

ANNOUNCEMENT TO SHAREHOLDERS OF AFRICAN SUN LIMITED

Regarding the disposal of the Great Zimbabwe Hotel and associated Hotel Business, in Masvingo for a gross consideration of US\$4,445,000.00 (Four Million Four Hundred and Forty-Five Thousand United States Dollars) and the disposal of the Beitbridge Express Hotel, in Beitbridge for a gross consideration of \$2,500,000.00 (Two Million Five Hundred Thousand United States Dollars) all to TD Hotels & Leisure (Private) Limited.



Date: 3 September 2024

This Announcement Statement ("The Announcement") is neither a prospectus nor an invitation to the public to subscribe for shares in AFRICAN SUN LIMITED ("ASUN" or "the Company") but is issued in compliance with the requirements of the Victoria Falls Stock Exchange ("VFEX"), to give information to the public regarding the disposal of the Great Zimbabwe Hotel and associated Hotel Business, located in Masvingo, for a gross consideration of US\$4,445,000.00 (Four Million Four Hundred and Forty-Five Thousand United States Dollars) and the disposal of the Beitbridge Express Hotel, located in Beitbridge, for a gross consideration of \$2,500,000.00 (Two Million Five Hundred Thousand United States Dollars) all to TD Hotels & Leisure (Private) Limited. The Announcement is only available in English. Additional copies of this Announcement may be obtained from the Company Secretary at the Corporate Head Office of ASUN.

Action required:

If you are in any doubt as to the action you should take in relation to this Announcement, please consult your stockbroker, banker, accountant, lawyer or other professional advisor immediately.

If you have disposed of all your ordinary shares in African Sun Limited, this Announcement should be sent to the stockbroker, banker or agent through whom you have disposed of such shares, for onward delivery to the purchaser of your shares.

No action is required to be taken by shareholders as this Announcement is issued solely for the provision of information on the Transaction.

1. BACKGROUND TO THE TRANSACTION

On the 22nd of March 2024 the board of ASUN resolved to dispose of one of the Company's assets, namely the Great Zimbabwe Hotel (GZH), while the Beitbridge Express Hotel (BEH) has been held as an asset available for sale since 21 September 2021. Negotiations were entered into in respect of the Beitbridge Hotel and an Agreement of Sale was executed on the 18th of July 2024. Subsequently, negotiations for the sale of the Great Zimbabwe Hotel were held with the same prospective purchaser and an Agreement of Sale was executed on the 15th of August 2024.

2. INFORMATION ON AFRICAN SUN LIMITED

ASUN is a renowned hotel asset management firm that trades on the Victoria Falls Stock Exchange (VFEX). At present, African Sun manages ten hotels strategically located throughout Zimbabwe. A Real Estate arm complements its core business. Of the ten, the Group owns seven properties (Holiday Inn Mutare, Monomotapa Hotel, Troutbeck Resort, Elephant Hills Resort and Conference Centre, Hwange Safari Lodge, Great Zimbabwe Hotel and Caribbea Bay Resort) and leases three properties (Holiday Inn Harare, Holiday Inn Bulawayo and The Victoria Falls Hotel).

3. INFORMATION ON TD HOTELS AND LEISURE (PRIVATE) LIMITED

TD Hotels and Leisure (Private) Limited (TDHL) is a budding new hospitality Group headquartered in Harare, Zimbabwe. TDHL seeks to serve the mid - tier tourism market with a product offering that will cover all of Zimbabwe's major tourist and travel destinations.

No director or senior management personnel of either company are connected parties or have any direct or indirect interest in the other or the promoter.

4. RATIONALE FOR THE PROPOSED TRANSACTION

ASUN has enjoyed a considerable turnaround in fortunes over the past 3 years post the COVID-19 pandemic. In order to expedite the refurbishment of several of the portfolio's primary hotels, the Board deemed it necessary to complement capital raising initiatives by selling selected assets deemed not to be core to ASUN's future, including the Beitbridge Express and The Great Zimbabwe hotels.

