



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION



TPS EASTERN AFRICA PLC

(Incorporated in Kenya under the Companies Act)
(Registration Number C.3/2018)

CIRCULAR TO SHAREHOLDERS

relating to

the proposed conversion of a debt owed by TPS Eastern Africa PLC to
Aga Khan Fund For Economic Development S.A. into new shares of TPS Eastern Africa PLC

Dated: 07 June, 2022



SERENA HOTELS
SAFARI LODGES AND CAMPS
HOTELS • RESORTS





IMPORTANT NOTICE

This circular ("**Circular**") relates to the proposed conversion of a debt owed by TPS Eastern Africa PLC ("**Company**") to the Aga Khan Fund for Economic Development S.A. ("**AKFED**") into new shares of the Company.

The Circular is issued by the Company and has been prepared in compliance with the requirements of The Capital Markets Act (Cap. 485A), The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 and the Nairobi Securities Exchange Listing Manual.

The Capital Markets Authority ("**CMA**") has approved the issue of this Circular, and the transaction described in it, including the issue of up to approximately 98,770,588 additional new ordinary shares of KES 1.00 each of the Company ("**New Shares**") on the terms described herein. As a matter of policy, neither the CMA nor the Nairobi Securities Exchange ("**NSE**") assume any responsibility for the correctness of any statements or opinions made or reports contained in this Circular.

A Notice of an Annual General Meeting of the Company ("**AGM**") to approve the transaction described in this Circular and which is to be held virtually on 30 June, 2022 is set out within the Company's audited financial statements for the year ended 31 December 2021, which have been circulated together with this Circular. A form of proxy for use by shareholders is also enclosed therein.

If you have disposed of all your shares in the Company please forward this document together with the audited financial statements for the year ended 31 December 2021 circulated with this document to the stockbroker, banker or other agent through whom you disposed of your shares.

If you are currently a shareholder but are unable to attend the AGM to be held virtually at 9.30 a.m. on 30 June, 2022, please complete and return the form of proxy provided within the Company's audited financial statements for the year ended 31 December 2021 in accordance with the instructions printed thereon and send it to: The Company Secretary, TPS Eastern Africa PLC, 4th Floor Williamson House, 4th Ngong' Avenue P.O. Box 48690 - 00100, Nairobi, so that it reaches the Company Secretary on or before 11.00 a.m. on 26 June, 2022.



TIMETABLE OF KEY EVENTS

The schedule of key events for the transaction is set out below. The listed dates and times are indicative only and may be changed by the Company (subject to any applicable legal requirements) in which event details of the new times and/or dates will be notified to the Company's shareholders by a public announcement.

EVENT	DATE
Record date (last practicable reference date before issuance of this Circular)	30 April 2022
Company's Board meeting approving the Conversion	07 June 2022
Execution of Debt Conversion Agreement	07 June 2022
Latest date to return proxy forms for the AGM	26 June 2022
AGM	30 June 2022
Press announcement following completion of the Conversion	04 July 2022
Date for admission of the New Shares to Listing	04 July 2022

TRANSACTION ADVISERS

Legal Adviser to the Company



ENSafrica | Kenya
(NBMA Advocates LLP)
One Africa Place
Waiyaki Way
Westlands
Nairobi, Kenya

Auditors to the Company



PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way
Westlands
Nairobi
Kenya



Part 1 - Definitions

The following definitions apply throughout this Circular, unless stated otherwise:

"AGM"	Annual general meeting of the Company to be held on 30 June, 2022
"AKFED"	Aga Khan Fund for Economic Development S.A., a company incorporated and existing under the laws of Switzerland, registered with the Commercial Register of Canton of Geneva under number CHE-103.248.749 and having its registered office at 1-3 Avenue de la Paix, 1202 Geneva
"Articles of Association"	the articles of association of the Company
"Circular"	this circular to the Company's shareholders
"CMA"	the Capital Markets Authority, established under The Capital Markets Act (Cap 485A) of the Laws of Kenya
"Company" or "TPSEA"	TPS Eastern Africa PLC, a public limited liability company incorporated in Kenya under registration number C.3/2018 and listed on the NSE
"Completion"	the relevant date on which the Company allots and issues the New Shares to AKFED and the Debt is converted into equity in the Company
"Conversion"	the conversion of the Debt into New Shares at the Conversion Price
"Conversion Price"	KES 17.00 per New Share against the Debt
"Debt"	the USD 14,500,000 debt owed by the Company to AKFED
"Debt Conversion Agreement"	debt conversion agreement dated 07 June 2022 and entered into between the Company and AKFED
"Directors" or "Board"	the persons named as Directors of the Company under Part 5, paragraph 3 of this Circular
"Group"	TPS Eastern Africa PLC and its subsidiaries
"KES"	Kenya Shillings
"Listing"	admission of the New Shares to the Official List of the NSE
"NSE"	the Nairobi Securities Exchange
"New Shares"	new ordinary shares with a par value of KES 1.00 each in the Company to be allotted and issued as fully paid up shares to AKFED pursuant to the Conversion
"ordinary shares"	the 182,174,108 existing issued ordinary shares of KES 1.00 each in the capital of the Company
"PROPARCO"	Société de Promotion et de Participation pour la Coopération Economique S.A.
"PoS Regulations"	the Capital Markets (Securities)(Public Offers, Listing and Disclosures) Regulations, 2002
Take-over Regulations	the Capital Markets (Takeovers and Mergers) Regulations, 2002
"USD"	United States Dollars





