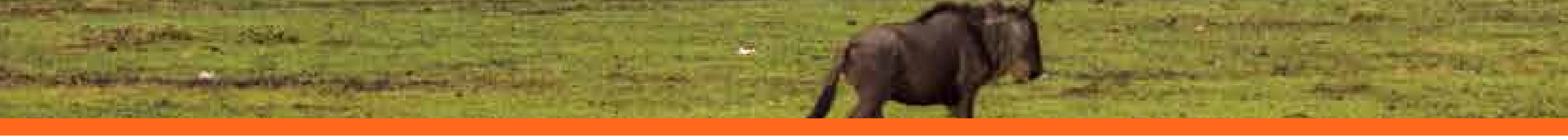
Having assessed the Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern. The director's assessment is included in note 2(a).

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the board of directors on 23rd April 2024 and signed on its behalf by:

Mr. Francis Okomo-Okello
DIRECTOR

Mr. Ashish Sharma
DIRECTOR



Independent Auditor's Report to the Shareholders of TPS Eastern Africa PLC

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of TPS Eastern Africa Plc (the Company) and its subsidiaries (together, the Group) set out on pages 48 to 106, which comprise the consolidated statement of financial position at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2023, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters (contiued)

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment As described in Note 21, the Group carries out a goodwill impairment assessment annually to determine if any impairment exists. The impairment assessment involves significant judgement on key assumptions such as earnings before interest, taxes, depreciation and amortisation (EBITDA) margin, long-term growth rates, pre-tax discount rates and future cash flows. This is an area of focus because the future cash flows are based on management’s assessment of the future profitability of the cash generating units and involves significant estimation uncertainty and judgement.	We evaluated and challenged the composition of management’s future cash flow forecasts and the underlying assumptions based on the historical performance of the business and the macro-economic outlook. We assessed the reasonableness of management’s assumptions in relation to the: - Long term growth rates by comparing them to economic forecasts. - Pre-tax discount rate by assessing the cost of capital for the company as well as considering country specific factors. - EBITDA assumption by comparing them with historical revenue and expenditure performance and the approved financial budgets of the business. We challenged management on the sensitivity of the assumptions used. We determined that the calculations were most sensitive to assumptions for EBITDA margin, long term growth rates and the pre-tax discount rates. We also assessed the adequacy of the disclosures in Note 21 of the financial statements.

Other information

The other information comprises the Directors’ report, Chairman’s statement, Chief Executive officer’s statement, Directors’ Remuneration report, Statement of directors’ responsibilities and Principal shareholders and share distribution report which we obtained prior to the date of this auditor’s report, and the rest of the other information in the Annual Report which is expected to be made available to us after that date, but does not include the financial statements and our auditor’s report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

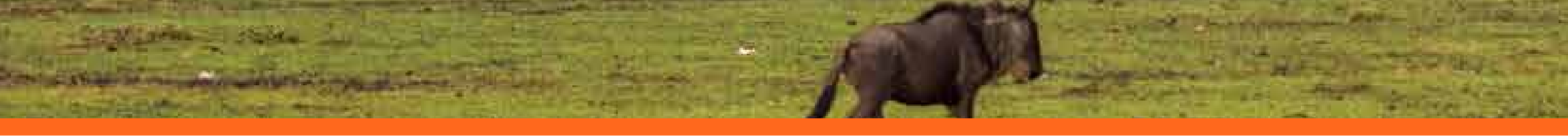
If, based on the work we have performed on the other information we have received prior to the date of this auditor’s report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the directors' report on page 40 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on page 41 to 42 has been properly prepared in accordance with the Companies Act, 2015.

FCPA Richard Njoroge, Practicing Certificate Number 1244
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
24th April, 2024

Consolidated statement of profit or loss

	Notes	2023 Shs'000	2022 Shs'000
Revenue from contracts with customers	5	9,684,612	6,944,306
Other income	6	567,854	397,056
Inventory expensed	25	(1,390,867)	(1,066,206)
Employee benefits expense	8	(2,749,727)	(1,769,529)
Other operating expenses	9	(3,382,427)	(2,497,824)
Impairment losses	26	2,450	(162,520)
Profit before depreciation, finance income / (costs), results of associates and income tax expense		2,731,895	1,845,283
Depreciation on right of use asset	22	(39,330)	(40,102)
Depreciation on property and equipment	20	(518,783)	(574,158)
Finance costs	10	(1,123,054)	(586,651)
Share of loss of associates accounted for using the equity accounting method	24	22,955	33,513
Profit before income tax	7	1,073,683	677,885
Income tax expense	11	(202,816)	(298,190)
Profit for the year		870,867	379,695
Attributable to:			
Equity holders of the Company		816,591	337,587
Non-controlling interest	30	54,276	42,108
		870,867	379,695
Earnings per share attributable to the equity holders of the Company			
- basic and diluted (Shs per share)	12	2.89	1.45

Consolidated statement of comprehensive income

	Notes	2023 Shs'000	2022 Shs'000
Profit for the year		870,867	379,695
Other comprehensive income Items that may be subsequently reclassified to profit or loss			
Currency translation differences, net of tax		835,109	(82,525)
Items that will not be subsequently reclassified to profit or loss			
Actuarial gain/ (loss)	19	17,976	(17,711)
Deferred tax on actuarial (gain)/ loss		(5,393)	5,313
Total other comprehensive profit/ (loss) for the year		847,692	(94,923)
Total comprehensive income for the year		1,718,559	284,772
Attributable to:			
Equity holders of the Company		1,664,283	242,664
Non-controlling interest		54,276	42,108
Total comprehensive income for the year		1,718,559	284,772

Company statement of profit or Loss and other comprehensive income

	Notes	Year ended 31 December 2023 Shs'000	 2022 Shs'000
Other operating income/ (expenses)	9	57,615	(12,581)
Finance cost	10	-	(31,891)
Profit/ (Loss) before income tax	7	57,615	(44,472)
Income tax expense	11	-	-
Total comprehensive income/ (loss) for the year		57,615	(44,472)
Attributable to:			
Equity holders of the Company		57,615	(44,472)
Non-controlling interest		-	-
Total comprehensive loss for the year		57,615	(44,472)

Consolidated statement of financial position

	Notes	2023 Shs'000	2022 Shs'000
Non-current assets			
Property and equipment	20	13,702,533	12,696,055
Intangible assets	21	1,271,952	1,271,952
Right of use asset	22	353,355	387,431
Investment in associates	24	842,073	819,118
Deferred income tax asset	18	7,393	10,903
Total Non-current assets		16,177,306	15,185,459
Current assets			
Inventories	25	574,904	477,013
Receivables and prepayments	26	1,405,622	1,162,974
Current income tax		269,653	221,346
Financial assets – fixed deposits	27(b)	596,293	-
Cash and cash equivalents	27(a)	848,304	660,846
Total Current assets		3,694,776	2,522,179
Total assets		19,872,082	17,707,638
Capital and reserves attributable to the Company's equity holders			
Share capital	14	282,651	282,651
Share premium	14	6,001,741	6,001,741
Revaluation reserve	15	2,266,195	2,282,094
Translation reserve		(76,950)	(912,059)
Retained earnings		2,051,534	1,206,461
		10,525,171	8,860,888
Non-controlling interest	30	835,603	781,327
Total equity		11,360,774	9,642,215
Non-current liabilities			
Borrowings	16	3,563,042	3,604,701
Deferred income tax liability	18	1,807,479	1,528,772
Lease liability	17	219,729	292,178
Retirement benefit obligation	19	98,116	94,227
Total non-current liabilities		5,688,366	5,519,878
Current liabilities			
Trade and other payables	28	2,133,165	1,713,203
Borrowings	16	569,589	727,195
Lease liability	17	120,188	105,147
Total current liabilities		2,822,942	2,545,545
Total equity and liabilities		19,872,082	17,707,638

The financial statements on pages 48 to 106 were approved for issue by the board of directors on 23rd April 2024 and signed on its behalf by:

Francis Okomo-Okello
DIRECTOR

Ashish Sharma
DIRECTOR

Company statement of financial position

	Notes	2023 Shs'000	2022 Shs'000
		Year ended 31 December	
Non-current assets			
Investment in subsidiaries	23	5,749,826	5,749,826
Investment in associates	24	840,330	840,330
		6,590,156	6,590,156
Current assets			
Receivables and prepayments	26	385,850	328,931
Cash and cash equivalents	27(a)	1,968	-
		387,818	328,931
Total assets		6,977,974	6,919,087
Equity			
Share capital	14	282,651	282,651
Share premium	14	6,001,741	6,001,741
Retained earnings		690,788	633,173
Total equity		6,975,180	6,917,565
Non-Current liabilities			
Borrowing	16	-	-
Current liabilities			
Trade and other payables	28	2,794	1,306
Bank overdraft	27	-	216
		2,794	1,522
Total equity and liabilities		6,977,974	6,919,087

The financial statements on pages 48 to 106 were approved for issue by the board of directors on 23rd April 2024 and signed on its behalf by:

Francis Okomo-Okello
DIRECTOR

Ashish Sharma
DIRECTOR

Consolidated statement of changes in equity

	Notes	Share capital Shs'000	Share premium Shs'000	Revaluation reserves Shs'000	Translation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Non-controlling interest Shs'000	Total Shs'000
Year ended 31 December 2022									
At start of year		182,174	4,392,668	2,314,606	(829,534)	848,760	-	739,219	7,647,893
Comprehensive income for the year									
Profit for the year		-	-	-	-	337,587	-	42,108	379,695
Other comprehensive (loss)/ income:									
Currency translation differences		-	-	-	(82,525)	-	-	-	(82,525)
Actuarial losses	19			(17,711)					(17,711)
Deferred tax on actuarial losses		-	-	5,313	-	-	-	-	5,313
Transfer of excess depreciation to retained earnings		-	-	(28,734)	-	28,734	-	-	-
Deferred income tax on transfer	18	-	-	8,620	-	(8,620)	-	-	-
Total other comprehensive (loss)/ income		-	-	(32,512)	(82,525)	20,114	-	-	(94,923)
Total other comprehensive (loss)/ income		-	-	(32,512)	(82,525)	357,701	-	42,108	284,772
Transactions with owners		-	-	-	-	-	-	-	-
Dividends:		100,477	1,609,073	-	-	-	-	-	1,709,550
- final for 2021 paid	13	-	-	-	-	-	-	-	-
- proposed for 2022	13	-	-	-	-	-	-	-	-
		100,477	1,609,073	-	-	-	-	-	1,709,550
At end of year		282,651	6,001,741	2,282,094	(912,059)	1,206,461	-	781,327	9,642,215

Consolidated statement of changes in equity (continued)

