

## **TPS EASTERN AFRICA PLC**

### **MINUTES OF THE FORTY NINTH ANNUAL GENERAL MEETING HELD VIA ELECTRONIC COMMUNICATION ON MONDAY, 28 JUNE, 2021 AT 11.00 A.M.**

#### **PRESENT**

F.O. Okello	(Chairman)
A. Kassim-Lakha	(Director) – Following proceedings via Electronic Communication
M. Jan Mohamed	(Managing Director)
M. Manji	(Director) – Following proceedings via Electronic Communication
G. Ainache	(Director) – Following proceedings via Electronic Communication
N. Hirjani	(Chief Financial Officer)
J. Du Chalard	(Director) – Following proceedings via Electronic Communication

Following the outbreak of Covid-19 pandemic in early 2020 and the related health protocols implemented by the Kenya Government restricting gatherings, it was impractical for TPSEAP to hold a full in-person AGM as it has always done previously. Consequently, following an application to CMA (in consequence of a Court Order allowing the holding of virtual AGM's by listed companies in Kenya) TPSEAP was granted a 'No Objection' approval to hold a virtual AGM on 28<sup>th</sup> June, 2021.

As at close of the electronic registration deadline on Thursday, 24<sup>th</sup> June, 2021, 3,794 members representing 137,920,912 shares (75.71% shareholding) had registered to participate in the electronic AGM proceedings. Overall, 121,279,484 shares (66.57% shareholding) voted electronically for the various resolutions presented at the AGM.

#### **BY INVITATION**

B. Kimacia (PricewaterhouseCoopers, Auditors)

#### **IN ATTENDANCE**

D. Ng'ang'a (Company Secretary)

Members of the TPSEAP Management team were following the proceedings via Electronic Communication.

## **GLOSSARY**

AGM	Annual General Meeting
CMA	Capital Markets Authority
TPS	Tourism Promotion Services
TPSEAP	TPS Eastern Africa PLC

### **01/21 Prayer session**

At the request of the Chairman, Ms. Rebecca Owoko led all those present in the pre-recorded opening prayer.

### **02/21 Notice of the Meeting**

The Secretary read out the Notice convening the meeting.

There being a quorum, the Chairman welcomed all the members attending the proceedings via electronic communication and declared the meeting as duly convened and constituted.

The Chairman introduced the Directors and other professionals involved in the provision of vital services to the Company who were present during the electronic live stream, and who included:

The Group Managing Director – Mr. Mahmud Jan Mohamed;  
The Chief Financial Officer – Mr. Nooren Hirjani;  
The Company Secretary – Mr. Dominic Ng’ang’a; and  
PricewaterhouseCoopers LLP represented by Mrs. Bernice Kimacia.

The Chairman recognized the presence of all the other fellow TPSEAP Directors who were attending and following the AGM proceedings through the live electronic transmission who included: Mr. Ameer Kassim-Lakha, Mr. Mahmood Pyarali Manji, Mr. Guedi Ainache, and Mr. Jean-Benoit Du Chalard).

### **Opening Remarks:**

The Chairman informed the members that with the world confronting the biggest health crisis of the century brought about by Covid-19 pandemic, Serena Hotels as indeed all other players in the hospitality industry had been severely affected by the pandemic in terms of bookings, revenue streams and profitability. Additionally, hotels and lodges had been materially affected following the cessation of movement, and a ban on restaurant services imposed by various Governments across East Africa, specifically where the Serena Group operated. The Chairman added that TPSEAP had already adopted the strict health guidelines enforced by the various East African Governments in all jurisdictions in which TPS operated, duly ensuring best practice comfort, hygiene and safety of employees and guests alike.

The Chairman further informed the members that various cost saving measures continue to be undertaken to ensure cash preservation across the Group and included: (i) Mutually agreed supplier pricing and contract modifications, both retrospective from Q1 2020 to date and throughout the Covid-19 period, (ii) Payroll savings from curtailment of casual positions, fixed term contract renewals, annual pay awards, transport and ancillary operational overheads; and mutually consented salary and pension sacrifices, (iii) Senior debt refinancing agreements to preserve cash flow and save debt repayments and related interest costs for 2020 & 2021, (iv) Suspending all capital investments until the fuller extent of the evolving Covid-19 was known, and (v) Suspension of payments of Non-Executive Director's Fees & Sitting Allowances in 2020 and 2021.