Part 2 - Letter From The Chairman of TPS Eastern Africa PLC



TPS Eastern Africa PLC

Registered Office
4th Floor, Williamson House, 4th Ngong Avenue
P.O. Box 48690, Nairobi, Kenya
Tel: (254) 020-2842000

To all shareholders of TPS Eastern Africa PLC

07 June, 2022

Dear shareholder,

1. Proposed conversion of debt into equity

- 1.1 As at the date of this letter, the Company is indebted to AKFED for an amount of USD 14,500,000 (the "**Debt**").
- 1.2 The Company has entered into the Debt Conversion Agreement with AKFED conditional, amongst other things, on approval of the Conversion by shareholders of the Company and the CMA.
- 1.2 The purpose of this Circular is to provide you with information on the reasons for and the terms of the Conversion.

2. Background to and reasons for the conversion

- 2.1 As you are all aware, the Group has suffered devastating impact in the last two years due to the Covid-19 pandemic.
- 2.2 There is a need for the Company to immediately restructure its balance sheet, reduce overall borrowings and debt service, for the benefit of all stakeholders. In order to strengthen the Company's balance sheet and the overall consolidated Group balance sheet, the Company has requested AKFED to convert the Debt into New Shares in the Company ("**Conversion**"). The Conversion will help mitigate the negative impact of the Covid-19 pandemic on the hospitality sector, and in turn the Company and the Group.
- 2.3 In addition, the Company strongly believes that the slow recovery of the tourism industry will require further investments into the Company to ensure the long-term sustainability and growth for the Company going forward.
- 2.4 In this regard and as an initial step, AKFED as a majority shareholder of the Company, has offered its support to the Company and the Group generally by agreeing to convert the Debt into the New Shares in full satisfaction of the Debt, which is expected to strengthen the balance sheet of both the Company and the Group.
- 2.5 The Debt is documented through various loan arrangements and results from a restructuring of an initial debt from AKFED to Tourism Promotion Services (Kenya) Limited, which restructuring was also effected to strengthen the Group's balance sheet.

3. The principal terms of the conversion

- 3.1 The terms of the Conversion are contained in the Debt Conversion Agreement (a copy of which is available for inspection by shareholders as noted in paragraph 6 of Part 5 of this Circular). The Debt Conversion Agreement provides for:
 - (a) a number of approvals to be obtained before the Conversion can be completed including approval by the CMA (received) and the Company's shareholders at the AGM;
 - (b) the Company to allot and issue AKFED approximately 98,770,588 ordinary shares of KES 1.00 each in the capital of the Company for a consideration of the KES equivalent of USD 14,500,000 as at the date of the Conversion at the Conversion Price;
 - (c) following allotment and issuance of the New Shares to AKFED, the share capital of the Company will increase from KES 182,174,108 divided into 182,174,108 shares of KES 1.00 each to approximately KES 280,944,696 divided into 280,944,696 ordinary shares of KES 1.00 each; and
 - (d) upon the New Shares being duly allotted and issued to AKFED by the Company, the Company shall be fully discharged of any liability in connection with the Debt.
- 3.2 The exact number of New Shares to be issued by the Company to AKFED will be determined based on the prevailing USD/KES exchange rate at Completion using an exchange rate screen agreed upon between AKFED and the Company.



- 3.3 Completion of the Conversion will be on the date that the Debt Conversion Agreement becomes unconditional, which is expected to be the date of the AGM.

4. Basis of the Determination of the conversion price

- 4.1 Pursuant to the Debt Conversion Agreement, AKFED will convert the Debt into equity in exchange for New Shares in the Company. The Company and AKFED have agreed to convert the Debt at a Conversion Price of KES 17.00 per New Share against the Debt.

- 4.2 In comparison with:

- (a) the 90-day average trading price of KES 12.54 for the period from 1 February 2022 to 30 April 2022; and
- (b) the trading price of KES 12.00 observed as at 30 April 2022,

the Conversion Price offered by AKFED represents a premium of respectively 35.57% and 41.67%.

