



Incorporated in Zimbabwe in 1991  
under registration number 4880/91  
ZSE Symbol: RTG.ZW  
ISIN: ZW000901147

# PRESS ANNOUNCEMENT

On the 20th of November 2024, Rainbow Tourism Group Limited (the Company) signed a Share Purchase Agreement for the acquisition of the entire ordinary share capital of Briquette Services (Pvt) Ltd, trading as Montclair Hotel and Casino for a purchase consideration of US\$5,000,000 (Five Million United States Dollars). The Zimbabwe Stock Exchange Listings Requirements 'Securities Exchange Rules Statutory Instrument 134 of 2019' *hereafter referred to as Listings Rules*, Section 253, paragraph 3, categorises this nature of an acquisition as a **Category 3** transaction. Accordingly, this press announcement is prepared and issued in accordance with provisions contained on Section 258 of the Listings Rules.

## Date of Issue: 29 November 2024

Additional copies of this press announcement may be obtained from the Company Secretary's office at the registered offices of Rainbow Tourism Group Limited being; Number 1, Pennefather Avenue, Samora Machel Avenue West, Harare or from our Sponsoring Brokers' offices, being FBC Securities (Pvt) Ltd, 76 Samora Machel Avenue, 2nd Floor Bank Chambers, Harare, during normal business hours on business days.

A copy of this press announcement will also be available for viewing and downloading on the Rainbow Tourism Group Limited website <https://rtgafrika.com/press-announcements/>

This press announcement is available in English only.

## Information About Rainbow Tourism Group Limited

Rainbow Tourism Group (RTG) is a leading player in the Tourism and Hospitality industry in Zimbabwe offering three distinct quality hotel brands, the iconic 5-star Rainbow Towers Hotel & Conference Centre, the majestic 4-star A 'Zambezi River Lodge and the 3-star Rainbow Hotels (Bulawayo Rainbow Hotel, Kadoma Hotel & Conference Centre and New Ambassador Hotel). RTG is a dominant player in the tourism and online retail industry. The Group is certified to the ZWS ISO 9001: 2015 standard and it operates hotels in Zimbabwe through a combination of owned and leased hotels. The Company has expanded its business scope beyond hotels with the launch of its local tour operations subsidiary; Heritage Expeditions Africa and its digital platform; the country's only super-app, the Gateway Stream; which is a one-stop online marketplace that offers a diverse range of products, services and experiences. RTG also has a marketing & sales office in Johannesburg South Africa. In its portfolio, RTG has six hotels, 878 rooms and a conference capacity of 8010.

## Information About Briquette Services (Private) Limited

Briquette Services (Private) Limited (Briquette) is a company wholly owned by a consortium of 23 shareholders. Briquette owns the Montclair Hotel and Casino ("Montclair") which is the main subject of this transaction. Briquette acquired Montclair in 1997 and the hotel is a 3-star conference and leisure venue nestled in the Eastern Highlands in the misty mountains of Nyanga, 87km from Mutare and 250 km from Harare.

