

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This document is neither a prospectus nor an invitation to the public to subscribe for shares in **Turnall Holdings Limited** (“**Turnall**” or “**the Company**”). The Circular seeks to give information regarding an offer, by the Company, to registered shareholders of **Turnall**, to subscribe for the issue of future ordinary shares in the share capital of **Turnall** on the terms and conditions contained herein.

### Action required:

- 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 advisor.
- No person has been authorised to give information, or make any representations, in connection with the Renounceable Rights Offer or the Company other than as contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, its Directors or its Advisors. The Advisors are acting as advisors to the Company only in connection with the Renounceable Rights Offer, and will not be responsible to any other person for providing the protection offered to their clients.
- If you no longer hold any shares in **Turnall**, you should send this document and the accompanying form of proxy, as soon as possible, to the stockbroker, bank or other agent through whom the sale of your shares in **Turnall** was effected for onward transmission to the purchaser or transferee of the shares in **Turnall** previously held by you.



**Turnall Holdings Limited**

(Incorporated in Zimbabwe in 1962 under registration number 476/62)

## CIRCULAR TO SHAREHOLDERS

Regarding approval for:

**A Renounceable Rights Offer of 4,930,403,080 ordinary shares of a nominal value of ZWL\$0.01 each, at a Rights Offer price of ZWL\$9.70 per share, on the basis of ten (10) new Ordinary Shares for every Ordinary Share in issue as at the Record Date.**

and incorporating a

## NOTICE CONVENING AN EXTRAORDINARY GENERAL MEETING

### LEAD ADVISORS



### SPONSORING BROKERS



### REPORTING ACCOUNTANTS

**Deloitte.**

### LEGAL ADVISORS



### TRANSFER SECRETARIES



### UNDERWRITERS

**Zimbabwean Brands  
(Pvt) Ltd**

## CORPORATE INFORMATION AND PROFESSIONAL ADVISORS

<b>Directors</b>	<b>G. H. Hampshire</b> <b>J. P. Mkushi</b> <b>C. J. Mahari</b> <b>B. P. Nyajeka</b> <b>B. Ngara</b>	<b>(Chairman)</b> <b>(Managing Director)</b> <b>(Finance Director)</b> <b>(Non-Executive)</b> <b>(Non-Executive)</b>
<b>Group Secretary:</b>	<b>Lizzy Samunda</b>	
<b>Registered Office:</b>	5 Glasgow Road, Southerton, Harare, Zimbabwe	
<b>Financial Advisors:</b>	<b>Morgan &amp; Co. International (Private) Limited</b> 14165 Sauer Road, Gunhill, Harare, Zimbabwe	
<b>Legal Advisors:</b>	<b>BeraMasamba</b> Ground Floor Belgravia Office Park, Corner 2nd Street Extension and Maasdorp Avenue, Harare, Zimbabwe	
<b>Bankers:</b>	<b>CBZ Bank</b> 3 <sup>rd</sup> Floor, Union House, 60 Kwame Nkrumah Avenue, Harare, Zimbabwe	<b>FBC Bank</b> 6 <sup>th</sup> Floor FBC Centre, 45 Nelson Mandela Avenue, Harare, Zimbabwe
<b>Auditors:</b>	<b>Grant Thornton</b> Camelsa Business Park, 135 Enterprise Road, Highlands, Harare, Zimbabwe	
<b>Reporting Accountants:</b>	<b>Deloitte &amp; Touche</b> West Block, Borrowdale Office Park, Liberation Legacy Way, Borrowdale, Harare, Zimbabwe	
<b>Transfer Secretaries:</b>	<b>First Transfer Secretaries</b> 1 Armagh Avenue, Corner Armagh Avenue & McClery Avenue, Eastlea, Harare, Zimbabwe	
<b>Sponsoring Brokers:</b>	<b>Morgan &amp; Co. (Private) Limited</b> 14165 Sauer Road, Gunhill, Harare, Zimbabwe	
<b>Underwriters:</b>	<b>Zimbabwean Brands (Private) Limited</b> 16 Bedford Road, Avondale, Harare, Zimbabwe	

TABLE OF CONTENTS

<b>1</b>	<b>SALIENT FEATURES OF THE RIGHTS OFFER .....</b>	<b>7</b>
1.1	DETAILS OF THE RIGHTS OFFER .....	7
1.2	EXPECTED TIMETABLE FOR THE RIGHTS OFFER .....	7
1.3	TERMS OF THE RIGHTS OFFER .....	7
1.4	TURNALL SHARE CAPITAL STRUCTURE PRE AND POST THE RIGHTS OFFER .....	8
1.5	ADVANCE PAYMENT .....	8
<b>2</b>	<b>CHAIRMAN'S LETTER .....</b>	<b>9</b>
2.1	COMPANY PROFILE .....	11
2.1.1	Background .....	11
2.1.2	Overview of Operations .....	11
2.2	RATIONALE FOR THE TRANSACTION .....	11
2.3	APPLICATION OF FUNDS RAISED THROUGH THE RENOUNCEABLE RIGHTS OFFER .....	11
2.4	CONDITIONS PRECEDENT .....	11
2.5	CONSEQUENCES OF NOT IMPLEMENTING THE RENOUNCEABLE RIGHTS OFFER .....	11
2.6	RELATED PARTIES .....	12
2.7	EFFECTS OF THE RIGHTS OFFER .....	12
2.7.1	SHARE CAPITAL .....	12
2.7.2	SHAREHOLDERS .....	13
2.7.3	DIRECTORS .....	15
2.7.4	MANAGEMENT .....	15
2.8	DIVIDEND POLICY .....	15
2.9	DIRECTORATE .....	15
2.10	DIRECTORS' INTERESTS .....	15
2.11	DIRECTORS' SERVICE CONTRACTS AND REMUNERATION .....	15
2.12	CORPORATE GOVERNANCE .....	15
2.12.1	Board of Directors .....	15
2.12.2	Audit and Risk Committee .....	15
2.12.3	New Business and Technical Committee .....	16
2.12.4	Remuneration, Human Resources and Nomination Committee .....	16
2.13	LITIGATION .....	16
2.14	MATERIAL CHANGES .....	16
2.15	STATEMENT OF INDEBTEDNESS .....	16
2.16	GOING CONCERN ASSUMPTION .....	16
2.17	EXPERTS' CONSENTS .....	16
2.18	MATERIAL CONTRACTS .....	16
2.19	MATERIAL CHANGES AND COMMISSIONS .....	16
2.20	DOCUMENTS AVAILABLE FOR INSPECTION .....	16

<b>3</b>	<b>DIRECTORS' RESPONSIBILITY STATEMENT .....</b>	<b>17</b>
<b>4</b>	<b>DETAILS OF THE RENOUNCEABLE RIGHTS OFFER .....</b>	<b>18</b>
4.1	TERMS OF THE RENOUNCEABLE RIGHTS OFFER.....	18
4.2	OPENING AND CLOSING OF THE RENOUNCEABLE RIGHTS OFFER.....	18
4.3	ALTERNATIVE ACTION TO BE TAKEN BY THE MEMBERS .....	18
4.3.1	Acceptance .....	18
4.3.2	Splitting.....	18
4.3.3	Renunciation.....	18
4.4	DEMATERIALISATION ON CSD.....	18
4.5	PAYMENT PRODCEDURES.....	19
4.6	EXCHANGE CONTROL REGULATIONS .....	19
4.7	DIVIDENDS.....	19
4.8	LISTING AND REGISTRATION OF RIGHTS OFFER SHARES .....	19
4.9	RIGHTS OFFER SHARE CERTIFICATES.....	19
4.10	EXPENSES OF THE RIGHTS OFFER.....	19
<b>5</b>	<b>REPORTING ACCOUNTANTS REPORT .....</b>	<b>20</b>
<b>6</b>	<b>ANNEXURES .....</b>	<b>29</b>
6.1	ANNEXURE (i) TABLE OF ENTITLEMENTS.....	29
6.2	ANNEXURE (II) SHARE PRICE PERFORMANCE .....	30
6.3	ANNEXURE (III) DETAILS OF THE UNDERWRITER.....	31
6.4	ANNEXURE (IV): NOTICE OF EXTRAORDINARY GENERAL MEETING ("EGM") .....	32
6.5	ANNEXURE (V) PROXY FORM FOR THE EXTRAORDINARY GENERAL MEETING .....	33

## DEFINITIONS

The following definitions apply throughout this Circular to Shareholders, unless stated or the context requires otherwise. Words in the singular shall include the plural and *vice versa*, words importing one gender include the other gender and references to natural persons shall include juristic persons, whether corporate or incorporate and *vice versa*. All monetary values are in Zimbabwean dollars (ZWL) and all times indicated are in Zimbabwe local time.

“AC”	Asbestos Cement
“Advance Payment”	The amount of up to Twenty Billion Zimbabwe Dollars payable by the Underwriter to the Company within 7 days of the approval of this Circular by the ZSE as an advance on the underwritten amount;
“Articles”	The Articles of Association of Turnall;
“Board”	The Board of Directors of Turnall;
“Business Day”	Monday to Friday inclusive, but excluding any such day which is a public holiday in Zimbabwe;
“Circular” or “Circular to Shareholders”	This Circular to Turnall Shareholders, dated Friday, 16 June 2023, setting out the terms and conditions of the Rights Offer and incorporating the Annexures hereto and all Letters of Allocation relating thereto;
“Chairman”	The Chairman of the Board of Directors of Turnall;
“Closing Date”	The date on which the Rights Offer closes, being 1600 hours on Wednesday, 16 August 2023;
“Company” or “the Group” or “Turnall”	Turnall Holdings Limited, a public company incorporated in Zimbabwe with limited liability under registration number 476/62, whose shares are listed on the ZSE;
“Conditions Precedent”	The conditions precedent stated in the Letter from the Chairman contained in Section 2 of this Circular;
“Companies Act”	The Companies and Other Business Entities Act [Chapter 24:31] in force in the Republic of Zimbabwe, including all regulations promulgated under that Act;
“CSD”	Central Securities Depository;
“Directors”	The executive and non-executive directors of Turnall;
“EGM”	The Extraordinary General Meeting of the Shareholders to be held at 1000hrs on Monday, 10 July 2023 at Turnall Head Office, 5 Glasgow Road, Southerton, Harare, Zimbabwe;
“First Transfer Secretaries” or “Transfer Secretaries”	First Transfer Secretaries (Private) Limited, appointed to provide transfer secretarial services to Turnall;
“Government”	The Government of Zimbabwe;
“GRP”	Glass Reinforced Pipes;
“Management”	The executive directors and senior management of Turnall;
“Morgan & Co. International”	Morgan & Co. International (Private) Limited, the financial advisors for the Transaction licensed by the Securities and Exchange Commission of Zimbabwe under the Securities Act (Chapter 24:25);
“Morgan & Co.”	Morgan & Co. (Private) Limited, the sponsoring brokers for the Transaction;
“Non-Resident Shareholders”	Turnall Shareholders with non-resident status in terms of the Exchange Control Regulations, 1996, S.I. 109 of 1996, as amended;
“Notice”	The Notice to Shareholders containing the Resolutions, set out on Annexure (IV) of this Circular;
“Nominal Value”	The nominal value of each Share as set out in the Articles;
“Ordinary Shares” or “Shares”	Ordinary Shares of a nominal value of ZWL\$0.01 (one Zimbabwean cent) each in the issued share capital of Turnall, which are listed on the ZSE;
“Proxy Form”	The form accompanying this Circular, which provides for Turnall Shareholders to appoint a proxy to attend the EGM and vote on their behalf on the Resolutions;
“Record Date”	The date on which the register of Turnall Shareholders will be closed to determine Turnall Shareholders’ participation in the Rights Offer, which date is expected to be the close of business on Thursday, 06 July 2023;
“Renounceable Rights Offer” or “Rights Offer” or “Offer”	The Proposed Renounceable Rights Offer of 4,930,403,080 Ordinary Shares of a nominal value of ZWL\$0.01 each, at a price of ZWL\$9.70 per Rights Offer Share, on the basis of ten (10) Rights Offer Shares for every Ordinary Share held at the Record Date;
“Resolutions”	The resolutions to be considered and, if deemed fit, passed by Turnall Shareholders, as set out in the Notice convening the EGM, to give effect to the Rights Offer;
“Rights Offer Share”	4,930,403,080 Ordinary Shares of a nominal value of ZWL\$0.01 each, to be offered to Turnall Shareholders registered as such on the Record Date, and subscribed for by such Shareholders pursuant to the Rights Offer;
“Shareholders” or “Turnall Shareholders”	Holders of Ordinary Shares registered as such in Turnall’s share register;
“Subscription Price” or “Rights Offer Price”	ZWL\$9.70 per Rights Offer Share at the date of subscription;
“the Transaction”	The proposed Renounceable Rights Offer to Turnall Shareholders, in terms of this Circular to Shareholders;
“Underwriter”	Zimbabwean Brands (Private) Limited, a private company incorporated in Zimbabwe with limited liability under registration number 2270/2009;
“Zimbabwean Dollar” or “ZWL”	The Zimbabwean Dollar, the lawful currency of Zimbabwe;
“ZSE”	Zimbabwe Stock Exchange;
“ZSE Listings Requirements”	The Listing Requirements of the ZSE, which regulate listings on the ZSE.