The Chairman further informed the members that on a positive note, a majority of cancelled bookings had been rescheduled to year 2022 on the assumption that the global economies and air-space restrictions would be gradually lifted following intensified vaccinations programs being rolled out locally and in the various international source markets. He added that looking at the business performance for 2020, the Company recorded a significant drop in revenues and consequently profitability. However, the Company continues to remain resilient, a necessary ingredient to drive financial synergies across the region particularly at this most challenging of times.

The Chairman invited the Group Managing Director, Mr. Mahmud Jan Mohamed to share with the members the Management's and Board's views regarding the business outlook for 2021 and beyond.

Mr. Jan Mohamed informed the Members that in anticipation of East Africa Governments continuing to gradually ease the current health directives and lockdown restrictions, to reopen economies, Management have planned to fully re-open all properties from the current scaled down strategy adopted whilst in all scenarios observing high standards of cleanliness, safety and hygiene for all staff and guests. Additionally, all employees were being encouraged to get vaccinated following the vaccination roll out being undertaken by various Governments within East Africa. Mr. Jan Mohamed added that it was evident that local/regional corporate business would be the first market segments to recover from the effects of Covid-19 pandemic, followed by meetings and leisure segments respectively. He added that given the pent up demand in regional and international travel, there is expectation that TPSEAP would have a turnaround in financial performance from the fourth quarter of 2021 barring any new lockdown restrictions being imposed. Mr. Jan Mohamed noted with appreciation the continued business support being received from local and regional market clients who continue to patronize Serena units for leisure and corporate travel events and thus providing the Company with the much needed cash flow at this challenging time.

Mr. Jan Mohamed further informed the members that TPSEAP as long-term investors with a publicly known commitment to destination East Africa was confident that the Board and Management would continue to carefully mitigate emerging risks, optimize portfolio performance over time and passionately grow market share in the future's 'new normal'. He added that the Company's strategy of emphasizing quality and timely refurbishment of the Group's city hotels in Nairobi, Kampala and Dar es

Salaam clearly positioned the Serena's brand for sustainable regional growth post Covid-19.

**03/21 Annual Report and Audited Accounts for the Year ended 31 December, 2020**

The Chairman informed the members that the 2020 Annual Report and Financial Statements were made available to all shareholders through publication of an abridged summary version in the local dailies as well as the Company's website as indicated in the notes to the Notice convening the AGM. The Chairman added that the Chairman's Report and the Managing Director's Report had also been included in the already circulated Annual Report and so would be taken as read.

The Chairman invited Mrs. Bernice Kimacia, the representative of the Company's Auditors Messrs. PricewaterhouseCoopers LLP to read the Auditors' report.

The Chairman reminded the members that an opportunity to ask questions and seek clarifications with regards to the Financial Statements and resolutions being presented had already been given and relevant responses had been provided to the members who had submitted questions. He added that additionally, the questions received had been collated and the responses to the same would be published on the Company's website after the meeting.

The Chairman requested Mr. Jan Mohamed to read a sample of the questions which had been received from the members and the Company's responses thereto.

Mr. Jan Mohamed informed the members that Mr. Alois Chami and Mr. Daniel Kimotho had sought to know; (i) The Group's business operations for the year, (ii) Challenges facing the Company, and (iii) How business could be improved. Mr. Jan Mohamed informed the members that as earlier mentioned, the Company reported a loss during the period ended 31<sup>st</sup> December, 2020. He added that Covid-19 Pandemic remained the biggest challenge to businesses within the hospitality sector due to travel restrictions and lockdowns both locally and internationally. Mr. Jan Mohamed further informed the members that the TPS Group would continue with aggressive marketing activities targeting local and regional clients, corporates, and other events and meetings. Additionally, Management would continue to carefully mitigate emerging risks and thus optimize portfolio performance over time.

Mr. Jan Mohamed further informed the members that Mr. Risper Ochieng Odongo, Mr. Majo Imaana Laibuta, Mrs. Emily Wanja Karere and three (3) other members had sought to know (i) Whether the Company had declared a dividend for the year ended 2020? (ii) Whether such dividend could be paid via Mpesa? (iii) When such dividend would be paid? and (iv) What happens to stale dividend cheques. Whilst responding to the questions, Mr. Jan Mohamed informed the members that in 2020 the Company had not declared any dividend and that as had been previously the practice, dividends as and when declared could be paid via mobile phones as well. Further that dividends were normally paid within one month after being declared. He further commented that any stale dividend cheques should be presented to the Company through the Registrars for revalidation while unclaimed dividends beyond the prescribed holding period were to be remitted to the Unclaimed Financial Assets Authority in accordance with the relevant law.

