



A F R I C A N S U N

L I M I T E D

(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)

CIRCULAR TO SHAREHOLDERS

Relating to and seeking approvals for:

**The Termination of the Listing of African Sun Limited
on the Zimbabwe Stock Exchange and the
Subsequent Listing by Introduction on the Victoria Falls Stock Exchange**





THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION



AFRICAN SUN

L I M I T E D

(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)

CIRCULAR TO SHAREHOLDERS

Relating to and seeking approvals for:

The Termination of the Listing of African Sun Limited on the Zimbabwe Stock Exchange and the Subsequent Listing by Introduction of African Sun Limited on the Victoria Falls Stock Exchange (“Proposed Transaction”)

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice of an Extraordinary General Meeting of the members of African Sun Limited, to be held virtually by electronic means, on Tuesday, 28 March 2023, at 1430 hours. The notice was published on Tuesday, 7 March 2023, in accordance with the Listings Requirements of the Zimbabwe Stock Exchange (“ZSE”) and the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe, as set out at the end of this Document. Shareholders are requested to complete and return the attached form of proxy in accordance with the instructions printed thereon as soon as possible, but not later than 1600 hours, on Friday, 24 March 2023.

Financial Advisor



Sponsoring Brokers



Legal Advisors



Transfer Secretaries



This Circular is neither a prospectus nor an invitation to the public to subscribe for shares in the Company but is issued in compliance with the Listings Requirements of the ZSE, for the purpose of giving information to the public regarding the Proposed Transaction as more fully set out in this Circular. The Circular is only available in English. Additional copies of this Circular may be obtained from the Company Secretary at Bally House, Mount Pleasant Business Park, Corner Norfolk Road/870 Endeavor Crescent, Harare or IH Securities (Private) Limited situated at Block 3, Tunsgate Business Park, 30 Tunsgate Road, Mount Pleasant, Harare.

If you are in any doubt as to the action you should take, you should immediately seek advice from your stockbroker, bank manager, legal practitioner, accountant, or other professional advisors. If you no longer hold any shares in African Sun Limited, you should send this Circular, as soon as possible, to the stockbroker, bank or other agents through whom the sale of your shareholding in African Sun Limited was executed, for onward delivery to the purchaser or transferee of your shares.

All the Directors of African Sun Limited, whose names are given in paragraph 4.2 of the Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement in the Circular false or misleading, and that they have made all reasonable enquiries to ascertain such material facts and that this Circular contains all information required by law, ZSE and the Victoria Falls Stock Exchange (“VFEX”) listing rules.

The Directors confirm that the Circular particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) that investors and their professional advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company and of the rights attaching to the securities to which the Listing particulars relate.

The Company’s lead financial advisors, sponsoring broker, legal advisors and transfer secretaries have consented in writing to act in the capacity stated and to their names being stated in the Circular and have not withdrawn their consents prior to the publication of this Circular.

Date of issue of this document: Tuesday, 7 March 2023

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CORPORATE INFORMATION AND ADVISORS

The information below is given in compliance with the requirements of the Zimbabwe Stock Exchange.

Registered Office	African Sun Limited C/O Monomotapa Hotel 54 Parklane, Harare, Zimbabwe
Corporate Head Office	African Sun Limited Bally House, Mount Pleasant Business Park Cnr. Norfolk Road/870 Endeavor Crescent, Harare, Zimbabwe
Company Secretary	Venon Musimbe Bally House, Mount Pleasant Business Park Cnr. Norfolk Road/870 Endeavor Crescent, Harare, Zimbabwe
Financial Advisors	Inter-Horizon Advisory (Private) Limited Block 3, Tunsgate Business Park 30 Tunsgate Road, Mount Pleasant, Harare, Zimbabwe
Sponsoring Broker	Inter-Horizon Securities (Private) Limited Block 3, Tunsgate Business Park 30 Tunsgate Road, Mount Pleasant, Harare, Zimbabwe
Legal Advisors	BeraMasamba Ground Floor, Belgravia Office, Corner 2nd Street Extension & Maasdorp Avenue, Belgravia, Harare, Zimbabwe
Independent Auditors & Reporting Accountants	Grant Thornton Chartered Accountants (Zimbabwe) Camelsa Business Park, 135 Enterprise Road, Harare, Zimbabwe
Transfer Secretaries	Corpserve Registrars (Private) Limited 2nd Floor ZB Centre, Corner 1st & Kwame Nkrumah Avenue Harare, Zimbabwe
Principal Bankers	FBC Bank Limited 5th Floor, FBC Centre Nelson Mandela Avenue, Harare, Zimbabwe Nedbank Zimbabwe Limited 16th Floor, Old Mutual Centre Third Street, Harare, Zimbabwe

FORWARD LOOKING STATEMENTS

This Circular includes forward looking statements regarding African Sun Limited. Forward looking statements are those other than statements of historical facts, included in this Circular. They include, without limitation, statements regarding African Sun Limited's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to African Sun Limited's products and services). Any statements preceded by, followed by, or including the words "believes", "expects", "aims", "estimates", "anticipates", "may", "will", "should", "could", "intends", "plans", "seeks", or similar expressions, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause African Sun Limited's actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are inherently based on numerous assumptions regarding African Sun Limited's present and future business strategies and the environment in which African Sun Limited will operate in the future. These forward-looking statements speak only as at the date of this Circular. The Directors of African Sun Limited expressly disclaim any obligation or undertaking to disseminate, after the distribution of this Document, any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions, or circumstances on which any such forward looking statement is based, unless legally required to do so.

INTERPRETATIONS AND DEFINITIONS

In this document, unless otherwise stated or the context otherwise requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and vice versa and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa.

"African Sun Limited" or "African Sun" or "the Company" or "the Group"	African Sun Limited, a Public Company incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/1971 and listed on the ZSE;
"Articles"	The Articles of Association of the Company;
"Board" or "the Directors"	The Board of Directors of the Company;
"Broker"	Any person or company registered as a member with the ZSE and duly licensed to buy and sell shares and other securities on behalf of customers;
"Business Day"	Monday to Friday in any week, but excluding public holidays in Zimbabwe;
"CEO"	Chief Executive Officer;
"CFO"	Chief Finance Officer;
"Chairman's Letter"	The Chairman's Letter to the Company's Shareholders;
"Circular" or "the Document"	This document dated Tuesday, 7 March 2023 including the appendices hereto, addressed to African Sun Limited Shareholders, which sets out the terms and conditions of the Proposed Transaction;
"Companies Act"	The Companies and Other Business Entities Act [Chapter 24:31];
"Conditions Precedent" or "Delisting Conditions Precedent"	The Conditions Precedent to which the delisting is subject as set out on page 12 of the Circular;
"CSD"	Central Securities Depository;
"EBITDA"	Earnings Before Interest, Taxation, Depreciation, and Amortisation;
"EGM"	The Extraordinary General Meeting of the Company's Shareholders convened in terms of the Companies Act, to be held at 1430 hours on Tuesday, 28 March 2023, virtually by electronic means, at which African Sun Limited Shareholders will vote on the Proposed Transaction;
"EPS"	Earnings per share;
"Exchange Control Regulations"	The Exchange Control Regulations promulgated under the Exchange Control Act [Chapter 22:05] including and without limitation, the Exchange Control Regulations, Statutory Instrument 109 of 1996, as amended;
"Experts"	Refers to Financial Advisors, Legal Advisors, Transfer Secretaries and Sponsoring Brokers on the Proposed Transaction;
"Form of Proxy"	The Form of Proxy accompanying this Circular;
"IAS"	International Accounting Standards;
"IFRS"	International Financial Reporting Standards;
"IH Advisory"	IH Advisory (Private) Limited, a licenced securities investment advisor with the Securities and Exchange Commission of Zimbabwe, and the financial advisors to the Proposed Transaction;
"Legal Advisors"	BeraMasamba, the legal advisors to the Proposed Transaction;
"Listing by Introduction"	Listing by introduction is a way of listing shares already in issue on another exchange. No marketing arrangement is required as the shares for which listing is sought are already widely held;
"MBA"	Master of Business Administration degree;
"NAV"	Net asset value;
"Non-Resident Shareholder(s)"	A holder(s) of shares in the Company who are/is designated as "non-resident" in terms of the Exchange Control Regulations;

INTERPRETATIONS AND DEFINITIONS (CONTINUED)

“Notice”	The notice of the Extraordinary General Meeting which was published in terms of the Companies Act on Tuesday, 7 March 2023, advising the Company’s Shareholders of the Proposed Transaction and which forms part of this Circular;
“Proposed Transaction”	The delisting of the Company’s Shares from the Zimbabwe Stock Exchange and the simultaneous admission (Listing by Introduction) of the Company on the Victoria Falls Stock Exchange;
“RBZ”	Reserve Bank of Zimbabwe;
“Record Date”	1600 hours Thursday, 23 March 2023 being the date for the shareholders of the Company to be recorded in the Register as eligible to vote at the EGM;
“Register”	The register of Shareholders of the Company maintained by the Transfer Secretaries, and the sub-register of nominee Shareholders maintained by each Broker;
“Registrar”	The Registrar of Companies appointed in terms of the Companies Act;
“Reporting Accountants”	Refers to Grant Thornton Chartered Accountants (Zimbabwe) who are the reporting accountants to the Company;
“Resolution(s)”	Proposal(s) for decisions to be made or actions to be taken submitted to Shareholders for a vote at the Company’s annual meeting or extra-ordinary general meeting of members;
“Shareholder(s)”	The holder(s) of ordinary shares of African Sun Limited;
“Shares” or “Security”	The issued and/or authorized share capital of African Sun Limited;
“SI”	Statutory Instrument;
“Sponsoring Broker”	IH Securities (Private) Limited, the sponsoring broker for the Proposed Transaction and a member of the Zimbabwe Stock Exchange;
“Transfer Secretaries”	Corpserve Transfer Secretaries (Private) Limited who provide share transfer secretarial services to African Sun Limited;
“USD”	United States of America Dollar, the legal tender of the United States of America in which certain monetary amounts in this Circular and transaction processes are expressed and transactions processed;
“VFEX”	Victoria Falls Stock Exchange, a stock exchange that is established in terms of the Securities and Exchange Act [Chapter 24:25], which regulates the conduct of companies whose shares are listed on the Official List and traded on the Victoria Falls Stock Exchange;
“VFEX Listing Requirements”	The listing requirements of the VFEX;
“Zimbabwe”	The Republic of Zimbabwe;
“ZSE”	The Zimbabwe Stock Exchange, a stock exchange that is established in terms of the Securities and Exchange Act [Chapter 24:25], which regulates the conduct of companies whose shares are listed on the Official List and traded on the Zimbabwe Stock Exchange;
“ZSE Listing Requirements”	The Listings Requirements of the ZSE set out in SI 134 of 2019; and
“ZWL”	The Zimbabwean Dollar, the legal tender in Zimbabwe.

SALIENT FEATURES OF THE PROPOSED TRANSACTION

Overview of the Proposed Transaction

On Monday, the 6th of February 2023, the Board of Directors of African Sun passed a resolution in support of the termination of African Sun’s ZSE Listing, with the intent to list the Company’s shares on the VFEX by way of Introduction.

Benefits of the Proposed Transaction

The benefits of the Proposed Transaction include, but are not limited to, the following:

- Enhancement of regional prospects and potential mergers and acquisitions with own equity;
- Extended options for capital raising such as debt listing in foreign currency;
- Raising of additional capital in hard currency including access to USD capital investment to finance African Sun’s hotel renovation and expansion projects;
- The ability to receive and freely repatriate dividends in USD;
- Improved options for capital raising;
- Options to price staff share options in USD;
- Lower foreign exchange risk for Shareholders arising from local currency depreciation;
- Attractive tax incentives for investors, including zero capital gains tax and a 5% withholding tax on dividends for foreign investors, which will enhance shareholder returns;
- A USD valuation of African Sun that accurately reflects the Company’s true value;
- Lower trading costs of 2.12% compared to 4.63% on the Zimbabwe Stock Exchange; and
- Opportunity to present financial statements in a more understandable currency.