## **FORWARD LOOKING STATEMENTS**

The Circular includes certain statements, estimates and forecasts, which are forward looking and are based on the current expectations of Turnall and the Directors. The forward-looking statements are subject to certain risks, uncertainties, and other factors some of which are beyond the control of Turnall and the Directors, difficult to predict and could cause actual results to differ materially from those in the projections and forecasts. In making their considerations, Shareholders are advised to make their own independent assessment and, in this regard, to consult their own professional advisors.

## 1 SALIENT FEATURES OF THE RIGHTS OFFER

This summary presents the salient information in relation to the Renounceable Rights Offer, the detailed terms and conditions of which are more fully set out in this Circular. The Circular should accordingly be read in its entirety for a full appreciation of the rationale for and the implications of the Renounceable Rights Offer, as well as the action required to be taken by Shareholders.

### 1.1 DETAILS OF THE RIGHTS OFFER

The Board is proposing a Renounceable Rights Offer to recapitalize Turnall by way of a rights offer of 4,930,403,080 (Four Billion, Nine Hundred And Thirty Million, Four Hundred And Three Thousand, and Eighty) ordinary shares of a nominal value of ZWL\$0.01 (1 ZWL Cent) each, at a Rights Offer price of ZWL\$9.70 (970 ZWL Cents) per Share, on the basis of ten (10) new Ordinary Shares for every Ordinary Share in issue as at the Record Date. The Rights Offer Shares represent 90.9% of the Company's enlarged Ordinary Share capital post the proposed Rights Offer.

### 1.2 EXPECTED TIMETABLE FOR THE RIGHTS OFFER

Please be advised that the dates set out herein are expected dates and may change. Any changes to these dates will be announced as per the usual Turnall Shareholder communication channels either electronically or by publication in the national press. The announcement will be made through a publication in at least one daily newspaper circulating in Zimbabwe.

Notice of EGM and Abridged Circular to Shareholders published.	Friday, 16 June 2023
Register closes for voting at EGM at 1600hrs.	Thursday, 06 July 2023
Turnall share register re-opens	Friday, 07 July 2023
EGM at 1000hrs.	Monday, 10 July 2023
Announcement and publication of EGM results.	Tuesday, 11 July 2023
Last day to register for the Rights Offer	Tuesday, 18 July 2023
Mailing of Letters of Allocation to Shareholders.	Wednesday, 19 July 2023
Rights Offer Opens at 0900hrs.	Wednesday, 19 July 2023
Last day of dealing in letters of allocation at 1200 hours	Thursday, 10 August 2023
Latest time for splitting letters of allocation at 1200 hours	Friday, 11 August 2023
Rights Offer closes at 1600 hours.	Wednesday, 16 August 2023
Last day of receiving postal acceptances.	Wednesday 23 August 2023
Allocation of Rights Offer Shares.	Wednesday 23 August 2023
Results of Rights Offer published.	Friday, 25 August 2023
Rights Offer share certificates mailed.	Friday, 25 August 2023
New shares listed	Monday, 28 August 2023

### 1.3 TERMS OF THE RIGHTS OFFER

Subscription Price per Rights Offer Share	ZWL\$9.70
Number of Issued Ordinary Shares pre the Rights Offer	493,040,308
Proposed number of Rights Offer Shares	4,930,403,080
Number of Issued Ordinary Shares post the Rights Offer	5,423,443,388
Percentage of enlarged Ordinary Share Capital available under the Rights Offer	90.9%
Gross Rights Offer proceeds	ZWL\$ 47,824,909,876

#### Notes:

The Rights Offer Shares will, following the Renounceable Rights Offer, rank *pari passu* in all respects with all other Ordinary Shares, including the right to receive all dividends or other distributions thereafter declared, made or paid on the issued Ordinary Share capital of Turnall.

#### 1.4 TURNALL SHARE CAPITAL STRUCTURE PRE AND POST THE RIGHTS OFFER

As at Thursday, 15 June 2023, being the last practicable date before the publication of this Circular to Shareholders dated Friday, 16 June 2023, the capital structure of the Company was as follows:

<b>Share Capital Structure Pre- Rights Offer</b>	<b>ZWL\$</b>
Authorised: 690,000,000 Ordinary Shares of a nominal value of ZWL\$0.01 each	6,900,000
Issued and Fully Paid Up: 493,040,308 Ordinary Shares of a nominal value of ZWL\$0.01 each	4,930,403
Shares under the control of the Directors: 196,959,692 Ordinary Shares of a nominal value of ZWL\$ 0.01 each	1,969,597
<b>Share Capital Structure Post Rights Offer</b>	
Authorised: 7,000,000,000 Ordinary Shares of a nominal value of ZWL\$0.01 each	70,000,000
Issued and Fully Paid up: 5,423,443,388 Ordinary Shares of a nominal value of ZWL\$ 0.01 each	54,234,434
Shares under the control of the Directors: 1,576,556,612 Ordinary Shares of a nominal value of ZWL\$ 0.01 each	15,765,566

**Notes:**

At the EGM to be held on Monday, 10 July 2023, the Shareholders will consider and, if deemed fit, approve a Special Resolution increasing the authorised share capital of the Company from ZWL\$6,900,000 (Six Million Nine Hundred Thousand Dollars) comprising of 690,000,000 (Six Hundred and Ninety Million) Ordinary Shares of a nominal value ZWL\$0.01 each to ZWL\$70,000,000 (Seventy Million Dollars) comprising of 7,000,000,000 (Seven Billion) Ordinary Shares of a nominal value ZWL\$0.01.

#### 1.5 ADVANCE PAYMENT

Within 7 days of the approval of this Circular by the ZSE, the Underwriter shall pay the Advance Payment to the Company in terms of the Underwriting Agreement. Subject to approval of the Rights Offer at the EGM, the Advance Payment shall first be applied to the Subscription Price payable by the Underwriter for its portion of the Rights Offer Shares as shareholder. Any balance of the Advance Payment remaining thereafter shall be applied in full or partial fulfilment of the Underwriter's obligation as underwriter to pay the Subscription Price for any Rights Offer Shares that shall not have been validly accepted by persons having the right to subscribe for them.

If the Rights Offer is not approved at the EGM, or should it not proceed for any reason, the Advance Payment shall be considered as a non-interest bearing shareholder loan on the terms and conditions provided for in the Underwriting Agreement.





*(Incorporated in Zimbabwe in 1962, under Company Registration Number 476/62)*

---

**Head Office**

Turnall Holdings Limited  
5 Glasgow Road, Southerton, Harare.  
Tel: +263 (24) 275 4625/9, 275 4630/1. Fax: +263 (24) 275 4632

**Directors**

G H Hampshire (Chairman), J P Mkushi (Chief Executive Officer), C J Mahari (Finance Director),  
B P Nyajeka, B Ngara

15 June 2023

**Dear Shareholder,**

**BACKGROUND**

As reported in the annual report for the year ended 31 December 2022, the trading environment in Zimbabwe has been challenging due to shortages of foreign currency, rapid depreciation of the local currency and consequent rising inflation.

The Group's profitability and cash flows have been decreasing for the last five years due to various factors, including a shrinking production capacity in both the Harare and Bulawayo factories. The Harare asbestos cement building products plant was closed several years ago, leaving only the Bulawayo asbestos cement building products production plant to service the whole of the Zimbabwe market, as well as the export market.

Due to the changes in preference from asbestos cement pipes to plastic and glass re-enforced pipes worldwide, the asbestos cement pipe plant in Bulawayo is now operating at less than 10% of its capacity.

To address the ever-declining production in the Company and return the Company to profitability, the Board of Directors have decided to prioritise restoration of the Company's production capacity, in tandem with implementing strategies to regain the business' market share for building products and water and sewer reticulation pipes.

**PROPOSED TRANSACTION**

Consequently, the Board is proposing to embark on two major investment projects. The first project will be to install fibre cement building products production capacity in the Harare factory. This completely new plant will feature the latest technology in fibre cement building production, have a capacity of double that of the previous plant, and will be significantly more efficient than previous generation equipment. It will also be capable of being converted to produce non-asbestos (new-tech) building products as market trends dictate. The increased production capacity in the Harare factory will enable the plant in Bulawayo to be modified in order to produce non-asbestos products in addition to AC, thus addressing market demands for new-tech products in both the domestic and export markets.

The second project is to install a plant for the production of Glass Reinforced Pipes (GRP) in Harare in order to address the shift in the pipes demand away from asbestos based products but in particular to service the growing demand for GRP pipes. Production from this plant will service both the domestic market, as well as the regional market for water and sewer infrastructure projects. The plant will feature the latest constant filament winding technology for the production of large diameter GRP products.

The purpose of the Rights Offer is primarily to support these two investment projects which will improve the cashflow generation capacity of the Group, improve the export base for non-asbestos products in the region and restore the long term viability of the Group.

The Directors of Turnall have resolved that the Group be authorized to raise ZWL\$48 billion for the above two projects, subject to shareholder approval. The Directors believe this investment, if approved, will be consistent with the Company's turnaround strategy. The fibre cement project should be commissioned in the first quarter of 2024 and start full production from the beginning of the second quarter of 2024.

The GRP project should be commissioned by the end of 2024 and start full production from the beginning of 2025.

**OPINIONS AND RECOMMENDATIONS**

The Directors, including the Independent Auditors and Accountants, have considered the terms and conditions of the Rights Offer and are of the opinion that the terms and conditions thereof are fair, reasonable and are in the best interests of the Shareholders and Turnall. The Directors unanimously recommend that Shareholders vote in favour of the Resolutions at the EGM.

## FINANCIAL OVERVIEW

The Group's turnover for the year ended 31 December 2022 was \$8.4 billion in inflation-adjusted terms compared to \$7.25 billion in the previous year, representing a 16% growth in spite of a 29% reduction in sales volumes. In historical terms, revenue was \$5.8 billion, which was a 240% growth from last year. The sales performance was mainly driven by a deliberate move to focus on the high value but low tonnage products. However, the liquidity challenges and low aggregate demand prevailing in the economy hampered the Group's efforts to realize its full potential.

The inflation-adjusted gross profit for the year under review was 31% compared to 41% achieved last year. The margins were under pressure due to official and alternative market exchange rate disparities whose negative impact on the cost of doing business could not always be sustainably recouped through selling price adjustments. Consequently, the cost of goods sold went up by 35%, whilst revenue grew by 16%. The gross profit in historical terms, however, was 50% compared to 39% reported in the same period last year.