Mr. Jan Mohamed also informed the members that Mr. Joseph Kamau Wanjohi had sought to know, whether there was a proposal to declare a bonus issue? Mr. Jan Mohamed informed the members that though bonus shares had a dilution effect on future dividend, the Company had in the past issued bonus shares to the qualifying shareholders as and when the Board deemed it fit to capitalize reserves. Thus, depending on the Company's performance, the Board will continue to review the position.

Mr. Jan Mohamed further informed the members that Mr. Stephen Irungu Kimani had sought to know; (i) Why borrowings were so high? and (ii) The post pandemic working relations with employees. Mr. Jan Mohamed informed the members that in an unprecedented year 2020, the Board and Management took a difficult yet practical and prudent actions to ensure the core Serena business stood the test of the pandemic. To this end and to preserve critical cash flow, Management engaged in refinancing borrowing which was deemed necessary. Mr. Jan Mohamed also informed members that employees at all levels had to sacrifice earnings due to the severe downturn in business. He added that the employees had been quite supportive and if business levels improved, the situation would be reviewed.

Mr. Jan Mohamed also informed the members that Mr. Aleem Jinah and Mrs. Shezmin Shuja had sought to know; (i) Why the Company should not engage new and younger Board members? (ii) Why Directors eligible for retirement were not being retired and new directors appointed? and (iii) Whether the Board could consider any possible merger with an international company? Mr. Jan Mohamed informed the members that the Board continues to evaluate new skills required at Management and Board levels particularly in view of the changing business landscape and would continue to review its composition. Management and the Board took note of the comment on possible mergers in the future business interest of the Company should such opportunities arise.

Mr. Jan Mohamed further informed the members that Mr. Nureen Jamal had sought clarification with regard to the proposed increase in Authorised Share Capital. Mr. Jan Mohamed informed the members that the increase in Authorised Share Capital was aimed at creating additional headroom to assist in the strategic planning in the medium and long-term interests of the Group.

The Chairman commented that it was quite encouraging to note that the members were actively participating in the virtual AGM through the questions that had been received and that equally impressive was the keen interest shown by the members towards the affairs of the Company.

The Chairman informed the members that voting for the various resolutions presented was set to begin and a video clip would be displayed detailing how the members would be able to cast their votes for the respective resolutions, through either an USSD (Unstructured Supplementary Service Data) option, or a web link as duly registered by the individual members.

After the short video clip was displayed, the Chairman informed the members that voting was open and requested the members to cast their votes for the various

resolutions which were to be approved via a poll. He added that the results of the poll would be published on the Company's website within twenty-four hours (24hrs) following the conclusion of the AGM.

The Chairman called upon the Company Secretary to read out the proposed resolutions as the members voted accordingly as detailed below.

### **ORDINARY BUSINESS**

#### **04/21 Confirmation of the Minutes of the previous Annual General Meeting**

To confirm the minutes of the Forty Eighth Annual General Meeting held on 30th June 2020.

**[Proposed Resolution]:**

*“That the minutes of the 48<sup>th</sup> AGM held on 30<sup>th</sup> June, 2020 be and are hereby confirmed and approved”.*

(The resolution was approved by 100% of the members who voted).

#### **05/21 Annual Report and Audited Accounts for the Year ended 31 December, 2020**

To receive, consider and, if thought fit, adopt the Audited Accounts for the year ended 31<sup>st</sup> December 2020, together with the Directors' and Auditors' Reports thereon.

**[Proposed Resolution]:**

*“That the Audited Accounts of the Company for the year ended 31<sup>st</sup> December, 2020, together with the Directors' and Auditors' Reports thereon, be and are hereby received and adopted”.*

(The resolution was approved by 99.99% of the members who voted)

#### **06/21 Dividend**

To approve and note that Directors had not recommended payment of a dividend for the year 2020.

**[Proposed Resolution]:**

*“That the recommendation by the Directors for the non-payment of dividend for the year 2020 be and is hereby noted and approved”.*

(The resolution was approved by 99.99% of the members who voted)

#### **07/21 Re-election of Directors**

- (a) Mr. Guedi Ainache retires by rotation in accordance with Articles No. 111,112 & 113 of the Company's Articles of Association and being eligible, offers himself for re-election.