5. Effect of the conversion on existing shareholders

- 5.1 As outlined above, there is need to proceed with the Conversion to strengthen the balance sheet of the Company and the overall consolidated Group balance sheet for the benefit of all stakeholders.
- 5.2 The allotment of the New Shares to AKFED will mean that AKFED's shareholding in the Company will increase.
- 5.3 If the Conversion is effected at the Conversion Price, and the New Shares are allotted and issued to AKFED, it is expected that AKFED's direct shareholding in the Company will increase from 82,048,626 ordinary shares to approximately 180,819,214 ordinary shares in Company.
- 5.4 Consequently, AKFED's direct shareholding percentage in the Company is expected to increase from 45.04% to approximately 64.36% with a proportionate dilution of the other shareholders of the Company. However, this dilutive effect is partly offset by the premium discussed under paragraph 4 above.
- 5.5 Further information on the pro-forma effects of the Conversion is set out in Part 4 of this Circular.

6. Approvals for the conversion

- 6.1 Regulatory approvals have been obtained from the CMA under the Capital Markets Act pursuant to the Take-over Regulations and the Fourth Schedule of the PoS Regulations for the issuance of the New Shares to AKFED. In addition, an application has been made to the NSE to list the New Shares on the NSE subject to the Conversion being approved at the AGM.
- 6.2 The Company has also applied for consent from PROPARCO (as a lender to Tourism Promotion Services (Kenya) Limited) in relation to the Conversion.
- 6.3 As required by the Articles of Association and by law, the shareholders of the Company must be given the opportunity to consider and, if thought fit, to approve this Conversion, in particular by authorising the Conversion and the allotment and issuance to AKFED of the New Shares. Your Board considers that the Conversion proposal should be submitted to the shareholders at the AGM.

7. Risks Relating to the conversion

The Conversion is conditional, amongst other things, on approval by the shareholders of the Company and the CMA and as such the board of your Company does not anticipate any other transactional risks once the conditions required to complete the transaction are satisfied and the necessary regulatory and third party approvals are received.

8. Additional information

- 8.1 Included in Parts 3 to 6 of this Circular is additional information and disclosures regarding the Conversion and its financial impact. These are as follows:
- (a) Part 3 - Information on the Company's share price and trading volumes
 - (b) Part 4 - Proforma Balance Sheet
 - (c) Part 5 - Additional CMA Disclosures and General Information
 - (d) Part 6 - Conversion Resolutions
 - (e) Appendix I - Directors' Declaration
 - (f) Appendix II - Auditor's Statement





9. Recommendation

- 9.1 Your Board considers that the Conversion will contribute positively towards enabling the Company and the Group to strengthen its balance sheet. The Board believes that the Conversion is in the best long-term interests of the Company and its shareholders towards achieving the long-term sustainability and growth for the Company and the Group going forward.
- 9.2 Accordingly, the Directors unanimously recommend that all shareholders vote in favour of the Conversion resolutions (listed in Part 6 of this Circular) to be proposed at the AGM, as they (the Directors) intend to do in respect of their own respective beneficial holdings of ordinary shares and/or the beneficial shareholdings of the entities they represent on the Board.
- 9.3 If you are in any doubt as to what action to take, you are recommended to seek independent advice from your stockbroker, bank manager, lawyer or other professional adviser.

A handwritten signature in black ink, appearing to read 'Francis Okomo - Okello'.

Yours sincerely,

FRANCIS OKOMO - OKELLO
CHAIRMAN



Part 3 - Information on the Company's Share Price

The table below shows:

- the average weekly price at which the Company's ordinary shares traded on the NSE over the period from 1 May 2021 to 30 April 2022 and the volumes traded in each trading week; and
- the 90 day average share price for the period between 1 February 2022 and 30 April 2022.