The inflation-adjusted operating expenses to sales ratio was at 52% compared to 23% in the prior year and in historical terms was 60% compared to 22% recorded last year. This sharp increase is attributable to substantial non-recurring employee terminal benefits amounting to ZWL1 224 702 099 which were provided for during the year. There was also a general increase in the prices in the economy as evidenced by the hyper-inflationary environment, but this was significantly mitigated through cost containment measures put in place by management.

Other income increased by 1,201% to \$1.1 billion in inflation-adjusted terms due mainly to a fair value gain on financial assets of \$462 million and exchange gains of \$505 million.

All these factors culminated in the Group incurring an operating loss of \$630.7 million in inflation-adjusted terms in the current year which was a 145% reduction compared to the prior year. In historical terms, the operating profit went up by 21%.

In the year under review, the Company incurred a loss on the net monetary position of \$3.1 billion as compared to a gain of \$308 million in the same period last year as a result of the movements in the Consumer Price Index (CPI) which increased by 244% in comparison with the previous year. Consequently, the Group made a loss before taxation of \$3.7 billion.

Cash generated from operating activities was \$592.4 million representing 2% decrease compared to the same period last year. In historical terms, cash generated from operating activities was \$492.9 billion compared with \$177 million generated last year. The Company continued to invest in working capital in order to preserve value in this hyperinflationary environment.

Capital expenditure for the period was \$622.5 million compared to \$60.2 million spent last year and this was mainly aimed at improving production efficiencies. An AC Plant with a value of ZWL798.9 million was impaired during the year and will be replaced by the latest state of the art plant which will be commissioned in Harare in 2024 as part of the Company's recapitalization programme.

The Company had no borrowings during the period under review. All capital requirements were funded from internally generated resources.

### Dividend

The Directors have resolved that there will not be any dividend declared in respect of the financial year under review due to the major projects that the Group is undertaking in an effort to retool the factories.

### Appreciation

I would like to express my appreciation to all our stakeholders, fellow board members, management and staff for your continued support to the Group.

  
**G H Hampshire**

**Chairman**

*(signed on the original)*

## 2.1 COMPANY PROFILE

### 2.1.1 Background

Turnall manufactures and supplies fibre cement roofing products, concrete roofing tiles, pavers and water and sewerage conveyance pipes in Zimbabwe and in regional markets that mainly include Mozambique and Zambia. The Company trades as Turnall Fibre Cement with manufacturing plants in Harare and Bulawayo. The Company's key markets include the low-income housing sector for its building products and local authorities and municipalities for its piping products.

### 2.1.2 Overview of Operations

**Building Products:** Turnall mainly uses fibre and cement to manufacture partition boards, fascia boards, barge pantiles, slates and endurite roofing in its building portfolio. In addition, the Company recycles any waste materials to make garden décor vases.

**Concrete Products:** The portfolio in this segment largely comprises of pavers and roofing tiles. Turnall's segment portfolio include Double Roman, Venetian tiles, and Spanish pavers. Turnall's pavers are suitable mostly for outdoor applications and high traffic areas such as shopping malls, pavements residential driveways, verandas, sidewalks, and swimming pool surroundings.

**Piping Products:** Turnall's pipes are manufactured from the Bulawayo plant and mainly comprise of 4-metre sewer and pressure pipes.

## 2.2 RATIONALE FOR THE TRANSACTION

1. Following a series of challenging years where plant replacement and upgrading was not possible because of various economic and operational headwinds, these investments will allow the Group to retool and refurbish its fibre cement sheeting lines, as well as introduce GRP piping business. The two investment projects will significantly improve the balance sheet of the Group and increase the manufacturing capacity to meet the growing local and regional demand for its core products. The investments will also result in reduced operational costs through improved key efficiencies such as reduced distribution costs locally and regionally due to Zimbabwe's central location in Southern Africa.
2. The two investment projects will allow the Group to re-focus on its core business of production of building products and water reticulation piping which have a great record of profitability and a huge potential for growth.
3. The development of non-asbestos building products production capacity and non-asbestos pipe products will reposition the Group as a major exporting entity in the region.
4. The investments will significantly improve the profitability and cashflows of the Group, enabling the business to turn around and return to profitability.

## 2.3 APPLICATION OF FUNDS RAISED THROUGH THE RENOUNCEABLE RIGHTS OFFER

Set out below is a breakdown of the application of the funds expected to be raised through the proposed Renounceable Rights Offer.

	ZWL
Gross proceeds of the Renounceable Rights Offer	47,824,909,876
Estimated expenses of the Renounceable Rights Offer	1,439,698,331
Net proceeds of the Renounceable Rights Offer	46,385,211,545
<b>Application of Funds by Shareholders:</b>	
GRP Investment Project	27,831,126,927
Asbestos Plant Replacement	18,554,084,618
<b>Total</b>	<b>46,385,211,545</b>

## 2.4 CONDITION PRECEDENT

The Renounceable Rights Offer contemplated herein is subject to the following Condition Precedent:

- Approval by the members of Turnall of the Resolutions at the EGM to be held on Monday, 10 July 2023, in terms of the EGM Notice set out in Annexure (IV) of this Circular.

## 2.5 CONSEQUENCES OF NOT IMPLEMENTING THE RENOUNCEABLE RIGHTS OFFER

Failure to implement the Rights Offer could have a material adverse effect on the Group's ability to continue operating in business due to cashflow constraints, resulting in failure to remain as a going concern.

On behalf of the Board, we recommend that shareholders participate in this recapitalisation that we consider to be in the Company's best interests.

## 2.6 RELATED PARTIES

The Board has engaged Zimbabwean Brands, an existing shareholder, to underwrite the Renounceable Rights Offer. Zimbabwean Brands, the Underwriter, is a Zimbabwean company that was established in 2009 in accordance with the laws of Zimbabwe. The company is also registered with the Zimbabwe Revenue Authority and other relevant statutory bodies. Set out below are certain relevant details for the company:

Name of Company: Zimbabwean Brands (Private) Limited  
Nature of Business: Commodity Traders, Investors  
Address: Postal: P.O. Box A1171, Avondale, Harare  
Physical: 16 Bedford Road, Avondale, Harare  
Telephone Numbers: +263 242 335241 / +263 772100796

Zimbabwean Brands is the registered holder of 64.98% of the issued Ordinary Shares of Turnall.

The underwriting fees that are payable to Zimbabwean Brands are not greater than the current market rates payable to independent underwriters and constitute 2% of the Rights Offer amount. In addition, the Underwriter may elect for the consideration to be Ordinary payable in Shares, at the Rights Offer Price. The approval of the Shareholders for the Underwriter to exercise the option to be paid in Ordinary Shares will be sought at the EGM. The Directors have carried out a due and careful enquiry of the Underwriter and are satisfied that it can meet its commitments in terms of the Underwriting Agreement, and that it has not entered into any sub-underwriting arrangements.

## 2.7 EFFECTS OF THE RIGHTS OFFER

### 2.7.1 SHARE CAPITAL

#### 2.7.1.1 Share capital before the Rights Offer

Set out below is an analysis of the authorised and issued share capital of Turnall, before the proposed Renounceable Rights Offer at the proposed ZWL\$ nominal values:

	Number of Turnall Shares	Nominal Value ZWL\$
Authorised share capital: Ordinary Shares of a nominal value of ZWL\$0.01 each	690,000,000	ZWL\$0.01
Issued and fully paid share capital: Ordinary Shares of a nominal value of ZWL\$0.01 each	493,040,308	ZWL\$0.01
Authorised but unissued Ordinary Shares currently under the control of the Directors	196,959,692	ZWL\$0.01

#### 2.7.1.2 Share capital after the Rights Offer

	Number of Turnall Shares	Nominal Value ZWL\$
Authorised share capital: Ordinary Shares of a nominal value of ZWL\$0.01 each	7,000,000,000	ZWL\$0.01
Issued and fully paid share capital: Ordinary Shares of a nominal value of ZWL\$0.01 each	5,423,443,388	ZWL\$0.01
Authorised but unissued Ordinary Shares currently under the control of the Directors	1,576,556,612	ZWL\$0.01

## 2.7.2 SHAREHOLDERS

### 2.7.2.1 Current Shareholding

The top 20 Shareholders control 94.48% of the Company's share capital. The single largest Shareholder holds 64.98% of the Company's issued share capital. As at Thursday, 15 June 2023 (being the last practicable date before the publication of the Circular), the top 20 Turnall Shareholders were as follows:

Shareholder	Shares	%shareholding
ZIMBABWEAN BRANDS (PVT) LTD	320,378,461	64.98
MEGA MARKET (PVT) LTD	83,998,337	17.04
AMAVAL INVESTMENTS (PVT) LTD	15,363,773	3.12
TURNALL HOLDINGS EMPLOYEE SHARE PARTICIPATION TRUST	8,541,412	1.73
MILEWAY FARMING (PVT) LTD	3,987,582	0.81
LACEPORT ENTERPRISES (PVT) LTD	3,673,738	0.75
MELLOWEED FARMS (PVT) LTD	3,527,676	0.72
TOWNRACK INVESTMENTS (PVT) LTD	3,321,112	0.67
TOOLCAP MINING (PVT) LTD	3,128,439	0.63
GEZMARK INVESTMENTS (PVT) LTD	2,892,322	0.59
HERBCORN ENGINEERING (PVT) LTD	2,453,290	0.50
DYREAL RESTAURANT (PVT) LTD	2,409,957	0.49
STANBIC NOMINEES (PRIVATE) LIMITED	2,161,195	0.44
ZB FIN HOLDINGS GROUP PF	1,757,954	0.36
TSIGO INVESTMENTS (PVT) LTD	1,543,291	0.31
REEGA TRADING (PVT) LTD	1,499,957	0.30
MAMUKWA ELIZABETH	1,383,444	0.28
MAHACHI, VERONICA	1,312,783	0.27
STANBIC NOMINEES	1,296,583	0.26
JERE, JOHN ABEL	1,184,244	0.24
Selected shares	465,815,550	94.48
Remaining shares	27,224,758	5.52

## 2.7.2.2 Impact of the Renounceable Rights Offer on the Company's Shareholding

Assuming that the proposed Renounceable Rights Offer is approved at the EGM and further assuming that all Shareholders follow their rights, there will be no change in the current percentage shareholding in the share capital of the Company.

The table below shows the resulting shareholding if other shareholders do not follow their rights:

Shareholder	Current Shareholding		Shareholding post rights offer			
	Shares	%Shareholding	New issue of shares	Shares	%Shareholding	Dilutive effect
ZIMBABWEAN BRANDS (PVT) LTD	320,378,461	64.98	4,930,403,080	5,250,781,541	96.82	31.84%
MEGA MARKET (PVT) LTD	83,998,337	17.04	-	83,998,337	1.55	-15.49%
AMAVAL INVESTMENTS (PVT) LTD	15,363,773	3.12	-	15,363,773	0.28	-2.83%
TURNALL HOLDINGS EMPLOYEE SHARE PARTICIPATION TRUST	8,541,412	1.73	-	8,541,412	0.16	-1.57%
MILEWAY FARMING (PVT) LTD	3,987,582	0.81	-	3,987,582	0.07	-0.74%
LACEPORT ENTERPRISES (PVT) LTD	3,673,738	0.75	-	3,673,738	0.07	-0.68%
MELLOWEED FARMS (PVT) LTD	3,527,676	0.72	-	3,527,676	0.07	-0.65%
TOWNRACK INVESTMENTS (PVT) LTD	3,321,112	0.67	-	3,321,112	0.06	-0.61%
TOOLCAP MINING (PVT) LTD	3,128,439	0.63	-	3,128,439	0.06	-0.58%
GEZMARK INVESTMENTS (PVT) LTD	2,892,322	0.59	-	2,892,322	0.05	-0.53%
HERBCORN ENGINEERING (PVT) LTD	2,453,290	0.50	-	2,453,290	0.05	-0.45%
DYREAL RESTAURANT (PVT) LTD	2,409,957	0.49	-	2,409,957	0.04	-0.44%
STANBIC NOMINEES (PRIVATE) LIMITED	2,161,195	0.44	-	2,161,195	0.04	-0.40%
ZB FIN HOLDINGS GROUP PF	1,757,954	0.36	-	1,757,954	0.03	-0.32%
TSIGO INVESTMENTS (PVT) LTD	1,543,291	0.31	-	1,543,291	0.03	-0.28%
REEGA TRADING (PVT) LTD	1,499,957	0.30	-	1,499,957	0.03	-0.28%
MAMUKWA ELIZABETH	1,383,444	0.28	-	1,383,444	0.03	-0.26%
MAHACHI, VERONICA	1,312,783	0.27	-	1,312,783	0.02	-0.24%
STANBIC NOMINEES	1,296,583	0.26	-	1,296,583	0.02	-0.24%
JERE, JOHN ABEL	1,184,244	0.24	-	1,184,244	0.02	-0.22%
<b>Sub-total</b>	465,815,550	94.48	4,930,403,080	5,396,218,630	99.50	5.02%
<b>Remaining</b>	27,224,758	5.52	-	27,224,758	0.50	-5.02%
<b>Total</b>	493,040,308	100.00	4,930,403,080	5,423,443,388	100.00	

Annexure (I) contains a Table of Entitlements for Turnall Shareholders with respect to the Renounceable Rights Offer.