Due to deteriorating trading conditions the Beitbridge Express Hotel was mothballed in early 2016 while the Great Zimbabwe Hotel has been a marginal contributor to the profitability of the Group over the review period.

5. TERMS OF THE TRANSACTION

5.1. TD Hotels and Leisure (Private) Limited offered to purchase Stand 583 Beitbridge Township measuring 7,8339 Hectares held under Deed of Transfer No. 665/2010 for a consideration of US\$2,500,000.00 (Two million five hundred thousand United States Dollars).

5.2. Subsequently, TD Hotels offered to purchase the Great Zimbabwe Hotel, being a certain piece of land known as Mundells Plot A, measuring 20.4272 hectares situated in the District of Victoria, held under title deed 1747/2010, for a gross consideration of US\$3,500,000 (Three million five hundred thousand United States Dollars) and also offered to purchase the Hotel Business and associated Hotel Assets housed at the Great Zimbabwe Hotel for an additional consideration of US\$945,000 (Nine hundred and forty-five thousand United States Dollars).

5.3. The material conditions precedent to the transaction contemplated herein, relate to payment of the full consideration within the agreed period and in the event required by the purchaser, Exchange Control approval and approval from the Competition and Tariff Commission by 30 September 2024.

5.4. The Purchaser shall pay the purchase price for each transaction in full into ASUN's nominated account no later than 45 days after the signing of the respective Agreements of Sale.

5.5. The Effective Date of the Transactions contemplated above is 01 November 2024.

6. FINANCIAL EFFECTS OF THE TRANSACTION

The audited pro-forma Statement of Financial Position has been prepared for illustrative purposes only, and because of its nature, may not give a fair reflection of ASUN's financial position after the Transaction. The reviewed pro-forma statement of financial position has been provided to illustrate how the Transaction might have affected the financial position of ASUN had it been effected on the 31st of December 2023.

AFRICAN SUN LIMITED

ABRIDGED REVIEWED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 31 December 2023 Note 1	Effects of Great Zimbabwe Hotel Disposal Note 2	Effects of Beitbridge Express Hotel Disposal Note 3	Reviewed Pro-forma 31 December 2023 Note 4
As at 31 December 2023	USD	USD	USD	USD
ASSETS				
Non-current assets				
Property and equipment	85,553,941	(3,509,705)	-	82,044,236
Investment property	10,680,900	-	-	10,680,900
Right of use assets	17,368,760	-	-	17,368,760
Financial assets	754,231	-	-	754,231
Biological assets	334,581	-	-	334,581
Total non-current assets	114,692,413	(3,509,705)	-	111,182,708
Current assets				
Assets classified as held for sale	3,600,000	-	(2,300,000)	1,300,000
Inventories	6,806,249	(163,839)	-	6,642,410
Trade receivables	1,938,603	(18,524)	-	1,920,079
Other financial assets	4,425,453	(123,231)	-	4,302,222
Cash and cash equivalents	10,869,828	4,135,583	2,500,000	17,505,411
Total current assets	27,640,133	3,829,989	200,000	31,670,122
Total assets	142,332,546	320,284	200,000	142,852,830
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	2,476,768	-	-	2,476,768
Share premium	14,008,943	-	-	14,008,943
Equity-settled share based payment reserve	223,300	-	-	223,300
Foreign currency translation reserve	8,346,540	-	-	8,346,540
Revaluation reserve	32,596,404	-	-	32,596,404
Retained earnings	42,293,531	708,897	190,000	43,192,428
Total equity	99,945,486	708,897	190,000	100,844,383
Liabilities				
Non-current liabilities				
Deferred tax liabilities	12,309,226	(140,000)	(115,000)	12,054,226
Lease liabilities	14,438,109	-	-	14,438,109
Total non-current liabilities	26,747,335	(140,000)	(115,000)	26,492,335
Current liabilities				
Trade and other payables	13,200,844	(392,507)	-	12,808,337
Current income tax liabilities	490,530	154,476	125,000	770,006
Provisions	1,783,416	(10,582)	-	1,772,834
Lease liabilities	164,935	-	-	164,935
Total current liabilities	15,639,725	(248,613)	125,000	15,516,112
Total liabilities	42,387,060	(388,613)	10,000	42,008,447
Total equity and liabilities	142,332,546	320,284	200,000	142,852,830

* Under Note 2, the USD 4,135,583 represents the net cash inflow from the total sale proceeds, after adjusting for GZH's cash and cash equivalent balance before the disposal.