MONTH	TPSEAP AVERAGE SHARE PRICE					TPSEAP VOLUMES TRADED
	For the Week Ending					Total Number of Shares Traded
					Average Share Price for the Month	
May 2021	7-May-21	13-May-21	21-May-21	28-May-21		
Volumes Traded	48,400	27,800	51,600	17,900		145,700
Average Share Price - KES	14.80	15.60	15.00	13.80	14.80	
June 2021	4-Jun-21	11-Jun-21	18-Jun-21	25-Jun-21		
Volumes Traded	15,400	44,300	342,900	247,800		650,400
Average Share Price - KES	14.00	14.10	14.00	14.00	14.03	
July 2021	2-Jul-21	9-Jul-21	16-Jul-21	23-Jul-21	30-Jul-21	
Volumes Traded	249,000	79,200	9,400	116,900	8,700	463,200
Average Share Price - KES	14.00	14.20	14.00	15.00	14.75	14.39
August 2021	6-Aug-21	13-Aug-21	20-Aug-21	27-Aug-21		
Volumes Traded	29,800	9,800	17,000	7,500		64,100
Average Share Price - KES	13.80	14.00	14.40	14.70	14.23	
September 2021	3-Sep-21	10-Sep-21	17-Sep-21	24-Sep-21		
Volumes Traded	40,200	13,600	324,900	8,800		387,500
Average Share Price - KES	14.95	14.95	15.50	15.35	15.19	
October 2021	1-Oct-21	8-Oct-21	15-Oct-21	22-Oct-21	29-Oct-21	
Volumes Traded	4,200	277,700	6,600	13,900	95,400	397,800
Average Share Price - KES	16.00	16.50	16.00	16.45	16.00	16.19
November 2021	5-Nov-21	12-Nov-21	19-Nov-21	26-Nov-21		
Volumes Traded	6,500	10,200	11,700	213,900		242,300
Average Share Price - KES	16.00	16.20	15.60	15.00	15.70	
December 2021	3-Dec-21	10-Dec-21	17-Dec-21	24-Dec-21	31-Dec-21	
Volumes Traded	319,400	358,300	300	20,200	7,100	705,300
Average Share Price - KES	15.40	15.40	15.40	15.25	15.25	15.34
January 2022	7-Jan-22	14-Jan-22	21-Jan-22	28-Jan-22		
Volumes Traded	-	9,800	2,500	1,200		13,500
Average Share Price - KES	15.25	14.55	14.50	14.00	14.58	
February 2022	4-Feb-22	11-Feb-22	18-Feb-22	25-Feb-22		
Volumes Traded	500	101,300	142,100	170,200		414,100
Average Share Price - KES	15.35	13.50	12.20	13.00	13.51	
March 2022	4-Mar-22	11-Mar-22	18-Mar-22	25-Mar-22		
Volumes Traded	140,200	7,100	2,900	11,600		161,800
Average Share Price - KES	12.85	11.70	12.55	11.75	12.21	
April 2022	1-Apr-22	8-Apr-22	14-Apr-22	21-Apr-22	27-Apr-22	
Volumes Traded	1,100	18,800	1,108,100	842,000	11,100	1,981,100
Average Share Price - KES	11.7	11.70	12.00	12.00	12.00	11.88
90-Day Average Share Price (February 2022 to April 2022)					12.54	

Note: Source of all the Data in this Sheet - Image Registrars Limited Monthly Report to TPSEAP

Part 4 - Pro-forma balance sheet

Pro-forma impact on the Company's balance sheet

As set out in the Chairman's letter, the Conversion should result in a positive impact on the balance sheet of the Company. To help illustrate the potential impact, the table below sets out a pro-forma balance sheet of the Company assuming that the Conversion had been completed as at 31 December 2021 (being the date of the audited financial statements for the year ended 31 December 2021).

TPS EASTERN AFRICA PLC. PROFORMA SUMMARY RESTRUCTURED BALANCE SHEET, COMPANY & GROUP AS AT 31 DECEMBER 2021					
	NOTE	RESTRUCTURED 31 DEC. 2021		AUDITED 31 DEC. 2021	
		Company Kshs. ('000)	Group Kshs. ('000)	Company Kshs. ('000)	Group Kshs. ('000)
Share capital		280,945	280,945	182,174	182,174
Share premium		5,972,997	5,972,997	4,392,668	4,392,668
Revaluation reserve		-	2,314,606	-	2,314,606
Translation reserve		-	(829,534)	-	(829,534)
Retained earnings		679,520	897,958	679,520	897,958
Non-controlling interest		-	739,219	-	739,219
Total Equity		6,933,462	9,376,191	5,254,362	7,697,091
Total Borrowings					
Borrowings		-	4,515,392	1,640,675	6,194,492
Total Borrowings		-	4,515,392	1,640,675	6,194,492
Cash and cash equivalents		188	310,805	188	310,805
Total borrowings		-	4,515,392	1,640,675	6,194,492
Less: cash and cash equivalents		(188)	(310,805)	(188)	(310,805)
NET DEBT		(188)	4,204,587	1,640,487	5,883,687
TOTAL EQUITY		6,933,462	9,376,191	5,254,362	7,697,091
TOTAL CAPITAL		6,933,274	13,580,778	6,894,849	13,580,778
GEARING RATIO (%)		0%	31%	24%	43%
NOTE A: BASIS OF DEBT RESTRUCTURE					
1. Amount of Debt restructured per Shareholders Circular	US\$	14,500,000			
2. Exchange rate: Kshs / US\$ as at close 11 May 2022		116			
3. Amount of Debt restructured (1 x 2)	Kshs.	1,679,100,000			
4. Purchase price offered: per Shareholder Circular	Kshs.	17			
5. Total Authorised No. of Ordinary Shares	No.	400,000,000			
6. No. of shares to be issued [((1 x 2) / 4)]	No.	98,770,588			
7. Par value per share in issue	Kshs.	1			
8. Increase in share capital in Kshs. (3)	Kshs.	98,770,588			
9. Increase in Share Premium	Kshs.	1,580,329,412			
		1,679,100,000			
NOTE B: TRANSLATION EXCHANGE RATE ASSUMED					
The Balance Sheet extract as at 31 Dec. 2021 above includes amounts using the exchange rate as at 11th May 2022, for illustrative purposes only. The actual computation would be undertaken using the exchange rate prevailing at the time the transaction is effected.					
NOTE C: TRANSLATION EXCHANGE RATE ASSUMED					
The above pro forma amounts specifically include those balances that will be impacted by the transaction. As stated the Shareholders Circular, the full set of audited financial statements as at 31 Dec. 2021 is available for inspection by shareholders should a member wish to refer to them.					