	Notes	Share capital Shs'000	Share premium Shs'000	Revaluation reserves Shs'000	Translation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Non-controlling interest Shs'000	Total Shs'000
Year ended 31 December 2023									
At start of year		282,651	6,001,741	2,282,094	(912,059)	1,206,461	-	781,327	9,642,215
Comprehensive income/ (loss) for the year									
Profit for the year		-	-	-	-	816,591	-	54,276	870,867
Other comprehensive income/(loss):									
Currency translation differences		-	-	-	835,109	-	-	-	835,109
Actuarial gain	19	-	-	17,976	-	-	-	-	17,976
Deferred tax on actuarial gain		-	-	(5,393)	-	-	-	-	(5,393)
Transfer of excess depreciation to retained earnings		-	-	(40,688)	-	40,688	-	-	-
Deferred income tax on transfer	18	-	-	12,206	-	(12,206)	-	-	-
Total other comprehensive (loss) / income		-	-	(15,899)	835,109	28,482	-	-	847,692
Total comprehensive income /(loss) for the year		-	-	(15,899)	835,109	845,073	-	54,276	1,718,559
Transactions with owners									
Issue of shares		-	-	-	-	-	-	-	-
Dividends:		-	-	-	-	-	-	-	-
- final for 2022 paid	13	-	-	-	-	-	-	-	-
- proposed for 2023	13	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
At end of year		282,651	6,001,741	2,266,195	(76,950)	2,051,534	-	835,603	11,360,774

Company statement of changes in equity

	Notes	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 31 December 2022						
At start of year		182,174	4,392,668	679,520	-	5,254,362
Comprehensive loss for the year						
Loss for the year		-	-	(44,472)	-	(44,472)
Total comprehensive loss for the year						
Transactions with owners						
Dividends:						
- Prior year dividend paid	13	100,477	1,609,073	-	-	1,709,550
- proposed for 2022	13	-	-	(1,875)	-	(1,875)
		-	-	-	-	-
		100,477	1,609,073	(1,875)	-	1,707,675
At end of year		282,651	6,001,741	633,173	-	6,917,565

Company statement of changes in equity (continued)

	Notes	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 31 December 2023						
At start of year		282,651	6,001,741	633,173	-	6,917,565
Comprehensive loss for the year						
Profit for the year		-	-	57,615	-	57,615
Total comprehensive loss for the year						
Transactions with owners						
Issue of shares		-	-	-	-	-
Dividends:						
- Prior year dividend paid	13	-	-	-	-	-
- proposed for 2023	13	-	-	-	-	-
		-	-	-	-	-
At end of year		282,651	6,001,741	690,788	-	6,975,180

Consolidated statement of cash flows

	Notes	Year ended 31 December 2023 Shs'000	 2022 Shs'000
Operating activities			
Cash generated from operations	29	2,790,652	1,684,679
Interest received	10	40,470	13,033
Interest paid		(385,238)	(237,031)
Income tax paid		(139,763)	(116,976)
Net cash generated from operating activities		2,306,121	1,343,705
Investing activities			
Purchase of property and equipment	20	(580,343)	(280,232)
Maturity of financial assets	27(b)	1,108,614	-
Purchase of financial assets	27(b)	(1,600,129)	-
Proceeds from disposal of property and equipment		2,974	2,674
Net cash utilised in investing activities		(1,068,884)	(277,558)
Financing activities			
Proceeds from long term borrowings	16	-	235,581
Payments of long term borrowings	16	(975,632)	(786,328)
Dividends paid to asset recovery		-	(1,875)
Lease payments	17	(121,802)	(37,915)
Net cash used in financing activities		(1,097,434)	(590,537)
Net increase in cash and cash equivalents		139,803	475,610
Movement in cash and cash equivalents			
At start of year		575,293	93,234
Increase during the year		139,803	475,610
Effect of currency translation differences		77,428	6,449
At end of year	27(a)	792,524	575,293

Company statement of cash flows

	Notes	2023 Shs'000	2022 Shs'000
		Year ended 31 December	
Profit/ (Loss) before income tax		57,615	(44,472)
Add back			
Interest expense	10	-	(36,984)
Exchange loss	10	-	68,875
Adjustments for:			
Changes in working capital			
- receivables and prepayments		(56,919)	31,065
- payables and accrued expenses		1,488	(53,997)
Cash generated from /(used in) operations		2,184	(35,513)
Interest capitalised		-	36,984
Net cash generated from operating activities		2,184	1,471
Financing activities			
Dividends paid to Company's shareholders		-	(1,875)
Net cash used in financing activities		-	(1,875)
Net increase / (decrease) in cash and cash equivalents		2,184	(404)
Movement in cash and cash equivalents			
At start of year		(216)	188
Increase/ (decrease) during the year		2,184	(404)
At end of year	27	1,968	(216)

Notes to Financial Statements

1. General information

TPS Eastern Africa PLC is incorporated in Kenya under the Companies Act as a public limited liability company and is domiciled in Kenya. The address of its registered office is:

Williamson House,
4th Ngong Avenue,
PO Box 48690 - 00100 Nairobi,
Kenya

The Company's shares are listed on the Nairobi Securities Exchange. For the Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and profit and loss account by the statement of profit or loss in these financial statements.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Going concern

The financial statements have been prepared on the assumption that the Group will continue operating as a going concern. The directors have considered the following matters relating to the use of the going concern basis in preparation of the financial statements.

Impact assessment

The Group's performance for year 2023 materially improved over prior year across all its financial and operating benchmarks, notably:

- Revenue from contracts with customers of Shs 9.7 billion was up 40%. Total group revenue as at 31 December 2023 was Shs 10.3 billion compared to Shs 7.3 billion as at 31 December 2022.
- EBITDA of Shs 2.73 billion improved 48% on material recovery of demand and improved US dollar denominated earnings, despite headwind inflation and supply chain challenges. This resulted in year 2023 operating EBITDA margin of 28.2% (2022: 26.6 %),
- Profit Before Tax of Shs 1.07 billion, increased 58%,
- Net cash generated from operations of Shs 2.3 billion improved by 72%,
- Cash & cash equivalents of Shs 792.5 million improved 38%,
- Net current assets of Shs 871.8 million improved from a ratio of 0.99 to 1.31 as at 31 December 2023,
- Gearing (Note 4) also materially reduced to a more sustainable level of 24% from 30%, for the year prior with total borrowings down 5%.

Consequently, the return of post-pandemic demand for travel, meetings, conferences and events across the Group's source markets, together with the prudent and decisive pandemic debt and operating model restructuring in place provide a solid foundation for the foreseeable period ahead.

In looking further ahead, the business and industry outlook for the going concern period remains positive with international travel widely expected to sustain the upward trajectory beyond 2024.

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(a) Going concern (continued)

Impact assessment (continued)

Furthermore, the expected gradual recovery of Asian source markets most notably India followed by China, presents the industry and Group with further incremental upside potential from mid-2024 onwards. Regional opportunities for resurgence in leisure travel and increasing cross border corporate activity also bode well for the Group in the period under review. Notwithstanding this continuing positive outlook, the Directors remain cautiously confident and steadfast in the Group's evolving pandemic strategy to keep delivering on the key and effective operating and financing actions undertaken to date; whilst executing those post-pandemic transition plans underway since H2 2023, for sustainable growth in the medium term. The Board of Directors are cognisant of new and emerging macroeconomic and geopolitical headwinds and have therefore formulated robust risk-management plans with management for year 2024, as duly supported by the Group's on target plans for: current and projected performance reviews, cash flow forecasts including liquidity assessments, capital investment plans duly sensitised to operating capability, supply chain delivery consistent with Serena's brand standards, debt refinancing already executed; and importantly, continued positive engagement with the Group's majority shareholder. Furthermore, critical credit facilities are in place across all operating units in East Africa, not least Kenya, Uganda and Tanzania for the foreseeable period. These actions will enable the Group to preserve essential cash flow as bookings demand fully recovers and perhaps even surpass pre-pandemic levels by the end of year 2024.

As at 31 December 2023 and 31 March 2024, the Group's overdraft facility was not utilised at all in Kenya and Uganda; and marginally so in Tanzania just prior to the traditional peak season bookings. Consequently, sufficiently material unutilised credit facilities remain available across the Group's operations for the going concern period, with all scheduled debt repayments for 2024 well planned. Further, the Group's performance for Q1 2024 ended 31 March, remains broadly in line with management's overall plans.

To this end, the Directors believe that the Group will have adequate financial resources to continue in operation for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group is in a far more stable and sound financial position than during the pandemic; and that the Group has access to sufficient borrowing facilities, should such be required to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group, nor any material non-compliance with statutory or regulatory requirements; or any pending changes to legislation which may materially affect Group operations. The Group has adequate financing facilities and proactively monitors its covenants throughout the going concern period as it navigates the new normal operating environment under Serena's renewed business model across East Africa.

If for any reason, the Company is unable to continue as a going concern, then this could have an impact on the Company's ability to realise assets at their recognised values, in particular property and equipment; and to extinguish borrowings and other liabilities in the normal course of business, at the amounts stated in these financial statements.

(b) Basis of preparation

The financial statements are prepared in compliance with IFRS Accounting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Shs), rounded to the nearest thousands, except where otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

The following amendments applied for the first time to the Company and did not have a significant impact on the Company's financial statements:

Number	Executive summary	Effective date
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.	Annual periods beginning on or after 1 January 2023.
Amendments to IAS 12 International Tax Reform—Pillar Two Model Rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	Annual periods beginning on or after 1 January 2023.

None of these standards had a significant impact on the Company's financial statements.

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) New and amended standards not yet adopted by the Group

Number	Executive summary	Effective date
Amendments to IAS 1 - Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	Annual periods beginning on or after 1 January 2024
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain	Reporting periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions.
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	Reporting periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions.

The directors do not plan to apply the above standards until they become effective. There are no other standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on near future transactions.

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(c) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date.

Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies. Acquisition of entities under common control is accounted for using predecessor accounting.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(c) Consolidation (continued)

(iv) Associates (continued)

investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit / (loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates.

Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

(v) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

(vi) Separate financial statements

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Dividend income is recognised when the right to receive payment is established.

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(d) Functional currency and translation of foreign currencies

(i) Functional and Presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the Functional Currency'). The consolidated financial statements are presented in Kenya Shillings (Shs), which is the Company's Functional and Presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the Functional Currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income' or 'other expenses'.

Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income are recognised under other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each income statement amount are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income in the currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that are recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM who makes strategic decisions and who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Managing Director.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM who makes strategic decisions and who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Managing Director.

2. Summary of significant accounting policies (continued)

(f) Revenue recognition

The Group recognises revenue for direct sales of goods and rendering of services. Revenue is recognised as and when the Group satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax (VAT).