### 2.7.3 DIRECTORS

The Directors intend to vote in favour of the Resolutions with respect to their own shareholdings. Full details concerning the current Directors of Turnall are more fully set out under Section 2.9 of this Circular.

### 2.7.4 MANAGEMENT

The Non-Executive Directors, Executive Directors and senior management will continue to hold approximately 0.11% of the Company's issued share capital after the Renounceable Rights Offer if they follow their rights.

## 2.8 DIVIDEND POLICY

In accordance with the Company's Articles of Association, the Company may declare dividends in a general meeting, but no dividend shall be payable otherwise than out of the profits of the Company. The divided amount shall not exceed the amount recommended by the Directors. The Directors may, if they deem fit and if in their opinion the position of the Company justifies such payment, from time to time declare and pay an interim dividend.

## 2.9 DIRECTORATE

The Board consists of the following members:

NAME	DESIGNATION
G H Hampshire	Board Chairman
J P Mkushi	Managing Director
C J Mahari	Finance Director
B P Nyajeka	Non-Executive Director
B. Ngara	Non-Executive Director

## 2.10 DIRECTORS' INTERESTS

As at Thursday, 15 June 2023 (being the last practicable date before the publication of this Circular), the direct and indirect interests of the Directors of Turnall and their immediate families in Turnall Shares were as follows:

Name	NUMBER OF SHARES	
	Direct holdings	Indirect holdings
G H Hampshire	517,764	Nil
J P Mkushi	1,053	Nil
C J Mahari	Nil	Nil
B P Nyajeka	Nil	Nil
B. Ngara	Nil	Nil

## 2.11 DIRECTORS' SERVICE CONTRACTS AND REMUNERATION

With regard to the Directors of Turnall, there will be no changes to their service contracts and remuneration as a result of the Renounceable Rights Offer. Non-Executive Directors are remunerated based on a pre-agreed rate defined for each committee paid per meeting. The Remuneration, Human Resources & Nomination Committee approves a broad remuneration strategy for the Group and ensures that Directors and senior executives are adequately remunerated for their contribution to operating and financial performance.

## 2.12 CORPORATE GOVERNANCE

### 2.12.1 Board of Directors

The Board of Directors consists of a Non-Executive Chairman, two Executive Directors and two Non-Executive Directors. The Board meets regularly, at least quarterly, to review financial results, dictate policy, formulate overall strategy and approve the budgets. The Board has introduced structures of corporate governance in terms of which certain functions and responsibilities have been delegated to the Board Committees indicated below. The Committees' terms of reference and composition are regularly reviewed. The Chairpersons of the various Committees are all Non-Executive Directors. These standing Committees meet four times a year to assess, review and provide guidance to management on both operational and policy issues.

### 2.12.2 Audit and Risk Committee

The committee is responsible for reviewing reports from management, internal auditors and the Group's external auditors in relation to the Group's interim and annual financial statements, as well as accounting and internal control systems. It also recommends the appointment of external auditors and their remuneration to the main Board as well as reviewing reports on the Group's risk policies, risk assessment and risk management. The committee meets at least quarterly.

### **2.12.3 New Business and Technical Committee**

The committee's main objective is to identify new business portfolios. It also conducts and appraises new projects identified to ensure that they fit with the business' overall vision and mission. The committee meets at least quarterly.

### **2.12.4 Remuneration, Human Resources and Nomination Committee**

The committee discusses and advises on matters pertaining to human resources, staff retention, and remuneration of non-executive directors, executive directors and staff. The committee meets at least quarterly.

## **2.13 LITIGATION**

Turnall strives to resolve any potential disputes internally and amicably. As advised in the Notice to Shareholders dated 15 November 2022, on 28 October 2022 the Supreme Court made an adverse judgment against the Company in a legal case involving a former executive of the Company. The case involved a claim for unpaid terminal benefits. The financial impact of this case together with previously unquantified contingent claims were disclosed in the Company's published abridged consolidated financial statements for the year ended 31 December 2022. The Company has made progress in settling the claim. As of May 2023, there is another case involving a former executive of the Company which is pending in the courts. The Board will endeavour to ensure that appropriate measures are taken to mitigate the impact of the cases on the Company's business performance.

## **2.14 MATERIAL CHANGES**

Material changes noted in Property, Plant and Equipment were mainly due to a revaluation that was done by professional valuers in December 2022. The last valuation had been done in December 2019. This also resulted in a significant increase in the revaluation reserves. In addition, the fibre cement plant in Harare was impaired. Material changes in liabilities were mainly in respect of the accrual of terminal benefits of some former executives amounting to ZWL\$1.2 billion.

## **2.15 STATEMENT OF INDEBTEDNESS**

The Company had no borrowings during the period under review. All capital requirements were funded from internally generated resources.

## **2.16 GOING CONCERN ASSUMPTION**

The Board believes that post the Renounceable Rights Offer the Company will continue to operate as a sustainable going concern.

## **2.17 EXPERTS' CONSENTS**

Deloitte & Touche, Morgan and Co., Morgan & Co. International, First Transfer Secretaries, and BeraMasamba have given, as at Thursday, 15 June 2023 (being the last practicable date before the Publication of this Circular), and have not withdrawn their consents to the issue of this Circular with the inclusion of their names and reports in the forms and contexts in which they appear.

## **2.18 MATERIAL CONTRACTS**

Other than in the course of normal business in the past twelve months, there are no material contracts that have been entered into by Turnall.

## **2.19 MATERIAL CHANGES AND COMMISSIONS**

There have been no material adverse changes in Turnall's financial position, and no commissions, brokerages, discounts or other special terms have been granted by Turnall in connection with the issue or sale of any of its share capital.

## **2.20 DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or copies thereof will be available for inspection by Turnall Shareholders at the registered office of Turnall, 5 Glasgow Road, Southerton, Harare, Zimbabwe and at the office of First Transfer Secretaries during normal business hours from Friday, 16 June 2023:

- The Memorandum and Articles of Association of Turnall;
- The Audited Financial Statements of Turnall for the year ended 31 December 2022 and Audited Financials for the periods 2018 to 2021;
- The written experts' consents referred to in Section 2.17 of the Circular;
- The Underwriting Agreement;
- The Underwriter's Letter of Undertaking;
- The original signed copy of the Circular to Shareholders; and
- The full Reporting Accountant's Report.

On behalf of the Board, I implore you to take your Company's interest into account and trust that you will participate in this capitalisation exercise.

**Yours sincerely,**



**CHAIRMAN**



### 3 DIRECTORS' RESPONSIBILITY STATEMENT

---

The Directors of Turnall, whose names appear hereunder, collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and further confirm that they have made all reasonable enquiries and declare that to the best of their knowledge and belief, there are no facts the omission of which would make any statement in this Circular false or misleading.

The Directors also confirm that this Circular includes 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 require and reasonably expect to find for the purposes of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of Turnall in order to vote at the EGM. The proposal on the Renounceable Rights Offer was placed for the Board's consideration at a meeting held on Wednesday, 26 April 2023. Following that Meeting, the Directors unanimously undertook, as they hereby do, to recommend that all Turnall Shareholders exercise their rights in terms of the Renounceable Rights Offer. The Directors confirm that they have carried out the necessary due and careful enquiry to confirm that the Underwriter can meet its commitment in terms of the Offer.

Signed at Harare, by the following, being Directors of Turnall on Thursday, 15 June 2023.

NAME	DESIGNATION	SIGNATURE
G H Hampshire	Chairman	[Signed on original]
J P Mkushi	Managing Director	[Signed on original]
C J Mahari	Finance Director	[Signed on original]
B P Nyajeka	Non-Executive	[Signed on original]
B. Ngara	Non-Executive	[Signed on original]

## 4 DETAILS OF THE RENOUNCEABLE RIGHTS OFFER

---

### 4.1 TERMS OF THE RENOUNCEABLE RIGHTS OFFER

4,930,403,080 Ordinary Shares in the authorised share capital of Turnall (subject to the Shareholders approving the increase in the authorised share capital) are hereby offered to Turnall Shareholders, registered as at the close of business on Thursday, 06 July 2023 being the Record Date, for subscription in cash at a price of ZWL\$9.70 each, payable in full on acceptance, in the ratio of ten (10) new Ordinary Shares for each Ordinary Share held.

The new Ordinary Shares being offered to members will rank *pari passu* with the existing Ordinary Shares of the Company from the date of their issue.

#### Renounceable Letter of Allocation

The renounceable Letter of Allocation to be posted to Shareholders from Wednesday, 19 July 2023 sets out the entitlement of the person to whom this Circular is addressed.

### 4.2 OPENING AND CLOSING OF THE RENOUNCEABLE RIGHTS OFFER

The Renounceable Rights Offer opens at 0900 hours on Wednesday, 19 July 2023 and will close at 1600 hours on Wednesday, 16 August 2023.

Postal acceptances received after 1600 hours on Wednesday, 23 August 2023 will not be accepted.

The last day for dealing in Letters of Allocation will be Thursday, 10 August 2023 at 1200 hours.

### 4.3 ALTERNATIVE ACTION TO BE TAKEN BY THE MEMBERS

#### 4.3.1 Acceptance

Shareholders who wish to accept the Renounceable Rights Offer must return the Renounceable Letter of Allocation in accordance with the instructions contained therein, together with payment as required in section 4.5 of this Circular to the following address:

**First Transfer Secretaries**  
**1 Armagh Avenue,**  
**Corner Armagh Avenue & McChlery Avenue,**  
**Eastlea,**  
**Harare, Zimbabwe**

The completed Letter of Allocation must reach the above address by no later than 1600 hours on Wednesday, 23 August 2023. The application will be considered complete only when the relative payment has been cleared.

#### 4.3.2 Splitting

Shareholders who wish to accept only a portion of the Shares allocated in terms of this Renounceable Rights Offer can do so by subscribing in part for the Renounceable Rights Offer and selling the remaining Letters of Allocation through the ZSE.

A Letter of Allocation may be split into smaller denominations by completing the Letter of Allocation in accordance with the instructions contained therein. Dealing in the Letters of Allocation will end on Thursday, 10 August 2023. The last day of splitting the Letters of Allocation will be Friday, 11 August 2023 at 1200 hours.

#### 4.3.3 Renunciation

The Letters of Allocation will provide for renunciation of rights in favour of third parties and will contain detailed instructions in respect of renunciation.