Part 5 – Additional CMA Disclosures and General Information

1 Responsibility Statement

- 1.1 The Directors, whose names appear at paragraph 3 of this Part 5 of the Circular accept responsibility for the information contained herein. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Directors are the persons responsible for the application made to the CMA pursuant to paragraph 17 of the Fourth Schedule to the PoS Regulations and the Directors' declaration has been included as Appendix I of this Circular.
- 1.3 Forward Looking Statements.
- (a) This Circular contains forward-looking statements relating to the Company's business. These forward-looking statements can be identified by the use of forward-looking terminology such as believes, expects, may, is expected to, will, will continue, should, would be, seeks or anticipates or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions.
- (b) These statements reflect the current views of the Company and the Group with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company and the Group to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Circular as anticipated, believed, estimated or expected.
- 1.4 The Company does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set out in this Circular.
- 1.5 Presentation of Financial Information
- (a) To help illustrate the potential impact of the Conversion on the financial position of the Group, the Directors have included a pro-forma balance sheet in Part 4 of this Circular. The Board cautions shareholders that, because of its nature, the pro-forma balance sheet addresses a hypothetical situation and, therefore, does not represent the Company's or Group's actual financial position or results. In particular, the Board cautions shareholders that the actual impact on earnings per ordinary share in future financial periods will depend on the performance of the Company and the Group, management decisions as well as other applicable external factors. Thus, the actual results could differ materially from those anticipated in the pro-forma balance sheet.

2 The Company's share capital

- 2.1 As at the date of this Circular, the issued share capital of the Company was KES 182,174,108 divided into 182,174,108 ordinary shares of KES 1.00 each. There are 9,825,892 ordinary shares of KES 1.00 each which were created before the Companies Act, 2015 and which are not allotted or issued. The Company intends to use these unissued shares as part of the Conversion process.
- 2.2 The share capital of the Company is not divided into different classes of shares and all of the ordinary shares carry equal rights.
- 2.3 The shares of the Company are listed on the Main Investment Market Segment (MIMS) of the NSE.
- 2.4 The Articles of Association describe all of the rights attached to the ordinary shares as regards such matters as voting, dividends, liquidation proceeds and other matters. A copy of the Articles of Association is available for inspection as noted in paragraph 6 below.
- 2.5 The New Shares shall rank *pari passu* with the existing ordinary shares and shall be of a par value of KES 1.00 each and shall, upon issue, be credited as fully-paid up. The New Shares shall rank for dividend in respect of the financial year ending on 31 December 2022 and beyond. Upon Completion, AKFED will receive a share certificate for the New Shares or such shares credited to AKFED's existing CDCS account.
- 2.6 The number of New Shares to be issued to AKFED is anticipated to be approximately 98,770,588 and is not expected to exceed 150,000,000 New Shares. The exact number of the New Shares to be allotted to AKFED will be determined on the Conversion date and the New Shares are expected to be admitted to Listing on or about 04 July 2022 (subject to the Debt Conversion Agreement being unconditional) and an announcement made by the Company on or about that date.
- 2.7 At a meeting held on 07 June 2022 the Board resolved, pursuant to Article 64 of the Articles of Association, to convene the AGM to consider the approval of the Conversion including authorising the directors to issue the New Shares to AKFED without first offering them to existing shareholders.