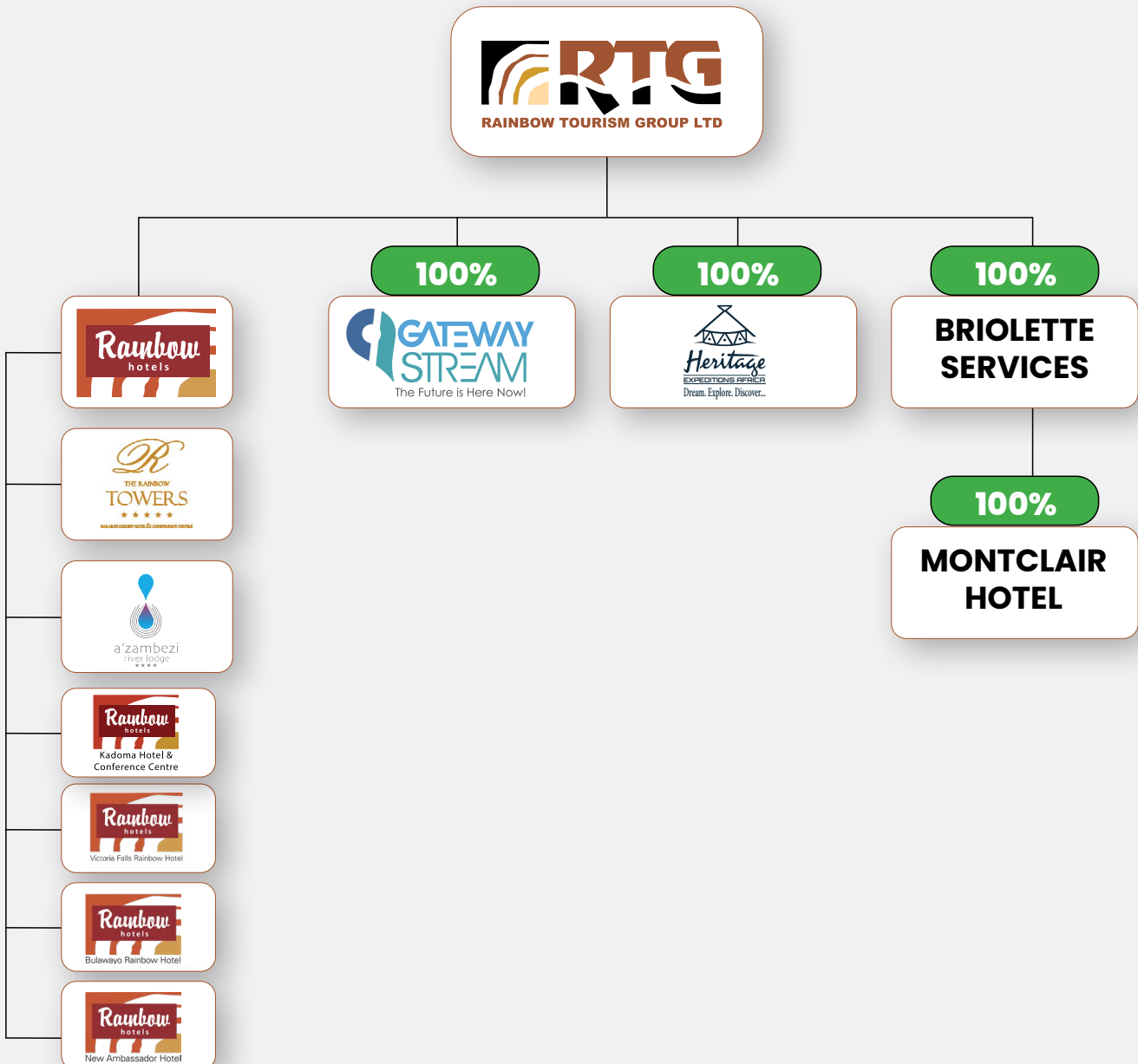
## Background

Over the past three years following the COVID-19 pandemic, the hotel has maintained an average occupancy rate of 50%. During this period, it has consistently generated operating profits, reflecting a strong financial performance. The hotel also boasts a healthy financial position underpinned by a robust asset base.

The hotel's primary customer segments include non-governmental organizations (NGOs) and private family leisure travellers, demonstrating its ability to cater to both corporate and recreational markets. This transaction is expected to significantly enhance the Group's overall performance, strengthening its market presence by extending its geographical footprint and growth potential.

## The Acquisition

The acquisition of 100% share capital will result in Briquette services being a wholly owned strategic business unit of the Rainbow Tourism Group. The envisaged organisational structure to the following structure of the RTG Group post-acquisition as follows;



The assets involved in the transaction include the following;

- i. The business of Montclair Hotel and Casino as a going concern with all its related assets. The hotel has a room capacity of 85.
- ii. A portion of land surrounding the hotel comprising approximately 24 hectares of land. This will be subject to the subdivision of the 87.2265 hectares, with RTG taking ownership of approximately 24 hectares leaving approximately 63 hectares outside the Company and in the hands of the current shareholders.
- iii. The Lease agreement relating to the Claremont Golf Course
- iv. Buildings which include;
  - a) The Main Hotel Building
  - b) The Casino Buildings
  - c) Staff Housing (South and North Section)
  - d) Rayton apartments in Nyanga Township
  - v) All other hotel related amenities.

## **Rational for the acquisition**

The acquisition of Montclair is a strategic move that aligns with RTG's five-year strategy and growth objectives, enabling RTG to enhance its footprint in the Eastern Highlands, a key tourism and business destination in Zimbabwe. This investment is supported by a robust business case, with clear potential for revenue growth through increased market penetration and the expansion of conferencing and hospitality offerings. By leveraging Montclair's prime location, RTG will strengthen its competitive position, capitalize on rising demand in the region, and drive long-term value creation.

Montclair will also benefit significantly from the synergies created by becoming part of RTG. Leveraging RTG's well-established brand equity, the hotel will deliver a seamless, high-quality experience to clients across the Group's portfolio of resorts and business facilities. This consistency will help strengthen customer loyalty and attract new clientele, enhancing Montclair's competitive edge in the market. Additionally, the Group's robust marketing and distribution network will further elevate Montclair's visibility, driving increased occupancy and revenue.

Moreover, Montclair will gain access to RTG's operational expertise, achieving significant economies of scale in key business functions. Procurement processes will be streamlined, allowing the hotel to benefit from centralized purchasing power, which will reduce costs for essential goods and services. Administrative efficiencies will be realized through shared back-office functions such as finance, IT, and legal services, enabling Montclair to focus on core operations. In human capital management, RTG's centralized training programs and talent development initiatives will enhance staff expertise, ensuring a consistently high standard of service across all departments. These synergies will position Montclair as a more efficient and competitive operation, contributing to sustainable profitability and long-term value creation to RTG shareholders.