### 4.4 DEMATERIALISATION ON CSD

Shareholders who are on CSD (with uncertificated shares) will receive their Renounceable Letters of Allocation from Wednesday, 19 July 2023. These Letters of Allocation are tradable, and Shareholders are required to approach their stockbroker should they decide to sell their allotted rights. Trading Turnall Shares will not be possible without opening a CSD account via a custodian and dematerialisation of Shares when selling.

## 4.5 PAYMENT PROCEDURES

Payment must be made by cash deposit or bank transfer, for the full amount in respect of the Shares for which resident Shareholders make application. For payments made via the RTGS system, acceptance of the Offer will be regarded as complete upon verification, by the Receiving Bank, of the RTGS payment confirmation.

Cash deposits or bank transfers should be made to any one of the following ZWL\$ accounts:

**Bank:** CBZ Bank  
**Account Name:** Turnall Holdings Limited Rights Issue Account  
**Account Number:** 04722531620070

**Bank:** FBC Bank  
**Account Name:** Turnall Holdings Limited  
**Account Number:** 3115054500105

## 4.6 EXCHANGE CONTROL REGULATIONS

Non-resident Shareholders of Turnall are advised to consult their professional advisors or bankers regarding their individual exchange control position in relation to their participation in the Rights Offer described in this Circular to Shareholders.

## 4.7 DIVIDENDS

Rights Offer Shares will be eligible for participation in any dividends declared by the Directors with effect from date of issue.

## 4.8 LISTING AND REGISTRATION OF RIGHTS OFFER SHARES

The listing committee of the ZSE has granted a primary listing for all Renounceable Letters of Allocation (nil paid) relating to the new Rights Offer Shares, between Wednesday, 19 July 2023 and Friday, 25 August 2023.

Renounceable Letters of Allocation may be negotiated and sold, subject to Exchange Control Regulations, the details of which are provided in sections 4.3 and 4.6 of this Circular.

Application has been made for the Rights Offer Shares offered in terms of the Renounceable Rights Offer to be listed on the ZSE from Monday, 28 August 2023.

Persons becoming Shareholders as a result of the Rights Offer will be placed on Turnall's share register. The Transfer Secretaries in respect of the Rights Offer Shares are First transfer Secretaries, whose details are set out in the "Corporate Information and Professional Advisors" section at the beginning of this Circular.

## 4.9 RIGHTS OFFER SHARE CERTIFICATES

New Rights Offer share certificates will be posted as from Friday, 25 August 2023 (at the risk of the Shareholder) to the Shareholder's address as recorded on the Letter of Allocation unless written confirmation of any change of address is received on time.

Shareholders with CSD accounts will have their entitlements credited to their respective CSD accounts.

## 4.10 EXPENSES OF THE RIGHTS OFFER

The expenses of the Rights Offer, amounting to approximately ZWL\$1.5 billion which relate to legal, transfer secretaries, advisory fees, various printing, distribution, regulatory fees and such other charges, will be paid by Turnall out of the proceeds of the Renounceable Rights Offer.

Expense Item	Amount (ZWL\$)
Underwriting expenses	956,498,198
Reporting Accountant Fees	48,685,152
Legal Fees	97,370,304
Transfer Secretaries	73,027,728
Advisory Fees	194,740,608
Printing and Distribution Fees	48,685,152
Regulatory Fees	20,691,190
Total Fees	1,439,698,331

*\*These are estimated costs and are subject to change*



PO Box 267  
Harare  
Zimbabwe

Deloitte & Touche  
Registered Auditors  
West Block  
Borrowdale Office Park  
Borrowdale Road  
Borrowdale  
Harare  
Zimbabwe

Tel: +263 (0) 8677 000261  
+263 (0) 8644 041005  
Fax: +263 (0) 4 852130  
www.deloitte.com

**The Board of Directors**

Turnall Holdings Limited  
5 Glasgow Road  
Southerton,  
Harare

Dear Sirs/Mesdames

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION INCLUDED  
IN THE CIRCULAR TO TURNALL HOLDINGS LIMITED**

As per your request and for the purposes of the Circular dated 15 June 2023, issued to provide the shareholders of Turnall Holdings (Private) Limited (the "**Company**") with the requisite statutory and regulatory information in connection with the recapitalisation by way of a rights offer of 4,930,403,080 (Four Billion, Nine Hundred And Thirty Million, Four Hundred And Three Thousand, And Eighty) ordinary shares of a nominal value of ZWL\$0.01 (1 ZWL Cent) each, at a Rights Offer price of ZWL\$9.70 (970 ZWL Cents) per Share, on the basis of ten (10) new Ordinary Shares for every Ordinary Share in issue as at the Record Date.

We report to you hereunder on the historical financial information laid out from page 26 to 28 of the Circular.

This report is prepared in terms of the Listing Requirements of the Zimbabwe Stock Exchange for the purpose of inclusion in the Circular to Shareholders dated 15 June 2023. We have performed the procedures agreed with you and enumerated below on the historical financial information of Turnall Holdings Limited ("the Company"), in respect of the years ended 31 December 2018 to 31 December 2022, set out on pages 26 to 28.

We have audited the financial statements of Turnall Holdings for the period 31 December 2018 to 31 December 2019, and the financial periods for the year ended 31 December 2020, 31 December 2021 and 31 December 2022 were audited by Grant Thornton. We have not performed further review or audit procedures for the years ended 31 December 2020, 31 December 2021, and 31 December 2022.

The historical financial information in respect of each annual period, the consolidated statement of financial position as at the year ended 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022.

Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information". The procedures were performed solely to assist you in providing an accountant's report for the purposes of the Circular to the Turnall Holdings Limited Shareholders regarding the proposed transaction.

- Inspection of the historical information included in the Circular for the years ended 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022, and agreeing to the audited or reviewed financial statements for the respective years or periods, as applicable.
- Inspection of the audit reports issued on the consolidated financial statements for the years 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022, for the following:
  - Scope of the audits; and
  - Opinions issued.

## Directors' Responsibility for the Historical Financial Information

The Company's directors are responsible for the preparation and fair presentation of the historical financial information in accordance with the requirements of the ZSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

An agreed upon procedure engagement involves applying our expertise to perform procedures as agreed by us and the Company and reporting the factual findings from the procedures performed. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

Since an agreed upon procedure engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information management has provided to us to complete the agreed upon procedure engagement. Accordingly, we do not express an audit opinion or a review conclusion on the information.

## Findings

*We report our findings as below:*

### - Historical financial information

The historical information that has been included in the Circular and set out on pages 26 to 28 agrees to the audited financial statements for the respective years.

### - Scope of the audits

The scope of the audits, on inspection of the audit reports for the years 2018 to 2022, was as follows:

- The audits were performed in accordance with International Standards on Auditing. Those standards require that the auditors comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.
- For the 2018, 2019, 2020, 2021, and 2022 financial years, the audit opinion was issued on inflation adjusted financial statements.

### - Audit Opinions

The audit opinions issued by **Grant Thornton** are as follows:

#### **Audited financial statements for the year ended 31 December 2022**

##### Opinion

##### Qualified Opinion

In our opinion, except for the matters discussed in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the financial position of Turnall Holdings Limited and its subsidiaries as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis of Adverse Opinion**

1. *Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates, (IAS) 8- Accounting policies, Changes in accounting estimates and errors.*

During the prior and current financial years, 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 translation as required by IAS 21. The opinion on the prior year consolidated financial statements was modified in respect of this matter and the misstatements have not been corrected in the consolidated financial statements for the year ended 31 December 2022.

As the non-compliance with IAS21 is from prior financial years and there have been no restatements to the prior year consolidated financial statements in accordance with IAS 8, some comparative numbers in the consolidated financial statements may be misstated. Our opinion on the current year consolidated financial statements is modified because of the possible effects of the above matters on the comparability of the current year's figures to corresponding figures of the comparative period. As a result of the residual effects of non-compliance with IAS 21 and the non-re-statement of the comparative figures in accordance with the IAS, the accumulated loss may contain misstatements.

The effects of the above non-compliance with international financial reporting standards were considered to be material, but not pervasive to the consolidated financial statements.

### **Valuation of property, plant in equipment**

the determination of Fair value of property plant equipment presented in the consolidated financial statements is affected by the prevailing economic environment. These consolidated financial statements include property, plant and equipment that was revalued by independent professional valuers as at 31 December 2022. The property, plant and equipment valuations were determined in USD and then translated to ZWL interbank foreign exchange rate as a 31 December 2022.

Although the determination of USD value reflects the fair value of the property, plant and equipment in USD, the converted ZWL values were not in compliance with IFRS 13 as they may not reflect the assumption that the market participants would apply in valuing similar property plant and equipment in ZWL.

### **Audited financial statements for the year ended 31 December 2021.**

#### **Opinion**

#### **Adverse Opinion**

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements do not present fairly, in all material respects, the financial position of Turnall Holdings Limited and its subsidiaries as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis of Adverse Opinion**

##### **2. Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates**

During the prior and current financial years, 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 translation as required by IAS 21. The opinion on the prior year consolidated financial statements was modified in respect of this matter and the misstatements have not been corrected in the consolidated financial statements for the year ended 31 December 2021.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially different. The effects of the non-compliance with the requirements of IAS21 have been considered to be material and pervasive to the consolidated financial statements as a whole.

##### **3. Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies**

The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019 to 31 December 2020. However, its application was based on prior and current year's consolidated financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the consolidated financial statements.

##### **4. Valuation of property and equipment**

The determination of fair values for property and equipment presented in the consolidated financial statements is affected by the prevailing economic environment. These consolidated financial statements include property and equipment that was revalued y independent professional valuers as at 31 December 2019. The property and equipment valuations were determined in USD and then translated to ZWL at the interbank foreign exchange rate as at 31 December 2019.

Although the determined USD values as at 31 December 2019 reflected the fair value of the property and equipment in USD as at that date, the converted ZWL fair value were not in compliance with IFRS 13 as they did not reflect the assumptions that market participants would apply in valuing similar items of property and equipment in ZWL. The opinion for the years ended 31 December 2019 and 2020 were modified with regards to these matters and no subsequent revaluations were done in the consolidated financial statements.

### **Audited financial statements for the year ended 31 December 2020**

#### **Opinion**

#### **Adverse Opinion**

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the consolidated financial statements do not present fairly, in all material respects, the financial position of Turnall Holdings Limited and its subsidiaries as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis of Adverse Opinion**

##### **1. Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates**

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. During the prior financial year up to 22 February 2019, the Group transacted using a combination of Nostro FCA (USD) and RTGS FCA (electronic payments), including mobile money, bond notes and coins. In terms of IAS 21, these would be considered separate currencies requiring translation to the functional and presentation currency at appropriate exchange rates.

In order to comply with SI 33/2019, the RTGS transactions for period 1 January 2019 to 22 February 2019 were accounted for on the basis of a rate of 1:1 between USD and RTGS. The Group changed the functional currency on 22 February 2019 in compliance with legislation. This was not consistent with IAS 21, in which compliance would have resulted in the reassessment of the functional currency at a date earlier than 22 February 2019.

In addition, during the period 22 February 2019 to 31 December 2020, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate for translations as required by IAS 21. The opinion on the prior year consolidated financial statements was modified in respect of this matter and the misstatements have not been corrected in the consolidated financial statements for the year ended 31 December 2020.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the Group's inability to comply with IAS 21 has been determined as significant. The effects on the consolidated financial statements of the non-compliance with IAS 21 are considered material and pervasive to the financial statements, taken as a whole.

2. Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019 to 31 December 2020. However, its application was based on prior and current year's consolidated financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the consolidated financial statements.

3. Fair value determination for assets, transactions and liabilities

The determination of fair values for assets, transactions and liabilities presented in the financial statements is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values.

The audit opinions issued by **Deloitte and Touche** are as follows:

**Audited financial statements for the year ended 31 December 2019**

Opinion

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated financial statements do not present fairly, the inflation adjusted consolidated financial position of the Group as at 31 December 2019, 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").