- 2.8 Assuming no movements in the shareholdings between 30 April 2022 and the date of allotment, the allotment of the New Shares to AKFED will affect the composition of the ten largest shareholders of the Company which will be as follows¹:

CONVERSION OF AKFED LOAN INTO EQUITY AT KES 17/=PER SHARE						
	Shareholders	# of Shares	Voting	New Shares Issued to AKFED - Debt Conversion	# of Shares	Voting
1	AKFED SA	82,048,626	45.0%	98,770,588	180,819,214	64.4%
2	Pyrus Invst. (Mauritius)	12,470,400	6.8%	-	12,470,400	4.4%
3	Proparco	10,892,900	6.0%	-	10,892,900	3.9%
4	Craysell- Ameer Somji	7,905,632	4.3%	-	7,905,632	2.8%
5	Jubilee Insurance	7,722,106	4.2%	-	7,722,106	2.7%
6	IPS Kenya	7,697,088	4.2%	-	7,697,088	2.7%
7	AKU Endowment Fund	6,851,000	3.8%	-	6,851,000	2.4%
8	PDM Holdings	6,607,440	3.6%	-	6,607,440	2.4%
9	Exec. Health - S.Maherali	3,014,600	1.7%	-	3,014,600	1.1%
10	Kanchanben Shah	2,290,744	1.3%	-	2,290,744	0.8%
11	One global holdings	2,029,000	1.1%	-	2,029,000	0.7%
12	NSSF Tanzania	1,943,956	1.1%	-	1,943,956	0.7%
13	Jamal Karim Jamal	1,940,700	1.1%	-	1,940,700	0.7%
14	Dizzyland Ltd.	1,725,200	0.9%	-	1,725,200	0.6%
15	Standard Charter- Nominee	1,687,500	0.9%	-	1,687,500	0.6%
16	Tapioca Limited	1,000,000	0.5%	-	1,000,000	0.4%
17	Serengeti (Kenya) Limited	786,002	0.4%	-	786,002	0.3%
18	Stanbic - Nominee	649,100	0.4%	-	649,100	0.2%
19	Raichand Haria	603,900	0.3%	-	603,900	0.2%
20	Ramzanali Walji	594,000	0.3%	-	594,000	0.2%
21	Public (8,400 Shareholders)	21,714,214	11.9%	-	21,714,214	7.7%
		182,174,108	100.0%	98,770,588	280,944,696	100.0%

- 2.9 As set out in its public notice dated 08 June 2022, AKFED does not intend to make a take-over offer for the remaining shares it does not already own in the Company and has applied to the CMA for an exemption under regulation 5(2)(c) and (g) of the Take-over Regulations. AKFED received this exemption on 06 June 2022.

3 Directors and Director's Interests

- 3.1 As at the date of this Circular, the Board comprises of 7 members, 5 of whom are non-executive directors and 2 executive directors, and meets at least four times a year. Details of directors are as follows:

Name	Occupation	Address (Kenya)	Nationality
Francis Okomo-Okello	Chairman	P.O. Box 30500-00100, Nairobi	Kenyan
Mahmud Jan Mohamed	Group Managing Director	P.O. Box 48690-00100, Nairobi	Kenyan
Nooren Hirjani	Chief Financial Officer	P.O. Box 46302 00100,Nairobi	British
Mahmood Pyarali Manji	Non-executive director	P.O. Box 74445, Nairobi	Kenyan
Guedi Ainache	Non-executive director	P.O. Box 45995 00100 Nairobi	French
Jean-Benoit Du Chalard	Non-executive director	P.O. Box 45995-00100,Nairobi	French
Alkarim Jiwa	Non-executive director	P.O Box 61711 00200, Nairobi	Kenyan

- 3.2 As at the date of this Circular (and before the allotment of the New Shares), the following Directors had direct and indirect beneficial equity interests in the ordinary shares of the Company as follows:

Director	Number of shares	Shareholding %
Francis Okomo-Okello	1,456	0.00080
Mahmood P. Manji	1,456	0.00080
Mahmud Jan Mohamed	6,720	0.0037

¹ Using a conversion rate of KES115.8/1 USD – available at the preparation of the table.



- 3.3 At the date of this Circular, there was no existing or proposed contract between any of the Directors and the Company, other than employment contracts for those Directors who are employed in the ordinary course of business.
- 3.4 No options to purchase any securities of the Company have been granted to or exercised by any Director of the Company.
- 3.5 None of the Directors has or has had any direct or indirect beneficial interest in any property acquired by the Company during the two years preceding the date of this Circular.
- 3.6 Except as disclosed in this Circular, no officer, director or major shareholder of the Company (nor a related company) has any direct or indirect interest in the shares or business of AKFED.