If the Proposed Transaction does not take place, then African Sun will remain listed on the ZSE, and the benefits outlined above will not be available to the Company or its Shareholders.

Timetable for the Proposed Transaction

Important Dates	
African Sun EGM Notice and announcement published	Tuesday, 7 March 2023
Voting Record Date, African Sun share register closed (at 1600 hours)	Thursday, 23 March 2023
Last day of lodging Proxy Forms (at 1600 hours)	Friday, 24 March 2023
African Sun EGM (at 1430 hours)	Tuesday, 28 March 2023
Publication of Results of African Sun EGM	Thursday, 30 March 2023
Last day of trading African Sun Shares	Friday, 31 March 2023
Termination of African Sun ZSE Listing	Thursday, 06 April 2023
Estimated Completion of African Sun’s VFEX Listing	Friday, 14 April 2023

The above dates may be subject to change and any such change will be published to Shareholders. All times indicated above and elsewhere in the Circular are Zimbabwean local times.

Queries

If you have any questions on any aspect of this document, please contact your stockbroker, accountant, banker, legal practitioner, or other professional advisors. Alternatively, please contact IH Advisory or IH Securities (whose details are given below):

IH Advisory (Private) Limited

Block 3, Tunsgate Business Park
30 Tunsgate Road, Mount Pleasant
Harare, Zimbabwe
Email: advisory@ih-group.com
Tel: +263 (0) 242 745119/745139/745937

IH Securities (Private) Limited

Block 3, Tunsgate Business Park
30 Tunsgate Road, Mount Pleasant
Harare, Zimbabwe
Email: trading@ihsecurities.com
Tel: +263 (0) 242 745119/745139/745937

SALIENT FEATURES OF THE PROPOSED TRANSACTION (CONTINUED)

Actions to be taken by African Sun Shareholders

- Read this Document in its entirety. If you are in doubt as to the action you should take, you should immediately seek advice from an independent stockbroker, bank manager, legal practitioner, accountant, or any other professional advisor of your choice;
- Attend and vote at the EGM to be held on Tuesday, 28 March 2023; and
- Shareholders who cannot attend the EGM but wish to be represented thereat should complete and sign the Proxy Form included with this Document and ensure it is lodged at the African Sun's Corporate Head Office at Bally House, Mount Pleasant Business Park, Corner Norfolk Road/870 Endeavor Crescent, Harare, Zimbabwe, so that the Transfer Secretaries receive it by no later than 1600 hours on Friday, 24 March 2023. Proxy Forms will be accepted at the discretion of the Chairman up to 1 (one) hour before the commencement of the EGM. Shareholders may attend the meeting virtually, notwithstanding the completion and return of a Proxy Form.
- A Director or officer of the Company shall not be appointed as a proxy for a Shareholder.

Conditions Precedent

A cautionary announcement has been issued to the shareholders of African Sun, informing them of the Company's intention to delist from the ZSE. The ZSE has granted authority to delist African Sun's shares from the ZSE subject to the conditions listed below:

- The passing by Shareholders of African Sun of the resolutions, by the requisite majority, at an EGM to be held on Tuesday, 28 March 2023, in terms of the Notice of the EGM published in the national press dated Tuesday, 7 March 2023; and
- Obtaining all such necessary regulatory approvals as may be required, including issuing a letter of good standing by the ZSE to African Sun.

Documents Available for Inspection

The public may inspect this Circular and the documents available as listed in Section 11 and below between 0800 hours and 1600 hours from Tuesday, 7 March 2023 to Friday, 24 March 2023 at the Sponsoring Brokers' and African Sun's physical offices at the address set out in the "Corporate Information" section of this Document:

- The substituted Memorandum and Articles of Association of the Company;
- African Sun Board Approval of the Proposed Transaction;
- Consent Letters from all Experts on the Proposed Transaction;
- The Audited and/Reviewed Financial Statements and Notes to the Financial Statements for the three financial years ended 31 December 2019, 31 December 2020, 31 December 2021 and six months ended June 2022 for African Sun;
- The ZSE approval letter for the delisting of African Sun shares from the ZSE;
- The ZSE approval letter for the distribution of the Circular; and
- The ZSE letter of good standing.



(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)

Address:

Bally House, Mount Pleasant Business Park, Cnr. Norfolk Road/ 870 Endeavor Crescent, Harare, Zimbabwe

Directors:

Dr. E.A. Fundira (Chairman), P. Saungweme, N.Y. Mutizwa, G. Chikomo, C. Chikosi, B.I Childs, V.W. Lapham, L.M. Mhishi, T.M. Ngwenya, A.E. Siyavora.

CHAIRMAN'S STATEMENT

Dear Shareholder,

African Sun is the largest hospitality company in Zimbabwe that operates ten hotels, including internationally recognized brands. In 2021, the Company merged with Dawn Properties Limited ("Dawn") in order to, among other strategic reasons, create a sound balance sheet that supports the Company's ability to raise capital to fund various hotel refurbishments and expansion projects. Migration to the VFEX will enhance the ability of African Sun to raise USD capital including foreign currency debt.

The tourism industry has yet to fully recover from the devastating impact of the Covid-19 pandemic. Notwithstanding, international and domestic tourism recorded an encouraging resurgence in the 2022 fiscal year. In order to maintain this momentum and ensure the longevity of the industry, the Board of Directors has taken the following factors into consideration while evaluating strategies to drive growth and increase Shareholder value in the year ahead:

- Current uncertain economic environment, inflationary spikes and rapid depreciation of the local currency;
- The Group cash utilisation strategy which focuses on targeted capital expenditure on hotel assets to enhance guest experience and grow value. The nature of the capital expenditure projects requires foreign currency capital for execution; and
- African Sun, being a business in the tourism industry, is expected to generate USD revenue. As a result Shareholders and investors would expect the business to be valued in USD with the ability to generate USD dividends and USD proceeds on disposal of shares.

The African Sun Board believes that migrating the Company's listing to the VFEX will bring significant benefits to both current and potential Shareholders. These benefits include:

- Access to USD equity and debt capital to finance African Sun's hotel renovation and expansion projects;
- The ability to receive and freely repatriate dividends and proceeds from share disposals;
- Attractive tax incentives for investors, including zero capital gains tax and a 5% withholding tax on dividends for foreign investors, which will enhance Shareholder returns;
- Opportunity to present financial statements in a more understandable currency.
- A USD valuation of African Sun that accurately reflects the Company's true value; and
- Lower share trading costs, with fees of 2.12% compared to the 4.63% charged on the ZSE.

Generally, listing on the VFEX will allow African Sun to gain access to a favourable exchange control regime that appeals to international investors. This regime is designed to make it easy for them to trade shares listed on the VFEX and repatriate both their capital and dividend earnings in USD. This feature is crucial for offshore investors who are looking to make long-term investments, as it addresses a key concern regarding the current ZSE listing. Furthermore by migrating to the VFEX, African Sun will have access to a source of capital that is more aligned with its developmental needs than what is currently available through its ZSE listing.

Based on the aforementioned reasons, the Board recommends that African Sun transfers its listing from the ZSE to the VFEX.

Dr E. A. Fundira
Chairman of the Board of Directors

[Signed on Original]

7 March 2023

DETAILS OF THE PROPOSED TRANSACTION

1. OVERVIEW OF THE PROPOSED TRANSACTION

1.1. The Proposed Delisting of African Sun from the ZSE

On Monday the 6th of February, the Board of Directors of African Sun considered the termination of African Sun's ZSE Listing, with the intent to list the Company's shares on the VFEX. The Board subsequently passed a resolution relating to the above due to the rationale of the Proposed Transaction outlined below.

1.2. Benefits of Listing on the VFEX

1.2.1. Increased Access to USD Capital and a Broadened Investor Base

The VFEX's potential to be a regional exchange can increase the visibility of a company listed on it, which can help attract new customers, suppliers and partners. The Company's migration from the ZSE to the VFEX potentially improves the Company's regional profile and commercial standing, strengthening the Company's prospects for both local and regional expansion. African Sun's capital expenditure and future growth and expansion can be better supported by foreign currency capital and a widened investor base.

Furthermore, the USD reporting requirement on the VFEX will lower the perception risk of African Sun, allowing the Company to access finance at more favourable terms.

1.2.2. Lower Trading Costs

The VFEX's lower trading costs of 2.12% compared to 4.63% on the ZSE would enable Shareholders to retain more value.

1.2.3. Greater Liquidity of shares

Liquidity of the African Sun shares can be stimulated by lower trading costs of the VFEX compared to the ZSE as well as increased demand for the investment based on its ability to return foreign currency dividends.

1.2.4. Ease of Dividend Repatriation for Foreign Shareholders

The VFEX allows foreign Shareholders to repatriate their dividends and proceeds from share disposals without restrictions.

1.2.5. Tax Incentives

The VFEX offers tax incentives for Shareholders, which include a 5% withholding tax on dividends and no capital gains tax on share disposal, thus providing enhanced earnings for Shareholders compared to the ZSE.

1.2.6. Reduced Valuation Volatility and Improved Performance Benchmark

The provision of a de facto third-party USD valuation of the Company enables African Sun's existing Shareholders to realise the actual value of their investment and to provide a more accurate benchmark of the stock's performance while mitigating valuation volatility. Furthermore, the USD provides a hedge against the inflation of the ZWL, providing greater investor protection.

1.2.7. Proficient Financial Reporting

Entities listed on the VFEX are required to report in USD, making the financial information more easily understandable which is expected to attract greater investor interest. Moreover, companies listed on the VFEX are required to meet specific governance and reporting requirements, which can improve the overall management and performance of the Company which is expected to attract greater interest to investors.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

1.3. Estimated Transaction Fees and Related Expenses

Expense	Fee (USD)
Advisory	26,500
Sponsoring Broker	3,125
Legal	9,000
Transfer Secretaries	7,500
Printing & Distribution	4,000
ZSE Document Review	4,250
VFEX Application	2,700
Total	57,075

2. OVERVIEW OF AFRICAN SUN LIMITED

2.1. History of African Sun

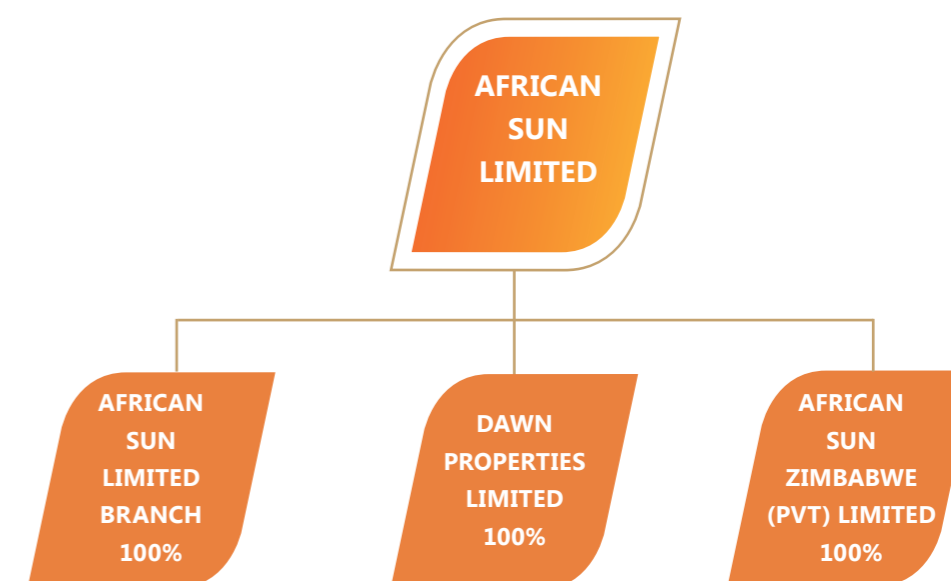
African Sun and its subsidiaries is a hospitality Group involved in running hotels, resorts, and timeshare operations in Zimbabwe. The Group is currently organised into five divisions - City and Country Hotels, Resort Hotels, The Victoria Falls Hotel Partnership, Sun Leisure and Real Estate.

