

ABRIDGED CIRCULAR TO ZIMRE PROPERTY INVESTMENTS LIMITED SHAREHOLDERS

REGARDING:

- An Offer by Zimre Holdings Limited to all Zimre Property Investments Limited minority shareholders to acquire the shares held by them to be settled through the issuance of new Zimre Holdings Limited shares on the basis of 1 Zimre Holdings Limited ordinary share for every 2.78 Zimre Property Investments Limited ordinary shares held; and incorporating
- A form of Acceptance Surrender and Transfer for use by Zimre Property Investments Limited minority shareholders who wish to accept the Offer.

Financial Advisors to
Zimre Holdings Limited

Independent Financial Advisors to the
Independent Directors of Zimre
Property Investments Limited

Legal Advisors

Independent Reporting
Accountants & Auditors

Transfer Secretaries

Sponsoring Brokers



Date of issue: 9 September 2020

THIS ABRIDGED CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Action required:

- Shareholders who wish to accept the Offer must complete the form of acceptance, surrender and transfer attached to this Abridged Circular in accordance with the instructions therein;
- The completed form of acceptance, surrender and transfer must be forwarded, together with the relevant share certificates or any other proof of ownership by hand or mail, to the transfer secretaries, ZB Transfer Secretaries (Private) Limited, 21 Natal Road, Avondale, Harare; or by email to rmatakwa@zb.co.zw or pmbberikwazvo@zb.co.zw or schatitima@zb.co.zw; and
- If you are in any doubt as to the action you should take, please consult your stockbroker, banker, accountant or other professional advisor immediately.

1. BACKGROUND

Zimre Holdings Limited ("ZHL") controls 64.28% of Zimre Property Investments Limited ("ZPI"). Prior to 2007, ZPI was ZHL's 100% subsidiary. In 2007, ZPI was unbundled and separately listed following a private placement that resulted in ZHL being diluted from 100% to 51%. ZHL was further diluted to 47.6% in 2016. ZHL has subsequently increased its shareholding through open market purchases.

The Zimbabwe Stock Exchange ("ZSE") regards the acquisition of a minimum of 35% of securities by a person or by a group acting in concert as being the point at which the acquirer of the securities will have an obligation to make an Offer to other holders of the same securities on a basis agreed with the ZSE. The Companies and Other Business Entities Act [Chapter 24:31] ("COBE") also requires that a person who alone or together with the person's associate(s) has acquired a control block of shares (at least 35%) of a public company must give notice in writing to all of the remaining company's shareholders offering to acquire the company's ordinary shares belonging to them except for the case when a shareholder meeting adopts a decision to waive the rights of shareholders to sell the shares belonging to them.

ZHL consequently seeks to regain control of ZPI by complying with the requirements of COBE and the ZSE Listings Requirements through acquiring all the ordinary shares in ZPI that it currently does not own.

2. RATIONALE FOR THE OFFER

ZHL already owns 64.28% of the issued ordinary share capital of ZPI directly and indirectly. ZHL intends to acquire the entire shareholding of ZPI to enable it to fully align the operations of ZPI with the strategies and interests of ZHL without negatively affecting the interests of minority shareholders in ZPI. The acquisition of ZPI and subsequent delisting will advance the interests of both current ZHL and ZPI minority shareholders through:

- the pursuit of innovative and community changing development projects;
- introduction of unique financing models that leverage and sweat the property asset base in a more flexible manner;
- a business restructuring that will culminate in a delink between the property portfolio and the property management services; a critical step to achieve the next growth phase of the property portfolio;
- capacity enhancement of ZHL's investment portfolio will improve competitive positioning and income earning prospects of the direct insurance and reinsurance (local and regional) operations as well as open up new private equity pursuits;
- streamlining costs associated with listed entities and enhance the flow of cash to shareholders of the business;
- acquiring the entire shareholding of ZPI will also enable ZHL to strengthen the Group's book value and intrinsic value for the benefit of the shareholders.
- elimination of duplication costs which include governance costs associated with listing both the Parent ("ZHL") and subsidiary ("ZPI") such as annual listing fees and annual report publication fees.

3. TERMS OF THE OFFER

ZHL hereby offers to acquire, from the ZPI minority shareholders, all of their ZPI ordinary shares for the Offer Consideration. The ZPI shareholders who accept the Offer by the Closing Date shall receive 1 new ZHL share for every 2.78 shares they hold in ZPI. The share swap is on the basis of a 30-day Volume Weighted Average Price ("VWAP") of ZHL shares of ZWL\$0.8388 against a 30-day VWAP of ZPI shares of ZWL\$0.2409 cents + 25% premium (ZWL\$0.3012) calculated as at 29 May 2020.