Notes:

- Represents the audited consolidated statements of financial position of African Sun Limited as at 31 December 2023.
- Represents the effects of disposing the Great Zimbabwe Hotel business unit.
- Represents the effects of disposing Beitbridge Express Hotel.
- Represents the reviewed consolidated pro-forma statements of financial position of African Sun Limited as at 31 December 2023 after the disposal of Great Zimbabwe Hotel and Beitbridge Express Hotel.

AFRICAN SUN LIMITED

ABRIDGED REVIEWED PRO-FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 31 December 2023 Note 5	Effects of Great Zimbabwe Hotel Disposal Note 2	Effects of Beitbridge Express Hotel Disposal Note 3	Reviewed Pro-forma 31 December 2023 Note 6
As at 31 December 2023	USD	USD	USD	USD
Revenue	54,726,234	-	-	54,726,234
Cost of sales	(15,832,160)	-	-	(15,832,160)
Gross profit	38,894,074	-	-	38,894,074
Other income	533,360	883,897	315,000	1,732,257
Operating expenses	(33,338,495)	-	-	(33,338,495)
Net impairment reversal on financial assets	405,609	-	-	405,609
Other expenses	(2,751,964)	-	-	(2,751,964)
Operating profit	3,742,584	883,897	315,000	4,941,481
Finance income	229,036	-	-	229,036
Finance costs	(9,951)	-	-	(9,951)
Finance costs - lease liabilities	(1,344,478)	-	-	(1,344,478)
Profit before tax	2,617,191	883,897	315,000	3,816,088
Income tax expense	(2,096,146)	(175,000)	(125,000)	(2,396,146)
Profit from continuing operations	521,045	708,897	190,000	1,419,942
Loss for the year from discontinued operations	(885,634)	-	-	(885,634)
Loss for the year	(364,589)	708,897	190,000	534,308
Other comprehensive income for the year net of tax:				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations	77,324	-	-	77,324
Items that may not be subsequently reclassified to profit or loss				
Revaluation surplus	5,266,482	-	-	5,266,482
Other comprehensive income for the year net of tax	5,343,806	-	-	5,343,806
Total comprehensive income for the year	4,979,217	708,897	190,000	5,878,114

Notes:

- Represents the audited consolidated statements of comprehensive income of African Sun Limited as at 31 December 2023.
- Represents the reviewed consolidated pro-forma statements of comprehensive income of African Sun Limited as at 31 December 2023 after the disposal of Great Zimbabwe Hotel and Beitbridge Express Hotel.

7. DIRECTORS RESPONSIBILITY

The Board insofar as any information in this circular relates to ASUN Limited, certify that, to the best of their knowledge and belief, the information contained in this circular is true and that there are no other facts, the omission of which would render any statement false or misleading.

8. DOCUMENTS AVAILABLE FOR INSPECTION

- Copies of the following documents will be available for inspection during business hours at the Corporate Head Office of African Sun Limited at Bally House, Mount Pleasant Business Park, 870 Endeavor Crescent, Harare:
- Financial Statements and Notes thereto for the years 2018 up to and including 2023
 - Memorandum and Articles of Association of African Sun Limited
 - The consent letters of the advisors to African Sun Limited
 - A signed copy of this announcement
 - A signed copy of the Purchase and Sale Agreements between African Sun Limited and TD Hotels and Leisure (Private) Limited
 - Independent Valuations of the BEH and GZH.
 - Independent Accountants Report.