The Company was incorporated in 1971 and changed its name several times, finally settling for African Sun Limited (a more aspirational name) in 2008.

The Group's hospitality portfolio includes The Victoria Falls Hotel (operated in partnership with Meikles Hospitality (Private) Limited), Elephant Hills Resort and Conference Centre, Caribbea Bay Resort, Great Zimbabwe Hotel, Hwange Safari Lodge, Holiday Inn Harare, Holiday Inn Bulawayo, Holiday Inn Mutare, Troutbeck Resort, Monomotapa Hotel, and Sun Leisure Tours.

2.2. African Sun Group Structure

Below is African Sun's Group Structure as at the date of the publication of this Circular;



DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

2.3 Operations

2.3.1 City and Country Hotels

Five hotels fall under this division, including the three hotels that operate under the InterContinental Hotels Group (“IHG”) brand (“Holiday Inn Harare, Holiday Inn Bulawayo and Holiday Inn Mutare”). The other two hotels are Monomotapa, located in the capital city of Harare, with its iconic structure overlooking the lush, colourful and perennially evergreen Harare Gardens and the Troutbeck Resort, which is nestled in the rolling Eastern Highlands Mountains of Nyanga.

2.3.2 Resort Hotels

The resort hotels are located in all of the country’s major tourist destinations, being the City of Victoria Falls, Hwange, Masvingo and Kariba. The hotels are as follows:

- The Elephant Hills Resort and Conference Centre, located in Victoria Falls, a United Nations Educational, Scientific and Cultural Organization (“UNESCO”) World Heritage site;
- The Hwange Safari Lodge, which is situated in the Hwange National Park, where over 100 species of mammals and nearly 400 bird species have been recorded;
- The Great Zimbabwe Hotel is located in Masvingo, within walking distance from the Great Zimbabwe National Monument, a UNESCO World Heritage site. This particular hotel enjoys the stature of being the most significant ancient structure south of the Sahara and second only to the Pyramids of Giza in size and grandeur; and
- The Caribbea Bay Resort, which is located in Kariba on the shores of Lake Kariba, which is one of the four largest man-made lakes in the world and the second largest reservoir by volume in Africa.

2.3.3 The Victoria Falls Hotel

The iconic Victoria Falls Hotel with its rich history is affiliated to The Leading Hotels of the World and adheres to the requirements of this affiliation.

2.3.4 Sun Leisure Tours

This division specializes in the Group’s ground handling activities. Sun Leisure Tours also provides shuttle services, destination tours and other hospitality related leisure activities.

2.3.4 Real Estate

This division focuses on maintenance, renovation and construction activities related to the Group’s hotel infrastructure. The division furthermore holds the Group’s land bank for future growth and expansion, as well as development with a view to selling residential properties.

2.3.5 Summary

A summary of African Sun’s portfolio as of 28 February 2023 is found in the table below:

HOTEL PORTFOLIO	LOCATION	ROOMS	CONFERENCE CAPACITY	RESTAURANTS
The Victoria Falls Hotel Partnership				
The Victoria Falls Hotel	Victoria Falls	149	60	3
Resort Hotels				
Great Zimbabwe Hotel and Campsites	Masvingo	87	530	1
Elephant Hills Resort and Conference Centre	Victoria Falls	276	1,080	3
Hwange Safari Lodge	Hwange	99	260	2
Caribbea Bay Resort and Campsites	Kariba	118	320	1

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

HOTEL PORTFOLIO	LOCATION	ROOMS	CONFERENCE CAPACITY	RESTAURANTS
City and Country Hotels				
Monomotapa Harare	Harare	243	752	2
Troutbeck Resort	Nyanga	70	420	1
Holiday Inn Harare	Harare	201	690	1
Holiday Inn Bulawayo	Bulawayo	157	835	1
Holiday Inn Mutare	Mutare	96	620	1
Total	10	1,496	5,567	16

SUN LEISURE	ACTIVITIES/GAMES AVAILABLE
Sun Leisure	Ground Handling and Airport Shuttles

REAL ESTATE	PORTFOLIO
Dawn Properties	Property investments and property development

3. ORDINARY SHARE CAPITAL

The share capital of African Sun as at 30 June 2022 is shown below:

3.1. Authorised:

The total authorised number of ordinary shares is 1.7 billion (2021: 1.7 billion) with a par value of ZWL0.01 per share. No additional shares were authorised during the six months ended 30 June 2022.

3.2. Issued and fully paid

A total of 1,477,901,495 at a par value of ZWL 0.01 were in issue as at 30 June 2022. There has not been any subsequent changes in the number of issued shares.

The following related to the Company’s issued shares:

	Shares Number	Inflation adjusted		Historical cost	
		Share capital ZWL	Share premium ZWL	Share capital ZWL	Share premium ZWL
Issued shares as at 1 January 2022	1,423,517,220	1,190,129,610	5,744,969,872	14,235,172	723,204,747
Shares issued during the period	54,384,275	771,803	1,058,007,957	543,843	746,152,697
Issued shares as at 30 June 2022	1,477,901,495	1,190,901,413	6,802,977,829	14,779,015	1,469,357,444
Treasury shares	(3,543,942)	(50,378)	(67,359,511)	(35,419)	(26,927,801)
Issued shares as at 30 June 2022 (excluding Treasury shares)	1,474,357,553	1,190,851,035	6,735,618,318	14,743,596	1,442,429,643

All issued shares are fully paid.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

3.3. Authorised but Unissued Shares

The unissued shares are under the control of the Directors, subject to the limitations imposed by the Articles and Memorandum of Association of the Company, the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the ZSE Listing Requirements.

3.4. Variation of Rights

According to the Company's Articles, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), may be varied with the consent in writing of the holders of not less than 75% of the issued shares of that class, or with the sanction of a resolution passed by a majority of not less than 75% of the members of that class present at a separate general meeting of the holders of the shares of the class.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

3.5. Voting Rights

The authorized but unissued and issued African Sun ordinary shares are the same class and rank *pari passu* in every respect.

3.6. Capital Adequacy, Working Capital and Cashflow

The Directors are of the opinion that for a business of this nature operating in the hospitality industry, the Company's share capital and working capital are adequate for the foreseeable future for the current operations. The Directors are of the opinion that the available working capital is sufficient to cover the cash flow requirements of the Company for the current operations.

4. CORPORATE GOVERNANCE

4.1. Introduction

African Sun is committed to a Code of Corporate Practices and Conduct based on the principles laid out in the King Reports and the Principles of Corporate Governance in Zimbabwe as laid out in the Corporate Governance Charter. The Directors recognize the need to conduct the affairs of the Group with principles of transparency, integrity, accountability and in accordance with generally accepted corporate practices, in the interests of its Shareholders, employees and other stakeholders. This process enables the Company's Shareholders and stakeholders to derive the assurance that, in protecting and adding value to African Sun's financial and human capital investment, the Company is being managed ethically, according to prudently determined risk parameters and in compliance with the best international practices.

4.2. Board of Directors

The primary responsibility of the Board is to discharge its fiduciary duty to the Shareholders and the Company. The Board is accordingly the highest policy organ of the Company and acts to direct strategy. The Board meets regularly to monitor the performance of management and to ensure proper control over the strategic direction of the Company. The Board comprises 2 (two) Executive and 8 (eight) Non-Executive Directors, (5 (five) of whom are Independent Non-Executive Directors) who meet at least quarterly. The Directors comprise individuals with proven track records and a wide range of different and complementary skills and experience, which they employ for the Company's benefit. The Non-Executive Directors also provide crucial independence and guidance to the Company's strategic decisions making process and corporate governance practices.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

The full names, addresses and positions of the Directors of African Sun are set out below:

Full Name	Address	Position
Emmanuel Anesu Fundira	5 Esher Close, Borrowdale Brooke, Harare	Independent Non-Executive Chairman
Peter Saungweme	112 Marula Lane, Manresa Park, Harare	Chief Executive Officer
Ndangariro Yasser Mutizwa	1 Cromer Road, Mount Pleasant, Harare	Chief Finance Officer
Brett Ivor Childs	Eden Rock Lane, Pereybere, Merville, Mauritius	Non-Executive Director
Thandi Ngwenya	28 Chaplin Road, Greendale, Harare	Independent Non-Executive Director
Constantine Chikosi	13 Takunda Road, Murambi Gardens, Mutare	Independent Non-Executive Director
Alex Edgar Siyavora	16 Saint Malo Villas, Saint Malo Avenue, Greendale, Harare	Non-Executive Director
Georgina Chikomo	19 North Road, Chisipite, Harare	Independent Non-Executive Director
Lloyd Mativenga Mhishi	1 Beaully Close, Kingsmead Road, Borrowdale, Harare	Independent Non-Executive Director
Vernon Wright Lapham	19 Ross Road, Borrowdale, Harare	Non-Executive Director

Dr. Emmanuel Anesu Fundira – Independent Non- Executive Chairman

Dr. Fundira was appointed to the Board of African Sun on the 17th of October, 2012. He is a doctor of Philosophy - PhD, Ecology and also a holder of a BSc (Hons) in Economics and Finance, an MBA degree in Finance and Strategic Management and a Diploma in Marketing as well as other qualifications attained from various Universities. He is the founder of a diversified tourism-based leisure group with an interest in photographic and non-photographic safaris operating on the shores of Lake Kariba and in the Victoria Falls.

Dr. Fundira is a past recipient of the Private Sector Tourism Personality of the Year Award (2009), the Zimbabwe Tourism Authority ("ZTA") Tourism Image Builder of the Year Award (2010) and the ZTA Tourism Personality of the Year Award (2010).

He sits on the Safari Club International ("SCI") Board and the African Wildlife Consultative Board ("AWCF") as well as serves as a Trustee of several charitable organisations.

Peter Saungwemwe – CEO

Peter is a Chartered Accountant (Zimbabwe). He holds Bachelor of Accounting Science Honours and Bachelor of Accounting Science degrees from the University of South Africa ("UNISA"), Certificate of Theory in Accounting ("CTA"), and an Advanced Diploma in Auditing. Peter has notable external audit background in banking, insurance, tourism, and power generation sectors, having worked as an Audit Manager for both KPMG Zimbabwe Inc. and KPMG Namibia Inc. for a combined period of 5 years.

Before assuming his current role, he was the CEO of Arden Capital Limited, where he hitherto held the role of CEO. Peter has previously served as Finance Director of Dawn Properties, Financial Controller for Ecobank Zimbabwe Limited and Chief Finance Officer at Cell Holdings (Private) Limited (a holding company with subsidiaries and associates with interests in short-term and medical insurance).

Ndangariro Yasser Mutizwa – CFO

Mr. Mutizwa was appointed as the CFO on 1 December 2021. He is a Chartered Accountant and a Chartered Financial Analyst by training. He has over 15 years of experience in various finance and operations management roles across geographies and industries.

Ndangariro possesses considerable expertise in financial reporting, taxation planning, corporate governance, change management, administration and leadership, investments target screening, capital raise, deal structuring and strategy formulation and implementation. Before joining African Sun, Ndangariro held several leadership roles, including being the Finance Director of Dawn Properties, CFO of Mashonaland Holdings Limited, and other senior roles at Masawara PLC in the Finance and Investments departments.