**Basis for Adverse Opinion**

1. Impact of incorrect date of application of International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates.

On 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes and coins into the basket of multi currencies. The below events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates":

- The Group transacted using a combination of United States Dollars (USD), bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country, resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement (RTGS) system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.
- In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand). Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled. As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity.
- The Directors had not re-assessed the change in functional currency for the year ended 31 December 2018. Because the Group transacted using a combination of United States Dollars (USD), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms during the period from 1 October 2018 to 22 February 2019, the decision to change the functional currency only on 22 February 2019 in accordance with SI 33/19 resulted in material misstatement to

the financial performance and cash flows of the Group, as transactions denominated in USD were not appropriately translated during that period. An adverse opinion was issued on the financial statements for the year ended 31 December 2018. If the assessment required by IAS 21 occurred in the correct period, the adjustments that were recognised in the 2018 and 2019 years would have been materially different.

## 2. Impact of Caveat Made by Professional Valuers regarding the valuation of Group's Property, Plant and Equipment

The Groups property, plant and equipment is carried at ZWL 401 099 984 comprising of ZWL 202 258 997 for land and buildings and ZWL 179 840 987 for plant and equipment. These were revalued in line with the Group's policy. As set out in Notes 4.1 and 13.5, the professional valuers included a caveat regarding the reliability of the land and buildings valuation. The basis of the caveat was the impact of Statutory Instrument 142 of 2019 "Reserve Bank of Zimbabwe (Legal Tender) Regulations, 2019", which legislated the Zimbabwe dollar as the sole legal tender for the settlement of domestic transactions with effect from 24 June 2019. The valuations rely on historic market evidence for calculation inputs such as transaction process for comparable properties rentals and capitalization rates.

The professional valuers concluded that there was insufficient market evidence at present for land and buildings to compute values in the functional and presentation currency and hence they relied on foreign currency inputs translated to ZWL using the interbank rate.

The following risks were cited to users of the revaluation;

- Overstatement of property values;
- Variations in responses of property sub-sectors to the new functional currency; and
- Disregard of market dynamics.

As a result of this matter, we were unable to obtain sufficient audit evidence about the fair value of the immovable assets due to lack of market evidence to support the inputs used. Furthermore we were unable to determine whether any adjustments might have been found necessary in respect of recorded land and buildings values and the proportionate elements making up the inflation adjusted statement of comprehensive income and inflation adjusted statement of changes in equity.

### **Audited financial statements for the year ended 30 December 2018**

#### Opinion

#### Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated and separate financial statements do not present fairly, the consolidated and separate financial position of the Group and Company as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act (Chapter 24:03).

#### **Basis for Adverse Opinion**

The Group and Company transacted using a combination of United States Dollars (USD), bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country, resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement (RTGS) system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS FCA in comparison to the USD. Although RTGS and mobile money platforms were not legally recognised as currency during the year ended 31 December 2018, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand). Prior to this date, RTGS FCA and Nostro FCA transactions and balances were commingled.

As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates." Such assessment pointed to a change in functional currency.

Subsequent to year-end, as indicated in note 27, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. This new currency was created from the RTGS FCA balances. In addition, SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. This introductory currency commenced trading at a rate of 2.5 RTGS Dollars to 1 USD on the interbank market.

The Group and company has maintained their functional currency as the USD and have presented the financial statements in USD using an exchange rate of 1:1, in compliance with SI 33/19. This constitutes a departure from the requirements of IAS 21 is considered to be pervasive. The financial effects on the consolidated and separate financial statements of this departure have not been determined. A comparative analysis of how different exchange rates would impact on the consolidated statements of financial position has been presented in note 44 to the



consolidated and separate financial statements. However, these amounts presented may not reflect the opening balances, in RTGS Dollars, going forward.

Had the Group and Company applied the requirements of IAS 21, many of the elements of the accompanying consolidated and separate financial statements would have been materially impacted and therefore the departure.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), we do not express any assurance on the historical information of Turnall Holdings Limited for the financial years ended 31 December 2018 to 31 December 2022.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the historical financial information specified above and does not extend to any financial statements of Turnall Holdings Limited taken as a whole.

Our report should not in any way constitute recommendations regarding the completion of the transaction or the issue of the circular to shareholders.

#### **Exclusion of Notes and Accounting Policies**

At the request of Turnall Holdings Limited and with the approval of the ZSE, the notes to the financial statements, and the accounting policies have been excluded from this Circular but are available for inspection.

#### **Distribution and Assurances**

This report is prepared solely for the Directors of Turnall Holdings Limited. Any uses that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

Your faithfully,

*(Signed on original)*

#### **Deloitte & Touche**

Chartered Accountants (Zimbabwe)

Registered Auditor

Per: Tapiwa Chizana

PAAB Practice Certificate Number: 0444

Partner

**22 May 2023**

**ABRIDGED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

	Inflation Adjusted ZWL\$ 2022	Inflation Adjusted ZWL\$ 2021	Inflation Adjusted ZWL\$ 2020	Inflation Adjusted ZWL\$ 2019	Historical Cost ZWL\$ 2018
Revenue	8,401,254,104	2,109,533,045	999,569,948	231,567,406	32,230,204
Cost of sales	(5,759,956,159)	(1,240,637,608)	(669,372,170)	(155,406,920)	(18,785,318)
<b>Gross Profit</b>	<b>2,641,297,945</b>	<b>868,895,437</b>	<b>330,197,778</b>	<b>76,160,486</b>	<b>13,444,886</b>
Other income	1,072,481,769	23,977,209	35,653,832	15,221,052	223,474
Selling and distribution expenses	(930,917,828)	(190,376,493)	(115,397,512)	(24,273,696)	(2,146,630)
Administrative expenses	(3,413,557,161)	(297,530,146)	(147,423,259)	(38,251,273)	(4,992,474)
<b>(Loss)/profit from operating activities</b>	<b>(630,695,275)</b>	<b>404,966,007</b>	<b>103,030,839</b>	<b>28,856,569</b>	<b>6,529,256</b>
Finance costs	(2,603,243)	(1,612,074)	(3,533,490)	(1,883,136)	(649,743)
(Loss)/gain on net monetary position	(3,063,793,207)	89,810,512	114,198,811	72,374,657	-
<b>(Loss)/profit before taxation</b>	<b>(3,697,091,725)</b>	<b>493,164,445</b>	<b>213,696,160</b>	<b>99,348,090</b>	<b>5,879,513</b>
Income tax expense	(146,884,627)	(70,876,111)	(49,180,239)	(2,603,546)	(2,043,009)
<b>(Loss)/profit for the year</b>	<b>(3,843,976,352)</b>	<b>422,288,334</b>	<b>164,515,921</b>	<b>96,744,544</b>	<b>3,836,504</b>
<b>Other comprehensive income</b>					
Revaluation of property, plant and equipment	6,478,905,797	-	-	177,275,586	-
Foreign currency translation differences	-	-	3,160,914	(772,894)	7,402
<b>Total comprehensive income for the year</b>	<b>2,634,929,445</b>	<b>422,288,334</b>	<b>167,676,835</b>	<b>273,247,236</b>	<b>3,843,906</b>
<b>Earnings per share</b>					
Number of shares in issue	493,040,308	493,040,308	493,040,308	493,040,308	493,040,308
Basic and diluted (cents per share)	(779.65)	85.65	33.37	19.62	0.78

**ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Inflation Adjusted ZWL\$	Inflation Adjusted ZWL\$	Inflation Adjusted ZWL\$	Inflation Adjusted ZWL\$	Historical Cost ZWL\$
	2022	2021	2020	2019	2018
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14,996,719,287	2,790,475,309	1,821,564,348	401,099,984	20,031,499
Right of use assets	35,628,546	-	-	-	-
Investment property	470,000,000	19,297,898	12,051,476	2,698,973	269,080
Investment in financial assets	477,902	454,018	433,207	416,742	399,230
Deferred taxation	159,282,807	10,237,049	6,575,794	1,416,818	4,770,557
<b>Total non-current assets</b>	<b>15,662,108,542</b>	<b>2,820,464,274</b>	<b>1,840,624,825</b>	<b>405,632,517</b>	<b>25,470,366</b>
<b>Current assets</b>					
Inventories	2,269,772,195	956,354,969	397,862,111	53,974,217	4,204,474
Trade and other receivables	1,315,844,461	267,438,543	125,353,415	23,075,600	6,670,669
Cash and cash equivalents	411,060,901	165,703,658	20,005,853	2,413,695	407,818
<b>Total current assets</b>	<b>3,996,677,557</b>	<b>1,389,497,170</b>	<b>543,221,379</b>	<b>79,463,512</b>	<b>11,282,961</b>
<b>Total assets</b>	<b>19,658,786,099</b>	<b>4,209,961,444</b>	<b>2,383,846,204</b>	<b>485,096,029</b>	<b>36,753,327</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	1,051,440,464	305,937,501	190,332,016	42,427,618	4,930,403
Share premium	38,793,063	11,287,613	7,022,330	1,565,374	181,908
Non-distributable reserve	1,632,529,440	475,016,887	295,520,888	65,875,660	7,655,239
Revaluation reserve	10,872,146,216	1,278,300,616	795,265,480	177,275,586	4,597,809
Foreign currency translation reserve	-	-	-	(704,611)	7,935
(Loss)/retained earnings	(314,119,175)	1,055,873,883	405,341,309	53,683,285	(9,654,572)
<b>Total equity</b>	<b>13,280,790,008</b>	<b>3,126,416,500</b>	<b>1,693,482,022</b>	<b>340,122,912</b>	<b>7,718,722</b>
<b>Non-current liabilities</b>					
Lease liability	5,903,719	-	-	-	-
Deferred taxation	3,686,262,562	691,863,183	450,273,281	98,723,165	6,502,550
Loans and borrowings	-	-	-	4,139,831	5,158,584
Trade and other payables	-	-	3,364,176	7,803,081	8,304,013
<b>Total non-current liabilities</b>	<b>3,692,166,281</b>	<b>691,863,183</b>	<b>453,637,457</b>	<b>110,666,077</b>	<b>19,965,147</b>
<b>Current liabilities</b>					
Loans and borrowings	-	-	3,139,841	1,050,139	1,000,041
Trade and other payables	2,471,415,734	290,779,556	189,934,591	31,376,249	7,866,280
Current tax liabilities	209,871,937	100,902,205	41,892,401	1,880,652	-
Lease liability	4,542,139	-	-	-	-
Bank overdraft	-	-	1,759,892	-	203,137
<b>Total current liabilities</b>	<b>2,685,829,810</b>	<b>391,681,761</b>	<b>236,726,725</b>	<b>34,307,040</b>	<b>9,069,458</b>
<b>Total equity and liabilities</b>	<b>19,658,786,099</b>	<b>4,209,961,444</b>	<b>2,383,846,204</b>	<b>485,096,029</b>	<b>36,753,327</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Inflation Adjusted ZWL\$ 2022	Inflation Adjusted ZWL\$ 2021	Inflation Adjusted ZWL\$ 2020	Inflation Adjusted ZWL\$ 2019	Historical Cost ZWL\$ 2018
<b>Loss)/Profit before income tax</b>	<b>(3,697,091,725)</b>	<b>493,164,445</b>	<b>213,696,160</b>	<b>99,348,090</b>	<b>5,879,513</b>
Adjustment for:					
Depreciation of property, plant and equipment	534,428,909	154,594,933	95,717,701	11,174,424	1,178,118
Depreciation of investment property	252,624	73,506	56,229	56,229	6,640
Amortisation of financial assets	(23,884)	(20,811)	(16,465)	(2,063,160)	27,833
Amortisation of right of use asset	4,239,361	-	-	-	-
Investment Property fair value gains	(213,677,334)	-	-	-	-
Impairment of Property, Plant and Equipment	-	-	-	-	18,360
Finance costs	2,603,243	1,612,074	3,533,490	1,883,136	649,743
Currency translation differences	-	-	3,160,914	(772,894)	7,402
Profit from disposal of property, plant and equipment	-	(534,520)	(60,888)	(275,926)	61,068
Adjustment of movement in non monetary items	3,063,793,207	2,588,605	(3,884,958)	1,752,399	-
Effects of inflation	(1,044,969,932)	-	-	-	-
<b>Operating cashflows before working capital changes</b>	<b>(1,350,445,531)</b>	<b>651,478,232</b>	<b>319,972,099</b>	<b>111,102,298</b>	<b>7,828,677</b>
<b>Movement in working capital</b>					
Increase in trade and other receivables	(396,716,520)	(65,946,898)	1,995,900	7,217,259	(1,753,253)
Decrease / (increase) in inventories	1,017,011,251	(316,835,972)	(155,731,582)	(12,537,944)	(3,315,795)
Increase/(decrease) in trade and other payables	1,472,069,820	(19,926,666)	(8,724,732)	(64,155,110)	(562,850)
<b>Operating cashflows after working capital changes</b>	<b>741,919,020</b>	<b>248,768,696</b>	<b>157,511,685</b>	<b>41,626,503</b>	<b>2,196,779</b>
Tax paid	(146,884,626)	(70,876,111)	(8,547,256)	(24,450)	(17,507)
Interest paid	(2,603,243)	(1,612,074)	(3,553,490)	(1,883,136)	(649,743)
<b>Net cashflows generated from operating activities</b>	<b>592,431,151</b>	<b>176,280,511</b>	<b>145,430,939</b>	<b>39,718,917</b>	<b>1,529,529</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposal of property, plant and equipment	-	604,890	140,330	346,667	19,300
Acquisition of property, plant and equipment	(622,484,464)	(17,507,725)	(118,010,672)	(5,857,676)	(916,101)
Acquisition of right of use asset	(39,867,907)	-	-	-	-
<b>Net cashflows used in investing activities</b>	<b>(662,352,371)</b>	<b>(16,902,835)</b>	<b>(117,870,342)</b>	<b>(5,511,009)</b>	<b>(896,801)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Decrease in loans and borrowings	-	(5,046,944)	(20,142,574)	(33,065,633)	(633,247)
Payment of lease liabilities	10,445,858	-	-	-	-
Dividend Paid	(98,951,070)	(17,955,423)	-	-	-
<b>Net cashflows utilised in financing activities</b>	<b>(88,505,212)</b>	<b>(23,005,367)</b>	<b>(20,142,574)</b>	<b>(33,065,633)</b>	<b>(633,247)</b>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(158,426,432)</b>	<b>136,375,309</b>	<b>7,418,022</b>	<b>1,142,275</b>	<b>(519)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>569,487,333</b>	<b>29,328,349</b>	<b>10,827,939</b>	<b>1,271,420</b>	<b>408,337</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>411,060,901</b>	<b>165,703,658</b>	<b>18,245,961</b>	<b>2,413,695</b>	<b>407,818</b>