Room revenue is recognised over time based on occupancy. Food and beverage revenue is recognized on billing, following consumption, whereas gift shop sales are recognized on transfer of goods. Revenue from other sources such as gym, bird walks, archery etc. is recognised based on the performance of the service.

For each of the revenue streams, the Group recognises revenue over time or at a point in time specifically after the performance obligation of transfer of goods or service to the customer has been fulfilled.

The Group policy is to allocate the total transaction price to the performance obligations in the product offer / contract by reference to their relative stand-alone selling prices, e.g. for Food & Beverage at standard cost price grossed up for industry margins. Where such a stand-alone selling price is not directly observable, e.g. Bird Walks, Archery etc., the Group undertakes reasoned standard estimates based on cost plus a margin. Contracts with tour operators stipulate the transaction price of the product offer which are recorded at gross as there is no agency relationship.

Interest income is recognised using the effective interest method.

Dividends are recognised as income in the period the right to receive payment is established.

(g) Land and buildings, property and equipment

All categories of land and buildings, property and equipment are initially recorded at cost. Land and buildings are subsequently shown at fair value, based on periodic, (at least once every five years), valuations by external independent valuers, less subsequent depreciation for leasehold land and buildings. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to profit or loss.

Depreciation on assets is calculated using the straight-line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Useful life
Leasehold land and buildings	Over the period of the lease
Computers	3 - 4 years
Motor vehicles	4 years
Furniture and fittings	10 years
Lift installations	10 years
Laundry equipment	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

On opening of a new unit, initial purchases of operating equipment, such as crockery and beddings are capitalised at cost and subsequent replacements to maintain operating equipment at par stock level are expensed in the year of purchase. Carrying values are validated every three years.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in profit or loss. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

2. Summary of significant accounting policies (continued)

(h) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use- are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Financial instruments

(i) Initial recognition

Financial instruments are recognised when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Group commits itself to the purchase or sale.

(ii) Classification

The Group classifies its financial instruments into the following categories:

a) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost.
b) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.
c) All other financial assets are classified and measured at fair value through profit or loss.
d) Financial liabilities that are held for trading, financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Group may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
e) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Trade and other receivables were classified as at amortised cost.
- Trade and other liabilities were classified as at amortised cost.
- Borrowings and lease liability are classified at amortised cost.
- Cash and cash equivalents are classified at amortised cost

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

(iii) Initial measurement

On initial recognition:

- Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
- Trade receivables are measured at their transaction price.
- All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

(iv) Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses are recognised in profit or loss.

Fair value is determined as set out in *Note 4 fair value estimation.* Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(v) Impairment

The Group recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). For cash and cash equivalents, the Group banks with reputable banking institutions and the assessed probability of default is low and the expected credit loss, if any, would be immaterial.

All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(vi) Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

(vii) De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Group has transferred substantially all risks and rewards of ownership, or when the Group has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

(viii) Offsetting

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 set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(k) Leases

The Group's leases majorly comprise of property leases which include office space, parks, land occupied by hotels and various camps.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability recognised at the date at which the leased asset is available for use by the Group.

(i) Initial recognition

Assets and liabilities arising from a lease are initially measured on a present value basis.

(ii) Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

(iii) Right of use asset

Assets and liabilities arising from a lease are initially measured on a present value basis.

(iv) Variable lease payments

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease

2. Summary of significant accounting policies (continued)

(k) Leases (continued)

(iv) Variable lease payments (continued)

liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(v) Right of use asset

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group re-values its land and buildings that are presented within property, plant and equipment, the Group does not do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(vi) Variable lease payments

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(vii) Extension and termination options

Extension and termination options are included in several property and equipment leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension and termination options held are exercisable only by the Company and not by the respective lessor. The Company takes into consideration the extension and termination options in determining the right of use asset and lease liability.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and computed as the cost of purchase plus any incidental costs incurred in bringing inventory items to their present location. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Inventories mainly comprise hotel consumables, food and beverage items.

(m) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(n) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(o) Employee benefits

(i) Retirement benefit obligations

For unionised employees in two Subsidiaries, the Group has an unfunded obligation to pay terminal gratuities under its Collective Bargaining Agreement with the union. Employees who resign after serving for periods of between five years and ten years, receive eighteen days' salary and house allowance for each completed year of service at the rate of pay applicable at the date of resigning. Those who resign after serving for more than ten years receive twenty-four days' salary and house allowance for each completed year of service. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

2. Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

(i) Retirement benefit obligations (continued)

The Group operates a defined contribution benefit scheme for all its permanent employees after their first year of employment. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the Group and the employees. The Group and all its permanent employees also contribute to the statutory National Social Security Funds, which are defined contribution schemes. The Group's contributions to both these defined contribution schemes are charged to the income statement in the year in which they fall due. The Group has no further obligation once the contributions have been paid.

(ii) Leave

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination; when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(q) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which they are declared. Dividends are declared upon approval at the annual general meeting. Proposed dividends are disclosed separately within equity until declared.

(r) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Summary of significant accounting policies (continued)

(s) Grants

Grants are recognised in the income statement on a systematic basis over the periods in which the related costs towards which they are intended to compensate are recognised as expenses.

(t) Comparatives

Where necessary, comparative numbers have been adjusted to conform to changes in presentation in the current year.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group and Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(h). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions which are disclosed in detail under Note 21.

Trade receivables

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for the definition of default; and
- Choosing appropriate models and assumptions for the measurement of ECL.

Significant debtors, mainly relating to related party balance are assessed for impairment on an individual basis. As at 31 December 2023, certain key judgements and estimations were made regarding the above items, as they relate to the determination of expected credit losses on financial assets.

Fair value of land and buildings, property and equipment

The determination of the carrying value and the related depreciation of land and buildings, property and equipment requires use of judgements and assumptions. These are further disclosed in Note 20.

Income taxes

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Incremental borrowing rate on leases

Critical estimates are made on the determination of the incremental borrowing rate as described under note 2(k). Sensitivity on the discount rate by 1% higher/lower with all other variables held constant, interest on lease liability for the year would have been Shs 576,990 higher or lower.

(ii) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining:

- the determination of whether the Group has control over an entity, which requires the consideration of several factors, as set out in note 2(c); and
- the measurement basis for financial assets under IFRS 9 depends on an assessment of the Group's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest. For financial liabilities, the measurement basis is amortised cost unless the liability is designated at FVTPL. Further detail is given in note 2(j).

4. Financial risk management

The Group's and the Company's activity expose it to a variety of financial risks comprising market risk (including foreign exchange risks, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects on its financial performance within the options available in East Africa to hedge against such risks.

Financial risk management is carried out by Management under the guidance of the Board of Directors. Board of directors identifies, evaluates and hedges financial risks. The Board of Directors provides guidance on principles for overall risk management covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises four types of risks: foreign exchange risk, price risk, interest rate risk and fair value risk.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group aims to minimise volatility arising from fluctuations in exchange rates by adopting natural hedges such as holding cash balances in foreign currencies to hedge against any foreign currency denominated amounts payable.

The Group manages foreign exchange risk by converting its foreign currency collections into local currency on an ongoing basis to cater for its operational requirements. As a result, the Group does not hold large amounts of foreign currency deposits. In addition, the Group receives its collections in foreign currency and therefore any future foreign currency commercial transactions are settled in the same currency to avoid the effect of swinging currency exchange rates.

Currency exposure arising from the net assets of foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 December 2023, if the Kenya Shilling had weakened/strengthened by 5% against the US Dollar with all other variables held constant, consolidated post tax profit/loss for the year would have been Shs 202,560,984 higher or lower (2022: post tax loss for the year would have been Shs 185,029,727 higher or lower), mainly as a result of US dollar receivables, payables, bank balances and borrowings.

(ii) Price risk

The Group does not have any assets subject to price risk as at 31 December 2023 (2022: nil).

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will vary as market rates of interest vary. The Group is exposed to cash flow interest rate risk on its variable rate borrowings resulting from changes in market interest rates. The Group manages this exposure by maintaining a high interest cover ratio, which is the extent to which profits are available to service borrowing costs. Management consider that a change in interest rates of 1% in the year ending 31st December 2023 is reasonably possible. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing. At 31 December 2023, an increase/decrease of 1% on interest rate would have resulted in an increase/decrease in consolidated post tax profit/loss of Shs 3,947,196 (2022: increase / decrease of Shs 3,639,498 in post-tax losses).

(iv) Fair value risk

The Group does not have any significant assets subject to fair value risk as at 31 December 2023 (2022: Nil).

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash at bank and short term deposits with banks, as well as trade and other receivables. The Group does not have any significant concentrations of credit risk.

4. Financial risk management (continued)

Credit risk (continued)

The credit controller is responsible for managing and analysing credit risk for each new customer before standard payment and delivery terms are offered. The credit controller assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

For banks and financial institutions, only reputable well established financial institutions are accepted. The amounts that represent the Group's maximum exposure to credit risk is equal to the carrying amount of financial assets in the statement of financial position.

The Group has adopted the Expected Credit Losses (ECL) model to determine the impairment of trade receivables. The Group opted to adopt the simplified approach of determining the impairment provision. This model includes some operational simplifications for trade receivables, contract assets and lease receivables, because they are often held by entities that do not have sophisticated credit risk management systems. These simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Debts that are considered to be non-performing are impaired at 100%.

An expected credit loss is computed for the performing balances based on a loss rate computed as the average loss rate on credit sales over the preceding 5 years.

Related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand.

For cash at bank, management assesses the expected credit loss based on probability of default attached to the various banks by external rating agencies.

Notes to Financial Statements (continued)

4. Financial risk management (continued)

Credit risk (continued)

	Not past due Shs'000	30 to 90 days Shs'000	90 to 150 days Shs'000	Over 150 days Shs'000	Total Shs'000
At 31st December 2023					
Gross trade debtors	226,314	153,421	104,546	374,013	858,294
Loss allowance	(158)	(949)	(6,801)	(38,827)	(46,735)
Net trade debtors	226,156	152,472	97,745	335,186	811,559
At 31st December 2022					
Gross trade debtors	192,520	130,512	88,935	317,056	729,023
Loss allowance	(160)	(962)	(6,896)	(39,370)	(47,388)
Net trade debtors	192,360	129,550	82,039	277,686	681,635

A further analysis of debtors by category and their related loss allowance is as follows:

GROUP

	Gross Carrying amount Shs'000	Expected Credit Loss Shs'000	Net Carrying amount Shs'000
At 31st December 2023			
Corporate debtors	398,911	(21,754)	377,157
Government	253,726	(13,837)	239,889
Tour operators	190,626	(10,396)	180,230
Other debtors	15,031	(748)	14,283
Total Trade Receivables	858,294	(46,735)	811,559
At 31st December 2022			
Corporate debtors	339,345	(22,058)	317,287
Government	215,839	(14,030)	201,809
Tour operators	162,162	(10,541)	151,621
Other debtors	11,677	(759)	10,918
Total Trade Receivables	729,023	(47,388)	681,635

Notes to Financial Statements (continued)

4. Financial risk management (continued)

Credit risk (continued)

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December is made up as follows:

	Group		Company	
Trade receivables	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
Trade receivables (Note 26)	858,294	729,023	-	-
Loss allowance (Note 26)	(46,735)	(47,388)	-	-
Carrying amount	811,559	681,635	-	-
Other receivables				
Advances to related parties	726,141	658,439	391,640	412,625
Loss allowance	(272,375)	(274,172)	(9,965)	(87,869)
Other receivables	17,811	11,859	4,175	4,175
	471,577	396,126	385,850	328,931
Cash at bank	848,304	660,846	-	-

The Company does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Management has a framework for the management of the company's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Company manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual discounted cash flows.