Brett Ivor Childs – Non-Executive Director

Brett was appointed to the African Sun Board on the 16th of March 2017. A Chartered Accountant originally from Zimbabwe, Brett is a business veteran with 25 years of experience in capital raising, initial public offering (“IPOs”), managing investments, and corporate exits. Brett spent 15 years in London, where he helped to build a successful venture business, listed assets on the London Stock Exchange (“LSE”), Johannesburg Stock Exchange (“JSE”) and Mauritius Stock Exchange (“SEM”). He is a former CEO of the major Shareholder, Arden Capital Limited.

Thandi Ngwenya – Independent Non-Executive Director

Thandi Ngwenya has over 25 years of corporate experience spearheading Marketing and Business Development initiatives across Africa in financial services, information technology, hospitality, and media. She is a previous board member of TBWA Zimbabwe. A Chevening scholar, Thandi holds an MBA from the Graduate School of Business at the University of Strathclyde in Glasgow, Scotland, and a Bachelor of Commerce Honours degree in Marketing from the National University of Science & Technology (“NUST”). She is also a Sales Coach & Trainer as well as being Certified Trainer for IBDL (international Business Drivers Licence) and a member of the Marketers Association of Zimbabwe (MAZ) as a Marketing Fellow.

Constantine Chikosi – Independent Non-Executive Director

Constantine was appointed to the African Sun Board on 1 May 2021. Constantine is a senior business executive with over 25 years of experience in emerging markets and high-level global relationships in both public and private sectors. After gaining a Masters Degree in Economics, Mr. Chikosi joined the Anglo American mining group, before moving to the London office of the Commonwealth Secretariat in 1990, qualifying as a Chartered Management Accountant and becoming Chief Economics Officer. From 2000 to 2019 he held various leadership roles at its Washington DC headquarters and in its offices in Africa and South East Asia, eventually becoming eventually becoming the Regional Director of Portfolio & Operations (Southeast Asia). Constantine serves on the Board and the Strategy Committee of MCB Group, a Stock Exchange of Mauritius (“SEM”) listed bank and on the Board of Strand Hanson Ltd, a London-based merchant bank.

Alex Edgar Siyavora - Non-Executive Director

Mr. Siyavora was appointed to the African Sun Board on 8 November 2021. A Chartered Accountant by profession, Alex has previously worked as the Chief Executive Officer of OK Zimbabwe Limited, a listed company with a network of sixty eight stores around Zimbabwe. Before that, he was the Finance Director of the same company. Prior to his employment by OK Zimbabwe Limited, he held the position of Finance Director at Merspin/Merlin Limited Group of companies and was Finance Manager at Coca Cola Swaziland.

Alex is a member of the Institute of Chartered Accountants of Zimbabwe (“ICAZ”). He holds a Masters degree in Business Leadership and an Honours Bachelors degree in Accounting Science (University of South Africa).

Georgina Chikomo- Independent Non-Executive Director

Mrs. G. Chikomo was appointed to the African Sun Board on the 30th of August 2018. Gina is an Accountant by training with a wealth of experience in prudent financial management. Mrs. Chikomo has previously worked as the Finance Director and later the Managing Director of ZB Bank Limited. She has a Master’s in Business Leadership, from the University of South Africa, a Bachelor’s degree with Honours in Business Studies from the University of Zimbabwe and is an ACCA fellow member.

Lloyd Mativenga Mhishi- Independent Non-Executive Director

Lloyd was appointed to the African Sun Board on 1 May 2021. Lloyd has a legal career stretching back to 1993, which includes a published book entitled “The Law & Practice of Conveyancing in Zimbabwe” (Legal Resources Foundation, August 2005). He is the Founder and current Senior Partner of the law firm – Mhishi Nkomo Legal Practice based in Harare.

Vernon Wright Lapham – Non-Executive Director

Mr. Lapham was appointed to the African Sun Board on 8 November 2021. He is a member of the ICAZ and when qualifying received the W.A. Duff Award for the highest marks in Zimbabwe in the final qualifying exams of ICAZ. Mr. Lapham also holds a Postgraduate Diploma in Applied Accounting (“DAA”).

Vernon has vast corporate finance and business experience, having previously been an Audit and the Corporate Finance Partner at Ernst and Young and CEO at MedTech Holdings Limited. He currently the CEO of BridgeFort Capital Limited.

4.3. Directors’ Interests

As provided by the Companies Act and the Company’s Articles of Association, the directors are bound to declare any time during the year, in writing, whether they have any material interest in any contract of significance with the Company, which could give rise to a conflict of interest.

As at the date of the publication of this Circular the following Directors held shares directly in the Company.

Director	Number of Shares Held
Dr. Emmanuel Anesu Fundira	15,806
Georgina Chikomo	404
Total	16,210

4.4. The Risk and Audit Committee

The Risk and Audit Committee (‘the Audit Committee’) incorporates the audit and risk oversight functions. The Audit Committee deals, inter alia, with compliance, internal control and risk management. It is regulated by specific terms of reference and is chaired by a non-executive director. All members of the Audit Committee not being less than three (3) at any given time are non-executive directors. Executives of the Group attend the meeting by invitation.

The Audit Committee meets with the Company’s independent auditor to discuss accounting, auditing, internal control and financial reporting matters. The independent and internal auditors have unrestricted access to the Audit Committee. The Audit Committee’s terms of reference include but are not limited to the assessment, and review of the following:

- Financial controls, accounting systems and reporting;
- Independent auditors;
- Internal auditors;
- Recommendations to the Board on the declaration and payment of dividends;
- Legal, regulatory, and statutory compliance of the Group; and
- Compliance with the Group’s code of conduct.

At all times give due consideration to the relevant provisions of the Companies Act read with the Regulations, the Listings Requirements, and the Board’s approved delegation of authority framework.

4.5. The Investments Committee

The Investment Committee (“the Investco”) consists of a non-executive Chairman and at least two other non-executive directors and its activities are governed by specific terms of reference. The Investco deals primarily with the review and preliminary approval of major investment decisions of the Group.

The Investco’s terms of reference include but are not limited to the assessment, and review of the following:

- Treasury and funding;
- Investment decisions; and
- Recommendations on proposed acquisitions and/or disposals of investment assets.

4.6. The Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee (“the Remco”) is made up of a non-executive Chairman, and at least two other non-executive directors. Executive directors and management attend its meetings by invitation. The Remco acts in accordance with the Board’s approved terms of reference to review remuneration and incentive schemes of executive directors, senior management and other members of staff.

The Remco’s terms of reference include but are not limited to the assessment, determination and review of the following:

- Remuneration and emoluments of the Company’s executives, and to review the levels thereof from time to time;
- Granting options to acquire shares in the Company, on terms and conditions as prescribed in such share option schemes as approved by the Company’s Shareholders from time to time;
- Prescribing parameters of remuneration and other employment emoluments of the Group’s staff, for the guidance of management in its reviews and determinations of such remuneration and emoluments;
- Monitoring of the Group’s compliance with all relevant labour legislation, with special reference to employee remuneration, terms and conditions of service and allied issues; and
- Monitoring the operations of the Group’s pension and group life assurance, and medical aid schemes.

4.7. The Marketing and Sales Committee

The Marketing and Sales Committee (“the Committee”) comprises a non-executive Chair and at least two other non-executive directors. Executive directors and management attend its meetings by invitation. The Committee is responsible for the review of all sales and marketing programmes of the Group.

The Committee’s terms of reference include but are not limited to the assessment and review of the following:

- Participation in the development of the Group’s marketing policy and strategy;
- The performance of the Group in terms of its marketing strategy;
- The Marketing policy to include all elements of the marketing mix undertaken by the Group;
- Corporate profile policy and issues related to branding and the image of the Group;
- Providing overall guidance and direction for the Group’s marketing communications, including publications and promotional programmes, and contributing towards their implementation; and
- Advising the Board on the appropriate form of marketing infrastructure best suited to serve the Company.

4.8. The Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (“the CSR Committee”) consists of a non-executive Chairman and at least two other non-executive directors and its activities are governed by specific terms of reference. The CSR Committee is responsible for overseeing the development, policy formulation and annual review of a Corporate Social Responsibility (“CSR”) plan.

The CSR Committee’s terms of reference include but are not limited to the assessment, determination and review of the following:

- Setting and monitoring the implementation of the Group’s CSR strategy;
- Ensuring that the CSR plan is widely disseminated throughout the Group and integrated into the day to day activities of the Group; and
- Reviewing the Sustainability Report that is included in the Integrated Annual Report to ensure that same is timely, comprehensive and relevant.

4.9. The Nominations Committee

The Nominations Committee (“the Nomco”) is now standing, as opposed to an ad-hoc, committee, pursuant to the recommendations made in the King reports. It is made up of a non-executive Chairman and at least two other non-executive directors. It assists with the identification and recommendations of potential directors to the Board.

The Nomco’s terms of reference include but are not limited to the assessment and regular review of the following:

- The structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes;
- Consideration of succession planning for non-executive directors, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- The leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace;
- Making recommendations to the Board concerning the formulation of plans for succession of non-executive directors and in particular for the key role of Chairman of the Board; and
- Determining suitable candidates for membership of the Board committees as appropriate.

4.10. Information Technology (IT) Governance Committee

The IT Governance Committee (“the IT Committee”) comprises a non-executive Chairman and at least two other non-executive directors. Executive directors and management attend its meetings by invitation. The IT Committee is responsible for the review of all IT infrastructure and IT related initiatives and projects of the Group.

The IT Committee’s terms of reference include but are not limited to the assessment and regular review of the following:

- Ensuring the availability of appropriate and functional IT related business systems across the Group’s operations;
- Ensuring that there is integrity of information systems; and
- Ensuring that prudent and reasonable steps are implemented with respect to IT governance.

4.11. Executive Committee

The Executive Committee (“EXCO”) works with the CEO in carrying out his responsibilities for the day-to-day management of the Group’s operations and consists of the following six members:

- the Chief Executive Officer;
- the Chief Finance Officer;
- the Human Resources Executive;
- the Operations Executive;
- the Legal Executive; and
- the Company Secretary.

The EXCO is delegated with the powers conferred upon the Directors by the Articles of Association and is responsible for the following:

- the implementation of the approved business strategy and policies;
- managing the day to day business affairs;
- prioritizing the allocation of capital, technical and human resources;
- establishing the best management practices and functional standards;
- enterprise-wide risk management;
- ensuring that regular detailed reports are submitted to the Board and its Committees at least quarterly; and
- performing such other duties and responsibilities as may be directed by the Board from time to time.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

4.12. National Works Council and Workers' Committee

The Group holds National Works Council meetings at least twice a year. Each hotel within the Group has a Works Council representative who attends these meetings, which is a forum where employees participate in the decision-making process and discuss employees' concerns with executive management. The Group believes in and practices worker participation throughout the different levels. All hotels have Workers' Committees, which serve as a communication channel between management and shop floor employees.

4.13. Dealing in Shares

The Company adheres to the ZSE Listing Requirements, which prohibit dealings in shares by Directors, Officers and Executive management for a designated period (closed period), being one month prior to the end of the reporting period until the announcement of the Company's interim and year-end results, or when they are in possession of price sensitive information not within the public domain.

4.14. Professional Advice

All Directors, with prior permission from the Board are entitled to seek independent professional advice on the affairs of the Group at the Group's expense.

4.15. Remuneration of Directors

The Board maintains its independence through the non-executive directors not holding fixed term service contracts and their remuneration not being tied to the financial performance of the Group. The Remco acts in accordance with the Board's written terms of reference to review the remuneration of the Group's executive and non-executive directors, senior management, and other members of staff.