4 Compliance and Disclosure - The Capital Markets Act

- 4.1 By an agreement dated 07 June 2022 made between the Company and AKFED, AKFED agreed to Convert the Debt into New Shares in full satisfaction of the Debt. A copy of the agreement is available for inspection as noted in paragraph 6 below.
- 4.2 The fee payable in respect of the listing of the New Shares is approximately KES 98,771².
- 4.3 In accordance with the disclosure requirements under paragraph 28(a) of The Fourth Schedule to the PoS Regulations, the Board hereby declares that the annual financial statements of the Company for the year ended 31 December 2021 have been audited and received an unqualified opinion. The audited financial statements for the year ended 31 December 2021 have been circulated together with this Circular.
- 4.4 The Company's auditors, PricewaterhouseCoopers LLP have issued a statement, in respect of the periods audited by them, under paragraph 28(b) of The Fourth Schedule to the PoS Regulations which requires the auditor to consider whether all circumstances regarding the issue of the New Shares known to them which could influence the evaluation by investors of the assets, liabilities, financial position, results and prospects of the Company are included in the Circular. The Statement is set out at Appendix II of this Circular.
- 4.5 The disclosures contained in Parts 2 and 3 of this Circular provide information on the principles followed and factors considered in determining the Conversion Price.
- 4.6 Save as disclosed herein and in the audited financial statements for the year ending 31 December 2022, there are no related party transactions.

5 Corporate Governance

The Board is committed to ensuring that the business of the Group is run in a professional, transparent, just and equitable manner so as to protect and enhance shareholder value whilst satisfying the interests of all other stakeholders. The principles and standards adhered to by the Board have been developed with close reference to the Corporate Governance Guidelines issued by the Capital Markets Authority for publicly listed companies in Kenya.

6 Consents

- 6.1 PricewaterhouseCoopers LLP (Company's auditor) has given and not withdrawn its consent to the issue of this Circular with the inclusion of the auditor's statement and its name and their references thereto, in the form and context in which they appear respectively; and
- 6.2 ENSafrica (transaction legal advisor) has given and not withdrawn its consent to the issue of this Circular with the inclusion of its name and references thereto, in the form and context in which they appear respectively.

7 Documents Available for Inspection

Copies of the following documents will be available for inspection by shareholders, free of charge, at the Company's offices on the 4th Floor, Williamson House, 4th Ngong Avenue, P.O. Box 48690, Nairobi, 00100, Kenya between 9.00 a.m. and 5.00 p.m. Monday to Friday (except public holidays) from the date hereof until 30 June, 2022:

- the Company's audited financial statements for the five financial years ended 31 December 2021;
- the Company's Memorandum and Articles of Association;
- the Debt Conversion Agreement dated 07 June 2022 and the related Board resolutions;
- the statement issued by the Company's auditors as required by regulation 28(b) of the Fourth Schedule of the PoS Regulations; and
- the approval of the CMA relating to this Circular.

² The specific amount to be paid will be determined once the exact number of the additional shares to be listed is confirmed





Part 6 – CONVERSION RESOLUTIONS

The following resolutions relating to the Conversion will be included in the AGM notice contained in the audited financial statements for the year ending 31 December 2021 and which statement have been circulated together with this Circular.

Ordinary Resolutions

- A. **NOTING THAT** the Company is indebted to The Aga Khan Fund For Economic Development S.A, (**AKFED**) in the sum of USD 14,500,000 (**Debt**); and
- B. **FURTHER NOTING THAT** AKFED is willing to convert the Debt into shares in the Company in full satisfaction of that Debt (**Conversion**) in accordance with the terms of the debt conversion agreement dated 07 June 2022 (**Debt Conversion Agreement**):
1. **THAT**, in accordance with section 329 of the Companies Act, 2015 and pursuant to the Conversion only,
- (a) the directors of the Company be authorised to allot and issue such number of ordinary shares of KES 1 each in the Company to AKFED which are equivalent to the aggregate amount of the KES equivalent of the Debt (based on the USD/KES exchange rate agreed by AKFED and the Company on the date the Debt Conversion Agreement becomes unconditional) at a Conversion price of KES 17 per ordinary share;
 - (b) the shareholders recognise that there are 9,825,892 ordinary shares of KES 1 each which were created before the Companies Act, 2015 and which are not allotted or issued, and the directors are authorised to allot and issue these shares to AKFED, which shares shall form part of the shares to be issued and allotted under (a) above;
 - (c) the maximum number of ordinary shares to be allotted and issued under the authority at (a) and (b) above is 150,000,000 ordinary shares;
 - (d) each such new ordinary share will have the respective rights and be subject to the respective restrictions set out in the articles of association of the Company; and
 - (e) the authority under (a) and (b) above shall, unless renewed, varied or revoked by the Company, expire on the fifth year anniversary of the passing of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require ordinary shares to be allotted and issued (but only in relation to the Conversion) and the directors may allot and issue ordinary shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