(a) Group	Less than 1 year Shs'000	Between 1 and 2 years Shs'000	Between 2 and 5 years Shs'000	Over 5 years Shs'000
At 31 December 2023:				
- borrowings and interest	798,643	353,147	1,312,477	2,328,236
- trade and other payables	2,133,165	-	-	-
- lease liability	135,812	148,264	100,030	-
	3,067,620	501,411	1,412,507	2,328,236
At 31 December 2022:				
- borrowings and interest	1,079,647	681,673	2,305,715	945,349
- trade and other payables	1,713,202	-	-	-
- lease liability	118,816	197,149	133,012	-
	2,911,665	878,822	2,438,727	945,349

Notes to Financial Statements (continued)

4. Financial risk management (continued)

Liquidity risk (continued)

(b) Company	Less than 1 year Shs'000	Between 1 and 2 years Shs'000	Between 2 and 5 years Shs'000	Over 5 years Shs'000
At 31 December 2023:				
- borrowings and interest	-	-	-	-
- trade and other payables	2,794	-	-	-
	2,794	-	-	-
At 31 December 2022:				
- borrowings and interest	216	-	-	-
- trade and other payables	1,306	-	-	-
- trade and other payables	1,522	-	-	-

See further disclosures in relation to borrowings under Note 16

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt. During 2023 the Group's strategy, which was unchanged from 2022, was to maintain a medium term gearing ratio below 40%.The gearing ratios at 31 December 2023 and 2022 are as follows:

	2023 Shs'000	2022 Shs'000
Total borrowings (Note 16)	4,132,631	4,331,896
Add: Lease liabilities (Note 17)	339,917	397,325
Less: Cash and bank balances (Note 27)	(848,304)	(660,846)
Net debt	3,624,244	4,068,375
Total equity	11,360,774	9,642,215
Total capital	14,985,018	13,710,590
Gearing ratio	24%	30%

4. Financial risk management (continued)

Fair value estimation

The different level of fair value measurement hierarchy is described as follows:

- Quoted prices (unadjusted) in active markets for identical assets (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset that are not based on observable market data (that is, unobservable data) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the year-end date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as discounted cash flow analysis. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Land and buildings under property and equipment disclosed under Note 20 represent the fair value estimation in these financial statements. Their fair valuation is determined using level 3 data.

Financial instruments not measured at fair value

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's statement of financial position at their fair value:

Group	Carrying Value		Fair Value	
	2023 Shs 000	2022 Shs 000	2023 Shs 000	2022 Shs 000
Financial assets				
Receivables	1,405,622	1,162,974	1,405,622	1,162,974
Fixed deposits	596,293	-	-	-
Cash and cash equivalents	848,304	660,846	848,304	660,846
	2,850,219	1,823,820	2,253,926	1,823,820
Financial liabilities				
Borrowings	4,132,631	4,331,896	4,132,631	5,011,935
Trade and other payables	2,133,165	1,713,203	2,133,165	1,713,203
Lease liability	339,917	397,325	339,917	441,514
	6,605,713	6,442,424	6,605,713	7,166,652
Company				
Financial assets				
Receivables	385,850	328,931	385,850	328,931
Cash and cash equivalents	1,968	-	1,968	-
	387,818	328,931	387,818	328,931
Financial liabilities				
Trade and other payables	2,794	1,306	2,794	1,306
	2,794	1,306	2,794	1,306

5. Segment information

Management has determined the operating segments based on the reports reviewed by the Managing Director that are used to make strategic decisions.

Geographically, management considers the performance in Kenya, Uganda and Tanzania as the key operating segments. Zanzibar is included within the Tanzania segment as it has similar economic characteristics and is managed jointly.

The reportable operating segments derive their revenue primarily from accommodation, food and beverage sales.

The Managing Director assesses the performance of the operating segments based on profits before depreciation and amortisation, interest and tax, which is a measure of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA). The measure also excludes the effects of unrealised gains / losses on financial instruments. Finance costs and income are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The revenue from external parties reported to the Managing Director is measured in a manner consistent with that in the income statement. Segment assets are apportioned on a contractual basis. The measurement basis applied is consistent with Group accounting policies.

Intersegmental sales relate to management fees charged by Tourism Promotion Services (Management) Limited and are eliminated on consolidation.

Entity wide information

The Group derives revenue from the transfer of goods and services in the following categories:

	2023 Shs'000	2022 Shs'000
Room revenue	4,964,484	3,392,428
Food	3,195,869	2,454,672
Beverage	619,237	452,258
Others	905,022	644,948
	9,684,612	6,944,306
Timing of revenue recognition - Over time Room revenue	4,964,484	3,392,428
- At a point in time		
Food	3,195,869	2,454,672
Beverage	619,237	452,258
Others	905,022	644,948
	4,720,128	3,551,878

5. Segment information (continued)

The segment information provided to the Managing Director for the reportable segments for the year ended 31 December 2023 is as follows:

	Kenya Hotels and Lodges Shs '000	Tanzania Lodges Shs '000	Uganda Hotel Shs '000	All other segments Shs '000	Total Shs '000
Revenue	4,803,048	2,856,797	1,934,957	500,433	10,095,235
Less inter segmental sales	-	-	-	(410,623)	(410,623)
Net revenue from third parties	4,803,048	2,856,797	1,934,957	89,810	9,684,612
EBITDA	1,805,304	413,493	373,247	139,851	2,731,895
Depreciation	(29,105)	(9,388)	-	(837)	(39,330)
Depreciation on right of use asset	(265,777)	(98,789)	(152,831)	(1,386)	(518,783)
Income tax (expense)	(22,274)	(70,817)	(77,780)	(31,945)	(202,816)
Share of loss from associate	-	-	-	22,954	22,954
Investment in associate	-	-	-	842,073	842,073
Additions to non-current assets	415,906	138,501	19,577	6,359	580,343
Total assets	9,965,480	3,428,107	4,167,044	2,311,458	19,872,089
Total liabilities	(5,754,712)	(2,157,072)	(1,111,037)	511,513	(8,511,308)
Goodwill	324,643	681,016	266,293	-	1,271,952

The segment information for the year ended 31 December 2022 is as follows:

	Kenya Hotels and Lodges Shs '000	Tanzania Lodges Shs '000	Uganda Hotel Shs '000	All other segments Shs '000	Total Shs '000
Revenue	3,469,274	1,961,679	1,513,353	327,256	7,271,562
Less inter segmental sales	-	-	-	(327,256)	(327,256)
Net revenue from third parties	3,469,274	1,961,679	1,513,353	-	6,944,306
EBITDA	1,039,915	360,512	378,534	66,322	1,845,283
Depreciation	(332,709)	(105,954)	(134,801)	(694)	(574,158)
Depreciation on right of use asset	(29,021)	(7,393)	-	(3,688)	(40,102)
Income tax credit/(expense)	(71,744)	(94,274)	(97,729)	(34,443)	(298,190)
Share of loss from associate	-	-	-	33,513	33,513
Investment in associate	-	-	-	819,118	819,118
Additions to non-current assets	213,408	35,397	30,693	738	280,236
Total assets	9,144,608	3,325,797	3,384,418	1,852,815	17,707,638
Total liabilities	(5,389,464)	(2,159,648)	(1,241,335)	725,024	(8,065,423)
Goodwill	324,643	681,016	266,293	-	1,271,952

5. Segment information (continued)

The Company has disclosed EBITDA because management believes that this measure is relevant to a better understanding of the financial performance. EBITDA is not a defined performance measure in IFRS. The Company's definition of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities. This disclosure is provided for illustrative purposes only.

EBITDA is calculated by adjusting profit from the continuing operations to exclude share of associate results, the impact of taxation, net finance costs, depreciation, amortisation, impairment losses and reversals related to goodwill, intangible assets and property, plant and equipment. A reconciliation of adjusted EBITDA to profit before tax is provided as follows:

	2023 Shs'000	2022 Shs'000
EBITDA	2,731,895	1,845,283
Depreciation	(518,783)	(574,158)
Depreciation on right of use asset	(39,330)	(40,102)
Finance costs – net	(1,123,054)	(586,651)
Share of loss of associates accounted for using the equity method	22,955	33,513
Profit before income tax	1,073,683	677,885

There are no significant revenues derived from a single external customer.

6. Other income

Other income comprise income generated from all the non-principal activities of the Group.