4.16. Ethics and Business Integrity

African Sun's personnel are committed to a long-published code of ethics which runs through the whole Group. This incorporates the Group's operating, financial and behavioural policies in a set of integrated values, including the ethical standards required of members of the African Sun family in their interface with one another and with all stakeholders.

There are detailed policies and procedures in place across the Group, covering the regulation and reporting of transactions in securities of the Company by the Directors and officers. The Group adheres to corporate governance policies and recommendations as enunciated in the King Reports on governance.

5. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

5.1. Capital Commitments

African Sun had the following capital commitments as at 30 June 2022.

All figures in ZWL	Inflation adjusted		Historical cost	
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
Authorised by Directors and contracted	42,578,816	20,990,354	42,578,816	9,588,252
Authorised by Directors, but not contracted	1,637,727,563	2,382,293,745	1,637,727,563	1,088,215,681
Total	1,680,306,379	2,403,284,099	1,680,306,379	1,097,803,933

Capital commitments relate mainly to hotel property refurbishments and the acquisition of other items of property and equipment and will be financed mainly from normal operating cash flows and debt finance.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

5.2. Contingent Liabilities

There were no contingent liabilities as at 30 June 2022.

6. MATERIAL PROVISION

As at 30 June 2022 the provisions balance included the following:

All figures in ZWL	Inflation adjusted		Historical cost	
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
Contractual claim	355,272,581	201,716,017	355,272,581	92,142,513
Total	355,272,581	201,716,017	355,272,581	92,142,513

The amount represents a provision payable to a counterparty arising from a service contract.

7. SHARE INFORMATION

7.1. African Sun Shareholding Structure

The table below details the top 20 shareholders of African Sun as of 10 February 2023:

Rank	Name	Shares	Percentage
1	Brainworks Capital Management (Private) Limited	457,770,448	30.97
2	Old Mutual Life Assurance Company Zimbabwe Limited	405,399,280	27.43
3	Brainworks Hotels (Private) limited	242,945,661	16.44
4	Lengrah Investments (Private) Limited	92,083,673	6.23
5	Riustrix Investments (Private) Limited	50,150,342	3.39
6	Mega Market (Private) Limited	50,109,890	3.39
7	Ecobank Zimbabwe Limited	49,949,119	3.38
8	Stanbic Nominees (Private) Limited	16,067,562	1.09
9	Zimbabwe Sun Employee Share Ownership Trust	12,581,032	0.85
10	Pickover Investments (Private) Limited	3,711,317	0.25
11	African Sun Limited	3,543,942	0.24
12	Faanya Rose	2,283,539	0.15
13	Msasa Nominees (Private) Limited	1,945,227	0.13
14	La france Holdings Limited	1,765,961	0.12
15	Public Service Pension Fund	1,675,400	0.11
16	Hukuru Chicks (Private)	1,509,432	0.10
17	Archer Clothing Manufacturing (Private) Limited	1,395,974	0.09
18	Tapfumanei Holdings (Private) Limited	1,252,209	0.08
19	Adrian Richard Fraser Armstrong	1,096,600	0.07
20	Goran Blagojevic	1,007,897	0.07
	Total	1,398,244,505	94.61
	Other shareholders	79,656,990	5.39
	Total number of shares	1,477,901,495	100.00

Number of shares in issue: **1,477,901,495**

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

7.2. Share Price History

The tables below provide statistical information on the market price and volumes traded of African Sun's shares:

Daily Share Price

Date	Price (ZWL)	Volume
03/02/2023	36.00	1,600
06/02/2023	33.87	1,500
07/02/2023	37.33	34,500
08/02/2023	42.00	10,000
09/02/2023	48.03	2,000
10/02/2023	49.68	6,400
13/02/2023	52.05	1,135,100
14/02/2023	54.65	15,300
15/02/2023	59.58	1,300
16/02/2023	58.88	47,800
17/02/2023	62.01	200,700
20/02/2023	71.30	221,900
22/02/2023	71.97	13,900
23/02/2023	78.77	254,800
24/02/2023	88.75	1,600
27/02/2023	96.36	1,100
28/02/2023	98.01	12,1100
01/03/2023	98.28	6,500
02/03/2023	98.18	15,900
03/03/2023	98.02	9,200

Monthly Share price

Date	Volume Weighted Average Monthly Price (ZWL)	Volume
28/2/2022	7.72	474,600
31/3/2022	6.93	567,800
29/4/2022	9.45	1,677,100
31/5/2022	13.07	1,647,100
30/6/2022	20.17	1,755,800
29/7/2022	12.63	445,400
31/8/2022	14.65	1,109,900
30/9/2022	14.93	1,951,200
31/10/2022	19.81	647,500
30/11/2022	24.89	605,300
30/12/2022	23.63	98,000
31/01/2023	29.08	262,200

Quarterly Share Price

Date	Volume Weighted Average Quarterly Price (ZWL)	Volume
31/3/2022	7.01	1,474,000
30/6/2022	14.32	5,080,000
30/9/2022	14.55	3,506,500
30/12/2022	43.93	1,350,800

8. EXPERTS' CONSENTS

The Lead Financial Advisors, Sponsoring Brokers, Legal Advisors and Transfer Secretaries have submitted their written consents to act in the capacities stated and to their names being stated in this Circular, which consents have not been withdrawn as at the date of this Circular. The above-mentioned consents are available for inspection by interested parties in terms of Paragraph 10.

9. REGULATORY ISSUES

The ZSE approved the distribution of this Circular on 24 February 2023.

10. DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION

The public may inspect this Circular and the documents available as listed below between 0800 hours and 1600 hours on Tuesday, 7 March 2023 to Friday, 24 March 2023 at the Sponsoring Brokers', and African Sun's physical offices at the addresses set out in the "Corporate Information" section of this Document:

- The Substituted Memorandum and Articles of Association of the Company;
- African Sun Board Approval of the Proposed Transaction;
- Consent letters from all Experts on the Proposed Transaction;
- The Audited Financial Statements and Notes to the Financial Statements for the three financial years ended 31 December 2019, 31 December 2020, 31 December 2021 and six months ended June 2022 for African Sun Limited;
- The ZSE approval letter for the delisting of African Sun shares from the ZSE;
- The ZSE approval letter for the distribution of the circular; and
- The ZSE letter of good standing.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear below, collectively, and individually accept full responsibility for the accuracy of the information provided in this Circular and certify that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading. They have made all reasonable enquiries to ascertain such facts, and this Circular contains all information required by law, ZSE and VFEX listing rules.

The Directors confirm that this Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquires) that investors and their professional advisors would reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits or losses and prospects of the issuer, and of the rights attaching to the securities to which the listing particulars relate.

Full Name	Position	Signature
Emmanuel Anesu Fundira	Non-Executive, Independent Chairman	[Signed on original]
Peter Saungweme	Chief Executive Officer	[Signed on original]
Ndangariro Yasser Mutizwa	Chief Finance Officer	[Signed on original]
Brett Ivor Childs	Non-Executive Director	[Signed on original]
Thandi Ngwenya	Non-Executive Director	[Signed on original]
Constantine Chikosi	Non-Executive Director	[Signed on original]
Alex Edgar Siyavora	Non-Executive Director	[Signed on original]
Georgina Chikomo	Non-Executive Director	[Signed on original]
Lloyd Mativenga Mhishi	Non-Executive Director	[Signed on original]
Vernon Wright Lapham	Non-Executive Director	[Signed on original]



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the members of African Sun Limited

We have reviewed the accompanying inflation adjusted condensed consolidated statement of financial position of African Sun Limited as at 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant group accounting policies and other explanatory notes.

Responsibilities of Management and Those Charged with Governance for the interim condensed consolidated financial statements

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the Group's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim condensed consolidated financial statements that are free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Non-compliance with IFRS 3 "Business Combinations" with respect to measurement of gain on bargain purchase on acquisition transaction in the prior financial year

In the prior financial year, the Group acquired a subsidiary under common control. The Group therefore, elected to account for the acquisition in accordance with the principles of IFRS 3. The acquiree's investment property, property and equipment and non-current assets held for sale were not valued at fair values in accordance with IFRS 13 "Fair Value Measurements" as at the date of acquisition. The fair values were determined in USD and subsequently translated to ZWL using the closing auction exchange rate. Consequently, this resulted in a misstatement in the measurement of the resulting gain in bargain purchase in accordance with the requirements of IFRS 3. The opinion on the consolidated financial statements for the year ended 31 December 2021 was modified in respect of this matter, and the misstatements have not been corrected in the condensed consolidated financial statements for the half year ended 30 June 2022.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Non-compliance with International Accounting Standard 21 -The Effects of Changes in Foreign Exchange Rates

As described in note 8 to the interim condensed consolidated financial statements, during the current financial period, the foreign currency denominated transactions and balances of the Group were translated into ZWL using the interbank exchange rates/foreign currency auction rates, which were not considered appropriate spot rates for the Group as required by IAS 21. International Accounting Standard 21, defines the spot exchange rate as the exchange rate for immediate delivery. The Group was not in a position to exchange ZWL for immediate delivery of other foreign currencies to settle its obligations through the Foreign Exchange Auction Trading System.

During the period there were disparities between the auction exchange rates and the rates derived from comparing the market prices of goods and services quoted in both USD and ZWL. These conditions point to the existence of multiple exchange rates. In terms of IAS 21, when several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

Had the interim condensed consolidated financial statements been prepared in accordance with the requirements of IAS 21, some elements would have been materially affected. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material but not pervasive to the interim condensed consolidated financial statements as a whole.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the Basis for Qualified Conclusion section above, there is nothing that has come to our attention which cause us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects the financial position of African Sun Limited as at 30 June 2022, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards (IFRS).

The engagement partner on the review engagement resulting in this independent review conclusion is Edmore Chimhowa.

Grant Thornton

Edmore Chimhowa
Partner
Registered Public Auditor (PAAB No: 0470)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE

22 September 2022



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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AFRICAN SUN LIMITED

Introduction

We have audited the inflation adjusted consolidated financial statements of African Sun Limited (the "Company") and its We have audited the accompanying inflation adjusted consolidated financial statements of African Sun Limited and its subsidiaries (the "Group") set out on pages 56 to 145, which comprise the inflation adjusted consolidated statement of financial position as at 31 December 2021, the inflation adjusted consolidated statement of comprehensive income, the inflation adjusted consolidated statement of changes in equity, and the inflation adjusted consolidated statement of cash flows for the year then ended, and the notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements do not present fairly, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act and Other Business Entities Act of Zimbabwe (Chapter 24:31).

Basis for Adverse Opinion

Impact of application of International Accounting Standard (IAS 29) "Financial Reporting in Hyperinflationary Economies" on consolidating the South African Foreign Branch.

The Group applied the requirements of IAS 29 by restating the consolidated results of the South African foreign branch, to which IAS 29 does not apply in the current and comparative years. The financial statements of foreign subsidiaries that do not report in the currencies of hyperinflationary economies should be translated in accordance with International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" only, including comparatives. The reasons for a different accounting treatment have been outlined in note 2.1.3. The effects of the misstatement on the various line items disclosed in note 2.1.3 would be material individually and pervasive in aggregate on the inflation adjusted consolidated financial statements in the current and prior years.



A full list of partners and directors is available on request

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AFRICAN SUN LIMITED (CONTINUED)

Non-compliance with IFRS 13 "Fair Value Measurements" in the determination of the value of Property and Equipment for the prior year.

As set out in note 8 to the inflation adjusted consolidated financial statements, in the prior year, the Group engaged professional valuers to perform a fair valuation of Property and Equipment. The fair values were determined in USD, and subsequently translated to the ZWL equivalent fair values using the closing USD/ZWL auction exchange rate as at 31 December 2020.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. In the prior year, we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable. However, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD auction exchange rate in the determination of the final ZWL fair valuations presented.