## 6 ANNEXURES

---

### 6.1 ANNEXURE (I) TABLE OF ENTITLEMENTS

The following table sets out the number of Turnall ordinary shares to which Turnall shareholders are entitled in terms of the Renounceable Rights Offer.

Number of ordinary shares held	Entitlement of ten new shares for every share held	Value of entitlement at ZWL\$9.70 per share
100	1,000	9,700
200	2,000	19,400
300	3,000	29,100
400	4,000	38,800
500	5,000	48,500
600	6,000	58,200
700	7,000	67,900
800	8,000	77,600
900	9,000	87,300
1,000	10,000	97,000
2,000	20,000	194,000
3,000	30,000	291,000
4,000	40,000	388,000
5,000	50,000	485,000
6,000	60,000	582,000
7,000	70,000	679,000
8,000	80,000	776,000
9,000	90,000	873,000
10,000	100,000	970,000
15,000	150,000	1,455,000
20,000	200,000	1,940,000
50,000	500,000	4,850,000
100,000	1,000,000	9,700,000
250,000	2,500,000	24,250,000
500,000	5,000,000	48,500,000
1,000,000	10,000,000	97,000,000
5,000,000	50,000,000	485,000,000
10,000,000	100,000,000	970,000,000
20,000,000	200,000,000	1,940,000,000
50,000,000	500,000,000	4,850,000,000
100,000,000	1,000,000,000	9,700,000,000

## 6.2 ANNEXURE (II) SHARE PRICE PERFORMANCE

The table below provides statistical information on the market price and volumes traded of Turnall shares for each trading day between 15 March 2023 and 13 June 2023

Date	VWAP	Volume	Date	VWAP	Volume	Date	VWAP	Volume
15/03/2023	8.00	0	14/04/2023	6.00	0	16/05/2023	8.30	16,000
16/03/2023	7.00	25,000	17/04/2023	6.00	0	17/05/2023	8.30	0
17/03/2023	7.00	0	19/04/2023	6.90	600	18/05/2023	8.30	0
20/03/2023	7.00	0	20/04/2023	6.90	0	19/05/2023	9.50	16,227,200
21/03/2023	7.00	13,600	21/04/2023	7.90	15,500	22/05/2023	9.50	1,000
22/03/2023	7.00	0	24/04/2023	7.90	0	23/05/2023	10.00	6,100
23/03/2023	7.00	0	25/04/2023	7.61	1,400	24/05/2023	10.00	0
24/03/2023	7.00	0	26/04/2023	7.61	0	26/05/2023	10.00	0
27/03/2023	7.01	30,600	27/04/2023	7.50	1,100	29/05/2023	10.00	0
28/03/2023	7.01	0	28/04/2023	7.50	100	30/05/2023	10.00	0
29/03/2023	7.01	0	02/05/2023	7.50	0	31/05/2023	10.00	0
30/03/2023	7.01	0	03/05/2023	7.50	0	01/06/2023	10.05	1,000
31/03/2023	7.01	0	04/05/2023	7.50	0	02/06/2023	10.05	0
03/04/2023	7.00	195,600	05/05/2023	7.50	0	05/06/2023	10.05	0
04/04/2023	7.00	0	08/05/2023	7.50	0	06/06/2023	10.05	0
05/04/2023	6.00	5,100	09/05/2023	7.60	51,693,400	07/06/2023	10.05	0
06/04/2023	6.00	0	10/05/2023	7.60	51,758,500	08/06/2023	10.05	0
11/04/2023	6.00	0	11/05/2023	7.60	0	09/06/2023	10.05	0
12/04/2023	6.00	0	12/05/2023	8.60	2,100	12/06/2023	11.50	15,000
13/04/2023	6.00	0	15/05/2023	8.60	0	13/06/2023	11.50	0

### 6.3 ANNEXURE (III) DETAILS OF THE UNDERWRITER

Name	Zimbabwean Brands (Pvt) Limited
Registered Address	16 Bedford Road, Avondale, Harare
Year of Incorporation	2009
Registration Number	2270/2009
Directors	Imtiaz Kurawley (Executive Director) Michelle John (Executive Director) Ameer Kurawley (Executive Director) Muhammad Ahmed (Non-Executive Director)

## 6.4 ANNEXURE (IV): NOTICE OF EXTRAORDINARY GENERAL MEETING (“EGM”)

### NOTICE OF EXTRAORDINARY GENERAL MEETING (“EGM”)

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“EGM”) of the Members of Turnall Holdings Limited (“Turnall ” or “the Company”) will be held at the Turnall Holdings Limited Head Office at 5 Glasgow Road, Southerton, Harare on Monday, 10 July 2023 at 1000 hours for the purpose of transacting the following business and to consider and, if deemed fit, to pass with or without amendment, the following resolutions.

#### SPECIAL BUSINESS

- 1. As a Special Resolution - Increase in the authorised share capital of the Company**  
“That the authorised share capital of the Company be increased from ZWL\$6,900,000 comprising of 690,000,000 ordinary shares of a nominal value ZWL\$0.01 (one Zimbabwe cent) each, to ZWL\$70,000,000 comprising of 7,000,000,000 ordinary shares of a nominal value ZWL\$0.01 (one Zimbabwe cent) each.”
- 2. As an Ordinary Resolution – Approval for capital raising by way of a Renounceable Rights Offer**  
“That the Directors be and are hereby authorised to raise ZWL\$47,824,909,876 (Forty Seven Billion, Eight Hundred And Twenty Four Million, Nine Hundred And Nine Thousand, Eight Hundred And Seventy Six Zimbabwe Dollars) by way of a Renounceable Rights Offer to all Shareholders, pro rata to their existing shareholding, being the offer of 4,930,403,080 (Four Billion, Nine Hundred And Thirty Million, Four Hundred And Three Thousand, And Eighty) new Ordinary Shares of a nominal value of ZWL0.01 (one Zimbabwe cent) each, at a Rights Offer subscription price of ZWL\$9.70 (ZWL970 cents) per share, on the basis of ten (10) new Ordinary Shares for every Ordinary Share held.”
- 3. As an Ordinary Resolution – Approval for the Underwriter’s fees to be payable in shares**  
“That the Underwriter be and is hereby given the option, exercisable at its discretion, to receive payment of its underwriting fees by way of an issue of 98,608,062 Ordinary Shares at the Rights Offer price for each Share and that the Shareholders hereby waive their rights of pre-emption in respect to such Shares to be issued to the Underwriter.”
- 4. As an Ordinary Resolution – To place unissued Shares under the control of Directors**  
“That, the balance of the authorised but unissued Ordinary Shares of the Company, be placed under the control of the Directors for an indefinite period, to be issued in compliance with the terms of the Memorandum and Articles of Association of the Company and the Zimbabwe Stock Exchange Listing Requirements, provided that no issue will be made which would effectively transfer the control of the Company without the prior approval of the Shareholders in a general meeting.”

By order of the Board



**Lizzy Samunda**  
COMPANY SECRETARY

#### REGISTERED OFFICE

Turnall Head Office,  
5 Glasgow Road  
Southerton  
Harare

#### Notes:

##### 1. Voting eligibility

a) On a show of hands, every Shareholder who (being an individual) is present in person or by proxy at the EGM or which (being a company or body corporate) is represented thereat by a representative appointed as proxy, shall have one vote (irrespective of the number of Shares held), and on a poll, every Shareholder who (being an individual) is present in person or by proxy at the general meeting or which (being a company or body corporate) is represented by proxy at the general meeting, shall have one vote for every Turnall Holdings Limited Share of which it is the holder.

##### 2. Appointment of Proxies

b) In terms of Section 171 of the Companies and Other Business Entities Act (Chapter 24:31), members entitled to attend the above meeting may appoint one or more proxies, to act in the alternative, to attend, speak and vote on their behalf, including voting on a poll. A proxy need not be a member of the Company.

c) Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the Proxy Form in a representative capacity, unless previously recorded by the Company’s transfer secretaries or waived by the chairperson of the EGM. This authority must take the form of a resolution of the corporate body.

d) Completion of a Proxy Form does not preclude a person from subsequently attending the EGM and voting in person.

##### 3. Resolution 1

e) In terms of section 10.79 (a) of the Tenth Schedule to SI 134 of 2019 of ZSE Listing Requirements, Resolution 1 will be subject to a 75% (seventy-five per centum) majority of votes cast in favour of the resolution by Shareholders present or represented by proxy.

##### 4. Resolution 3

f) Zimbabwean Brands (Private) Limited, being the Underwriter, will not vote on Resolution 3 (relating to the payment of the Underwriter’s fees in Shares).