	Group	
	2023 Shs'000	2022 Shs'000
Net foreign exchange gain	282,832	88,528
Ancillary income	106,493	75,715
Management fees	-	79,055
Other operating income	178,529	153,758
	567,854	397,056

7. Profit before tax

The following items have been charged in arriving at loss before income tax:

	Group	
	2023 Shs'000	2022 Shs'000
Employee benefit expense (Note 8)	2,749,727	1,769,529
Advertising and promotion expenses (Note 9)	418,286	246,677
Repairs and maintenance of property and equipment (Note 9)	495,614	356,843
Receivables – provision for impairment losses (Note 26)	(2,450)	162,520
Auditors' remuneration (Company: 2023: Shs 4,016,590 (2022: Shs 3,236,632))	22,263	17,870
Loss on disposal of property, plant and equipment	6,363	(933)

8. Employee benefits expense

	2023 Shs'000	2022 Shs'000
Salaries, wages and other staff costs	2,563,431	1,644,659
Retirement benefits costs:		
- Defined benefit scheme	6,771	36,289
- Defined contribution scheme	9,317	8,005
- National Social Security Funds	170,208	80,576
	2,749,727	1,769,529
Average number of employees	2,451	2,270

Notes to Financial Statements (continued)

9. Other operating expenses

Group	2023 Shs'000	2022 Shs'000
Advertising and promotions	418,286	430,637
Heat, light, power and water	776,096	642,474
Insurance premiums	203,902	157,770
Operating supplies	220,368	240,837
Variable lease	263,825	192,259
Security	82,787	59,244
Repairs and maintenance	495,614	356,843
Auditor's remuneration	22,263	17,870
Bank charges	50,075	34,571
Other expenses	849,211	365,319
	3,382,427	2,497,824
Company		
Annual General Meeting expenses	289	122
Registry expenses	3,642	4,732
Audit fees	4,017	3,188
Trade publications	5,587	4,351
Receivables – release for impairment losses (Note 26)	(77,904)	-
Other expenses	6,754	188
	(57,615)	12,581

Notes to Financial Statements (continued)

10. Finance income and costs

Group	2023 Shs'000	2022 Shs'000
Finance income:		
Fixed and call deposits	40,470	13,033
Finance costs:		
Interest expense on borrowings	(385,238)	(237,031)
Net foreign currency exchange loss on borrowings	(720,587)	(312,148)
Interest on lease liability	(57,699)	(50,505)
Finance costs	(1,163,524)	(599,684)
Net finance costs	(1,123,054)	(586,651)

Company		
Interest expense on borrowings	-	(36,984)
Net foreign currency exchange loss on borrowings	-	68,875
Finance costs	-	31,891

11. Income tax expense

	Group	
	2023 Shs'000	2022 Shs'000
Current income tax	91,456	100,462
Deferred income tax (Note 18)	111,360	197,728
Income tax expense	202,816	298,190

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group		Company	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
Profit/ (Loss) before income tax	1,073,683	677,885	57,615	(44,472)
Tax calculated at domestic rates applicable to profits in the respective countries at 30% (2022: 30%)	322,105	203,366	17,285	(13,342)
Tax effect of:				
Income not subject to tax	(6,885)	(10,054)	(17,285)	-
Expenses not deductible for tax purposes	28,917	140,202	-	13,342
(Over)/Under provision of deferred income tax in prior year	(141,321)	(35,324)	-	-
Income tax expense	202,816	298,190	-	-

The Company's income relates to dividend income which is not subject to Corporate Income Tax.

12. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2023	2022
Profit attributable to equity holders of the Company (Shs 000s)	816,591	337,587
Weighted average number of ordinary shares in issue (thousands)	282,651	232,413
Basic and Diluted earnings per share (Shs)	2.89	1.45

There were no potentially dilutive shares outstanding at 31 December 2023.

13. Dividends per share

Proposed dividends are accounted for as a separate component of equity until they have been ratified at the Annual General Meeting. Qualifying shares for 2023 were 282,650,579 shares (2022: 282,650,579 shares). No dividend for the year ended 31 December 2023 is to be proposed at the forthcoming Annual General Meeting (2022: Nil).

Payment of dividends is subject to withholding tax at a rate of either 5% or 10% depending on the residence of the respective shareholders.

14. Share capital

	Number of shares (Thousands)	Ordinary shares Shs'000	Share premium Shs'000
Balance at 1 January 2022	182,174	182,174	4,392,668
Issue of shares	100,477	100,477	1,609,073
Balance at 31 December 2022	282,651	282,651	6,001,741
Balance at 31 December 2023	282,651	282,651	6,001,741

15. Revaluation reserve

The revaluation reserve represents solely the surplus on the revaluation of buildings net of deferred income tax and is non-distributable.

16. Borrowings

	Group		Company	
The borrowings are made up as follows:	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
Non-current				
Term loans	3,563,042	3,604,701	-	-
Current				
Bank overdraft	55,780	85,553	-	216
Term loans	513,809	641,642	-	-
	569,589	727,195	-	216
Total borrowings	4,132,631	4,331,896	-	216

Notes to Financial Statements (continued)

16. Borrowings (continued)

Reconciliation of liabilities arising from financing activities

	Group		Company	
Year ended 31 December	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
At start of year	4,331,896	6,194,492	(216)	1,640,675
Interest expense	385,238	237,031	-	-
Foreign exchange loss	720,587	312,148	216	68,875
Debt converted to equity	-	(1,709,551)	-	(1,709,550)
Cash flows:				
Interest paid	(385,238)	(237,030)	-	-
Proceeds from borrowings	-	235,581	-	-
Repayments of borrowings	(975,632)	(786,328)	-	-
At end of year	4,076,851	4,246,343	-	-
Bank overdraft	55,780	85,553	-	216
Total borrowings	4,132,631	4,331,896	-	216

Bank loans and overdrafts are secured by legal charges over certain land, buildings and other assets of the Group and a guarantee by TPS Eastern Africa PLC for Tourism Promotion Services (Kenya) Limited, in addition to a floating debenture over all assets of Tourism Promotion Services (Kenya) Limited, Tourism Promotion Services (Tanzania) Limited; and Tourism Promotion Services (Zanzibar) Limited. The PROPARCO loans are guaranteed by TPS Eastern Africa PLC, the Parent Company.

16. Borrowings (continued)

Group Financial Institution Tanzania	Currency	Facility	Interest %	Effective date	Maturity Date	2023 Shs'000	2022 Shs'000
ABSA Bank Tanzania Limited-Overdraft	US$	1,700,000	4.25%	21/09/2023	20/09/2024	55,780	85,337
ABSA Bank Tanzania Limited - Term loan	US$	1,500,000	4.50%	25/08/2019	(Note i) 25/03/2023	23,881	80,971
AKFED	US$	3,550,000	0.00%	30/04/2021	(Note ii)	766,790	685,622
AKFED	US$	740,000	0.00%	30/04/2021	(Note ii)	100,355	89,878
Kenya							
Bank overdraft - ABSA Bank Kenya PLC	Shs	300,000,000	10.87%	26/01/2023	25/01/2024	-	216
Bank overdraft - Equity Kenya Ltd	Shs	100,000,000	11.00%	9/09/2023	8/09/2024	-	-
PROPARCO - Term loan	US$	20,000,000	4.27%	24/08/2015	(Note i) 15/06/2027	2,580,813	2,309,142
ABSA Bank Kenya PLC - Term loans	Shs	970,000,000	10.25%	13/02/2015	(Note i) 29/12/2026	388,951	524,238
AKFED	US$	14,500,000	0.00%	30/07/2017	(Note ii)	163,230	154,313
Uganda							
Bank overdraft – Equity Bank Uganda Limited	US$	1,500,000	5.50%	3/12/2023	02/12/2024	-	-
PROPARCO - Long Term loan	US$	8,000,000	6.60%	15/06/2017	(Note i) 15/06/2024	52,831	402,179
Total borrowings						4,132,631	4,331,896

Fair values of the borrowings are disclosed in Note 4.

Notes to Financial Statements (continued)

16. Borrowings (continued)

Notes to the above table of borrowings:

(i) As at 31 December 2022, the Group was in compliance with all Absa Bank and PROPARCO loan covenants.

(ii) AKFED loans have no fixed maturity. However they are not payable within 12 months of the reporting date. AKFED issued a letter of support confirming that they would not be demanding repayment within the next 12 months.

Borrowings in respective currencies were as follows:

	Group	
Currency	2023 Shs'000	2022 Shs'000
US Dollars	3,743,680	3,807,443
Kenya Shillings	388,951	524,453
Total borrowings	4,132,631	4,331,896

17. Lease liability

Opening balance	397,325	274,434
Addition	-	109,853
Interest charge	57,699	50,505
Lease payments during the year	(121,802)	(37,915)
Translation difference	6,695	448
	339,917	397,325
The lease liability is classified as follows:		
Non-current lease liability	219,729	292,178
Current lease liability	120,188	105,147
	339,917	397,325

18. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2022: 30%). The movement on the deferred income tax account is as follows:

	Group	
Deferred income tax asset	**2023 Shs'000**	**2022 Shs'000**
At start of year	(10,903)	(11,188)
Charge to profit or loss (Note 11)	3,784	329
Charge to OCI	(274)	(44)
At end of year	(7,393)	(10,903)
Deferred income tax liability		
At start of year	1,528,772	1,313,855
Charge to profit or loss (Note 11)	248,897	197,399
Charge to OCI	5,393	(5,313)
Effect of change in exchange rates	165,738	22,831
Over provision in prior year	(141,321)	-
At end of year	1,807,479	1,528,772

Deferred income tax asset

Deferred tax liabilities	1.1.2023 Shs'000	Charge/(credit) to P/L Shs'000	Charge to OCI Shs'000	31.12.2023 Shs'000
Property, plant & equipment				
- on historical cost	107,140	259	-	107,399
	107,140	259	-	107,399
Deferred tax assets				
Other temporary differences	(118,043)	3,525	(274)	(114,792)
	(118,043)	3,525	(274)	(114,792)
Net deferred tax asset	(10,903)	3,784	(274)	(7,393)

18. Deferred income tax (continued)

Deferred income tax liabilities	1.1.2023 Shs'000	Charge/(credit) to profit or loss Shs'000	Charge/(credit) to OCI Shs'000	Effect of change in exchange rates	31.12.2022 Shs'000
Property, plant & equipment					
- on historical	1,452,033	(130,398)	-	(200,899)	1,120,736
- on revaluation	1,083,066	(140,316)	5,393	(216,179)	731,964
Other temporary differences	216,941	(111,045)	-	(171,083)	(65,187)
	2,752,040	(381,759)	5,393	(588,161)	1,787,513
Deferred tax assets					
Provisions	(37,071)	28,732	-	44,266	35,927
Tax losses carried forward	(1,179,816)	460,603	-	709,633	(9,580)
Unrealised foreign exchange	(6,381)	-	-	-	(6,381)
	(1,223,268)	489,335	-	753,899	19,966
Net deferred tax	1,528,772	107,576	5,393	165,738	1,807,479

Deferred income tax asset

Deferred tax liabilities	1.1.2022 Shs'000	Charge/(credit) to P/L Shs'000	Charge/(credit) to OCI Shs'000	31.12.2022 Shs'000
Property, plant & equipment				
- on historical cost	107,094	46	-	107,140
	107,094	46	-	107,140
Deferred tax assets				
Other temporary differences	(118,282)	283	(44)	(118,043)
	(118,282)	283	(44)	(118,043)
Net deferred tax asset	(11,188)	329	(44)	(10,903)

18. Deferred income tax (continued)

Deferred income tax liabilities	1.1.2022 Shs'000	Charge/(credit) to profit or loss Shs'000	Charged/ (credit) to OCI Shs'000	Effect of change in exchange rates	31.12.2022 Shs'000
Property, plant & equipment					
- on historical cost	1,443,091	(12,140)	-	-	1,430,951
- on revaluation surpluses	1,105,883	(22,817)	(5,313)	-	1,077,753
Other temporary differences	315,890	(98,949)	-	-	216,941
	2,864,864	(133,906)	(5,313)	-	2,725,645
Deferred tax assets					
Provisions	(74,907)	37,836	-	-	(37,071)
Tax losses carried forward	(1,473,285)	293,469	-	-	(1,179,816)
Exchange rate variance	(2,817)	-	-	22,831	20,014
	(1,551,009)	331,305	-	22,831	(1,196,873)
Net deferred tax liability	1,313,855	197,399	(5,313)	22,831	1,528,772

19. Retirement benefit obligations

For unionised employees in two subsidiaries, the Group has an unfunded obligation to pay terminal gratuities under its Collective Bargaining Agreement with the union. Employees who resign after serving for periods of between five years and ten years, receive eighteen days' salary and house allowance for each completed year of service at the rate of pay applicable at the date of resigning. Employees who resign after serving for more than ten years receive twenty-four days' salary and house allowance for each completed year of service. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Provision for employees' entitlement to gratuity is based on the number of years worked by individual employees up to the reporting date. The movement during the year is as follows:

	Group	
	2023 Shs'000	2022 Shs'000
At start of year	94,227	39,767
Additional provision	6,771	36,289
Actuarial (gain) /loss	(17,976)	17,711
Benefits paid / (transferred) to pension scheme	15,094	460
At end of year	98,116	94,227

The scheme was last valued by an independent actuary as at 31 December 2023. The significant actuarial assumptions were as follows:

- discount rate	11.0%
- future salary increases	6.0%
- withdrawal rate	4.0%
- retirement age	60 years

19. Retirement benefit obligations (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is not significant for 2023 (2022: not significant).