According to COBE, the price that ZHL Offers ZPI shareholders should not be less than the weighted average price at which it acquired the ZPI's shares comprising the control block during the last six months preceding the date of acquisition of the control block. ZHL has always held a control block in ZPI since ZPI was listed on the ZSE in 2007 hence the basis of the Offer Consideration. The ZHL shares which will be exchanged for the ZPI shares will be acquired by the ZPI minority shareholders free from any liens, charges, equitable interests, third party rights and encumbrances. The ZPI minorities upon acceptance of the Offer, shall receive the ZHL shares with all the rights attaching thereto, including the right to all dividends and other distributions (if any) declared, made or paid after that date.

3.1 Settlement Offer consideration

Subject to the Offer becoming or being declared unconditional in all respects, the ZHL share certificates will be dispatched by post or email at the risk of the addressee.

3.2 Remaining shareholders

It is the intention of ZHL, subject to the Offer being accepted by 90% of minority shareholders in ZPI, to acquire all the remaining minority shareholders and achieve 100% shareholding in ZPI. In accordance with section 238 of COBE, if 90% of the ZPI minority shareholders accept the Offer, ZHL will be entitled to acquire the remaining minority shareholders on the same terms that applied to shares whose holders accepted the original Offer.

3.3 Termination of listing of ZPI shares on the ZSE

Subject to the Offer being accepted by minority shareholders of ZPI to the extent that ZHL's shareholding in ZPI reaches more than 70% or ZPI has less than 300 shareholders, ZPI will apply for voluntary delisting of ZPI from the ZSE in terms of section 11(6) (b) of the ZSE Listings Requirements.

ZPI shareholders' attention is brought to the disadvantages of owning shares in an unlisted company which include but are not limited to the following:

- exit prospects for any remaining minority shareholders will be limited as share trading will have no easily determinable reference price; and

- there will be reduced regulatory protection and no guarantee of transparency as a result of the absence of an obligation to comply with the ZSE Listings Requirements.

3.4 Offer period

The Offer opens for acceptance at 0900 hours on Friday 11 September 2020 and will close at 1600 hours on Monday 12 October 2020. In terms of the ZSE Listings Requirements and COBE the Offer must remain open for a minimum period of three weeks and thirty days respectively after the date on which the Offer is sent to shareholders.

3.5 Conditions precedent

The Offer is subject to the approval and consent of all relevant authorities required to implement the Offer, including but not limited to, Reserve Bank of Zimbabwe Exchange Control and the Zimbabwe Revenue Authority. Further, the Offer will be subject to ZHL Shareholders approving the transaction at the Extraordinary General Meeting set for Wednesday, 30 September 2020.

4. FUTURE PROSPECTS OF ZPI

Subsequent to the successful acceptance of the ZHL Offer by the minorities of ZPI, it is anticipated that ZPI will apply for voluntary delisting from the ZSE. The business will continue with its pursuit to develop the property portfolio through development projects. A reconfiguration of the business will be critical to extract maximum return from the investment property portfolio. Further, a delinking between the property portfolio and the property management services will be critical to achieve the next growth phase of the property portfolio. This initiative will allow the business to streamline costs and enhance the flow of cash to shareholders of ZHL.

5. OPINIONS AND RECOMMENDATIONS

In accordance with the ZSE Listings Requirements, Imara Corporate Finance Zimbabwe (Private) Limited ("Imara") has been appointed by the Directors of ZPI to advise as to whether the terms of the Offer are fair and reasonable to ZPI minority shareholders. Imara has considered the terms and conditions of the Offer and is of the opinion that the terms and conditions of the Offer are fair and reasonable to ZPI minority shareholders. The Independent Financial Advisors' opinion is included in the full Circular and has not been withdrawn prior to the publication of this Abridged Circular.

The Directors of ZPI have considered the terms and conditions of the Offer as well as the opinion from the Independent Financial Advisors and are unanimously of the opinion that the Offer is fair and reasonable.

6. DIRECTORS' INTERESTS AND DEALINGS IN SHARES

ZHL's interest and dealing in ZPI shares

ZHL holds 1,103,499,800 ZPI ordinary shares representing 64.3% of the issued share capital of ZPI.

ZHL directors' interest and dealing in ZPI shares

As at the Last Practicable Date, none of the ZHL directors held any shares in ZPI, other than those held indirectly by their shareholding in ZHL. No ZHL directors have dealt in ZPI shares during the period beginning six months prior to the opening of the Offer and ending on the Last Practicable Date.

ZPI Directors' interest in ZHL

The following ZPI non-executive directors hold shares in ZHL directly and indirectly as illustrated in the table below.

Director	Position	Direct shareholding (number of shares)	Indirect shareholding (number of shares)	% holding
Stanley Kudenga	Non-Executive Director	100,000	Nil	0.01%
Hamish B. W. Rudland	Non-Executive Director	Nil	614,769,314	40.09%

7. DIRECTORS' REMUNERATION AND SERVICE CONTRACTS

The total remuneration receivable by ZPI directors will not be varied as a consequence of the Offer. There are no material particulars of an abnormal nature in respect of ZPI directors' service contracts which require specific disclosure, nor were any directors' service contracts entered into or amended during the period beginning six months prior to the opening date and ending on the Last Practicable Date. The service contracts of ZPI directors will not be affected by the Offer.