IFRS 13 requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

In the prior year, we were therefore unable to obtain sufficient appropriate evidence to support the appropriateness of simply applying the closing ZWL/USD auction exchange rate in determining the ZWL fair value of Property and Equipment, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of Property and Equipment in ZWL. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZWL valuations of Property and Equipment to the auction exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of Property and Equipment reflects the implications on market dynamics of the auction exchange rate.

The method of determining the value of the Property and equipment was reasonable in United States dollars but was not an accurate reflection of market dynamics and the risk associated with ZWL transactions on a willing buyer, willing seller basis. In the current year, the Group performed the valuation of Investment property and Property and equipment using ZWL inputs and no exceptions were noted.

Consequently, we were unable to obtain sufficient evidence to support the appropriateness of the Property and Equipment balances, as well as that of depreciation, revaluation reserve, and the related deferred tax impact in the prior year. The insufficient evidence of the prior year resulted in insufficient evidence related to depreciation, deferred taxation expense and the movement in revaluation reserve recorded in the inflation adjusted consolidated statement of comprehensive income in the current year.

Non-compliance with IFRS 3 "Business Combinations" with respect to measurement of gain on bargain purchase on acquisition transaction

In the current period, as set out in note 12.3 to the inflation adjusted consolidated financial statements, the Group acquired a subsidiary under common control. The Group, therefore, elected to account for the acquisition in accordance with the principles of IFRS 3 "Business Combinations" (IFRS 3). The acquiree's Investment Property, Property and Equipment and Non-Current Assets held for sale were not accurately valued at fair values in accordance with IFRS 13 "Fair Value Measurements" as at the date of acquisition, since their fair values were determined in USD, and subsequently translated to the ZWL equivalent fair values using the closing USD/ZWL auction exchange rate. Consequently, we were unable to obtain appropriate evidence to support the measurement of the resulting gain in bargain purchase in accordance with the requirements of IFRS 3.

APPENDIX II: INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIALS OF AFRICAN SUN LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AFRICAN SUN LIMITED (CONTINUED)

Non-compliance with IFRS 3 "Business Combinations" with respect to measurement of gain on bargain purchase on acquisition transaction (continued)

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 inflation adjusted Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of inflation adjusted consolidated financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section, we have determined the matters below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Investment Property and Property and Equipment	
<p>As included in notes 2.5, 8 and 10, the valuation of Property and equipment and Investment property representing 84% (2020:56%) of the Group's total assets and amounting to ZWL 15 211 794 369 and ZWL 3 373 139 000 respectively, has been considered to be an area where significant judgements were applied.</p> <p>In determining the value of Investment property and Property and Equipment the directors' involve independent external valuers who in turn make use of judgements which involve significant unobservable inputs.</p> <p>The determination of the value of Investment property and Property and Equipment was considered to be a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none"> Existence of unobservable information such as: <ul style="list-style-type: none"> Occupancy rates Market rentals Replacement costs Comparable market information The current economic environment is extremely volatile given the valuation intricacies impacting property in the Zimbabwean market. Valuations undertaken in Zimbabwe dollars have limited sales evidence in the local currency. As a result, the determination of inputs involved significant judgement based on limited market evidence. 	<p>We performed the following audit procedures</p> <ul style="list-style-type: none"> We assessed the competence, capabilities, objectivity and independence of the directors' independent valuers, and assessed their qualifications. We made enquiries of the directors' independent external valuers to obtain an understanding of the valuation techniques and judgements adopted. We assessed the work performed by the independent external valuers in valuing investment property by performing the following: <ul style="list-style-type: none"> Reviewed the valuation methods used and assessed whether they are appropriate and consistent with the reporting requirements Evaluated the principles and integrity of the models used, in accordance with generally accepted valuation methodology within the economic environment, in consultation with the auditor's property valuation expert; Assessed the competence and qualifications of the directors' expert; and Challenged the assumptions and methodology applied by the directors' expert through the use of the auditor's property expert. Assessed the inputs in the valuation model for accuracy and completeness; Evaluated the consolidation financial statement disclosures for appropriateness and adequacy. <p>Based on the work done, we concur with the directors that the judgments and assumptions used in the valuation of investment property and Property and Equipment were appropriate and the disclosures pertaining to the investment property and Property and Equipment were found to be appropriate in terms of the relevant accounting standards.</p>

APPENDIX II: INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIALS OF AFRICAN SUN LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AFRICAN SUN LIMITED (CONTINUED)

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
Going Concern	
<p>As disclosed in notes 2.1.2 and 4, Going concern has been considered to be an area where significant judgements and estimates were applied.</p> <p>The assessment of the going concern was considered to be a matter of most significance during our current year audit, due to the significant assumptions and estimates applied by management involving:</p> <ul style="list-style-type: none"> There is an unprecedented level of economic uncertainty arising from the impact of the COVID-19 pandemic. Assessing the impact of the outbreak of the pandemic on the appropriateness of the going concern assumption, under which the inflation adjusted consolidated financial statements have been prepared, resulted in considerable focus and time being spent by both the directors and the audit team. The Group is predominantly tourism-based business, which has been adversely affected by the Covid 19 pandemic. Given the inherent uncertainty associated with the COVID 19 pandemic, it is currently difficult to determine a reasonable worst-case scenario. Accordingly, management modelled a range of scenarios. The access to additional funding 	<p>We performed the following audit procedures</p> <ul style="list-style-type: none"> Tested the design and implementation of controls around the going concern assessment and judgements applied; Reviewed board minutes for meetings held during the year ended 31 December 2021 as well as minutes of meetings convened subsequent to year end, to identify any matters that may affect the going concern of the Group; Performed a ratio analysis to evaluate the entity's liquidity and solvency positions as at 31 December 2021; Inquired of management's plans for future actions in respect of going concern, including, for example, enquiries about their plans to liquidate assets, borrow money or restructure debts, reduce or defer expenditures, or increase capital, in order to establish whether they are feasible, and likely to improve the situation; Inspected cash flow forecasts and challenged the reasonableness of the scenarios identified and key assumptions underlying the forecasts as well as the stress test prepared by management; Evaluated the sensitivities considered by management; Obtained and inspected the signed agreements for all third-party support included in the management forecasts; Performed retrospective assessments of management's assumptions for reasonability; Obtained written representations from management regarding their future action plans and the feasibility of the plans; Inquired with the Group's legal advisers regarding the existence of litigation and claims and the reasonableness of management's assessments of their outcome and estimate of their financial implications; and Performed review of subsequent events to identify factors that otherwise mitigate or affect the Group's ability to continue as a going concern. Leveraged the expertise and guidance of our IFRS accounting and local and global specialist teams. <p>Based on the work done, we concur with management that the judgments and assumptions used in the assessment of the going concern are appropriate.</p>

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AFRICAN SUN LIMITED (CONTINUED)

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, as required by the Companies and Other Business Entities Act (Chapter 24:31), the Company statement of financial position and related notes, and the historic cost financial information which we obtained prior to the date of this auditor's report. The other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated 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 that we obtained 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. As described in the Basis for Adverse Opinion section above, we have concluded that the other information is materially misstated for the same reasons with respect to the amounts or disclosures items in the Directors' Report and historical financial information, at the reporting date.

Responsibilities of the Directors for the Inflation Adjusted Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31) and relevant statutory instruments and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the inflation adjusted consolidated 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 Inflation Adjusted Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated 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 inflation adjusted consolidated 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 inflation adjusted consolidated 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.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AFRICAN SUN LIMITED (CONTINUED)

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

Conclude on the appropriateness of the Directors' 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 inflation adjusted consolidated 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 inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated 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 inflation adjusted consolidated 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated 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.

Deloitte & Touche

**DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS (ZIMBABWE)**

PER: TAPIWA CHIZANA
PARTNER
REGISTERED AUDITOR
(PAAB PRACTICE CERTIFICATE NUMBER 0444)

25 APRIL 2022



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Independent Auditor's Report on the Audit of Inflation Adjusted Consolidated Financial Statements to the Shareholders of African Sun Limited

Introduction

We have audited the inflation adjusted consolidated financial statements of African Sun Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 48 to 131, which comprise the inflation adjusted consolidated statement of financial position as at 30 December 2020, and the inflation adjusted consolidated statement of profit or loss and other comprehensive income, the inflation adjusted consolidated statement of changes in equity and the inflation adjusted consolidated statement of cash flows for the year then ended, and the notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements do not present fairly, the inflation adjusted consolidated financial position of the Group as at 30 June 2021, and its inflation adjusted consolidated financial performance and its inflation adjusted consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

Impact of application of International Accounting Standard (IAS 29) "Financial Reporting in Hyperinflationary Economies" on consolidating the monthly ZWL Converted South African Foreign Subsidiary accounts.

The Group applied the requirements of IAS 29 by restating the consolidated results of the South African foreign subsidiary, to which IAS 29 does not apply in the current and comparative years. The financial statements of foreign subsidiaries that do not report in the currencies of hyperinflationary economies should be translated in accordance with International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates", including comparatives. The reasons for a different accounting treatment have been outlined in note 2.1.3. The effects of the misstatement on the various line items disclosed in note 2.1.3 would be material individually and pervasive in aggregate on the financial statements.



A full list of partners and directors is available on request

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Independent Auditor's Report on the Audit of Inflation Adjusted Consolidated Financial Statements to the Shareholders of African Sun Limited (continued)

Basis for Adverse Opinion (continued)

Impact of incorrect date of application of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" on comparative financial information and retained income

The Group did not comply with IAS 21 in the prior financial period, as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19"). Had the assessment required by IAS 21 occurred in the correct period from 1 October 2018, the adjustments that were recognised in the comparative 2019 period would have been materially different. Therefore, the departure from the requirements of IAS 21 were pervasive in the prior period. The misstatements in the historical comparative information impacted the determination of the inflation adjusted amounts as is required in the application of IAS 29 in prior years. The financial effects on the inflation adjusted consolidated financial statements of this departure were not determined. Furthermore, our opinion on the current period's financial results is modified because of the possible effects of the matter on the retained income and the comparability of the current period's financial results with that of the prior year.

Reliability of ZWL valuation of Property, Plant and Equipment based on attributes of Market participants as prescribed in IFRS 13 "Fair Value Measurements"

As set out in note 8 to the inflation adjusted financial statements, the Group performed a revaluation of Property, Plant and Equipment as at 31 December 2020, that amounts to ZWL 1 965 million (2019: ZWL 2 028 million). The Group engaged professional valuers to determine fair values in USDs, and management subsequently determined the ZWL equivalent fair values by translating those USD valuations using the closing ZWL/USD auction exchange rate as at 31 December 2020.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. While we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD auction exchange rate in the determination of the final ZWL fair valuations presented.

IFRS 13 requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

We were therefore unable to obtain sufficient evidence to support the appropriateness of simply applying the closing ZWL/USD auction exchange rate in determining the ZWL fair value of Property, Plant and Equipment, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of Property, Plant and Equipment in ZWL. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZWL valuations of Property, Plant and Equipment to the auction exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of Property, Plant and Equipment reflects the implications on market dynamics of the auction exchange rate.