Under IAS 19 revised, actuarial gains and losses are recognised in the other comprehensive income. Consistent with prior year, actuarial losses are charged to income statement on the basis of materiality. The charge to profit or loss is made up of interest charge and current service cost.

Assumptions regarding future mortality experience are set based on actuarial advice, published statistics and experience in the industry. The Directors do not anticipate variation of the assumptions to impact the obligations significantly.

In the opinion of the Directors, the provision for gratuity entitlement for employees fairly reflects the Group's future obligation under the terms of the Collective Bargaining Agreement. The scheme has no dedicated assets.

A marginal increase or reduction in the actuarial assumptions does not result in a material change in the liability and the Group adopted the most conservative resultant liability.

20. Property and equipment - Group

At 1 January 2022	Land & buildings Shs'000	Furniture, Fittings & equipment Shs'000	Vehicles Shs'000	Operating equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
At cost /valuation	16,360,690	4,617,632	355,186	176,111	101,551	21,611,170
Accumulated depreciation	(3,914,042)	(3,400,765)	(323,065)	-	-	(7,637,872)
Translation differences	(845,325)	(100,925)	(27,311)	-	(57,224)	(1,030,785)
Net book amount	11,601,323	1,115,942	4,810	176,111	44,327	12,942,513
Year ended 31 December 2022						
Opening net book amount	11,601,323	1,115,942	4,810	176,111	44,327	12,942,513
Additions	46,094	145,453	5,835	7,081	75,769	280,232
Disposals	393	(110,036)	(1,819)	(6,585)	-	(118,047)
Transfers	1,662	22,402	-	-	(24,064)	-
Reclassification	95,161	(144,766)	(4,622)	(35,291)	1	(89,517)
Depreciation charge	(279,372)	(292,884)	(1,902)	-	-	(574,158)
Depreciation on disposal	(17)	107,873	6,584	-	-	114,440
Translation differences	65,342	43,076	32,964	(1,048)	258	140,592
Closing net book amount	11,530,586	887,060	41,850	140,268	96,291	12,696,055
At 31 December 2022						
At cost	16,504,000	4,530,685	354,580	140,268	153,257	21,682,790
Accumulated depreciation	(4,193,431)	(3,585,776)	(318,383)	-	-	(8,097,590)
Translation differences	(779,983)	(57,849)	5,653	-	(56,966)	(889,145)
Net book amount	11,530,586	887,060	41,850	140,268	96,291	12,696,055

20. Property and equipment - Group (continued)

	Land & buildings Shs'000	Furniture, Fittings & equipment Shs'000	Vehicles Shs'000	Operating equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
At 1 January 2023						
At cost/valuation	16,504,000	4,530,685	354,580	140,268	153,257	21,682,790
Accumulated depreciation	(4,193,431)	(3,585,776)	(318,383)	-	-	(8,097,590)
Translation differences	(779,983)	(57,849)	5,653	-	(56,966)	(889,145)
Net book amount as restated	11,530,586	887,060	41,850	140,268	96,291	12,696,055
Year ended 31 December 2023						
Opening net book amount	11,530,586	887,060	41,850	140,268	96,291	12,696,055
Additions	197,923	317,541	27,806	660	36,413	580,343
Disposals	-	(74,773)	(3,750)	-	-	(78,523)
Transfers	4,496	1,030	-	-	(5,526)	-
Reclassification	-	(79,517)	-	-	-	(79,517)
Depreciation charge	(300,170)	(215,669)	(2,944)	-	-	(518,783)
Depreciation on disposal	-	73,665	1,179	-	-	74,844
Translation differences	876,843	15,680	104,001	30,757	833	1,028,114
Closing net book amount	12,309,678	925,017	168,142	171,685	128,011	13,702,533
At 31 December 2023						
At cost	16,706,419	4,694,966	378,636	140,928	184,144	22,105,093
Accumulated depreciation	(4,493,601)	(3,727,780)	(320,148)	-	-	(8,541,529)
Translation differences	96,860	(42,169)	109,654	30,757	(56,133)	138,969
Net book amount	12,309,678	925,017	168,142	171,685	128,011	13,702,533

Notes to Financial Statements (continued)

20. Property and equipment – Group (continued)

In the opinion of the directors, there is no impairment of Property and Equipment.

Land and Buildings for Tourism Promotion Services (Kenya) Limited, JAJA Limited, TPS (OP) Limited and TPS (Uganda) Limited were all revalued on 31 December 2020 by independent professional valuer C.P. Robertson-Dunn; whilst that for Tourism Promotion Services (Tanzania) Limited and Tourism Promotion Services (Zanzibar) Limited were revalued by H & R Consultancy Limited in Tanzania.

Revaluations of properties were made on the basis of earnings for existing use. The assumptions applied were as follows:

	Zanzibar	Tanzania	Uganda	Kenya
Discount rate	15%	15%	15%	14%
Long term growth rate	6%	6%	6%	6%
EBITDA margin	24%	23%	24%	18%

The resultant revaluation loss net of deferred income tax of Shs 47 million was recognised in the revaluation reserve through other comprehensive income.

As at 31 December 2023, if the discount rate had increased by 1% with all other variables held constant, the valuation would have been lower by Shs 759,026,000.

As at 31 December 2023, if the discount rate had decreased 1% with all other variables held constant, the valuation would have been higher by Shs 1,028,761,000.

As at 31 December 2023, if the gross margin rate had decreased / increased by 1% with all other variables held constant, the valuation would have been higher / lower by Shs 60,982,000.

As at 31 December 2023, if the growth rate had decreased / increased by 1% with all other variables held constant, the valuation would have been higher / lower by Shs 293,515,000.

Management has assessed the recoverable amount by calculating the value in use using a discounted cash flow model (DCF) and the fair value of the land and buildings are not materially different since the last valuation.

Capital work in progress is mainly in relation to capital projects being undertaken with respect to properties in Kenya, Uganda and Tanzania.

If the buildings, freehold and leasehold land were stated on the historical cost basis (adjusted for translation differences), the amounts would be as follows:

	Group	
	2023 Shs'000	2022 Shs'000
Cost	11,684,820	11,241,618
Accumulated depreciation	(3,176,403)	(2,869,581)
Net book amount	8,508,417	8,372,037

21. Intangible assets - Goodwill

Intangible assets comprise of goodwill arising from acquisitions over the years. The allocation of goodwill by cash generating unit is as follows:

	Kenya Shs'000	Tanzania Shs'000	Zanzibar Shs'000	Uganda Shs'000	Total Shs'000
At start of year	324,643	576,345	104,671	266,293	1,271,952
At end of year	324,643	576,345	104,671	266,293	1,271,952

The directors monitor goodwill impairment at the segment level, being the cash generating unit (CGU). The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial projections approved by the management covering a five-year period. The Managing Director considers the business from a geographic perspective. Geographically, management considers the performance in Kenya, Uganda and Tanzania.

Management has made the following assumptions in assessing for goodwill impairment:

2023	Tanzania	Zanzibar	Uganda	Kenya
Budgeted average EBITDA margin (%)	23%	24%	24%	18%
Long term growth rate (%)	6%	6%	6%	6%
Pre-tax discount rate (%)	15%	15%	15%	14%
Annual capital expenditure as a % of revenue	4%	4%	4%	4%
2022				
Budgeted average EBITDA margin (%)	24%	25%	30%	31%
Long term growth rate (%)	6%	6%	6%	6%
Pre-tax discount rate (%)	15%	15%	15%	14%
Annual capital expenditure as a % of revenue	4%	4%	4%	4%

These assumptions have been used for the analysis of each operating unit within the business segment. Management determined budgeted EBITDA margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

21. Intangible assets - Goodwill (continued)

Management has determined the values assigned to each of the key assumptions used as follows:

Assumption	Approach used to determine values:
1. EBITDA growth as determined by: i) Room occupancy rates	Average room occupancy rate over the five-year forecast period; based on past performance and management expectations of market development.
ii) Room rates	Average annual growth rate over the five-year forecast period; based on current industry trends and including long term country inflation forecast.
iii) Projected average gross margins	Based on past performance and management expectations of the future.
2. Annual capital expenditure as a % of revenue	Expected cash costs in the CGUs. This is based on the historical experience of management, the planned refurbishment, or sustaining expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
3. Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rate is based on long term growth rate forecasts for the industry and Country.
4. Pre-tax discount rate	Based on specific risks relating to the industry and country. Factors considered for the industry include regulatory environment, market competition, and barriers to entry.

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU's to exceed its recoverable amount.

Tourism Promotion Services (Kenya) Limited goodwill

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of the CGU at 31 December 2023 by Shs 11.9 billion

Significant estimate: Impact of possible changes in key assumptions

If the budgeted EBITDA margin used in the value-in-use calculation had been 1% higher/ lower than the management estimates at 31 December 2023 with all other assumptions in the table above unchanged, the head room would have increased/ decreased by Shs 172 million.

The 1% change in forecast EBITDA margins represents a reasonably possible reduction in sales prices and/or increase in production and other costs over the 5-year forecast period.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% higher than management estimates and all other assumptions in the table above unchanged, the headroom would have decreased by Shs 1.4 billion.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% lower than management estimates and all other assumptions unchanged, the headroom would have increased by Shs 1.8 billion.

TPS (Uganda) Limited goodwill

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of the CGU at 31 December 2023 by Shs 3.4 billion.