8. COMPOSITION OF THE ZPI BOARD FOLLOWING IMPLEMENTATION OF THE OFFER

ZHL does not intend to make changes to the Board of ZPI following the implementation of this Offer and the subsequent delisting of ZPI from the ZSE. However, should any changes occur, these shall be communicated in due course and through the appropriate channels when the decision is made.

Nothing contained in this paragraph shall preclude the board of ZPI and/or ZPI shareholders from removing any director of ZPI in accordance with the provisions of COBE after the implementation of this Offer and the delisting of ZPI from the ZSE.

9. IRREVOCABLE UNDERTAKINGS

No irrevocable undertakings to accept the Offer have been received from Shareholders in respect of their shareholdings in ZPI.

10. RESPONSIBILITY STATEMENT

The Board, insofar as any information in this Circular relates to ZPI or to the matters on which it is required to opine, and the directors of ZHL, insofar as any information in this Circular relates to ZHL:

- accept responsibility for the information contained in this Circular;
- 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 make any statement false or misleading; and
- this Circular has not omitted anything that is likely to affect the importance of the information contained herein insofar as it relates to a matter which they are required to opine.

11. IMPORTANT DATES RELATING TO THE OFFER

Event	Date
Abridged Circular to ZPI Shareholders published	Wednesday, 9 September 2020
Full Circular incorporating Offer posted to ZPI minority shareholders	Wednesday, 9 September 2020
Summary of Offer published in the press	Thursday, 10 September 2020
Offer opens at 0900 hours	Friday, 11 September 2020
Offer becomes Unconditional	Wednesday, 30 September 2020
Last date to trade in ZPI shares	Monday, 12 October 2020
Offer closes at 16000 hours	Monday, 12 October 2020
Last day to receive Postal Forms of Acceptance	Friday, 16 October 2020
Offer results released	Tuesday, 20 October 2020
Offer consideration granted to Offer participants	Friday, 23 October 2020
Termination of listing of the ZPI shares on ZSE	Friday, 30 October 2020

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following original documents, or certified copies thereof, will be made available for inspection at the registered offices of ZPI, at 6th Floor, Fidelity Life Tower, 5 Raleigh Street, Harare, during normal business hours, on week days from Wednesday, 9 September 2020 to Monday 12 October 2020.

- the Memorandum and Articles of Association for ZPI;
- the audited financial statements of ZPI for the years ended 31 December 2017, 31 December 2018 and 31 December 2019;
- the report by the independent financial advisor to the ZPI Board;
- the experts' consent letters; and
- the original signed copy of this Circular to Shareholders.

13. FINANCIAL HIGHLIGHTS

ZIMRE PROPERTY INVESTMENTS LIMITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER	INFLATION ADJUSTED		HISTORICAL COST
	2019 ZWL\$	2018 ZWL\$	2017 US\$
Revenue	30,118,190	28,012,557	5,273,754
Allowance for credit losses	667,034	(1,707,988)	314,716
Property expenses	(4,822,814)	(7,086,642)	(633,241)
Cost of stands sold	(2,626,504)	(7,480,499)	(1,219,544)
Net property income	23,335,906	11,737,428	3,735,685
Employee costs	(5,975,540)	(8,536,714)	(1,477,508)
Other operating expenses	(10,999,418)	(7,325,614)	(815,735)
Net property income after administration expenses	6,360,948	(4,124,900)	1,442,442
Fair value adjustments	170,916,307	(55,739,655)	(684,390)
Other income	11,974,111	(1,766,404)	1,040,683
Operating (loss)/profit	189,251,366	(61,630,959)	1,798,735
Net monetary gain/(loss)	13,969,367	(15,260,219)	-
Finance income	523,446	2,231,419	300,892
Finance costs	(1,915,963)	(976,149)	-
Profit/(loss) before income tax	201,828,216	(75,635,908)	2,099,627
Income tax credit	(20,493,744)	2,144,625	386,007
Profit/(loss) for the year	181,334,472	(73,491,283)	2,485,634
Profit/(loss) attributable to:			
-Owners of the parent	181,334,472	(73,491,283)	2,485,634
Profit/(loss) for the year	181,334,472	(73,491,283)	2,485,634
Other comprehensive income	-	-	-
Total comprehensive profit/(loss) for the year, net of tax	181,334,472	(73,491,283)	2,485,634
Attributable to:			
-Owners of the Company	181,334,472	(73,491,283)	2,485,634
Total comprehensive profit/(loss) for the year	181,334,472	(73,491,283)	2,485,634
Basic and diluted earnings/ (loss) per share (cents)	10.56	(4.28)	0.14