## 6.5 ANNEXURE (V) PROXY FORM FOR THE EXTRAORDINARY GENERAL MEETING



I/We.....  
 Of.....  
 Being member/members of the above Company, hereby appoint:  
 Mr. / Mrs. / Ms. / Dr.....  
 Or failing him.....  
 Of.....  
 as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held on Monday, 10 July 2023 at 1000 hours and 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
<b>Special Resolution 1 - Increase in the authorised share capital of the Company</b> "That the authorised share capital of the Company be increased from ZWL\$6,900,000 comprising of 690,000,000 ordinary shares of a nominal value ZWL\$0.01 (one Zimbabwe cent) each, to ZWL\$70,000,000 comprising of 7,000,000,000 ordinary shares of a nominal value ZWL\$0.01 (one Zimbabwe cent) each."			
<b>Ordinary Resolution 1 – Approval for capital raising by way of a Renounceable Rights Offer</b> "That the Directors be and are hereby authorised to raise ZWL\$47,824,909,876 (Forty Seven Billion, Eight Hundred And Twenty Four Million, Nine Hundred And Nine Thousand, Eight Hundred And Seventy Six Zimbabwe Dollars) by way of a Renounceable Rights Offer to all Shareholders, pro rata to their existing shareholding, being the offer of 4,930,403,080 (Four Billion, Nine Hundred And Thirty Million, Four Hundred And Three Thousand, And Eighty) new Ordinary Shares of a nominal value of ZWL0.01 (one Zimbabwe cent) each, at a Rights Offer subscription price of ZWL\$9.70 (ZWL970 cents) per share, on the basis of ten (10) new Ordinary Shares for every Ordinary Share held."			
<b>Ordinary resolution 2 – Approval for the Underwriter’s fees to be payable in Shares</b> "That the Underwriter be and is hereby given the option, exercisable at its discretion, to receive payment of its underwriting fees by way of an issue of 98,608,062 Ordinary Shares at the Rights Offer price for each Share and that the Shareholders hereby waive their rights of pre-emption in respect to such Shares to be issued to the Underwriter."			
<b>Ordinary Resolution 3 – To place unissued shares under the control of Directors</b> "That, the balance of the authorised but unissued Ordinary Shares of the Company, be placed under the control of the Directors for an indefinite period, to be issued in compliance with the terms of the Memorandum and Articles of Association of the Company and the Zimbabwe Stock Exchange Listing Requirements, provided that no issue will be made which would effectively transfer the control of the Company without the prior approval of the Shareholders in a general meeting."			

Signature.....Signed this.....of.....2023

### Note

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and speak in his stead. The person appointed need not be a member.
2. Proxy forms should be lodged at the registered office of the Company by no later than 48 hours before the time of holding the meeting.
3. Any alterations or corrections made to this form of proxy (including the deletion of alternatives) must be initialed by the signatory/signatories.
4. Shareholders are requested to submit key questions in writing at least five days before the date of the meeting to enable comprehensive answers to be prepared. This will not preclude them from raising questions from the floor.
5. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy for m, 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. Please be advised that the number of votes a member is entitled to is determined by the number of shares recorded on the share register on the Record Date.

### Physical and Postal Delivery

Turnall Holdings Limited  
 5 Glasgow Road  
 Southerton  
 Harare  
 Zimbabwe



## LETTER OF ALLOCATION

**RENOUNCEABLE LETTER OF Allocation (LA):** Please read the instructions and notes contained in this letter of entitlement in conjunction with the Rights Offer document to which it relates. If you are in any doubt as to the action to be taken, you should contact your stockbroker, bank manager or other professional advisor.

**TO TAKE UP YOUR RIGHTS; Please complete and return this form in terms of instructions (3) below**

<b>A. Letter of Election number:</b>	
<b>B. Name and address of Turnall Holdings Limited Shareholder:</b>	
<b>Number of fully paid Turnall Holdings Limited Shares registered in your name at the close of business on Tuesday, 04 July 2023:</b>	
<b>D. Number of Turnall Shares which can be subscribed for at ZWL\$9.70 per share</b>	
<b>E. Amount payable on the above number of Turnall Shares offered in terms of the Rights Offer:</b>	

**F. ACCEPTANCE**

If you wish to subscribe for these new Turnall Shares which have been offered to you, simply return this letter of allocation to First Transfer Secretaries at 1 Armagh Avenue, Corner Armagh Avenue & McChlery Avenue, Eastlea, Harare, Zimbabwe, or to Turnall Holdings Limited at 5 Glasgow Road, Southerton, Harare, Zimbabwe together with your bank-stamped RTGS form or cash deposit slip as proof of payment in favour of "Turnall Rights Offer" by no later than 1600 hours on Wednesday, 23 August 2023. The bank details for RTGS Payments including cash payments are as follows:

Bank: CBZ Bank  
 Account Name: Turnall Holdings Limited Rights Issue Account  
 Account Number: 04722531620070

OR

Bank: FBC Bank  
 Account Name: Turnall Holdings Limited  
 Account Number: 3115054500105

**G. FORM OF RENUNCIATION/SPLITTING**

(To be completed by the Shareholder named above if the right to subscribe for Rights Offer Shares is to be renounced or if this letter is to be split)

TO: The Directors  
 Turnall Holdings Limited

I/We, the Shareholder(s) named above, hereby renounce my/ our right to subscribe for the Rights Offer Shares allocated to me/us stated above in favour of the person(s) signing the registration application form (Section I) in relation to such Rights Offer Shares.

Signature ..... Date.....

I/We, the Turnall Shareholder(s) named above hereby request you to split my Letter of Allocation for the Turnall Shares allocated to me/us stated above as follows:

1.	
2.	
3.	
4.	
5.	

Signature(s): ..... Date:.....

**H. REGISTRATION APPLICATION FORM**

(To be completed by person(s) or his/her/their agent to whom the right has been renounced).

PLEASE PRINT

Surname/Name of Company and Physical Address		<b>BROKER'S STAMP</b>
First names in (full, if applicable)		
Title (Mr, Mrs, Miss, Ms, etc.)		

Signature ..... Date.....

I/we, the person(s) named above, hereby confirm that I/we have the legal capacity to contract and request you to allot the Shares covered by this Letter of Allocation in my/our name(s). I/we authorise you to place my/our name(s) on the register of members of the Company in respect of the Shares so allocated, subject to the conditions set out overleaf and in the Memorandum and Articles of Association of the Company.

SIGNATURE (S)..... DATE.....

## 1. TERMS OF THE RIGHTS OFFER

4,930,403,080 Ordinary Shares in the issued share capital of Turnall Holdings Limited are hereby offered to Turnall Holdings Limited Shareholders, registered as such on the close of business on Thursday, 06 July 2023, being the Record Date, for subscription in cash at a price of ZWL\$9.70 per Share, payable in full on acceptance, at a ratio of ten (10) Rights Offer Shares for every Turnall Holdings Limited Share currently held.

This Renounceable Letter of Allocation sets out the entitlement of the person to whom this Document is addressed.

## 2. TIME AND DATE OF OPENING AND CLOSING OF RIGHTS OFFER

The Rights Offer will open at 0900hrs on Wednesday, 19 July 2023 and close at 1600hrs on Wednesday, 16 August 2023.

## 3. COURSES OF ACTION

Set out below are the options available to Turnall Holdings Limited shareholders with respect to their rights in terms of the Rights Offer:

### 3.1 Acceptance – SUBSCRIBE for all the Rights Offer Shares

The Shareholder who receives a Renounceable Letter of Allocation and wishes to take up their rights in terms of the Rights Offer, is required to complete the Renounceable Letter of Allocation in accordance with the instructions contained therein and forward it clearly marked – “Turnall Holdings Limited Rights Offer”, together with proof of payment in accordance with paragraph 4 of this section to the following address:

First Transfer Secretaries, 1 Armagh Avenue, Corner Armagh Avenue & McChery Avenue, Eastlea, Harare, Zimbabwe, or Turnall Holdings Limited, 5 Glasgow Road, Southerton, Harare, Zimbabwe.

The completed Letter of Allocation and proof of payment must reach the above address no later than 1600hrs on Wednesday, 23 August 2023.

### 3.2 Splitting

A Shareholder who wants to take up some but not all of his rights should first apply to have the Letter of Allocation split by completing section G on the Letter of Allocation, and returning it by hand only (during normal business hours) to First Transfer Secretaries, 1 Armagh Avenue, Corner Armagh Avenue & McChery Avenue, Eastlea, Harare, Zimbabwe to be received by 1200 hours on or before Thursday, 10 August 2023. The Shareholder should then deliver the split Letters of Allocation representing the Rights Offer Shares he/she wishes to accept together with a copy of the electronic payment instruction or draft in favour of “Turnall Holdings Limited Rights Offer”, to the addresses shown in clause 3.1 above, to be received by 4.00pm, Friday, 11 August 2023, being the closing time and date of the Rights Offer.

### 3.3 Renunciation – ELECT not to follow rights

The right to subscribe for the Rights Offer Shares in Turnall, as detailed in this Document, to be renounced (nil paid) in favour of some other person is executed by completing the Letter of Allocation in accordance with the instructions contained therein. The duly completed Letter of Allocation with proof of payment from the person in whose favour the renunciation has been made should be forwarded clearly marked to First Transfer Secretaries, 1 Armagh Avenue, Corner Armagh Avenue & McChery Avenue, Eastlea, Harare, Zimbabwe to be received by 4.00pm on Friday, 11 August 2023, the closing date of the Rights Offer.

In the event that the Company does not receive a duly completed Letter of Allocation from a Shareholder by Friday, 11 August 2023, it will be presumed that the particular Shareholder has waived his rights.

## 4. PAYMENT

The amount due on acceptance is payable in the currency of ZWL dollars by RTGS or bank draft (crossed “not negotiable”) in respect of subscriptions and should be made payable to “Turnall Holdings Limited Rights offer”. Account details are as follows:

**Bank:** CBZ Bank  
**Account Name:** Turnall Holdings Limited Rights Issue Account  
**Account Number:** 04722531620070

**Bank:** FBC Bank  
**Account Name:** Turnall Holdings Limited  
**Account Number:** 3115054500105

Copies of the RTGS instruction, and/or bank drafts and the completed Letters of Allocation should be lodged at the addresses shown in clause 3.1 above. All bank drafts received will be deposited immediately. Applications will be regarded as complete and valid only when their bank drafts have been cleared.

## 5. EXCHANGE CONTROL

Letters of Allocation sent to Shareholders whose registered address is outside Zimbabwe, will be endorsed “Non-Resident” as required in terms of the Exchange Control Regulations. Notwithstanding the submission to RBZ of an application for exchange control authority for Non-resident Shareholders to follow their rights, Non-resident Shareholders are encouraged to seek authority through their respective authorised dealers.

## 6. LISTING AND REGISTRATION OF RIGHTS OFFER SHARES

Turnall Holdings Limited is presently listed on the Zimbabwe Stock Exchange and all Shares being offered for subscription will be listed, with the holders thereof being entered into the register of members.

## 7. DIVIDENDS

The directors have resolved that there will not be any dividend declared in respect of the financial year ended 31 December 2022 due to the major projects that the Group is undertaking in an effort to retool the factories.

## 8. RIGHTS OFFER SHARE CERTIFICATES

The share certificates in respect of the Rights Offer Shares will be distributed to Shareholders within seven (7) days from the date of closure of the Rights Offer. Shareholders with CSD accounts will have their entitlements credited to their respective CSD accounts.

## 9. EXPENSES OF THE RIGHTS OFFER

The expenses of the Rights Offer that relate to advisory and regulatory charges will be paid from the proceeds of the Rights Offer.

## 10. DOCUMENTS

Turnall Holdings Limited reserves the right to call for documentary or other evidence that they may require in support of the acceptance.

## 11. SIGNATURE

All alterations to sections C and D must be authenticated by a full signature. Joint applications must be signed by all the applicants.

## 12. REGISTERED ADDRESS

Share certificates will be posted at the risk of the Shareholder within seven (7) days from the date of closure of the Rights Offer to the Shareholder’s address as recorded overleaf, unless specific instructions to the contrary in writing and signed by the person(s) concerned are received by the Company.

**BY ORDER OF THE BOARD**  
**COMPANY SECRETARY**