Consequently, we were unable to obtain sufficient evidence to support the appropriateness of the property, plant and equipment balances, as well as that of depreciation, revaluation reserve, and the related deferred tax impact.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Independent Auditor's Report on the Audit of Inflation Adjusted Consolidated Financial Statements to the Shareholders of African Sun Limited (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Adverse Opinion section we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in the audit
Provision for Expected Credit Losses	
<p>As disclosed in Note 3.1, the provision for expected credit losses amounted to ZWL\$ 38,053 million (2019: \$71,846 million) for the year ended 31 December 2020. 42% (2019: 22%) of the trade receivables were in the +120day category.</p> <p>The Group, which uses a lifetime Expected Credit Loss (ECL) for trade receivables, applied the Simplified approach in determining the (ECL) in trade receivables.</p> <p>Most of the long outstanding amounts related to Tour Operators, whose cash flows have been adversely impacted by the economic effects of the Covid-19 pandemic. Significant judgement is required by the directors in assessing the provision for credit losses, which is determined with reference to the historical loss rates adjusted for by forward looking information. Accordingly, for the purposes of our audit, we identified the provision for expected credit losses as representing a significant risk of material misstatement.</p>	<p>In evaluating the provision for expected credit losses (ECL), we reviewed the provision for credit losses calculations prepared by management, with a particular focus on the forward-looking information and taking into account the impact of COVID 19. We performed various procedures, including the following:</p> <ul style="list-style-type: none"> • Tested the design and implementation of controls with respect to the determination of the provision for expected credit losses; • Tested the completeness of trade and other receivables included in the ECL calculation; • Evaluated and tested relevant inputs and assumptions used in each stage of the ECL • Assess the reasonability of forward-looking information used by management; • Reviewed and challenged the judgements and decisions made by management in estimating the expected credit losses to identify whether indicators of possible management bias exists; • Evaluated whether management's current modelling approach is appropriate; • Tested the ageing of trade receivables, through review of payment trends on a sample basis, to ensure that they are properly aged; and • For identified long outstanding trade receivables, inspected documentation to ascertain the recovery of amounts from the customers. <p>Based on the audit procedures performed the allowance for credit losses was determined to be appropriate.</p>

Independent Auditor's Report on the Audit of Inflation Adjusted Consolidated Financial Statements to the Shareholders of African Sun Limited (continued)

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
Going Concern	
<p>There is an unprecedented level of economic uncertainty arising from the impact of the COVID-19 pandemic. Assessing the impact of the outbreak of the pandemic on the appropriateness of the going concern assumption, under which the consolidated financial statements have been prepared, resulted in considerable focus and time being spent by both the directors and the audit team.</p> <ul style="list-style-type: none"> • The Group made a net loss of ZWL 1,5 billion for the ended 31 December 2020 (2019 profit: 839 million), and as of that date, the Group's current assets exceeded its current liabilities by ZWL 272 million (2019 :760 million); • The Group is predominantly tourism-based business, which has been adversely affected by the Covid 19 pandemic; and • The Group has successfully established capital facilities amounting to USD 2 million, which would be strengthened by a further government supported tourism sector relief facility of ZWL 150 million which agreement has been signed. <p>Given the inherent uncertainty associated with the COVID 19 pandemic, it is currently difficult to determine a reasonable worst-case scenario. Accordingly, management modelled a range of scenarios.</p> <p>The directors have assessed the ability of the Group and Company to continue as a going concern and are of the view that the preparation of these financial statements on a going concern basis is appropriate.</p> <p>The judgements applied with respect to reaching the director's going concern conclusion are disclosed in Accounting Policy Note 2.1.2 to the annual financial statements.</p> <p>As a result of the uncertainty of the impact of the COVID-19 pandemic on the Group, and the judgement required to conclude on going concern, we identified this as a key audit matter.</p>	<p>We reassessed our risk assessment on going concern and took into account the additional considerations of the impact of the COVID 19 pandemic on the Group and Company when assessing the going concern conclusion. In evaluating the directors' judgements in determining whether there are material uncertainties which may cast doubt on the Group's ability to continue as a going concern, the following procedures were performed:</p> <ul style="list-style-type: none"> • We tested the design and implementation of controls with respect to the going concern assessment and judgements applied; • We reviewed board minutes for meetings held during the year ended 31 December 2020 and subsequent to year end, to identify any matters that may affect the going concern of the Group; • We performed a ratio analysis to evaluate the entity's liquidity and solvency positions as at 31 December 2020; • We inquired of management's plans for future actions in respect of going concern, including, for example, enquiries about their plans to liquidate assets, borrow money or restructure debts, reduce or defer expenditures, or increase capital, in order to establish whether they are feasible and likely to improve the situation; • We performed procedures to test the accuracy and completeness of the cashflow projections • We inspected cash flow forecasts, challenged the reasonableness of the scenarios identified and key assumptions underlying the forecasts as well as the stress tests prepared by management; • We obtained written representations from management regarding their future action plans and the feasibility of the plans; • We inquired with the Group's legal advisers regarding the existence of litigation and claims and the reasonableness of management's assessments of their outcome and estimate of their financial implications; • We recomputed the accuracy of liquidity assessments and interrogated the working capital assumptions embedded in the cashflow forecasts. • We examined signed loan agreements for the undrawn banking facilities and ensured that the forecasted cash outflows were modelled in line with legal obligations and repayment of loan facilities. • We performed review of subsequent events to identify factors that otherwise mitigate or affect the Group's ability to continue as a going concern. And • We examined the disclosures in the financial statements with respect to going concern to ensure that reasonable information is disclosed concerning managements judgements and assumptions. <p>Notwithstanding the existing uncertainties emanating from the COVID 19 pandemic, the going concern assumption was deemed to be appropriately applied in the preparation of the financial statements.</p>

Independent Auditor's Report on the Audit of Inflation Adjusted Consolidated Financial Statements to the Shareholders of African Sun Limited (continued)

Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an adverse conclusion on those statements on 03 July 2020.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, as required by the Companies and Other Business Entities Act (Chapter 24:31), the historic cost financial information and the inflation adjusted Company Statement of financial position, which we obtained prior to the date of this auditor's report. The other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated 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 that we obtained 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 concluded that the other information is materially misstated for the same reasons set out in the Basis for Adverse opinion section above.

Responsibilities of the directors for the inflation adjusted consolidated financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31) and relevant statutory instruments 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the inflation adjusted consolidated 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.

Independent Auditor's Report on the Audit of Inflation Adjusted Consolidated Financial Statements to the Shareholders of African Sun Limited (continued)

Auditor's responsibilities for the audit of the inflation adjusted consolidated financial statements (continued)

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 company'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 directors' 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 company'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 company 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 inflation adjusted consolidated 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 those charged with governance 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, actions taken to eliminate threats or safeguards.

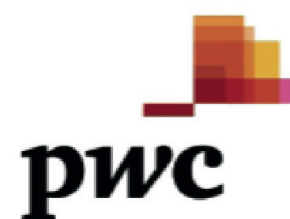
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public 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.

Debitte & Touche

**DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS (ZIMBABWE)**

PER: TAPIWA CHIZANA
PARTNER
REGISTERED AUDITOR
PAAB PRACTICE CERTIFICATE NUMBER: 0444

15 APRIL 2021



Independent Auditor's Report
to the Shareholders of African Sun Limited

Our adverse opinion

In our opinion, because of the significance of the matters described in the Basis for adverse opinion section of our report, the financial statements do not present fairly the financial position of African Sun Limited (the "Company") and its subsidiaries (together, the "Group") and of the Company as at 31 December 2019, and the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

African Sun Limited's consolidated financial statements, set out on pages 52 to 135, comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the accompanying statement of financial position of the Company standing alone as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for adverse opinion

On 1 October 2018, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement ("MPS") that directed a separation of Foreign Currency Bank Accounts ("FCAs") into two categories, Nostro FCAs and the Real Time Gross Settlement ("RTGS FCA"). The Nostro FCAs were to hold individual foreign currencies permissible in Zimbabwe's multi-currency economy at the time. The RTGS FCA, mobile money, and bond notes and coins would be held at the same value as the US\$.

As described in note 4.1 of the financial statements, during the prior financial year, and for the period 1 January 2019 to 22 February 2019, the Group and the Company transacted using a combination of the Nostro FCAs and RTGS FCA, mobile money, bond notes and coins. In terms of International Accounting Standard 21 - The Effects of changes in foreign exchange rates ("IAS 21"), these payment methods would have been considered as separate currencies to be translated for financial reporting purposes to the functional and presentation currency of the Group and the Company at appropriate exchange rates. However, in order to comply with the legislation as described in note 4.1 to the financial statements, the RTGS transactions and balances in the financial statements for the prior financial year, and the transactions in the current year financial statements from 1 January 2019 to 22 February 2019, are reflected at parity with the US\$. The Group, as described in note 4.1, changed its functional currency on 22 February 2019 to comply with legislation, which is not in compliance with IAS 21, which would have required a functional currency change on 1 October 2018.

Had the consolidated and separate financial statements been prepared in accordance with the requirements of IAS 21, many elements in the accompanying consolidated and separate financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated and separate financial statements.

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PO Box 453, Harare, Zimbabwe
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TI Rwodzi - Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Zimbabwe Partner's Names is available for inspection.

Independent Auditor's Report (continued)

Basis for adverse opinion (continued)

As described in Note 6.1 to the financial statements, the Public Accountants and Auditors Board issued a pronouncement that required companies to apply the requirements of IAS 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29") in the preparation and presentation of its financial statements for financial periods ending on or after 1 July 2019. The misstatements described in the paragraph above affect the historical amounts which enter into the calculation of the inflation adjusted amounts. Had the underlying historical consolidated and separate financial statements been prepared in accordance with the requirements of IAS 21, and then inflation adjusted in accordance with IAS 29, many elements in the accompanying consolidated financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated financial statements.

s disclosed in note 8 to the financial statements, the Group and Company performed a fair valuation of property and equipment as at 31 December 2019. Valuations rely on historical market evidence for calculation inputs. Due to monetary policy changes, specifically Statutory Instrument 142 of 2019 which introduced the Zimbabwe dollar ("ZWL") as the sole legal tender effective 24 June 2019, market evidence for inputs including transaction prices for comparable property and equipment were available in US\$ as at 31 December 2019. In order to determine the ZWL values of the property and equipment as at 31 December 2019, US\$ inputs were used and then translated into ZWL using the closing interbank exchange rate. The application of a conversion rate to US\$ valuation inputs to calculate the ZWL values of property and equipment is not an accurate reflection of market dynamics as the risks associated with currency trading do not reflect the risks associated with the trade of property and equipment. It was not practicable to quantify the financial effects on the financial statements.

In addition, foreign currency denominated transactions and balances of the Group and Company were translated into ZWL using the interbank rate which is not considered an appropriate spot rate for translation as required by IAS 21.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Emphasis of matter - Events after the reporting date (COVID 19)

We draw attention to Notes 2.1.2 and 30.2 of the financial statements which describe the impact of the coronavirus ("COVID-19") pandemic on the operations of the Group. Note 2.1.2 describes that the Group temporarily closed all the 11 hotels from 27 March 2020, for an initial three-week period and the subsequent extension of the lockdown period by the Government. Note 30.2 further states that occupancy for the remaining nine months of the calendar year and post-lockdown operations are expected to be adversely affected by cancellations. Management's evaluation of the ongoing operational effects of COVID-19 and management's plans, both taken and planned, have also been described in Note 2.1.2. Our opinion is not modified in respect of this matter.

Our audit approach

Overview



Overall group materiality

ZWL 4 492 256 which represents 1% of consolidated revenue.

Group audit scope

We conducted full scope audits on the Company and its two subsidiaries.

Key audit matters

- Matters described in the Basis for Adverse Opinion section; and
- Expected credit losses allowance on trade receivables.

Independent Auditor's Report (continued)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality ZWL 4 492 256.

How we determined it 1% of consolidated revenue.

Rationale for the materiality benchmark applied We chose consolidated revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group can be consistently measured by users, due to the fluctuation of profit before income tax over the past 3 years.

We chose 1% which is consistent with quantitative materiality thresholds used for companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping included operations in Zimbabwe and South Africa. All audit work was performed by us as group auditors and did not require involvement of component auditors. Full scope audits were performed on the Company and its two subsidiaries, African Sun Zimbabwe (Private) Limited (which operates eleven hotels in Zimbabwe), and African Sun Hotels Limited Branch (which operates as a central reservations office in South Africa).