Significant estimate: Impact of possible changes in key assumptions

If the budgeted EBITDA margin used in the value-in-use calculation had been 1% higher/ lower than the management estimates at 31 December 2023 with all other assumptions in the table above unchanged, the head room would have increased/ decreased by Shs 72 million.

The 1% change in forecast EBITDA margins represents a reasonably possible reduction in sales prices and/or increase in production and other costs over the 5-year forecast period.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% higher than management estimates and all other assumptions in the table above unchanged, the headroom would have decreased by Shs 724 million.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% lower than management estimates and all other assumptions unchanged, the headroom would have increased by Shs 906 million.

Notes to Financial Statements (continued)

21. Intangible assets - Goodwill (continued)

Tourism Promotion Services (Tanzania) Limited goodwill

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of the CGU at 31 December 2023 by Shs 5.5 billion.

Significant estimate: Impact of possible changes in key assumptions

If the budgeted EBITDA margin used in the value-in-use calculation had been 1% higher/ lower than the management estimates at 31 December 2023 with all other assumptions in the table above unchanged, the head room would have increased/ decreased by Shs 80 million.

The 1% change in forecast EBIDTA margins represents a reasonably possible reduction in sales prices and/or increase in production and other costs over the 5-year forecast period.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% higher than management estimates and all other assumptions in the table above unchanged, the headroom would have decreased by Shs 659 million.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% lower than management estimates and all other assumptions unchanged, the headroom would have increased by Shs 825 million.

Tourism Promotion Services (Zanzibar) Limited goodwill

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of the CGU at 31 December 2023 by Shs 544 million.

Significant estimate: Impact of possible changes in key assumptions

If the budgeted EBITDA margin used in the value-in-use calculation had been 1% higher/ lower than the management estimates at 31 December 2023 with all other assumptions in the table above unchanged, the headroom would have increased/ decreased by Shs 12 million.

The 1% change in forecast EBITDA margins represents a reasonably possible reduction in sales prices and/or increase in production and other costs over the 5 year forecast period.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% higher than management estimates and all other assumptions in the table above unchanged, the headroom would have decreased by Shs 89 million.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% lower than management estimates and all other assumptions unchanged, the headroom would have increased by Shs 111 million.

22. Right of use asset

Right of use assets relates to property leases which include office space, parks, land occupied by hotels and camps as relevant.

	Group	
	2023 Shs'000	2022 Shs'000
Opening balance	387,431	318,271
Additions	-	109,833
Depreciation	(39,330)	(40,102)
Translation difference	5,254	(571)
	353,355	387,431

23. Investment in subsidiaries (at cost)

The Company's interest in its subsidiaries (Tourism Promotion Services (Kenya) Limited – TPS(K), Tourism Promotion Services (Tanzania) Limited – TPS(T), Tourism Promotion Services (Zanzibar) Limited – TPS(Z), Tourism Promotion Services (Mangapwani) Limited – TPS(Mgp), Tourism Promotion Services (South Africa)(Pty) Limited – TPS(SA), Tourism Promotion Services (Management) Limited – TPS(M) and TPS (Uganda) Limited – TPS(U)), none of which is listed on a stock exchange and all of which have the same year end as the Company, were as follows:

Notes to Financial Statements (continued)

23. Investment in subsidiaries (at cost) (continued)

	TPS(K) Shs'000	TPS(T) Shs'000	TPS(Z) Shs'000	TPS(Mgp) Shs'000	TPS(SA) Shs'000	TPS(M) Shs'000	TPS(U) Shs'000	Total Shs'000
At 1 January 2022,								
31 December 2022 and								
31 December 2023	2,392,445	1,487,783	437,423	-	1	-	1,432,174	5,749,826
Country of Incorporation	Kenya	Tanzania	Tanzania	Tanzania	South Africa	Kenya	Uganda	
% interest held – 2022 and 2023	100.0%	100.0%	100.0%	100.0%	100.0%	75.0%	65.19%	

Interests in subsidiaries are tested for impairment when there is an indicator of impairment by comparing the carrying value of the cash generating unit to the recoverable value of that cash generating unit. Recoverable amount for investment in subsidiaries is calculated on a consistent basis with that used for impairment testing of goodwill, as set out in Note 21.

Other indirect subsidiaries include JAJA Limited, which owns Lake Elementaita Serena Camp, and TPS (OP) Limited which owns Sweetwaters Tented Camp both of which are 100% subsidiaries of TPS(K); and Upekee Lodges Limited (100% subsidiary of TPS(T)) which is dormant.

In the opinion of the directors, there has been no impairment of any of the investments during the year under review.

Subsidiaries with significant non-controlling interest

The key financial data as at year end for TPS (Uganda) Limited incorporated in Uganda, is summarised below:

	% interest held	Non-current assets Shs'000	Current assets Shs'000	Total assets Shs'000	Non-current liabilities Shs'000	Current liabilities Shs'000	Total liabilities Shs'000	Revenues Shs'000	Profit/ (loss) Shs'000
2023									
TPS (Uganda) Limited	65	3,278,381	1,001,211	4,279,592	619,569	491,467	1,111,036	1,934,957	155,920
2022									
TPS (Uganda) Limited	65	2,292,640	781,256	3,073,896	587,895	488,364	1,076,259	1,513,353	120,964

Cash flows

	2023 Shs'000	2022 Shs'000
Cash flows from operating activities	396,709	285,314
Cash flows from investing activities	(17,677)	(30,232)
Cash flows from financing activities	(423,082)	(80,104)
Net (decrease)/ increase in cash and cash equivalents	(44,050)	174,978

24. Investment in associates

	Group	
	2023 Shs'000	2022 Shs'000
At start of the year	819,118	785,605
Share of associate results before tax	38,575	37,346
Share of tax	(15,620)	(3,833)
Net share of results after tax	22,955	33,513
At end of year	842,073	819,118

	Company	
	2023 Shs'000	2022 Shs'000
At start and end of year	840,330	840,330

The Company holds 25.1% interest in TPS (D) Limited, a Kenyan domiciled entity which was established as the holding company to acquire the Movenpick Hotel (subsequently Dar es Salaam Serena Hotel) in Dar es Salaam, Tanzania. TPS (D) Limited owns 100% of an off- shore company, TPS (Cayman) Limited (previously Kingdom 5-KR-90 Limited), which owns the Tanzanian operating company, Tanruss Investment Limited the owner of Dar es Salaam Serena Hotel. Other shareholders in TPS (D) Limited include: The Aga Khan Fund for Economic Development, S.A and PDM Holdings Limited.

Other associates are Mountain Lodges Limited and Tourism Promotion Services (Rwanda) Limited.

The key financial data as at year end of Mountain Lodges Limited (incorporated in Kenya), Tourism Promotion Services (Rwanda) Limited (incorporated in Rwanda) and TPS (D) Limited (incorporated in Kenya) is as follows:

	% interest held	Current Assets Shs'000	Non-current Assets Shs'000	Current Liabilities Shs'000	Non-current Liabilities Shs'000	Revenues Shs'000	Profit/ (loss) Shs'000	Other comprehensive income Shs'000
2023								
TPS (Rwanda) Limited	20.15	696,723	1,188,355	445,182	311,165	1,889,956	208,635	-
TPS (D) Limited	25.10	207,268	4,113,674	764,198	521,158	1,355,231	(76,039)	-
Mountain Lodges Limited*	29.90	5,195	101,272	165,502	42,464	-	-	-
		909,186	5,403,301	1,374,882	874,787	3,245,187	132,596	-
2022								
TPS (Rwanda) Limited	20.15	409,265	1,030,686	295,011	312,343	1,483,476	230,353	-
TPS (D) Limited	25.10	158,489	3,900,752	775,073	506,877	1,110,089	(51,406)	-
Mountain Lodges Limited*	29.90	5,195	101,272	165,502	42,464	-	-	-
		572,949	5,032,710	1,235,586	861,684	2,593,565	178,947	-

*Mountain Lodges Limited has not traded since 2020.

25. Inventories

	Group		Company	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
Food, beverage and consumables	341,589	280,071	-	-
Other stock	233,315	196,942	-	-
	574,904	477,013	-	-

Inventory is stated at cost. The cost of inventories recognised as an expense and included in 'inventory expensed' amounted to Shs 1,390,867,000 (2022: Shs 1,066,206,000).

26. Receivables and prepayments

	Group		Company	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
Trade receivables – third parties	843,709	721,945	-	-
Less: Loss allowance	(46,735)	(47,388)	-	-
Trade receivables – other related companies (Note 31 (v))	14,585	7,078	-	-
Net trade receivables	811,559	681,635	-	-
Prepayments	122,486	85,213	-	-
Advances to related companies (Note 31 (v))	726,141	658,439	391,640	412,625
Less: Loss allowance of related party debts	(272,375)	(274,172)	(9,965)	(87,869)
Other receivables	17,811	11,859	4,175	4,175
	1,405,622	1,162,974	385,850	328,931

Movements on the provision for impairment of trade and other receivables are as follows:

	Group		Company	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
At start of year	321,560	239,664	87,869	80,041
Loss allowance in the year	(2,450)	162,520	(77,904)	7,828
Receivables written off during the year	-	(80,624)	-	-
At end of year	319,110	321,560	9,965	87,869

In the opinion of the Directors, the carrying amounts of the receivables and prepayments approximate to their fair value.

The carrying amounts of the Group's receivables and prepayments are denominated in the following currencies:

	Group		Company	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
US Dollar	232,018	282,643	-	-
Euro	1,222	1,222	-	-
Sterling Pound	256	256	-	-
Kenya Shillings	453,309	236,434	385,850	328,931
Tanzania Shillings	319,017	337,923	-	-
Uganda Shillings	399,800	304,496	-	-
	1,405,622	1,162,974	385,850	328,931

27(a). Cash and cash equivalents

	Group		Company	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
Cash at bank and in hand	848,304	660,846	1,968	-

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

Cash and bank balances as above	848,304	660,846	1,968	-
Bank overdrafts (Note 16)	(55,780)	(85,553)	-	(216)
	792,524	575,293	1,968	(216)

27(b). Fixed deposits

	Group	
	2023 Shs'000	**2022 Shs'000**
At start of year	-	-
Purchases	1,600,129	-
Maturities	(1,108,614)	-
Foreign exchange gain	104,778	-
At end of year	596,293	-

Notes to Financial Statements (continued)

28. Payables and accrued expenses

	Group		Company	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
Trade payables	940,912	719,553	-	-
Trade payables – related companies (Note 31)	9,463	8,311	-	-
Advances from related companies (Note 31)	45,142	17,255	-	-
Accrued expenses and other payables	1,137,648	968,084	2,794	1,306
	2,133,165	1,713,203	2,794	1,306

The carrying amounts of the above payables and accrued expenses approximate to their fair values.

29. Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	Group	
	2023 Shs'000	2022 Shs'000
Profit before income tax	1,073,683	677,885
Adjustments for:		
Interest expense (Note 10)	385,238	237,031
Interest income (Note 10)	(40,470)	(13,033)
Interest on lease liability (Note 10)	57,699	50,505
Depreciation (Note 20)	518,783	574,158
Depreciation on right of use asset (Note 22)	39,330	40,102
Loss on sale of property, plant and equipment	706	932
PPE write-off (Note 20)	79,517	89,517
Unrealised foreign exchange loss on borrowings (Note 10)	720,587	312,148
Unrealised foreign exchange gain on deposits	(104,778)	-
Share of loss from associates (Note 24)	(22,955)	(33,513)
Retirement benefit obligation provision	6,771	36,289
Retirement benefit obligation payments/ (release)	(2,882)	18,171
Changes in working capital		
- receivables and prepayments	(242,648)	(69,020)
- inventories	(97,891)	(65,048)
- payables and accrued expenses	419,962	(171,445)
Cash generated from operations	2,790,652	1,684,679

Notes to Financial Statements (continued)

30. Non-controlling interest

	Group	
	2023 Shs'000	2022 Shs'000
At start of the year	781,327	739,219
Share of loss for the year	54,276	42,108
At end of year	835,603	781,327

TPS (Uganda) Limited's 34.8% shareholding is held by NSSF Uganda (13.99%) and the Aga Khan Fund for Economic Development, SA (20.81%).

31. Related party transactions

The group is controlled by Aga Khan Fund for Economic Development SA, incorporated in Switzerland. There are various other companies which are related to the Group through common shareholdings, common directorships or through management contracts.

The following transactions were carried out with related parties:

	Group	
i) Sale of goods and services to:	2023 Shs'000	2022 Shs'000
Diamond Trust Bank Kenya Limited	7,365	3,629
The Jubilee Insurance Company of Kenya Limited	6,453	1,468
Tourism Promotion Services (Rwanda) Limited	52,920	34,666
Hoteis Polana, S.A.	37,836	28,198
Industrial Promotion Services (Kenya) Limited	397	59
Tanruss Investment Limited	-	84,780
African Broadcasting (Uganda) Limited	39,228	24,350
Monitor Publication Limited	4,226	2,113
Goma Serena Hotel	53,305	37,526
	201,730	216,789

	2023 Shs'000	2022 Shs'000
ii) Purchase of goods and services from:		
Farmer's Choice Limited	81,945	75,749
Diamond Trust Bank Tanzania Limited	1,590	1,266
Nation Media Group	1,490	434
The Jubilee Insurance Company Tanzania Limited	33,304	48,236
Monitor Publication Limited	198	274
	118,527	125,959

iii) Key management compensation

Salaries and other short term employment benefits	252,927	167,544

Notes to Financial Statements (continued)

iv) Directors' remuneration

	Group	
	2023 Shs'000	2022 Shs'000
Fees for services as a non-executive director	4,250	-
Emoluments to executive directors (included in key management compensation above)	97,085	56,150
Total remuneration of directors of the Company and Group	101,335	56,150

v) Outstanding balances arising from sale and purchase of goods/ services from related parties

The trade receivables arise mainly from trading, are unsecured and bear no interest. Other receivables relate to management fees payable to the Group Companies. Other receivables are unsecured and bear no interest.

Trade receivables from related parties

Aga Khan Education Services (Uganda)	273	120
The Jubilee Insurance Company Limited	2,365	1,321
Aga Khan Foundation	29	1,130
Aga Khan University Hospital (Kenya & Uganda)	3,909	2,986
Diamond Trust Bank Kenya Limited	-	205
Industrial Promotion Services (Kenya) Limited	11	628
Nation Media Group	429	688
The Jubilee Insurance Company of Uganda Limited	27	-
Monitor Publications	4,240	-
African Broadcasting Services	3,302	-
	14,585	7,078

Other receivables from related parties

Hoteis Polana, S.A.	165,496	142,444
Mountain Lodges Limited	98,866	98,866
Pearl Development Group Limited	30,192	17,219
Tanruss Investment Limited	402,971	385,852
Tourism Promotion Services (Rwanda) Limited	8,584	6,356
TPS (Cayman) Limited	2,829	2,547
TPS (D) Limited	-	941
Goma Serena Hotel	17,203	4,214
	726,141	658,439
Trade and other receivables from related parties	740,726	665,517
Less: Loss allowance of related party debts	(272,375)	(274,172)
Net trade and other receivables from related parties	468,351	391,345

31. Related party transactions (continued)

Expected credit losses on trade and other receivables from related parties are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

v) Outstanding balances arising from sale and purchase of goods/services from related parties (continued)

	Company	
Other receivables from related parties	**2023 Shs'000**	**2022 Shs'000**
Tourism Promotion Services (Kenya) Limited	344,847	335,612
Tourism Promotion Services (Tanzania) Limited	27,226	57,446
Tanruss Investment Limited	19,567	19,567
Other receivables from related parties	391,640	412,625
Less: Loss allowance of related party debts	(9,965)	(87,869)
Net other receivables from related parties	381,675	324,756

	Group	
Trade payables to related parties	**2023 Shs'000**	**2022 Shs'000**
Farmer's Choice Limited	9,399	8,296
Nation Media Group	64	15
	9,463	8,311
Other payables to related parties		
Hoteis Polana, S.A.	6,702	868
Goma Serena Hotel	-	3,076
Pearl Development Group Limited	4,954	3,919
Tanruss Investment Limited	5,560	3,930
Tourism Promotion Services (Rwanda) Limited	26,567	4,923
TPS (D) Limited	1,359	539
	45,142	17,255
	54,605	25,566

Notes to Financial Statements (continued)

31. Related party transactions (continued)

vi) Guarantees

TPS Eastern Africa PLC has provided corporate guarantees to the lenders of Tanruss Investment Limited (TIL), Tourism Promotion Services (Kenya) Limited (TPS K) and TPS (Uganda) Limited (TPS U). The table below summarises the corporate guarantees as at 31 December 2023:

Company	Facility	Initial Recognition Shs '000	Carrying Value Shs '000
TPS K	ABSA Loan	970,000	388,951
TPS K	ABSA OD	300,000	300,000
TPS K	EQUITY OD	100,000	100,000
TPS K	PROPARCO	2,493,514	2,580,813
TIL	ABSA OD	90,520	90,520
TPS U	PROPARCO	997,406	52,831

vii) Loans from related party

The Group has long-term borrowing from the following related parties:

(i) Societe De Promotion Et De Participation Pour La Cooperation Economique (PROPARCO) of Shs 2,633,644,000 (2022; Shs 2,711,321,000) as disclosed at Note 16.

(ii) Aga Khan Fund for Economic Development, SA (AKFED) of Shs 1,030,375,000 (2022; Shs 929,813,000) as disclosed at Note 16.

32. Contingent liabilities

The subsidiaries in Kenya, Uganda and Tanzania are in various legal actions and claims made by third parties. In the opinion of the directors, after taking appropriate legal and other advice, no material liabilities are expected to crystallise from these claims. Consequently, no provision has been set against such claims in the books of accounts.

There are some open tax issues with tax authorities and local authorities in respect of some subsidiaries and an associate. In the view of directors there are no additional liabilities likely to arise from these matters. Consequently, no provision has been set against such matters in the books of accounts.

Notes

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Proxy

TPS EASTERN AFRICA PLC

I/We ____

being a member/members of the above named Company, hereby appoint ______________________

of ______________________ and failing him, ______________________

of ______________________ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday 27th June 2024 at 11:00 a.m. and at any adjournment thereof.

No. of shares held: ______________________ Account number: ______________________

Signed this ______________________ day of ______________________ 2024

Signature: ______________________

Signature: ______________________

NOTES:

1. If you so wish you may appoint the Chairman of the meeting as your proxy.
2. To be valid, this Form of Proxy MUST be returned to the Company's Share Registrars, Image Registrars, 5th floor, ABSA Towers, Loita Street, P.O. Box 9287-00100, GPO, Nairobi, Kenya, not later than 23rd June, 2024 at 11.00 a.m.
3. A person appointed as a proxy need not be a member of the Company.
4. In the case of a member being a limited liability Company/ Corporation, this Form of Proxy MUST be completed under its seal or under the hand of an officer or attorney duly authorized in writing.
5. In the case of joint holders, the signature of any one of them will suffice but the names of all joint holders should be stated.

Fomu ya Uwakilishi

Mimi/ sisi ____

Kama mwanachama/ wanachama wa kampuni iliyotajwa hapo juu, namteua/Twamteua ______________________

Kutoka ______________________ na akikosa kufika ______________________

Kutoka ______________________ kama wakala wangu/wetu kupiga kura kwangu/kwetu na kwa niaba yangu/ sisi wakati wa mkutano wa pamoja wa mwaka wa kampuni utakaofanyika Juni 27 2024 kuanzia saa tano au kuahirishwa kwake.

Idadi ya hisa zinazomilikiwa ______________________ nambari ya akaunti

Imetiwa sahihi ______________________ Tarehe ______________________ 2024

Sahihi ______________________

Sahihi ______________________

MUHIMU

1) Kwa hiari yako unaweza kumteua Mwenyekiti wa Mkutano kuwa wakala wako
2) Ili kuwa halali, fomu hii ya uwakilishi LAZIMA irudishwe kwa msajili wa hisa za kampuni, Image Registrars, orofa ya tano Jumba la ABSA Towers, barabara ya Loita Street SLP 9287-00100, GPO, Nairobi, Kenya kabla ya Juni 23 2024 saa tano asubuhi.
3) Si lazima kwa mtu aliyeteuliwa kama wakala kuwa mwanachama wa kampuni
4) Endapo mwanachama atakuwa kampuni/shirika, fomu hii ya uwakilishi LAZIMA ijazwe na kupigwa mhuri wake rasmi na afisa au kutiwa sahihi na wakili aliyeruhusiwa kwa njia ya kuandika.
5) Endapo umiliki utakuwa wa pamoja, sahihi ya mmoja wao itatosha lakini majina ya wamiliki wote yaonyeshwe.

SERENA HOTELS
SAFARI LODGES AND CAMPS
HOTELS • RESORTS

FOLD 1 / KUNJA 1

Please afix
Stamp
here

Bandika
Stampu Hapa

IMAGE REGISTRARS

5th Floor (Orofa ya Tano), ABSA Towers,
Loita Street (Barabara ya Loita)
P.O. Box (S.L.P.) 9287-00100 GPO
Nairobi, Kenya

FOLD 2 / KUNJA 2

SERENA HOTELS
SAFARI LODGES AND CAMPS
HOTELS • RESORTS