**[Proposed Resolution]:**

*"That Mr. Guedi Ainache, a director who retires by rotation in accordance with Articles No. 111,112 & 113 of the Company's Articles of Association and being eligible has offered himself for re-election be and is hereby re-elected".*

(The resolution was approved by 99.99% of the members who voted)

- (b) Mr. Francis Okomo-Okello, and Mr. Ameer Kassim-Lakha retire by rotation in accordance with Articles No. 111,112 & 113 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 said Act that if thought fit, the following resolutions be passed:

**[Proposed Resolution]:**

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

*"That Mr. Ameer Kassim-Lakha, a director retiring by rotation who is over seventy (70) years of age, be and is hereby re-elected as a director of the Company".*

(These resolutions were approved by an average of 99.76% of the members who voted)

**08/21 Non-Executive Directors' Fees**

To note that there was no Non-Executive Director's remuneration paid in 2020.

**[Proposed Resolution]:**

*"To note that there was no Non-Executive Director's remuneration paid in 2020".*

(The resolution was duly noted by the shareholders)

**09/21 Appointment of Auditors**

To appoint PricewaterhouseCoopers LLP, the Company's Auditors, in accordance with Section 721 (2) of the Companies Act 2015. PricewaterhouseCoopers LLP had indicated their willingness to continue in office.

**[Proposed Resolution]:**

*"That in accordance with Section 721 (2) of the Companies Act 2015, PricewaterhouseCoopers LLP, be and are hereby appointed as the Company's Auditors".*

(The resolution was approved by 99.99% of the members who voted)

#### **10/21 Auditors' Remuneration**

To approve the Auditors' remuneration for 2020 and to authorize the Directors to fix the Auditors' remuneration for 2021.

**[Proposed Resolution]:**

*"That the Auditors' remuneration of KShs 2,620,131/= (2019: KShs 3,082,507/=) for the Company and KShs 14,696,000/=, (2018: KShs 18,211,000/=) for the Group be and is hereby approved and that the Directors are hereby authorized to fix the Auditors' remuneration for 2021".*

(The resolution was approved by 99.99% of the members who voted)

#### **11/21 Appointment of Audit Committee Members**

To appoint the Audit Committee members which comprises Mr. Ameer Kassim-Lakha, Mr. Mahmood Manji and Mr. Guedi Ainache in accordance with section 769 (1) of the Companies Act 2015.

**[Proposed Resolution]:**

*"That in accordance with Section 769 (1) of the Companies Act 2015, the following Directors being members of the Board Audit Committee be and are hereby appointed to continue to serve as members of the said Committee".*

Mr. Ameer Kassim-Lakha

Mr. Mahmood Manji

Mr. Guedi Ainache

(The resolution was approved by 99.99% of the members who voted)

#### **12/21 To Increase Authorised Share Capital**

To approve the increase in the Authorised Share Capital of the Company.

**[Proposed Resolution]:**

*"That the authorised share capital of the Company be and is hereby increased from Kenya Shillings Two Hundred Million (Kshs 200,000,000/=) divided into 200,000,000 ordinary shares of par value Kenya Shilling one (KShs. 1.00) each to Kenya Shillings Four Hundred Million (KShs 400,000,000/=) by the creation of additional Two Hundred million (200,000,000) new ordinary shares of Kenya Shilling one (KShs 1.00) each to rank pari passu in all respects with the existing ordinary shares of the Company".*

(The resolution was approved by 99.57% of the members who voted)



**13/21 To Amend Articles of Association**

To approve the amendment of the Company's Articles of Association by inserting a new Article 67.

**[Proposed Resolution]:**

*“That notwithstanding the provisions of Article 64, 65 and 66 the Directors may if they deem fit and upon notifying members hold a general meeting including its Annual General Meeting via radio, telephone, closed circuit television, video-conferencing or other electronic, digital or audio/visual communication, or a combination of any such means (“virtual meeting”). Though the members would not be physically present together in one place at the time of the virtual meeting, a resolution passed by members constituting a quorum at such a general meeting shall be deemed to have been passed at a general meeting held on the day and time which the virtual meeting was held”.*

*“That pursuant to passing the resolution above, the existing Articles 67 to 177 be and are hereby renumbered as Article 68 to 178 respectively”.*

(The resolutions were approved by 99.99% of the members who voted)

**14/21** It was noted that the Company had not received notice of any other ordinary business to be transacted at the AGM and therefore the Chairman declared the meeting officially closed at 1.10 p.m. While closing the meeting, the Chairman thanked all the members present for attending the second virtual AGM and their participation during the proceedings of the AGM. At the request of the Chairman, Ms. Rebecca Owoko conducted the pre-recorded closing prayers.

**CONFIRMED**

**CHAIRMAN**

**DATE**