# STATEMENT OF FINANCIAL POSITION – MONTCLAIR

STATEMENT OF FINANCIAL POSITION		
AS AT 30 June 2024		
	<b>30.06.2024</b>	<b>31.12.2023</b>
<b>ASSETS</b>	<b>US\$</b>	<b>US\$</b>
<b>Non-current assets</b>		
Property and equipment	4,088,557	5,485,239
Biological assets	3,011	3,011
Deferred tax asset	251	251
	<b>4,091,819</b>	<b>5,488,501</b>
<b>Current assets</b>		
Inventories	166,145	135,240
Trade and other receivables	236,829	198,862
Cash and cash equivalents	82,992	15,455
	<b>485,966</b>	<b>349,557</b>
<b>TOTAL ASSETS</b>	<b>4,577,785</b>	<b>5,838,058</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	-	-
Revaluation reserve	733,278	2,128,057
Retained earnings	3,451,556	3,436,979
<b>Total equity</b>	<b>4,184,834</b>	<b>5,565,036</b>
<b>Liabilities</b>		
Trade and other payables	392,951	273,022
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,577,785</b>	<b>5,838,058</b>

**PROFORMA GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Group before the Transaction	Montclair	Purchase transaction	Group after the transaction
	30.06.2024	30.06.2024	30.06.2024	30.06.2024
	US\$	US\$	US\$	US\$
<b>ASSETS</b>				
<b>Non current assets</b>				
Property and equipment	43 974 879	4 088 557	-	48 063 436
Biological assets	-	3 011	-	3 011
Intangible assets	96 312	-	815 166	911 478
Right of use assets	180,795	-	-	180 795
Deferred tax asset	-	251	-	251
	<b>44,251,986</b>	<b>4,091,819</b>	<b>815,166</b>	<b>49,158,971</b>
<b>Current assets</b>				
Inventories	2 707 144	166 145	-	2 873 289
Trade and other receivables	7 363 160	236 829	-	7 599 989
Financial Assets	22 388	-	-	22 388
Cash and cash equivalents	537 593	82 992	-	620 585
	<b>10 630 285</b>	<b>485 966</b>	<b>-</b>	<b>11 116 251</b>
<b>Total assets</b>	<b>54 882 271</b>	<b>4 577 785</b>	<b>815 166</b>	<b>60 275 222</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	249 650	-	-	249 650
Share premium	1 470 887	-	-	1 470 887
Revaluation reserve	29 654 665	733 278	( 733 278)	29 654 665
Retained earnings	4 365 287	3 451 556	(3 451 556)	4 365 287
<b>Total equity</b>	<b>35 740 489</b>	<b>4 184 834</b>	<b>(4 184 834)</b>	<b>35 740 489</b>
<b>Non-current liabilities</b>				
Lease liabilities	1 505 746	-	-	1 505 746
Borrowings	-	-	5 000 000	5 000 000
Deferred tax liabilities	8 349 162	-	-	8 349 162
	<b>9 854 908</b>	<b>-</b>	<b>5 000 000</b>	<b>14 854 908</b>
<b>Current liabilities</b>				
Borrowings	169 649	-	-	169 649
Trade and other payables	8 116 326	392 951	-	8 509 277
Special project	76 599	-	-	76 599
Corporate tax liabilities	370 943	-	-	370 943
Lease liabilities	150 655	-	-	150 655
Bank overdraft	402 702	-	-	402 702
	<b>9 286 874</b>	<b>392 951</b>	<b>-</b>	<b>9 679 825</b>
<b>Total liabilities</b>	<b>19 141 782</b>	<b>392 951</b>	<b>5 000 000</b>	<b>24 534 733</b>
<b>Total equity and liabilities</b>	<b>54 882 271</b>	<b>4 577 785</b>	<b>815 166</b>	<b>60 275 222</b>

## **Transaction Consideration and Settlement**

The purchase price will be paid through a loan facility from the National Building Society (NBS). The purchase price will be payable upon fulfilment of all conditions precedent.

## **Conditions Precedent**

Competition and Tariff Commission approval

The remaining condition precedent is the pending application for approval of the transaction from Competition and Tariff Commission of Zimbabwe.

## **Directors Responsibility Statement**

The directors of the Company, collectively and individually accept full responsibility for the accuracy of the information pertaining to Rainbow Tourism Group Limited contained in this announcement 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 and that they have made all reasonable enquiries to ascertain such facts.

By order of the Board



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**TAPIWA MARI**  
**COMPANY SECRETARY**

RAINBOW TOURISM GROUP LIMITED  
NUMBER 1 PENNEFATHER AVENUE  
SAMORA MACHEL AVENUE WEST  
**HARARE**

**29 NOVEMBER 2024**