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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. In addition to the matters described in the Basis for Adverse Opinion section, we determined the matter described below to be a key audit matter to be communicated in our report.

Independent Auditor's Report (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Expected credit losses allowance on trade receivables</p> <p>This key audit matter applies to the consolidated financial statements only.</p> <p>The expected credit losses ("ECL") allowance on trade receivables was considered to be a matter of most significance to our audit due to the magnitude of the trade and other receivables balance and the judgement applied in the determination of the allowance for credit losses. In addition, management applied judgement when determining financial instruments classified as at amortised cost, which is the category that is the scope of the impairment model of International Financial Reporting Standard 9 - Financial Instruments ("IFRS 9")</p> <p>The Group classified its trade receivables as financial assets held at amortised cost in accordance with IFRS 9. IFRS 9 requires the recognition of ECL on all financial assets held at amortised cost. The Group applied the simplified approach to measure ECL on trade receivables.</p> <p>In determining the ECL, management applied the following significant assumptions and estimates:</p> <ul style="list-style-type: none"> management grouped trade receivables based on shared credit risk characteristics and days past due; and the historical credit loss rates were adjusted to reflect current and forward-looking information. <p>Information relating to this key audit matter is disclosed in</p> <ul style="list-style-type: none"> Note 2.9 (e), impairment of financial assets; Note 3.1.(ii), credit risk; Note 4.(c), significant estimates and assumptions applied in determining the expected credit losses allowance; and Note 12, trade and other receivables. 	<p>Through discussions with management, we obtained an understanding of the Group's business processes in order to evaluate the appropriateness of management's assessment of the business model used to classify the Group's trade receivables into the IFRS 9 financial instruments categories.</p> <p>We assessed the classification of trade receivables against the requirements of IFRS 9 by testing whether the terms met the Sole Payment of Principal and Interest ("SPPI") test, as well as the hold to collect requirement. In doing so, and on a sample basis, we inspected invoices in order to determine whether there were any indicators that the contractual cash flows may not be SPPI based on our understanding of the relevant business processes of the Group.</p> <p>We considered the appropriateness of accounting policies applied by management and evaluated the impairment methodologies applied by the Group against the requirements of IFRS 9.</p> <p>We obtained an understanding of the relevant controls relating to trade receivables and considered the following in testing the controls:</p> <ul style="list-style-type: none"> the processes over credit approval for trade receivables; the monitoring process of the trade receivables, including the monthly debtors assessment meetings; and the approval framework for write-offs. <p>We obtained an understanding of the payment terms offered by the Group through inquiry with management and inspection of the agreed contractual terms offered to customers, and noted that the credit terms were short term. Based on the results of our assessments, we accepted management's use of the simplified approach (i.e., lifetime expected credit losses) to measure impairment.</p> <p>We evaluated the lifetime expected credit losses allowance by performing the following:</p> <ul style="list-style-type: none"> We performed a report validation test to assess whether the system was calculating the number of days in arrears correctly, as this is the key driver in identifying the grouping of receivables; We assessed the reasonableness of the grouping of trade receivables based on our understanding of the Group's business in relation to trade receivables and the drivers of credit risk; We evaluated the reasonableness of historical balances and credit loss rates used by management in their calculation by agreeing the total historical balances to prior year working papers on a total basis for each of the trade receivable groupings; We evaluated the appropriateness of adjustments for forward looking information by assessing the applied economic scenarios against the publicly available economic forecasts on Zimbabwe; and We recomputed the expected credit losses to test the mathematical accuracy of management's expected credit loss calculation.

Independent Auditor's Report (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "African Sun Limited Annual Report 2019". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 obtained 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. As described in the Basis for adverse opinion section above, the financial statements contain material misstatements with respect to the application of IAS 21 and its consequent effects on the hyperinflationary adjustments made in terms of IAS 29. We have concluded that the other information is materially misstated for the same reasons, with respect to the amounts or other items in the other information affected by these matters.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03), 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 and the Company's abilities to continue as going concerns, 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 and/or the Company 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 and the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

Independent Auditor's Report (continued)

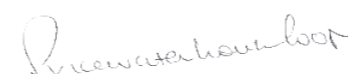
Auditor's responsibilities for the audit of the financial statements (continued)

- conclude on the appropriateness of the directors' 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 and the Company'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 and / or Company 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; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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.



Clive K Mukondiwa
Registered Public Auditor
Public Accountants and Auditors Board, Public Auditor Registration Number 0439
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253168
Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

Harare, Zimbabwe

30 June 2020

APPENDIX V - ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Abridged consolidated statement of cashflows

For the years ended 31 December 2019, 31 December 2020, 31 December 2021 and half year ended 30 June 2022

All figures in ZWL	Inflation Adjusted				Historical	
	2022 June Reviewed	2021 December Audited	2020 December Audited	2019 December Audited	2021 December Unaudited	2020 December Unaudited
Cashflows from operating activities						
Cash generated from operations	2,480,077,382	643,751,213	40,161,204	1,571,346,992	3,090,606,631	305,522,404
Finance received	2,565,455	583,590	4,064,543	3,645,808	1,508,756	824,335
Interest paid	-	(888,478)	-	(5,168,379)	(618,237)	-
Finance cost paid - lease liabilities	(90,663,604)	(34,531,769)	(30,750,781)	(38,309,750)	(26,807,043)	(14,950,200)
Income tax paid	(200,622,333)	(144,242,867)	(31,124,359)	(196,226,438)	(157,432,912)	(6,874,507)
Net cash generated from operating activities	2,191,356,900	464,671,689	(17,649,393)	1,335,288,233	2,878,675,790	284,522,032
Cash used in investing activities						
Acquisition of subsidiary	-	55,236,445	-	-	-	-
Purchase of property and equipment	(776,384,224)	(370,168,373)	(287,852,399)	(403,021,655)	(563,958,111)	(210,493,631)
Purchase of investment property	-	(7,977,767)	-	-	-	2,114,935
Proceeds from disposal of investment property	53,840,898	11,092,892	-	-	64,310,981	-
Proceeds from sale of assets held for sale	180,031,956	16,017,420	-	-	100,412,941	-
Proceeds from disposal of property and equipment	967,890	4,003,524	13,056,079	9,648,835	410,781	-
Net cash used in investing activities	(541,543,480)	(291,795,859)	(274,796,320)	(393,372,820)	(398,823,408)	(208,378,696)
Cash used in financing activities						
Repayment of borrowings	-	(5,379,283)	-	(64,363,492)	-	-
Repayment of lease liabilities	(12,045,754)	(6,794,395)	(4,338,284)	(31,736,881)	(8,019,013)	(1,686,493)
Dividend paid	(258,193,267)	-	(24,531,291)	(207,254,519)	(197,548,970)	(4,998,217)
Net cash used in financing activities	(270,239,021)	(12,173,678)	(28,869,575)	(303,354,892)	(205,567,983)	(6,684,710)
Net increase / (decrease) in cash and cash equivalents for the period/year	1,379,574,399	160,702,152	(321,315,288)	638,560,521	2,274,284,399	69,458,626
Cash and cash equivalents at the beginning of the period/year	2,750,312,577	1,284,891,820	1,430,931,983	386,676,278	1,256,324,196	198,452,854
Exchange gains on cash and cash equivalents	1,142,230,803	105,830,318	854,258,457	172,448,236	1,142,230,803	531,462,880
Effects of restatement on cash and cash equivalents	(599,278,381)	(295,100,094)	(678,983,332)	(307,454,185)	-	-
Cash and cash equivalents at the end for the period/year	4,672,839,398	1,256,324,196	1,284,891,820	890,230,850	4,672,839,398	799,374,360
						198,452,854

APPENDIX VI- NOTICE OF EXTRAORDINARY GENERAL MEETING



(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Shareholders of African Sun Limited (“the Company”) is to be held on Tuesday, 28 March 2023 at 1430 hours virtually by electronic means on <https://escrowgm.com/eagmZim/Login.aspx>, for the purpose of transacting the following business:

TO CONSIDER and, if deemed fit, to pass, with or without modification, the following Resolutions:

ORDINARY RESOLUTION 1 – DELISTING OF AFRICAN SUN LIMITED FROM THE ZIMBABWE STOCK EXCHANGE (“ZSE”)

THAT the Company’s shares be removed from the Main Board of the ZSE through voluntary termination of the listing on the ZSE in terms of section 11 of the ZSE Listing Requirements.

ORDINARY RESOLUTION 2- LISTING OF AFRICAN SUN LIMITED ON THE VICTORIA FALLS STOCK EXCHANGE (“VFEX”)

THAT the Company’s ordinary shares be listed on the VFEX in accordance with the VFEX Listing Requirements.

ORDINARY RESOLUTION 3 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS

THAT the Directors be and are hereby authorised to do any and all such things as may be necessary to give effect to the above resolutions.

BY ORDER OF THE BOARD

[Signed on Original]

V.T. MUSIMBE
COMPANY SECRETARY

APPENDIX VII – FORM OF PROXY

I / We

Of.....

Being member/members of African Sun Limited hereby appoint:

Mr. / Mrs. / Ms. / Dr

Or failing him or her/the Chairman of the EGM

Of.....

As my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held on Tuesday, 28 March 2023, at 1430 hours and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions:

RESOLUTIONS	FOR	AGAINST	ABSTAIN
<p>ORDINARY RESOLUTION 1 – DELISTING OF AFRICAN SUN LIMITED FROM THE ZSE</p> <p>THAT the Company's shares be removed from the Main Board of the ZSE through voluntary termination of the listing on the ZSE in terms of section 11 of the ZSE Listing Requirements.</p>			
<p>ORDINARY RESOLUTION 2- LISTING OF AFRICAN SUN LIMITED ON THE VFEX</p> <p>THAT the Company's ordinary shares be listed on the VFEX in accordance with the VFEX Listing Requirements.</p>			
<p>ORDINARY RESOLUTION 3 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS</p> <p>THAT the Directors be and are hereby authorised to do any and all such things as may be necessary to give effect to the above resolutions.</p>			

Signed this day of2023

Signature(s) of member

APPENDIX VI – FORM OF PROXY (CONTINUED)

NOTE

1. In terms of Section 171 of the Companies and Other Business Entities Act (Chapter 24:31), members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not also be a member of the Company. A Director or Officer of the Company shall not be appointed as a proxy for a Shareholder.
2. Regulation 74 of the Company's Articles of Association provides that the instrument appointing a proxy shall be deposited at the office of the Company not less than 48 hours before the time appointed for holding the meeting.
3. Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the Form of Proxy in a representative capacity; this authority must take the form of a resolution of the corporate body.
4. According to the approval granted by the ZSE, ordinary resolutions number 1,2 and 3 may be passed by a threshold of 50 per centum plus one ordinary share of the votes of all Shareholders present or represented by proxy at the general meeting.

FOR OFFICIAL USE	
NUMBER OF SHARES HELD	

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the EGM", but any such deletion must be initialled by the Shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as a proxy to the exclusion of those whose names follow.
2. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space/s provided as well as by means of a cross whether the Shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorize the proxy to vote or abstain from voting at the EGM as he/she deems fit in respect of all the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy or cast them in the same way.
3. Deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory or signatories.
4. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
 - i. under a power of attorney
 - ii. on behalf of a companyunless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company, not less than 48 hours before the meeting.
5. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted shall be regarded as the validly appointed proxy.
6. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the EGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
8. In order to be effective, completed proxy forms must reach the Company's Transfer Secretaries or the registered office of the Company not less than 48 hours before the time appointed for the holding of the EGM.
9. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are the same as those on the share register.