Special Resolutions

2. **Disapplication of statutory pre-emption rights**

THAT, subject to the passing of resolution 1 above and in accordance with section 347 of the Companies Act, 2015, the directors of the Company be generally empowered to allot and issue the shares pursuant to the authority conferred by resolution 1 above, as if section 338 of the Companies Act, 2015 and any other applicable pre-emption provision under law or the Articles of Association did not apply to any such allotment, provided that this power shall:

- (a) be limited to the ordinary shares of the Company up to an aggregate amount of the KES equivalent of the Debt at a Conversion price of KES 17 per ordinary share (based on the USD/KES exchange rate agreed by AKFED and the Company on the date the Debt Conversion Agreement becomes unconditional); and
- (b) expire on the fifth anniversary of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry, make an offer or agreement which would or might require ordinary shares to be allotted but only in relation to the Conversion after such expiry and the Directors may allot shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

3. **Removal of restriction on authorised capital**

THAT, the restriction on the authorised share capital of the Company set out in paragraph 5 of the memorandum of association of the Company, which by virtue of section 26 of the Companies Act 2015 is treated as a provision of the Company's articles of association and article 8 of the articles of association, is hereby revoked and deleted.



TPS Eastern Africa PLC

Registered Office
4th Floor, Williamson House, 4th Ngong Avenue
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Tel: (254-2) 2710511/2842000
• Fax: (254-2) 2718100/1

DIRECTORS’ DECLARATION

The Capital Markets Act, Chapter 485A, Laws of Kenya
Declaration under paragraph 17(2) and 28(a) of the Fourth Schedule of the Capital
Markets (Securities)(Public Offers, Listing and Disclosures) Regulations, 2002

We, the undersigned, being duly authorised by the Board of Directors of TPS Eastern Africa PLC, hereby declare that all information contained in this Circular is correct, and neither the Board of Directors’ minutes, audit reports nor any other internal documents contain information which could distort the interpretation of this Circular.

Signed for and on behalf of the Board of Directors

A handwritten signature in blue ink, appearing to be 'Charles Kariuki', written over a dashed line.

Chairman

A handwritten signature in blue ink, appearing to be 'Williamson', written over a dashed line.

Director

Dated: 07/06/2022



The Directors
TPS Eastern Africa Plc
Williamson House
4th Ngong Avenue
Nairobi.

7 June 2022

Dear Sirs

Auditors statement on information circular to shareholders of TPS Eastern Africa PLC relating to the proposed conversion of a debt owed by TPS Eastern Africa PLC to Aga Khan Fund For Economic Development S.A. into new shares of TPS Eastern Africa PLC

We have undertaken a limited assurance engagement in respect of the information circular to shareholders (the “Circular”) of TPS Eastern Africa PLC (the “Company”) on the proposed conversion of a debt owed by TPS Eastern Africa PLC to Aga Khan Fund For Economic Development S.A. into new shares of TPS Eastern Africa PLC.

Criteria

The Circular has been prepared in compliance with the requirements of The Capital Markets Act (Cap. 485A), The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 and the Nairobi Securities Exchange Listing Manual.

Responsibility of the Directors

The Directors are responsible for the preparation of the Circular in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Circular based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

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T: +254 (20)285 5000 F: +254 (20)285 5001 www.pwc.com/ke

Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Norbert's B Okundi K Saiti



APPENDIX II – Auditor’s Statement (continued)



The procedures we performed were based on our professional judgement and included inquiries, inspection of documents, analytical procedures, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we;

- made inquiries of the persons responsible for the Circular;
- obtained an understanding of the process for collecting and reporting the information included in the Circular;
- performed limited substantive testing on the Pro-forma balance sheet included in the Circular; and
- considered the disclosure and presentation of the information included in the Circular.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Circular has been prepared, in all material respects, in accordance with the Criteria.

Limited Assurance Conclusion

On the basis of the audit of the financial statements of the Company for the year ended 31 December 2021 as carried out by us, nothing has come to our attention that to the best of our knowledge and belief, and pursuant to Regulation 28(b) of the Fourth Schedule of the Capital Markets (Securities)(Public Offers, Listing and Disclosures) Regulations, 2002, that all circumstances regarding the issue of the New Shares (as defined in the Circular) known to us as the auditors which could influence the evaluation by investors of the assets, liabilities, financial position, results and prospects of the Company are not included in the Circular.

This statement, including the conclusion, has been prepared solely for the directors of TPS Eastern Africa PLC. We permit the disclosure of this report within the Circular to Shareholders. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and TPS Eastern Africa PLC for our work or this statement save where terms are expressly agreed and with our prior consent in writing.

Yours faithfully

A handwritten signature in blue ink that reads 'Bernice Kimacia'.

Bernice Kimacia
Partner
For and on behalf of PricewaterhouseCoopers LLP
Nairobi, Kenya